

**Symrise AG's offer to the shareholders in  
Swedencare AB (publ)**

On 25 May 2023 Symrise AG, commercial register number: HRB 200436, (“**Symrise**”) announced that Symrise had acquired an additional 2,300 shares in Swedencare AB (publ), reg.no 556470-3790, (“**Swedencare**” or the “**Company**”) entailing that the threshold for mandatory public offers was exceeded. On 5 June 2023 Symrise thus submitted a mandatory public offer to the shareholders of Swedencare to acquire all the shares in Swedencare not already held by Symrise in accordance with the terms and conditions stated in this offer document (the “**Offer**”). As of the date of this offer document, Symrise holds 47,619,618 shares in Swedencare. Swedencare’s shares are listed on Nasdaq First North Growth Market (“**Nasdaq First North**”).

This offer document is available both in Swedish and English. In the event of any discrepancy between the English and Swedish language versions, the Swedish language version shall prevail.

The information in this offer document purports to be accurate, although not complete, only as of the date of the announcement of this offer document. No representation is made that it was or will remain accurate on any other date. The information in this offer document is furnished solely for the purpose of the Offer and may not be relied upon for any other purposes.

The information regarding Swedencare on pages 13 – 48 is based on information made public by Swedencare and has been reviewed by the Board of Directors of Swedencare. Accordingly, Symrise does not represent that the information included herein with respect to Swedencare is accurate or complete and does not take any responsibility for such information being accurate or complete. Except where this is explicitly stated, no information in this offer document has been audited or reviewed by auditors.

The figures in this offer document have been rounded off as appropriate. As a result, certain tables appear to not summarize correctly.

#### **Applicable law and disputes**

The Offer shall be governed by and construed in accordance with the laws of Sweden. The takeover rules for certain trading platforms issued by the Swedish Stock Market Self-Regulation Committee (the “**Takeover Rules**”), and the Swedish Securities Council’s rulings regarding the interpretation and application of the Takeover Rules, apply in relation to the Offer. The courts of Sweden shall have exclusive jurisdiction over any dispute arising out of or in connection with the Offer and the City Court of Stockholm shall be the court of first instance.

#### **Forward-looking statements**

Statements in this offer document relating to future status or circumstances, including statements regarding future performance, growth and other trend projections and the other benefits of the Offer, are forward-looking statements. These statements may generally, but not always, be identified by the use of words such as “anticipates”, “intends”, “expects”, “believes”, or similar expressions. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of Symrise and Swedencare. Any such forward-looking statements speak only as of the date on which they are made and Symrise has no obligation (and undertakes no such obligation) to update or revise any of them, whether as a result of new information, future events or otherwise, except as required by applicable laws and regulations.

#### **Offer restrictions**

The distribution of this offer document and any related offer documentation in certain jurisdictions may be restricted or affected by the laws of such jurisdictions. Accordingly, copies of this offer document are not being, and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any such jurisdiction. Therefore, persons who receive this offer document (including, without limitation, nominees, trustees and custodians) and are subject to the laws of any such jurisdiction will need to inform themselves about, and observe, any applicable restrictions or requirements. Any failure to do so may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, Symrise disclaims any responsibility or liability for the violations of any such restrictions by any person.

The Offer is not being made, and this offer document may not be distributed, directly or indirectly, in or into, nor will any tender of shares be accepted from or on behalf of shareholders in, Australia, Canada, Hong Kong, Japan, New Zealand, South Africa or the United States or any other jurisdiction in which the making of the Offer, the distribution of this offer document or the acceptance of any tender of shares would contravene applicable laws or regulations or require further offer documents, filings or other measures in addition to those required under Swedish law, and Symrise will not deliver any consideration under the Offer in or into any such jurisdiction.

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## Offer in Brief

Price per share	SEK 37.50 in cash
Acceptance period	21 June 2023 – 26 July 2023
Preliminary settlement date	3 August 2023

## Offer to the shareholders in Swedencare

On 25 May 2023, Symrise AG (“**Symrise**”) announced that it had acquired an additional 2,300 shares in Swedencare AB (publ) (“**Swedencare**” or the “**Company**”) (the “**Acquisition**”) and that Symrise thereafter owned in total 47,619,618 shares in Swedencare, corresponding to 30 percent of the number of shares and votes in Swedencare. Thereafter, on 5 June 2023, Symrise announced a mandatory public offer to the shareholders in Swedencare to acquire all the shares in Swedencare that Symrise does not hold at a price of SEK 37.50 in cash per share (the “**Offer**”).<sup>1</sup> The shares in Swedencare are admitted to trading on Nasdaq First North Growth Market (“**Nasdaq First North**”).

The price per share in the Offer represents a:

- discount of approximately 10.9 percent compared to the closing price of SEK 42.07 of the shares on Nasdaq First North on 5 June 2023, the last trading day before the announcement of the Offer,
- discount of approximately 2.2 percent compared to the volume-weighted average share price of the shares on Nasdaq First North during the 30 trading days up to and including 5 June 2023, the last trading day before the announcement of the Offer,
- discount of approximately 1.0 percent compared to the closing price of SEK 37.89 of the shares on Nasdaq First North on 24 May 2023, the last trading day before the day Symrise carried out the Acquisition, and
- premium of approximately 13.8 percent compared to the volume-weighted average share price of the shares on Nasdaq First North during the 30 trading days up to and including 24 May 2023, the last trading day before the day Symrise carried out the Acquisition.

