

External and internal partnerships & synergies that deliver results

ANNUAL AND CONSOLIDATED ACCOUNTS 2023

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Global operations anchored in the family

Being a rapidly growing global group while maintaining a local and familial corporate culture is something we are proud of. Since the turn of the millennium, Swedencare has expanded on the global market, both organically and through acquisitions of companies that share our vision – to be a leading global companion animal health group.

The companies we acquire are mostly family-owned and have been built by entrepreneurs from the ground and up. These companies have blossomed into successful companies, mostly on their home markets, but with a strong ambition to achieve international recognition. We own these companies to 100 per cent, and many of the previous owners have chosen to become part of Swedencare. This is something that pleases us, as we strive to jointly develop the Swedencare Group. Our

focus is on creating a successful and innovative global player in pet health.

It is a structure based on reciprocity, the exchange of knowledge and experience, and access to each other's distribution and marketing channels. We prioritise direct communication with an open and honest dialogue, which enables quick decisions and a generous transfer of competence and networks. This ownership model, combined with our corporate culture, creates a positive environment for all of us and supports our common goals – both for the entire group and for each individual company within the Swedencare family.

Our view of products and product range is also based on a family perspective. Increasingly, pets, both cats and dogs, have come to be seen as full members of the family. A family

strives for the well-being of everyone, which means that pets also deserve the best conditions for a good and healthy life. We share that belief and strive to offer products that not only meet the highest standards of quality and safety, but also promote pet welfare at all levels.

We also count our external shareholders as members of the Swedencare family. We value their expectations of us, where our business is expected to live up to a belief in the future through positive development and good returns. This mutual trust and understanding of our shareholders' expectations is crucial to creating a strong and sustainable relationship, where we strive to continuously exceed their expectations and create added value for the entire Swedencare family.

Since the turn of the millennium, Swedencare has expanded on the global market, both organically and through acquisitions of companies that share our vision – to be a leading global companion animal health group.



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The year in brief

Q1

- Patterson Veterinary acquires exclusive rights to market and sell the Animal Pharmaceuticals® brand in the US.
- NaturVet launches the new product line Scoopables.
- Innovet launches Oleea®, a new product to protect the health and well-being of overweight dogs and cats.
- Several partnerships within the group such as the development of ProDen PlaqueOff® Soft Chews from NaturVet and the launch of ProDen PlaqueOff® products at its retailers.
- Elimination of the need to outsource multiple products through in-house production from NaturVet and Vetio.
- Implementation of several ESG initiatives such as sustainability policy, codes of conduct and whistleblower function.
- Installed solar panels in our production unit in Ireland to reduce our carbon footprint.

Q2

- MWI Animal Health® acquires exclusive rights to market and sell the Stratford Care brand in the US.
- The management team is strengthened with Laszlo Varga, Swedencare's European Commercial Officer.
- Symrise AG presents a mandatory bid offer as it has exceeded 30% of ownership, at 37.50 SEK. The Board of Directors of Swedencare AB, excluding the representatives from Symrise, unanimously recommends not to accept the mandatory bid offer made by Symrise AG.
- Acquisition of an exciting and newly started company regarding a membership concept for veterinary clinics in the US, Vet Buyers Direct.
- Launch of more ESG initiatives such as employee survey, alternative environmentally friendly solutions for water consumption, collaboration with rescue associations to help dog and cat shelters affected by severe flooding in the Emilia Romagna region, sponsorship of the LaStrabassotti hiking race and certification of the NaturVet® brand by Friends of the Sea, a project of the World Sustainability Organization.

Q3

- NaturVet® attains record agreements in both Pet retail and the Online channels, which would not have been possible without the investment we completed in 2022 with a third production line.
- The European trademark application for NaturVet by Swedencare is approved and is planned for launch in the first half of 2024.
- Implementation of structural changes where RX Vitamins' operations move from New York to our warehouse- and logistics hub outside Tampa.
- Recruitment of a new CEO for Naturvet, Geoff Granger.
- Implementation of a new sustainability platform to collect and analyse data from the entire Group.
- Work with materiality analysis regarding the most important sustainability priorities.

Q4

- Pet MD Brands, one of Swedencare'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 and the remaining 70% on January 2nd 2024.
- Further investments in D2C, including two recruitments based at our head office in Malmö.
- Launch of our proprietary soft chews with the new productgroup "WelliChews" and by ProDen PlaqueOff®.
- Received certification as a Nasdaq ESG Transparency Partner for our commitment to market transparency and increased environmental standards.
- Completed the implementation of the sustainability platform where relevant KPIs have been selected and conducted a comprehensive life cycle analysis for ProDen PlaqueOff 60g, which has given us a deeper understanding of the environmental impact of the product.

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Our vision is to be a leading global companion animal health group with products for dogs, cats and horses within the premium segment.

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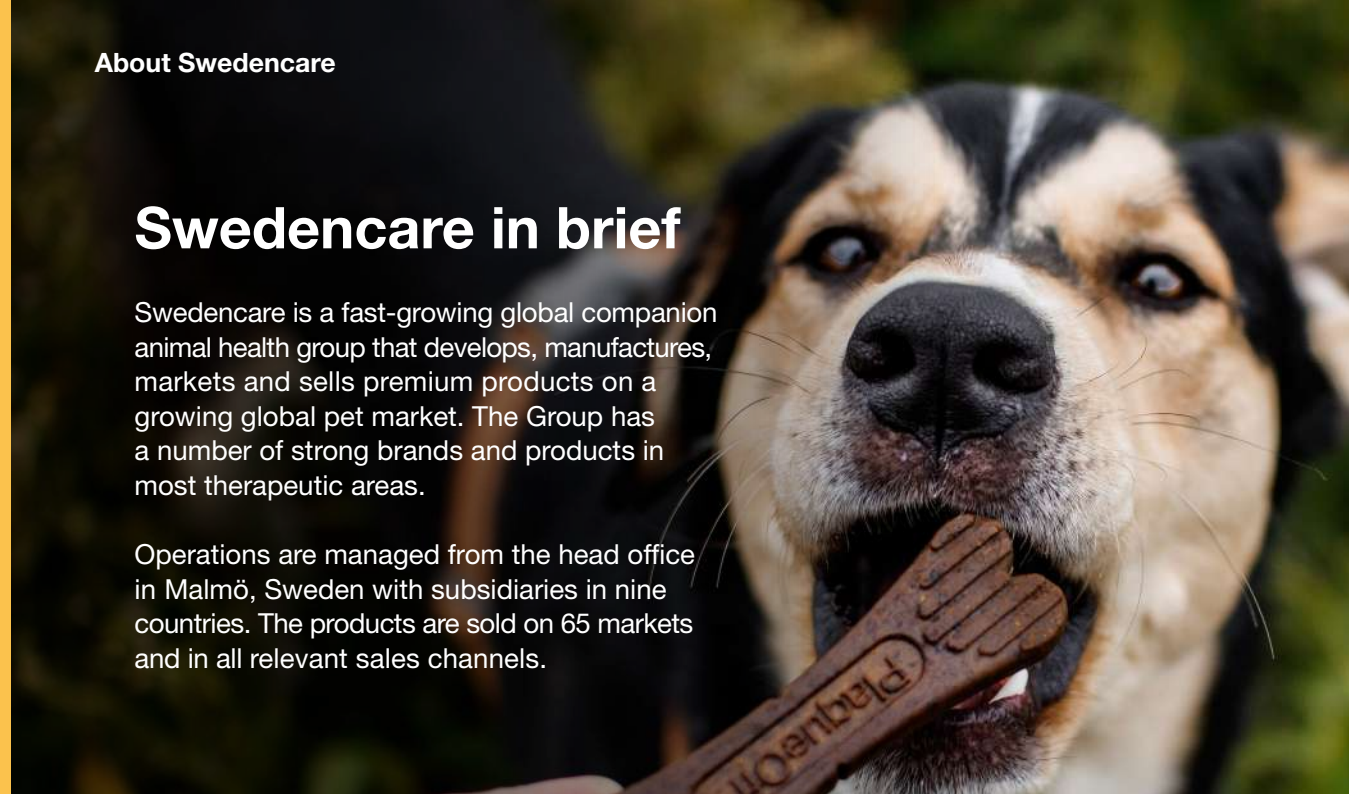
Swedencare in brief

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

Operations are managed from the head office in Malmö, Sweden with subsidiaries in nine countries. The products are sold on 65 markets and in all relevant sales channels.

THE MOVEMENT OF THE BRAND:

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



2023

2,324.6

Net turnover, MSEK

27%

Revenue Growth

21.5

Op. EBITDA margin, %

15%

Organic Growth

499.3

Op. EBITDA, MSEK

More key figures and definitions can be found on pages 93 and 94.

SALES CHANNELS

Veterinary clinics, pet shops, pharmacies and online.

DISTRIBUTION

The distribution network includes subsidiaries in 9 countries as well as an international network of dealers.

TARGET

To become a leading healthcare company for pets globally.

PRODUCTION

84%

of production is done in-house, compared to 76% in 2022

ACQUISITIONS

11

acquisitions since June 2020

ProDen PlaqueOff®

50%

Growth during 2023

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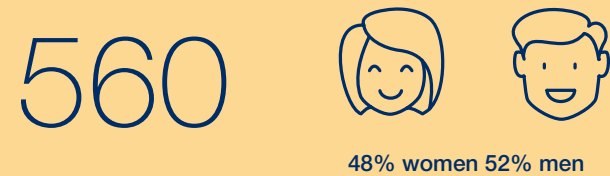
GEOGRAPHICAL BUSINESS AREAS

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

PRODUCT GROUPS



COLLEAGUES



FINANCIAL TARGETS 2026

4 BSEK

4 BSEK in revenue with an operating profit before depreciation and amortization (EBITDA) of at least 30%.

A SELECTION OF PRODUCTS/BRANDS



UN GLOBAL GOALS

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



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About Swedencare

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

BUSINESS CONCEPT

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

VISION

Our vision is to be a leading global companion animal health group with products for dogs, cats and horses within the premium segment.

MISSION

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

VALUES

- Professional
- Agile
- Caring

BRAND PROMISE

Through safe, innovative and effective products for most therapy areas we contribute to improved wellbeing and quality of life for pets and pet parents around the world.

FINANCIAL TARGETS 2026

4 BSEK in revenue with an operating profit before depreciation and amortization (EBITDA) of at least 30%.

Through safe, innovative and effective products for most ailments and conditions, we contribute to improved wellbeing and quality of life for pets and pet parents around the world.



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Words from the CEO

The strategy with focus on integration and internal business opportunities resulted in high growth!

2023 has been a groundbreaking period for Swedencare with several successes and milestones that have strengthened the company's position as a leading player in the companion animal health industry. Through continuous strategic initiatives and a strong corporate culture, Swedencare has managed to deliver strong results and continued to grow, despite some challenges and uncertainties in the market.

One of the most significant achievements during the year has been the organic growth, which has returned, and which clearly shows Swedencare's ability to gain market shares and drive sales. Through a combination of product innovation, marketing efforts and strategic partnerships, we have managed to stay at the forefront of the industry's development and meet customer needs and expectations effectively.

Another prominent feature during the year has been Swedencare's expansion strategy, both geographically and through smaller acquisitions. By entering new markets and

acquiring complementary brands and technologies, the company has diversified its business and increased its global presence. This has not only opened up new growth opportunities, but also strengthened Swedencare's competitiveness and market position.

During the year, Swedencare has also continued to invest in research and development to improve and expand our product portfolio. By listening to customer feedback and identifying new trends and needs in the market, we have been able to develop innovative products that respond to demand and differentiate themselves from competitors.

Although the year has been marked by successes, there have also been challenges that we have had to deal with. Demanding customers, higher production and material costs, and market volatility have, in some cases, affected margins and required us to be flexible and adaptable to meet these challenges. At the same time is this precisely our strength,

that we are agile and business-focused means that we more often win business than lose it. The market has begun to realise the breadth of high-quality products and brands as well as the organization we possess, which will be the basis for us to gain market shares in the future.

With a strong foundation to build on and a clear strategy for growth and profitability, Swedencare is well equipped to continue our successful journey and create value for both shareholders and customers in the coming year and beyond.



Håkan Lagerberg
CEO



“With a strong foundation to build on and a clear strategy for growth and profitability, Swedencare is well equipped to continue our successful journey and create value for both shareholders and customers in the coming year and beyond.”

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Capturing the global growth in pet health

Swedencare continues its impressive journey in the thriving pet health industry with a focus on delivering high-quality products that cater to the ever-changing needs of pet parents. The global pet market is experiencing significant growth, and Swedencare, with a strong foothold in the robust US market, is strategically positioned to exploit opportunities in veterinary clinics, physical stores and online channels.

Global market dynamics for pets

Global growth forecast

Bloomberg Intelligence forecasts an outstanding growth for the global pet industry in its report, from \$320 billion to an expected \$500 billion by 2030. This surge is attributed to a growing pet population, increased pet longevity, and a rising trend of premiumization within pet care products and services.

Markets and growth opportunities

The US - a dominate force

In the US, where the pet market is projected to reach \$279 billion by 2030, Swedencare stands as a key player with a steady rate of growth. The company is strategically positioned to benefit from the increased spending propensity of pet parents who prioritize preventing health issues over treating them after they arise.

The European market: a strategic frontier

While the US market remains a strong base for Swedencare, the European market for pet health products is emerging

as a strategic frontier. The market for pet supplements in Europe is expected to grow at an annual rate of 5.9%, offering significant opportunities for expansion. The European market witnesses an increasing demand for animal feed supplements, especially natural and organic alternatives. Swedencare, with its dedication to quality and innovation, is well positioned to capitalize on this trend. The launch of soft chews in the European market addresses the shifting preferences of European pet parents and showcases Swedencare's commitment to innovation and new growth avenues on the continent.

Product focus and areas of growth

The driving force: products for pet health

Within the expansive pet industry, health-focused products are fueling growth. Swedencare's strategic emphasis on an extensive product portfolio in pet health, robust presence in product development, production capacity, and direct sales of OTC products place the company at the forefront of this emerging segment.

\$500 billion

The pet industry is expected to grow from \$320 billion today to nearly \$500 billion by 2030*

Approx.

21 million

new pets between 2019-2022 in the US**

12-14%

the average lifespan of dogs and cats has increased between 2010 - 2022, from 12.3 years to 14 years for cats and from 11.6 years to 12.9 years for dogs**

*Source: Bloomberg Intelligence

**Source: Handelsbanken Animal Health Presentation

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Market

Changing consumer trends and opportunities

A digital and health-conscious era

consumer behavior within the pet industry is undergoing a paradigm shift, particularly among the millennial generation, who represent the largest demographic of pet parents. The demand for premium and natural pet products is met by Swedencare's online presence and customized range such as "Evolutions from NaturVet", catering to the digital and health-conscious predilections of this target group.

Growth through innovation and collaboration

Aging pets: a growing force

as pets age, there is a notable increase in spending on their healthcare. Swedencare is well prepared to meet this demand with products targeting the major age-related therapeutic areas. Through ongoing innovation, the company is addressing the specific health needs of older pets.

A collaborative model for growth

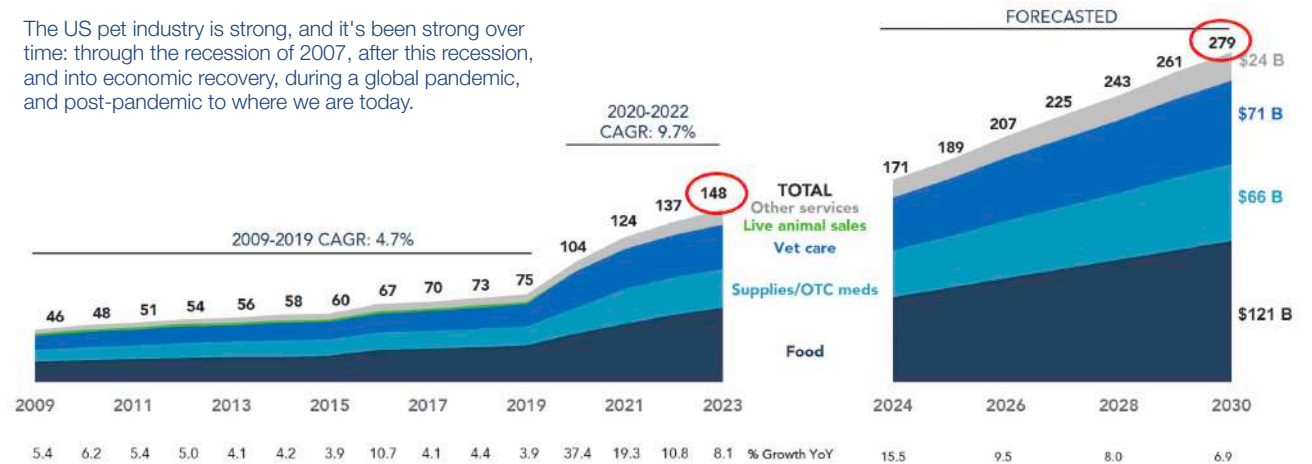
swedencare's collaborative model, featuring subsidiaries and brands on the international market, is demonstrating its effectiveness. This approach facilitates organic growth, provides crucial support to newly acquired entities, and ensures rapid development in a market that is clearly exhibiting signs of sustainable growth.

A future filled with endless possibilities

Swedencare's dedication to innovation, product quality, and strategic market positioning sets the company up for sustained success in the evolving landscape of pet health products. As the global pet industry thrives, Swedencare stays ahead, delivering exceptional solutions for pets' well-being across the globe.

Industry expenditure (in \$ Billions) 2009-2030

The US pet industry is strong, and it's been strong over time: through the recession of 2007, after this recession, and into economic recovery, during a global pandemic, and post-pandemic to where we are today.



Sales dynamics in pet health products

Overall market trends

Consumer awareness of animal welfare, an increased demand for natural and premium products, and the growing importance of veterinary-oriented solutions are driving sales across all channels. The shift towards e-commerce is prominent, and reflects changing consumer preferences and digital advancements.

E-commerce dominance: the digital front

The e-commerce sector is expected to undergo exponential growth, with e-commerce for pet-related products in the US projected to double, reaching close to \$60 billion by 2030. This sharp increase in online sales is expected to increase the market

share to around 30%, underlining the increasing reliance on digital platforms for the purchase of pet health products.

Brick-and-mortar stores endure

Despite the rise of e-commerce, brick-and-mortar stores, including veterinary clinics and specialty stores, continue to offer a valuable place for personal interactions and advice, crucial in the field of animal care. The balance between digital and physical retail is essential for our strategic positioning.

Veterinary clinics: a growing focus on health products

The increasing demand for veterinary-oriented care products, including dietary and health supplements, is contributing to the growth of this channel. This trend is consistent with the increasing preference for premium solutions in pet health.

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Market

The global e-commerce pet care market

Market size and growth:

- Projections indicate an expected market cap of \$87.43 billion by 2027, with an annual growth of 12.49% from 2020 to 2027.
- It is assumed that almost a third of global pet care sales will be made via e-commerce by 2026.

Consumer trends and preferences:

- Pet parents are increasingly turning to online platforms for their pet-related needs, due to convenience, accessibility, and a wide range of products.
- Globally, the market is dominated by products for dogs, reflecting the popularity of dogs as pets. In Europe, the picture is slightly different, because in this region cats are still more popular than dogs.

\$87.4 billion

Estimated market value of the e-commerce market in 2027

12.5%

Estimated growth

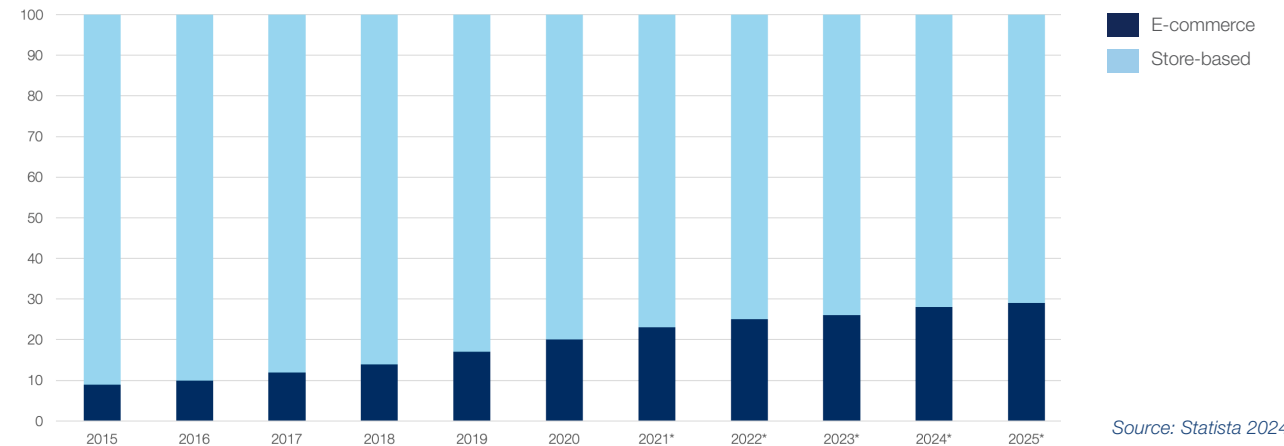
How pet parents typically shop for pet products (%) - 2022



Brick-and-mortar stores and/or online with home delivery dominate how pet parents shop for pet products.

Source: APPA Strategic insights for the pet industry 2023

E-commerce vs store-based share (%) of global household & pet care sales 2015-2025



Source: Statista 2024

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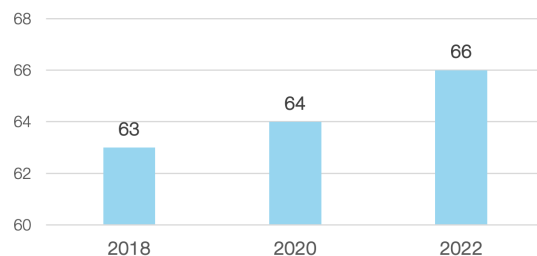
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Market

2+ Pet Households (%) over time



While the percentage of households in the US that have a pet remains stable, the percentage of households with multiple pets has been steadily increasing in recent years. This increase is almost entirely explained by Gen Z and Millennial households, with nearly three-quarters being households with multiple pets.

Source: APPA: Strategic Insights for the pet industry 2023.



Millennial pet parents still account for the largest category of pet owners, but Gen Z pet ownership is on the rise as they move out of their parents' house or university and into the workforce.



Branding is important! Brands are much more important to Gen Z and Millennials – 72-75% of Gen Z and Millennials state that brand is important + very important when buying pet products.

76%

76% of pet parents report that owning a pet has improved their personal health, up from 71% in 2016 (+5%)

87%

87% of pet parents say they've experienced mental health improvements from owning a pet, up from 74% in 2016 (+13%)

98%

98% of pet parents agree that their pet is an important part of their family

Source: APPA Strategic Insights for the pet industry 2023

40%

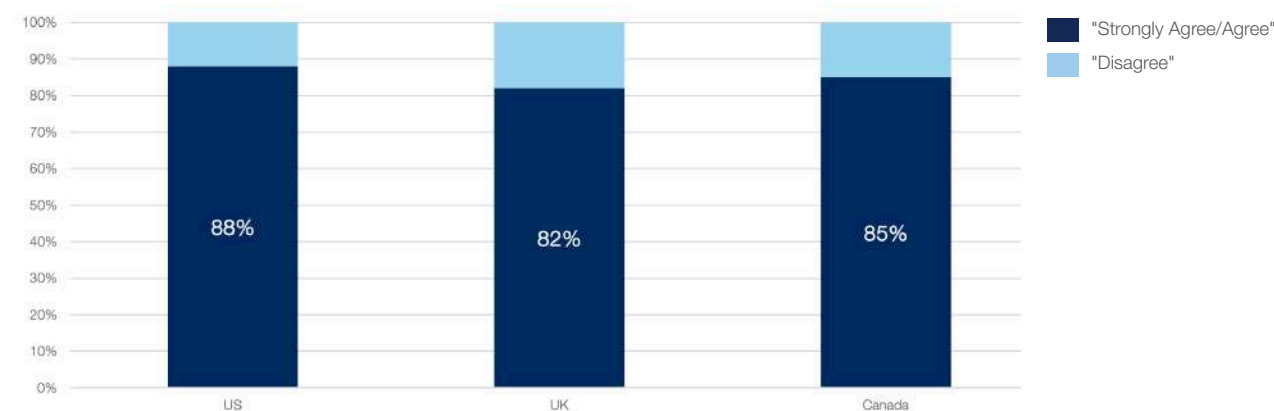
Nearly 40% of pet parents say they are spending more on their pets post-COVID.*

\$744 /year

Half of all pet parents use supplements and spend \$62 on them each month – \$744 per year. 1/3 of pet supplement users predicted an increase in dietary supplement spending in the coming year. Similarly, 55% of veterinarians surveyed saw an increase in spending on supplements, predicting an average annual increase in sales of around 6%.

