

# YEAREND REPORT

January-December

# 2019



*“ Our vision is to establish ourselves as the leading company within dental and oral health for the pet market. ”*



# SWEDENCARE

## **ABOUT SWEDENCARE**

Swedencare develop, produce, market and sell premium products on the global and fastgrowing market within animal healthcare for cats, dogs and horses. The product groups ProDen PlaqueOff® and NutriScience are represented on approximately fifty markets in all parts of the world, including the headquarter in Malmö, seven subsidiaries in the France, Spain, Greece, Ireland, Nordics, Great Britain and United States and through an external distribution network. Swedencare's sales have increased significantly over the last few years with strong margins and results. The board of directors and the management have a wide and extensive experience of international marketing and sales.

## **FINANCIAL OBJECTIVE**

Swedencare's financial goal is to achieve a turnover in excess of 500 MSEK in 2024 with an EBIT margin exceeding 25%.

## **DIVIDEND**

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



# ONCE AGAIN A STRONG YEAR FOR SWEDENCARE

## SUMMARY OF THE PERIOD

### FOURTH QUARTER: OCTOBER 1<sup>ST</sup> – DECEMBER 31<sup>ST</sup> 2019

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

- Net revenue amounted to 34,084 KSEK (27,778 KSEK), an increase of 23%
- Organic, currency-adjusted growth amounted to 13%
- Operating profit before depreciation (EBITDA) amounted to 8,246 KSEK (7,684 KSEK), corresponding to an increase of 7% and an EBITDA margin of 24,2% (27.7%)
- Operating profit after depreciation (EBIT) amounted to 6,584 KSEK (7,332 KSEK), corresponding to a decrease about 10% and an EBIT margin of 19,3% (26.4%)
- Profit after tax amounted to 5,722 KSEK (5,742 KSEK)
- Earnings per share calculated on 15,801,980 shares 0,36 SEK (0,36 SEK)
- As of December 31<sup>st</sup> 2019, cash amounted to 45,737 KSEK (28,435 KSEK)

### FULL YEAR 2019

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

- Net revenue amounted to 126,769 KSEK (99,136 KSEK), an increase of 28%
- Organic, currency-adjusted growth amounted to 22%
- Operating profit before depreciation (EBITDA) amounted to 39,531 KSEK (29,711 KSEK), corresponding to an increase of 33% and an EBITDA margin of 31.2% (29.9%)
- Operating profit after depreciation (EBIT) amounted to 36,914 KSEK (29,428 KSEK), corresponding to an increase of 25% and an EBIT margin of 29.1% (29.6%)
- Profit after tax amounted to 29,913 KSEK (23,320 KSEK)
- Earnings per share calculated on 15,778,462 shares 1,90 SEK (1,48 SEK)
- Cash flow from operating activities amounted to 33,128 KSEK (21,951 KSEK)
- Foreign exchange gains amounted to 541 KSEK (843 KSEK)
- The Board of Directors proposes a dividend of 0.70 SEK per share for 2019 (0)

### SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

Swedencare AB (publ) acquires the Greek animal health distributor Biovet.

Swedencare AB (publ) present new CEO to lead the company for the financial goals in 2024 and adopts new dividend policy.

Swedencare AB (publ) strengthens the organization with a Global Marketing Manager as part of the increased marketing effort.

### SIGNIFICANT EVENTS AFTER THE FOURTH QUARTER

There are no significant events after the end of the fourth quarter.

# WORDS FROM THE CEO

## Continued global growth and increased market initiatives

Last year's closing quarter generated sales of 34.1 MSEK, 23% higher than the corresponding quarter of 2018. For the full year, we recorded net sales of 126.8 MSEK, an increase of 28%. Sales are positively affected by the acquisition of Biovet, which is why currency-adjusted organic growth amounted to 13% during Q4, while the full-year equivalent totals 22%.

We continued the high growth in most markets, including that the record order from China in Q3 was followed by an even larger order in Q4, resulting in that China accounted for as much as 13% of our total sales in the quarter. We continue to have good growth in the US and the Nordic countries as well. The US increased by 26% in the quarter and 47% for the year! A strong Q3 in the UK led to a somewhat weaker development during Q4 and an expected large order from Korea was postponed to Q1 2020. With that delivery in Q1, our Korean distributor now has our entire PlaqueOff range and they report that they have had great success with, especially, the ProDen PlaqueOff® cat Powder and our Dental Bones.

Our partner Canagan reports success with the pet food collaboration, which has resulted in our Powder Ingredient sales increasing - even though it is still small volumes, this product group also recorded record sales during the quarter.

Launches are made of both new products, Minibones are now launched in several markets in Europe and we expect their sales to take off during H1 2020, and in new markets when we delivered Dental Bites to Chile for the first time in Q4.

EBITDA increased by 7% during Q4, partly affected by increased marketing initiatives, while the strengthening of the Swedish krona during the quarter contributed to EBIT decreasing by 10% to 6.6 MSEK. A decreased result compared to the corresponding quarter last year, but one should keep in mind the investments we make in marketing and that larger orders sometimes are pushed forward a couple of weeks into the following quarter. For the full year, EBIT increased by 25% to 36.9 MSEK, corresponding to a margin of 29.1%.

During Q4, we set strategic and financial targets until 2024, which were published on October 23rd. To achieve the goals, there is a significantly increased focus on marketing activities, which began during the past quarter. Now we take the next step as our Global Marketing Manager, Sara Ahlström, joined us in mid-January. Under Sara's leadership, we will make ProDen PlaqueOff® the leading brand within dental and oral health for the pet market, which is to deliver on our vision.

The rest of the world has started this year with a decision on Brexit, which we will see the full effects of only after the yearend, and that China has been crippled by the Corona virus. How long, and to what extent the current situation in China affects Swedencare is difficult to say at this point, but since our products are not purchased on a weekly basis, we do not expect sales to be affected more than with a possible time delay. At the same time as the retail trade is adversely affected by the current situation, online demand is increasing. Our local distributor meets this by running special digital campaigns which we look forward to seeing the results of.



We now have yet another exciting year behind us, a year that has offered continued sales success and high profitability. We have products and brands that we are proud of and that more and more customers around the world are discovering. The growth trend in the pet industry continues and we have taken an important role in the dental area, a role that we will further improve by increasing our investments in marketing. When this report is published, I have been CEO for just over three months and I look forward to continue to develop our company together with my colleagues, the Board, distributors and of course our customers around the world.



