



SWEDENCARE

Interim report

July - September 2024



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

Our vision

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



This is Swedencare

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

Vision

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

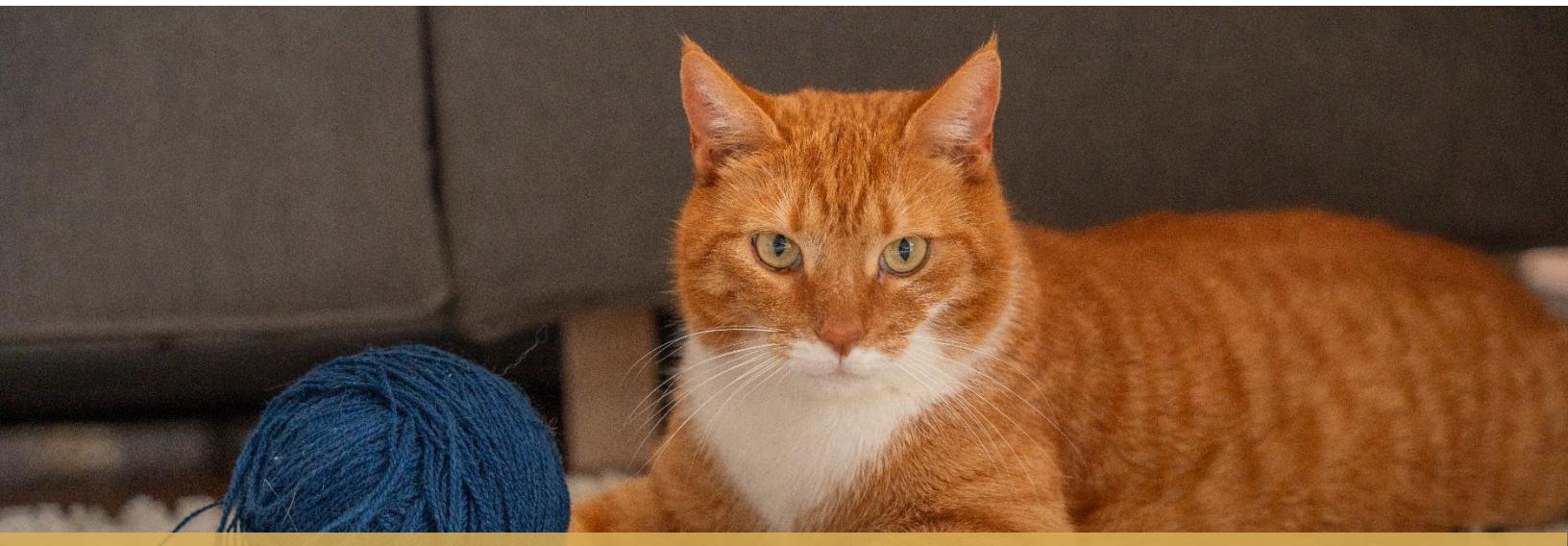
Financial objective

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

Dividend

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

For 2023, the Annual General Meeting decided a dividend of 0.23 SEK (0.22 SEK) per share.



Mission

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

Sales record with 9% organic growth

Summary of the period

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

Third quarter: July 1st - September 30th, 2024

- Net revenue amounted to **641.0 MSEK** (602.0 MSEK), corresponding to an increase of 6% (25%)
- Organic, currency-adjusted growth amounted to **9%** (17%)
- Operational EBITDA amounted to **135.7 MSEK** (136.3 MSEK), unchanged 0%, and an EBITDA-margin of **21.2 %** (22.6 %). The operational adjustments totaling 3.1 MSEK concern M&A costs, and non-cash flow-impacted evaluation of acquisition stock to fair value
- Operational EBITA amounted to **115.2 MSEK** (116.0 MSEK), corresponding to a decrease of -1% and an EBITA-margin of **18.0 %** (19.3 %)
- Operational EBIT amounted to **114.7 MSEK** (115.6 MSEK), corresponding to a decrease of -1% and an EBIT-margin of **17.9 %** (19.2 %)
- Exchange losses amounted to **-0.3 MSEK** (0.7 MSEK)
- Profit after tax amounted to **24.0 MSEK** (38.1 MSEK)
- Earnings per share calculated on **158,819,193 shares** (158,731,900 shares) amounted to **0.15 SEK** (0.24 SEK)
- Cash flow from operating activities amounted to **125.6 MSEK** (135.6 MSEK)
- **50.0 MSEK** has been amortized on the debts to credit institution
- As of September 30th, 2024, cash amounted to **193.1 MSEK** (243.2 MSEK)

First nine months: January 1st - September 30th, 2024

- Net revenue amounted to **1,868.9 MSEK** (1,697.3 MSEK), corresponding to an increase of 10% (27%)
- Organic, currency-adjusted growth amounted to **10%** (12%)
- Operational EBITDA amounted to **415.4 MSEK** (360.3 MSEK), corresponding to an increase of 15%, and an EBITDA-margin of **22.2 %** (21.2 %). The operational adjustments totaling 13.5 MSEK concern M&A costs, an adjustment of customer provisions due to additional claims from 2022, and a non-cash flow-impacted evaluation of acquisition stock to fair value.
- Operational EBITA amounted to **354.3 MSEK** (302.4 MSEK), corresponding to an increase of 17% and an EBITA-margin of **19.0 %** (17.8 %)
- Operational EBIT amounted to **353.1 MSEK** (301.5 MSEK), corresponding to an increase of 17% and an EBIT-margin of **18.9 %** (17.8 %)
- Exchange gains amounted to **4.2 MSEK** (1.7 MSEK)
- Profit after tax amounted to **75.1 MSEK** (71.6 MSEK)
- Earnings per share calculated on **158,760,998 shares** (158,731,900 shares) amounted to **0.47 SEK** (0.45 SEK)
- Cash flow from operating activities amounted to **277.4 MSEK** (317.5 MSEK)
- **125.0 MSEK** has been amortized on the debts to credit institution

Significant event during the third quarter

Swedencare acquires the Canadian Pet Health company MedVant Inc. through the newly established Canadian subsidiary, Swedencare Canada Holding Inc.

Significant events after the third quarter

There are no significant events after the end of the third quarter to comment on.

Words from the CEO

Sales Record and 9% organic growth

The net sales for the third quarter amounted to 641 MSEK, representing an increase of 6% compared to Q3 2023, while our operational EBITDA margin was 21.2%, totaling 136 MSEK. During the quarter, we made a small acquisition of Medvant, a veterinary distributor in Canada. We continued to reduce our net debt/EBITDA which is now at 2.2 compared to 2.9 in September 2023. Our cash flow remains strong, and we have used our cash for both acquisitions and amortization of 50 MSEK in the quarter. Our organic growth was 9% for the quarter and 10% for the year's first nine months.

Growth remains more robust than the market but lower than where we usually should be. Our largest unit, NaturVet, experienced negative growth during the quarter, primarily due to two reasons, which I describe below. For the rest of the group, the quarter was strong, with organic growth of over 30%.

Market Situation

Demand is good in all major markets, and the pet market shows growth. Online, the Veterinary channel, and our manufacturing segment show our most substantial growth.

With an increase of 16% for the quarter, the veterinary channel is strong in all markets except the UK. In the UK, the larger veterinary chains have been somewhat cautious, which may be due to the anti-trust investigation initiated regarding the veterinary market. In other UK channels, demand is strong, indicating that underlying consumer demand remains good. Our persistent work towards the channel in the USA yields results, and our more extensive collaborations are further developing. The Italian animal health market is growing by 9% in the quarter, and we continue to gain market share with growth of 22%.

Our European segment continues to deliver solid results and 30% growth despite the weaker veterinary market in the UK.

We continue to build our online business in North America and Europe which has strong growth. It is mainly our platform sales with partners like Amazon, Chewy, and Zooplus driving the strong sales but our expanded investment in our e-commerce team is increasing sales directly to the end consumer. In addition to sales, the increased customer communication also provides us with new and valuable insights into which preferences and areas we should focus on regarding product development.

NaturVet

NaturVet's sales, which showed negative growth during the quarter, are mainly due to two reasons. The strategic work and negotiation I mentioned in connection with the previous quarterly report regarding our Amazon sales is now completed.

This means that from 2026, we will take the direct relationship with Amazon from our current partner in-house, giving us the entire sales revenue and control over marketing efforts. During the current quarter, this affected NaturVet's sales to our partner but not sales to the end consumer, which had a good development with 13% growth of Amazon sales. During the current quarter, I expect our sales to the partner to show growth and follow the positive trend we have regarding sales to the end consumer. In addition, the quarter was affected by a significant retail customer shutting down a large private label concept which we provided and has yet to be replaced.

Even though the quarter was disappointing, I am convinced our new team and strategy will deliver high growth in the coming years. We are strengthening our current relationships in Pet retail and have the excellent opportunity to enter the "Big box retail channel," which is approximately the same size as the Pet Retail channel. We currently have several dialogues/final negotiations, and we will be in the channel already in 2025 and with more partners in 2026. Even the large pharmacy chains in the USA have started to take an interest in animal health and are a significant opportunity for us.