*Source: APPA: Strategic Insights for the pet industry 2023
** GLG Pet Supplement Market Study

“Taking care of their pet's health is as important to them as taking care of their own health”



Source: IDEXX Pet Owner Research Study fielded June, 2021

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Development of the market and Swedencare



The Pet market:

5 - 6%

Expected CAGR between 2022 to 2028

Source: Arizton Pet Care Market Feb 2024

Dietary supplements and dermatology products:

9 - 10%

Expected CAGR between 2022 to 2031

Source: Allied Market Research Functional Pet Treat Market Research May 2023

Swedencare Group:

Faster growth

Synergies in the short term:

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

Focus in the long term:

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

Financial targets 2026

4 BSEK in revenue with an operating-profit before depreciation and amortisation (EBITDA) in excess of 30%.

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From local company to global group

Today, Swedencare is a unique entrepreneurial and fast-growing companion animal health group with a number of strong brands and a global presence. We are growing from 20 sales and marketing offices and several of our own production facilities, as well as distributors, partners and sales in 65 countries.

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

Strong expansion

This was a strategic decision that formed the basis of the active acquisition strategy that now characterises the group. Especially between 2020–2022, when we acquired 10 companies and increased the number of colleagues in the group from 45 to 500.

We entered 2023 with the widest product offering ever, within most therapeutic areas, globally and in all sales channels.

The year has been a year of consolidation for Swedencare with a focus on delivering strong growth as well as identifying and initiating synergy opportunities, internal efficiencies and cost savings. We have also recruited a number of new employees to be able to handle the strong customer growth and to be able to take advantage of the opportunities we have with product development and the launch of our brands on new markets.

The year 2023 has been characterised by a strong focus on synergy and business development projects that have paved the way for successful growth. Through exclusive collaborations and clear strategies, we have strengthened the position of various brands and successfully launched new products and concepts. An exciting and newly started company, Axiom, was acquired during the year, which has helped to broaden our business and strengthen our presence on the market. At the same time, we have focused on building our

online team to meet the changing needs of the digital era. It has been a year of strategic decisions and targeted actions, and we look forward to continuing this journey of success in the future.

Studies and scientific requirements

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

In recent years, we have conducted a number of clinical studies on our original product ProDen PlaqueOff®. The last six studies (two for ProDen PlaqueOff® Dental Bites, two for ProDen PlaqueOff® Powder and two for ProDen PlaqueOff® Dental Bones) were conducted in order to obtain the right to

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use the VOHC seal on the products. The VOHC (Veterinary Oral Health Council) is an international organization which sets high scientific standards to obtain the right to use their label. All studies showed efficacy well above the VOHC requirements. Several entities perform studies and during 2023 NaturVet performed a large study on their most important joint products with more than 70 participants with successful results. Innovet, our Italian group company, is another example of an innovative research portfolio and has launched a number of new products in 2023, and in collaboration with leading researchers had 10 studies published during the year. Swedencare has many years ahead with new product launches that fill a new need in the pet market.

Swedencare has different levels of R&D in our group companies, some with their own research and others that benefit from both sister companies' and external research that is published. But regardless of level, scientific evidence and documentation remains the foundation of all our products. It is also commercially positive to be able to show the market that our active ingredients can be included in other compositions and formats. New and simpler ways to give dietary supplements to pets have become an important factor for reaching new end customers because of preferences.

Government-approved testing activities

Swedencare complies with all standards and regulations that affect our business. All production facilities are regularly inspected by the FDA and its counterpart in various markets. In the US, our manufacturing is governed by the regulations of the North American Supplement Council (NASC). NASC is a trade association that has developed its own regulatory framework governing all dietary supplement products and their ingredients with oversight from the FDA. Several of Swedencare's employees and companies have been both founding members and are members of the NASC's Board.

Solid platform for good growth

The objective over the years has been for our original premium products to reach a wider international market. At the same

time, the ambition has been to broaden the offering to include health products in more therapeutic areas than just dental health, our original area. Swedencare has now developed in the direction that was our ambition: Dental health has now become pet health. Local company have become a global group. We have a revenue of over 2 BSEK and are growing faster than the market, something we will do for many years to come as we are only at the beginning of seeing the results of our work to create an integrated and leading group in our industry.

Clear goals with a clear business model

For some time, we have had an explicitly active acquisition strategy where the focus is on being present and growing in most major therapy areas for dogs, cats and horses in the premium segment. We can now encapsulate this in our current goal: to become the leading global pet health group. The companies we acquire are characterised by high quality in their field of activity, an entrepreneurial business spirit, good growth and high profitability.

The success of our business model rests on several pillars:

- Global market presence.
- Collaboration and exchange of experience between group companies.
- A broad portfolio of premium products for specific and general pet care.
- Organic growth in group companies.
- Growth through acquisitions of companies in the premium segment.
- Strong shareholder interest among management and staff.
- Entrepreneurial corporate culture.

An unbroken quality chain

The business model can be seen as a blueprint for a quality chain. The requirements of the company's own operations combined with the requirements of the companies that are acquired and then become part of the group ensure that the

Our product development is always done on a scientific basis, often in collaboration with external experts such as professors in animal health.



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chain from producer and product to end customer is unbroken. The product promise, including the brand promise, is thus fulfilled. For us it is about being a resource for those companies we own, in part financially, in part through the way we do business.

Corporate culture and management skills

Here we contribute both corporate culture and management skills that benefit the management of the companies, and also give the constituent companies access to each other's sales and communication channels. The opportunity to grow on the market thereby increases faster than if one was outside the group. The acquisition strategy leads to increased organic growth within each individual company – one plus one becomes more than two. It is a collaboration culture that is open, honest and humble.

Growing faster than the market

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

- Continued acquisition of selected companies.
- Continued internationalisation.
- Online expansion.
- Product development and increased work on synergies between the companies.
- Continued focus on sustainable growth.



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Examples of joint activities and projects:



UK/Ireland

- Collaboration between companies that simplifies import/export between UK/Europe



Vetio/Swedencare Ireland/Swedencare Tillverka

- Increased our own production – better margins, control and better access to products



Montreal, Canada

- Internal development project for Swedencare
- Benefit from drug development processes to develop and improve dietary supplement production.



Pet MD®, launch

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



Logistics hub, Florida

- Coordinate storage and logistics management for several companies in the same hub
- Collaboration projects with major licence agreements, for example with Dr. Pol



Pet MD® Brands

- Responsibility for online sales for other companies in the group

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The Company Production, research, development

Larger product portfolio and more own manufacturing

Through our acquisitions and investments in existing facilities we now have a production and logistics centre for the European market in Swedencare Ireland. Similarly, North America Distribution Center in Florida is our hub for the North American market. The acquisition of NaturVet in February 2022 builds on the strategy to secure production while increasing our margins. Several internal projects are underway to channel more and

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



84%

of the production is done in-house, compared to 76% in 2022. Driving reasons are control over quality and availability, even though it also gives us a margin

High-quality facilities and expertise within production develops Swedencare

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



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The Company Brands, products, therapeutic areas

Our strong brands

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



NaturVet®

Leading brand with high-quality pet supplements – Top rated as the most trusted brand*

* According to the GLG Strategic Projects Pet Supplement Market Study.



Pet MD®

Effective supplements, vitamins and solutions for external use for pets, available online.



ProDen PlaqueOff®

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



Innovet

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



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The Company Brands, products, therapeutic areas

nutravet®

Nutravet®

Natural nutritional supplements and dietary supplements to promote daily health and well-being for dogs, cats and horses, available for both veterinary clinics and online.



Rx Vitamins

Rx Vitamins® for Pets

Innovative, safe and well-proven nutraceutical formulations that are specifically tailored to different conditions. Treatment options that complement traditional therapy and improve clinical outcomes for pets and their families, to the veterinary sector.



NutriScience

NutriScience

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



Healthy Breeds

Healthy Breeds

Effective dietary supplements and products for external use adapted to the breed of dog.



VetWELL®

VetWELL®

Products formulated by veterinarians for external use in pets.



Stratford Animal Health

Animal health products for the veterinary sector sold exclusively to MWI, one of the leading distribution companies in the animal health market.



ANIMAL pharmaceuticals

Animal Pharmaceuticals

Dermatological, dental, and nutritional products for the US veterinary sector sold exclusively to Patterson Veterinary, one of the leading distribution companies in the veterinary industry globally.



VETCLASSICS®

VetClassics

Dietary supplement for dogs, cats and horses formulated and recommended by veterinarians.



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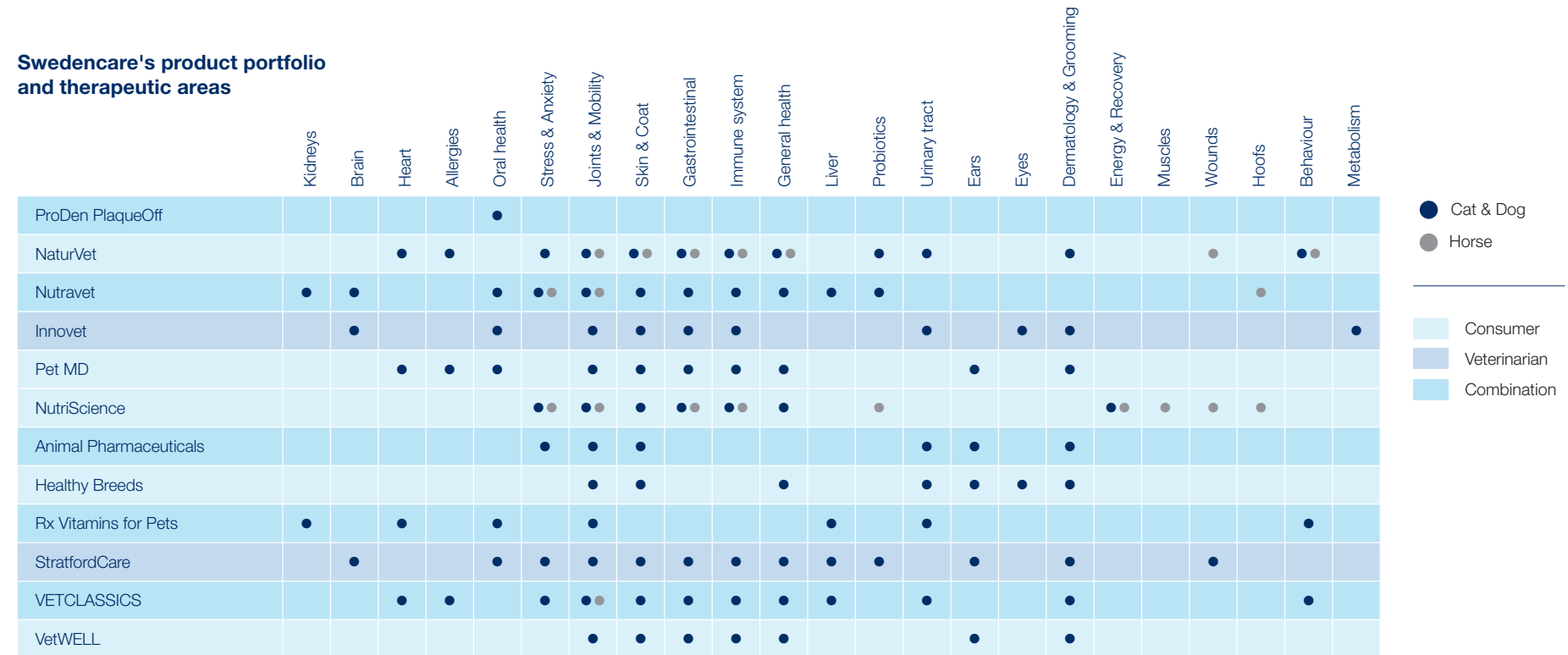
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Wide portfolio for clearer market presence

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

Swedencare's product portfolio and therapeutic areas



Our brand and product portfolio effectively covers all therapeutic areas and caters to every segment of the customer base.

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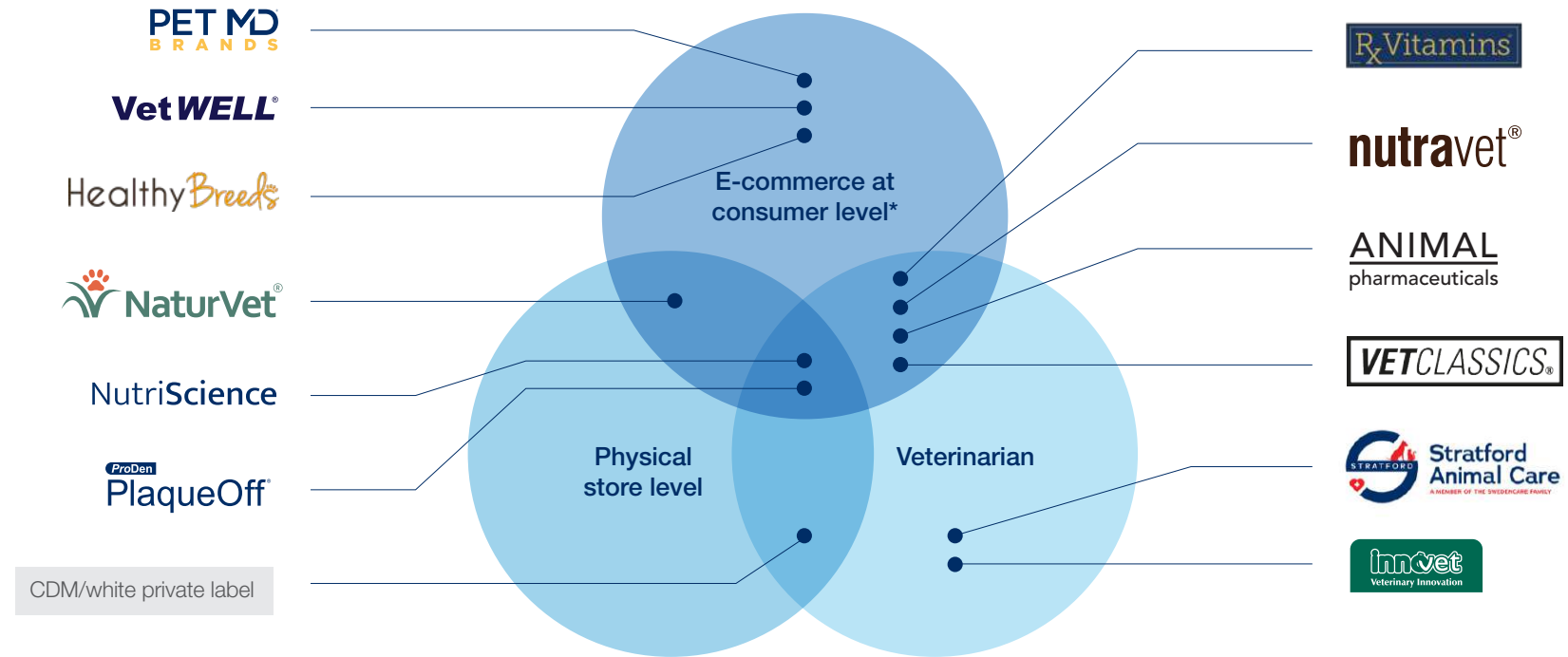
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The Company Brands, products, therapeutic areas

Global brand positioning

Our brands are positioned to cover distinct market segments across multiple channels, minimising cannibalisation. The brands are adapted to segment-specific needs, which ensures a broad market coverage while maintaining the brand's character.



* Marketplaces, e-commerce retailers, own websites

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Launches in 2023



Vetio North expanded its flavour enhancer portfolio with two new products for solid veterinary medications, with Veterinary Master Files registered with the FDA:

- A product of animal origin and beef flavour that has been integrated into several pharmaceuticals is under development, as well as two commercial products in 2023.
- A match to the early market leader, providing better palatability and economic benefits for customers. A significant customer was acquired in 2023.
- Several new products are close to commercialisation, including cat-adapted versions and products of non-animal origin for global sale.

Vetio South successfully expanded its customer base further into retail and direct sales. The company achieved this milestone by acquiring five new customers and introducing an impressive range of 41 new products. This diverse product range spans different categories, including soft chews, nourishing liquids, and dental and skin care gels.



NaturVet launched Scoopables, an innovative product line for both dogs and cats. Scoopables can either be given straight from the hand or enhance the meal by simply being scooped into the pet's bowl as a nutritious and flavourful topping or mix. This first-to-market innovation with Scoopables has once again established NaturVet as a leader in the industry. Scoopables were awarded the 2023 Pet Product News Editor's Choice Award.



Oculvet® Gel is an innovative lubricant and humectant eye gel for cats and dogs. It relieves the symptoms of dry eye, by performing the same function as natural tears.

The formulation of Oculvet® Gel restores both the water and lipid component of tears, giving relief in any conditions characterized by dry eye. The combination of hyaluronic acid and carbomer gives the product a long-lasting, effective lubricant and humectant action. The presence of medium-chain triglycerides (MCT) stabilizes the lipid layer of the eye. The traumatic acid helps to maintain the integrity of the eye surface. Adelmidrol (a palmitoylethanolamide analogue), performs a soothing action on the ocular mucosa.

Adelmidrol belongs to the family of ALIAmides (Autocoid Local Injury Antagonist Amides). Due to their anti-inflammatory properties, ALIAmides represent an innovative approach to the management of various ocular disorders, as they perform a physiological (and not pharmacologic) action in reducing inflammation.

Oculvet® Gel is part of an ophthalmic product line that also includes Oculvet® Eye Drops and Oculvet® Wipes, to provide all-round care to keep cats' and dogs' eyes healthy. The drops are suitable for treating eye redness, while the gel targets the symptoms of dry eye and our wipes are sterile wipes with cleansing, soothing and humectant action.



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A monumental milestone achieved by Loyal – together with Vetio

Loyal is a venture capital-backed biotech startup whose mission is to help dogs live longer and have happier lives through groundbreaking research into the factors that influence aging. The company's foray into companion animal health is not only to help our four-legged friends, but also to gather data and insights that can later be applied to human aging!



On November 28th, 2023, Loyal announced that it has received FDA's first-ever formal approval that a drug can be developed and approved to extend lifespan. From a regulatory point of view, this means that they have completed the technical efficacy part of their application for conditional approval for the use of LOY-001 to extend the lifespan of large dogs. This is a major step forward in research into healthy ageing.

The company develops three products. Their LOY-001 product is vet-administered injectable to extend the healthy lifespan of large breed dogs. LOY-003 is a counterpart to the daily pill that focuses on the same target group, and LOY-002 focuses on extending a healthy lifespan in dogs of all sizes with a chewable tablet for daily use. These tablets will help Loyal reach out to more dogs, and at lower prices than injectable drugs.

Loyal approached Vetio less than two years ago as a potential CDMO partner for its new drug candidate LOY-002. The Vetio team in Montreal developed a tasty and stable formula, manufacturing process, analytical methods, and all other necessary elements for the drug documentation to meet the FDA's stringent chemistry, manufacturing, and control (CMC) requirements.

The Loyal and Vetio teams worked hard to meet the ambitious schedule by manufacturing 14 crucial batches to support a comprehensive clinical trial at 1,090 veterinary clinics across the US. The LOY-002 tablet contains Vetio's own FLAVORPAL™ flavour enhancement system, which both the customer and the end customer (dogs) love! Based on the progress achieved in the development, Vetio and Loyal are now discussing the launch plans for the drug and other development projects.



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Upcoming launches from an innovative company



We are proud to introduce WelliChews® from NutriScience, a new line of functional soft chews designed to improve the overall well-being of cats and dogs. WelliChews® combine the goodness of premium ingredients with scientific expertise, ensuring that dogs and cats get the support they need for various health aspects in a tasty and easy-to-administer form. This new range of soft chews is targeted at specific therapeutic areas and includes options for Calming, Digestion, Senior Health, Multivitamin and Joints & Mobility. With this launch, Swedencare is entering the European soft chew market, underlining our commitment to meeting the ever-changing needs of pet owners.



ProDen PlaqueOff® is presented in a new and practical form as soft chews. These soft chews for dogs and cats mark our entry into the European soft chews market. Based on A.N ProDen®, a unique and clinically proven algae known for its oral health benefits, ProDen PlaqueOff® Soft Chews offer an effective and reliable solution for pet owners.



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Swedencare's sustainability work

For Swedencare, sustainability means that we take long-term responsibility for the environmental, social and economic impact that our work has on our planet. We work to implement a structure that ensures that we reduce our impact as much as possible.

For some time, Swedencare has had an explicitly active acquisition strategy with the goal of being a leading global group for pet health. We have now created a unique organization consisting of growth focused subsidiaries in nine countries that run their operations based on local conditions and opportunities. There is a strong need to centralise sustainability work and create common processes to drive it forward in a unified way within the whole group.

Below is Swedencare's first Annual Sustainability Report, which describes our focus areas, value chain and how we will work with our stakeholders to be able to focus on prioritised areas and sustainability risks. This report highlights the comprehensive analysis carried out in 2023 that shows what effect our business model and value chain have, and what the internal and external sustainability risks are in our production chain.

A key feature has been to work with the systematic collection, analysis and reporting of relevant data from the subsidiaries in an efficient manner. The analysis has given us important insights into where we are and how we need to work going forward in order to effectively measure our progress in relation to selected sustainability goals.

Our focus areas

Responsible control

Swedencare's operations must be run responsibly and with respect for customers, colleagues, environment and society, at the same time as we set explicit requirements for our partners and suppliers.

Our colleagues are our greatest asset

Committed colleagues create sustainability.

Sustainable value chain from producer and product to end-customer

We must reduce our impact on the environment and the climate.

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Sustainability governance

Today, Swedencare is a unique entrepreneurial and fast-growing companion animal health group with a number of strong brands and a global presence. We are growing from 20 sales and marketing offices and several of our own production facilities, as well as distributors, partners and sales in 65 countries.

The management has the overall responsibility for Swedencare's sustainability issues and the ongoing sustainability work. In addition to the legal requirements, the board and management work together to implement guidelines for how the company acts as a responsible employer and a responsible company.

The parent company, Swedencare AB, is responsible for the development of a framework for sustainability at group level through policies and governance documents. We encourage our colleagues to integrate sustainability into their daily work so that these issues and processes do not feel forced, but rather a natural part of our joint sustainability journey.

Health and safety are important areas for us to be able to create safe workplaces for our colleagues. We also focus on being an open and inclusive company where colleagues are content, develop and perform.

Sustainability policy

Swedencare has developed and implemented a sustainability policy that states the basic principles that characterise our operations and relationship with the outside world. The policy also gives guidance for colleagues and subsidiaries within the group about how sustainability work should be run and what values are important. When the work is carried out systematically and preventively it creates the conditions for a safe, secure

and attractive working environment, and good health on equal terms for all colleagues.

Codes of conduct for our employees and our suppliers

Work with ethical issues and risk management is something that affects the whole organization. Swedencare has developed and implemented a Code of Conduct for our employees in the group that provides guiding principles regarding ethics, anti-corruption, human rights and social and environmental responsibility.

Our Code of Conduct for suppliers sets clear requirements for human rights, working environment and impact on climate. We have followed up to ensure that our suppliers comply with our Code of Conduct, or have their own Code of Conduct and active sustainability work that meets Swedencare's ambitions. 36.7% of all suppliers in the Group have signed Swedencare's Code of Conduct for Suppliers or have their own Code of Conduct.

We have established a whistleblower function to be able to react to unethical behaviour and corruption.

Swedencare supports a number of national and international initiatives and takes a position on issues that are important to us.



Swedencare has chosen to follow the UN's GLOBAL COMPACTS 10 Principles that ensure a responsible relationship with our colleagues and our suppliers. These principles are the basis for our code of conduct for employees and suppliers to contribute to strengthening human rights and climate awareness, and to combat corruption.

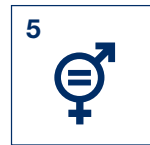
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Global goals and sustainability related risks

Our sustainability work has a clear basis in the global development goals adopted by the General Assembly of the UN with the objective of achieving a better and more sustainable future for everyone by 2030. We have chosen to focus on the five goals that we believe that we as producers of healthcare products for pets have a direct or indirect effect on and that can affect the developments across the whole value chain; equality, decent working conditions and economic growth, sustainable consumption and production; combat climate change and protection of ocean and marine resources.



THE GLOBAL GOALS For Sustainable Development



5 Equality

Swedencare contributes to a more equal society by actively working for increased diversity, inclusivity and equality. Equality concerns a fair distribution of power, influence and resources, which is a prerequisite for sustainable development. We support women by sponsoring organizations that aim to both reward excellence and inspire young women in the industry. One of these organizations is Feather in Her Cap, which was created to recognise women who are making a big impact in the animal health industry. Today, Swedencare consists of 52% men and 48% women.



8 Decent working conditions and economic growth

Motivated colleagues are our greatest asset, we work to continuously improve work on working environment issues to promote good health and safety. We conduct employee surveys that include all employees in the Group. The analysis is a key component of our commitment to understanding and improving the working environment for our employees.

We are a flexible company, adapted to the new working life. We strengthen local communities where our production facilities are located by being an active local employer, where our staff and sub-contractors are from the local area. That is positive for the locality and local business.



12 Sustainable consumption and production

Swedencare wants to increase the sustainability performance across the entire product life cycle to reduce our climate and environmental impact.