The Offer values the share capital in Swedencare at approximately SEK 5,952 million.<sup>2</sup>

The acceptance period commences on 21 June 2023 and ends on 26 July 2023. Settlement will begin as soon as Symrise has announced that the condition for the Offer has been satisfied or that Symrise has otherwise resolved to complete the Offer. Assuming that such an announcement is made no later than on 31 July 2023 it is estimated that settlement will begin on or about 3 August 2023. No commission will be charged in connection with the Offer.

Completion of the Offer is conditional upon the fulfillment of the condition set out on page 7 in this offer document.

### Symrise’s shareholding in Swedencare

As of the date of this offer document, Symrise owns 47,619,618 shares in Swedencare which corresponds to 30 percent of the share capital and votes.

On 25 May 2023, Symrise carried out the Acquisition of in total 2,300 shares in Swedencare, corresponding to approximately 0.0014 percent of the shares and votes in Swedencare, at a purchase price of SEK 37.43 per share corresponding to in total SEK 86,089, paid in cash. Through the Acquisition, Symrise exceeded the threshold for mandatory offers entailing an obligation for Symrise

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<sup>1</sup> The consideration offered will be adjusted if Swedencare distributes dividends or effectuate any other value transfer to the shareholders prior to the settlement within the framework of the Offer and will accordingly be reduced by a corresponding amount per share for each such additional dividends or value transfers made by Swedencare.

<sup>2</sup> Based on 158,731,900 outstanding shares in Swedencare.

to submit a mandatory bid offer for the shares in Swedencare. Prior to the Acquisition, Symrise held 47,617,318 shares in Swedencare.

Symrise may acquire, or take measures to acquire, shares or other securities in Swedencare in other ways than through the Offer. Information on such acquisitions or measures will be announced in accordance with applicable rules.

#### **Treatment of warrant holders**

Certain employees hold warrants in Swedencare issued as part of the Company's incentive program adopted on the Company's extraordinary general meeting 2022 (see section "*Share related incentive program*"). Such financial instruments are not included in the Offer. However, Symrise will procure that the owners of such warrants in Swedencare will receive reasonable treatment.

#### **Financing of the Offer**

The Offer is not subject to any financing condition. The consideration payable in respect of the Offer is financed in full by available funds and existing credit facilities.

#### **Applicable law and compliance with the Takeover rules**

The Offer, and any agreements entered into in connection with the Offer, shall be governed by and construed in accordance with the laws of Sweden. The takeover rules issued by the Swedish Stock Market Self-Regulation Committee (the "**Takeover rules**") and the Swedish Securities Council's rulings regarding the interpretation and application of the takeover rules, apply in relation to the Offer. The courts of Sweden shall have exclusive jurisdiction over any dispute arising out of or in connection with the Offer and the City Court of Stockholm shall be the court of first instance.

## **Background and reasons for the Offer**

Symrise is a global supplier of fragrances, flavors, food, nutrition and cosmetic ingredients. Its clients include manufacturers of perfumes, cosmetics, food and beverages, pharmaceuticals and producers of nutritional supplements and pet food. Headquartered in Holzminden, Germany, the group is represented by more than 100 locations in Europe, Africa, the Middle East, Asia, the United States and Latin America. Swedencare specializes in pet healthcare and produces, markets and sells premium products in the global and fast-growing market. Swedencare has a wide range of strong brands and products within most therapy areas, including Animal Pharmaceuticals®, Nutravet®, NutriScience, Pet MD®, Stratford®, VetWELL®, NaturVet® as well as ProDen PlaqueOff® for oral health to dogs and cats.

Symrise has been a strategic shareholder in Swedencare since June 2021. The intention of the Offer is to increase Symrise's shareholding in Swedencare, but not to acquire full ownership of Swedencare.

The Offer reaffirms Symrise's ambition to become a leading provider for pet care and pet health solutions. With its wide range of supplements and care solutions, its in-house manufacturing capabilities and downstream marketing knowledge, Swedencare complements Symrise's pet expertise and will thus accelerate Symrise's growth strategy in the health area.

The pet care market has strong growth potential, with consumers increasingly looking for solutions that can help them maintain their own health but also that of their pets. Symrise is well positioned to meet these needs. Symrise intends to expand Swedencare's leadership in premium pet healthcare products by applying its proven innovation power, long-standing industry know-how and global distribution capabilities to Swedencare's unique product portfolio, and by further extending the company's global footprint.

Symrise recognizes that the employees and management team of Swedencare have built a highly successful business with an excellent track record. Symrise's current plans for the future business and general strategy do not include any material changes with regard to Swedencare's operational sites, or its management and employees, including their terms of employment.

Holzminden, 20 June 2023

**Symrise**  
*The Board of Directors*

## **Terms, conditions and instructions**

### **The Offer**

Symrise offers SEK 37.50 in cash per share in Swedencare. The Offer comprises all issued Shares in Swedencare that Symrise does not hold, corresponding to 111,112,282 shares in total. The offered price is subject to adjustment should Swedencare pay any dividend or make any other value transfer prior to the settlement of the Offer and will accordingly be reduced by the amount per share of any such dividend or value transfer.