*Jenny Graflind, CEO  
Malmö February 13<sup>th</sup> 2020*

# KPI'S Q4 2019

NET REVENUE  
34 084 KSEK

CHANGE  
IN NET  
REVENUE  
23%

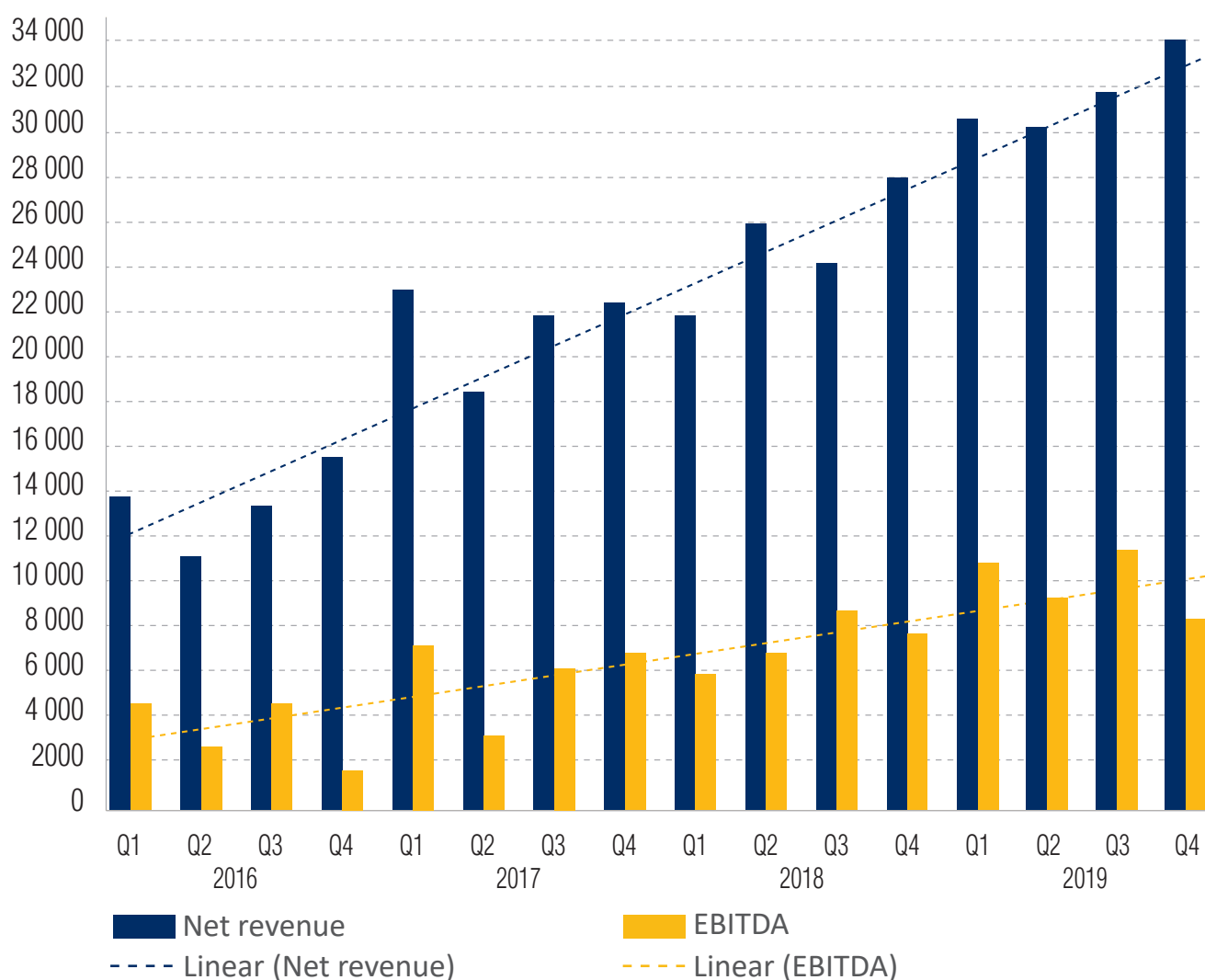
EBIT  
6 584 KSEK  
EBIT  
MARGIN  
19,3%

