

# YEAREND REPORT

January-December

# 2020



## Our vision

is to establish ourselves as the leading company within animal health for the pet market.

## About Swedencare

Swedencare develop, produce, market, and sell premium products on the global and fast-growing market within animal healthcare for cats, dogs, and horses. The company has an extensive portfolio with strong brands and products in most therapy areas, which includes veterinary exclusive brands and the ProDen PlaqueOff® brand for oral health for dogs and cats as the largest. Swedencare with its head office in Malmö and the company's products are currently sold in about 50 countries to veterinarians, pet stores and online via a distribution network containing eleven subsidiaries and an international network of retailers. Swedencare's sales have increased significantly over the last few years with strong margins and results.

## Vision

Swedencare has established itself, in all major markets, as an innovative and reliable pet health company. With a global presence and channel strategy as well as a broad portfolio of well-functioning pet health products for the most important therapy areas, it is **our vision to establish ourselves as the leading company within animal health for the pet market.**

NEW

## Financial objective

Swedencare's financial goal is to achieve a turnover of 2 BSEK in 2025 with an EBIT margin exceeding 30%. The financial objective shall be achieved primarily through organic growth.

## Dividend

Swedencare shall pay a dividend that considers the Group's earnings development and consolidation and investment needs, liquidity and financial position. The goal is to pay a dividend of 40 percent of profit after tax.



## Mission

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

# Net sales increased with 195% to 100 MSEK

## Summary of the period

### Fourth quarter: October 1<sup>st</sup> – December 31<sup>st</sup>, 2020

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

- Net revenue amounted to 100 640 KSEK (34 084 KSEK), an increase of 195%
- Organic, currency-adjusted growth amounted to 32%
- Operating profit before depreciation (EBITDA) amounted to 31 577 KSEK (8 246 KSEK), corresponding to an increase of 283% and an EBITDA margin of 31,3% (24,2%)
- Operating profit after depreciation (EBIT) amounted to 25 338 KSEK (6 584 KSEK), corresponding to an increase of 285% and an EBIT margin of 25,1% (19,3%)
- Profit after tax amounted to 20 448 KSEK (5 722 KSEK)
- Earnings per share calculated on 20 265 178 shares 1,01 SEK (0,36 SEK)
- As of December 31<sup>st</sup>, 2020, cash amounted to 284 081 KSEK (45 737 KSEK)

### Full year 2020

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

- Net revenue amounted to 239 946 KSEK (126 769 KSEK), an increase of 89%
- Organic, currency-adjusted growth amounted to 19%
- Operating profit before depreciation (EBITDA) amounted to 70 301 KSEK (39 531 KSEK), corresponding to an increase of 78% and an EBITDA margin of 29,3% (31,2%)
- Operating profit after depreciation (EBIT) amounted to 60 366 KSEK (36 914 KSEK), corresponding to an increase of 64% and an EBIT margin of 25,1% (29,1%)
- Acquisition costs amounted to 5 254 KSEK. Adjusted for this, EBIT amounted to 65 620 KSEK, corresponding to an EBIT margin of 27,3%
- Profit after tax amounted to 48 531 KSEK (29 913 KSEK)
- Earnings per share calculated on 17 358 303 shares 2,80 SEK (1,90 SEK)
- Cash flow from operating activities amounted to 30 596 KSEK (33 128 KSEK)
- Foreign exchange losses amounted to 5 091 KSEK
- The Board of Directors proposes a dividend of 0,80 SEK per share
- The Board of Directors will propose to the Annual General Meeting to decide on a split of the company's shares by 4:1
- Swedencare's new financial goal is to achieve a turnover of 2 BSEK in 2025 with an EBIT margin exceeding 30%

### Significant events during the fourth quarter

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

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

Swedencare AB (publ) determines the additional purchase price for the acquisition of Animal Pharmaceuticals to the maximum amount of approximately 87 MSEK (10 MUS\$).

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

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

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

### Significant events after the fourth quarter

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

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

# Words from the CEO

## Both organic and acquired business deliver - first step towards our new financial targets

The revenue for the fourth quarter 2020 was 100,6 MSEK which is an increase by 195% in comparison to Q4 2019 and the EBITDA-results increased by 283% to 31,5 MSEK, equaling a margin of 31,3%. The strong momentum of the industry was maintained throughout Q4 despite the continued effects of the pandemic worldwide.

The fact that we would deliver a record report in terms of revenue and result was to be expected due to our acquisitions of Animal Pharmaceuticals and Nutravet, both which are included in the numbers from October 1st, 2020, but the fact that we also reached an organic growth exceeding 32% is a true sign of strength given the global situation. The pandemic keeps affecting us by extended production- and delivery time from most of our partners. However, we are managing fairly well, only seeing a minor effect on sales, which otherwise would have been higher.

Basically, all markets globally report a growth in the number of registered dogs and cats. On the more mature markets it is not unusual with growth figures for 2020 exceeding 10%, to be compared to numbers between 1-2% annually during the last ten years. A fast growing pet population makes a great foundation for a continually strong Pet Health Care market.

As I mentioned in our latest quarterly report, we continue with many and some larger scale marketing projects. Brand building activities alongside more sales focused projects have been implemented and will keep being launched in 2021.

The integration of our new acquisitions proceeds very well, as expected. We have been transparent in regard to what we look for in our acquisitions - growth potential, profitability and not least that we look for entrepreneurs who wants to continue growing individually as well as an important part of the Swedencare family. It is a true pleasure to be part of and get reports from all the various projects and collaborations that take place within our group. Our strategy that the ordinary operations should keep on going as before while we gradually add synergies has turned out very well. We are only just at the beginning of this journey and I look forward to being able to share more information about new collaborations among our group companies in future reports.

To name some of these projects, we have streamlined our sales of ProDen PlaqueOff® via Amazon, generating a strong increase in sales as well as improved the pricing to end consumer. During Q1 2021 we are launching a ProDen PlaqueOff® Soft Chew developed by Stratford and SwedencareUSA will be launching a number of Stratford products to the Pet Specialty sector under the Swedencare brand name. The North American market, the largest in the world, will remain being our largest market going forward. All American subsidiaries had a strong quarter and the integration of Animal Pharm and Stratford are running according to plan. Before the end of Q1 2021 Stratford will have taken over the responsibility for finances, inventory, fulfillment which will impact the bottom line and growth favorably. SwedencareUSA has relocated to Houston, Texas, mainly for logistical advantages due to the fact that our Dental Bones are produced in Texas. Furthermore, we have started a new subsidiary, Tillverka Inc., which will start producing ProDen PlaqueOff® in the SwedencareUSA facility.



# KPI's Q4 2020

By starting inhouse production we will be able to increase our margins and secure the access of finished goods. Our goal is that at least 50 % of all the ProDen PlaqueOff® powder for the North American market will be produced in house already in 2021.

In the UK we see the same strong trend as in the US and both our subsidiaries have had a very strong growth. Needless to say, Brexit has been a cloud of uncertainty, but despite having moved our inventory to Ireland we have been able to manage the situation well and have not had any serious effects so far in Q1. Amazon keeps being an essential channel of sales of ProDen PlaqueOff® and for Nutravet the quarter has been affected positively by two new product launches. We will also shortly be introducing Nutravet on the Greek market through our subsidiary. The knowledge gained through this process will be used to build a “go to market strategy” which will be used on new markets in the future.