No commission will be charged in connection with the Offer.

### **Condition for the Offer**

Completion of the Offer is conditional upon the Offer and the acquisition of Swedencare receiving all necessary regulatory, governmental or similar clearances, approvals and decisions, including approvals and clearances from competition authorities, in each case on terms which, in Symrise's opinion, are acceptable.

Symrise reserves the right to withdraw the Offer in the event that it is clear that the above condition is not satisfied or cannot be satisfied. However, with regard to the condition above, the Offer may only be withdrawn provided that the non-satisfaction of such condition is of material importance to Symrise's acquisition of Swedencare.

Symrise reserves the right to waive, in whole or in part, the condition set out above.

Symrise may acquire, or take measures to acquire, shares or other securities in Swedencare in other ways than through the Offer. Information on such acquisitions or measures will be announced in accordance with applicable rules.

### **Acceptance**

Shareholders in Swedencare whose shares are directly registered with Euroclear Sweden AB ("**Euroclear**") and who wish to accept the Offer must, during the period from and including 21 June 2023 to and including 26 July 2023, at 15.00 CEST, sign and submit correctly completed acceptance form according to the established form to SEB Emissioner to the address printed on the acceptance form.

The acceptance form must be submitted or sent by post in ample time before the last application date in order to be available to SEB Emissioner no later than 15.00 CEST on 26 July 2023. Acceptance forms can also be submitted to other securities institutions in Sweden for forwarding to SEB Emissioner. If the acceptance form refers to a person other than the person signing, e.g., a minor, the guardian/authorized person must sign the acceptance form in the place designated for that purpose.

VP account and current shareholding in Swedencare can be seen from the pre-printed text on the acceptance form sent to directly registered shareholders in Swedencare.

Shareholders should check themselves that the pre-printed information on the acceptance form is correct.

Please note that incorrect or incomplete acceptance forms may be left without consideration.

### **Nominee registered holdings**

Shareholders in Swedencare whose holdings are registered in the name of a nominee will not receive this offer document or a pre-printed acceptance form. Acceptance is instead to be made in accordance with instructions from the nominee.

### **Pledged shares**

If shares are pledged, the pledgee must also complete and sign the acceptance form which is submitted.

### **Offer document and acceptance form**

This offer document and the acceptance form will be held available at Symrise's webpage, [www.symrise.com/swedencare](http://www.symrise.com/swedencare) and Skandinaviska Enskilda Banken AB's ("SEB") webpage, [www.sebgroup.com/prospectuses](http://www.sebgroup.com/prospectuses).

### **Acknowledgement of acceptance**

After the duly completed acceptance form has been received and registered, the shares will be transferred to a newly opened, blocked VP account (a non-cash transfer account) in the owner's name. In connection therewith, Euroclear will send a statement ("VP statement") showing the withdrawal of the shares from the original VP account, and a VP statement that shows the deposit in the newly opened, blocked VP account in the owner's name.

### **Settlement**

Settlement will begin as soon as Symrise has announced that the condition for the Offer has been satisfied or that Symrise has otherwise resolved to complete the Offer. Assuming that such an announcement is made no later than on 31 July 2023 it is estimated that settlement will begin on or about 3 August 2023.

Settlement of the Offer will be arranged by sending a settlement note to those who have accepted the Offer. The Offer amount will be credited to the yield account linked to the shareholder's VP account in which the shares in Swedencare were registered. If there is no yield account or if it is a bank giro or plus giro account, the payment will be made in accordance with the instructions in the settlement note. In conjunction with the settlement of the Offer, the shares in Swedencare will be withdrawn from the blocked VP account, which is then closed. No VP statement will be sent out in conjunction hereto.

If the shares are registered in the name of a nominee, the statement will be sent to the nominee. Note that if the shares in Swedencare are pledged, the payment will be made to the bank account linked to the pledge account.

### **Right to extend the Offer etc.**

Symrise reserves the right to extend the acceptance period for the Offer, as well as the right to postpone the settlement date unless the condition for the Offer has been satisfied.

### **Right to withdraw acceptance**

Shareholders in Swedencare have the right to withdraw their acceptance of the Offer. To be valid, such withdrawal must have been received in writing by SEB Emissioner before Symrise has announced that the condition for the Offer has been satisfied, or if such announcement has not been

made during the acceptance period, not later than 15.00 CEST on the last day of the acceptance period. Shareholders in Swedencare holding nominee registered shares wishing to withdraw acceptance shall do so in accordance with instructions from the nominee. If the condition for the Offer, which Symrise may waive, remain during any extension of the Offer, the right to withdraw an acceptance will apply in the same manner throughout any such extension of the Offer.

### **Compulsory acquisition and delisting**

In the event that Symrise, whether in connection with the Offer or otherwise, becomes the owner of shares representing more than 90 percent of the shares in Swedencare, Symrise intends to commence a compulsory acquisition procedure under the Swedish Companies Act to acquire all remaining shares and warrants in Swedencare. In connection therewith, Symrise intends to promote a delisting of the Swedencare shares from Nasdaq First North.