We work to ensure that our suppliers implement active sustainability work in line with the company's Code of Conduct for suppliers.

We work actively with our packaging and use renewable materials where possible.



13 Combat climate change

As a producer, we have an extra responsibility to take action to reduce our negative impact on the climate and the environment. We work actively to reduce the carbon footprint from freight transport and energy consumption. We reduce the amount of packaging material in freight transport and rationalise our deliveries.

We collect and analyse the Group's energy consumption and work with mapping the energy sources used. In 2023, we invested in continuing to convert our fleet of industrial trucks from fossil-fuelled to electric. Now 66% of our industrial trucks are electric.

Swedencare strives to reduce electrical consumption and increase the proportion of renewable energy used in the Group.



14 Sea and marine resources

Protecting the sea and marine resources is particularly close to our hearts because the raw material for our original product, ProDen PlaqueOff®, is sustainably harvested off the coast of Norway and in the Arctic circle, in one of the cleanest places on earth. Other products in the Group also use raw materials from the seas. We make sure that these are sustainably sourced. One example is our brand, NaturVet®, which was certified by Friend of the Sea, a project of the World Sustainability Organization. For us, it is important that the entire process of producing the raw material and the production of our products has a minimal climate impact.

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2023 in brief

In 2023, the sustainability work has meant that:



Corporate governance

- We have developed and implemented a sustainability policy that states the basic principles that characterise our operations and relations with the outside world. The policy also gives guidance for colleagues and subsidiaries within the group about how sustainability work should be run and which values are governing.
- We have worked with the materiality analysis where we have gone through the most important sustainability priorities. The materiality analysis will be the basis for the areas where data will be collected, analysed and reported.
- We have implemented a sustainability platform, the purpose of which is to collect and analyse data from the entire Group. Relevant KPIs to measure and monitor our sustainability performance have been carefully selected. By tracking these KPIs, we can objectively evaluate our progress and make informed decisions to further optimise our ecological footprint.
- We have received certification as a 'Nasdaq ESG Transparency Partner' from Nasdaq for our commitment to market transparency and higher environmental standards. The certification includes an associated badge and highlights our role in promoting sustainable business principles.
- We have begun the process of developing a succession plan, the purpose of which is to manage any leadership transitions and ensure continuity. The long-term success of the group is closely tied to the ability to identify and develop talent, as well as ensure a smooth transition of leadership when needed.



Environmental and climate impact

- We have done a life cycle assessment (LCA) of ProDen PlaqueOff 60g, which is one of our main selling products. At the beginning of 2024, we will identify measures to reduce our climate footprint, which we will implement continuously in 2024 and beyond. We will continue to do LCA for selected group products on an ongoing basis.
- We work to reduce the group's water consumption by finding alternative environmentally friendly solutions. We have introduced a new cleaning process for the vessels in one of our production facilities, which means lower water consumption.
- We have continued the conversion of our industrial truck fleet to electric, and have gone from 63% to 66% electric in 2023. We have purchased five new machines in 2023 and all of these are electrically powered.
- We are affiliated with FTI AB (Förpacknings- och Tidningsinsamlingen), a Swedish nationwide collection system for packaging. This means that we fulfill our producer responsibility and co-pay for the public recycling stations where you can leave our cardboard and packaging materials.
- Our brand, NaturVet®, was certified by Friend of the Sea, a project of the World Sustainability Organization for the certification of sustainable shellfish, fish and aquatic products.



Health, safety and ethics

- We have updated and implemented our Code of Conduct for employees, which sets out guiding principles regarding ethics, anti-corruption, human rights, and social and environmental responsibility.
- We have launched a whistleblower service to catch early warning signs and thereby reduce risks. It is an important tool for promoting high ethical standards and maintaining a high level of trust in us as a company.
- Motivated colleagues are our greatest asset, we work to continuously improve work on working environment issues to promote good health and safety. In 2023, we developed an employee survey that was sent to all employees within the Group. The survey was analysed and presented during the year. The survey showed a high value on both employee satisfaction and willingness to recommend Swedencare as a workplace. This analysis has been a key component of our commitment to understanding and improving the working environment for our employees. By identifying strengths and areas that need development, we can focus on creating an even more rewarding and productive workplace. Furthermore, we have also actively followed up on the results by implementing measures and initiatives aimed at addressing the specific areas that need improvement.
- We have developed and implemented a new Code of Conduct for suppliers that sets clear requirements regarding human rights, working environment and climate impact. We will be working with our suppliers to ensure that they follow our code of conduct, or have their own code of conduct and an active sustainability work that fulfills Swedencare's ambitions. Work to follow up and evaluate our suppliers is ongoing.



Social engagement

- Our sustainability work is based on the UN's global goals, which is why we have contributed by donating to the UN organization.
- We sponsor Feather in Her Cap, an organization that recognises the contribution to pet health made by women.
- The severe flooding that hit the Emilia Romagna region of Italy also affected many shelters for dogs and cats, which are in need of help. In partnership with a local rescue association, we organised two collection points to collect useful items such as blankets and pet food that we have donated to the affected shelters.
- We sponsored the LaStrabassotti Walking Race, a non-competitive walking race, to raise donations for a charity dedicated to saving Dachshund dogs. During the year, we have also sponsored the Humane Society Petswalk/Run where Swedencare products were distributed to all participants.
- We have donated to the Déise Animal Sanctuary where many dogs, cats and horses will receive specialised nutritional support from our donation this winter.
- We have once again sponsored the Kansas City Animal Health Corridor Summit, which is a hub of innovation for animal health.
- We have published a digital Advent calendar, a charity initiative to promote adoptions and improve the quality of life for many dogs in need of protection. For every 100 calendars that are filled in, we remotely adopt one of the dogs in the calendar for one year.

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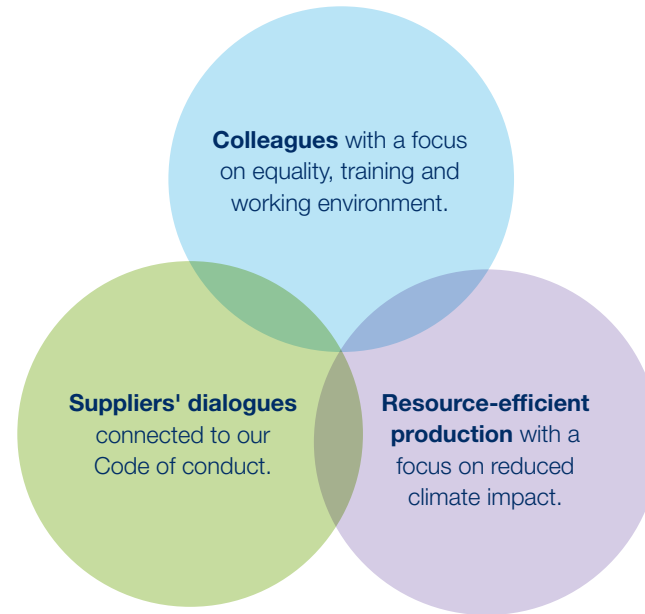
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Materiality analysis

It is important to us that our sustainability work is based on those issues that are most relevant to us from a sustainability perspective and which also benefit customers and the business.

The materiality analysis is used to ensure that we have the right priorities in our sustainability work. This against a background of our impact on the outside world and our stakeholders' expectations. In 2023, we began work on producing a materiality analysis in which we review the most important sustainability priorities. The work will continue in 2024 when we have the results from our stakeholder dialogues, which will form the basis for relevant and well founded sustainability goals.

The priority areas where we work with our stakeholders are:



The way forward 2024

In 2024, Swedencare will continue to focus on analysing the results of the data collection from the entire group, as well as stakeholder dialogues with our suppliers and partners to know what impact our operations have on all areas under ESRS – Social engagement, corporate governance and the environment/climate. When the analysis is completed we will have a complete image of the company's existing climate footprint which will be the starting point for our concrete sustainability goals.

We will focus on:

- Continued work on the development of our sustainability strategy by integrating it with our business strategies
- Review and quality assurance of our sustainability processes to ensure that all activities within the Group are in line with our sustainability policies
- Continued active implementation of stakeholder dialogues with a focus on sustainability issues
- Continued implementation of Life Cycle Assessments on key products to assess and minimise their climate and environmental impact and to identify opportunities for improvement and innovation
- Ongoing collection of sustainability data from the entire Group
- Regular employee surveys
- Continue the work on succession planning to secure sustainable career paths and inclusive development opportunities.



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Swedencare is affiliated with FTI AB (Förpacknings- och Tidningsinsamlingen, formerly REPA), a nationwide collection system for packaging.



We sponsor Feather in Her Cap, an organization that recognises the contribution to pet health made by women.



The main ingredient in our original product, ProDen PlaqueOff®, is 100% natural and ecologically certified by the Irish Organic Association.



Caring for the ocean and marine resources is particularly close to our hearts. One initiative we have taken in this area is to become "coastal rescuers".



Our brand, NaturVet®, was certified by Friend of the Sea, a project of the World Sustainability Organization for the certification of sustainable shellfish, fish and aquatic products.

Our most important stakeholder groups are customers, shareholders, investors, colleagues, suppliers and the local community, because it is these who affect, are affected by, or have a stake in our operations. During 2024, Swedencare will continue to implement dialogue with our stakeholders. An active dialogue gives us important information that contributes to ensuring that the company's priorities and strategies are relevant. The dialogues will be an important part of our sustainability work and will be the basis of our continuous improvement work.

We will map requirements, expectations, risks and how and what we are affected by. The dialogues will follow our method and cover all areas of sustainability.

Dialogue with stakeholders	Issues in focus	Type of dialogue
Shareholders and Investors	<ul style="list-style-type: none"> Responsible ethical business, including sound working conditions and anti-corruption Long-term economic value development and responsibility for the entire value chain Ongoing risk mapping and risk management Reduced climate impact and emissions 	<ul style="list-style-type: none"> Surveys to investors Annual General Meeting Individual meetings and in-depth interviews with shareholders
Colleagues	<ul style="list-style-type: none"> Safe and secure workplaces Development of skills and career development Equality, diversity and inclusivity 	<ul style="list-style-type: none"> Implementation of colleague surveys
Customers	<ul style="list-style-type: none"> Good working and employment conditions, inclusive and safe workplaces Climate, environmental awareness and action for reduced climate and environmental impact Resource efficiency and recycling 	<ul style="list-style-type: none"> Customer meetings, trade fairs and customer surveys
Suppliers and partners	<ul style="list-style-type: none"> Responsible ethical business Code of Conduct Climate, emissions, transport, sound working conditions and safety 	<ul style="list-style-type: none"> Supplier evaluation Supplier audits and sustainability dialogues
Communities	<ul style="list-style-type: none"> Responsible employer Strong local communities Selection of local subcontractors 	<ul style="list-style-type: none"> Meetings with local authorities and businesses

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A more sustainable value chain

We are motivated and will work effectively to contribute to a resource-efficient and responsible value chain and increased value creation for our different stakeholders and society in general.

The long-term sustainability work is based on our business model, strategy and vision. We will work actively to identify those areas where we can affect the most, at the same time as benefiting our business, customers, colleagues and the local community.

Swedencare's overall goal is to reduce the negative environmental impact from its own operations. In 2023, a review of the Group's sustainability targets was initiated. In 2024, we will continue integrating our sustainability goals with our business strategies, while also engaging in stakeholder dialogues and

analysing the environmental and social impact we have, directly or indirectly, at each stage of the value chain to set relevant goals and plans.

To better understand our environmental impact we will continue to implement life cycle analyses of our most important products and implement sustainable changes in the chain where we can make the greatest difference during manufacture, packaging, goods transport or recycling. In that way we can identify those areas where resources can be applied most effectively to reduce our environmental impact.



Our essential issues in the value chain are:

<p>Staff with a focus on equality, training, working environment and inclusivity.</p>	<p>Our suppliers and partners.</p>	<p>Business ethics long-term and reliable partner in all our relations.</p>	<p>Sustainable production, internal and external.</p>	<p>Life cycle analysis of our products</p>
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Sustainability

“It is important to us that our sustainability work is based on those issues that are most relevant to us from a sustainability perspective and that also benefit customers and the business.”



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As local as global

Spread around the world, but our dedicated colleagues are united by the same ambition and goals. Meet some of them.

“Swedencare is always open to new ideas and innovative approaches to improve all the affiliated companies that contribute to Swedencare's success.”

I am a new member of the Swedencare family, and what I have learned is that Swedencare is always open to new ideas and innovative approaches to improve all the affiliated companies that contribute to Swedencare's success.

Swedencare prioritises creating pet products with the finest quality ingredients, which is of great importance to me as a pet owner and someone who has worked with rescue operations. I am proud to be a part of the Swedencare team.

Among our products, my personal favorite is Rx Vitamins Megaflex powder. I've been giving Megaflex to my dog, Boomer, for about 3 years now. When Boomer tore his cruciate ligament at the age of 8 and underwent surgery, he made a full recovery within 4 weeks, which left even the vet amazed. I knew it was because of the exceptional ingredients in our Megaflex powder. Boomer is now 10 years old and continues to flourish!

Kristine Simmons & Boomer

Representative, Rx Vitamins



“The corporate culture promotes leadership, autonomy and competence, as well as a productive and positive working environment.”

Swedencare's mission and vision as a global leader and innovator of pet health products is critical to promoting the well-being of our beloved pets, who rely on us to remain healthy and active.

Working for Swedencare is an honour and as the owner of our playful cockapoo Rosie, I and every pet owner share Swedencare's vision to prioritise their health. As a project manager at Swedencare, together with a diverse and reliable team, I have the privilege of working with innovative products on challenging projects in North America and abroad. The corporate culture promotes leadership, autonomy and competence, as well as a productive and positive working environment.

My favourite project is the collaboration with Loyal for Dogs, a clinical-stage company whose purpose is to develop drugs intended to extend the health span and lifespan of dogs. An exciting project with a bright future in research on the science behind long life. I'm looking forward to clinical trials and FDA approvals, because we all want pets to live a longer and healthier life.

Cory Novak & Rosie

Project Manager, Vetio Animal Health ULC



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Colleagues

“My work requires creativity, problem-solving, and interaction with people, and these aspects make my work both interesting and enjoyable.”

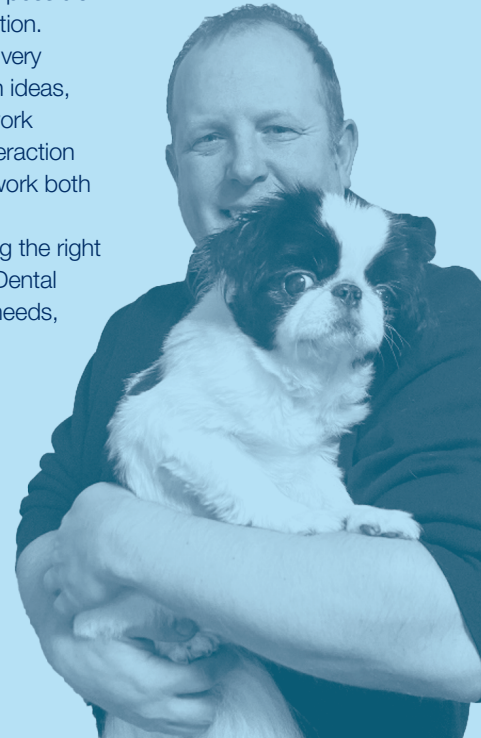
Despite its size, Swedencare manages to retain the core of the successful companies that have merged. What distinguishes Swedencare is the ability to take advantage of opportunities that would be impossible without the support of the broader organization.

Being the Sales Manager for Vetio UK is a very rewarding role. Customers come to me with ideas, and I help them turn them into reality. My work requires creativity, problem-solving, and interaction with people, and these aspects make my work both interesting and enjoyable.

Alfie is a picky Japanese Chin, and finding the right oral care has been a challenge. PlaqueOff Dental Bites are an excellent solution to meet his needs, while also serving as a treat.

James Lovatt & Alfie

Sales Manager, Vetio UK



“It's great to come to work every day knowing that our actions are helping animals and making a life-changing impact in the lives of pet owners across the country.”

It's great to come to work every day knowing that our actions are helping animals and making a life-changing impact in the lives of pet owners across the country. I've been working for NaturVet for almost ten years, and I still get teary-eyed when people tell me how one of our products has helped their pets!

I come to my desk every day with the goal of providing the best for our dealers, distributor representatives, and our end customers. Every person I work with needs a different version of me, NaturVet or my team, and I thrive on helping clarify what "being the best" means to them. I am grateful that we can quickly reallocate our resources and strengths to meet the demands of all types of customers.

My favourite product is everything from NaturVet's Aller-911 product line. I've been using the soft chews and powders for years with my pets to relieve their itchy skin, and I've seen it help pets who don't respond to anything prescribed by vets. The demand for allergy relief products is growing at a record pace, and I've seen this product line keep up with demand because it works.

Hannah Dickerson & Gizmo and Domino

Area Sales Manager, NaturVet



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Three good reasons to invest in Swedencare



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Invest in Swedencare

1

Strong brands and high-quality products

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

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

Swedencare ensures a range of high-quality products through its own research and product development, at the same time as we analyse changing consumer needs, values and attitudes to their animals' well-being and health. The latter by including increased investment in customer interaction on social media etc. In-house production facilities that meet the quality requirements of the products are another important factor in remaining at the forefront of innovation and quality.

2

Presence in the major sales channels

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

In 2023, we have seen good growth in the investments we have made in the direct-to-consumer channel, which we continue to develop.

3

Higher than market growth

Today's pet owners have a high awareness of health and well-being, as well as the importance of preventing the occurrence of problems. This applies not only to us humans but also to our pets. Both the number of pets and the demand for pet supplements have increased in recent years, especially in the premium segment. The trend is clear: more animal owners will spend more money on products that contribute to healthier and better lives for their pets.

The market is expected to grow between 9-10% and Swedencare's ambition is to grow faster, mainly with the help of innovative products, a wide geographical coverage, a unique offering to different sales channels and brands, strategic partnerships and, above all, an organization characterised by business acumen, speed and drive.

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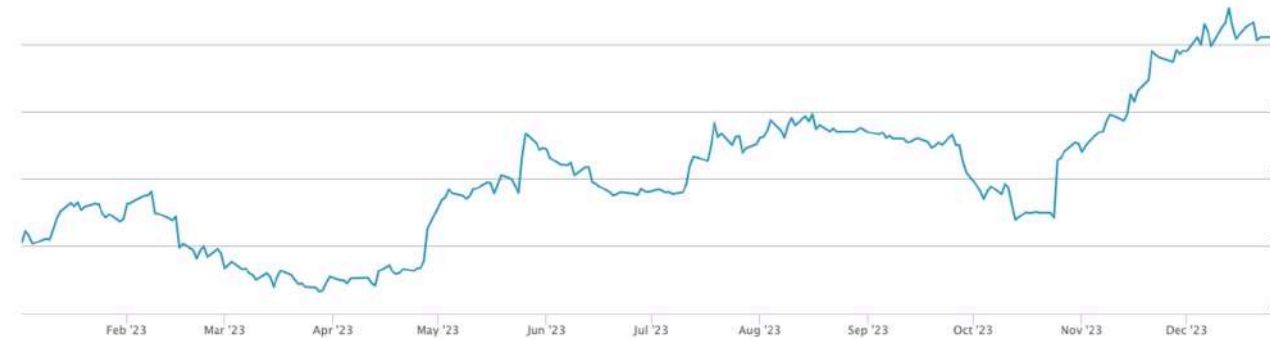
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Invest in Swedencare Share

Share



Swedencare's shares were listed on the Nasdaq First North Growth Market on June 14th, 2016. In connection with the listing, a new share issue was carried out for a total of approximately 34.5 MSEK before listing costs, which amounted to approximately 4.3 MSEK, where the subscription price was set at 2.80 SEK*.

At the start of 2023, the share price was 30.75 SEK, corresponding to a price increase of 998% from the introduction on June 14th, 2016. In 2023, there was a recovery of the share after a weak 2022 in the stock market worldwide, during which even the Swedencare share performed poorly. 2023 ended at a share price of 60.96 SEK, corresponding to a fall in value of 98% for the year, although still an increase in value of 2,077% since its introduction. The highest quoted bid price for the share was recorded on January 14th, 2023 at 66.98 SEK.

A share split (5:1) was carried out May 25th, 2021, whereby existing shares in the company were divided into 5 shares of the same class.

*Recalculated to the number of shares, respectively share price after the share split 5:1

At the closing date the share capital amounted to 1,587,319 divided into 158,731,900 shares. No new share issues have taken place in 2023.

Ownership

Symrise AG, as the largest shareholder, had 29.7% at the beginning of the year and has in 2023 increased its holding and owned as of December 31st, 2023 a total of 35.9% of the capital and votes in Swedencare. The 10 largest shareholders owned 74.8% of the capital and votes. Representatives of the Board of Directors and management hold 59.7% of the capital and votes. 59.8% of the shares are owned by foreign shareholders and 40.2% of the shares are owned by Swedish investors. Germany and the US are the two countries with the largest proportion of shareholders registered outside Sweden.

Share price Jan 1st, 2023

30.75 SEK

Share price Dec 31st, 2023

60.96 SEK

Price increase 2023

98%

Representatives of the Board of Directors and management hold the capital and shares.

59.7%

Number of shares Dec 31st, 2023

158,731,900

Dividend 2023

0.23 SEK/SHARE

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Invest in Swedencare Share

Mandatory bid by Symrise AG

Symrise AG's ("Symrise") holding in Swedencare amounted to 30% of the number of shares in Swedencare on May 25th, 2023. The mandatory bid limit had thereby been exceeded and Symrise announced its intention to make a mandatory bid offer for the remaining shares in Swedencare within four weeks in accordance with the takeover rules for certain trading platforms. On June 5th, 2023, Symrise announced a mandatory public offer to the shareholders of Swedencare at a price of 37.50 SEK in cash per share. At the time, this represented a negative premium of 11%. The Board of Directors of Swedencare unanimously recommended the shareholders of Swedencare not to accept the mandatory bid offer made by Symrise. Symrise received 0.17% of the shares in the offer and owned 30.17% of the shares in Swedencare after the offer. During the second half of 2023, Symrise has further increased its holding and as of December 31st, 2023, owned 35.9% of the number of shares in Swedencare.

Incentive program

At the Extraordinary General Meeting on October 19th, 2022, there was a resolution on an incentive program, including a directed issue of warrants to the company for transfer to employees within the Swedencare group at market value. During the period from December 1st, 2025 to February 28th, 2026, each warrant entitles the holder to subscribe for one (1) new share in Swedencare at a subscription price of 57.86 SEK. Transfer of 251,500 warrants was carried out to 50 key employees in the incentive program.

Dividend

For financial year 2023, the Board proposes a dividend to shareholders of 0.23 SEK per share. This means an increase of 5% compared to the dividend for 2022 of 0.22 SEK per share. The proposed record date for the dividend is April 29th, 2024. The dividend proposed to the Annual General Meeting will be paid to shareholders on May 3rd, 2024. A comprehensive assessment of the financial position of the parent company and the Group indicates that the dividend is justified in the light of the provisions of the Swedish Companies Act (Chapter 17, Section 3, paragraphs 2 and 3). The Board of Directors is of the opinion that the proposed dividend will neither prevent the company from fulfilling its obligations in the short and long terms, nor from making necessary investments.

Shareholders (the table summarises Swedencare's ownership structure as of December 31st, 2023).

Shareholder	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 (Johan Bergdahl through the company)	7,526,755	4.7%
Mastan AB (Håkan Lagerberg through the company)	5,675,202	3.6%
AMF Pension and Fonder	5,366,500	3.4%
Scott Garmon - CEO NaturVet	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	1.5%
Aktia Asset Management	2,206,149	1.4%
Berenberg Funds	2,169,629	1.4%
BlackRock	1,430,971	0.9%
Martin Shimko	1,325,000	0.8%
Matthew Shaw	1,004,871	0.6%
Hans Persson	998,750	0.6%
Thomas Eklund	953,582	0.6%
Nordnet Pensionsförsäkring	921,294	0.6%
Enter Fonder	718,915	0.5%
David Ryder	620,095	0.4%
Other	27,615,944	17.4%
Total	158,731,900	100%
Free Float*	60,517,212	38.1%

Holdings including related parties.