EARNINGS  
PER SHARE  
0,36 SEK

CASH  
45 737 KSEK

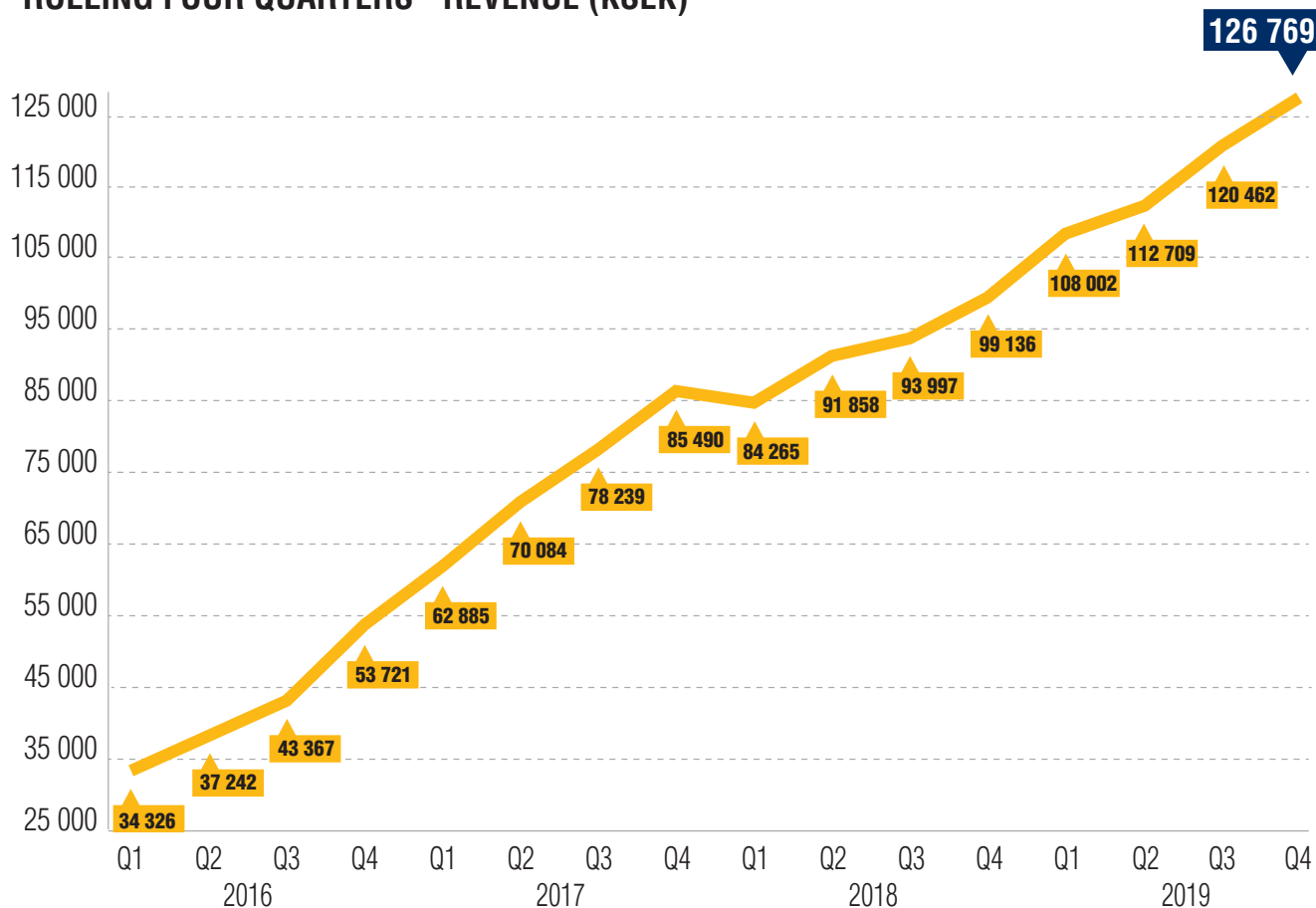
SOLVENCY  
87.9%

## 2016-2019 QUARTERLY HISTORY OF REVENUE AND EBITDA (KSEK)

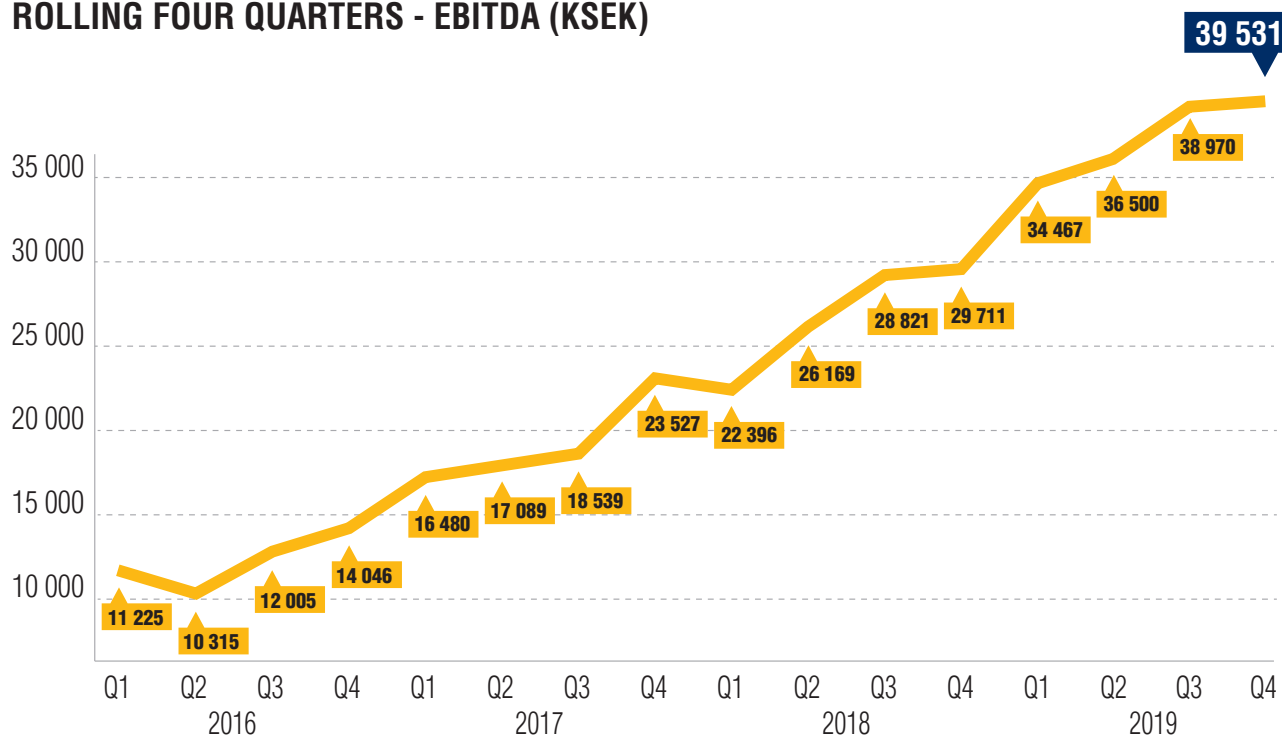


Additional KPI's and definitions can be found on page 20.

## ROLLING FOUR QUARTERS - REVENUE (KSEK)



## ROLLING FOUR QUARTERS - EBITDA (KSEK)



Note that EBITDA in **QUARTERLY HISTORY** (page 6) and in **ROLLING FOUR QUARTERS** (page 7) before Q1 2018 is calculated according to K3 (local GAAP), however, the difference between accounting principles at EBITDA level is not significant.

# COMMENTS ON THE FINANCIAL DEVELOPMENT Q4 2019

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

## NET REVENUE

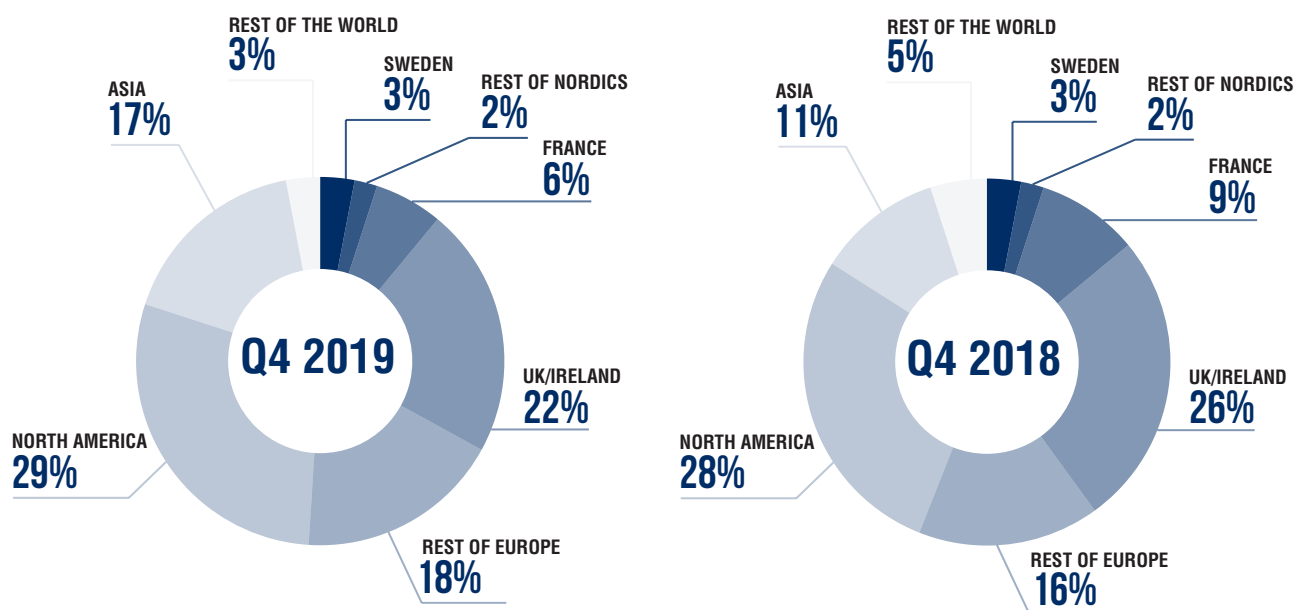
Swedencare reached 34,084 KSEK net sales during Q4, a growth of 23% compared to the corresponding period last year. During the period Swedencare acquired Biovet, which partly sells PlaqueOff products, but also contributed with an additional 1,370 KSEK in revenue. Sales within the ProDen PlaqueOff® product family increased by 25% compared to the corresponding period last year. Sales increased in all geographical regions except for Rest of the World. The strong growth in China continued during Q4 as the company delivered another large order.

The organic currency-adjusted growth was 13% in the fourth quarter.