Manufacturing

All manufacturing units have strong demand, with high year-on-year growth, and in Europe, we continue to expand capacity. John Kane, Production Director, describes more below and will participate in our web presentation. Our units in Florida were closed for a few days in September and October due to the two severe hurricanes that affected large parts of the southeastern USA. Fortunately, none of our employees were physically harmed, but homes and cars suffered minor damage. Our facilities fared well due to their location and the preparations made by our excellent teams.

In conclusion, I want to thank the entire organization for their efforts, and I look forward to finishing the year strong.



A handwritten signature in black ink, appearing to read "Håkan Lagerberg".

Håkan Lagerberg
Malmö October 23th, 2024

"Vetio Animal Health continues to expand its capabilities and presence around the world"

Vetio Animal Health, a wholly owned subsidiary of Swedencare, is a Contract Development and Manufacturing Organization operating in the USA, Canada, the UK, and Ireland. Vetio's roots are in innovative product development for companion animal health, and has a successful track record of bringing innovative products to market and building manufacturing facilities to produce them around the world. Vetio has consistently invested in new growth platforms every 2-3 years, and now specializes in veterinary pharmaceuticals, pet nutritional supplements, palatants, and topical care products.

A centerpiece of our growth strategy is our patented Soft Chew Technology, which is a highly stable and unique delivery system for ingredients for pharmaceuticals and supplements. This technology was developed for the stringent requirements of pharmaceuticals in our Montreal, QC, Canada location, where we have our largest development pipeline ever, working with many large pharmaceutical companies located around the world. Our growth strategy for our pharmaceutical CDMO operations is to deliver on our growing development pipeline leading to commercial manufacturing and to drive placement of our palatant flavor systems in drug products made by us as well as other CDMOs and animal health companies.

In 2022, we adapted our Soft Chew Technology for the fast-growing pet nutritional supplement market, and built a plant in Jupiter, FL, USA. With that facility fully operational, we are well underway with expansions in both the UK and Ireland to manufacture for those markets. We are already supporting global brands with the same formulation and process technology in each of our four facilities worldwide and will continue to expand our reach into all geographic markets.



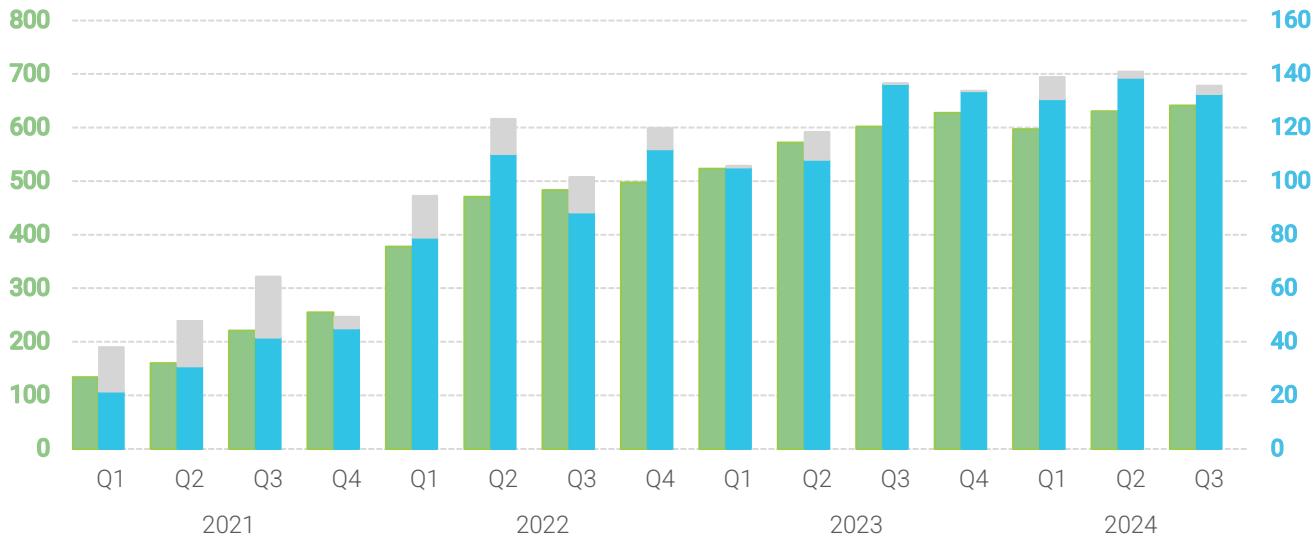
John Kane
Production Director

Q3 KPI's Swedencare Group

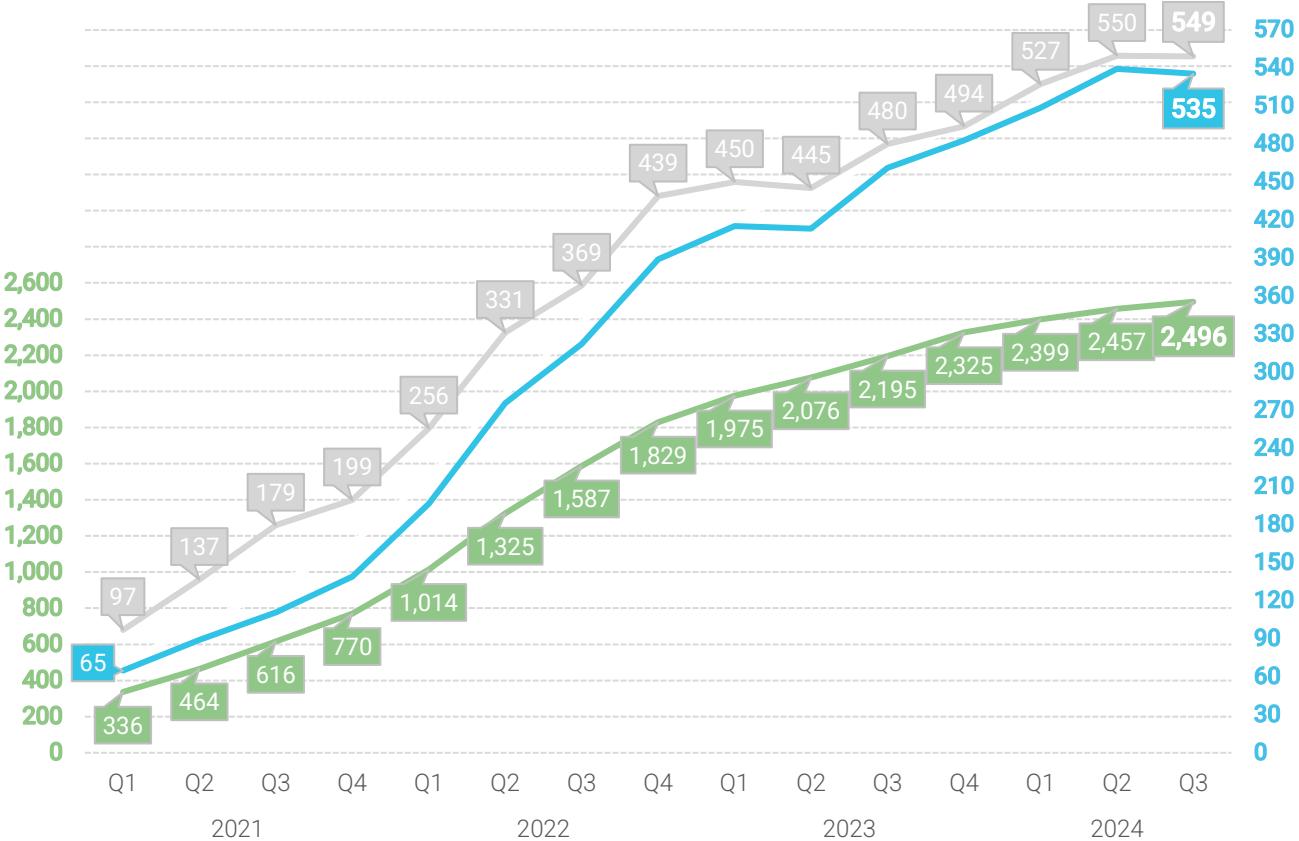


Development 2021 - 2024

Quarterly history of net revenue and EBITDA (MSEK)



Rolling twelve months – net revenue and EBITDA (MSEK)



Net revenue

EBITDA

Operational EBITDA

Additional KPI's and definitions can be found on page 29-31.

Comments – Financial Development

Q3 2024

Net revenue

Net revenue amounted to 641.0 MSEK (602.0 MSEK) which corresponds to an increase of 6 %. The growth is divided into 9% organic growth and -3% currency impact. Acquired growth is rounded to 0%.

Net sales increase quarter by quarter, with Europe as the primary growth market at 30%, while North America has a growth rate of 2%.