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

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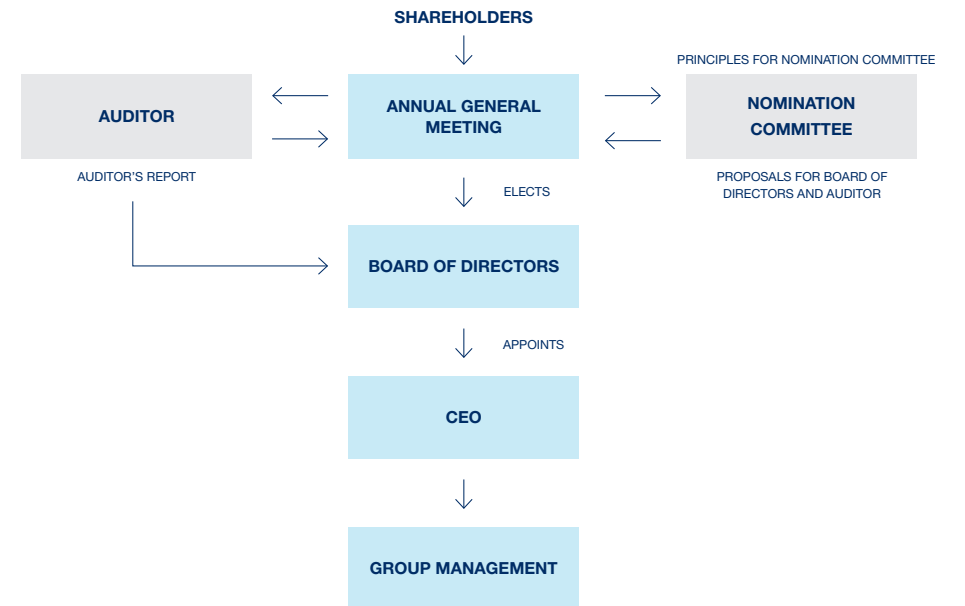
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Corporate governance

Corporate governance

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



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Corporate governance

Framework for corporate governance

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

Our shareholders

As of December 31st, 2023, Swedencare had 158,731,900 outstanding shares and 11,121 shareholders. At the end of 2022, Swedencare had 158,731,900 outstanding shares and 15,814 known shareholders. All shares are of the same class and each carries the right to one vote at general meetings. The largest shareholder on December 31st, 2023 was Symrise AG with 35.9% of outstanding shares and votes. The five largest shareholders together represented 63.5% of the outstanding shares and votes. The corresponding percentage for the ten largest shareholders was 74.8% of the outstanding shares and votes.

Annual General Meeting

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

Nomination Committee

The AGM appoints, among other things, a Board of Directors for the period until the next AGM. Swedencare's Nomination Committee, consisting of representatives of the company's three largest shareholders as of September 30st, submits proposals to the AGM on the composition of the Board, the Chairman, the Board and audit fees, the election of an auditor and the guidelines for the Nomination Committee. For the Annual General Meeting on April 25th, 2024, the Nomination Committee consists of Håkan Svanberg (representing Håkan Svanberg & Co Health Care AB), Heinz-Jürgen Bertram (representing Symrise AG) and Anna Magnusson (representing Första AP-fonden). The Nomination Committee will submit its proposals no later than in connection with the notice of the Annual General Meeting.

The Board of Directors

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

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

The Chairman of the Board organises and directs the work of the Board so that it is carried out in accordance with the Swedish Companies Act, other laws and regulations and the Board's rules of procedure. The Chairman monitors the business through regular contacts with the CEO and is

responsible for ensuring that the other Board members receive adequate information and decision support.

According to Swedencare's Articles of Association, the Board of Directors shall consist of at least three and no more than seven members, with no more than two deputies. At the Annual General Meeting held on April 28th, 2023, Håkan Svanberg, Johan Bergdahl, Thomas Eklund, Sara Brandt, Ulrika Valassi, Jean-Yves Parisot were re-elected and Heinz-Jürgen Bertram was elected as new member of the Board of Directors. Håkan Svanberg was appointed Chairman of the Board.

During 2023, a total of 14 recorded Board meetings were held.

At the meetings, interim reports, year-end financial statements and the annual report were adopted, and the Board decided on strategies and business plans supporting the company's targets.

The Board also met in connection with company acquisitions and other related decisions.

The Board of Directors of Swedencare owned shares in the company corresponding to 19.9% of the total number of outstanding shares as of December 31st, 2023.

CEO and Group Management

The Board of Directors of Swedencare appointed Håkan Lagerberg as the company's CEO in 2014. Håkan Lagerberg has held the role since then, except for a period in 2019/2020 when the current CFO, Jenny Graflind, was CEO. Håkan Lagerberg, is, through the wholly owned company Mastan AB, Swedencare's fifth largest shareholder with a shareholding corresponding to 3.6% of the total number of outstanding shares as of December 31st, 2023.

Group management has in 2023 consisted of the CEO, Håkan Lagerberg, CFO, Jenny Graflind, COO for the Veterinary and online market in the US, Brian Nugent, CCO for Europe,

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Corporate governance

Laszlo Varga and Production Manager John Kane. Group management is responsible for business development, financial monitoring and business plans. Group management has regular meetings with representatives of the company's subsidiaries on a monthly basis during the year. The subsidiaries have considerable operational freedom within the established framework and internal control procedures. Group management monitors that agreed authorities are not exceeded and that procedures are followed. The CEO and Board of Directors of each subsidiary are appointed by the Group CEO and are responsible for the governance, development and management of the subsidiary. Swedencare's decentralised organization with many subsidiaries places high demands on the subsidiaries' boards and management, their competence, values and business ethics. It also requires understanding and respect for delegation of roles.

Furthermore, it is assumed that the division of responsibilities within and between the Group management and the subsidiaries' managements is well defined and that the communication between them works well. Instructions on governance documents, accounting principles and guidelines are regularly communicated to relevant colleagues.

Audits

The company's auditor is appointed by the Annual General Meeting. The mandate is valid until the end of the Annual General Meeting held in the year following the election of the auditor. The auditor's task is to audit Swedencare's annual accounts and financial statements, as well as the management of the Board of Directors and the CEO. The appointment is summarised in the auditor's report, which is presented at the Annual General Meeting and reported in

the Annual Report. At the 2023 Annual General Meeting, the accounting firm Deloitte AB was elected as new auditor until the end of the 2024 Annual General Meeting.

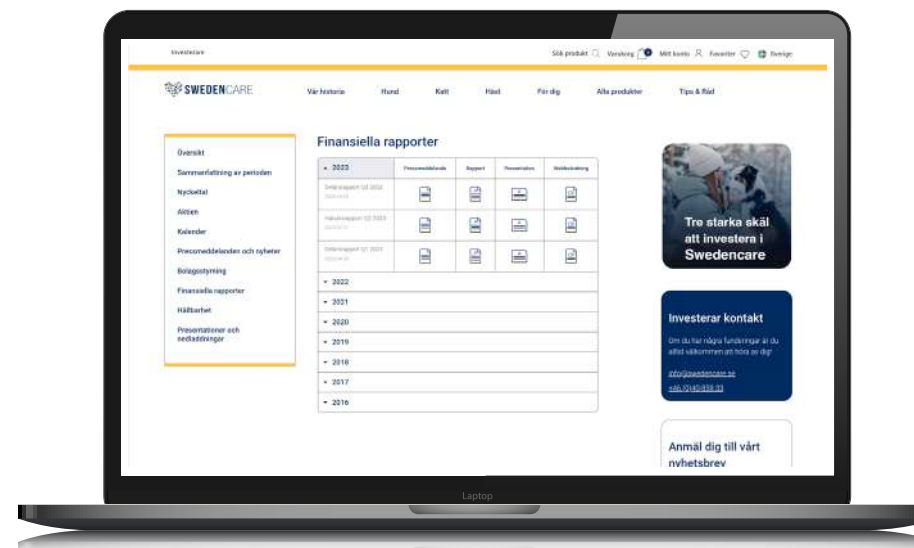
The auditor in charge is Maria Ekelund. During 2023, in addition to reviewing the annual accounts and financial statements, the auditors also reviewed the company's nine-month report.

Information

The company's external information follows the information policy established by the Board of Directors. The policy sets

out what is to be communicated, by whom and in what manner, to ensure that both external and internal information is accurate, complete and follows established guidelines.

Swedencare's information to shareholders and other stakeholders is published via press releases, interim and year-end reports, the annual report and the company's website (www.swedencare.com). Press releases, financial reports and presentation material are published on the website. Interim reports, annual reports, and press releases are also published in English on the company's website.



Press releases, financial reports and presentation material are published on www.swedencare.com.

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Organization

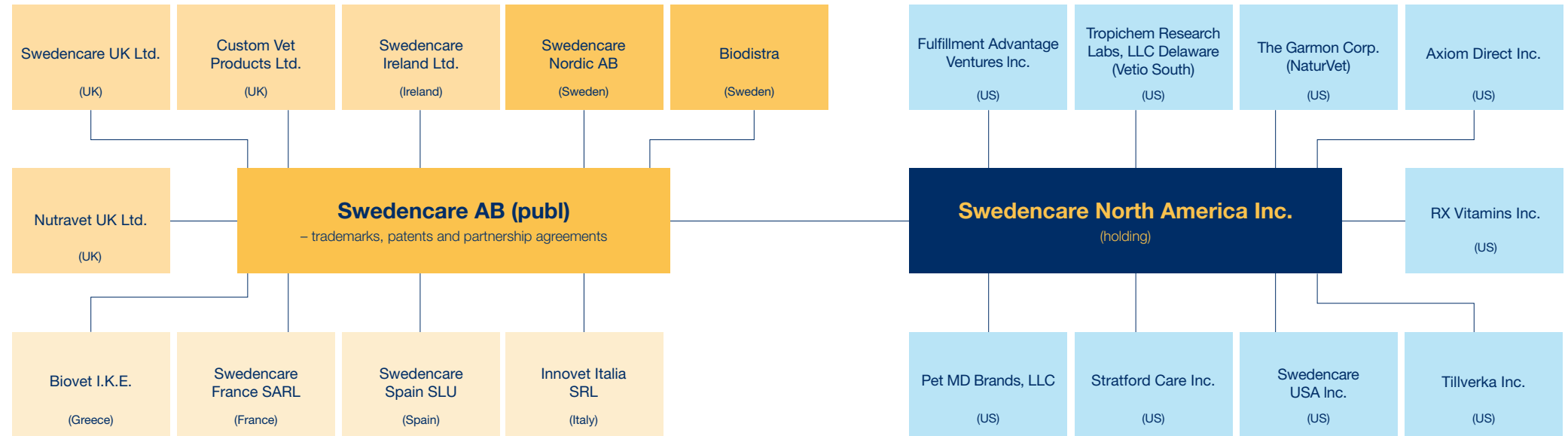
Swedencare

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

The sales companies

Swedencare owns 100% of all sales companies, which are responsible for sales and marketing in their respective home markets. The sales companies report both financial and market developments to Swedencare on a monthly basis. Through the sales companies' local market knowledge, marketing can be adapted to local conditions

and customer preferences, and new products can be quickly identified. The sales companies operate from Greece, Spain, Italy, France, the UK, Sweden, Ireland, Canada and the US respectively.



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Board of Directors



Håkan Svanberg



Johan Bergdahl



Heinz-Jürgen Bertram



Sara Brandt



Thomas Eklund



Jean-Yves Parisot



Ulrika Valassi

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Organization

Håkan Svanberg

Board Chairman since 2022 – born 1957.

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

CEO of SVANBERG & CO INVEST AB. Board member of K3 Nordic AB, SVANBERG & CO INVEST AB, Sibe Förvaltning, K3 Travel, Kilkok Software, Svanberg Factoring, Treberg Holding AB and CYTO 365.

Independent in relation to the company/ company management: Yes

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

Holding*: 23,077,775

Thomas Eklund

Board member since 2016 – born 1967.

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

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

Chairman of the Board of Immedica Pharma AB and Mabtech AB.

Board member of Boule Diagnostics AB and Surgical Science AB.

Independent in relation to the company/ company management: Yes

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

Holding*: 953,582

Johan Bergdahl

Board member since 2014 – born 1970.

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

Chairman of the Board of BR Group AB. Board member of Comera AB, IB förvaltning AB, JCC Group AB, BR Group Holding AB, BR Group Fastigheter AB, Sibe förvaltning AB, Sjödins Stenhuggeri, Casa del Padel Bettorp.

Independent in relation to the company/ company management: Yes

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

Holding*: 7,526,755

Jean-Yves Parisot

Board member since 2022 – Born 1964.

CEO of Symrise AG and before that President of the segment Taste, Nutrition & Health. Chairman of Probi and VetagroSup and has previously held a number of leading positions at companies such as Diana, Air Liquide, Danisco, Rhodia Food, Rhône-Poulenc, Rhône Mérieux – Merial and Pfizer Animal Health. Doctor of Veterinary medicine from National Veterinary School of Lyon (VetAgroSup – France) and has an MBA from HEC-ISA (France).

Independent in relation to the company/ company management: Yes

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

Holdings*: –

Heinz-Jürgen Bertram

Board member since 2023 – born 1958.

Former CEO of Symrise AG and before that member of the Board of Directors of Symrise between 2006 – 2021. Employed by Symrise since 2003 and held several senior positions within the company such as Global Head of Aroma Chemicals Division, Global Head of Operations and Global Head of Flavor & Nutrition. Degree in Chemistry and PhD in Chemistry from the University of Hannover.

Independent in relation to the company/ company management: Yes

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

Holdings*: –

Ulrika Valassi

Board member since 2022 – Born 1967.

Board member and senior company advisor. Previous role as credit manager for Landshypotek Bank and prior to that a number of leading positions within the SEB group and most recently participated in DBT's start-up year. Long experience of bank and finance markets, structural investments and corporate development. At present a board member of Ålandsbanken Abp and Sparbanken Sjuhärad. Master of Business Administration from Uppsala university.

Independent in relation to the company/ company management: Yes

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

Holding*: 2,000

Sara Brandt

Board member since 2019 – born 1963.

Senior Business Advisor and former Deputy CEO of Almi AB and before that a number of senior positions as CEO of Berner Nordic and Coca-Cola AB. Extensive operating and board experience from Swedish and international B2C and B2B companies with a focus on sustainable growth and development in different industries and product categories. Master of Business Administration from Handelshögskolan in Stockholm.

Independent in relation to the company/ company management: Yes

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

Holding*: 5,500

* Own or related parties' holdings of shares and other financial instruments in Swedencare. Holdings for Board of Directors and management as of 31-12-2023.

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Håkan Lagerberg



Jenny Graflind



John Kane



Brian Nugent



Laszlo Varga

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Organization

Håkan Lagerberg

CEO

Håkan has held this position since 2014. Håkan has international experience from leading positions in private and public companies. Bachelor in International law from Lund University. Post graduate international business law from University of Turin in Italy.

He is also chairman of One CC AB, a board member of Polygiene AB (publ), HAOLAG AB, Mastan AB and has board appointments in Swedencare's subsidiaries.

Holding*: 5,675,202

Jenny Graflind

CFO

Jenny has been employed and held senior positions since 2017.

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

Bachelor of Science Management from Florida Atlantic University.

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

Holding*: 175,000

John Kane

Production Director

John has held this position since 2022 and been employed for the Vetio production facilities since 2015. John has over 28 years of experience as CEO and VP/GM for public and private companies in speciality chemicals, human nutrition and animal health. Prior to Animal Health, John worked for Balchem Corporation managing their human nutrition and health business.

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

Member of the Board of Directors of Sabai Global

Holding*: 51,972

Brian Nugent

Commercial Officer North America

Brian has held this position since 2022 and been employed as for the subsidiary StratfordCare USA Inc. since 2011. Brian has over 20 years of experience as founder, COO and CEO of several successful animal health companies based in the US. Before Brian started working within animal health he was operations manager for the Tampa Bay Buccaneers in the National Football League (NFL).

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

Holding*: 325,000

Laszlo Varga

Commercial Officer Europe

Håkan has held this position since 2023. Laszlo has extensive international experience of leading positions in companies with a focus on direct-to-consumer sales, including as CEO of deWiz Golf, Gents and Euroflorist.

Bachelor of Arts Communication from San Diego State University.

Board member of CoolStuff AB.

Holding: 12,500

* Holdings at 31-12-2023.

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Organization

Responsible at Swedencare's subsidiaries - Europe



Loïc Dufour



Chris Jones



John Leonard



Ioanna Psychogiou



David Ryder



Raquel Tosca



Sabine Uhde



Renato della Valle

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Organization

Loïc Dufour

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

Loïc has been employed since 2021.

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

Marketing license, IUT Lens.

No other appointments.

Shareholdings* in Swedencare: -.

Chris Jones

CEO of the subsidiary Nutravet UK Ltd

Chris has been employed since 2021.

Over 10 years of experience within the dietary supplement industry, including as Operations Director for one of Britain's leading nutrition manufacturers.

Bachelor in business administration from Lancaster University.

No other appointments.

Shareholding* in Swedencare: 6,431

John Leonard

CEO of the subsidiaries Swedencare UK Ltd and Swedencare Ireland Ltd

John has been employed since 2004.

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

HND Business & Finance from Teesside University.

No other appointments.

Shareholding* in Swedencare: 349,546

Ioanna Psychogiou

Country Manager of the subsidiary Biovet I.K.E

Ioanna has been employed since 2012.

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

Physics degree and Master's degree in electronic telecommunications.

No other appointments.

Shareholding* in Swedencare: 156,790

David Ryder

CEO of the subsidiary Vetio UK (Custom Vet Products Ltd.)

David has been employed since 2012.

Over 17 years of experience in sales management and marketing within the animal health industry.

Masters in computing and business information systems from Liverpool John Moore's University.

No other appointments.

Shareholding* in Swedencare: 620,095

Raquel Tosca

Country Manager of the subsidiary Swedencare Spain SLU

Raquel has been employed since 2019.

An international background in international business, marketing and communications most recently from the animal health company Laboratorios Calier. Master's degree in Marketing, Communication & Digital Publicity from UOC University in Barcelona and Inesdi Digital Business School.

No other appointments.

Shareholdings* in Swedencare: -.

Sabine Uhde

Nordic manager of subsidiary Swedencare Nordic AB

Sabine has been employed since 2015.

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

Brokerage degree.

No other appointments.

Shareholding* in Swedencare: 700

Renato della Valle

CEO of the subsidiary Innovet Italia SRL.

Renato has been employed since 1996.

Founder and CEO of Innovet since 1996. Renato's experience is mainly in developing and marketing small animal products that are non-prescription.

High school diploma in agriculture.

No other appointments.

Shareholding* in Swedencare: 606,799

* Holdings at 31-12-2023.

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Responsible at Swedencare's subsidiaries - US



Tim Ackerman



Manuel Aguiar



Lynn Bowgren



Alain Dugal



Geoff Granger



Ed Holden



Jim Van Proosdy



Martin Shimko

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Tim Ackerman

CEO of the subsidiary Fulfillment Advantage Ventures INC (FAV)

Tim has been employed since 2021.

A strong background in retail and online distribution, as well as sales. Experience within licensed products and consumables.

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

No other appointments.

Shareholdings* in Swedencare: -.

Manuel Aguiar

General Manager of the subsidiary Vetio South

Manuel has been employed since 2002. Over 28 years of experience in the pharmaceutical and animal health industry in various roles and positions in Canada, where he participated in the design and commissioning of Vetio North's manufacturing facility. Manuel moved to Vetio South in 2021, where he is responsible for both the food and pharmaceutical facilities.

Background in analytical chemistry from Dawson College & Concordia University.

No other appointments.

Shareholding* in Swedencare: 78,640

Lynn Bowgren

CEO of the subsidiary Rx Vitamins Inc.

Lynn has been employed since 2021.

Over 25 years of experience in the animal health industry, in a variety of capacities with experience in manufacturing, veterinary distribution, marketing and pharmaceutical sales. Former Senior Account Manager for Covetrus, formerly known as Henry Schein Animal Health. Lynn has a strong background in sales, marketing, communications, and brand management. Founder and CEO of Axiom since 2021.

No other appointments.

Shareholdings* in Swedencare: -.

Alain Dugal

General Manager of the subsidiary Vetio North

Alain has been employed since 2021. Over 29 years of experience in all aspects of operations/factory management in pharmaceuticals/cosmetics/food.

Degree in molecular biology and biochemistry from Concordia University and management from Hautes Études Commerciales in Montréal.

No other appointments.

Shareholdings* in Swedencare: -.

Geoff Granger

CEO of the subsidiary NaturVet

Geoff has been employed since 2023.

Over 28 years of experience in senior positions in leading national large retail chains in the US market. Previously worked at Petco and drove strategic priorities for their pet health and wellness categories.

Degree in Political Science from the University of California, Los Angeles (UCLA).

No other appointments.

Shareholdings* in Swedencare: -.

Ed Holden

CEO of the subsidiary Pet MD Brands LLC

Ed has been employed since 2011.

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

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

No other appointments.

Shareholding* in Swedencare: 218,334

Jim Van Proosdy

Chief Operations Officer of the subsidiary Stratford Care

Jim has been employed since 2022.

Over 41 years of experience in animal health, senior positions at companies such as Bayer, Merial, Boehringer Ingelheim, Jurox, MAI and Virbac. During Jim's professional experience, he has held positions in sales, marketing, operations, and general management. These experiences have covered all production and pet species and segments of the industry.

Degree in Education from the University of Wisconsin.

No other appointments.

Shareholdings* in Swedencare: -.

Martin Shimko

CEO of the subsidiary Swedencare USA INC. and Swedencare Tillverka Inc.

Martin has been employed since 2005.

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

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

No other appointments.

Shareholding* in Swedencare: 1,325,000

* Holdings at 31-12-2023.

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Management report

Information on activities

The group's operations mainly consist of the development, production, and sales of 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 a wide range of high-quality brands in several therapy areas for cats, dogs, and horses. The sourcing of raw materials and the manufacturing of the group's products are carried out in its own factories, through subsidiaries, and subcontractors in Sweden, Norway, France, USA, Canada, Ireland, UK, and Italy. The original product, ProDen PlaqueOff®, developed by Swedencare, includes several premium products in dental health primarily for dogs and cats. Through acquisitions, the company has acquired several brands and product families in animal health. Some of these include NaturVet®, Innovet, Pet MD®, Rx Vitamins®, and nutravet®. With these acquisitions, the group has expanded its portfolio of high-quality dietary supplements for dogs, cats, and horses.

Sales in 2023 were conducted through 20 subsidiaries in France, Ireland, the Nordic countries, UK, Spain, Greece, USA, Canada, and Italy, as well as an international distribution network covering approximately 65 countries. The parent company, Swedencare, is responsible for the group's strategy, business plan, and management. This is done by controlling the group's brands, patents, sales rights, cooperation agreements, and sales companies. The parent company's headquarter is in Malmö. The parent company's shares are listed on the Nasdaq First North Growth Market, Stockholm.

Financial year 2023

Group 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% (137%) compared to full year 2022. The growth is divided into 15% (2%) organic growth, 5% (122%) acquired growth, and 7% (13%) positive currency impact. The acquired growth is attributed to Vetio UK and Vet Buyers Direct, acquired on November 1st, 2022, and April 3rd, 2023, respectively, contributing with 91.2 MSEK during the year.

Sales in 2023 were geographically distributed across North America 79% (81%), Europe 18% (17%), and Rest of the World 3% (2%). During the year ProDen PlaqueOff® contributed with 12% (10%), Nutraceuticals with 53% (50%), Topicals/Dermatology with 24% (31%), Pharma with 4% (5%), and Other with 7% (4%).

Group 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.

Group 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.

Financial position of the group

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

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December 31st, 2023, Swedencare had a net debt of 1,421.3 MSEK (1,657.1 MSEK).

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 in relation to EBITDA amounted to 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.

Sustainability

For Swedencare, sustainability means taking long-term responsibility for the environmental, social, and economic impact our operations have on our planet. We are committed to implementing structures that ensure we minimize our impact as much as possible. Swedencare closely monitors the development of sustainability-related issues, risks, and trends. Risks are systematically identified, managed, and analyzed by management.

Our sustainability efforts are firmly rooted in the global development goals adopted by the UN General Assembly, aimed at achieving a better and more sustainable future for all. We have chosen to focus on five goals where we believe, as a producer of healthcare products for pets, we have a direct or indirect impact that can influence the entire value chain: Gender Equality, Decent Work and Economic Growth, Responsible Consumption and Production, Climate Action, and Life Below Water.

More information about the group's sustainability efforts is presented on pages 28-35. For sustainability risks, please refer to the risk section on pages 57-61.

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.

Research and development

Swedencare's expenses for research and development amounted to 2.7 MSEK during the year (compared to 1.4 MSEK previously), with a portion of the cost allocated to annual expenses related to the right to use the VOHC seal (Veterinary Oral Health Council). All studies demonstrated effectiveness far exceeding VOHC's requirements.

The remaining costs pertain to the development of various formulas and products. Research and development are central to the group's operations and strategy. We also invest internally by identifying and developing new products that meet our customers' needs and expectations.

Significant events during the financial year

On March 14th, Patterson Veterinary acquired exclusive rights to market and sell the Animal Pharmaceuticals® brand in the USA.

On June 6th, Symrise announced a mandatory bid offer to shareholders of Swedencare after acquiring an additional 2,300 shares in Swedencare AB (publ), resulting in Symrise holding 30% of the shares and votes in Swedencare AB. On June 30th, the Board of Directors of Swedencare AB (publ), excluding representatives from Symrise, unanimously recommended that Swedencare shareholders not accept the cash bid offer made by Symrise AG.

On June 7th, MWI Animal Health® acquired exclusive rights to market and sell the Stratford Care brand in the USA.

On June 22nd, Swedencare made an addition to the group management team with Laszlo Varga appointed as Swedencare's European Commercial Officer, effective from August 15th, 2023.