### **Important information regarding NID and LEI**

According to Directive 2014/65/EU of the European Parliament and of the Council (MiFID II), from 3 January 2018, all investors need to have a global identification code in order to carry out a securities transaction. These requirements mean that legal entities need to apply for the registration of a Legal Entity Identifier ("**LEI code**") and natural persons need to find out their National ID or National Client Identifier ("**NID number**") in order to accept the Offer. Please note that it is the legal status of the shareholders that determines whether an LEI code or NID number is needed and that an issuing institution may be prevented from carrying out transactions for the person in question if the LEI code or NID number (as applicable) is not provided.

Legal entities that need to obtain an LEI code can turn to one of the providers available on the market. Via this link, approved institutions for the global LEI system can be found: <https://www.gleif.org/en/about-lei/get-an-lei-find-lei-issuing-organizations>.

For natural persons who only have Swedish citizenship, the NID number consists of the designation "SE" followed by the person's social security number. If the person in question has something other than Swedish citizenship, or multiple citizenships, the NID number can be some other type of number.

Please apply for the registration of an LEI code (legal entities) or find out the NID number (natural persons) in ample time as this information needs to be entered in the application form upon acceptance.

### **Information on the processing of personal data**

Those who accept the Offer will submit personal data to SEB. Personal data provided to SEB will be processed in computer systems to the extent required to administer the Offer. Personal data obtained from sources other than the customer may also be processed. Information regarding the processing of personal data can be obtained from SEB's office, which also accepts requests for correction of personal data. Personal data may also be processed in the computer systems of companies that SEB cooperates with. The address information may be obtained by SEB through an automatic procedure carried out by Euroclear.

### **Other information**

SEB Emissioner performs certain administrative services regarding the Offer. This does not in itself mean that a person who accepts the Offer ("**Participant**") is considered a customer of SEB. Upon acceptance of the Offer, the Participant is considered a customer only if SEB has provided advice to the Participant or otherwise contacted the Participant individually regarding the Offer, or if the

Participant has accepted the Offer via SEB's office, internet bank or phone bank. If the Participant is not considered a customer, the rules on investor protection in the Securities Market Act (2007:528) are not applicable to his acceptance. This means, among other things, that neither so-called customer categorization nor so-called suitability assessment will take place regarding the Offer. The participant is thus personally responsible for having sufficient experience and knowledge to understand the risks associated with the Offer.

### **Questions related to the Offer**

Questions relating to the Offer may be directed to SEB Emissioner at telephone +46 (0)8 639 2750. Information is also available on SEB's website ([www.sebgroup.com/prospectuses](http://www.sebgroup.com/prospectuses)) and Symrise's website ([www.symrise.com/swedencare](http://www.symrise.com/swedencare)).

## **Statement from Swedencare's Board of Directors**

The Board of Directors of Swedencare, or an independent bid committee composed by Swedencare, shall announce its opinion on the Offer, and the reasons for this opinion, no later than two weeks prior to the expiry of the acceptance period.

## Description of Symrise

Symrise is a global supplier of fragrance, flavoring and food ingredients, cosmetic active ingredients and raw materials as well as functional ingredients and solutions that enhance the sensory properties and nutrition of various products. The group's approximately 35,000 products are mainly produced on the basis of natural raw materials. Its clients include manufacturers of perfumes, cosmetics, food and beverages, the pharmaceutical industry and producers of nutritional supplements and pet food.

Symrise's origins go back to 1874. The group has since grown to become one of the globally leading suppliers with sales of EUR 4.6 billion in the 2022 financial year. A high level of innovation and creativity, a high knowledge of customer needs and various regional consumer preferences as well as targeted expansion into new and promising market segments contribute to its above-average growth rate. The growth of Symrise is primarily organic. This is complemented by acquiring attractive companies that bring additional competencies into the group and provide access to new market segments and customer groups. Symrise also enters into strategic partnerships to develop new products.

The operating activities of the Symrise group are managed in two segments: Taste, Nutrition & Health, and Scent & Care. The divisions within these segments are organized according to business units and regions.

Headquartered in Holzminden, Germany, the group is represented in more than 100 locations in Europe, Africa, the Middle East, Asia, the United States and Latin America. The company has more than 12,000 employees serving more than 6,000 customers in approximately 150 countries. At the group's largest site in Holzminden, Symrise employs 2,584 people in the areas of research, development, production, marketing and sales as well as in the Corporate Center. Symrise has regional headquarters in Germany (Holzminden), the United States (Teterboro, New Jersey), Brazil (São Paulo) and Singapore. Important production facilities and development centers are located in Germany, France, Madagascar, Brazil, Mexico, Singapore, China, India, Japan and the United States. Symrise has sales branches in more than 40 countries.

Since 2006, Symrise's shares are listed in the Prime Standard segment of the German stock exchange in Frankfurt/Main. More information is available on [www.symrise.com](http://www.symrise.com).

## Information regarding Swedencare

Swedencare is a Swedish public limited liability company (Sw. *publikt aktiebolag*) and its shares are listed on Nasdaq First North. Swedencare specializes in pet healthcare and produces, markets and sells premium products in the global and fast-growing market. The company has a wide range of strong brands and products within most therapy areas, including Animal Pharmaceuticals®, Nutravet®, NutriScience, Pet MD®, Stratford®, VetWELL®, NaturVet® as well as ProDen PlaqueOff® for oral health to dogs and cats. Swedencare's headquarter is in Malmö, Sweden with subsidiaries located in nine countries with products sold in more than 60 countries. More information is available on [www.swedencare.com](http://www.swedencare.com).