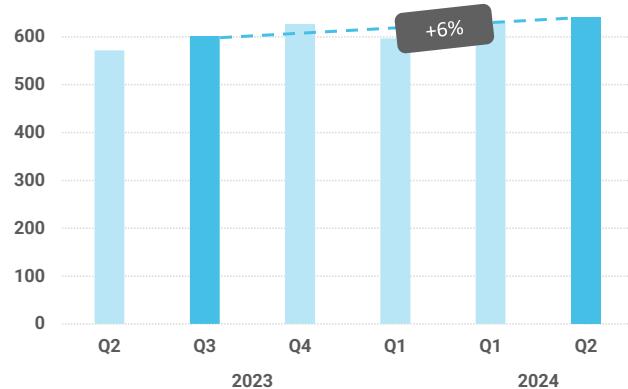
Geographic distribution

North America – 75% of total net revenue

Sales in North America amounted to 480.8 MSEK (470.1 MSEK) an increase of 2 % compared to the corresponding period last year. Growth can primarily continue to be attributed to the online channel, where sales increase quarter by quarter, as well as the Manufacturing segment, which includes the Vetic-companies, where increased development projects have contributed to positive growth of 59%.

The lower growth in the segment is due to negative growth in NaturVet, which is the group's largest company. The reasons behind are explained in "Words from CEO". Despite a 2% growth, the North American market share for the group has decreased by three percentage points compared to the corresponding period last year and represents 75% of the group's total net revenue.

Total net revenue



First nine months 2024

Net revenue

Net revenue amounted to 1,868.9 MSEK (1,697.3 MSEK) which corresponds to an increase of 10 %. The growth is divided into 10% organic growth, -1% positive currency impact and 1% acquired growth.

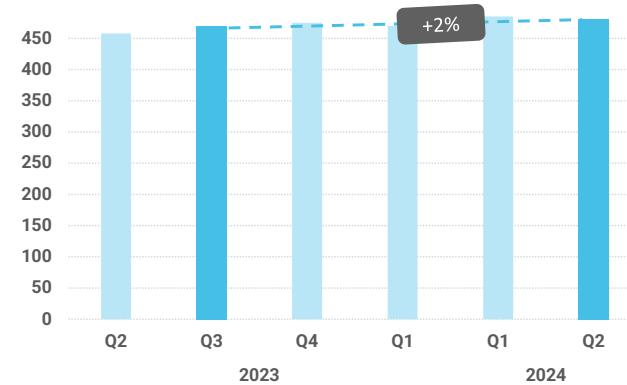
Geographic distribution

North America – 77% of total net revenue

North America has decreased its market share in the group by three percentage points compared to the corresponding period last year and represents 77% (80%) of the group's total revenue. The decrease is mainly due to two weak quarters in NaturVet along with strong growth in Europe, which affects the segment's share in the group.

Total net sales from the North American segment amounted to 1,435.3 MSEK (1,352.3 MSEK). The remaining sales in North America are attributed to the online channel as well as the Production segment.

North America – 75% of total net revenue



Q3 2024

Geographic distribution - cont.

Europe – 23% of total net revenue

Sales in Europe amounted to 145.5 MSEK (111.5 MSEK) an increase of 30% compared to the corresponding period last year. Europe continues its growth journey, with the manufacturing of soft chews continues showing strong growth in the segment. Additionally, Amazon UK sales, which were moved in-house during Q1 2024, have contributed positively to growth during the quarter. The strong growth means that the European market share for the group increases by four percentage points compared to the corresponding period last year.

Rest of the World – 2% of total net revenue

Rest of the World sales amounted to 14.7 MSEK (20.4 MSEK), a decrease of -28% compared to the corresponding period last year. The decline is primarily attributed to the Manufacturing segment, which had a significant Pharma delivery to China during the corresponding period last year. The remaining sales to Rest of the World increased by 10%.

First nine months 2024

Geographic distribution - cont.

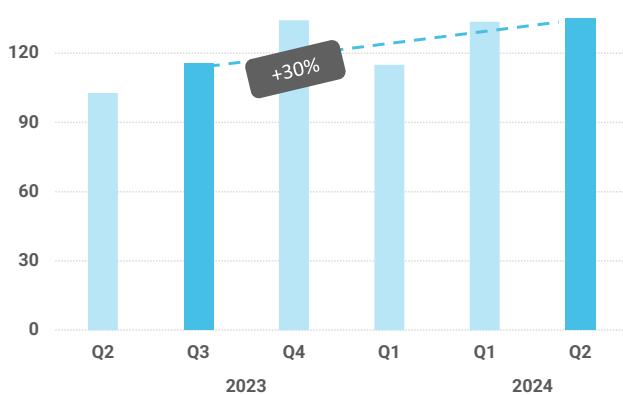
Europe – 20% of total net revenue

Sales in Europe amounted to 394.4 MSEK (297.9 MSEK) an increase of 32% compared to the corresponding period last year. All companies in the European segment have experienced strong growth. The remaining growth is attributed to manufacturing companies, whose home market is the European segment, which has shown strong growth during the first 9 months.

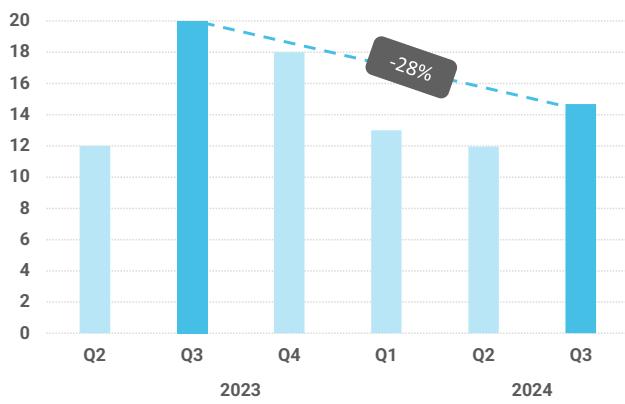
Rest of the World – 2% of total net revenue

Rest of the World sales amounted to 39.1 MSEK (47.1 MSEK), a decrease of -17% compared to the corresponding period last year. Although deliveries to export markets fluctuates between quarters, the decline in the manufacturing segment is attributed to a strong Q3 2023.

Europe – 23% of total net revenue



Rest of the world – 2% of total net revenue



Q3 2024

Product and brand distribution

Despite a decrease of 3% Nutraceuticals continues to represent the group's largest product category with 50% (55%) of the group's total net revenue. The decrease is attributed to reduced sales in the group's largest company, NaturVet, which primarily has products in this category.

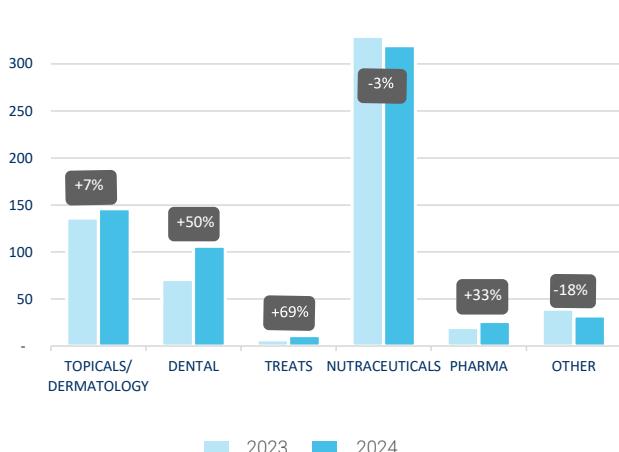
Topicals/Dermatology has increased by 7% compared to the corresponding period last year and continues to represent 23% (23%) of the group's net sales. The unchanged share of the group's total revenue is due to stronger growth in the remaining product categories.

The Dental product group, which in addition to ProDen PlaqueOff®, also include a few other dental products such as toothpaste and dental wipes, has shown a strong growth of 50% and represents 17% (12%) of the group's total net revenue. The main contributors to the increase are ProDen PlaqueOff® Powder, Dental Bones and the newly launched Soft Chews which continues to show strong growth. It is also rewarding to see that the Dental therapy area is growing, as we also have tripled sales of other dental products produced for external partners.

Sales of Pharma (contract development and manufacturing) continue to show strong growth of 33% and represents 4% (3%) of the group's net sales, which during the quarter is explained by more manufacturing projects.

The Treats product group, established with the acquisition of Riley's® Organics in January 2024, shows growth of 69% and represents 2% (1%) of the group's total net revenue.

During Q3 2024 net sales were distributed by product category as shown in the graphic.



First nine months 2024

Product distribution

Swedencare has, through the acquisitions, built a broad product portfolio with several strong brands. Nutraceuticals represents the group's largest product category at 50% (53%) and has shown a growth of 4% compared to the corresponding period last year.

Topicals/Dermatology has increased by 5% and represents 23% (24%) of the group's net revenue.

The Dental product group has increased by 39% and represents 15% (12%) of the group's total net sales. All subcategories within Dental have shown growth, with PlaqueOff Soft Chews, which were also launched in the European segment during the first quarter of 2024, exhibiting the strongest growth.

During Q3 2024 net sales were distributed by brand as shown in the graphic.



Q3 2024

Profit

The operational gross margin during the third quarter amounted to 57.5% (53.7%), in line with expectations. The external costs amounts to 137.6 MSEK (112.0 MSEK) equivalent to 21% of total net revenue. The marketing expenses continue to rise in the third quarter, with increasing investments in digital marketing, brand strengthening, and sales efforts within e-commerce. Personnel costs amount to 15% of net sales, which is slightly lower compared to the previous quarters.