Significant events after the end of the financial year

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

Future developments

- Continued strong growth within the pet sector. End customers (pet owners) are increasing in number and spending more on pets.
- Longer lifespan of pets resulting in increased expenditure on pet products.
- Expanded manufacturing capacity due to investments and acquisitions, enabling better response to growing demand and in-house production for acquired companies.
- Wide product portfolio, high-quality products, and strong brands covering most therapy areas, facilitating launches of new products/brands in new markets with existing presence and in new channels.
- Products of newly acquired companies sold under other companies' brands.
- Collaboration between companies simplifying import/export between the UK/Europe and the USA.
- Well-planned and cost-effective campaigns.
- Amortization of debt levels
- Acquisition opportunities.

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Strategic and operational risks

Effective risk management contributes to a sustainable and competitive business in the long term. Swedencare continuously assesses and manages the risks the group is exposed to or may be exposed to. Identifiable risks can be managed both strategically through business plans and product development, as well as operationally in the daily work with purchasing, marketing, and sales activities. Refer to Note 31 for a description of financial risks and their management.

Risk

Management

Market risk / macroeconomic risks

Swedencare sells products in animal health to veterinary clinics and chains, pharmacy chains, pet stores and chains, as well as online. Sales are made through its own subsidiaries or distributors in selected geographical markets. There is a risk that demand in the geographical markets where Swedencare is active may be negatively affected because of macroeconomic factors beyond Swedencare's control, such as the general economic and political situation, weather, pandemics, specific circumstances unique to individual countries and regions, and worst-case scenarios like war, can rapidly alter the conditions for conducting business. General economic conditions such as recession may lead to higher unemployment and rising inflation, resulting in reduced purchasing power. There's also a risk that the overall demand for animal health products decreases, or that segments within animal health where Swedencare operates or plans to operate decline in favor of other segments, possibly due to regulatory reasons, which could have a detrimental effect on the group's operations, financial position, and results.

Swedencare closely monitors changes and has developed strategies to manage various market and macroeconomic risks in a manner that is advantageous for the group and stakeholders. With subsidiaries in nine countries and products sold in 65 markets, the group benefits from good risk diversification. Consequently, a downturn in one market due to the general economic situation may be partially offset by increased sales in another market, hence the market risk is considered low. Furthermore, Swedencare believes that its broad product portfolio, focusing on premium products with proven efficacy, is well suited for the ongoing shift in consumer preferences where consumers increasingly prioritize effectiveness and quality over price, a trend expected to continue in the future.

Sustainability risks

Climate change poses significant risks to businesses and organizations globally. Frequent extreme weather events such as floods, droughts, and storms present direct threats to company infrastructure, supply chains, and production processes. Temperature changes can affect the availability of raw materials and energy, which in turn can impact production costs and the stability of supply chains.

As part of the restructuring of our sustainability efforts, we are planning a more in-depth analysis, governance, and monitoring of sustainability risks. By increasing our understanding of the key sustainability risks, we can proactively track and manage them, thereby minimizing potential impacts on our business operations. Since our customers demand healthy and responsibly produced products, it is of utmost importance to continuously work on identifying and reducing risks. This is done through the implementation and monitoring of policies, governance documents, and procedures. Our overarching goal is to structure our sustainability efforts to ensure a long-term and sustainable future. Additionally, Swedencare has a diversified supplier base and is not reliant on individual suppliers; please refer to supplier risks below for more information.

Competition and price pressure

Swedencare faces numerous international competitors of varying sizes and strong financial positions within the animal health industry. If the competitive landscape in the animal health sector changes or intensifies, such as due to increased price competition, the launch of new products, or increased investments in marketing activities by competitors, it could have a negative impact on Swedencare's operations, results, and financial position.

Swedencare possesses deep and broad expertise in healthcare products for cats, dogs, and horses, allowing it to quickly and efficiently address new product needs. A significant portion of the products the group sells today has been developed and produced by our employees and companies with extensive industry experience. Through strategic acquisitions and investments in our modern, high-tech production facilities, along with in-house development, the group can continuously develop new products. Our expertise and the ability to promptly and efficiently address existing and emerging needs mitigate the risk of competition and price pressure for the group.

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Risk

Personnel risks

Swedencare relies on qualified and motivated employees to achieve its overarching goals, strengthen distribution networks, broaden its product portfolio, and increase marketing activities. It is essential for Swedencare to be seen as an attractive employer to recruit and retain key personnel. The loss of key employees could delay, hinder, or imply increased costs when it comes to company's growth, thereby potentially negatively impacting Swedencare's operations, financial position, and results. Mental health issues and stress-related illnesses are increasing in society, posing a risk of our employees falling ill.

Supplier risks

Swedencare may in the short and medium term be dependent on a specific supplier for production, raw material supplies, or transportation to fulfil individual customer agreements. The loss of one or more suppliers could have negative consequences for the group's operations, financial position, results, and customer relationships in the short and medium term. Another risk associated with suppliers is how they address human rights, their working environment, and climate impact.

Management

Swedencare works to be an attractive employer. The group ensures that employees are equipped with the right tools, knowledge, and support to handle daily situations. Swedencare offers competitive benefits for health, pensions, education, etc., while also advocating for a good work-life balance. An employee survey was developed and conducted in 2023. The survey analysis has been a key component of our commitment to understanding and improving the work environment for our employees. The survey also showed high levels of employee satisfaction and willingness to recommend Swedencare as a workplace.

Furthermore, Swedencare has introduced an incentive program comprising a private placement of warrants to the company for further transfer to key personnel within the Swedencare group at market value. Swedencare has also begun implementing a succession plan to ensure the stability of operations in the event of the loss of key employees. The succession plan includes a thorough assessment of competencies and skills among internal candidates, as well as the implementation of relevant training programs to ensure a smooth transition. By preparing and supporting its employees at various levels, Swedencare aims to minimize the risk of disruptions in operations and ensure that the company's long-term goals and visions remain unaffected. Therefore, the risk of not being able to recruit and retain key personnel is considered low.

Swedencare strategically works to control and manage risks that may arise in the supplier chain. The implementation and ongoing updates of our supplier code of conduct, which sets clear requirements regarding human rights, working conditions, and climate impact, serve as important guiding documents for this endeavor. The approval of suppliers and collaborative partners, along with monitoring through sustainability audits, are crucial measures to address potential risks.

Swedencare has several modern production and logistics facilities in Ireland, USA, UK, and Canada, where an increasing portion of the group's production takes place. These facilities have the capacity and are prepared to expand production in line with the group's growth objectives. Increasing the proportion of in-house production is a high priority, as exemplified by the acquisitions of Vetio, NaturVet, and Vetio UK. The acquired companies possess highly efficient facilities with significant production capacity, thereby significantly reducing reliance on external suppliers.

Swedencare collaborates with multiple raw material suppliers to reduce dependency on individual actors. For ProDen PlaqueOff®, Swedencare has secured the supply of raw materials through an exclusive agreement with a supplier of algae for dental products in both North America and Europe. Additional measures to minimize dependency and secure future deliveries include relatively long contract terms and exclusivity in certain applications. Quality and volume requirements are not considered significant risks. At the same time, the group continues to work with selected subcontractors in multiple markets. Swedencare's rapid sales growth with demands for fast deliveries is addressed through our own production units and multiple subcontractors, thus the supplier risk is not deemed significant.

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Risk

Product dependency and the product's impact on the environment

Swedencare has an extensive product portfolio with strong brands and products covering most therapy areas. There is a risk that customers may choose products from other suppliers that cover the same therapy areas as Swedencare's products. Another risk associated with our products is the threats and uncertainties that may arise regarding the company's production processes and their impact on the environment, such as emissions of pollutants, waste, and recycling. Our customers have high-quality requirements for our products and for us as an innovative and reliable animal health company. We risk losing our market position if our products do not meet our customers' expectations. Additionally, Swedencare may also be subject to claims from third parties alleging that Swedencare's products have caused property damage, bodily injury, or other adverse effects. Product liability claims can have a negative impact on Swedencare's operations, results, and financial position.

Acquisition risk

Swedencare operates based on an active growth strategy and has made several successful acquisitions over the years. There is a risk that Swedencare may not be able to find suitable acquisition targets, which could affect the group's growth rate. An additional risk is that the integration process may negatively affect expected synergies by taking longer or being more costly than anticipated. The acquired companies' intangible assets, such as customer relationships, brands, and relationships with suppliers and key personnel, may also be negatively impacted by new ownership.

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

Intellectual Property

Swedencare holds intellectual property rights primarily protected through trademark registrations for its product portfolio. There is always a risk of infringement on intellectual property rights that could adversely affect the group's operations, financial position, and results.

Management

When selling the group's products, Swedencare takes responsibility towards its customers. Swedencare has an extensive portfolio with strong brands and products covering most therapy areas, such as ProDen PlaqueOff®, NutriScience, Animal Pharmaceuticals, Stratford, Nutravet®, PetMD®, Vetwell®, Rx Vitamins®, NaturVet®, Pet Organics®, Overby Farm®, Vet Classics®, and Innovet's brands. The group possesses deep knowledge in health care products for dogs, cats, and horses, enabling quick and effective responses to emerging needs.

The environmental impact of Swedencare's operations primarily occurs in our production processes through material consumption, material recycling, energy consumption, and the use of renewable energy. We actively work to reduce waste generated at production facilities by further developing standard solutions and processes to minimize material and packaging waste. In 2023, Swedencare conducted a life cycle analysis for ProDen PlaqueOff 60g, providing a deeper understanding of the product's environmental impact. By evaluating each phase of the product's life cycle from procurement to production and use, we have identified opportunities to reduce our ecological footprint. In 2024, we will conduct additional LCAs for our key products to further identify areas where the most effective efforts can be made to reduce our environmental impact.

Pet owners are considered brand loyal, and within the dental and oral hygiene area, Swedencare assesses that ProDen PlaqueOff®, as the only product with systemic and proven efficacy, carries a relatively low risk of substitution. Swedencare experiences high customer satisfaction, manifested through positive feedback from customers in our markets.

Swedencare has in several cases acquired companies that were previously customers/suppliers/partners of the group, implying a long-standing relationship between the acquisition target and the group at the time of acquisition. In addition to this, an analysis of the acquisition targets, known as due diligence, is conducted where any risks are identified and managed before acquisition decisions are made.

Since June 2020, Swedencare has completed a total of 11 acquisitions in the American, British, and Italian markets, confirming the group's extensive experience in both acquisitions and the integration process. The integration and synergy work is carried out in close collaboration with the acquired companies. Swedencare's clear goals, strategies, and strong balance sheet provide a solid foundation for a continued active acquisition strategy. 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 was 625 MSEK as of December 31st, 2023. Therefore, the acquisition risk is assessed to be low.

The group has few patents, and the risks associated with patent expiry are primarily managed through investments in various trademarks. Despite the expiration of patent protection for brands such as ProDen PlaqueOff® in the first quarter of 2021, the product showed growth of 16% in 2022 and 50% in 2023. The group conducts continuous monitoring of its intellectual assets; therefore, the risk of infringement is not deemed significant.

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Risk

Intangible Assets

Swedencare holds intangible assets related to acquisitions such as customer relationships, trademarks, and goodwill. Intangible assets have both determinable and indeterminable useful lives. Intangible assets with determinable useful lives are amortized, and the value of intangible assets with indeterminable useful lives is annually tested for impairment. Intangible assets with indeterminable useful lives may pose significant risks to the group due to the difficulty in assessing and managing the value of these assets over time. This can lead to overvaluation of the assets in the company's balance sheet, resulting in impairment needs that could adversely affect the group's financial position and results if the assets fail to generate expected revenues or lose value over time.

Customer dependency

Swedencare operates in a global, rapidly growing, and competitive market, making it possible that several major customers may choose to reduce their purchases from Swedencare either entirely or partially. This could negatively impact Swedencare's operations, financial position, and results.

Tax risk

Swedencare, through its subsidiaries, operates in several countries, and to the best of the board members' knowledge, the operations comply with tax legislation. There is a risk that the group's interpretation of applicable laws, guidelines, and regulations may be challenged by local tax authorities. Additionally, legislation may change in the future, affecting Swedencare's past or current tax situation, which could have a negative impact on Swedencare's operations, results, and financial position.

Disputes

There is a risk for the group to become involved in legal disputes. Litigation and disputes can be time-consuming, disrupt daily operations, involve significant amounts or fundamental issues, incur substantial costs, and adversely affect Swedencare's operations, results, and financial position.

IT risks

Intrusion and sabotage of critical data systems, as well as theft of business-critical information, pose a continuous external threat. Swedencare is exposed to cyber threats, email management, CRM/ERP servers and software, servers connected to the website/webshop, as well as keeping all devices (mobile phones, workstations) secure. To ensure that these risks are addressed, the group has developed an IT policy that establishes rules, responsibilities, and guidelines for the use, management, and security of IT resources within the organization. By clearly defining rules for the use of the company's network and systems, password requirements, data storage policy, and handling of sensitive information, the IT policy aims to ensure that IT resources are used securely, efficiently, and responsibly. The policy also provides guidance in crisis situations and includes an annual audit of all IT resources used by the group. Below are the major risks the group faces and their management.

Cyber Threats

Cybersecurity problems arise from the inherent nature of information technology (IT), the complexity of IT systems and human error. These occur when assessing whether actions and information are safe from a cybersecurity perspective, especially in the case of highly complex actions. Cyber threats are continuously evolving in the form of new tools and techniques used by intruders to compromise security. Moreover, the risk also increases due to the growing number of people with access to cyberspace.

Management

Intangible assets with indeterminable useful lives are annually tested for impairment, meaning that Swedencare evaluates their value and ensures it is consistent with their fair value. The impairment testing involves a thorough assessment of various factors, including future cash flows, market conditions, technological changes, and macroeconomic factors that may affect the value of the assets. In 2023, there are no indications of impairment needs. For more information on intangible assets, refer to note 11.

Swedencare's customers, distributors in selected geographic markets, as well as veterinary clinics and chains, pharmacy chains, pet store chains, and online retailers, are well diversified both in terms of size and geography. Swedencare assesses that the increasing number of customers combined with this diversification reduces the risk of customer dependency. Since Swedencare is not dependent on one or more specific customers, the risk is not considered significant.

Both internal and external transactions in the business are conducted in accordance with the group's interpretation of applicable tax laws, guidelines, and regulations. Independent tax advisors are engaged for complex matters. Transactions between group companies are conducted at arm's length. Therefore, the tax risk is assessed to be low.

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

Training staff in common cyber threats and how to deal with them is Swedencare's first line of defence. Employees are instructed to only interact with secure websites. Additionally, Swedencare has implemented strong antivirus software to protect its data. Employee accounts are protected by both strong passwords and multi-factor authentication, adding another layer of security. Through this method, users must confirm their identity by providing extra information (such as a phone number or a unique security code) when trying to access company applications.

To prevent unauthorised access by cybercriminals trying to get into our systems, we regularly update applications, operating systems, security software and firmware. If our system is compromised or damaged, we keep backups and store them offline and offsite. In most cases, we can restore and put systems into production within 2-3 hours.

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Risk

E-mail management

E-mail is a universal means of electronic communication used by millions of people. The Swedencare organisation uses e-mail to communicate with employees, suppliers, partners and customers. E-mail also serves as a suitable medium for cybercrime to initiate attacks that can cause serious damage to the organisation. Effective cybersecurity practices help Swedencare prevent attacks and protect the organisation.

CRM/ERP servers and software

Enterprise Resource Planning (ERP) security used to unify different platforms and departments can be a target for hackers. This leads to higher external threats as a breach of the system means access to all data and business information.

Website/online store servers and software

There is a risk that our Web and e-commerce sites become a target for cyber attacks. The cost of a breach in terms of loss of data and customer confidence may affect Swedencare's operations, financial position and results.

Keeping all devices secure (mobiles and workstations)

There is a risk that hackers find their way into devices such as laptops and smartphones with the aim of stealing, modifying or deleting information by installing malicious software.

Management

Swedencare has strengthened e-mail security by using sandboxing technology to detect unknown malware and improved the identification of malicious URLs through training. Employees are instructed to use personal e-mails to subscribe to non-work newsletters, unsubscribe from any non-work opt-in newsletters and ignore newsletters that have not been actively selected. We have also added isolation techniques to deal with zero-day attacks and suspicious e-mails.

Our ERP security software is an important countermeasure to ensure security. By covering areas such as infrastructure security, network security, operating system security and database security, it helps us protect the assets and systems of the company. A secure ERP system includes secure configuration of servers, enabling security logging, system communication security and data security.

As a website/e-commerce business owner, we are constantly working to ensure that all customer data is handled safely and securely. To help prevent threats to our website and e-commerce platforms and to ensure availability, we use a variety of tactics such as server-level firewall protection, secure hosting services, system updates, data backups, malware and anti-virus scanning/detection with automated actions and limiting the number of login attempts. We have also developed a security incident management policy which is under review and will be approved in 2023. In case of possible breaches, we can have a fully restored website/online store in full operation within 2-3 hours.

Swedencare uses several security applications to secure both servers/workstations/laptops and smartphones. The security applications help us to ensure that devices are safe and updated to protect the company's network and data from unauthorised access.

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Five-year summary

Group, MSEK	2023	2022	2021	2020	2019
Net revenue	2,324.6	1,829.5	770.4	239.9	126.8
Total revenue	2,338.3	1,834.3	773.2	240.3	126.9
EBIT	173.2	120.0	64.6	41.4	36.9
Profit of the period	58.6	94.5	54.6	33.4	29.9

KPI's

Balance sheet total	9,522.1	10,004.7	3,471.1	1,164.0	149.4
Equity	7,206.8	7,460.7	2,419.8	918.4	131.3
Change of revenue (%)	27	137	222	89	28
Gross margin (%)	55	56	50	61	73
EBIT-margin (%)	8	7	8	17	29
Profit margin (%)	3	5	7	14	24
Solvency (%)	76	75	70	79	88
Interest-bearing net debt	1,421.3	1,657.1	585.4	-105.4	-43.8
Cash	237.3	245.1	136.1	284.1	45.7
Numbers of shares at yearend*	158 732	158 732	118 150	104 424	79 010
Average number of shares*	158 732	155 346	111 951	86 792	78 892
Earnings per share (SEK)	0.37	0.61	0.49	0.38	0.38
Equity per share (SEK)	45.40	47.00	20.48	8.79	1.66

Parent company, MSEK

Net revenue	71.6	48.8	49.4	51.8	41.7
Total revenue	78.2	53.8	52.8	54.2	41.8
EBIT	10.5	5.0	16.9	11.1	13.3
Profit of the period	341.8	150.3	75.5	21.0	26.2

*Converted to the number of shares after the 5:1 share split
For definitions of the Group's KPI, see page 93-94



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Suggestion of profit allocation

The following retained earnings are available to the Annual General Meeting in the parent company, in Swedish kronor:

Retained earnings and free share premium reserve	6 414 379 746
This year's profit	341 823 145
Profit available for appropriation	6 756 202 891
The board proposes that the profits be appropriated as follows:	
Dividend to shareholders 0.23 SEK x 158,731,900	36 508 337
Transferred to retained earnings	6 719 694 554
Total	6 756 202 891

As the record date for the dividend, April 29th, 2024, is proposed. The dividend proposed to the Annual General Meeting will then be paid to the shareholders on May 3rd, 2024. A comprehensive assessment of the parent company's and the group's financial position leads to the conclusion that the proposed dividend is justifiable considering the provisions of the Companies Act (Chapter 17, Section 3, paragraphs two and three). 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 does it hinder the company from making necessary investments.

This annual report has been approved by the board on April 4th, 2024. The annual and group financial statements will be presented at the Annual General Meeting in Malmö on April 25th, 2024. The group's and parent company's results and financial position are further detailed in the following income statements, balance sheets, and cash flow analyses with supplementary information.

Consolidated profit and loss

MSEK	Note	2023	2022
Net revenue	3	2,324.6	1,829.5
Other revenue		13.7	13.9
Total revenue		2,338.3	1,843.4
Cost of sales		-1,047.5	-813.9
Other external costs	6-7	-449.2	-358.6
Personnel costs	8	-353.3	-281.1
Depreciation of tangible and intangible fixed assets		-309.8	-269.1
Write-offs of tangible and intangible fixed assets		-	-0.1
Other costs	30	-5.3	-0.5
Operating expenses		-2,165.1	-1,723.3
Operating profit		173.2	120.0
Results from shares in associated companies	26	0.1	-0.2
Other interest revenues and similar revenues	29	1.8	3.3
Interest and other items	29	-94.1	-43.0
Financial items		-92.1	-39.9
Profit after financial items		81.1	80.1
Net income before tax		81.1	80.1
Tax on profit	9	-28.4	-25.7
Deferred tax	9	5.9	40.1
Net income		58.6	94.5
Earnings per share before and after dilution (SEK)	5	0.37	0.61

Consolidated statement of comprehensive income

MSEK	2023	2022
Net income*	58.6	94.5
Items that may be reclassified to profit and loss		
Conversion difference of foreign subsidiaries**	-277.6	909.7
Total earnings	-219.0	1,004.2

*Ownership without controlling influence does not exist.
**The year's translation difference consists of the translation of financial reports for the group's foreign operations into SEK.

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Consolidated balance sheet

MSEK	Note	31 Dec 2023	31 Dec 2022
Assets			
Non-current assets.			
Customer relationships	10	2,284.0	2,566.7
Brands	10	1,561.6	1,616.7
Intellectual property	10	46.7	53.3
Technology-related assets	10	18.6	31.0
Other intangible assets	10	30.6	34.2
Shares in associated companies	26	24.1	0.2
Goodwill	11	3,967.5	4,067.5
Buildings and land	6, 12	347.2	399.6
Machinery and other tech assets	6, 13	136.9	145.9
Tools, furniture and fixtures	14	9.3	10.2
Deferred tax asset	9	102.9	71.6
Other long-term liabilities		0.6	0.8
Total non-current assets		8,530.0	8,997.9
Current assets:	17		
Inventory	15	398.1	441.5
Accounts receivables	16	228.5	228.8
Tax receivables		63.3	36.2
Other receivables		4.8	15.0
Prepaid costs and deferred revenue	18	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

MSEK	Note	31 Dec 2023	31 Dec 2022
Equity and liabilities			
Equity			
Share capital	27	1.6	1.6
Share premium		6,209.6	6,209.6
Conversion reserves		768.6	1,046.2
Retained earnings including net income		227.0	203.3
Total equity		7,206.8	7,460.7
Long-term liabilities			
Debt to credit institutions	17, 19-21	1,441.2	1,641.0
Leasing liabilities	19	179.6	221.4
Deferred tax liability	9	386.8	367.4
Debts to employees		4.7	4.2
Other long-term liabilities		5.0	-
Total long-term liabilities		2,017.3	2,233.9
Short-term liabilities			
Accounts payable	17	83.8	66.9
Tax liabilities		75.6	49.5
Leasing liabilities	19, 23	37.8	39.8
Other liabilities	23	21.4	106.3
Deferred costs and prepaid income	22	79.3	47.5
Total short-term liabilities		297.9	310.0
Total liabilities		2,315.2	2,544.0
Total equity and liabilities		9,522.1	10,004.7

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Consolidated change of equity

MSEK	Share capital	Share premium	Conversion reserve	Retained earnings including net income	Total equity
Beginning balance 2022-01-01	1.2	2,141.7	136.4	140.5	2 419.8
Total profit	-	-	-	94.5	94.5
Other total profit	-	-	909.8	-	909.8
New share issue*	0.4	4,084.3	-	-	4,084.7
Issue costs	-	-17.5	-	-	-17.5
Warrants	-	1.1	-	-	1.1
Dividend	-	-	-	-31.6	-31.6
Ending balance 2022-12-31	1.6	6,209.6	1,046.2	203.3	7,460.7
Beginning balance 2023-01-01	1.6	6,209.6	1,046.2	203.3	7,460.7
Total profit	-	-	-	58.6	58.6
Other total profit	-	-	-277.6	-	-277.6
Dividend	-	-	-	-34.9	-34.9
Ending balance 2023-12-31	1.6	6,209.6	768.6	227.0	7,206.8

*See note 27

Consolidated cash flow statement

MSEK	Note	2023	2022	MSEK	Note	2023	2022
Operating cash flow				<i>Financial cash flow</i>			
Operating income before financial costs		173.2	120.0	New share issue		-	3,550.0
Non-cash flow items	32	309.8	269.3	Warrants		-	1.1
Other non-cash flow items	32	3.3	22.9	Issue costs		-	-17.5
Paid interest	32	-72.6	-30.3	Amortization of leasing agreement		-36.2	-29.8
Paid tax		-29.2	-30.9	Dividend		-34.9	-31.6
Operating cash flow before change of working capital		384.5	351.0	Loan	19	25.0	1,050.0
				Amortization of loan	19	-225.5	-27.6
<i>Change in working capital</i>				Financial cash flow	32	-271.6	4,494.6
Change in inventory		31.0	-41.5	Total cash flow		-4.0	88.5
Change of accounts receivable		-16.8	5.4				
Change of other receivables		-11.3	-4.9	Cash and cash equivalents at the beginning of period		245.1	136.1
Change of accounts payable		20.3	-40.0	Exchange difference in cash		-3.8	20.5
Change in current liabilities		36.3	-9.7	Cash balance at end of period		237.3	245.1
Operating cash flow		444.0	260.2				
<i>Investment activities</i>							
Acquisitions	33	-140.3	-4,359.3				
Acquisitions – payment of acquired debts		-	-239.8				
Investments in tangible assets		-33.9	-74.7				
Investments in intangible assets		-2.2	7.5				
Cash flow from investments		-176.4	-4,666.3				

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Parent company profit and loss

MSEK	Note	2023	2022
Net revenue		71.6	48.8
Other revenue		6.6	12.0
Total revenue		78.2	60.8
Cost of sales		-23.2	-15.5
Other external costs	6-7	-19.5	-19.4
Personnel costs	8	-22.2	-19.9
Depreciation and write-offs of tangible and intangible fixed assets		-1.0	-1.0
Other costs	30	-1.8	-
Operating expenses		-67.7	-55.8
Operating profit		10.5	5.0
Results from shares in associated companies	29	412.6	171.8
Interest and other items	29	-86.2	-33.6
Other interest revenues and similar revenues	29	3.6	4.4
Financial items		330.0	142.6
Operating profit after financial items		340.4	147.6
Yearend adjustments	24	1.9	2.7
Net income before tax		342.4	150.3
Tax on profit	9	-0.5	-
Net income		341.8	150.3

In the parent company, there are no transactions attributable to Other Comprehensive Income, hence no Statement of Comprehensive Income has been prepared.