## GEOGRAPHIC DISTRIBUTION

During the quarter, China achieved record sales again and as the largest market in Asia, they accounted for 13% of Swedencare's total sales. Growth in North America continues, during Q4 sales increased by 26% compared to the corresponding period last year and the market represent 29% of Swedencare's total revenue. Sales in Europe increased during the quarter, a strong contributing factor is our new subsidiary in Greece, which accounts for 6% of sales in Q4.

During Q4 2019 and Q4 2018, the geographical sales were distributed according to the graphics.

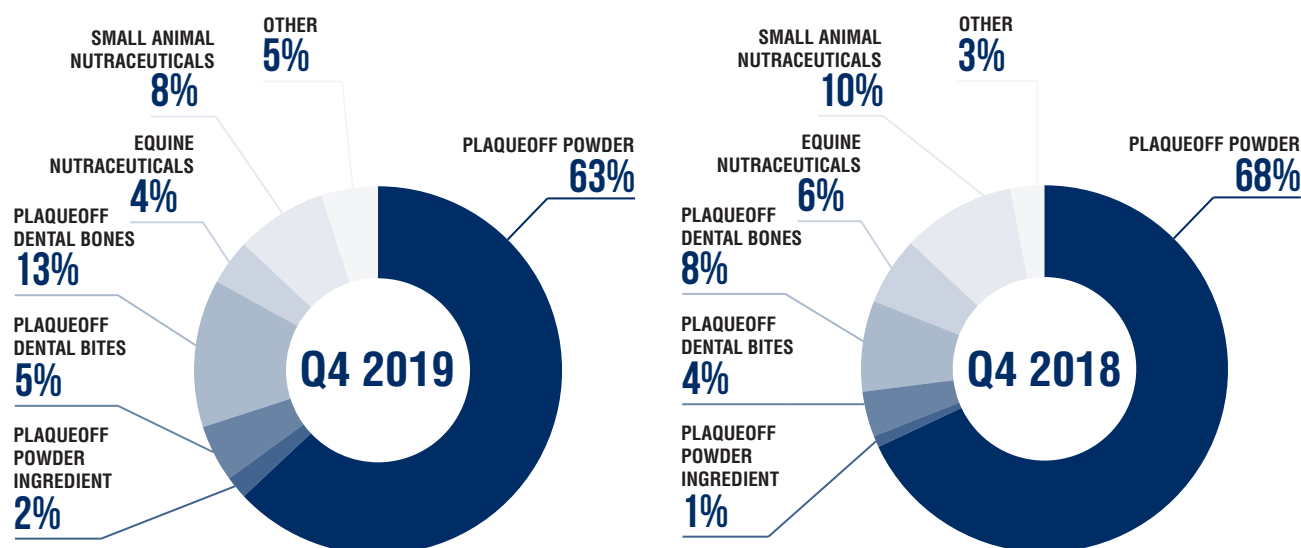




## PRODUCT DISTRIBUTION

All ProDen PlaqueOff® products performed strongly during the quarter, with Dental Bones being the brightest star. Dental Bones sales increased by 91% in the US, while sales in the UK tripled. Dental Bites increased by 52%, especially in France the product is very popular. Our product group Other has increased by over 100%. The growth during the quarter is related to the acquisition of Biovet, which also has veterinarian equipment in its product portfolio. The positive sales trend of Powder Ingredient used for pet food producers, continued during the fourth quarter. This product group has increased by 87% compared to the corresponding period last year.

During Q4 2019 and Q4 2018 sales per product group were distributed according to the graphics.



## PROFIT

Operating profit after depreciation and amortization (EBIT) for the fourth quarter 2019 amounted to 6,584 KSEK (7,332 KSEK), corresponding to an operating margin of 19,3% (26,4%). The gross margin was 71.9% during the quarter. Compared to the previous year, the gross margin is about 3% units lower and is partly explained by the increased sales of Dental Bones and partly by the Biovet acquisition. The increased personell costs are mainly explained by the Biovet acquisition but also recruitments in sales. External costs are affected by the continued increase in marketing, but when reclassifications have been made, these do not increase to the same extent. During the quarter, the result was also affected with costs for a new study and an increased trademark protection.

Depreciation of tangible and intangible fixed assets is affected by IFRS16 Leasing agreements, which means that the Group's lease agreements and cars are also reported in the balance sheet as of 2019.

For the quarter, this amounted to 484 KSEK of the total depreciation. Exchange rate fluctuations affected EBIT in Q4 with a exchange loss of 732 KSEK.

Profit after tax for the fourth quarter of 2019 amounted to 5,722 KSEK (5,742 KSEK) corresponding to a profit margin of 16,8% (20,7%).

Earnings per share during the fourth quarter 2019 amounted to 0,36 SEK (0,36 SEK), based on the number of outstanding shares (15,801,980) as of December 31<sup>st</sup>, 2019.

# COMMENTS ON THE FINANCIAL DEVELOPMENT **FULL YEAR 2019**

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

## NET REVENUE

The positive development for Swedencare continued during 2019 when the company recorded net sales of 126,769 KSEK (99,136 KSEK), corresponding to an increase of 28%, having already passed its previous annual turnover in October.

The organic currency-adjusted growth was 22%.

## GEOGRAPHIC DISTRIBUTION

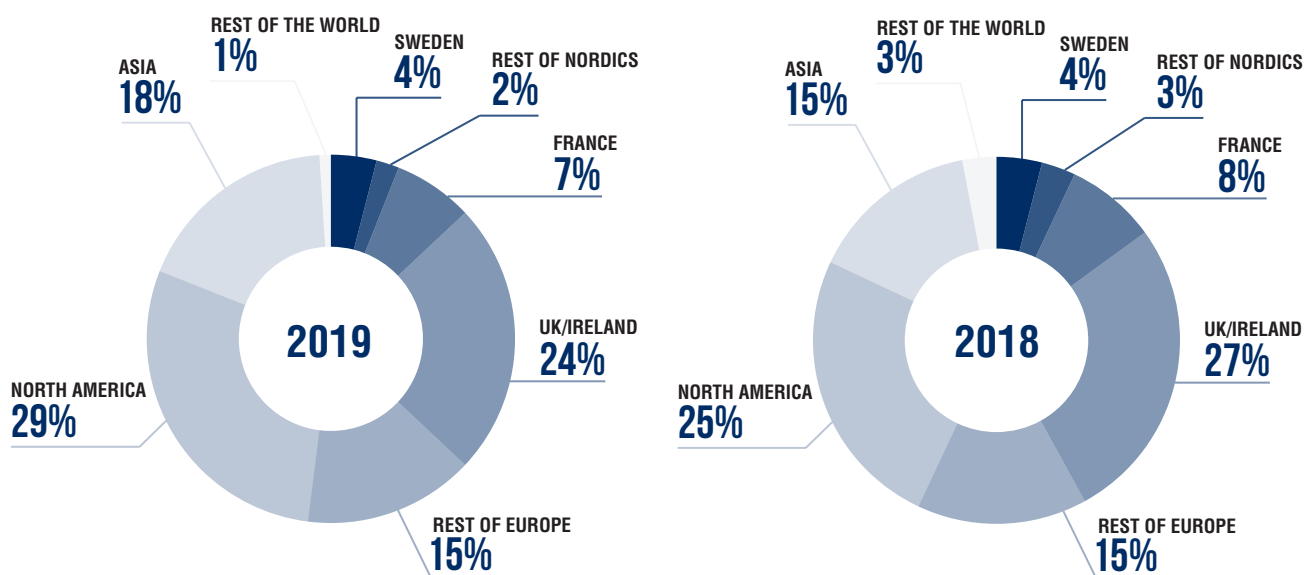
Sales development has been strong in most markets with Asia as the fastest growing submarket with an increase of 56% in 2019. Asia accounted for 18% of the Group's total sales with China as the largest contributor with its 11% of total sales.