## Swedencare's financial information in summary<sup>3</sup>

The information below about Swedencare is based on Swedencare's audited annual reports for the financial years 2020, 2021 and 2022, the interim report for the period January – March 2023 (which has neither been revised nor reviewed by Swedencare's auditor) and information available on Swedencare's webpage. The annual reports have been prepared in accordance with Swedish Annual Accounts Act, Recommendation RFR 1 "Supplementary Accounting Rules for Groups" and International Financial Reporting Standards (IFRS) as adopted by the EU.

### Consolidated profit and loss

	Unaudited 2023-01-01 2023-03-31 (MSEK)	2022-01-01 2022-03-31 (MSEK)	Full year 2022 (KSEK)	Full year 2021 (KSEK)	Full year 2020 <sup>4</sup> (KSEK)
Net revenue	523.2	377.7	1,829,457	770,441	239,946
Other revenue	0.4	2.5	4,861	2,767	349
	523.6	380.2	1,834,318	773,208	240,295
<b>Expenses</b>					
Cost of sales	-237.8	-171.9	-813,882	-384,569	-92,936
Other external costs	-101.9	-71.8	-358,560	-149,846	-43,623
Personnel costs	-77.1	-57.4	-281,144	-109,085	-43,769
Depreciation of tangible and intangible fixed assets	-18.0	-12.6	-269,136	-72,823	-13,461
Impairment of tangible and intangible fixed assets	-56.8	-41.5	-116	-119	0
Other costs	-1.7	-0.2	8,490	7,789	-5,091
<b>Operating profit</b>	<b>30.3</b>	<b>24.8</b>	<b>119,970</b>	<b>64,555</b>	<b>41,415</b>
<b>Financial costs</b>					
Interest and other items	-20.2	-5.5	-39,881	-7,654	-1,696
<b>Operating profit after financial income</b>	<b>10.2</b>	<b>19.3</b>	<b>80,089</b>	<b>56,901</b>	<b>39,719</b>
<b>Net income before tax</b>	<b>10.2</b>	<b>19.3</b>	<b>80,089</b>	<b>56,901</b>	<b>39,719</b>
Current tax	-4.3	-5.2	-25,734	-23,465	-10,139
Deferred tax	11.3	0.6	40,096	21,186	3,774
<b>Net income</b>	<b>17.2</b>	<b>14.7</b>	<b>94,451</b>	<b>54,622</b>	<b>33,354</b>
<b>Earnings per share before and after dilution (SEK)</b>	<b>0.11</b>	<b>0.10</b>	<b>0.61</b>	<b>0.49</b>	<b>0.38</b>

<sup>3</sup> Please note that some values in the tables below may not add up due to rounding differences.

<sup>4</sup> Previous periods have been adjusted with regards to completed acquisition analysis.

## Report on the group's other comprehensive income

	<i>Unaudited</i> 2023-01-01 2023-03-31 (MSEK)	<i>Unaudited</i> 2022-01-01 2022-03-31 (MSEK)	Full year 2022 (KSEK)	Full year 2021 (KSEK)	Full year 2020 <sup>5</sup> (KSEK)
Net income	17.2	14.7	94,451	54,622	33,354
<b>Items that may be reclassified to profit and loss</b>					
Conversion difference of foreign subsidiaries	-42.8	11.0	909,751	186,857	-51,964
<b>TOTAL EARNINGS</b>	<b>-25.6</b>	<b>25.8</b>	<b>1,004,202</b>	<b>241,479</b>	<b>-18,610</b>

## Consolidated balance sheet

	<i>Unaudited</i> 31 Mar 2023 (KSEK)	31 Mar 2022 (KSEK)	31 Dec 2022 (KSEK)	31 Dec 2021 (KSEK)	31 Dec 2020 <sup>5</sup> (KSEK)
<b>ASSETS</b>					
<b>Non-current assets</b>					
Goodwill	4,050,569	3,605,306	4,067,474	1,464,390	438,935
Other intangible assets	4,222,297	3,949,438	4,301,947	1,302,843	268,828
Shares in associated companies	175	0	244	0	0
Buildings and land	150,275	126,369	150,896	74,481	7,809
Right of use according to IFRS - Buildings and land	238,195	219,376	248,719	97,329	22,032
Machinery and other tech assets	137,459	107,162	137,496	57,570	1,585
Right of use according to IFRS - Machinery and other tech assets	7,781	6,765	8,434	6,428	3,627
Tools, furniture, and fixtures	11,335	8,736	10,222	11,489	6,019
Other financial assets	621	738	815	273	60
Deferred tax asset	71,833	7,429	71,603	4,580	1,541
<b>TOTAL NON-CURRENT ASSETS</b>	<b>8,890,540</b>	<b>8,031,319</b>	<b>8,997,850</b>	<b>3,019,383</b>	<b>750,436</b>
<b>Current assets</b>					
Inventory	443,042	356,205	441,532	158,299	75,379
Accounts receivable	228,790	199,672	228,768	110,271	49,061
Tax receivables	34,502	22,340	36,161	6,521	0
Other receivables	7,049	12,573	15,021	8,555	1,419
Prepaid costs and deferred revenue	56,129	35,450	40,262	32,004	3,662
Cash	232,218	277,340	245,068	136,086	284,081
<b>TOTAL CURRENT ASSETS</b>	<b>1,001,730</b>	<b>903,580</b>	<b>1,006,812</b>	<b>451,736</b>	<b>413,602</b>
<b>TOTAL ASSETS</b>	<b>9,892,270</b>	<b>8,934,899</b>	<b>10,004,662</b>	<b>3,471,119</b>	<b>1,164,038</b>