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Parent company balance sheet

MSEK	Note	31 Dec 2023	31 Dec 2022
Assets			
Non-current assets			
<i>Intangible assets</i>	10		
Brands		0.5	1.0
Other intangible assets		1.1	1.6
Total intangible assets		1.6	2.6
<i>Tangible assets</i>	14		
Machinery and other tech assets		0.1	0.1
Total tangible assets		0.1	0.1
<i>Financial assets</i>			
Shares in subsidiaries	25	8,116.7	8,065.5
Shares in associated companies	26	1.6	0.4
Total financial assets		8,118.3	8,066.0
Total non-current assets		8,120.0	8,068.7
Receivables from Group companies		5.2	-
Total long-term assets		5.2	-
Current assets			
Inventory	15	6.3	4.9

MSEK	Note	31 Dec 2023	31 Dec 2022
<i>Short-term receivables</i>			
Accounts receivables	16	4.3	5.2
Tax receivables		-	2.4
Receivables from Group companies		37.9	30.8
Other receivables		0.5	1.1
Prepaid costs and deferred revenue	18	1.7	1.5
Total short-term assets		44.4	40.9
Cash		96.2	85.3
Total current assets		152.1	131.0
Total assets		8,272.1	8,199.7

MSEK	Note	31 Dec 2023	31 Dec 2022
Equity and liabilities			
Equity			
<i>Restricted equity</i>			
Share capital	27	1.6	1.6
		1.6	1.6
<i>Free retained earnings</i>			
Share premium		6,208.5	6,208.5
Retained earnings		205.9	90.5
Net income		341.8	150.3
		6,756.2	6,449.3
Total equity		6,757.8	6,450.9
Liabilities			
<i>Long-term liabilities</i>			
Debt to credit institutions	19-21	1,441.2	1,640.4
Total long-term liabilities		1,441.2	1,640.4
<i>Short-term liabilities</i>			
Advance payment from customers		-	0.4
Accounts payable		4.8	1.9
Liabilities to Group companies		53.0	94.1
Other liabilities		1.4	0.7
Tax liabilities		0.2	-
Accruals and deferred revenue	22	13.8	11.3
Total short-term liabilities		73.1	108.4
Total liabilities		1,514.3	1,748.8
Total equity and liabilities		8,272.1	8,199.7

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Parent company change of equity

MSEK	Share capital	Share premium	Conversion reserve	Retained earnings including net income	Total equity
Beginning balance 2022-01-01	1.2	2,141.7	45.5	75.5	2,264.0
Restatement of previous year's results	-	-	75.5	-75.5	-
New share issue*	0.4	4,084.3	-	-	4,084.7
Issue costs	-	-17.5	-	-	-17.5
Warrants	-	-	1.1	-	1.1
Dividend	-	-	-31.6	-	-31.6
Other total profit	-	-	-	150.3	150.3
Ending balance 2022-12-31	1.6	6,208.5	90.5	150.3	6,450.9
Beginning balance 2023-01-01	1.6	6,208.5	90.5	150.3	6 450.9
Restatement of previous year's results			150.3	-150.3	-
Dividend			-34.9		-34.9
Other total profit				341.8	341.8
Ending balance 2023-12-31	1.6	6,208.5	205.9	341.8	6,757.8

Parent company cash flow statement

MSEK	Note	2023	2022	MSEK	Note	2023	2022
Operating cash flow				<i>Financial cash flow</i>			
Operating income before financial costs		10.5	5.0	New share issue		-	3,550.0
Non-cash flow items	32	1.0	1.0	Warrants		-	1.1
Other non-cash flow items	32	-3.2	-3.1	Issue costs		-	-17.5
Paid interest	32	-70.5	-32.3	Provided Group contributions		1.9	-
Paid tax		2.1	-2.3	Dividend		-34.9	-31.6
Operating cash flow before change of working capital		-60.1	-31.8	Loan		25.0	1,050.0
<i>Change in working capital</i>				Amortization of loan		-225.0	-27.6
Change in inventory		-1.4	-2.7	Financial cash flow	32	-233.0	4,524.4
Change of accounts receivable		1.2	-0.1	Total cash flow		11.7	44.8
Change of other receivables		0.3	-2.5	Cash and cash equivalents at the beginning of period		85.3	34.3
Change of accounts payable		2.3	-1.1	Exchange difference in cash		-0.7	6.2
Change in current liabilities		-4.6	7.1	Cash balance at end of period		96.2	85.3
Operating cash flow		-62.3	-31.0				
<i>Investment activities</i>							
Acquisitions		-	-4,620.4				
Provided Group contributions		-52.3	-				
Investments in tangible assets		-	-0.1				
Loans to Group companies		-53.3	0.1				
Dividends from subsidiaries		412.6	171.8				
Cash flow from investments		307.0	-4,448.6				

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Accounting Principles and Notes

Note 1 Nature of the business

Swedencare develops, manufactures (partly in its own factories), markets, and sells premium products in the global and fast-growing market for healthcare products for cats, dogs, and horses. The group has an extensive portfolio of strong brands and products in most therapy areas, including Animal Pharmaceuticals®, Nutravet®, NutriScience®, Pet MD®, Stratford®, VetWELL®, ProDen PlaqueOff®, Rx Vitamins®, NaturVet®, Pet Organics®, Overby Farm®, Vet Classics®, and Innovet's brands. The group's products are currently sold in about 65 countries to veterinarians, pet stores, and online through a distribution network comprising twenty subsidiaries and an international network of retailers. Swedencare's net revenue has increased significantly over several years with high profitability.

The group's parent company, Swedencare AB (publ) (org.no. 556470-3790), is a public limited company based 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 Market in Stockholm.

In this financial 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 group's financial statements are presented in SEK, which is also the parent company's reporting currency. All amounts are expressed in millions of Swedish kronor, MSEK, unless otherwise stated. The most important accounting and valuation principles used in the preparation of the financial reports are summarized below. In cases where the parent company applies different principles, these are specified under the parent company below.

Note 2 General information and basis of preparation

The consolidated financial reports have been prepared in accordance with Årsredovisningslagen, Rådet för finansiell rapporteringsrekommendation RFR1 Supplementary Accounting Rules for groups and International Financial Reporting Standards (IFRS) as adopted by the EU. The parent company applies the Swedish ÅRL and RFR 2 Accounting for legal entities. In cases where the parent company's accounting and valuation principles differ from the group's principles,

this is stated under the parent company below. The annual and consolidated accounts have been prepared on the assumption that the group operates on a going concern basis. Amendments to standards and interpretations that became effective in 2022 have not significantly affected the group's financial reports. At the date of authorisation of these financial reports, certain new standards, amendments and interpretations to existing standards have been published by the IASB. These are not yet effective and have not been early adopted by the group.

Significant accounting and valuation principles

The main accounting principles used in the preparation of the consolidated accounts are summarised below.

Grounds for establishment

The consolidated financial reports have been prepared on an accrual basis and at cost. Monetary amounts are expressed in Swedish currency (SEK) and rounded to the nearest millions, unless otherwise stated.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency have been valued at the closing rate. Exchange rate gains and losses on operating receivables and liabilities are reported as other operating expenses.

Consolidated financial statements

The consolidated financial statements consolidate the parent company and all subsidiaries in which the parent company directly or indirectly holds more than 50% of the voting rights or otherwise has a controlling interest and thus has a right to formulate the company's financial and operational strategies in order to obtain economic benefits. Subsidiaries are included in the consolidated financial statements from the date of acquisition until the date on which control ceases.

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

All intra-group transactions and balance sheet items are eliminated on consolidation, including unrealised gains and losses on transactions between group companies. Changes in intra-group profits during the financial year have been eliminated in the consolidated profit and loss account. Transfer pricing between group companies takes place at market conditions.

All intra-group items in the balance sheet have been converted at the closing rate. All intra-group income statement items have been converted at the average exchange rate for the financial year. Occurring differences are reported directly in equity.

Acquisition analysis/Allocation of purchase price

In business acquisitions where the purchase price exceeds the fair value at the acquisition date of identifiable net assets acquired, the difference is reported as goodwill in the balance sheet. If the difference is negative, it is reported as a gain on an acquisition purchase directly in the income statement after reassessing the difference.

The acquisition analysis prepared in connection with business acquisitions involves a high degree of judgement and estimation in connection with the identification of net assets, the allocation of surplus value, and the adjustment of acquired net assets to fair value. In connection with the acquisition analysis, trademarks, customer relationships, intellectual property, marketing and technology-related assets and deferred taxes have also been identified and valued. Acquired inventory has been reported at fair value.

Goodwill

Goodwill is the difference that arises if the cost of the acquired entity is higher than the value of the acquired entity's identified net assets.

Goodwill arising in a business acquisition is reported at cost, determined at the time of acquisition as described in the Business acquisitions section above, less any accumulated impairment losses. Goodwill has an indefinite useful life and is therefore tested for impairment annually.

When a subsidiary is sold, the remaining carrying amount of goodwill is included in the calculation of the capital gain or loss.

Impairment testing of goodwill and intangible assets with indefinite useful life

To assess the impairment requirement, the group management calculates the recoverable amount for each asset or cash-generating unit based on expected future cash flows and using an appropriate discount rate to discount these cash flows. Uncertainties lie in assumptions about future operating results and the determination of an appropriate discount rate. The group did not recognize any impairment of goodwill and trademarks in 2023.

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Upon impairment testing, goodwill and trademarks are allocated to the cash-generating units expected to benefit from the synergies arising from the acquisition. In the Swedencare group, the aforementioned intangible assets are tested annually or more frequently if there is an indication that the carrying amount may not be recoverable at the segment level, including Europe, North America, and Production. If the recoverable amount, which is the higher of fair value less costs of disposal and value in use for a cash-generating unit, is determined to be lower than the carrying amount, the impairment amount is allocated. To determine the value in use, the group management estimates the expected future cash flows from each cash-generating unit and determines an appropriate discount rate to calculate the present value of these cash flows. First, the carrying amount of goodwill allocated to the cash-generating unit is reduced, and then the carrying amount of indefinite-lived intangible assets in the unit is reduced. A recognized impairment loss of goodwill cannot be reversed in a subsequent period.

Associated companies

Associated companies are those entities over which the group has significant influence, but not control, over operational and financial management, usually through ownership of between 20% and 50% of the voting rights. Shares in the associated company are reported using the equity method from the date on which significant purchase is obtained. The equity method means that the value of the shares in the associated company reported in the group corresponds to the group's share of the associated company's equity and consolidated goodwill and any other remaining values of consolidated surplus and deficit values. In the consolidated income statement, the group's share of the associated company's profit or loss adjusted for any amortisation, impairment or reversal of acquired surplus or deficit values is reported as other financial income. Dividends received from the associated company reduce the carrying amount of the investment. The equity method is applied until the date that significant influence ceases.

Equity, reserves and dividends

Share capital represents the quota value of issued shares. Share premium account includes any premium received on the issue of new share capital. Any transaction costs associated with the issue of new shares are deducted from equity, taking into account any income tax effects.

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

- conversion reserve, i.e. conversion differences from the conversion of the financial reports of the group's foreign operations into SEK.

- retained earnings, i.e. all retained profits (and losses) from previous financial years.

All transactions with the owners of the parent company are reported separately in equity. Dividends payable to shareholders are included in Other liabilities when the dividends have been approved by a general meeting of shareholders before the balance sheet date.

Revenue from contracts with customers

The revenue mainly relates to revenue from the sale of health care products for Dogs, Cats and Horses and is reported in the item net sales in the income statement. When assessing whether revenue should be reported, the group follows a 5-step process:

1. Identify the contract with the customer
2. Identify performance commitments
3. Determine the transaction price
4. Distribute the transaction price to the performance obligations
5. Report revenue at the time of fulfilment of the performance obligation, either at a point in time or over time.

Revenue from non-customised/customised goods is reported when the group fulfils its performance obligations by transferring the promised goods to the customer. The transaction price is determined based on predetermined unit prices and the credit period is normally 30 days. Local variations with both longer and shorter credit periods may occur, these do not exceed 12 months. Discounts and bonuses are allocated per item delivered.

Revenue from customised goods/services is reported over time as the group has a right to payment for products/services that have no alternative use. The transaction price is determined based on the cost/ time spent, which represents the work performed, to fulfil a performance obligation in relation to the total expected costs to complete the performance obligation.

The group reports a contract liability when it receives consideration for unfulfilled performance obligations and reports these amounts as other liabilities in the balance sheet. Similarly, if the group fulfils a performance obligation before it receives the consideration, the group reports either a contract asset or a receivable in the balance sheet, depending on whether something other than timing determines when the compensation falls due. The credit period is normally 30 days. Local variations may occur; these do not exceed 12 months.

Other operating income refers to royalties, prepayment fees, grants and income not related to the main operating income.

Segment reporting

An operating segment is the part of the group that engages in activities from which it may earn revenues and incur expenses, whose operating profits are regularly reviewed by the entity's chief operating decision maker and for which stand-alone financial information is available.

Fixed assets

Intangible and tangible fixed assets are reported at cost less accumulated depreciation according to plan and any impairment losses. Amortisation is charged on a straight-line basis over the expected useful life, taking into account any significant residual value. Intangible assets have both finite and indefinite useful lives. Intangible assets with indefinite useful lives are not amortised but are tested annually for impairment together with the impairment of goodwill.

Amortisation of intangible assets

Trademarks	Indeterminate useful life
Customer relations	7-17 years
Intellectual property	10-15 years
Other intangible assets	4-15 years

Depreciation of tangible fixed assets

Buildings	25-50 years
Machinery and other technical facilities	4-7 years
Equipment, tools and installations	3-10 years

Financial instruments

Group management determines the classification of financial assets at initial reporting. The group does not hold any hedging instruments.

Accounting and valuation

Financial assets and liabilities are reported when the group becomes party to the contractual provisions of the instrument. Financial assets are removed from balance sheet when the contractual rights to the financial asset expire, or when the financial asset and all significant risks and rewards are transferred. A financial liability is removed from the balance sheet when it is extinguished, i.e. when it is fulfilled, cancelled or expires.

Financial assets

All financial assets are initially reported at acquisition value, corresponding to fair value, plus transaction costs. Financial assets are classified based on both the company's business model for managing the asset and the characteristics of the contractual cash flows from the financial asset. The group only has financial assets classified as valued at accrued acquisition cost.

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Financial assets valued at accrued acquisition cost

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

- they are held under a business model whose objective is to hold the financial assets and collect contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the outstanding principal amount.

After initial reporting, they are valued at amortised cost using the effective interest method. Application of the effective interest rate method means that receivables that are interest-free or carry an interest rate that deviates from the market rate 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 and cash equivalents, accounts receivable and other long-term and short-term receivables belong to this category of financial instruments.

Impairment of financial assets

The reporting of expected credit losses is assessed using the expected credit loss model in IFRS 9.

The assessment of credit risk and reporting of expected credit losses is not dependent on the group first identifying a credit loss event. The group also considers broader information such as past events, current conditions and reasonable and supportable forecasts that affect the expected ability to obtain future cash flows from the asset. The group uses the simplified approach for trade receivables and contract assets and reports expected credit losses over the remaining term. In the calculation, the group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

In the assessment of expected credit losses, trade receivables have been assessed collectively as they share common credit risk characteristics. For the assessment of expected credit losses, the group performs a follow-up of confirmed customer losses during the last two financial years. A calculation of confirmed customer losses during 2022-2023 has been made which showed a customer loss of 0.5%. The calculation is performed and reassessed every six months. Given the short period of time that trade receivables are exposed to credit risk and as the group has historically not had any significant bad debt losses, no collective provision is made because it is not considered material. However, the group makes an

individual assessment of expected credit losses on overdue trade receivables because this, together with the absence of a payment plan, are indicators that there is no probable expectation of receiving full payment.

All income and expenses relating to financial assets reported in the income statement are classified as Interest expense or Interest income, except for the expected credit loss on trade receivables which is classified as Other external expenses.

Financial liabilities

Financial liabilities are initially valued at fair value adjusted for transaction costs. After initial reporting, financial liabilities are valued at accrued acquisition cost using the effective interest method. All interest-related charges are included in Interest costs and similar income items.

Leasing contracts

Swedencare as a lessee

The group's leases are reported as right-of-use assets and corresponding lease liabilities on the date the leased asset is available for use by the group.

The right-of-use asset is initially valued at cost, which consists of the initial lease value plus lease payments made at or before the start of the contract. Contracts where the lease term is less than 12 months and contracts of lesser value are excluded and therefore expensed as incurred. The right-of-use asset represents a right to use the underlying asset and the lease liability represents an obligation to pay lease payments. The group has right-of-use assets with associated lease liabilities for cars and rented premises.

Right-of-use assets are reported under tangible fixed assets. The lease liability, which is divided into longterm and short-term parts, is initially valued at the present value of the remaining lease payments during the lease term. The right-of-use assets are amortised over the lease term. Lease costs are reported as depreciation and interest expense. The lease payment is divided into an interest portion and an amortisation portion.

Inventory

Inventories are valued at the lower of cost value and net sales value at the balance sheet date. Net sales value refers to the estimated selling price of the goods less selling expenses. The chosen valuation method means that obsolescence in the inventory has been taken into account. Manufactured inventories have been revalued with costs directly attributable to the units produced.

Income taxes

The tax expense reported in profit or loss consists of the sum of deferred tax and current tax not reported in equity. The calculation of current tax is based on tax rates and tax rules applicable at the balance sheet date.

Current tax

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

Deferred tax

Deferred tax is income tax relating to future financial years as a result of past events. Reporting is done according to the balance sheet method. According to this method, deferred tax liabilities and deferred tax assets are reported for temporary differences arising between the carrying amounts and taxable values of assets and liabilities and for other tax deductions or losses.

Deferred tax assets are netted against deferred tax liabilities only if they can be paid in a net amount. Deferred tax is calculated using the tax rate applicable at the balance sheet date. The effects of changes in current tax rates are reported in the period in which the change is enacted. Deferred tax assets are reported as financial assets and deferred tax liabilities as provisions.

Deferred tax assets relating to tax losses or other future tax deductions are reported to the extent that it is probable that the deductions can be offset against future taxable profits. The temporary differences are the same as the carrying amounts of the holdings.

Employee benefits

Employee benefits refer to all forms of benefits provided by the company to its employees. Short-term benefits include salaries, paid holidays, paid absences, bonuses and post-employment benefits (pensions). Short-term benefits are reported as an expense and a liability when there is a legal or constructive obligation to pay a benefit as a result of a past event and a reliable estimate of the amount can be made.

The group only has defined contribution pension plans. Defined contribution plans are classified as being where defined contributions are paid and there is no obligation to pay anything in addition to those contributions. Expenditure on defined contribution plans is reported as an expense in the period in which the employees render the services underlying the obligation.

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Warrants

The price per warrant corresponds to the market value of the warrant calculated by applying the customary valuation model (the Black & Scholes formula) based on the listed share price and other market conditions. Warrants have a positive impact on cash flow and increase equity.

Warrants are only dilutive when the average price of ordinary shares during the period exceeds the exercise price of the warrants, i.e. when they have a real value. At the balance sheet date, the warrants do not have a real value and therefore there is no dilutive effect.

Cash flow statement

The cash flow statement is prepared using the indirect method. The reported cash flow includes only transactions that have resulted in cash receipts or payments.

Cash and cash equivalents

Cash and cash equivalents consist of cash and available balances with banks and similar institutions.

The Parent company

The income statements and balance sheets follow the format of the Swedish Annual Accounts Act (ÅRL). There are differences in designations, particularly with regard to financial items in the income statement and equity. The report of changes in equity has been adapted to the items that must be included in the balance sheet according to the Swedish Annual Accounts Act. Shares in subsidiaries are valued at cost less any impairment. All leasing agreements are expensed on a straight-line basis over the leasing period.

Estimates and judgements

Assumptions

Below is information about estimates and assumptions that have the most significant effect on the accounting and valuation of assets, liabilities, income, and expenses. The outcome of these may differ significantly.

Acquisition analysis & allocation of surplus value

The acquisition analysis conducted in connection with business acquisitions involves a high degree of judgment and estimation in identifying net assets, allocating surplus value, and adjusting acquired net assets to fair value. Uncertainty lies in the calculation of surplus value to be allocated due to external market valuations and the allocation to various intangible assets due to different estimates and judgment issues. The surplus value is also influenced by the final size of working capital as of the acquisition date and the final value of

acquired net assets, which depend on the review of the acquisition balance sheet. Since goodwill is a residual that emerges once other parameters in the acquisition analysis have been determined, it is preliminary and subject to change until other values are finalized.

Earn outs

Earn outs refer to additional payments for acquired companies. The amount of the earn out is usually linked to certain financial or other post-acquisition targets over a period of time. The additional purchase prices are valued at the acquisition date based on management's best estimate of the future outcome. The amount is discounted to present value. Uncertainties lie in the assumptions about future outcomes and the determination of the appropriate discount rate.

Shares in subsidiaries as financial assets in the parent company

Shares in subsidiaries are reported at cost less any impairment losses. Cost includes the purchase price paid for the shares and acquisition costs. Any capital additions are added to the cost as they arise. Financial assets are tested for impairment at least at the end of each reporting period to determine whether there is objective evidence that a financial asset or group of financial assets is impaired. Shares in subsidiaries are tested on segment level.

Uncertainty in impairment testing of goodwill, trademarks and marketing-related assets and shares

To assess impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an appropriate interest rate to discount the cash flows. Uncertainties lie in the assumptions about future operating profit and the determination of the appropriate discount rate. Further information can be found in note 11.

Useful life of intangible and tangible assets

The useful life of the group's tangible and intangible fixed assets and the related depreciation are determined by group management. The estimate is based on historical knowledge of the useful life of the corresponding assets. The useful life and estimated residual values are reviewed at each balance sheet date and adjusted if necessary.

Tax loss carry-forwards

In 2022, Swedencare has made a reassessment of tax loss carry-forwards in the US. The assessment is that previous losses and deferred tax assets from previous years can be utilised in future years. Restructuring in the US together with tax depreciation linked to the NaturVet acquisition and the expected increase in revenue in 2023 and onwards is good evidence that the consolidated group in the US will generate taxable income in future years and be able to utilise all deferred tax assets.

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Note 3 Operating segment

Operating segment the Group	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 revenue	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 items	-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 items	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

The group's operations are reported by geographical area (North America, Europe) and by manufacturing units. The operating segments are reported in a manner consistent with the internal reporting submitted to the chief operating decision maker, who is responsible for allocating resources and monitoring the performance of the operating segments. In the Swedencare group, this function has been identified as the CEO and CFO. The CEO and CFO use the same operating segments in their reporting of the group's financial performance to the Board, which confirms that external and internal reporting is consistent.

Note 4 Revenues from agreement with customers

Group	2023	2022
<i>Product areas</i>		
ProDen PlaqueOff®	269.6	179.1
Nutraceuticals	1,239.7	916.6
Topicals/Dermatology	555.6	563.2
Pharma	96.8	91.9
Other	162.9	78.6
Total net revenue	2,324.6	1,829.5
<i>Time for revenue recognition</i>		
The performance commitment is fulfilled over time	331.7	303.3
The performance commitment is fulfilled at a certain time	1,992.9	1,526.2
Total net revenue	2,324.6	1,829.5
<i>Geographic markets</i>		
North America	1,827.0	1,479.4
Europe	432.2	306.9
Rest of the world	65.4	43.2
Total net revenue	2,324.6	1,829.5

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Note 5 Earnings per share

The calculation of earnings per share is based on the annual result attributable to the parent company's shareholders and the weighted average number of shares outstanding during the year. There were outstanding stock option programs at the end of the year, which may have dilutive effects on potential shares. Stock options only result in dilution when the average price of common shares during the period exceeds the exercise price of the stock options, i.e., when they have intrinsic value. The average share price on the balance sheet date was below the exercise price of the outstanding stock options, therefore diluted earnings per share were not calculated.