The North American market increased sales by 47%, representing 29% of the Group's total sales, in 2019.

The Swedish market also had a particularly good growth with 31% during the year. This is due to increased product awareness and the successful launch of Dental Bones and NutriScience products.

Our distributors in Australia and Brazil increased their sales significantly in 2019. Due to their purchasing routines, this sales success is not yet reflected in our figures.

During 2019 and 2018, the geographical sales were distributed according to the graphics.



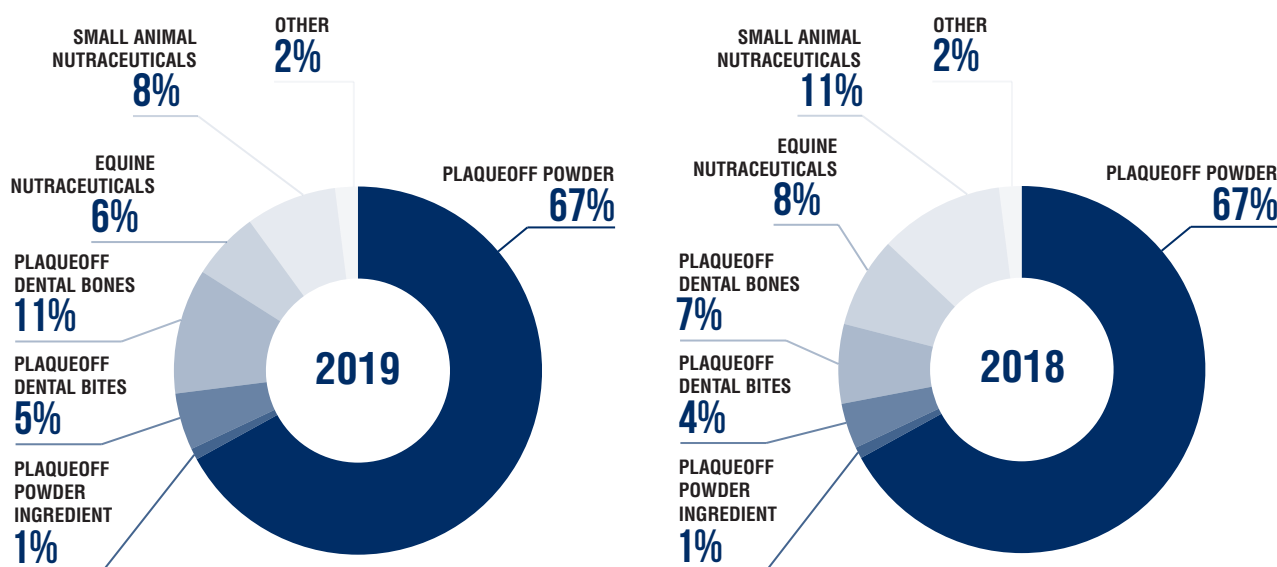
## PRODUCT DISTRIBUTION

All products in the ProDen PlaqueOff® product line grow compared to last year. PlaqueOff Powder is the most important product and represents 67% of the Group's total sales. The product family ProDen PlaqueOff® accounts for 84% of the Group's total sales compared to 79% last year.

Dental Bones continue to grow very rapidly. Sales growth of 84% in 2019 means that the product group accounted for 11% of the Group's total sales in the past year, an increase from 7% in 2018. North America, the market where the product group was first launched, accounts for 77% of total Dental Bones sales.

Although sales of Powder Ingredient are still in the early stages, the product group generated doubled sales in 2019.

During 2019 and 2018 sales per product group were distributed according to the graphics.



## PROFIT

Operating profit after depreciation and amortization (EBIT) amounted to 36,914 KSEK (29,428 KSEK) in 2019, corresponding to an operation margin of 29,1% (29,6%) – which can be compared with the company's long-term profitability target of 25%. Currency fluctuations affected EBIT with an exchange gain of 541 KSEK in 2019.

The result has been affected with legal costs of 415 KSEK in connection with the acquisition of Biovet as well as 1,294 KSEK for the start-up of the subsidiary Swedencare Spain.

Profit after tax amounted to 29,913 KSEK (23,320 KSEK) corresponding to a profit margin of 23,6% (23,5%).

Earnings per share during the full-year 2019 amounted to 1,90 SEK (1,48 SEK), based on the number of weighted average number of outstanding shares (15,778,462) as of December 31<sup>st</sup>, 2019.

## **CASH FLOW**

Cash flow from operating activities amounted to 8,454 KSEK (7,286 KSEK) during the fourth quarter of 2019. Working capital was mainly affected by the acquisition of Biovet.

During the fourth quarter of 2019, cash flow amounted to 5,711 KSEK (828 KSEK).

Investments during the quarter in addition to the acquisition of Biovet, were mainly a new mold for the production of Dental Bones Mini and the change of financial system. In connection with IFRS16, the amortization also increased.

During 2019, cash flow from operating activities amounted to 33,128 KSEK (21,951 KSEK) and cash flow for the period was 17,241 KSEK (4,286 KSEK).

## **FINANCIAL POSITION**

Swedencare's equity, as of December 31<sup>st</sup> 2019, amounted to 131,328 KSEK (98,269 KSEK), of which 812 KSEK (811 KSEK) was restricted equity. The share capital and number of shares have increased due to the completion of the new emission following the Biovet acquisition.

Swedencare's cash amounted to 45,737 KSEK (28,435 KSEK) at December 31<sup>st</sup> 2019, at the same date the Group had interest-bearing long-term and short-term liabilities totaling 1,961 KSEK (10,376 KSEK). Since the remainder of the acquisition loan was settled during the year, none of the long-term and short-term interest-bearing liabilities refers to acquisition loan compared with 9,000 KSEK as of December 31<sup>st</sup>, 2018. As of December 31, 2019, Swedencare had a net cash balance of 43,776 KSEK (18,059 KSEK).

## **PERSONELL**

On December 31<sup>st</sup> 2019, Swedencare had a total of 42 employees in Sweden (7), England (4), France (2), USA (6), Ireland (13), Spain (1) and Greece (9). The gender distribution is 52% men and 48% women. As of December 31<sup>st</sup> 2018, Swedencare had a total of 31 employees. The increase in the number of employees is mainly due to the acquisition of Biovet and the increase in sales personnel in the US and Spain.