The operational operating profit before amortization of intangible assets (EBITA) amounted to 115.2 MSEK (116.0 MSEK), corresponding to an operational EBITA margin of 18.0% (19.3%). Of the 20.5 MSEK (20.3 MSEK) in depreciation of tangible assets for the quarter, 9.9 MSEK (9.9 MSEK) is attributable to IFRS16 (leased assets).

Exchange rate variations impacted the period's profit with an exchange rate loss of -0.3 MSEK (0.7 MSEK). During the quarter, the interest expenses on loans taken in connection with the acquisitions amounted to 17.9 MSEK (22.1 MSEK). The lower interest expenses are partly due to continued lower average interest rates as well as reduced leverage.

The net income for the quarter amounted to 24.0 MSEK (38.1 MSEK) corresponding to a profit margin of 3.8% (6.3%).

Earnings per share during the third quarter 2024 amounted to 0.15 SEK (0.24 SEK) calculated on a weighted average number of shares, 158,819,193 (158,731,900) as of September 30th, 2024.

Cash flow

Cash flow from operating activities amounted to 125.6 MSEK (135.6 MSEK). The positive change in working capital amounted to 22.7 MSEK (33.5 MSEK) and is a result of reduced accounts receivable and lower inventory levels.

The purchase price for the acquisition of MedVant Inc. was paid on the August 1, 2024. The purchase price consisted of a cash payment of 27,7 MSEK, on a debt- and cash-free basis, as well as a non-cash share issue of 7,0 MSEK. Investments in other tangible and intangible fixed assets amounted to 9,8 MSEK (7,0 MSEK) during the third quarter.

Total interest-bearing liabilities continued to decrease through repayments of 50,0 MSEK during the quarter. During the period, the cash flow amounted to 28,9 MSEK (44,3 MSEK).

First nine months 2024

Profit

The operational gross margin for the period amounted to 57.7% (54.3%). External costs have increased in line with growth and amounted to 374.4 MSEK (327.2 MSEK) for the period, corresponding to 20% of total net revenue. The external costs have been primarily impacted by marketing expenses for direct sales to large online platforms, which constitute a significant portion of the external costs and intensive trade show participation.

The operational operating profit before amortization of intangible assets (EBITA) amounted to 354.3 MSEK (302.4 MSEK), corresponding to an operational EBITA margin of 19.0% (17.8%). Of the 61.1 MSEK (57.8 MSEK) in depreciation of tangible assets for the period, is 29.5 MSEK (29.2 MSEK) attributable to IFRS16 (leased assets).

Exchange rate variations affected the period's profit with an exchange rate gain of 4.2 MSEK (1.7 MSEK). During the first nine months, the interest costs for loans taken out in connection with the acquisitions amounted to 56.9 MSEK (59.9 MSEK).

The net income for the period amounted to 75.1 MSEK (71.6 MSEK) corresponding to a profit margin of 4.0% (4.2%).

Earnings per share during the period amounted to 0.47 SEK (0.45 SEK) calculated on a weighted average number of shares, 158,760,998 (158,731,900) as of September 30th, 2024.

Cash flow

Cash flow from operating activities amounted to 277.4 MSEK (317.5 MSEK). The change in working capital during the period had a negative impact on cash flow from operating activities with -56.0 MSEK (48.8 MSEK). The negative change can mainly be attributed to increased accounts receivable and inventory investments during the first half of the year.

In the first nine months of the year, Swedencare acquired the remaining 70% of the American company with the brand Riley®, MedVant as well as two asset acquisitions, Vet Worthy and HSP. These acquisitions were financed through internal cash flow. Investments in tangible and intangible fixed assets, which include parts of the asset acquisitions, amounted to 57.4 MSEK (27.9 MSEK) during the first nine months of the year. Excluding the asset acquisitions, investments in tangible and intangible fixed assets represent less than 2% of net sales.

During the year, dividend for 2023 was paid, which impacted cash flow by 36,5 MSEK (0.23 SEK per share).

The total interest-bearing liabilities continued to decrease through amortizations of 125.0 MSEK during 2024. For the first nine months, cash flow amounted to -50.2 MSEK (-11.9 MSEK).

Other financial comments

Financial position

Swedencare's equity as of September 30th, 2024 amounted to 7,332.9 MSEK (7,853.2 MSEK), of which 1.6 MSEK (1.6 MSEK) is restricted equity. Swedencare's cash and cash equivalents as of September 30th, 2024 amounted to 193.1 MSEK (243.2 MSEK), the group had by the same date interest bearing short- and long-term debts of 1,532.2 MSEK (1,758.7 MSEK). Swedencare's net debt as of September 30th, 2024 amounted to 1,339.1 MSEK (1,515.6 MSEK).

Personnel

Swedencare had as of September 30th, 2024 a total of 570 employees spread over Sweden (17), England (38), Italy (20), France (2), Greece (10), Ireland (18), Spain (4), USA (399) and Canada (62). The gender distribution is 50% women and 50% men. As of September 30th, 2023 Swedencare had a total of 525 employees.

Financing

As of September 30th, 2024, Swedencare's liabilities to credit institutions amounted to 1,318 MSEK. The Group has a Revolving Credit Facility (RCF) of 800 MSEK, of which the utilized amount was 500 MSEK as of September 30th, 2024. The utilized amount is divided into three draws, each maturing at 3-month intervals, and is subject to a floating interest rate (STIBOR + margin) linked to net debt. The weighted average interest rate as of September 30th, 2024, was 5.02%. The RCF extends until September 2026. As of September 30th, 2024 the Group has unused credit facilities of 300 MSEK.

The remaining loans to credit institutions consist of a term-loan of 818 MSEK. The agreement extends until September 2026. The loan bears floating interest rates (STIBOR + margin). The weighted average interest rate as of September 30th, 2024, was 5.12%.

The loans are subject to financial covenants regarding the financial net debt to EBITDA ratio and interest coverage ratio. As of September 30th, 2024, the reported net debt to EBITDA ratio was 2.22 compared to 2.89 as of September 30th, 2023. Swedencare has complied with all covenants set by the bank for all assessments related to borrowing.

Swedencare's sustainability work

For Swedencare, sustainability means that we take long-term responsibility for the environmental, social, and financial impact that our operations have on our planet. We are working to implement a structure that ensures that we reduce our impact as far as possible. Swedencare closely follows the development of sustainabilityrelated issues and risks. The risks are identified, managed, and analyzed systematically by management. Our sustainability work is clearly anchored in the global development goals adopted by the UN General Assembly with the aim of achieving a better and more sustainable future for everyone.

We have chosen to focus on the five goals where we, as a producer of health care products for pets, have a direct or indirect impact and which can affect sustainability throughout the entire value chain:



During the third quarter, the dual materiality analysis has entered its next phase with stakeholder dialogues. In this phase, we invite various stakeholders, such as employees, suppliers, customers, and investors, to share their perspectives on Swedencare's sustainability efforts. This is done to gain an understanding of which metrics are of greatest relevance to Swedencare's stakeholders.

Within Swedencare, there have been initiatives from employees regarding sustainability work, for example at our subsidiary NaturVet. They have undertaken significant efforts related to recycling at the facility throughout the year. We have also met with packaging suppliers during Q3 to explore various options for even more sustainable packaging

Stock

	30 Sep 2024	30 Sep 2023	30 Sep 2022	30 Sep 2021
Number of shares at the end of the period	158,862,839	158,731,900	158,111,805	118,038,475
Share price at the end of the period	44.3	40.9	44.9	145.2

The ten largest shareholders (the table summarizes Swedencare's ownership structure as of September 30th, 2024):

	Number of shares	Ownership
Symrise AG	65,285,601	41.1%
Håkan Svanberg & Co Health Care AB	23,077,775	14.5%
JCC Group Invest Sweden AB (Johan Bergdahl through company)	7,526,755	4.7%
Första AP-fonden	6,128,612	3.9%
Mastan AB (Håkan Lagerberg through company)	5,715,666	3.6%
AMF Pension och Fonder	5,295,434	3.3%
Grandeur Peak Global Advisors, LLC	2,918,993	1.8%
SEB Fonder	2,859,822	1.8%
Moneta Asset Management	2,366,000	1.5%
Deka Investments	2,157,000	1.4%
Other	35,531,181	22.4%
Total	158,862,839	100.0%
Free float*	53,748,223	33.8%

Holdings include related parties

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

Swedencare – Innovating with scientific excellence

At Swedencare, research and development (R&D) are at the heart of our innovation in pet health. We invest heavily in verifying and improving our products' palatability, performance, and suitable formats for customer needs. Our R&D is grounded in scientific evidence and customer insights, allowing us to create effective and palatable products. We rigorously test for efficacy and performance, which drives the continuous expansion of our product offerings. Collaboration among our group companies is essential for sharing vital information, research, and insights, enabling us to remain at the forefront of new active ingredients and industry trends. The following information elaborates on our commitment to innovation and excellence in pet care.

Swedencare's journey began with the discovery of ProDen PlaqueOff® in the 1970s, based on seaweed's benefits for oral health. Since then, numerous clinical trials have confirmed its effectiveness in reducing plaque and tartar. We continuously invest in research and development to ensure our products meet high standards of quality and innovation. Today, many of our solutions are supported by scientific studies, underscoring our commitment to evidence-based results across the group.