Earnings per share before and after dilution	2023	2022
This year's profit attributable to the parent company's shareholders	58.6	94.5
Weighted average number of outstanding shares	158 731 900	155 346 212
Earnings per share before and after dilution, SEK	0.37	0.61

Subscription options program

Swedencare implemented a subscription options program that was decided at the extraordinary general meeting in 2022. The program involved an issuance of up to 251,000 subscription options, where option holders have the right to subscribe for one (1) new share in the Company during the period from December 1st, 2025, to February 28th, 2026, at a subscription price corresponding to 135 percent of the volume-weighted average price (VWAP) of the Company's share on the Nasdaq First North Growth Market during the period from October 12, 2022, to October 18, 2022. The volume-weighted average price amounts to 42.86 SEK, and the subscription price, corresponding to 135 percent of VWAP, amounts to 57.86 SEK. The price per subscription option corresponds to the market value of the subscription option calculated using a customary valuation model (the so-called Black & Scholes formula) based on the listed share price and other prevailing market conditions on the date of the transfer. The market value is set at 4.47 SEK per subscription option

Note 6 Leasing, Lessee

The group as a lessee

Right-of-use assets

The group leases multiple assets such as office and warehouse spaces, machinery and equipment, and vehicles. The group's right-of-use assets are categorized in the table below:

Right-of-use assets 2023	Buildings	Machinery, equipment and vehicles	Total
Opening acquisition value	288.3	13.5	301.8
Purchases	0.8	2.2	3.0
Conversion difference	-9.8	-0.2	-10.0
Sales/disposals	-0.5	-5.6	-6.1
Ending accumulated acquisition values	278.8	9.9	288.7
Beginning accumulated depreciation	-39.6	-5.1	-44.7
Annual depreciation	-36.1	-2.7	-38.8
Conversion difference	3.0	0.2	3.2
Sales/disposals	-	2.6	2.6
Ending accumulated depreciation	-72.7	-5.0	-77.7
Total reported value	206.1	4.9	211.0
Remaining lease term or economic useful life	1-8 years	1-5 years	
Depreciation method	Straight-line	Straight-line	

Leasing debts

Lease Liabilities, Maturity Analysis	2023	2022
Less than 1 year	37.8	39.8
1-2 years	36.2	38.1
2-3 years	32.4	36.8
3-4 years	29.0	33.0
4-5 years	25.8	29.5
More than 5 years	56.2	84.0
Total lease liabilities as of December 31st, 2023	217.4	261.2

Change in lease liabilities	2023	2022
Opening acquisition value	261.2	104.6
Additional/changed lease liabilities during the period	-0.6	168.3
Payments related to the principal portion of the lease liability	-43.7	-36.9
Interest expense related to lease liabilities (included in financial costs)	7.5	7.1
Conversion difference	-7.0	18.1
Total leasing liabilities as of December 31st, 2023	217.4	261.2
Short-term leasing liabilities	37.8	39.8
Long-term leasing liabilities	179.6	221.3
The total cash flow for leasing agreements during the year	36.2	29.8

Variable lease payments

In addition to the lease liabilities mentioned above, the group has committed to pay variable lease payments for certain of its lease agreements. These variable lease payments are expensed when incurred.

Extension options

The majority of extension options related to office and warehouse spaces have not been included in the lease liabilities as the group can replace the assets without significant cost or disruption to the operations.

The group does not have any significant residual value guarantees associated with the lease agreements.

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Note 7 Costs for auditors

Audit assignments

Audit assignments refer to statutory audits of the annual and consolidated financial statements and accounting, as well as the management of the board and the CEO, and auditing and other examinations performed in accordance with agreements or contracts. This includes other tasks that fall within the remit of the company's auditor, as well as advice or other assistance resulting from observations made during such examinations or the performance of such other tasks.

	Group		Parent company	
	2023	2022	2023	2022
Grant Thornton Sweden AB				
Audit fees for the annual audit engagement	0.9	1.6	1.0	1.6
Audit fees beyond the annual audit engagement	-	0.2	-	0.2
Other services	-	0.2	-	0.2
Total	0.9	2.0	1.0	2.0
Deloitte AB				
Audit fees for the annual audit engagement	1.0	-	1.0	-
Total	1.0	-	1.0	-
Audit fees to other auditors	1.5	1.5	-	-
Total	1.5	1.5	-	-

Note 8 Number of Employees and Employee Compensation

Average number of employees per country

Parent company	2023	Men	2022	Men
Sweden	12	5	11	3
Subsidiaries	2023	Men	2022	Men
Sweden	2	-	2	-
Ireland	17	9	13	7
UK	36	15	31	12
France	2	1	2	1
USA	401	222	345	184
Canada	59	33	54	30
Italy	19	4	16	3
Spain	2	1	2	-
Greece	10	4	10	6
Total	560	294	486	246

Compensation for key management personnel

During 2023, the parent company had 7 (6) board members, of which 2 (2) were women. Compensation for the chairman and members of the board is determined by the annual general meeting. The amounts cover the period from the annual general meeting on April 28th, 2023, to the annual general meeting on April 25th, 2024. Board members J. Parisot and H. Bertram chose to waive their fees in 2023.

The key management personnel constitute the group management. These consist of the CEO, CFO, Chief Commercial Officers for Europe and North America, and the CEO of Vetio. Compensation for the CEO and other key management personnel employed in the group consists of base salary, variable compensation, and other benefits.

Salaries and remunerations

	Group		Parent company	
	2023	2022	2023	2022
Salaries and other remunerations - Board of Directors and Group Management	20.2	19.8	9.0	7.9
Salaries and other compensations - other employees	287.9	223.3	5.4	5.0
Pensions for the Board of Directors and Group Management	1.9	1.7	1.8	1.6
Pensions for other employees	7.4	5.5	1.1	0.4
Social contributions	32.6	28.7	4.5	4.6
Total	350.0	279.0	21.8	19.5

Termination

The company has entered into an agreement with the CEO, which stipulates a notice period of three (3) months. In case of termination from the company's side or the CEO's side, no severance pay is provided. During the notice period, full salary and other employment benefits are provided.

Pensions for group management and other employees

Personnel in the group management and other employees have a defined contribution pension, with no other obligations from the company other than to pay an annual premium during the employment period. This means that upon termination of employment, the employee has the right to decide when to withdraw the previously contributed funds and their returns as a pension. The retirement age for the CEO and other group management personnel is 65 years.

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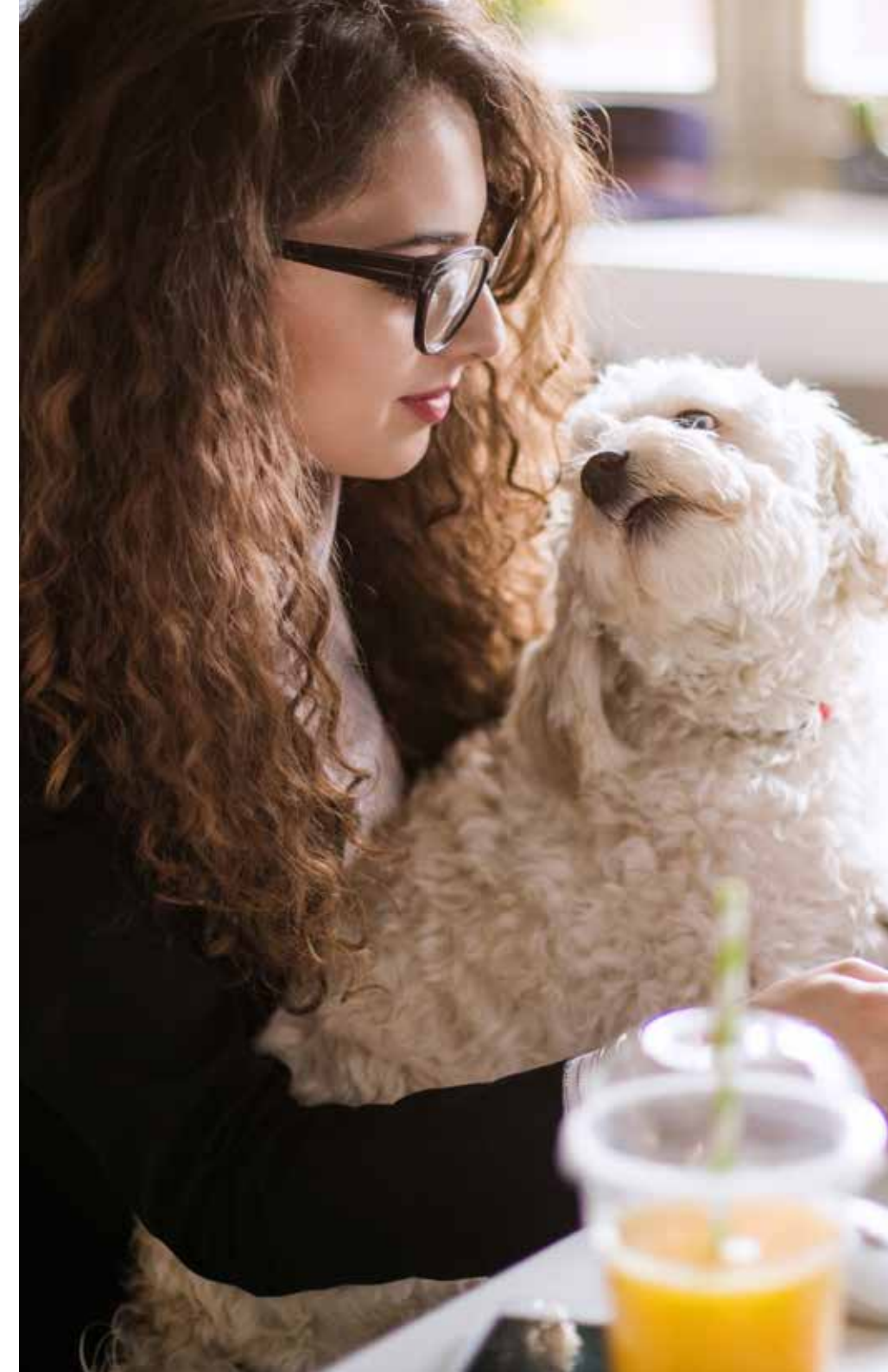
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Note 8 Number of Employees and Employee Compensation

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2023	Board remuneration	Salary	Bonus	Other benefits	Pension-costs	Total compensation
Management						
CEO	-	3.6	-	0.1	1.0	4.7
Other members of the group management (4)	-	13.2	0.9	1.0	0.9	16.0
Board members						
Chairman of the Board - H. Svanberg	0.6	-	-	-	-	0.6
Board member - J. Bergdahl	0.2	-	-	-	-	0.2
Board member - T. Eklund	0.2	-	-	-	-	0.2
Board member - S. Brandt	0.2	-	-	-	-	0.2
Board member - U. Valassi	0.2	-	-	-	-	0.2
Board member - J. Parisot	-	-	-	-	-	-
Board member - H. Bertram	-	-	-	-	-	-
Total compensation	1.4	16.8	0.9	1.1	1.9	22.1
2022	Board remuneration	Salary	Bonus	Other benefits	Pension-costs	Total compensation
Management						
CEO	-	3.6	-	0.1	1.0	4.7
Other members of the group management (3)	-	11.6	2.0	0.9	0.7	15.2
Board members						
Chairman of the Board - H. Svanberg	0.6	-	-	-	-	0.6
Board member - J. Bergdahl	0.2	-	-	-	-	0.2
Board member - T. Eklund	0.2	-	-	-	-	0.2
Board member - S. Brandt	0.2	-	-	-	-	0.2
Board member - U. Valassi	0.2	-	-	-	-	0.2
Board member - J. Parisot	0.2	-	-	-	-	0.2
Board member - H. Bertram	-	-	-	-	-	-
Total compensation	1.6	15.2	2.0	1.0	1.7	21.5



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Note 9 Current and deferred tax

The main components of the tax expense for the financial year and the relationship between the expected tax expense based on the Swedish effective tax rate for the group at 20.6% (2022: 20.6%) and the reported tax expense in the income statement are as follows:

	Group		Parent company	
	2023	2022	2023	2022
Net income before tax	80.9	80.1	342.4	150.3
Current tax rate for the parent company	20.6%	20.6%	20.6%	20.6%
Expected tax	16.7	16.5	70.5	31.0
Adjustments for differences in tax rate abroad	0.3	-6.5	-	-
The effect of changed tax rates	3.6	-	-	-
Dividend from group companies	-	-	-85.0	-35.4
Loss deductions generated during the year for which no deferred tax asset has been recognized	-1.2	1.3	-1.2	1.3
Loss deductions previously not recognized as an asset	-	-27.4	-	-
Non-deductible negative net interest	16.1	6.6	16.1	6.6
Tax attributable to previous years	-4.8	-	-	-
Other non-deductible costs / Other non-taxable income	0.5	3.2	0.1	0.2
Deductible issue costs not recorded	-	-3.6	-	-3.6
Other	-8.7	-4.4	-	-
Total	22.5	-14.4	0.5	-
Current tax	28.4	25.7	0.5	-
Deferred tax	-5.9	-40.1	-	-
Total	22.5	-14.4	0.5	-

	Group	
	2023	2022
Deferred tax asset/liability		
Ending internal profit	7.9	5.5
Deficit deduction	79.0	1.4
Leasing agreements	1.6	0.9
Temporary differences regarding differences between reported and tax values of fixed assets	14.4	27.1
Loss deductions that have not previously been reported	-	36.7
Deferred tax assets	102.9	71.6
Intangible assets	372.4	367.3
Tangible assets	14.4	-
Inventory	-	0.1
Deferred tax liability	386.8	367.4

	Group 2023				
	Opening balance 2023-01-01	Reported in the income statement	Conversion difference	Through acquisitions	Ending balance 2023-12-31
Change deferred tax					
Intangible assets	-367.3	-15.3	10.2	-	-372.4
Tangible assets	-	-14.4	-	-	-14.4
Inventory	-0.1	0.1	-	-	-
Internal profit	5.5	2.4	-	-	7.9
Deficit deduction	38.5	44.7	-4.2	-	79.0
Leasing agreements	0.9	0.7	-	-	1.6
Temporary differences regarding differences between reported and tax values of fixed assets	26.7	-12.3	-	-	14.4
Total	-295.8	5.9	6.0	-	-283.9

	Group 2022				
	Opening balance 2022-01-01	Reported in the income statement	Conversion difference	Through acquisitions	Ending balance 2022-12-31
Change deferred tax					
Intangible assets	-232.8	-33.4	-31.9	-69.1	-367.3
Inventory	-	9.9	0.5	-10.5	-0.1
Internal profit	2.4	3.0	-	-	5.5
Deficit deduction	1.2	0.5	0.1	-	1.8
Leasing agreements	0.2	0.7	-	-	0.9
Loss deductions from previous years	-	35.6	1.2	-	36.7
Temporary differences regarding differences between reported and tax values of fixed assets	0.8	23.8	0.9	1.2	26.7
Total	-228.2	40.1	-29.2	-78.4	-295.8

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

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

Group 2023	Marketing related assets	Customer related assets	Intellectual property	Trademarks	Technology related assets	Other intangible assets	Total intangible fixed assets
Beginning acquisition values	-	2,807.3	60.0	1,616.7	58.6	47.4	4,589.9
Purchases	-	-	-	-	-	2.2	2.2
Conversion difference	-	-91.8	-1.9	-55.1	-2.2	-1.5	-152.6
Reclassifications	-	-	-	-	-	0.7	0.7
Ending accumulated acquisition values	-	2,715.5	58.0	1,561.6	56.4	48.8	4,440.2
Beginning accumulated depreciation	-	-240.6	-6.7	-	-27.6	-13.2	-288.0
Annual depreciation	-	-209.2	-5.1	-	-11.9	-5.6	-231.8
Conversion difference	-	18.3	0.5	-	1.7	0.6	21.1
Ending accumulated depreciation	-	-431.5	-11.3	-	-37.8	-18.1	-498.7
Total reported amount	-	2,284.0	46.7	1,561.6	18.6	30.6	3,941.5

Group 2022	Marketing related assets	Customer related assets	Intellectual property	Trademarks	Technology related assets	Other intangible assets	Total intangible fixed assets
Beginning acquisition values	25.4	996.8	46.7	211.2	50.8	39.3	1,370.0
Purchases	-	-	-	-	-	2.4	2.4
Through acquisitions of group companies	-	1,613.6	6.1	1,307.5	-	11.7	2,938.8
Sales/disposals	-	-	-	-	-	-11.2	-11.2
Conversion difference	3.9	196.9	7.2	68.8	7.8	5.2	289.9
Reclassifications	-29.3	-	-	29.3	-	-	-
Ending accumulated acquisition values	-	2,807.3	60.0	1,616.7	58.6	47.4	4,589.9
Beginning accumulated depreciation	-	-44.3	-1.9	-	-13.7	-7.2	-67.2
Annual depreciation	-	-184.3	-4.3	-	-11.3	-4.9	-204.9
Conversion difference	-	-12.0	-0.4	-	-2.5	-1.0	-15.9
Ending accumulated depreciation	-	-240.6	-6.7	-	-27.6	-13.2	-288.0
Total reported amount	-	2,566.7	53.3	1,616.7	31.0	34.2	4,301.9

Parent company 2023	Trademarks	Other intangible assets	Total intangible fixed assets
Beginning acquisition values	2.5	2.7	5.2
Ending accumulated acquisition values	2.5	2.7	5.2
Beginning accumulated depreciation	-1.5	-1.1	-2.6
Annual depreciation	-0.5	-0.5	-1.0
Ending accumulated depreciation	-2.0	-1.6	-3.6
Total reported amount	0.5	1.1	1.6

Parent company 2022	Trademarks	Other intangible assets	Total intangible fixed assets
Beginning acquisition values	2.5	2.7	5.1
Purchases	-	-	-
Ending accumulated acquisition values	2.5	2.7	5.2
Beginning accumulated depreciation	-1.0	-0.6	-1.6
Annual depreciation	-0.5	-0.5	-1.0
Ending accumulated depreciation	-1.5	-1.1	-2.6
Total reported amount	1.0	1.6	2.6

All intangible fixed assets, except for trademarks assessed to have an indefinite useful life, are amortized. Due to their association with ongoing operations, trademarks are considered to have an indefinite useful life and are expected to be used for as long as the business continues. This is based on the notion that these assets are well-established in their respective markets, and the group intends to retain and further develop them through product development and marketing. Assets with indefinite useful lives are tested annually to identify any potential impairment and are reported at cost less accumulated impairments.

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Note 11 Goodwill and other intangible assets with indefinite useful life

	Group	
	2023	2022
Operating segment North America	2,477.2	2,550.2
Operating segment Europe	531.2	528.0
Operating segment Production	959.1	989.3
Total	3,967.5	4,067.5

	Group		Parent company	
	2023	2022	2023	2022
Beginning accumulated acquisition values	4,067.5	1,464.4	-	-
Acquisition	23.9	2,413.3	-	-
Conversion difference	-123.9	189.8	-	-
Ending accumulated acquisition values	3,967.5	4,067.5	-	-
Reported value	3,967.5	4,067.5	-	-

Impairment testing

The recoverable amount per cash-generating unit was determined based on calculations of the value in use, which included a detailed fourteen-year forecast for the US companies and a five-year forecast for other subsidiaries. The reason for an extended forecast period for the US companies is the tax depreciation associated with the corporate structural change in the USA and the Section 338(h)(10) application for NaturVet, which is described in more detail on page 55.

Projected cash flows are based on historical figures, budget for the next year, and assumptions during the useful life period about sales growth and EBITDA margin. Assumptions are based on the Group management's past experiences, knowledge, strategies, and future goals.

For all segments, sales growth is calculated based on the aforementioned assumptions for the first five years. For the extended forecast period in all segments, an eternal growth rate of 2% has been assumed. Swedencare has built a solid structure for increased growth, which means that the structure is scalable and that costs are not expected to increase at the same rate as revenues. In the impairment test, we have chosen to be conservative with profitability

and, despite a scalable model, have not taken out all expected improvements in the EBITDA margin. The operations have stable profit margins in all geographic markets.

Unlike previous years where intangible assets with indefinite useful lives were tested at the individual unit level, these have been tested at the segment level, which are divided into Europe, North America, and Production. This change has occurred as the business is reported and monitored according to these operating segments.

The present value of the expected cash flow per operating segment is determined by applying a discount rate that reflects the market's assumption about the time value of money and specific risks for the segment.

The assessment of the value of Axiom was made in connection with the acquisition analysis; therefore, it has not been included in the impairment test.

The reported values of trademarks with indefinite useful lives are presented in note 10.

Impairment test Europe

The European segment has historically shown stronger growth than market expectations, which are relatively flat, and is expected to continue to increase primarily due to the following opportunities:

- Introduction of new products
- Introduction of existing products in new markets
- Continued growth in the online channel through our own e-commerce team
- Acquisition of new customers
- Increased orders from existing customers

The useful value of intangible assets exceeds the carrying amount by 647.0 MSEK, and the useful value of shares in subsidiaries exceeds the carrying amount by 830.3 MSEK for the European segment. Goodwill and intangible assets in the European segment show no impairment needs at an increase in the discount rate by 1% and a decrease of expected revenue by 1%.

Impairment test North America

The North American segment has shown steady growth over the years and is expected to continue to increase in the future due to the following opportunities:

- Development of new products and their introduction to the market

- New logistic opportunities
- Increased volumes on Amazon
- Direct relationship with Amazon instead of through customers
- New strategic veterinary partnerships
- Improvement of working capital
- Enhanced product exposure

The useful value of intangible assets exceeds the carrying amount by 812.3 MSEK, and the useful value of shares in subsidiaries exceeds the carrying amount by 1,567.2 MSEK for the North American segment. It is mainly goodwill and intangible assets with an indefinite useful life that are more sensitive to decreased expected revenues and an increase in the discount rate. An increase of 1% in the discount rate result in impairment needs for the American segment in goodwill and intangible assets with indefinite useful life, by 260 MSEK. A decrease of expected revenue by 1% does not result on impairment need.

Impairment test production

The Production segment has shown strong growth and is expected to continue increasing in the future due to the following opportunities:

- Successful launch of Scoopables
- Continued growth in online sales
- Increasing sales of ProDen PlaqueOff®, produced internally by Manufacturing for the American market
- Several intercompany (IC) projects
- Acquisition of new customers

The useful value of intangible assets exceeds the carrying amount by 1,777.0 MSEK, and the useful value of shares in subsidiaries exceeds the carrying amount by 2,331.1 MSEK for the Manufacturing segment. An increase by 1% in the discount rate and a decrease of expected revenues by 1% do not result in impairment needs for goodwill and intangible assets for the production segment.