In Europe we also see high growth with record high quarters in both Spain and Greece as well as strong sales in France and the Nordic Region.

In the rest of the world Asia dominates with large orders to China and South Korea and the current year is predicted to continue strongly. We have just finished this year's marketing plan for China thus, I have great expectations for China 2021. In South Korea we will launch more products and it will continue to be the external market with the widest range of Swedencare products.

Last year we not only managed to make a large number of business development projects and reach high growth numbers, but we also ended the year by signing yet another acquisition at the end of Q4 2020. With the acquisition of the American company Holden2 we secure both large online sales numbers as well as unique competence within online sales. Holden2 is another acquisition that will make a big difference for the group. Apart from online competence, they have several brands where PetMD® and Vetwell® are platforms where we effectively can launch other Swedencare products and at the same time launch PetMD® on the leading European online platforms during the year. Holden2 has had a fantastic growth in 2020 and the start of 2021 seems to continue equally well. Our strategy of acquisitions is based on a simple philosophy – we look for companies that are similar to ours i.e. profitable companies with high growth numbers, led by entrepreneurs sharing our goal to create a world leading group within Pet Health Care. I am very pleased that we managed to procure our large logistic center building in Ireland– we will need it - considering what we will be creating these next couple of years.

Net revenue

**100 640 KSEK**

Change in net revenue

**195%**

EBIT

**25 338 KSEK**

EBIT margin

**25,1%**

Solvency

**81,1%**

Earnings per share

**1,01 SEK**

Cash portion of Holden2 paid on January 4<sup>th</sup>

**120 MSEK**

Cash

**284 081 KSEK**

I now look forward to getting to travel again and be able to meet all my new colleagues, partners and customers.

Our new financial targets are inspiring, and I will do my utmost to reach these with good margin when it's time to check off. It will not be an easy task, but I am convinced that together with my fantastic organization we will deliver.

Winter greetings,

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

**Håkan Lagerberg, CEO**  
Malmö February 18<sup>th</sup>, 2021

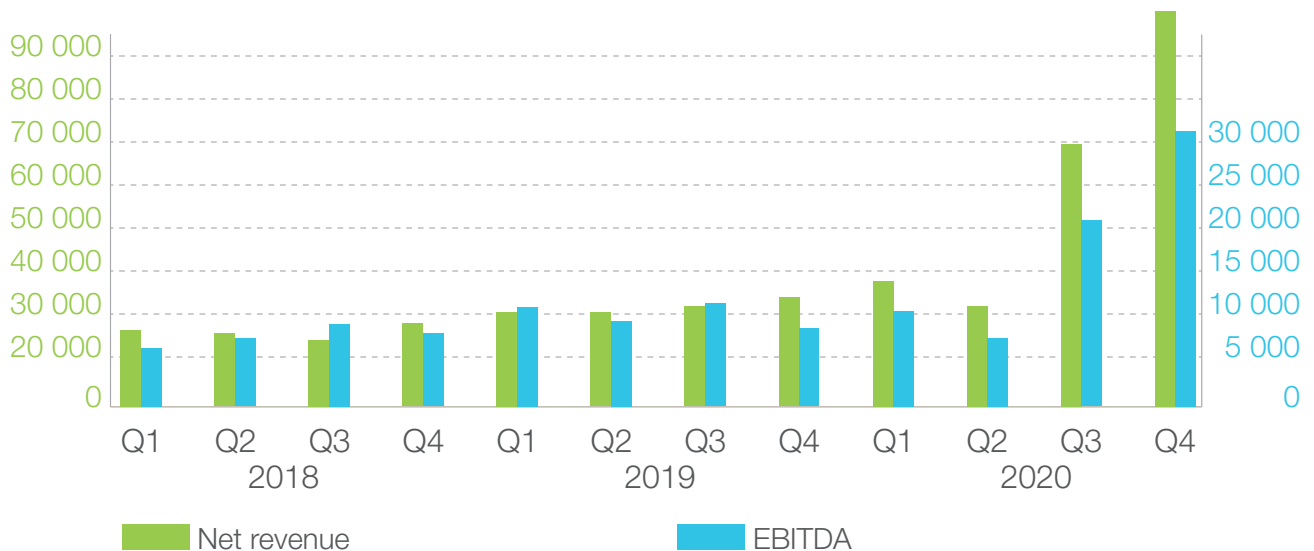
## Financial objective

**Swedencare's financial goal is to achieve a turnover of 2 BSEK in 2025 with an EBIT margin exceeding 30%.**

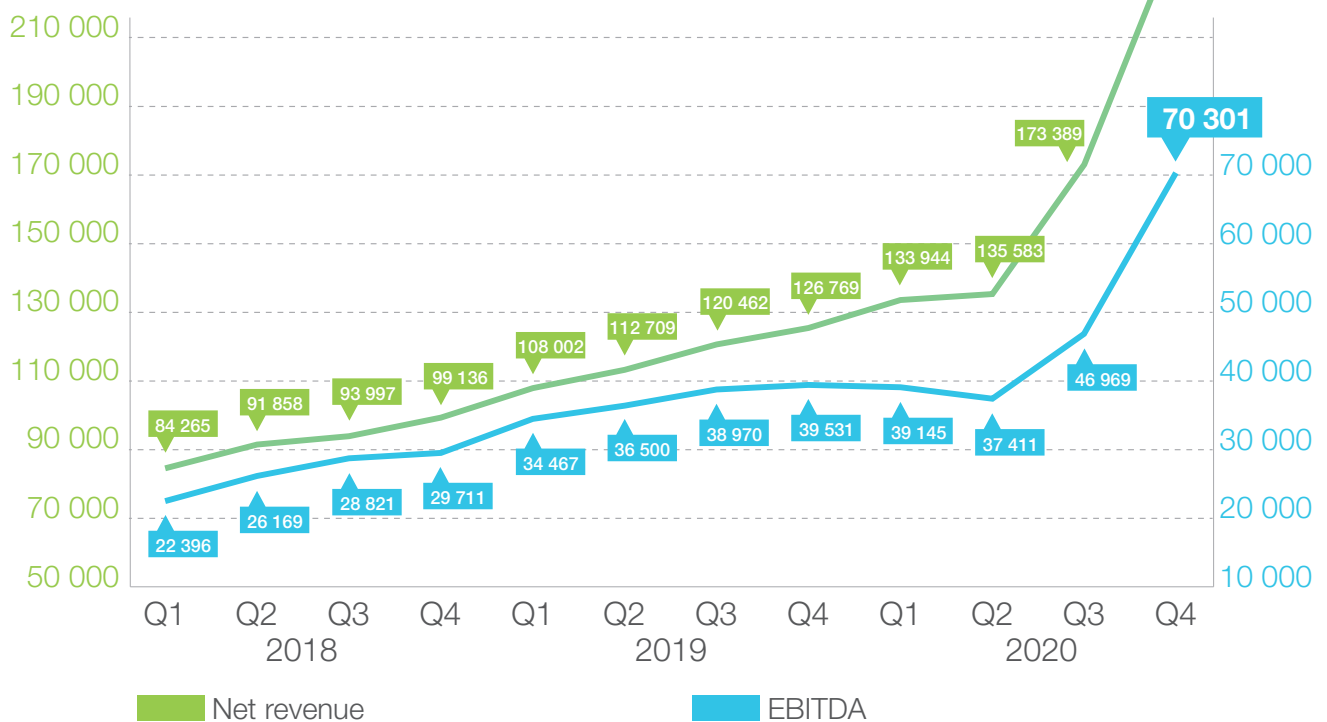
The financial objective shall be achieved primarily through organic growth.