Innovative development for animal health

Our contract development and manufacturing organizations operates in the US, Canada, UK, and Ireland, specializing in veterinary pharmaceuticals, pet nutritional supplements, and topical care products. With decades of experience, we ensure the highest standards of quality, compliance, and safety throughout our development and manufacturing processes.

A key aspect of our expertise lies in formulation development. Our scientists work closely with clients to create robust, stable formulations that optimize the performance and palatability of our products. Our patented Soft Chew Technology offers a highly stable delivery system for pharmaceutical and nutraceutical ingredients, ensuring both efficacy and ease of administration for companion animals.

We emphasize rigorous research in analytical development. Our fully cGMP compliant laboratory conducts a wide range of critical tests, including method validation for drug substances, stability testing, and dissolution profiling. This ensures that the products we develop consistently meet regulatory requirements while maintaining optimal quality and performance.

As a trusted partner, we provide comprehensive analytical services, from the initial formulation and development phases through to technology transfer and scale-up. Our capabilities include taste-masking technologies, custom flavoring agents, and novel delivery systems, such as coated granules and multiparticulate drug products. This research-driven approach allows us to continuously improve product development, providing effective, palatable solutions for companion animals.

Data-driven product development

Our dedication to innovation is exemplified through one approach to product development where the organization is transitioning into an insight-driven Product Development Team, where every decision is grounded in data and customer insights. This iterative process allows us to refine and improve our products throughout the development cycle, ensuring we deliver best-in-class solutions to the market.

We collaborate with third-party organizations to conduct studies that provide reliable data on the efficacy and palatability of our products. These insights help us enhance our formulations, ensuring they not only perform optimally but are also highly accepted by pets. For example, a clinical trial conducted in partnership with a veterinary college on one of our joint health products demonstrated increased activity in animals, allowing us to claim that the product is clinically tested and shown to improve mobility. Additionally, we incorporate researched and trademarked ingredients, like PB6 probiotic, which has been shown to positively impact microbial balance as it pertains to gut health.



We also work closely with partners to conduct palatability studies on both dogs and cats. This feedback guides our formulation development, ensuring that our products are effective and enjoyable for pets. In addition, our proprietary FlavorPAL™ palatant systems are developed specifically to enhance the acceptance of oral solid dosage products in both dogs and cats, supported by comprehensive palatability studies. Through our ongoing palatability studies and partnerships, we ensure that our products not only perform well but are also highly accepted by pets, strengthening our position as a trusted name in pet health

Enhanced testing for proven results

In some cases, we have traditionally relied on independent studies of carefully selected ingredients to demonstrate the efficacy and uniqueness of our products in the veterinary market. While our range has gained recognition for its effectiveness, we are now taking additional steps to validate this through finished product testing, particularly in the joint health category.

We are currently undertaking several initiatives to substantiate our claims. This includes laboratory analyses of key active compounds, such as an omega-3 fatty acid that supports joint health and a plant extract known for its anti-inflammatory properties, to challenge competitor products and marketing claims. Additionally, we are collaborating with a third-party organization to conduct a large-scale trial involving over 100 dogs, aimed at proving the benefits of our joint supplements over 10- and 30-day periods, with both veterinarians and pet owners evaluating the results. Furthermore, laboratory tests are underway to compare our joint supplements against leading products and common anti-inflammatory drugs, with findings expected later this year. These combined efforts are designed to provide the market with compelling, evidence-based

justification for choosing our products over other leading brands in the industry.

Transforming pet care through advanced scientific research

Our Italian science-based company strives every day to improve the health and quality of life of dogs and cats through an ambitious research project that builds on the scientific legacy of Nobel Prize winner Rita Levi Montalcini. This innovative approach redefines animal health as a dynamic and constant rebalancing of the body's natural protective responses, rather than merely the absence of disease.

In over 25 years of research, we have identified a new class of substances called Aliamides, which have demonstrated remarkable efficacy in enhancing and optimizing nature's defense mechanisms. These substances effectively safeguard the body against negative stimuli and promote lasting health. Key compounds include PEA (palmitoylethanolamide), used in our complementary feeds, and Adelmidrol, designed for topical applications. Through innovative and patented technological processes, we have developed Aliamides in active, ultra-micronized, or co-micronized forms with other natural substances to increase their bioavailability and effectiveness.

Our commitment to innovation is reflected in our extensive clinical studies and numerous patents across various therapeutic areas, ensuring that our products are supported by solid scientific evidence. This comprehensive research strengthens our dedication to advancing animal health. As we move forward, we remain committed to excellence, focusing on delivering reliable, scientifically backed solutions that enhance the quality of life for pets. Our journey continues as we strive to innovate and adapt, ensuring that our products meet the evolving needs of pet owners while upholding the highest standards of quality and efficacy.

Financial overview

Consolidated profit and loss (MSEK)

	Jul - Sep 2024	Jul - Sep 2023	Jan - Sep 2024	Jan - Sep 2023	Full year 2023	Rolling 12 mths
Net revenue	641.0	602.0	1,868.9	1,697.3	2,324.6	2,496.2
Other revenue	2.6	9.7	6.1	11.8	13.7	8.0
Total revenue	643.6	611.7	1,875.0	1,709.1	2,338.3	2,504.1
Cost of sales	-274.6	-278.7	-802.8	-785.3	-1,047.5	-1,065.0
Other external costs	-137.6	-112.0	-374.4	-327.2	-449.2	-496.3
Personnel costs	-97.8	-84.0	-292.2	-243.7	-353.3	-401.7
Other costs	-1.0	-0.7	-3.8	-3.6	-5.3	-5.6
Operating profit before depreciation (EBITDA)	132.6	136.3	401.8	349.4	483.0	535.5
Depreciation and write-downs of tangible fixed assets	-20.5	-20.3	-61.1	-57.8	-78.0	-81.2
Operating profit before interest, taxes and amortization (EBITA)	112.1	116.0	340.7	291.5	405.0	454.2
Amortization of intangible fixed assets	-57.7	-59.2	-173.7	-173.5	-231.8	-232.0
Operating profit (EBIT)	54.4	56.7	167.0	118.0	173.2	222.3
Financial income	1.8	1.8	7.4	3.8	1.8	5.6
Financial costs	-21.0	-25.7	-64.9	-68.7	-94.1	-90.4
Results from shares in associated companies	-0.3	-0.1	-0.9	-0.2	0.1	-0.5
Profit after financial costs	34.8	32.8	108.7	52.8	81.1	137.0
Net income before tax	34.8	32.8	108.7	52.8	81.1	137.0
Tax on profit	-10.7	-9.1	-28.9	-20.9	-28.4	-36.4
Deferred tax	0.0	14.3	-4.7	39.7	5.9	-38.5
Net income	24.0	38.1	75.1	71.6	58.6	62.1
Earnings per share before dilution (SEK)	0.15	0.24	0.47	0.45	0.37	0.39
Earnings per share after dilution (SEK)	0.15	0.24	0.47	0.45	0.37	0.39

Consolidated statement of comprehensive income (MSEK)

Net income	24.0	38.1	75.1	71.6	58.6	62.1
Exchange difference foreign subs.	-379.1	-45.2	80.6	355.9	-277.6	-552.8
Total profit	-355.1	-7.1	155.7	427.4	-219.0	-490.7

Consolidated balance sheet (MSEK)

	30 Sep 2024	31 Dec 2023	30 Sep 2023
ASSETS			
Non-current assets			
Goodwill	4,042.5	3,967.5	4,254.9
Other intangible assets	3,905.3	3,941.5	4,295.2
Shares in associated companies	0.6	24.1	0.0
Buildings and land	138.3	141.1	152.8
Right of use according to IFRS - Buildings and land	201.5	206.1	231.2
Machinery and other tech assets	133.9	132.1	143.3
Right of use according to IFRS - Machinery and other tech assets	6.8	4.9	5.6
Tools, furniture, and fixtures	9.8	9.3	10.9
Other financial assets	0.6	0.6	0.6
Deferred tax asset	108.3	102.9	81.9
Total non-current assets	8,547.5	8,530.0	9,176.6
Current assets			
Inventory	450.7	398.1	438.7
Accounts receivables	256.2	228.5	270.1
Tax receivables	64.8	63.3	34.6
Other receivables	5.6	4.8	7.1
Prepaid costs and deferred revenue	69.7	60.2	57.5
Cash	193.1	237.3	243.2
Total current assets	1,040.2	992.1	1,051.2
TOTAL ASSETS	9,587.7	9,522.1	10,227.8

Consolidated balance sheet (MSEK) – cont.