# REVENUE BREAKDOWN

GROUP (KSEK)	Jan-Dec 2019	Jan-Dec 2018	Change %
<b>Products</b>			
PlaqueOff Powder	85 368	66 394	29%
PlaqueOff Powder Ingredient	1 622	773	110%
PlaqueOff Dental Bites	5 864	3 917	50%
PlaqueOff Dental Bones	13 778	7 475	84%
Equine Nutraceuticals	7 897	8 208	-4%
Small Animal Nutraceuticals	9 374	10 497	-11%
Other	2 866	1 872	53%
<b>Total</b>	<b>126 769</b>	<b>99 136</b>	<b>28%</b>
<b>Time of revenue recognition</b>			
The performance commitment is met over time	-	-	-
The performance commitment is met at a certain time	126 769	99 136	28%
<b>Total</b>	<b>126 769</b>	<b>99 136</b>	<b>28%</b>
<b>Geographic market</b>			
Sweden	5 116	3 907	31%
Rest of Nordics	2 797	2 695	4%
France	8 195	8 540	-4%
UK/Ireland	30 234	26 454	14%
Rest of Europe	19 592	14 955	31%
North America	36 560	24 808	47%
Asia	22 559	14 505	56%
Rest of the World	1 716	3 272	-48%
<b>Total</b>	<b>126 769</b>	<b>99 136</b>	<b>28%</b>



# WE ARE PRESENT WORLDWIDE

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

Following an effective Influencer campaign in the US during Q2-Q3, in collaboration with The Dog Agency, Swedencare chose to explore the influencer market further. The Dog Agency organizes a fair for consumers 2-3 times a year, at various destinations in the United States. In December, the fair was held in New York, and Swedencare was there to congregate in the target group and to attract consumers to the ProDen PlaqueOff® brand.

The PetCon fair has a large viral spread in social media and through traditional media in the United States. An estimated 200 million views in the press and 100 million views in social media. In addition, contributing influencers contribute about 50 million views in their own channels.

*Swedencares Digital Manager Mari Regnér met Tika The Iggy who currently has 156K followers on Instagram. Tika participated in the 2019 campaign with one of the most appreciated posts.*



4

*"In October 2019 we reached an agreement with Alcampo, a retailer chain in Spain (Auchan's subsidiary) with 64 hypermarkets, as well as shops and supermarkets.*

*Our products started to be on the shelves by mid-November and to date we receive orders weekly.*

*The selection of products is: Veggie Bones and Dental Bites. Veggie Bones is the biggest success.*

*We are very satisfied with this agreement and we are now preparing special promotions at the sales point with promoters and leaflets explaining the importance of dental hygiene for dogs."*

-Raquel Tosca  
Country Manager, Swedencare Spain



*"In 2020 we have undertaken to work directly with Amazon UK, which will give us more control over how our products are presented and the opportunity to grow sales to the consumer with the biggest online marketplace in the world."*

-John Leonard  
MD, Swedencare UK/Ireland



# SWEDENCARE

## Offices

- ★ Malmö, Sweden - **Head office**
- ① Waterford, Ireland
- ② Leeds, UK
- ③ Purget-sur-Argens, France
- ④ Poulsbo, Washington, USA
- ⑤ Barcelona, Spain
- ⑥ Thessaloniki, Greece

*"Stockholm Dog Show is a large and exciting dog show organized by the Swedish Kennel Club. We have participated in the last 3 years and are very satisfied and will also participate in 2020. We attend trade fairs like this one to be seen and to be able to spread knowledge about the dog's health and how we can help improve it."*

*"In 2019, the fair had over 28,000 visitors and a total of 7,349 dogs participated, distributed over 325 breeds at the dog show."*

-Sabine Uhde  
Nordic Director, Swedencare

*"There was positive interest in the NutriScience range at Pets Arabia in October 2019. As a result of the event we are in collaboration with our successful PlaqueOff distributor, Troy Animal Healthcare, and proceeding with the registration process for the NutriScience products in Australia. At this stage we are optimistic that we can further develop our trading partnership with Troy also for selected NutriScience products in Australia."*

-Padge Whelan  
European Sales Manager, NutriScience productline

After a successful start with Amazon Italy, Amazon France was also opened as a sales channel during Q4. The first order for PlaqueOff Powder and Dental Bites was received in the last days of October, and since then orders are received weekly at two of their logistics centers in France.



● Our precense

# A SELECTION OF FAIRS IN Q4 WHERE WE WERE REPRESENTED

## SWEDEN



## GREAT BRITAIN



## GREAT BRITAIN



## FRANCE



## SPAIN



## USA



## SAUDI ARABIA



# STOCK

	31 Dec 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016
Number of shares at the end of the period	15 801 980	15 770 622	15 770 622	15 770 622
Share price at the end of the period	92,6	45,9	26,3	24,8

**SHAREHOLDERS** (the table summarizes Swedencare's owner structure as of December 31<sup>st</sup> 2019).

	NUMBER OF SHARES	OWNERSHIP
Håkan Svanberg & Co Health Care AB	4 622 456	29,33%
JCC Group Invest Sweden AB ( <i>Johan Bergdahl through company</i> )	1 517 351	9,63%
DNCA Investments	1 322 217	8,39%
Mastan AB ( <i>Håkan Lagerberg through company</i> )	1 110 362	7,04%
AMF Aktiefond Småbolag	755 000	4,79%
SHB Fonder	456 071	2,89%
<b>SEB Nanocap - NEW</b>	<b>406 200</b>	<b>2,57%</b>
Aktia Nordic Micro Cap	314 338	1,99%
Nordnet Pensionsförsäkring AB	312 481	1,98%
Martin Shimko - MD Swedencare USA	300 000	1,90%
Investment AB Spiltan	300 000	1,90%
ML, Pierce Fenner & Smith Inc.	222 173	1,41%
<b>Cbny-Mkpgue Nab Acf Pie Growth UK - NEW</b>	<b>215 000</b>	<b>1,36%</b>
Avanza	211 083	1,34%
Hans Persson - MD Swedencare Frankrike	199 750	1,27%
Enter Småbolagsfond	195 000	1,24%
Tedcap AB ( <i>Thomas Eklund through company</i> )	190 000	1,21%
Grandeur, Fund BBHBOS	170 982	1,08%
<b>Länsförsäkringar Småbolag Sverige - NEW</b>	<b>157 376</b>	<b>1,00%</b>
Per Malmström Consulting AB	123 000	0,78%
<b>NTC Various Fiduciary Capacit - NEW</b>	<b>122 790</b>	<b>0,78%</b>
<b>Cbny-Mkjgro Nab Acf Juno Kiwisaver - NEW</b>	<b>110 000</b>	<b>0,70%</b>
Aktia Secura	108 873	0,69%
COGEFI	108 717	0,69%
Other	2 250 760	14,24%
<b>Total</b>	<b>15 801 980</b>	<b>100,00%</b>
Free Float*	8 203 811	51,92%

Holdings include related parties

\* Shares not owned by board members, company management, their close related or shareholders with more than 10%