# Development 2018 - 2020

Quarterly history of net revenue and EBITDA (KSEK)



Rolling four quarters - net revenue and EBITDA (KSEK)



Additional KPI'S and definitions can be found on page 21.

# Comments on the financial development Q4 2020

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

## Net revenue

During the quarter, the acquisitions of Nutravet and Animal Pharm are included, which resulted in net sales of 101 MSEK, corresponding to an increase of 195%. Organic growth during the quarter amounted to 32%, a growth that was broad both geographically and product wise.

Asia continues to be the market with the highest growth with almost doubled sales compared with the corresponding period last year. Our Greek company has reported its strongest quarter ever with particularly strong growth for the ProDen PlaqueOff® product family.

Both Animal Pharm and Stratford offer products in the new category “Topicals/Dermatology”, which during the quarter represents 25% of the Group's sales.

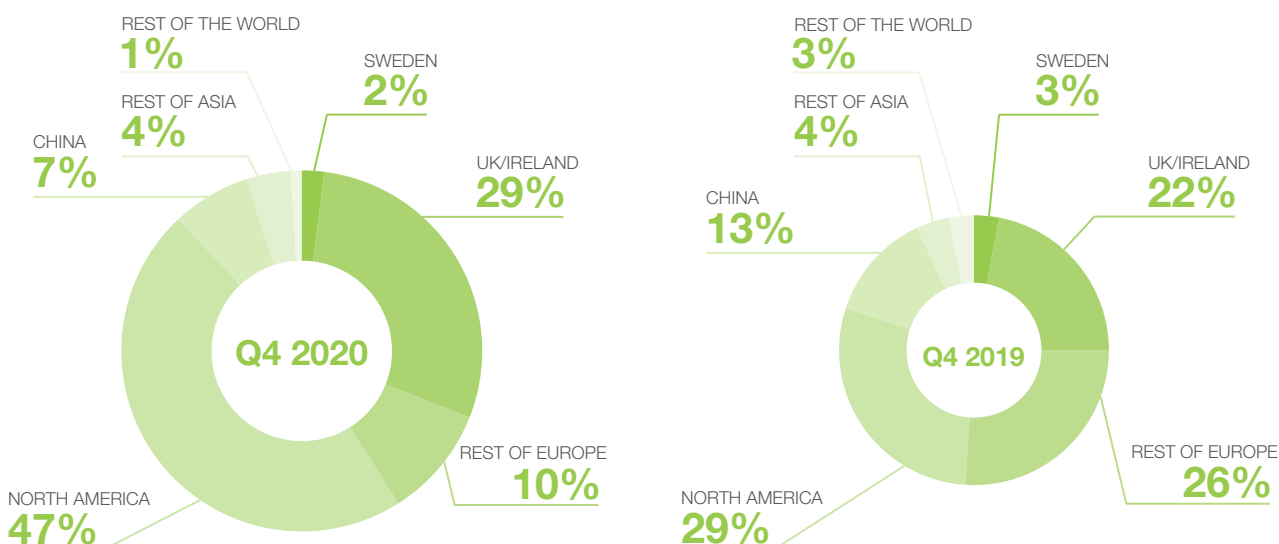
Online sales continue to grow significantly, which among others is reflected in the UK, which had organic growth of 56% with Amazon as the strongest contributing factor.

## Geographical distribution

Following the acquisitions of Animal Pharm and Stratford, the North American market represents a total of 47% of the Group's total sales, compared with 29% in Q4 2019. Following the Nutravet acquisition, UK/Ireland represents 29% of total sales compared to 22% in Q4 2019. The growth in UK/Ireland is also affected by strong online sales, primarily via Amazon UK.

All markets apart from Rest of the World, which usually have larger fluctuations between quarters, also showed growth during Q4 2020. However, growth is not reflected in the graph below, as the acquisitions in North America and the UK strongly affect the geographical distribution. Among other things, the company delivered a record-breaking order to China, which contributed to a 53% increase compared to the corresponding quarter last year. Rest of Asia has more than tripled its sales, a strong contributing factor was a significant delivery of Dental Bones to South Korea. The Greek subsidiary recorded its best quarter ever.

During Q4 2020 and Q4 2019 the geographical sales were distributed according to the graphics.





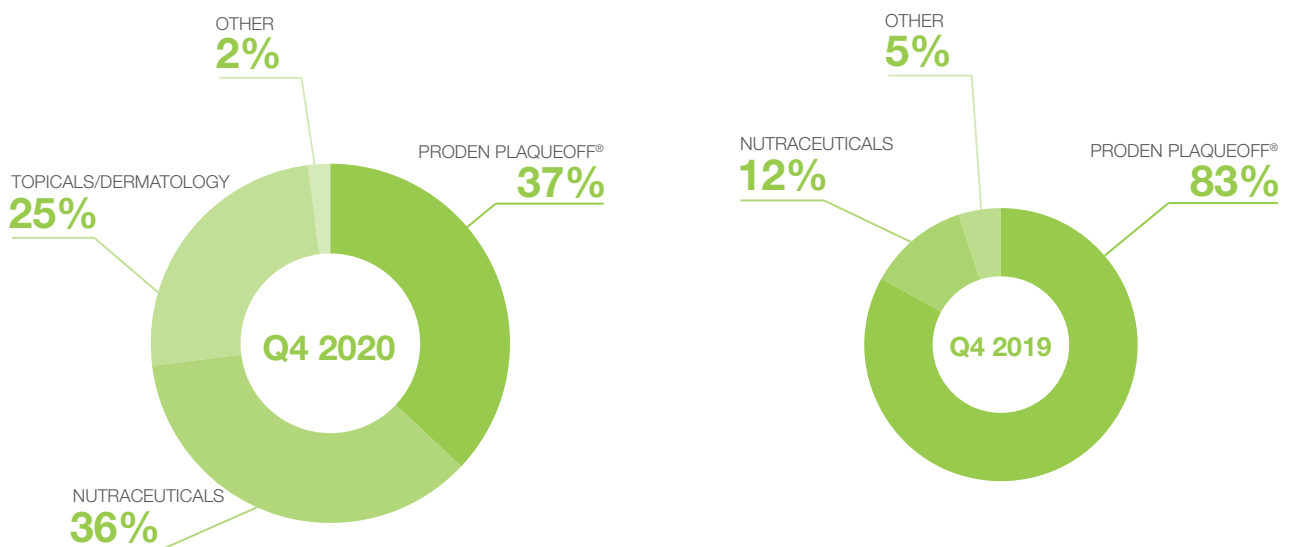


## Product distribution

Animal Pharm, like Stratford, offers many products in the new category “Topicals/Dermatology”, which thus increases to 25% of the Group's total sales. Nutravet's product portfolio of dietary supplements for dogs and cats is mainly reported in Nutraceuticals, where dietary supplements for horses are also included.