	30 Sep 2024	31 Dec 2023	30 Sep 2023
EQUITY AND LIABILITIES			
Equity			
Share capital	1.6	1.6	1.6
Share premium	6,216.5	6,209.7	6,209.7
Conversion reserves	849.9	769.3	1,402.7
Other equity incl. full year profit	264.9	226.3	239.3
Total equity	7,332.9	7,206.8	7,853.2
Long term liabilities			
Debt to credit institutions	1,316.4	1,441.2	1,515.6
Other interest-bearing liabilities	175.8	179.6	202.5
Deferred tax liability	423.2	386.8	349.3
Debts to employees	4.9	4.7	4.7
Other long-term liabilities	5.0	5.0	5.4
Short term liabilities			
Accounts payable	96.3	83.8	89.8
Tax liabilities	94.5	75.6	47.6
Other interest-bearing liabilities	40.1	37.8	40.7
Other liabilities	24.0	21.4	19.7
Deferred costs and prepaid income	74.6	79.4	99.4
Total liabilities	2,254.8	2,315.3	2,374.6
TOTAL EQUITY AND LIABILITIES	9,587.7	9,522.1	10,227.8

Consolidated change of equity (MSEK)

	Jul - Sep 2024	Jul - Sep 2023	Jan - Sep 2024	Jan - Sep 2023	Full year 2023
Beginning balance	7,681.1	7,860.3	7,206.8	7,460.7	7,460.7
New share issued	6.9	-	6.9	-	-
Paid dividend	-	-	-36.5	-34.9	-34.9
Total profit	-355.1	-7.1	155.7	427.4	-219.0
Ending balance	7,332.9	7,853.2	7,332.9	7,853.2	7,206.8

Consolidated cash flow statement (MSEK)

	Jul - Sep 2024	Jul - Sep 2023	Jan - Sep 2024	Jan - Sep 2023	Full year 2023
Operating income before financial costs	54.4	56.7	167.0	118.0	173.2
Paid interest	-17.5	-22.0	-56.5	-51.8	-72.6
Depreciation	78.2	79.5	234.8	231.3	309.8
Paid tax	-8.2	-7.7	-11.9	-22.3	-29.2
Non-cash flow items	-4.0	-4.5	0.0	-6.5	3.3
Operating cash flow before change of working capital	103.0	102.1	333.4	268.7	384.5
<i>Change in working capital</i>					
Change in inventory	25.0	18.7	-32.6	20.1	31.0
Change of accounts receivable	23.5	7.3	-21.6	-30.8	-16.8
Change of other receivables	-8.1	-7.2	-9.8	-6.4	-11.3
Change of accounts payable	-15.8	0.9	10.2	18.5	20.3
Change in current liabilities	-1.9	13.9	-2.1	47.5	36.3
Operating cash flow	125.6	135.6	277.4	317.5	444.0
<i>Investment activities</i>					
Acquisitions	-27.7	-	-80.7	-113.9	-140.3
Purchases of intangible assets	-0.4	-1.0	-27.6	-1.9	-2.2
Purchases of buildings	-2.4	-1.7	-5.4	-5.9	-7.5
Purchases of machines	-6.0	-4.3	-21.4	-16.3	-21.7
Purchases of tools, furniture, and fixtures	-0.9	-	-3.0	-3.8	-4.6
Cash flow from investment activities	-37.4	-7.0	-138.1	-141.8	-176.4
<i>Financial activities</i>					
Paid dividend	-	-	-36.5	-34.9	-34.9
Loan	-	-	-	25.0	25.0
Amortization on interest-bearing loan	-50.0	-75.0	-125.0	-150.6	-225.5
Amortization on lease	-9.3	-9.3	-28.0	-27.1	-36.2
Cash flow from financial activities	-59.3	-84.3	-189.5	-187.5	-271.6
Cash flow for the period	28.9	44.3	-50.2	-11.9	-4.0
Cash balance at beginning of period	170.0	197.6	237.3	245.1	245.1
Exchange difference in cash	-5.7	1.3	6.0	10.0	-3.8
Cash balance at end of period	193.1	243.2	193.1	243.2	237.3

Consolidated revenue breakdown (MSEK)

	Jul - Sep 2024	Jul - Sep 2023	Change %
Product areas			
Topicals/Dermatology	146.0	136.1	7%
Dental	106.2	70.8	50%
Treats	11.2	6.6	69%
Nutraceuticals	319.3	329.3	-3%
Pharma	26.2	19.8	33%
Other	32.1	39.4	-18%
Total	641.0	602.0	6%
Time of revenue recognition			
The performance commitment is met over time	98.0	69.0	42%
The performance commitment is met a certain time	543.0	533.0	2%
Total	641.0	602.0	6%
Geographic market			
North America	480.8	470.1	2%
Europe	145.5	111.5	30%
Rest of the World	14.7	20.4	-28%
Total	641.0	602.0	6%

Revenue breakdown per segment (MSEK)

	North America		Europe		Production		Group	
	2024	2023	2024	2023	2024	2023	2024	2023
Jul - Sep								
North America	382.8	408.3	-	-	98.1	61.8	480.8	470.1
Europe	0.7	3.7	108.4	95.0	36.3	12.9	145.5	111.5
Rest of the world	5.9	5.9	8.6	7.3	0.2	7.3	14.7	20.4
Total	389.4	417.8	116.9	102.2	134.6	82.0	641.0	602.0

Consolidated revenue breakdown (MSEK) – cont.

	Jan - Sep 2024	Jan - Sep 2023	Change %
Product areas			
Topicals/Dermatology	427.2	404.9	5%
Dental	288.2	206.6	39%
Treats	32.3	16.9	91%
Nutraceuticals	937.7	901.9	4%
Pharma	81.6	69.2	18%
Other	101.9	97.8	4%
Total	1,868.9	1,697.3	10%
Time of revenue recognition			
The performance commitment is met over time	271.0	242.0	12%
The performance commitment is met a certain time	1,597.9	1,455.3	10%
Total	1,868.9	1,697.3	10%
Geographic market			
North America	1,435.3	1,352.3	6%
Europe	394.4	297.9	32%
Rest of the World	39.1	47.1	-17%
Total	1,868.9	1,697.3	10%

Revenue breakdown per segment (MSEK) – cont.

	North America		Europe		Production		Group	
	2024	2023	2024	2023	2024	2023	2024	2023
Jan - Sep								
North America	1,164.1	1,117.5	-	-	271.3	234.9	1,435.3	1,352.3
Europe	2.5	6.0	299.5	258.1	92.4	33.8	394.4	297.9
Rest of the world	15.0	15.2	23.9	24.3	0.2	7.6	39.1	47.1
Total	1,181.6	1,138.7	323.4	282.4	363.9	276.2	1,868.9	1,697.3

Note 1 Operating segment the Group (MSEK)

An operating segment is a part of the Group that conducts activities from which it can generate revenues and incur expenses, with its operating results regularly reviewed by the company's highest executive decision-maker and for which separate financial information is available. The Group's operations are reported by geographical area (North America, Europe) as well as by manufacturing units. The operating segments are reported in a manner consistent with the internal reporting provided to the highest executive decision-maker, who is responsible for resource allocation and monitoring the results 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, confirming that the external and internal reporting are aligned.

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

The European operating segment includes eight sales companies in Europe.

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

	North America		Europe		Production		Group-wide functions		Group	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Jul - Sep										
Net revenue external	389.4	417.8	116.9	102.2	134.6	82.0	-	-	641.0	602.0
Net revenue internal, between segments	0.8	0.3	9.6	10.7	46.9	31.6	-57.4	-42.5	-	-
Net sales	390.3	418.0	126.6	112.9	181.5	113.6	-57.4	-42.5	641.0	602.0
Other revenue external	1.8	8.7	0.8	1.0	0.0	0.0	0.0	0.0	2.6	9.7
Total revenue	392.0	426.7	127.4	113.9	181.6	113.7	-57.4	-42.6	643.6	611.7
Cost of sales	-185.5	-205.1	-43.0	-36.8	-103.3	-69.8	57.1	33.0	-274.6	-278.7
Other external costs	-95.8	-76.7	-22.7	-18.1	-14.2	-13.4	-4.9	-3.8	-137.6	-112.0
Personnel costs	-52.1	-49.4	-13.2	-10.9	-26.1	-19.6	-6.4	-4.1	-97.8	-84.0
Other costs	0.0	0.0	-1.2	-0.2	0.2	-0.1	0.0	-0.4	-1.0	-0.7
EBITDA	58.6	95.6	47.4	47.9	38.3	10.7	-11.7	-17.8	132.6	136.3
Depreciation and write-downs of tangible fixed assets	-11.0	-11.8	-1.7	-1.1	-7.8	-7.4	0.0	-	-20.5	-20.3
EBITA	47.6	83.8	45.7	46.8	30.4	3.3	-11.7	-17.8	112.1	116.0
Amortization of intangible fixed assets	-35.7	-36.6	-6.6	-7.1	-15.2	-15.7	-0.1	0.1	-57.7	-59.2
EBIT	11.8	47.2	39.1	39.7	15.2	-12.4	-11.8	-17.7	54.4	56.7
Financial costs	-1.0	-1.5	-0.4	0.7	-0.3	-0.8	-17.6	-22.2	-19.3	-23.9
Results from shares in associated companies	0.0	-	-	-	-	-	-0.3	-0.1	-0.3	-0.1
Profit after financial costs	10.9	45.6	38.7	40.4	15.0	-13.2	-29.7	-40.0	34.8	32.8
Net income before tax	10.9	45.6	38.7	40.4	15.0	-13.2	-29.7	-40.0	34.8	32.8
Tax on profit	-0.7	-0.4	-6.9	-7.1	-3.2	-0.9	0.0	-0.6	-10.7	-9.1
Deferred tax	-3.7	8.4	-0.2	-0.3	3.8	3.9	0.0	2.3	0.0	14.3
Net income	6.5	53.6	31.6	33.0	15.6	-10.3	-29.7	-38.2	24.0	38.1

Note 1 Operating segment the Group (MSEK) – cont.