# FINANCIAL OVERVIEW

## CONSOLIDATED PROFIT AND LOSS (KSEK)

	Okt-Dec 2019	Okt-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net revenue	34 084	27 778	126 769	99 136
Other revenue	4	5	105	253
<b>Total revenue</b>	<b>34 088</b>	<b>27 783</b>	<b>126 874</b>	<b>99 389</b>
Cost of sales	-9 584	-6 863	-33 823	-25 615
<b>Gross margin</b>	<b>24 504</b>	<b>20 920</b>	<b>93 051</b>	<b>73 774</b>
Other external costs	-8 156	-6 486	-25 190	-20 538
Costs for employee compensations	-8 102	-6 750	-28 330	-23 525
<b>EBITDA</b>	<b>8 246</b>	<b>7 684</b>	<b>39 531</b>	<b>29 711</b>
Depreciation and amortization	-930	-378	-3 158	-1 126
Other costs*	-732	26	541	843
<b>EBIT</b>	<b>6 584</b>	<b>7 332</b>	<b>36 914</b>	<b>29 428</b>
Financial costs	-36	-71	-224	-339
<b>Result after financial costs</b>	<b>6 548</b>	<b>7 261</b>	<b>36 690</b>	<b>29 089</b>
<b>Net income before tax</b>	<b>6 548</b>	<b>7 261</b>	<b>36 690</b>	<b>29 089</b>
Tax on profit	-826	-1 519	-6 777	-5 769
<b>Net income</b>	<b>5 722</b>	<b>5 742</b>	<b>29 913</b>	<b>23 320</b>

\* Includes exchange rate differences

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (KSEK)

Net income	5 722	5 742	29 913	23 320
Exchangedifference foreign subs.	-1 262	-211	998	746
<b>Total result</b>	<b>4 460</b>	<b>5 531</b>	<b>30 911</b>	<b>24 066</b>



## CONSOLIDATED BALANCE SHEET (KSEK)

	31 Dec 2019	31 Dec 2018
<b>ASSETS</b>		
<b>Non current assets</b>		
<i>Intangible assets</i>		
Goodwill	49 140	49 848
Other intangible assets	3 020	311
<i>Tangible assets</i>		
Buildings and land	8 204	7 854
Machinery and other tech assets	5 427	2 957
Tools, furnitures and fixtures	1 997	1 291
<i>Financial assets</i>		
Other financial assets	61	32
Deferred tax asset	994	609
<b>Total non current assets</b>	<b>68 843</b>	<b>62 902</b>
<b>Current assets</b>		
Inventory	15 295	9 740
Accounts receivable	17 433	14 415
Other receivable	876	1 194
Prepaid costs and deferred revenue	1 263	1 180
Cash	45 737	28 435
<b>Total current assets</b>	<b>80 604</b>	<b>54 964</b>
<b>TOTAL ASSETS</b>	<b>149 447</b>	<b>117 866</b>

## EQUITY AND LIABILITIES

<b>Equity</b>		
Share capital	790	789
Reserve fund	22	22
Retained earnings incl. NI	130 516	97 458
<b>Total equity</b>	<b>131 328</b>	<b>98 269</b>
<b>Long term liabilities</b>		
Debt to credit institutions	-	1 000
Other long term liabilities	1 961	1 376
<b>Short term liabilities</b>		
Debt to credit institutions	-	8 000
Accounts payable	5 434	3 248
Tax liabilities	1 948	788
Other liabilities	5 379	2 968
Deferred costs and prepaid income	3 397	2 217
<b>Total liabilities</b>	<b>18 119</b>	<b>19 597</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>149 447</b>	<b>117 866</b>

## CONSOLIDATED CASH FLOW STATEMENT (KSEK)

	Okt-Dec 2019	Okt-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Operating income after financial costs	6 548	7 261	36 690	29 089
Depreciation	930	369	3 158	1 082
Paid tax	-1 463	-816	-6 097	-5 774
Change in working capital	2 439	472	-623	-2 446
<b>Cash flow from operating activities</b>	<b>8 454</b>	<b>7 286</b>	<b>33 128</b>	<b>21 951</b>
<i>Investment activities excl. leasing</i>				
Acquisitions	-1 926	-	-1 926	-
Purchases of buildings	11	-1 646	-397	-7 867
Purchases of machines	-24	-177	-1 143	-637
Purchases of tools, furnitures and fixtures	-310	-552	-1 647	-889
<b>Cash flow from investments</b>	<b>6 205</b>	<b>4 911</b>	<b>28 015</b>	<b>12 558</b>
<i>Financial activities</i>				
Amortization on interest-bearing loan	-	-4 000	-9 000	-8 000
Amortization on lease	-494	-83	-1 774	-272
<b>Cash flow for the period</b>	<b>5 711</b>	<b>828</b>	<b>17 241</b>	<b>4 286</b>
Cash balance at beginning of period	40 063	27 657	28 435	24 077
Exchange difference in cash	-37	-50	61	72
<b>Cash balance at end of period</b>	<b>45 737</b>	<b>28 435</b>	<b>45 737</b>	<b>28 435</b>

## CONSOLIDATED CHANGE OF EQUITY (KSEK)

	Okt-Dec 2019	Okt-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Beginning balance	124 720	92 738	98 269	74 203
New emission	2 148	-	2 148	-
Total result	4 460	5 531	30 911	24 066
<b>Ending balance</b>	<b>131 328</b>	<b>98 269</b>	<b>131 328</b>	<b>98 269</b>

## CONSOLIDATED KPI'S (KSEK)

	Okt-Dec 2019	Okt-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net Revenue	34 084	27 778	126 769	99 136
Total Revenue	34 088	27 783	126 874	99 389
EBIT	6 584	7 332	36 914	29 428
Net Income	5 722	5 742	29 913	23 320
Balance Sheet Total	149 447	117 866	149 447	117 866
Equity	131 328	98 269	131 328	98 269
Change of Revenue (%)	22,7%	21,8%	27,7%	16,0%
Gross Margin (%)	71,9%	75,3%	73,3%	74,2%
EBIT-margin (%)	19,3%	26,4%	29,1%	29,6%
Net Income margin (%)	16,8%	20,7%	23,6%	23,5%
Solvency (%)	87,9%	83,4%	87,9%	83,4%
Interest-bearing netdebt	-43 776	-18 059	-43 776	-18 059
Cash	45 737	28 435	45 737	28 435
Outstanding Shares at period close	15 801 980	15 770 622	15 801 980	15 770 622
Average outstanding shares	15 801 980	15 770 622	15 778 462	15 770 622
Earnings per share (SEK)	0,36	0,36	1,90	1,48
Equity per share (SEK)	8,31	6,23	8,31	6,23