## Consolidated balance sheet cont.

	<i>Unaudited</i> 31 Mar 2023 (KSEK)	31 Mar 2022 (KSEK)	31 Dec 2022 (KSEK)	31 Dec 2021 (KSEK)	31 Dec 2020 <sup>5</sup> (KSEK)
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	1,587	1,581	1,587	1,182	1,044
Reserve fund	0	22	22	22	22
Share premium	6,209,628	6,182,374	6,209,628	2,141,723	864,946
Conversion reserves	1,003,351	147,427	1,046,151	136,400	-50,456

<sup>5</sup> Previous periods have been adjusted with regards to completed acquisition analysis.

Other equity incl. full year profit	220,503	155,207	203,303	140,473	102,795
<b>TOTAL EQUITY</b>	<b>7 435 069</b>	<b>6,486,611</b>	<b>7,460,691</b>	<b>2,419,800</b>	<b>918,351</b>
<b>Long-term liabilities</b>					
Debt to credit institutions	1,641,075	1,366,977	1,640,968	616,970	117,500
Other interest-bearing liabilities	211,333	196,100	221,366	86,749	21,432
Deferred tax liability	356,372	304,471	367,413	232,818	28,155
Debts to employees	4,362	4,454	4,188	0	0
<b>Short-term liabilities</b>					
Debt to credit institutions	0	0	0	0	35,500
Accounts payable	95,012	87,991	66,890	36,262	18,991
Tax liabilities	48,105	27,194	49,543	14,100	6,457
Other interest-bearing liabilities	39,413	31,541	39,840	17,814	4,276
Other liabilities	14,129	389,528	106,312	10,231	6,851
Deferred costs and prepaid income	47,400	40,032	47,451	36,375	6,525
<b>TOTAL LIABILITIES</b>	<b>2,457,201</b>	<b>2,448,288</b>	<b>2,543,971</b>	<b>1,051,319</b>	<b>245,687</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9,892,270</b>	<b>8,934,899</b>	<b>10,004,662</b>	<b>3,471,119</b>	<b>1,164,038</b>

## Consolidated cash flow statement

	<i>Unaudited</i> 2023-01-01 2023-03-31 (KSEK)	2022-01-01 2022-03-31 (KSEK)	Full year 2022 (KSEK)	Full year 2021 (KSEK)	Full year 2020 <sup>6</sup> (KSEK)
<b>Operating cash flow</b>					
Operating income after financial costs	n.a.	n.a.	n.a.	n.a.	39,719
Operating income before financial costs	30,300	24,800	119,970	64,555	n.a.
Paid interest	-17,007	-3,260	-30,290	-7,312	n.a.
Depreciation	74,800	54,090	269,252	72,942	13,461
Paid tax	-4,391	-1,180	-30,881	-20,423	-8,592
Non-cash flow items	-694	3,127	22,931	37,261	10,335
Change in working capital	16,755	-31,611	-90,780	-21,177	-18,421
<b>Operating cash flow</b>	<b>99,763</b>	<b>45,966</b>	<b>260,202</b>	<b>125,846</b>	<b>36,502</b>
<b>Non-operating cash flow</b>					
Acquisitions	-92,503	-4,163,245	-4,359,289	-1,840,963	-618,679
Investments in tangible assets	0	0	0	0	-977
Acquisitions – payment of acquired debts	0	0	-239,752	0	0
Purchases of intangible assets	-200	- 600	-3,699	-2,194	0
Sales of intangible assets	0	0	11,178	0	0
Purchases of buildings	- 2,685	- 6,010	-23,295	-10,064	0
Purchases of machines	- 6,329	-14,309	-48,045	-13,048	0
Purchases of tools, furniture, and fixtures	-1,966	-563	-3,350	-2,476	0
<b>Cash flow from investments</b>	<b>-103,683</b>	<b>-4,184,727</b>	<b>-4,666,252</b>	<b>-1,868,745</b>	<b>-619,656</b>
<b>Financial cash flow</b>					
New share issue	0	3,550,000	3,550,000	1,149,307	682,406
Warrants	0	0	1,124	0	0
Share issue costs	0	-17,500	-17,541	0	0

<sup>6</sup> Previous periods have been adjusted with regards to completed acquisition analysis.