	WACC 2023-12-31	WACC 2022-12-31 Range	Average growth rate (2024-2028)	Growth rate range* (2023-2027)
North America	11.10%	9.00% - 10.70%	19.40%	10.20% - 24.10%
Europa	11.20%	13.47% - 13.75%	14.80%	11.40% - 24.50%
Production	10.70%	9.00% - 13.79%	28.40%	16.90% - 25.30%

*According to assumptions in the impairment test for 2022

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Note 12 Buildings and lands

Group 2023	Buildings and land	Right of use assets	Total buildings and land
Beginning acquisition values	165.4	288.3	453.7
Purchases	7.5	0.8	8.3
Conversion difference	-6.1	-9.8	-15.9
Sales/disposals		-0.5	-0.5
Reclassification	-2.0	-	-2.0
Ending accumulated acquisition values	164.8	278.8	443.6
Beginning accumulated depreciation	-14.5	-39.6	-54.1
			-
Annual depreciation	-10.4	-36.1	-46.5
Conversion difference	1.2	3.0	4.2
Ending accumulated depreciation	-23.7	-72.7	-96.4
Net book value	141.1	206.1	347.2
Group 2022			
Beginning acquisition values	78.4	106.2	184.5
Purchases	23.3	-	23.3
Through acquisitions of Group companies	49.6	162.9	212.4
Conversion difference	14.2	19.3	33.4
Reclassification	-	-	-
Ending accumulated acquisition values	165.4	288.3	453.7
Beginning accumulated depreciation	-3.9	-8.8	-12.7
Annual depreciation	-8.5	-28.9	-37.4
Conversion difference	-2.2	-1.9	-4.0
Ending accumulated depreciation	-14.5	-39.6	-54.1
Net book value	150.9	248.7	399.6

Note 13 Machinery and other tech assets

Group 2023	Buildings and land	Right of use assets	Total buildings and land
Beginning acquisition values	162.5	13.5	176.0
Purchases	22.7	2.2	24.9
Sales/disposals	-1.1	-5.6	-6.7
Conversion difference	-6.3	-0.2	-6.5
Reclassifications	2.0	-	2.0
Ending accumulated acquisition values	179.8	9.9	189.7
Beginning accumulated depreciation	-25.0	-5.1	-30.1
Annual depreciation	-25.4	-2.7	-28.1
Sales/disposals	0.2	2.6	2.8
Conversion difference	2.5	0.2	2.7
Ending accumulated depreciation	-47.7	-4.9	-52.7
Net book value	132.1	4.9	137.0
Group 2022			
Beginning acquisition values	66.8	9.3	76.1
Purchases	48.0	4.3	52.4
Through acquisitions of group companies	38.4	-	38.4
Sales/disposals	-2.8	-0.9	-3.7
Conversion difference	12.1	0.8	12.9
Ending accumulated acquisition values	162.5	13.5	176.1
Beginning accumulated depreciation	-5.8	-2.9	-8.7
Annual depreciation	-19.1	-2.5	-21.5
Sales/disposals	2.9	0.4	3.3
Reclassifications	-3.1	-	-3.1
Conversion difference	-	-0.2	-0.2
Ending accumulated depreciation	-25.0	-5.1	-30.2
Net book value	137.5	8.4	145.9

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Note 14 Furnitures and fixtures

	Group		Parent company	
	2023	2022	2023	2022
Beginning acquisition values	17.3	12.2	0.2	0.2
Through acquisitions of group companies	-	0.6	-	-
Purchases	4.6	3.4	-	-
Sales/disposals	-2.9	-0.4	-	-
Conversion difference	-0.4	1.6	-	-
Reclassifications	-0.7	-	-	-
Ending accumulated acquisition values	17.9	17.3	0.2	0.2
Beginning accumulated depreciation	-7.1	-4.1	-0.1	-0.1
Sales/disposals	1.5	0.3	-	-
Conversion difference	0.3	-0.6	-	-
Annual depreciation	-3.3	-2.7	-	-
Ending accumulated depreciation	-8.6	-7.1	-0.1	-0.1
Net book value	9.3	10.2	0.1	0.1

Note 15 Inventory

	Group		Parent company	
	2023	2022	2023	2022
Raw material	198.1	183.2	6.3	4.9
Finished goods	189.3	249.8	-	-
Work in progress	10.7	8.5	-	-
Total	398.1	441.5	6.3	4.9

During 2023, 29.4 MSEK (2022: 8.6 MSEK) was expensed due to the write-off of inventory. These goods are no longer in stock. Reversal of previously recognized write-downs amounted to 0 MSEK (2022: 0 MSEK).

Note 16 Accounts receivable

	Group		Parent company	
	2023	2022	2023	2022
Accounts receivable	229.0	228.8	4.3	5.2
Accounts receivable, gross	229.0	228.8	4.3	5.2
Expected credit losses	-0.5	-	-	-
Total	228.5	228.8	4.3	5.2

	Group		Parent company	
	2023	2022	2023	2022
Aging analysis of accounts receivable	189.4	169.2	2.7	1.8
Current accounts receivable	189.4	169.2	2.7	1.8
Accounts receivable aged 1-30 days	28.2	25.5	0.9	2.5
Accounts receivable aged 30-90 days	7.1	23.1	0.4	0.4
Accounts receivable aged >91 days	3.8	11.0	0.3	0.5
Total	228.5	228.8	4.3	5.2

The fair value of the accounts receivable corresponds to the reported value. Within the accounts receivable, there is a provision for expected credit losses of 0.5 MSEK (0 MSEK). Historically, credit losses have been at a very low level over time, except for an exceptional customer loss of 10.5 MSEK in 2023 (0 MSEK).

The group's maximum exposure to credit risk corresponds to the reported values of all financial assets and is shown in the table below.

	Group	
	2023	2022
Accounts receivable	228.5	228.8
Other short-term receivables	4.8	15.0
Accrued revenues	24.3	20.9
Cash	237.3	245.1
Maximum exposure to credit risk	494.9	509.8

Note 17 Financial assets and liabilities

	Group	
	2023	2022
Financial assets at accrued acquisition value	228.5	228.8
Deposition	0.6	0.8
Accounts receivable	228.5	228.8
Cash	237.3	245.1
Total	466.4	474.7

	Group	
	2023	2022
Financial liabilities at accrued acquisition value	1,441.2	1,641.0
Long-term debt	1,441.2	1,641.0
Short-term debt	-	-
Accounts payable	83.8	66.9
Total	1,525.0	1,707.9

There were no financial instruments measured at fair value in the consolidated balance sheet at the end of the period.

Note 18 Prepayments and accrued total revenue

	Group		Parent company	
	2023	2022	2023	2022
Prepaid rent costs	1.3	2.5	0.2	0.2
Prepaid insurance costs	2.7	2.5	0.2	0.2
Prepaid leasing costs	-	-	0.1	0.1
Prepaid marketing costs	6.9	7.0	0.4	0.3
Prepaid purchases of goods and services	4.0	4.8	-	-
Accrued revenues	24.3	20.9	-	-
Other prepaid costs	21.0	2.5	0.8	0.7
Total	60.2	40.3	1.7	1.5

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Note 19 Other long- and short-term liabilities, interest-bearing

	Group		Parent company	
	2023	2022	2023	2022
Other long-term liabilities, interest-bearing				
Bank loan	1,441.2	1,641.0	1,441.2	1,640.4
Leasing liability	179.6	221.4	-	-
Total	1,620.8	1,862.3	1,441.2	1,640.4
	Group		Parent company	
	2023	2022	2023	2022
Other short-term liabilities, interest-bearing				
Leasing liability	37.8	39.8	-	-
Total	37.8	39.8	-	-

Note 20 Pledged collateral and contingent liabilities

	Group/Parent company	
	2023	2022
Corporate mortgage for long-term and short-term debt to credit institutions	28.0	28.0

The Board of Directors has not identified any contingent liabilities.

Note 21 Liabilities to credit institutions

	Group		Parent company	
	Loan amount 2023-12-31	Loan amount 2022-12-31	Loan amount 2023-12-31	Loan amount 2022-12-31
Lenders				
Handelsbanken	817.5	817.3	817.5	817.3
SEB	623.7	823.1	623.7	823.1
Others	-	0.5	-	0.5
Short-term part of total debt	-	-	-	-
Total	1,441.2	1,641.0	1,441.2	1,641.0

The loan is subject to financial covenants regarding the financial net debt to EBITDA ratio and interest coverage ratio. Swedencare has met the covenants set by the bank in connection with borrowing during the year.

Note 22 Accrued Expenses and Prepaid Revenues

	Group		Parent company	
	2023	2022	2023	2022
Accrued cost of goods sold	5.3	3.0	-	-
Accrued personnel expense	24.4	17.6	4.9	4.2
Accrued marketing expense	11.8	4.9	0.5	0.4
Accrued interest expense	7.4	5.4	7.4	5.4
Prepaid revenues	21.8	2.9	-	-
Other accrued expenses	8.7	13.7	1.0	1.2
Total	79.4	47.5	13.8	11.3

Note 23 Other current liabilities

	Group	
	2023	2022
Advances from customers	-	0.4
Leasing liabilities	37.8	39.8
Acquisition-related liabilities*	-	92.9
VAT and personnel-related taxes	14.7	13.0
Other liabilities	6.7	-
Total	59.2	146.2

*Remaining purchase price to be paid to the seller by NaturVet, paid in January 2023

Note 24 Yearend adjustments

	Parent company	
	2023	2022
Group contributions received	1.9	2.7
Total	1.9	2.7

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Note 25 Specification of shares in subsidiaries

Parent company	Org.nr	Reg. Location	Number of shares	Capital/voting rights	Booked value
Swedencare Nordic AB	559001-4568	Malmö, Sweden	500	100%	0.1
Biodistra AB	556670-7815	Malmö, Sweden	100 000	100%	0.9
Swedencare UK Ltd.	7851598	Leeds, UK	100	100%	5.4
Nutravet (UK) Ltd.	7338477	Bolton, UK	100	100%	382.9
Custom Vet Products Ltd.	6205607	Loughborough, UK	14	100%	137.5
Swedencare Ireland Ltd.	20161101	Waterford, Ireland	53 334	100%	43.8
Swedencare France SARL	481599447	Purget-sur-Argens, France	50 000	100%	4.7
Swedencare Spain S.L.	B67392670	Mataró, Spain	5 000	100%	7.6
Biovet I.K.E.	58820604000	Thessaloniki, Greece	386 000	100%	5.8
Innovet Italia SRL	11929510151	Saccolongo, Italy	96 900	100%	527.0
Swedencare North America Inc.	47-5607670	Jupiter, Florida	1 000	100%	7,001.2
-Swedencare USA Inc.	35-2245132	Rosenberg, Texas	-	100%	-
-Stratford Care USA, Inc.	85-1203523	Odessa, Florida	-	100%	-
-Swedencare Tillverka Inc.	85-3648974	Rosenberg, Texas	-	100%	-
-Pet MD Brands LLC	27-5347392	Odessa, Florida	-	100%	-
-Tropicem Holdings, LLC	47-5603301	Jupiter, Florida	-	100%	-
-Fulfillment Advantage Ventures Inc.	81-1746064	Odessa, Florida	-	100%	-
-The Garmon Corp.	95-3374861	Temecula, California	-	100%	-
-Axiom Direct Inc.	87-1004933	Odessa, Florida	-	100%	-
Summary booked value					8,116.7

RxV Enterprises Corp. has merged with Axiom Direct Inc. during 2023.

	Parent company	
	2023	2022
Opening balance	8,065.5	2,817.9
Purchases	26.3	5,244.3
Shareholder contributions in subsidiaries	24.9	3.3
Ending accumulated acquisition values	8,116.7	8,065.5

Note 26 Specification of shares in associated companies

	Org. nr	Reg. Location	Number of shares	Capital/voting rights	Booked value
Almi Health Care sro	17105323	Petrovice, Czech Republic	1 000 000	40%	1.1
Pet MD Treats	L23000442637	Oldsmar, Florida	-	30%	23.0
Summary booked value					24.1

	Group		Parent company	
	2023	2022	2023	2022
Opening balance	0.2	-	0.4	-
Purchases	22.6	0.4	-	0.4
Shareholder contributions in subsidiaries	1.2	-	1.2	-
The Group's share of the year's profit	0.1	-0.2	-	-
Ending accumulated acquisition values	24.1	0.2	1.6	0.4

Note 27 Number of shares and quota value

Subscribed and paid shares	Parent company	
	Number of shares	Quota value
Opening balance 2023-01-01	158 731 900	0.01
New share issue	-	-
Total outstanding shares 2023-12-31	158 731 900	0.01
Opening balance 2022-01-01	118 150 028	0.01
New share issue	40 581 872	-
Total outstanding shares 2022-12-31	158 731 900	0.01

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Note 28 Principles and routines for asset management

The group's objectives with capital management are:

- To ensure the group's ability to continue operations,
- To provide an appropriate return to shareholders by pricing products and services commensurate with the risk level.

The group monitors capital based on the reported value of equity reduced by cash and cash equivalents as reported in the statement of financial position and cash flow hedges reported in other comprehensive income, as well as through ratios for Net Debt/EBITDA and the group's solvency. Within the framework of capital management, the group monitors the following key financial covenant targets as per the bank's terms: net debt to Proforma EBITDA ratio and interest coverage ratio.

Management assesses the group's capital requirements to maintain an efficient overall financing structure while avoiding excessive leverage. This also includes subordinate levels of the group's various debt classes. The group manages the capital structure and makes adjustments to it based on changing economic conditions and the risk characteristics 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 debts.

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

	Group	
	2023	2022
Total equity	7,206.8	7,460.7
Cash	237.3	-245.1
Capital	7,444.1	7,215.6
Total equity	7,206.8	7,460.7
Debt issuance	1,441.2	1,641.0
Total financing	8,648.0	9,101.7
Capital adequacy ratio	0.86	0.79
Interest-bearing net debt	1,421.3	1,657.1
EBITDA	488.3	389.8
Net debt/EBITDA*	2.9	4.3
Equity	7,206.8	7,460.7
Balance sheet total	9,522.1	10,004.7
Solvency	75.7%	74.6%

*Net debt/Proforma EBITDA: 2023 2.63 (2022: 3.39)

Note 29 Financial items

	Group		Parent company	
	2023	2022	2023	2022
Dividend from group companies	-	-	412.6	171.8
Interest income group companies	-	-	2.0	1.1
Exchange rate gains	-	3.0	-	3.1
Interest income	1.8	0.3	1.6	0.2
Financial income	1.8	3.3	416.2	176.2
Leasing interest	-7.5	-7.1	-	-
Other interest costs	-85.9	-33.5	-85.5	-33.6
Exchange rate losses	-0.8	-	-0.7	-
Present value calculation earn-out	0.1	-2.5	-	-
Financial costs	-94.1	-43.0	-86.2	-33.6
Financial items	-92.3	-39.7	330.0	142.6

The group's and parent company's interest expenses pertain to interest related to liabilities valued at accrued acquisition cost. Other financial income in the parent company relates to currency exchange gains on liabilities valued at accrued acquisition cost. Financial liability related to additional purchase price in business acquisitions is valued at fair value through income statement.

Note 30 Exchange rate differences in the profit and loss

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

	Group		Parent company	
	2023	2022	2023	2022
In operating profit	-2.6	8.5	-	6.9
In financial items	-0.8	3.0	-0.5	3.1
Total	-3.4	11.5	-0.5	10.0

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Note 31 Risk related to financial instruments

Risk management objectives and principles

The group is exposed to various risks regarding financial instruments. Summary information about the group's financial assets and financial liabilities divided into categories is provided in note 16. The main types of risks are market risk, credit risk, and liquidity risk. The group's risk management is coordinated at its headquarters. The group does not actively engage in trading financial assets for speculative purposes, nor does it issue options. The most significant financial risks to which the Group is exposed are described below.

Below is a maturity analysis of financial instruments, showing the nominal, undiscounted cash flows.

2023-12-31	Short-term		Long-term	
	Within 6 months	6-12 months	1-5 years	Later than 5 years
Bank loans and interest	42.8	42.1	1,589.3	-
Leasing obligations	18.9	18.9	123.4	56.2
Accounts payable and other liabilities	83.8	-	-	-
Total	145.5	61.0	1,712.7	56.2

2022-12-31	Short-term		Long-term	
	Within 6 months	6-12 months	1-5 years	Later than 5 years
Bank loans and interest	39.1	38.4	1,870.4	-
Leasing obligations	19.9	19.9	137.4	84.0
Accounts payable and other liabilities	66.9	-	-	-
Total	125.9	58.3	2,007.7	84.0

Market risk analysis

The group does not hold any hedging instruments. The group is exposed to market risk through its use of financial instruments, particularly foreign exchange risk.

Currency risk

Swedencare is exposed to currency risks in the form of transaction risk and conversion risk. Transaction risk arises when a group company sells or purchases products or services in a currency other than the local currency of the respective group company. Conversion risk refers to the translation into Swedish kronor of income statements and net assets in foreign subsidiaries.

The exchange rate development affects the group's results to some extent since invoicing mainly occurs in USD and Euro, which is largely offset by the Group's international subsidiary operations and purchases from suppliers in France, the USA, and Ireland. All currency accounts are translated at the balance sheet date, and the translation difference for the full year 2023 amounted to -277.6 MSEK (909.7 MSEK). Net sales in the USA account for 79% of the Group's total revenue. A change in USD by +/-10% would result in a change in profit of +/- 186.8 MSEK. A change in EUR by +/-10% would result in a change in profit of 21.7 MSEK, and a change in GBP by +/-10% would result in a change in profit of 19.3 MSEK.

Interest rate risk and financing risk

Swedencare's financing of capital needs and refinancing of outstanding loans may become more difficult or costly at any given time. Swedencare is also exposed to interest rate risk due to external loans from financial institutions. Interest rate risk is the risk that changes in market interest rates adversely affect cash flow, earnings, and the real value of financial assets and liabilities. Swedencare mitigates financing risk by maintaining good creditworthiness, amortizing its loans, and through unused loan facilities.

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. Refer to note 21 for further information on liabilities to credit institutions.

The reported value of the loans, amounting to 1,443 MSEK, together with interest of 72.6 MSEK per balance sheet date, totals 1,515.6 MSEK. The fair value of the loans, together with interest per balance sheet date, amounts to 1,503.5 MSEK. The loans are subject to financial covenants regarding financial net debt in relation to EBITDA and interest coverage ratio. Swedencare has met the covenants set by the bank in connection with borrowing during the year. The covenants will be gradually reduced in the coming quarters, which the company is expected to continue to meet through the Group's positive cash flow.

Credit risk analysis

Swedencare is subject to credit risk. Credit risk is the risk that a counterparty fails to fulfill an obligation to the group. The group is exposed to this risk through various financial assets such as cash in banks, trade receivables, and other receivables.

Credit risk management

Credit risk management is conducted at the group level based on the group's policies and procedures for managing credit risk. The credit risk concerning cash in banks and bank deposits is managed by exclusively using large and reputable financial institutions. The group utilizes advance payments for new customers, and credit terms range from 30 to 180 days. Ongoing credit risk is managed through regular reviews of the aging analysis per customer. Trade receivables consist of a moderate number of corporate customers across various geographical areas. The Group's largest customer is Amazon, which is the only customer that exceeds 10% of net sales.

Trade receivables

Assessment of expected credit losses on trade receivables is done collectively because they share common credit risk characteristics. For assessing expected credit losses, the group monitors observed customer losses over the past two fiscal years, a calculation of observed customer losses during 2022-2023 has been performed, showing a customer loss of 0.5%. This calculation is conducted and

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Note 31 Risk related to financial instruments -cont.

reassessed semi-annually. Given the short period of time that trade receivables are exposed to credit risk and the historical absence of significant customer losses, no collective provision is made as it is not deemed material. However, the group conducts an individual assessment of expected credit losses on trade receivables that are past due for payment, as this, combined with the absence of a payment plan, indicates that there is no probable expectation of receiving full payment. See Note 16.

Collaterals

The Group does not hold any collateral regarding other financial assets (such as derivative instruments and cash at banks).

Liquidity risk

Liquidity risk is the risk that the group may not be able to meet its obligations. The group's cash and cash equivalents amounted to 237.3 MSEK (245.1 MSEK) as of December 31st, 2022. As of the same date, the group had interest-bearing long-term and short-term debts totaling 1,658.6 MSEK (1,902.2 MSEK). As of December 31st, 2023, the group's net debt amounted to 1,421.3 MSEK (1,657.1 MSEK).

The group generates a positive cash flow from operating activities every quarter. The group considers expected cash flows from financial assets in assessing and managing liquidity risk, especially cash reserves and accounts receivable. The group's existing cash reserves and accounts receivable significantly exceed current requirements for cash outflows. Cash flows from accounts receivable and other receivables all fall due within six months.



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Note 32 Cash flow

Interest rates	Group		Parent company	
	2023	2022	2023	2022
Interest received	1.8	0.3	3.6	1.3
Interest paid	-74.4	-30.6	-74.1	-33.6
Interest, net	-72.6	-30.3	-70.5	-32.3

Non cash flow affecting items	Group		Parent company	
	2023	2022	2023	2022
Depreciation	309.8	269.3	1.0	1.0
Exchange rate differences	-	3.0	-	-6.2
Realization gain/loss	1.2	-	-	-
Customer losses	10.7	-	-	-
Deferred tax	-	-1.3	-	-
Interest costs not affecting cash flow	-7.5	-9.9	-	-
Present value of earn-out payment	-	-2.5	-	-
Inventory fair value adjustment	0.5	35.8	-	-
Other	-1.6	-2.1	-3.2	3.1
Total	3.3	22.9	-3.2	-3.1

Reconciliation of liabilities related to financing activities - Group	Opening balance 2023-01-01	Cash flows	Non cash flow affecting items			Ending balance 2023-12-31
			Acquisitions	Reclassification	Conversion difference	
Bank loan	1641.0	-200.5	-	0.7	-	1,441.2
Leasing liability	261.2	-36.2	-	-	-7.6	217.4
Total	1,902.2	-236.7	-	0.7	-7.6	1,658.6

Reconciliation of liabilities related to financing activities - Group	Opening balance 2022-01-01	Cash flows	Non cash flow affecting items			Ending balance 2022-12-31
			Acquisitions	Reclassification	Conversion difference	
Bank loan	617.0	1022.4	0.5	1.0	-	1,641.0
Leasing liability	104.6	-29.8	168.2	-	18.2	261.2
Total	721.5	992.6	168.8	1.0	18.2	1,902.2

Reconciliation of liabilities related to financing activities - Parent company	Opening balance 2023-01-01	Cash flows	Non cash flow affecting items			Ending balance 2023-12-31
			Acquisitions	Reclassification	Conversion difference	
Bank loan	1,640.4	-200.0	-	0.8	-	1,441.2
Total	1,640.4	-200.0	-	0.8	-	1,441.2

Reconciliation of liabilities related to financing activities - Parent company	Opening balance 2022-01-01	Cash flows	Non cash flow affecting items			Ending balance 2022-12-31
			Acquisitions	Reclassification	Conversion difference	
Bank loan	617.0	1,022.4	-	1.0	-	1,640.4
Total	617.0	1,022.4	-	1.0	-	1,640.4

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Note 33 Acquisitions

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 3rd, 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.

Acquisition:	Axiom direct Inc.	Pet MD Treats Inc.
<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	-
Contribution if the acquisition had been made January 1 st , 2023		
Total revenue	0.8	23.2
Net income	-0.1	8.6

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

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 2nd, 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.

	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

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Note 34 Proposed allocation of profits

The following retained earnings are available to the Annual General Meeting in the parent company, in Swedish kronor:

Retained earnings and free share premium reserve	6 414 379 746
This year's profit	341 823 145
Profit available for appropriation	6 756 202 891

The board proposes that the profits be appropriated as follows:

Dividend to shareholders 0.23 SEK x 158 731 900	36 508 337
Transferred to retained earnings	6 719 694 554
Total	6 756 202 891

Note 35 Transactions with related parties

Except for compensation to key management personnel and the fact that certain members of the management team have subscribed for shares within the framework of the subscription options program 2022/2026, there have been no significant related-party transactions during 2023. The parent company's related-party transactions only concern transactions with related companies within the group and transactions in the form of dividends within the group. See also note 8 regarding remuneration to employees, the board, and key management personnel.

Note 36 Significant events after the yearend

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.



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Approval of the annual financial report and consolidated accounts

The Annual financial report and consolidated accounts for the financial year ended December 31st, 2023 (including comparative figures) was approved by the Board on April 4th, 2024.

Malmö April 4th, 2024

Håkan Lagerberg
CEO

Håkan Svanberg
Chairman of the Board

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

Our audit report has been submitted April 4th, 2024

Deloitte AB
Maria Ekelund
Authorized public accountant

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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 financial year 2023-01-01 - 2023-12-31. The annual accounts and consolidated accounts of the company are included on pages 54-89 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 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 2023 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 matter

The audit of the annual accounts for 2022-01-01 – 2022-12-31 was performed by another auditor who submitted an auditor's report dated April 6 2023, with unmodified opinions in the Report on the annual accounts.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-53, and pages 93-94. The Board of Directors and the Managing Director are responsible for this other information.

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

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

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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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 financial year 2023-01-01 - 2023-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to 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 4 2024

Deloitte AB

Signature on Swedish original

Maria Ekelund
Authorised Public Accountant

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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.

Proforma EBITDA

Operating profit before depreciation and other operating expenses, and acquired company's operating profit before depreciation and other operating expenses during the same period.

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

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 then 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.

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Definition of KPI's -cont.

Consolidated Operational KPI's (MSEK)

	2023	2022
Net revenue	2,324.6	1,829.5
Operational gross profit	1,287.3	1,051.3
<i>Operational gross margin</i>	<i>55.4%</i>	<i>57.5%</i>
Revaluation of acquisition stock to fair value	0.5	35.8
Effect of changes in inventory value estimates and judgments	9.7	-
Gross profit	1,277.1	1,015.6
<i>Gross margin</i>	<i>54.9%</i>	<i>55.5%</i>
Operational EBITDA	499.3	439.6
<i>Operational EBITDA-margin</i>	<i>21.5%</i>	<i>24.0%</i>
Acquisition costs	0.4	14.0
Revaluation of acquisition stock to fair value	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	488.3	389.8
<i>EBITDA margin</i>	<i>21.0%</i>	<i>21.3%</i>

	2023	2022
Operational EBITA	421.4	376.1
<i>Operational EBITA-margin</i>	<i>18.1%</i>	<i>20.6%</i>
Acquisition costs	0.4	14.0
Revaluation of acquisition stock to fair value	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	410.3	326.3
<i>EBITA margin</i>	<i>17.7%</i>	<i>17.8%</i>
Operational EBIT	414.8	373.8
<i>Operational EBIT-margin</i>	<i>17.8%</i>	<i>20.4%</i>
Acquisitions costs	0.4	14.0
Revaluation of acquisition stock to fair value	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	230.5	204.1
EBIT	173.2	120.0
<i>EBIT margin</i>	<i>7.5%</i>	<i>6.6%</i>

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