Dental Bones continues to have strong sales worldwide. Deliveries to South Korea, strong growth in the Nordics, the launch of Mini Bones in Japan and the fact that the product is available on Amazon are contributing reasons why the product category has had a growth of 71%. During the quarter, ProDen PlaqueOff® powder gained momentum in the US veterinary channel through Stratford, where sales doubled every month since launching in October, contributing to a 28% increase for the product during the quarter. The acquisitions of new brands and therapy areas mean that ProDen PlaqueOff®, despite strong growth, decreases to 37% of the Group's sales, compared with 83% in the corresponding quarter last year.

During Q4 2020 and Q4 2019 sales per product group were distributed according to the graphics.



## Profit

Operating profit after depreciation and amortization (EBIT) for the fourth quarter 2020 amounted to 25 338 KSEK (6 584 KSEK), corresponding to an operating margin of 25,1% (19,3%). The gross margin during the same period amounted to 63,0% (71,9%), affected by a lower margin in Stratford and Animal Pharm.

External costs during Q4 were affected by a reduction in physical sales activities, such as cancelled trade fairs and travel, while we continued to increase our long-term market efforts. We have worked with brand-building activities, which include the launch of a brand platform for ProDen PlaqueOff®, something that effected the quarter with approximately 1 MSEK. Market investments to shift up online sales in collaboration with Amazon also increased during the quarter, among other things through special campaigns.

The company has also had significantly higher audit costs in connection with the acquisitions, as well as costs in connection with moving to new premises in Greece, the UK, and the USA. The adjustment and adaptation of the new companies to new reporting routines requires more financial resources in the short term.

During the quarter, we started a company in the USA for our own production of ProDen PlaqueOff® powder. We expect production to start at the end of Q1, however, preparations for the start of production have effected the result with costs during Q4 2020.

Exchange rate fluctuations affected EBIT during Q4 with an exchange rate loss of 4 435 KSEK, mainly caused by the acquisitions which were paid in USD and GBP.

Profit after tax for the fourth quarter of 2020 amounted to 20 448 KSEK (5 722 KSEK) corresponding to a profit margin of 20,3% (16,8%). Earnings per share during the fourth quarter amounted to 1,01 SEK (0,36 SEK) based on the number of outstanding shares (20 265 178) as of December 31<sup>st</sup>, 2020.



# Comments on the financial development full year 2020

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

## Net revenue

The positive development for Swedencare continued in 2020 when the company recorded net sales of 239 946 KSEK, corresponding to an increase of 89%. The markets affected by the three acquisitions, North America and the UK, together represented 68% of the Group's sales, compared with 53% the previous year. In the same way, the product groups Nutraceuticals and Topical/Dermatology is affected, which represent 43% compared with 14% the previous year. It is pleasing to report that all markets and product lines, with a few exceptions, have had good growth during the year. This is even though the Covid pandemic had a negative effect on the first half of the year. The ProDen PlaqueOff® product group has had a growth of 21% and represents 54% of the Group's sales compared to 84% in 2019.

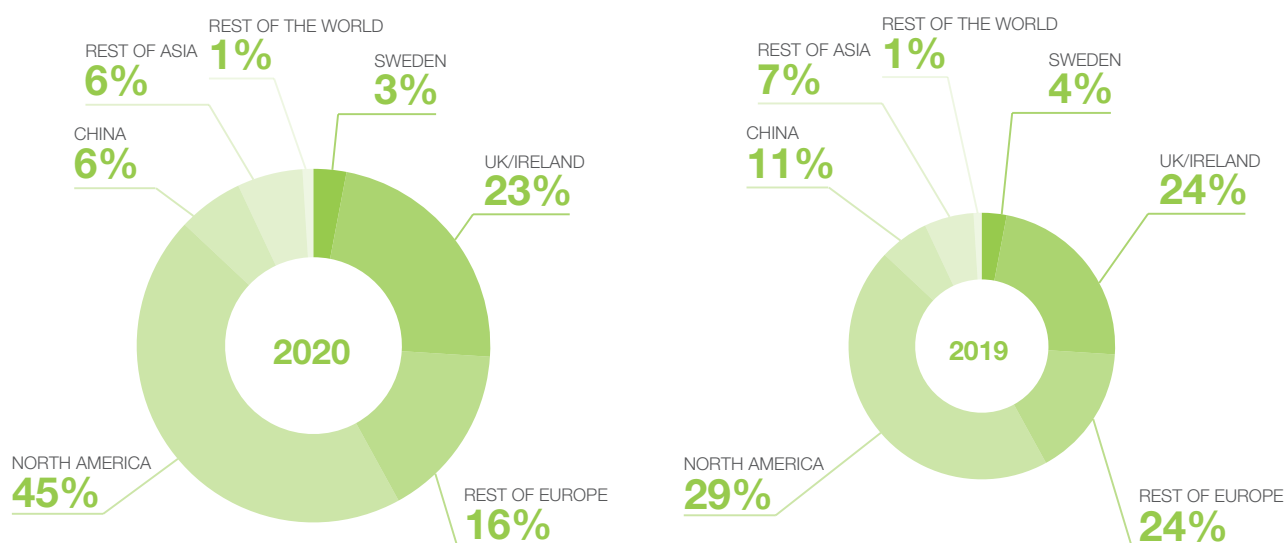
The organic currency-adjusted growth was 19% in 2020.

## Geographic distribution

With a quarter where we were able to include both Stratford and Animal Pharm, North America has grown to represent almost half of the Group's sales. This geographic market will be further affected in 2021 through the acquisition of Holden2 in the United States. China is, despite the absence of delivery in Q1, back to the same levels as 2019. Rest of Europe, which normally has a lower growth rate, increased by 26% during the year. This is partly attributed to our newly started subsidiary in Spain, which has got off to a good start, sales during Q4 were at the same level as throughout full year 2019.

Rest of Asia has increased by 65% compared to the previous year, mainly due to strong growth in South Korea, our second largest Asian market after China. Orders from South Korea more than doubled in 2020. Rest of the World almost doubled sales in 2020 compared to 2019, where Australia and Chile show the strongest growth. Russia has also increased its turnover by more than 50% compared with the previous year.

During 2020 and 2019, the geographical sales were distributed according to the graphics.