	North America		Europe		Production		Group-wide functions		Group	
Jan - Sep	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Net revenue external	1,181.6	1,138.7	323.4	282.4	363.9	276.2	-	-	1,868.9	1,697.3
Net revenue internal, between segments	3.7	0.5	28.8	26.7	122.9	90.2	-155.4	-117.5	-	-
Net sales	1,185.3	1,139.2	352.2	309.1	486.8	366.4	-155.4	-117.5	1,868.9	1,697.3
Other revenue external	1.9	8.7	3.8	2.9	0.4	0.2	0.0	-	6.1	11.8
Total revenue	1,187.2	1,147.9	356.0	312.0	487.4	366.8	-155.5	-117.6	1,875.0	1,709.1
Cost of sales	-554.9	-558.2	-116.9	-96.5	-278.8	-230.2	147.8	99.5	-802.8	-785.3
Other external costs	-257.7	-214.3	-60.9	-58.9	-40.6	-41.5	-15.2	-12.4	-374.4	-327.2
Personnel costs	-159.8	-142.2	-38.4	-31.8	-73.2	-56.0	-20.7	-13.7	-292.2	-243.7
Other costs	-	0.0	-3.1	-0.7	-0.6	-2.0	-0.1	-0.8	-3.8	-3.6
EBITDA	214.8	233.3	136.6	124.0	94.1	37.1	-43.7	-45.0	401.8	349.4
Depreciation and write-downs of tangible fixed assets	-34.0	-33.0	-4.1	-3.5	-23.0	-21.4	0.0	0.0	-61.1	-57.8
EBITA	180.8	200.3	132.6	120.6	71.1	15.7	-43.7	-45.0	340.7	291.5
Amortization of intangible fixed assets	-107.7	-107.5	-19.7	-20.3	-45.8	-46.1	-0.4	0.4	-173.7	-173.5
EBIT	73.1	92.8	112.8	100.2	25.2	-30.4	-44.1	-44.7	167.0	118.0
Financial costs	-3.4	-4.6	0.5	1.5	-1.4	-2.4	-53.1	-59.5	-57.5	-64.9
Results from shares in associated companies	-0.5	-	-	-	-	-	-0.4	-0.2	-0.9	-0.2
Profit after financial costs	69.2	88.2	113.3	101.7	23.8	-32.7	-97.6	-104.4	108.7	52.8
Net income before tax	69.2	88.2	113.3	101.7	23.8	-32.7	-97.6	-104.4	108.7	52.8
Tax on profit	-1.9	-1.2	-20.2	-15.9	-6.8	-3.3	0.0	-0.6	-28.9	-21.0
Deferred tax	-17.3	24.8	-0.7	-1.0	11.5	11.5	1.8	4.4	-4.7	39.7
Net income	49.9	111.9	92.4	84.8	28.5	-24.5	-95.8	-100.6	75.1	71.6

Note 2 Acquisitions completed during the year

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.

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

An initial joint test launch of Riley's products took place on Pet MD's Amazon channel from January 2023, resulting in over 2 MUSD in increased sales for Riley's within this sales channel. Riley's revenue was approximately 3.2 MUSD during the last fiscal year (January 2023 – December 2023). Through the acquisition of Riley's, Swedencare has now entered the fast-growing market for organic treats in North America.

Pet owners have made organic treats one of the fastest-growing product categories for dogs, and by expanding our offering with this category, Swedencare can leverage the Pet MD Brands team and technology to further accelerate the strong growth that both Riley's and Pet MD Brands have experienced in 2023. The table on page 22 presents a preliminary acquisition analysis. No part of the recorded goodwill is expected to be deductible for income tax purposes.

MedVant – Acquisition of a Canadian Animal Healthcare Company Focused on the Veterinary Sector

On August 1, 2024, Swedencare acquired 100% of the Canadian animal healthcare company, MedVant Inc. The purchase price amounts to 35.3 MSEK. The cash consideration consists of 28.3 MSEK (27.7 MSEK on a debt-free and cash-free basis) and a share issuance of 130,939 shares. MedVant has exclusively distributed RX Vitamins, Swedencare's subsidiary product line, in Canada since 2020. Through this strategic acquisition, Swedencare is now entering the expansive Canadian veterinary market and gaining a comprehensive portfolio of premium dietary supplements for dogs and cats. MedVant currently sells to approximately 2,500 veterinary clinics in Canada. MedVant had sales of 2.5 MCAD in 2023, equivalent to around 19.0 MSEK, with an EBITDA margin of 27%.

The share price of 53.2 SEK for MedVant is calculated based on the weighted average price of the parent company's shares during the last 10 banking days prior to July 19, 2024, and is based on the average CAD/SEK exchange rate for the same period, which was 7.7399.

Asset acquisitions

Acquisitions of companies can be classified as either business acquisitions or asset acquisitions, and each acquisition requires an individual assessment. According to IFRS, a business must comprise an integrated set of activities and assets, including at least one input and a significant process that together contribute significantly to the ability to generate output (return). If an acquisition does not generate current output but includes an identifiable asset that can generate output in the future, an organized workforce is required for the acquisition to be classified as a business acquisition. If an acquisition is not assessed as a business, it is reported as an asset acquisition.

A concentration test can be voluntarily applied to determine if an acquisition is an asset acquisition. The test implies that if substantially all of the fair value of the acquired gross assets can be attributed to a single asset or a group of similar assets, the acquisition is classified as an asset acquisition.

During the second quarter of 2024, Swedencare completed two acquisitions classified as asset acquisitions: trademark rights to Vet Worthy® and Healthy Solutions for Pets.

The total transferred consideration amounts to 38.4 MSEK (3.6 MUSD), of which 38.4 MSEK has impacted the cash flow during the period.

The Vet Worthy® brand was created in 2016 and was successfully sold within the Pet retail and online sectors until the end of 2023. Due to a restructuring of the parent company, an opportunity arose to acquire the brand, and Swedencare intends to sell off the acquired inventory during 2024. The plan is to relaunch the brand in Q1 2025 with the majority of products manufactured internally.

The Healthy Solutions for Pets brand is targeted at a younger demographic with a cleaner label design preferred by millennials and Gen Z buyers. Initially launched via a direct-to-consumer website, it has now expanded to a significant presence on Amazon and Chewy with over 2,000 loyal subscription customers. Currently, opportunities are being evaluated for the brand to be included in physical independent pet stores/distribution channels, along with previously unexploited channels.

Note 2 Acquisitions completed during the year – cont.

	Riley's	MedVant
Acquisition		
Purchase price		
Cash payment in 2023	25.0	-
Cash payment for this year's acquisition	53.4	28.3
Issue in kind of shares	-	7.0
Total purchase price	78.4	35.3
Payment for acquisitions:		
Payment for this year's acquisition	78.4	35.3
Acquired cash and bank balances	-0.4	-0.6
Transaction costs that are included in Net income as Other external costs	0.1	1.0
Total paid	78.1	35.7
Contributions from acquired companies		
Contribution from the time when the controlling influence existed		
Total revenue	3.4	3.2
Net income	0.9	0.9
Contributions if the acquisitions had been made January 1st, 2023.		
Total revenue	3.4	14.5
Net income	0.9	2.6
	Acquisition analysis	Acquisition analysis
Acquired assets and liabilities		
Intangible assets	59.9	14.1
Tangible assets	0.2	0.7
Inventory	14.8	8.6
Accounts receivable	2.2	2.3
Cash	0.4	0.6
Total acquired net assets	77.5	26.3
Accounts payable	-1.5	-0.6
Deferred tax liability	-17.1	-5.1
Other current assets	-0.2	-0.4
Total acquired net liabilities	-18.8	-6.1
Goodwill	19.7	15.1
Total	78.4	35.3

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

The board and the managing director guarantee that the interim report provides a fair overview of the Company's operations, position, and results. When evaluating Swedencare's future development, it is important to consider risk factors in addition to potential revenue and profit growth. Swedencare's operations are affected by several risks that can have an effect on the company's results and financial position to varying extents. For a description of Swedencare's risks, refer to the management report on pages 57-61 and in note 31 in the annual report for 2023. It is deemed that there have been no significant changes in these risks and uncertainty factors as of September 30th, 2024.

Note 4 Accounting principles

This interim report has been prepared for the Group in accordance with IAS 34, Interim Financial Reporting, and the Swedish Annual Accounts Act, and for the parent company in accordance with the Swedish Annual Accounts Act. The same accounting principles and calculation bases have been applied as in the latest annual report, although currency exchange losses have not been included in the operating results in previous years. Therefore, the comparative figures have been adjusted to provide a more accurate picture.