## DEFINITION OF KPI'S

### *Net revenue*

The main revenue of the Company

### *EBIT*

Operating profit

### *Interest-bearing netdebt*

Interest-bearing debt including leasing minus cash

### *Change of revenue (%)*

Total revenue in relation to the previous corresponding period

### *EBIT-margin (%)*

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

### *Earnings per share*

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

### *Gross profit*

Sales revenue minus costs for raw materials and components

### *Net income margin (%)*

Profit after tax as a percentage of total revenue

### *Equity per share*

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

### *Gross margin (%)*

Gross profit as a percentage of total revenue

### *Solvency (%)*

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

### *EBITDA*

Operating profit before depreciation and other operating expenses

## PARENT COMPANY PROFIT AND LOSS (KSEK)

	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net revenue	8 617	10 090	41 653	36 718
Other revenue	5	5	99	244
<b>Total revenue</b>	<b>8 622</b>	<b>10 095</b>	<b>41 752</b>	<b>36 962</b>
Cost of sales	-1 945	-2 784	-11 258	-10 670
<b>Gross margin</b>	<b>6 677</b>	<b>7 311</b>	<b>30 494</b>	<b>26 292</b>
Other external costs	-3 644	-2 281	-10 633	-8 755
Personnel costs	-2 083	-1 632	-7 182	-5 931
<b>EBITDA</b>	<b>950</b>	<b>3 398</b>	<b>12 679</b>	<b>11 606</b>
Depreciation and amortization	-4	-8	-15	-32
Other costs*	-763	76	627	1 119
<b>EBIT</b>	<b>183</b>	<b>3 466</b>	<b>13 291</b>	<b>12 693</b>
Financial costs	8 660	-54	15 797	-284
<b>Result after financial costs</b>	<b>8 843</b>	<b>3 412</b>	<b>29 088</b>	<b>12 409</b>
Year-end adjustments	-179	-109	-179	-109
<b>Net income before tax</b>	<b>8 664</b>	<b>3 303</b>	<b>28 909</b>	<b>12 300</b>
Tax on profit	130	-727	-2 709	-2 706
<b>Net income</b>	<b>8 794</b>	<b>2 576</b>	<b>26 200</b>	<b>9 594</b>

\* Includes exchange rate differences

## PARENT COMPANY BALANCE SHEET (KSEK)

	31-Dec 2019	31-Dec 2018
<b>ASSETS</b>		
Other intangible assets	2 450	-
<i>Tangible fixed assets</i>		
Tools, furnitures and fixtures	54	29
<i>Financial assets</i>		
Shares in subsidiaries	66 063	62 614
<b>Total non current assets</b>	<b>68 567</b>	<b>62 643</b>
<b>Current assets</b>		
Current assets	1 569	2 017
Accounts receivable	3 348	3 144
Intercompany receivables	8 032	6 453
Other receivable	415	1 144
Prepaid costs and deferred revenue	653	904
Cash and bank balances	25 723	9 834
<b>Total current assets</b>	<b>39 740</b>	<b>23 496</b>
<b>TOTAL ASSETS</b>	<b>108 307</b>	<b>86 139</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	790	789
Reserves	22	22
Retained earnings incl. NI	101 046	72 699
<b>Total equity</b>	<b>101 858</b>	<b>73 510</b>
<b>Long term liabilities</b>		
Debt to credit institutions	-	1 000
<b>Short term liabilities</b>		
Debt to credit institutions	-	8 000
Accounts payable	2 831	1 519
Tax liabilities	93	75
Intercompany payables	179	109
Other liabilities	917	85
Deferred costs and prepaid income	2 429	1 841
<b>Total liabilities</b>	<b>6 449</b>	<b>12 629</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>108 307</b>	<b>86 139</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 Group's business, position and results. In assessing Swedencare's future development, it is important to take into account risk factors in addition to potential sales and profit growth. Swedencare's operations are affected by a number of risks that may affect the Group's earnings and financial position to varying degrees. For a description of Swedencare's risks, reference is made to the Parent Company's Annual Report.

## **ACCOUNTING PRINCIPLES**

This yearend report has been prepared in accordance with IAS 34. The Parent Company applies the ÅRL and RFR 2 Accounting in Legal Entity. The same accounting and evaluation principles have been used as in the latest Annual report. Since 2019 the group applies IFRS 16 Leasing which includes rental and car lease agreements in the balance sheet. This does not have a material impact on the result.

## **IFRS 16 LEASES**

As of January 1, 2019, the Group applies the new standard IFRS 16 Leases. IFRS 16 introduces a single accounting method for leasing agreements, which means that the Group's lease agreements for premises and cars which have previously been classified as operating leases according to IAS 17 are reported in the balance sheet as an asset in the form of a right of use and leasing debt.

The Group has chosen to apply the relief principles as immaterial leases and agreements that run for shorter periods than 12 months from the transition date are not included. The Group has chosen to apply partial retroactivity where comparative years are not recalculated and the accumulated effect is reported as an adjustment of the opening equity at the first application date.

## **RELATED PARTY TRANSACTIONS**

There have been no transactions with related parties during the fourth quarter.

## 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 13<sup>TH</sup> 2020



Per Malmström  
*Board Chairman*




Håkan Svanberg  
*Board Member*



Johan Bergdahl  
*Board Member*



Thomas Eklund  
*Board Member*



Håkan Lagerberg  
*Board Member*



Sara Brandt  
*Board Member*

## AUDITOR'S REVIEW

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

## FUTURE REPORTING SCHEDULE

Annual Board Meeting 2020

21<sup>st</sup> of April 2020

*The annual report for the financial year 2019 will be published preliminary on the 3<sup>rd</sup> of April 2019 at [www.swedencare.se](http://www.swedencare.se).*

Interim report Q1 2020

21<sup>st</sup> of April 2020

Interim report Q2 2020

24<sup>th</sup> of July 2020

Interim report Q3 2020

22<sup>nd</sup> of October 2020

Yearend report 2020

18<sup>th</sup> of February 2021

### **CONTACT**

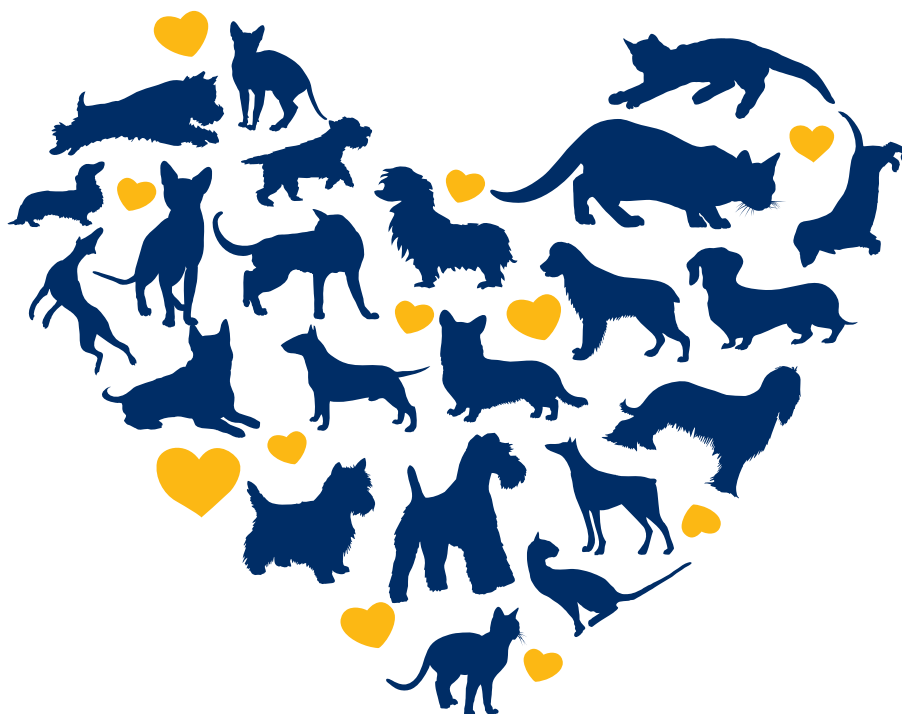
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