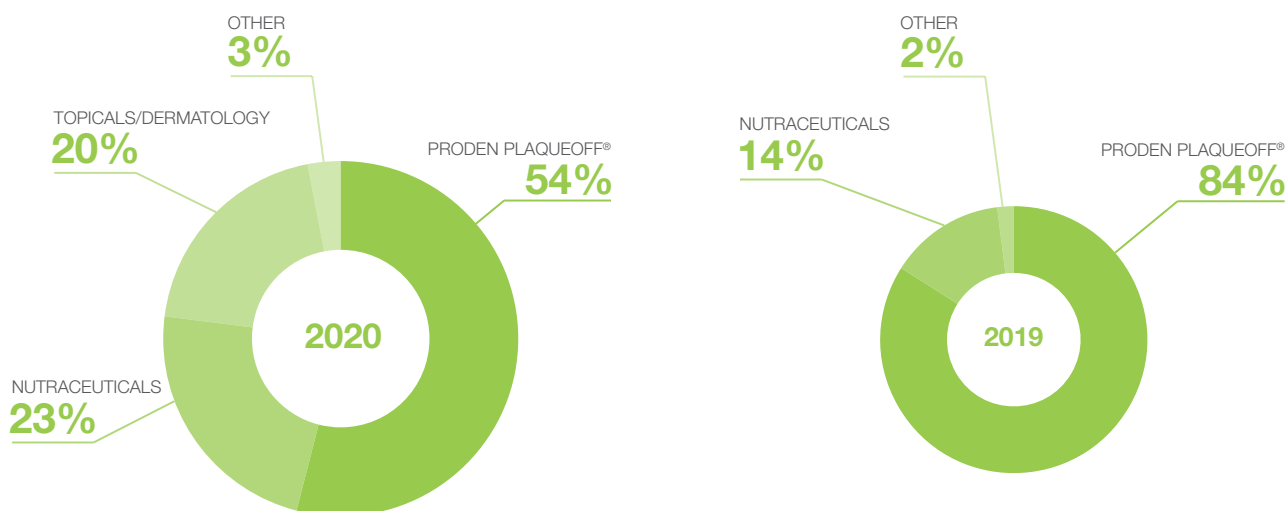




## Product distribution

Apart from the product groups that are affected by the acquisitions, i.e., Topicals/Dermatology and Nutraceuticals, Dental Bones continues to show the strongest growth, in 2020 the product group showed a sales increase of 61%. During the year, Mini Dental Bones, a popular product aimed at smaller dogs, was launched in several markets. Especially in southern Europe, the demand for these is great. At Amazon UK, Dental Bones has advanced to the third best-selling product for Swedencare, which contributed to the strong growth.

During 2020 and 2019 sales per product group were distributed according to the graphics.



## Profit

Operating profit after depreciation and amortization (EBIT) amounted in 2020 to 60 366 KSEK (36 914 KSEK) in 2020, corresponding to an operation margin of 25,1% (29,1%). Gross margin was 65,6% (73,3%) during the same period.

Adjusted for acquisition costs, EBIT amounted to 65 620 KSEK, which corresponds to an EBIT margin of 27,3%. During 2020, external and personnel costs increased by approximately 25 MSEK with the acquisitions of Biovet, Stratford, Nutravet and Animal Pharm.

Despite increased non-recurring costs and continued large market investments, synergies are contributing and the scalability of the business to the point that external costs and personnel costs decreased by approximately 2% units and 4% units in relation to sales in 2020.

Profit after tax for the full year 2020 amounted to 48 531 KSEK (29 913 KSEK) corresponding to a profit margin of 20,2% (23,6%). Earnings per share during the full year 2020 amounted to 2,80 SEK (1,90 SEK) based on the number of weighted average number of outstanding shares (17 358 303) as of December 31<sup>st</sup>, 2020.

## Cash flow

Cash flow from operating activities after changes in working capital amounted to 10 151 KSEK (8 454 KSEK) during the fourth quarter 2020. An increase in working capital had a negative effect on cash flow, the main explanation being inventory build-up to meet increased demand and to counteract logistical disruptions caused by Brexit.

During the fourth quarter of 2020, cash flow amounted to -124 580 KSEK (5 711 KSEK). The reason for the negative cash flow during the quarter is because the new share issue to finance Nutravet and Animal Pharm was completed at the end of the previous quarter, while the purchase price of these was paid at the beginning of the fourth quarter. Cash flow was positively affected by the new share issue in December of 219 MSEK, after costs for raising capital, and an acquisition loan of 115 MSEK. During the period, a total of 461 MSEK was paid for the acquisitions of Nutravet and Animal Pharm. On January 4<sup>th</sup>, 2021, Swedencare paid the cash purchase price for the acquisition of Holden2 of approximately 120 MSEK.

During the full year 2020, cash flow from operating activities amounted to 30 596 KSEK (33 128 KSEK) and cash flow for the period to 238 344 KSEK (17 241 KSEK).

## Financial position

Swedencare's equity, as of December 31<sup>st</sup>, 2020, amounted to 932 948 KSEK (131 328 KSEK), of which 1 066 KSEK (812 KSEK) was restricted equity. The increase is mainly explained by the new share issue made during the year as well as non-cash issues relating to the acquisitions of Nutravet and Animal Pharm. During the fourth quarter of 2020, a directed new share issue of 750 000 shares was carried out on December 16<sup>th</sup>, 2020, which provided an additional 222 MSEK, which after emission costs of 3 MSEK increased equity by approximately 219 MSEK.

Swedencare's cash as of December 31<sup>st</sup>, 2020 amounted to 284 081 KSEK (45 737 KSEK), the same date the Group had interest-bearing long-term and short-term liabilities totalling 174 432 KSEK (1 961 KSEK). As of December 31<sup>st</sup>, 2020, Swedencare had net cash balance amounting to 109 649 KSEK (43 776 KSEK). During the quarter, a purchase price addition was paid for Animal Pharmaceuticals of 87 MSEK as reported in a previous press release. In connection with this, an additional acquisition loan of 65 MSEK was added.

## Personnel

On December 31<sup>st</sup>, 2020, Swedencare had a total of 85 employees in Sweden (9), England (18), France (2), USA (32), Ireland (14), Spain (1) and Greece (9). The gender distribution is 44% men and 56% women. As of December 31<sup>st</sup>, 2019, Swedencare had a total of 42 employees. The increase in the number of employees is mainly due to the acquisition of Nutravet with 15 employees, Stratford with 20 employees and Animal Pharm with 7 employees.

# Stock

	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017
Number of shares at the end of the period	20 884 743	15 801 980	15 770 622	15 770 622
Share price at the end of the period	325,0	92,6	45,9	26,3

**Shareholders** (the table summarizes Swedencare's owner structure as of December 31<sup>st</sup>, 2020)

	Number of shares	Ownership
Håkan Svanberg & Co Health Care AB	4 631 455	22,18%
JCC Group Invest Sweden AB ( <i>Johan Bergdahl through company</i> )	1 517 351	7,27%
DNCA Investments	1 352 681	6,48%
Mastan AB ( <i>Håkan Lagerberg through company</i> )	1 110 362	5,32%
Handelsbanken Fonder	1 044 250	5,00%
AMF Aktiefond Småbolag	959 500	4,59%
SEB Fonder	848 072	4,06%
Aktia Asset Management	669 196	3,20%
<b>Matthew Shaw - MD Nutravet</b>	<b>580 769</b>	<b>2,78%</b>
Consensus Asset Management	420 314	2,01%
Joh. Berenberg, Gossler & Co. KG Act oBo Universal Inv. Funds	394 804	1,89%
Nordnet Pensionsförsäkring AB	286 596	1,37%
Martin Shimko - MD Swedencare USA	280 000	1,34%
Enter Fonder	279 710	1,34%
<b>Jason Braun - MD Animal Pharm</b>	<b>251 994</b>	<b>1,21%</b>
<b>ODIN Fonder</b>	<b>250 000</b>	<b>1,20%</b>
Pie Funds Management LTD	230 000	1,10%
IKC Fonder AB	207 000	0,99%
Other	5 570 689	26,67%
<b>Total</b>	<b>20 884 743</b>	<b>100,00%</b>
Free Float*	12 444 812	59,59%

Holdings include related parties

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

# We are present worldwide

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

During the quarter, Swedencare moved from the existing premises in Seattle to a significantly larger location in Texas. In addition to existing sales and logistics, Swedencare has also started its own production facility of ProDen PlaqueOff® on the premises. An in-house production facility is an important step in controlling and securing the growing demand in the North American market following the acquisitions of Stratford, Animal Pharm and Holden2. With a base in Texas, we also improve the possibilities with logistics and transportation, which reduces both our costs and our impact on the environment.