Dividend	0	0	-31,622	-16,944	-11,061
Loan	25,000	748,350	1,050,000	478,000	165,000
Amortization of loan	-25,000	0	-27,576	-13,000	-12,000
Amortization on lease	-8,812	-1,401	-29,830	-9,514	-2,847
<b>Financial cash flow</b>	<b>-8,812</b>	<b>4,279,449</b>	<b>4,494,555</b>	<b>1,587,849</b>	<b>821,498</b>
<b>Total cash flow for the period</b>	<b>-12,732</b>	<b>140,688</b>	<b>88,505</b>	<b>-155,050</b>	<b>238,344</b>
<b>Cash</b>					
Cash balance at beginning of period	245,100	136,000	136,086	284,081	45,737
<b>Exchange difference in cash</b>					
Exchange difference in cash	-142	621	20,477	7,055	0
<b>Cash balance at end of period</b>	<b>232,226</b>	<b>277,309</b>	<b>245,068</b>	<b>136,086</b>	<b>284,081</b>

## Consolidated KPI's

KPI's	<i>Unaudited</i>		Full year 2022 (KSEK)	Full year 2021 (KSEK)	Full year 2020 (KSEK)
	2023-01-01 2023-03-31 (MSEK)	2022-01-01 2022-03-31 (MSEK)			
Balance sheet total	9,892.3	8,934.9	10,004,662	3,471,119	1,164,038
Equity	7,435.1	6,486.6	7,460,691	2,419,800	918,351
Change of revenue (%)	38.5	183.5	137.2	221.8	89.0
Gross margin (%)	54.6	54.5	55.5	50.3	61.3
EBIT margin (%)	5.8	6.6	6.6	8.3	17.2
Profit margin (%)	3.3	3.9	5.2	7.1	13.9
Solvency (%)	75.2	72.6	74.6	69.7	78.9
Interest-bearing net debt	1,659.6	1,317.3	1,657,106	585,447	-105,373
Cash	232.2	277.3	245,068	136,086	284,081
Number of shares at period close (#) <sup>7</sup>	158,731,900	158,111,805	158,731,900	118,150,028	104,423,715
Average number of shares (#) <sup>7</sup>	158,731,900	146,475,502	155,346,212	111,951,297	86,791,515
Earnings per share (SEK)	0.11	0.10	0.61	0.49	0.38
Equity per share (SEK)	46.84	41.03	47.0	20.48	8.79

<sup>7</sup> Converted to the number of shares after the 5:1 share split that was resolved by the annual general meeting held on 29 April 2021.

## Swedencare's share capital and ownership structure

The Swedencare share is listed on Nasdaq First North. The share is listed under the symbol SECARE with ISIN-code SE0015988167.

### The share capital and the development of the share capital

As per the date of the offer document, the registered share capital of Swedencare amounts to SEK 1,587,319 divided into 158,731,900 shares, with a quota value of SEK 0.01 per share. Each share carries one vote and carries equal right to the Company's assets and profits and possible surplus in liquidation.

### Ownership of Swedencare's largest shareholders

The table below shows the ten largest shareholders of the Company as of 31 May 2023.

Shareholder <sup>8</sup>	Number of shares	% of capital and votes
Symrise AG	47,619,618	30.00
Håkan Svanberg	23,052,775	14.52
Första AP-fonden	7,583,268	4.78
JCC Group Invest Sweden AB (Johan Bergdahl)	7,526,755	4.74
AMF Pension & Fonder	6,006,500	3.78
Mastan AB (Håkan Lagerberg)	5,663,820	3.58
SEB Fonder	5,055,804	3.19
Scott Garmon	3,722,691	2.35
Grandeur Peak Global Advisors, LLC	2,797,999	1.76
Deka Investments	2,300,000	1.45

As of 31 May 2023, there were 14,756 shareholders.<sup>9</sup>

### Convertibles and warrants etc.

Swedencare has not issued any convertibles, warrants or other securities, except as set forth below under "*Share related incentive plans*".

### Dividend policy

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

### Authorization to resolve on issue of new shares

At the annual general meeting of Swedencare on 28 April 2023, the Board of Directors was authorized to, on one or more occasions during the period until the next annual general meeting, decide to increase the company's share capital by a maximum of 17,636,878 shares through a new issue of shares. The board shall be able to decide on the issue of shares with deviation from the shareholders' preferential rights and/or with a provision on non-cash, set-off or otherwise with conditions in accordance with Chapter 2, § 5, second paragraph 1-3 and 5 of the Companies Act.

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<sup>8</sup> Holdings include related parties.

<sup>9</sup> Based on data from Modular Finance.

**Material agreements**

Swedencare's annual report for the financial year 2022 does not refer to any material agreements to which Swedencare is a party and which would be affected, amended or terminated as a consequence of the change of control in LeoVegas as a result of a public offer.

**Shareholder agreements**

Swedencare's annual report for the financial year 2022 does not contain any information regarding agreements between larger shareholders of Swedencare or between larger shareholders and Swedencare.

**Share related incentive program**

The extraordinary general meeting of Swedencare on 19 October 2022 decided, in accordance with the board's proposal, on an incentive program for key employees in the Swedencare group, comprising a private placement of a maximum of 415,000 warrants to the company and transfer of the warrants to the participants in the incentive program. The warrants can be utilized for subscribing for a maximum of 415,000 shares, which correspond to a dilution effect of a maximum of approximately 0.26 percent, based on the number of shares and votes in the Company as per the date of this offer document after the utilization of the warrants. The transfer of the warrants to the participants in the incentive program shall take place at market value.

## Swedencare's Board of Directors, Management and Auditor

### Board of Directors<sup>10</sup>

#### **Håkan Svanberg (Chairman)**

Board member since 2022. Chairman of the board since 2022.