Note 5 Change in accounting estimates

When preparing the financial reports in accordance with IFRS, estimations, judgments, and assumptions are made that affect the application of accounting principles and the amounts reported for assets, liabilities, revenues, and expenses. These estimations and assumptions are based on historical experience and a number of other factors that under current circumstances appear reasonable. Actual outcomes may differ from these estimations and judgments. The areas that involve a high degree of judgment, are complex, or are areas where assumptions and estimations are of significant importance to the financial reports are disclosed in the latest annual report. There have been no material changes in the preparation of the interim report.

Note 6 Transactions with related parties

Transactions with related parties occur within the ordinary course of business and are conducted on commercial terms and at market prices. In addition to the usual transactions between group companies and compensations to management and the board of directors, the following transactions with related parties have taken place during the period from January 1st - September 30th, 2024:

- Purchased services from companies controlled by senior executives for an amount of 0.2 MSEK
- Sold products to companies controlled by senior executives for 0.0 MSEK

Note 7 Fair value

Financial liabilities

Swedencare has a financial liability related to contingent consideration in business acquisitions, which is valued at fair value through profit or loss. The contingent consideration is attributable to the acquisition of Axiom Direct and is based on Axiom Direct's sales until 2026. The contingent consideration was valued at fair value at the time of acquisition on April 3, 2023, and was revalued at fair value as of September 30th, 2024. The valuation is based on expected future cash flows, which are discounted using the discount rate. The discount rate (WACC) for the contingent consideration corresponds to the risk-free rate for 10-year US Treasury bonds, which increased from 2.3% at the time of acquisition to 3.8% as of September 30th, 2024. Swedencare's assessment of the fair value of the financial liability related to contingent consideration as of September 30th, 2024, amounts to 0.3 MSEK. The adjustment to fair value is recognized as a financial expense of 0.1 MSEK during the third quarter.

Malmö October 23rd, 2024

Håkan Lagerberg
CEO

Håkan Svanberg
Board Chairman

Johan Bergdahl
Board Member

Heinz-Jürgen Bertram
Board member

Sara Brandt
Board Member

Thomas Eklund
Board Member

Jean-Yves Parisot
Board Member

Ulrika Valassi
Board Member

Auditor's review

The interim report has been subject to a limited review by the company's auditor.

Future reporting schedule



Contact

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Review Report

To the Board of Directors of Swedencare AB (publ)

Introduction

We have reviewed the interim report for Swedencare AB (publ), corporate identity no. 556470-3790, for the period January 1 - September 30, 2024. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Malmö, October 23rd, 2024
Deloitte AB

Signature on Swedish original

Maria Ekelund
Authorized Public Accountant

Definition of Key Performance Indicators

In this report, Swedencare presents information that the company's management uses to assess the Group's performance. 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 key figures in the same way, they are not always comparable to measures used by other companies. Therefore, these key figures should not be seen as a substitute for measures defined according to IFRS. ESMA's guidelines on "alternative performance measures" are applied, which means increased disclosure requirements regarding key figures not defined according to IFRS. Below is a reconciliation of the key figures that Swedencare deems relevant according to these guidelines. Margins are calculated as a percentage of net revenue instead of a percentage of total revenue. Therefore, the comparative figures have been adjusted to provide a more accurate picture.

Net revenue The main revenue of the company	EBITA Operating profit before amortization	Interest-bearing net debt Interest-bearing debt including financial leasing minus cash.
Change of revenue (%) Net revenue in relation to the previous corresponding period	EBITA-margin (%) EBITA as a percentage of net revenue	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)
Gross profit Sales revenue minus cost of sales	EBIT Operating profit	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 net revenue	EBIT-marginal (%) EBIT as a percentage of net revenue	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.
EBITDA Operating profit before depreciation	Solvency (%) Equity (equity and untaxed reserves minus deduction for deferred tax) calculated as a percentage of total assets.	
EBITDA-margin (%) EBITDA as a percentage of net revenue		

Definition of operational Key Performance Indicator

Operational gross profit Gross profit excluding items affecting comparability. The measure is relevant for showing the group's result generated by activities.	Operational EBITDA-margin (%) Op. EBITDA as a percentage of net revenue	Operational EBIT EBIT excluding items affecting comparability. The measure is relevant for showing the group's results generated by operating activities
Operational gross margin (%) Op. Gross profit 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 EBIT-margin (%) Op. EBIT 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 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

Consolidated Key Performance Indicators

	Jul - Sep 2024	Jul - Sep 2023	Jan - Sep 2024	Jan - Sep 2023	Full year 2023
Result measures (MSEK)					
Net revenue	641.0	602.0	1,868.9	1,697.3	2,324.6
Total revenue	643.6	611.7	1,875.0	1,709.1	2,338.3
Change of revenue (%)	6.5%	24.5%	10.1%	27.4%	27.1%
Gross margin (%)	57.2%	53.7%	57.0%	53.7%	54.9%
EBITA	112.1	116.0	340.7	291.5	405.0
EBITA-margin (%)	17.5%	19.3%	18.2%	17.2%	17.4%
EBIT	54.4	56.7	167.0	118.0	173.2
EBIT-margin (%)	8.5%	9.4%	8.9%	7.0%	7.5%
Net income	24.0	38.1	75.1	71.6	58.6
Net income margin (%)	3.8%	6.3%	4.0%	4.2%	2.5%
Share data (SEK)					
Outstanding shares at period close	158,862,839	158,731,900	158,862,839	158,731,900	158,731,900
Average outstanding shares	158,819,193	158,731,900	158,760,998	158,731,900	158,731,900
Earnings per share (SEK)*	0.15	0.24	0.47	0.45	0.37
Equity per share (SEK)	46.17	49.47	46.19	49.47	45.40
Other information (MSEK)					
Cash	193.1	243.2	193.1	243.2	237.3
Interest-bearing net debt	1,339.1	1,515.6	1,339.1	1,515.6	1,421.3
Equity	7,332.9	7,853.2	7,332.9	7,853.2	7,206.8
Balance sheet total	9,587.7	10,227.8	9,587.7	10,227.8	9,522.1
Solvency (%)	76.5%	76.8%	76.5%	76.8%	75.7%

* KPI's defined according to IFRS

Consolidated Operational Key Performance Indicators (MSEK)

	Jul - Sep 2024	Jul - Sep 2023	Jan - Sep 2023	Jan - Sep 2024	Full year 2023
Net revenue	641.0	602.0	1,868.9	1,697.3	2,324.6
Operational gross profit	368.4	323.4	1,078.1	922.3	1,287.3
<i>Operational gross margin</i>	57.5%	53.7%	57.7%	54.3%	55.4%
Revaluation of aquisition stock to fair value	-2.1	-	-9.7	-0.5	-0.5
The effect of changes in stock valuation estimates	-	-	-	-9.7	-9.7
Adjustment of provisions due to claims from 2022	-	-	-2.2	-	-
Gross profit	366.3	323.4	1,066.1	912.1	1,277.1
<i>Gross margin</i>	57.2%	53.7%	57.0%	53.7%	54.9%
Operational EBITDA	135.7	136.3	415.4	360.3	494.0
<i>Operational EBITDA-margin</i>	21.2%	22.6%	22.2%	21.2%	21.3%
Merger- and acquisition costs	-1.1	-	-1.6	-0.3	-0.4
Revaluation of aquisition stock to fair value	-2.1	-	-9.7	-0.5	-0.5
The effect of changes in stock valuation estimates	-	-	-	-9.7	-9.7
Adjustment of provisions due to claims from 2022	-	-	-2.2	-	-
Costs associated with Symrise AG mandatory bid offer	-	-	-	-0.4	-0.4
EBITDA	132.6	136.3	401.8	349.4	483.0
<i>EBITDA margin</i>	20.7%	22.6%	21.5%	20.6%	20.8%
Operational EBITA	115.2	116.0	354.3	302.4	416.1
<i>Operational EBITA-margin</i>	18.0%	19.3%	19.0%	17.8%	17.9%
Merger- and acquisition costs	-1.1	-	-1.6	-0.3	-0.4
Revaluation of aquisition stock to fair value	-2.1	-	-9.7	-0.5	-0.5
The effect of changes in stock valuation estimates	-	-	-	-9.7	-9.7
Adjustment of provisions due to claims from 2022	-	-	-2.2	-	-
Costs associated with Symrise AG mandatory bid offer	-	-	-	-0.4	-0.4
EBITA	112.1	116	340.7	291.5	405.0
<i>EBITA margin</i>	17.5%	19.3%	18.2%	17.2%	17.4%
Operational EBIT	114.7	115.6	353.1	301.5	414.8
<i>Operational EBIT-margin</i>	17.9%	19.2%	18.9%	17.8%	17.8%
Merger- and acquisition costs	-1.1	-	-1.6	-0.3	-0.4
Revaluation of aquisition stock to fair value	-2.1	-	-9.7	-0.5	-0.5
The effect of changes in stock valuation estimates	-	-	-	-9.7	-9.7
Adjustment of provisions due to claims from 2022	-	-	-2.2	-	-
Costs associated with Symrise AG mandatory bid offer	-	-	-	-0.4	-0.4
Depreciation of aquisition-related intangible assets	-57.3	-58.8	-172.6	-172.6	-230.5
EBIT	54.4	56.7	167.0	118	173.2
<i>EBIT margin</i>	8.5%	9.4%	8.9%	7.0%	7.5%



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