On December 16<sup>th</sup>, Swedencare acquired the American e-commerce company Holden2. The company, which was founded by Edward Holden in 2011, is completely focused on offering high-quality pet health products that are sold under the PetMD® brand, via the major online platforms Amazon and Chewy.com. In the short term, synergies in sales and marketing can be achieved through Swedencare's product family ProDen PlaqueOff®, which complements Holden2's product offerings, as well as synergies in logistics through collaboration with Swedencare's other subsidiaries in the USA.

*"Through the acquisition of Holden2, we take another step towards creating a leading global pet health group in food supplements for pets and companion horses. With Holden2, we get another high-quality and profitable company that joins the Swedencare family. With its unique expertise in e-commerce in the world's largest market, the USA, Holden2, together with founder Edward Holden, Stephen Watters and other employees, will add great value to Swedencare. In addition to its strong brand, PetMD® and sales of 149 MSEK with almost 100% growth, Holden2 will strengthen and accelerate Swedencare's online growth globally."*, says Håkan Lagerberg, CEO Swedencare.



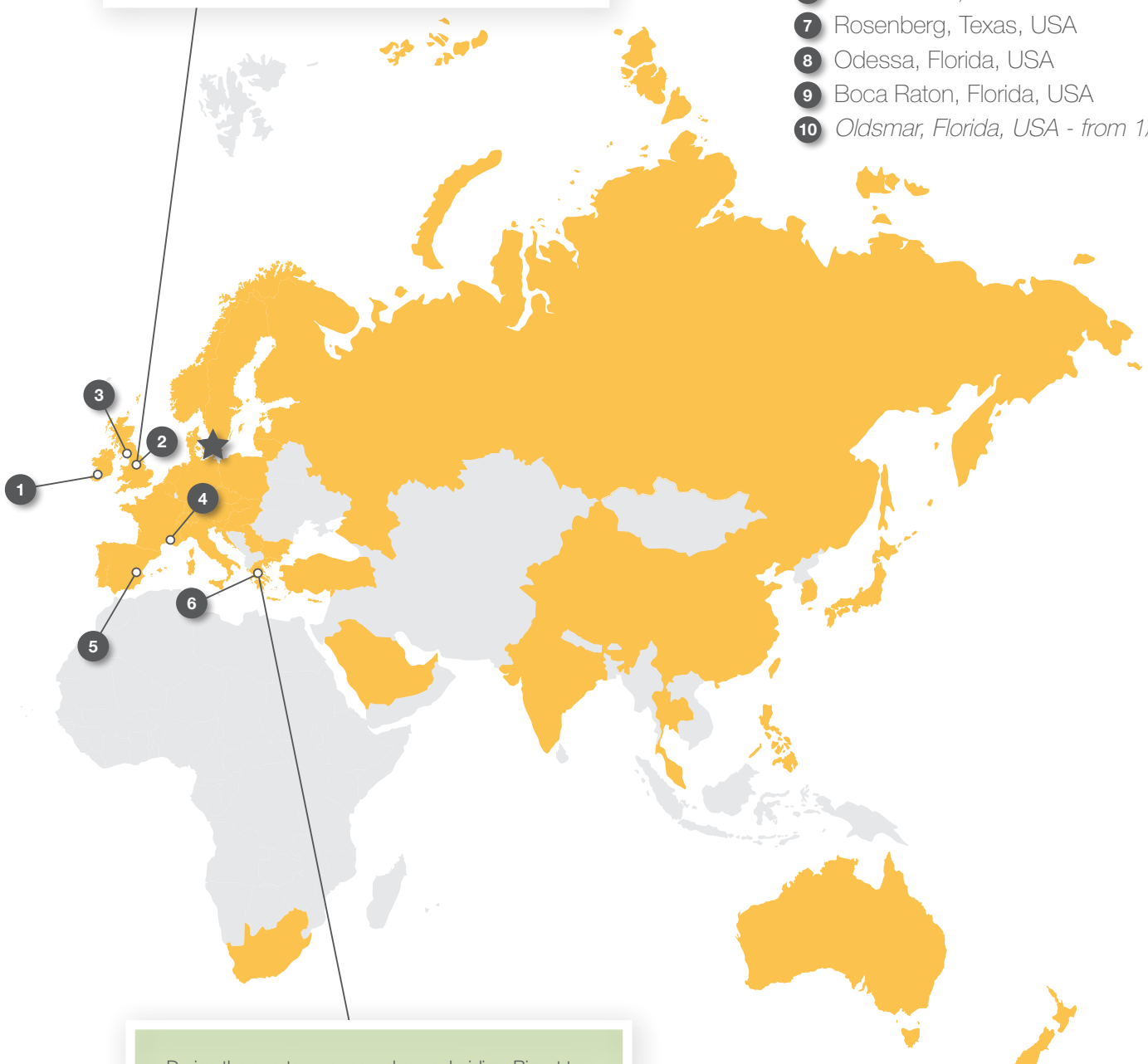


# SWEDENCARE

## Offices

- ★ Malmö, Sweden - Head Office
- 1 Waterford, Ireland
- 2 Leeds, UK
- 3 Bolton, UK
- 4 Purget-sur-Argens, France
- 5 Barcelona, Spain
- 6 Thessaloniki, Greece
- 7 Rosenberg, Texas, USA
- 8 Odessa, Florida, USA
- 9 Boca Raton, Florida, USA
- 10 Oldsmar, Florida, USA - from 1/1 2021

We have optimized logistics in the UK through direct deliveries from the facility in Ireland - This shortens delivery times, reduces transport and premises costs and the company's environmental impact and at the same time the product range to customers becomes both larger and more flexible. The company has carefully prepared to minimize the impact of Brexit.



During the quarter, we moved our subsidiary Biovet to new and larger premises in Thessaloniki. The company has strong growth, especially with ProDen PlaqueOff®, and Q4 was the strongest quarter in the company's history.

● Our presence

We are present worldwide

# Financial overview

## Consolidated profit and loss (KSEK)

	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net revenue	100 640	34 084	239 946	126 769
Other revenue	131	4	349	105
<b>Total revenue</b>	<b>100 771</b>	<b>34 088</b>	<b>240 295</b>	<b>126 874</b>
Cost of sales	-37 317	-9 584	-82 602	-33 823
<b>Gross margin</b>	<b>63 454</b>	<b>24 504</b>	<b>157 693</b>	<b>93 051</b>
Other external costs	-17 008	-8 156	-43 623	-25 190
Personnel costs	-14 869	-8 102	-43 769	-28 330
<b>EBITDA</b>	<b>31 577</b>	<b>8 246</b>	<b>70 301</b>	<b>39 531</b>
Depreciation and amortization	-1 804	-930	-4 844	-3 158
Other costs*	-4 435	-732	-5 091	541
<b>EBIT</b>	<b>25 338</b>	<b>6 584</b>	<b>60 366</b>	<b>36 914</b>
Financial costs	-1 140	-36	-1 696	-224
<b>Result after financial costs</b>	<b>24 198</b>	<b>6 548</b>	<b>58 670</b>	<b>36 690</b>
<b>Net income before tax</b>	<b>24 198</b>	<b>6 548</b>	<b>58 670</b>	<b>36 690</b>
Tax on profit	-3 750	-826	-10 139	-6 777
<b>Net income</b>	<b>20 448</b>	<b>5 722</b>	<b>48 531</b>	<b>29 913</b>

\*Includes exchange rate differences

<b>Earnings per share (SEK)</b>	<b>1,01</b>	<b>0,36</b>	<b>2,80</b>	<b>1,90</b>
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## Consolidated statement of comprehensive income

Net income	20 448	5 722	48 531	29 913
<b>Items that may be reclassified to the income statement</b>				
Exchange difference foreign subs.	-49 253	-1 262	-52 544	998
<b>Total result</b>	<b>-28 805</b>	<b>4 460</b>	<b>-4 013</b>	<b>30 911</b>

## Consolidated balance sheet (KSEK)

	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>		
<b>Non current assets</b>		
<i>Intangible assets</i>		
Goodwill	567 915	49 140
Other intangible assets	141 413	3 020
<i>Tangible assets</i>		
Buildings and land*	29 841	8 204
Machinery and other tech assets*	5 212	5 427
Tools, furniture and fixtures	6 019	1 997
<i>Financial assets</i>		
Other financial assets	60	61
Deferred tax asset	5	994
<b>Total non current assets</b>	<b>750 465</b>	<b>68 843</b>
<b>Current assets</b>		
Inventory	61 792	15 295
Accounts receivable	49 061	17 433
Other receivable	1 419	876
Prepaid costs and deferred revenue	3 662	1 263
Cash	284 081	45 737
<b>Total current assets</b>	<b>400 015</b>	<b>80 604</b>
<b>TOTAL ASSETS</b>	<b>1 150 480</b>	<b>149 447</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1 044	790
Other contributed capital	864 946	48 507
Other equity incl. full year result	66 958	82 031
<b>Total equity</b>	<b>932 948</b>	<b>131 328</b>
<b>Long term liabilities</b>		
Debt to credit institutions	117 500	-
Other long term liabilities	21 432	1 961
<b>Short term liabilities</b>		
Debt to credit institutions	35 500	-
Accounts payable	18 991	5 434
Tax liabilities	6 457	1 948
Other liabilities	11 127	5 379
Deferred costs and prepaid income	6 525	3 397
<b>Total liabilities</b>	<b>217 532</b>	<b>18 119</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 150 480</b>	<b>149 447</b>

\*Rights of use according to IFRS as of December 31<sup>st</sup>, 2020:

Part of Buildings and land: 22 032 KSEK (0 as of December 31<sup>st</sup>, 2020)

Part of Machinery and other tech assets: 3 627 KSEK (3 514 KSEK as of December 31<sup>st</sup>, 2019)

## Consolidated cash flow statement (KSEK)

	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Operating income after financial costs	24 198	6 548	58 670	36 690
Depreciation	1 804	930	4 845	3 159
Paid tax	-2 378	-1 463	-8 592	-6 097
Change in working capital	-13 473	2 439	-24 327	-624
<b>Cash flow from operating activities</b>	<b>10 151</b>	<b>8 454</b>	<b>30 596</b>	<b>33 128</b>
<i>Investment activities excl. leasing</i>				
Acquisitions	-460 916	-1 926	-618 679	-1 926
Purchases of buildings	-	11	-80	-397
Purchases of machines	-	-24	-167	-1 143
Purchases of tools, furniture and fixtures	-337	-310	-730	-1 647
<b>Cash flow from investments</b>	<b>-451 102</b>	<b>6 205</b>	<b>-589 060</b>	<b>28 015</b>
<i>Financial activities</i>				
New share issue	219 028	-	682 618	-
Paid dividend	-	-	-11 061	-
Loan	115 000	-	165 000	-
Amortization on interest-bearing loan	-8 875	-	-12 000	-9 000
Amortization on lease	1 369	-494	2 847	-1 774
<b>Cash flow for the period</b>	<b>-124 580</b>	<b>5 711</b>	<b>238 344</b>	<b>17 241</b>
Cash balance at beginning of period	408 661	40 063	45 737	28 435
Exchange difference in cash	-	-377	-	61
<b>Cash balance at end of period</b>	<b>284 081</b>	<b>45 397</b>	<b>284 081</b>	<b>45 737</b>

## Consolidated change of equity (KSEK)

	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Beginning balance	608 651	124 720	131 328	98 269
New share issue	353 102	2 148	816 694	2 148
Paid dividend	-	-	-11 061	-
Total result	-28 805	4 460	-4 013	30 911
<b>Ending balance</b>	<b>932 948</b>	<b>131 328</b>	<b>932 948</b>	<b>131 328</b>

## Consolidated KPI's (KSEK)

	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net Revenue	100 640	34 084	239 946	126 769
Total Revenue	100 771	34 088	240 295	126 874
EBIT	25 338	6 584	60 366	36 914
Net Income	20 448	5 722	48 531	29 913
Balance Sheet Total	1 150 480	149 447	1 150 480	149 447
Equity	932 948	131 328	932 948	131 328
Change of Revenue (%)	195,6%	22,7%	89,4%	27,7%
Gross Margin (%)	63,0%	71,9%	65,6%	73,3%
EBIT-margin (%)	25,1%	19,3%	25,1%	29,1%
Net Income margin (%)	20,3%	16,8%	20,2%	23,6%
Solvency (%)	81,1%	87,9%	81,1%	87,9%
Interest-bearing net debt	-109 649	-43 776	-109 649	-43 776
Cash	284 081	45 737	284 081	45 737
Outstanding Shares at period close	20 884 743	15 801 980	20 884 743	15 801 980
Average outstanding shares	20 265 178	15 801 980	17 358 303	15 778 462
Earnings per share (SEK)	1,01	0,36	2,80	1,90
Equity per share (SEK)	44,67	8,31	44,67	8,31

## Definition of KPI's

### *Net revenue*

The main revenue of the Company

### *Change of revenue (%)*

Total revenue in relation to the previous corresponding period

### *Gross profit*

Sales revenue minus costs for raw materials and components

### *Gross margin (%)*

Gross profit as a percentage of total revenue

### *EBITDA*

Operating profit before depreciation and other operating expenses

### *EBIT*

Operating profit

### *EBIT-margin (%)*

Operating profit before fin. costs and taxes as a percentage of total revenue

### *Net income margin (%)*

Profit after tax as a percentage of total revenue

### *Solvency (%)*

Equity (equity and untaxed reserves minus deduction for deferred tax) calculated as a percentage of total assets  
Interest-bearing net debt  
Interest-bearing debt including leasing minus cash

### *Earnings per share*

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

### *Equity per share*

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

## Parent company profit and loss (KSEK)

	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net revenue	17 999	8 617	51 769	41 653
Other revenue	679	5	2 382	99
<b>Total revenue</b>	<b>18 678</b>	<b>8 622</b>	<b>54 151</b>	<b>41 752</b>
Cost of sales	-5 087	-1 945	-14 991	-11 258
<b>Gross margin</b>	<b>13 591</b>	<b>6 677</b>	<b>39 160</b>	<b>30 494</b>
Other external costs	-2 626	-3 644	-13 772	-10 633
Personnel costs	-2 554	-2 083	-9 383	-7 182
<b>EBITDA</b>	<b>8 411</b>	<b>950</b>	<b>16 005</b>	<b>12 679</b>
Depreciation and amortization	-500	-4	-513	-15
Other costs*	-4 234	-763	-4 376	627
<b>EBIT</b>	<b>3 677</b>	<b>183</b>	<b>11 116</b>	<b>13 291</b>
Financial costs	10 369	8 660	10 003	15 797
<b>Result after financial costs</b>	<b>14 046</b>	<b>8 843</b>	<b>21 119</b>	<b>29 088</b>
Year-end adjustments	-	-179	-	-179
<b>Net income before tax</b>	<b>14 046</b>	<b>8 664</b>	<b>21 119</b>	<b>28 909</b>
Tax on profit	1 482	130	-149	-2 709
<b>Net income</b>	<b>15 528</b>	<b>8 794</b>	<b>20 970</b>	<b>26 200</b>

\* Includes exchange rate differences

## Parent company balance sheet (KSEK)

	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>		
<b>Fixed assets</b>		
Other intangible assets	2 307	2 450
<i>Tangible fixed assets</i>		
Tools, furniture and fixtures	37	54
<i>Financial assets</i>		
Shares in subsidiaries	826 615	66 063
<b>Total non current assets</b>	<b>828 959</b>	<b>68 567</b>
<b>Current assets</b>		
Current assets	1 769	1 569
Accounts receivable	9 729	3 348
Tax claims	2 555	-
Intercompany receivables	15 267	8 032
Other receivable	788	415
Prepaid costs and deferred revenue	1 230	653
Cash and bank balances	230 047	25 723
<b>Total current assets</b>	<b>261 385</b>	<b>39 740</b>
<b>TOTAL ASSETS</b>	<b>1 090 344</b>	<b>108 307</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1 044	790
Reserves	22	22
Retained earnings incl. NI	927 395	101 046
<b>Total equity</b>	<b>928 461</b>	<b>101 858</b>
<b>Long term liabilities</b>		
Debt to credit institutions	117 500	-
<b>Short term liabilities</b>		
Debt to credit institutions	35 500	-
Accounts payable	5 641	2 831
Tax liabilities	-	93
Intercompany payables	-	179
Other liabilities	449	917
Deferred costs and prepaid income	2 793	2 429
<b>Total liabilities</b>	<b>161 883</b>	<b>6 449</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 090 344</b>	<b>108 307</b>

# Revenue breakdown

Group (KSEK)	Jan-Dec 2020	Jan-Dec 2019	Change %
<i>Product areas</i>			
ProDen PlaqueOff®	129 404	106 632	21%
Nutraceuticals	55 563	17 271	222%
Topicals/Dermatology	47 431	-	-
Other	7 548	2 866	163%
<b>Total</b>	<b>239 946</b>	<b>126 769</b>	<b>89%</b>
<i>Time of revenue recognition</i>			
The performance commitment is met over time	-	-	-
The performance commitment is met at a certain time	239 946	126 769	89%
<b>Total</b>	<b>239 946</b>	<b>126 769</b>	<b>89%</b>
<i>Geographic market</i>			
Sweden	6 524	5 116	28%
UK/Ireland	55 836	30 234	85%
Rest of Europe	38 436	30 584	26%
North America	107 789	36 560	195%
China	13 777	13 865	-1%
Rest of Asia	14 313	8 694	65%
Rest of the World	3 271	1 716	91%
<b>Total</b>	<b>239 946</b>	<b>126 769</b>	<b>89%</b>



# Other information

## **Risk factors**

The Board of Directors and the Managing Director ensure that the yearend report gives a true and fair view of the Company's business, position, and results. In assessing Swedencare's future development, it is important to consider risk factors in addition to potential sales and profit growth. Swedencare's operations are affected by several risks that may affect the Company's earnings and financial position to varying degrees. For a description of Swedencare's risks, reference is made to the Company's Annual Report.

## **Accounting principles**

This yearend report has been prepared in accordance with IAS 34, Interim Financial Reporting for the Group. The same consolidation principles, as well as accounting and evaluation principles have been used as in the latest Annual report.

## **Related party transactions**

There have been no transactions with related parties during the full year 2020.

## Board of directors

The Board of Directors ensures that this yearend report provides a true and fair view of the group's operations, financial position, and results.

### Malmö February 18<sup>th</sup>, 2021



Håkan Lagerberg  
CEO and Board Member



Per Malmström  
Board Chairman



Sara Brandt  
Board Member



Håkan Svanberg  
Board Member



Thomas Eklund  
Board Member

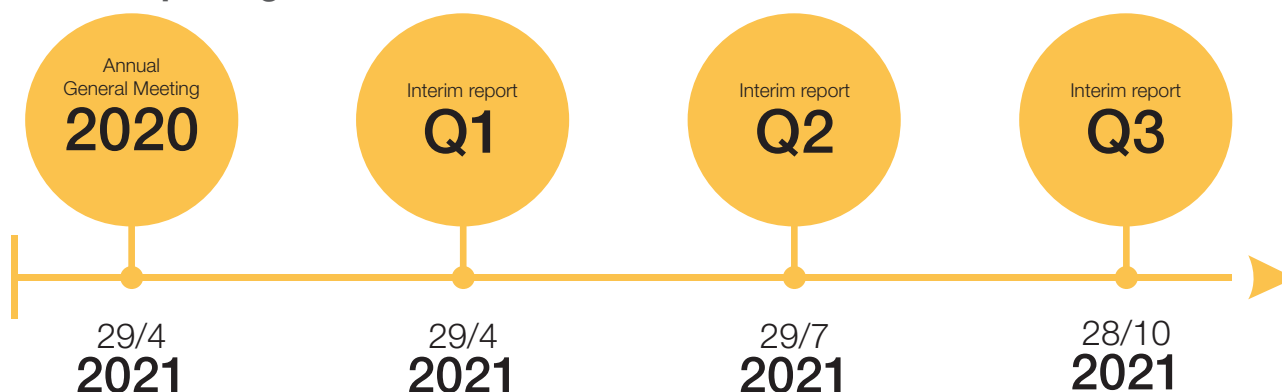


Johan Bergdahl  
Board Member

## Auditor's review

The company's auditor has not reviewed this yearend report.

## Future reporting schedule



The annual report for the financial year 2020 will tentatively be published on April 7<sup>th</sup>, 2021 at [www.swedencare.se](http://www.swedencare.se).

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