**Born:** 1957.

**Education:** Master in Philosophy from Örebro University.

**Occupation and experience:** Entrepreneur and owner to several companies within IT, travel and finance.

**Other board assignments:** Managing Director at SVANBERG & CO INVEST AB. Member of the Board at Creative Tools, K3 Nordic AB, SVANBERG & CO INVEST AB, H. Svanberg Software Holding, Northway Partners, Svanberg Factoring, Treberg Holding AB and CYTO 365.

**Swedencare holding:** 23,052,775 shares.

#### **Johan Bergdahl**

Board member since 2014.

**Born:** 1970.

**Education:** Degree in market economy from Nercia Business School.

**Occupation and experience:** Entrepreneur and owner to several companies within sales, IT and property management.

**Other board assignments:** President of the board in BR Group AB. Member of the board in Comera AB, IB förvaltning AB, JCC Group AB, BR Group Holding AB, BR Group Fastigheter AB, Sibe förvaltning AB, Sjödens Stenhuggeri, Casa del Padel Bettorp.

**Swedencare holding:** 7,526,755 shares.

#### **Sara Brandt**

Board member since 2019.

**Born:** 1963.

**Education:** Bachelor of Economics from Stockholm School of Economics.

**Occupation and experience:** Senior business advisor at Almi AB. Former Executive Vice President Almi AB. Prior to that, held several leading positions such as CEO Berner Nordic, Coca-Cola AB, Executive CEO at Cederroth Nordic and many years of experience from Unilever Nordic and UK. Broad operational and board experience from Swedish and international B2C and B2B companies with a focus on sustainable growth and development as well as from several industries and product categories such as consumer health, international distributor operations and financial services. Former board member of Almi Invest GreenTech, Almi Företagspartner Stockholm Sörmland, ClearOn and Moberg Pharma.

**Other board assignments:** None.

**Swedencare holding:** None.

#### **Thomas Eklund**

Board member since 2016.

**Born:** 1967.

**Education:** Master of Business Administration from Stockholm School of Economics.

**Occupation and experience:** Advisor to Patricia AB (Investor AB). Former Managing Director of Investor Growth Capital in Europe. Extensive experience of investments and business development within the healthcare market

**Other board assignments:** Chairman of the Board of Sedana Medical AB (publ), Immedica Pharma AB and Mabtech AB.

**Swedencare holding:** 950,000 shares.

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<sup>10</sup> Own or related party holdings of shares and other financial instruments in Swedencare. Holdings per 2023-03-31.

**Jean-Yves Parisot**

Board member since 2022.

**Born:** 1964.

**Education:** Doctor of Veterinary Medicine from the National Veterinary School of Lyon (VetAgroSup – France) and holds an MBA from HEC-ISA (France).

**Occupation and experience:** President of the Taste, Nutrition & Health segment, and board member of Symrise Group. Previously held senior positions at e.g. Diana, Air Liquide, Danisco, Rhodia Food, Rhône-Poulenc, Rhône Mérieux – Merial and Pfizer Animal Health.

**Other board assignments:** Chairman of the Board of Probi and VetagroSup.

**Swedencare holding:** None.

**Ulrika Valassi**

Board member since 2022.

**Born:** 1967.

**Education:** Bachelor of Economics from Uppsala University.

**Occupation and experience:** Board member and senior business advisor. Former head of credit for Landshypotek Bank, several senior positions within the SEB group. Recently involved in DBT's start-up year. Extensive experience in banking and financial markets, structural investments and company development.

**Other board assignments:** Board member of Ålandsbanken Abp and Sparbanken Sjuhärad.

**Swedencare holding:** 2,000 shares.

**Heinz-Jürgen Bertram**

Board member since 2023.

**Born:** 1958.

**Education:** Chemistry Degree and Chemistry PhD from University of Hannover.

**Occupation and experience:** CEO of Symrise AG. Member of the board of Symrise from 2006 to 2021. He has been employed by Symrise since 2003 and has had different leading positions within the company such as Global Head of Aroma Chemicals Division, Global Head of Operations and Global Head of Flavor & Nutrition.

**Other board assignments:** None.

**Swedencare holding:** None.

**Management<sup>11</sup>****Håkan Lagerberg**

CEO

**Born:** 1968.

**Education:** Bachelor's Degree in International Law from Lund University. Postgraduate in International Trade Law from University of Torino in Italy.

**Experience:** Håkan holds the leading position since 2014. Håkan has international experience from leading positions in private and public companies.

**Board assignments:** Chairman of the Board of One CC AB. Member of the Board of Directors of Polygiene AB (publ), HAOLAG AB, Mastan AB and of Swedencare's subsidiaries.

**Swedencare holding:** 5,663,820 shares.

**Jenny Graflind**

CFO

**Born:** 1976.

**Education:** Bachelor of Science in Management from Florida Atlantic University

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<sup>11</sup> Own or related party holdings of shares and other financial instruments in Swedencare. Holdings per 2023-03-31.

**Experience:** Jenny has been employed and holds the leading position since 2017. She has a long international background as CFO and previously e.g., as CFO as well as auditor of global groups, both privately owned and owned by risk companies.

**Board assignments:** Member of the Board of Directors of USWE Sports AB, Tammeo AB and board assignments in Swedencare's subsidiaries.

**Swedencare holding:** 175,000 shares.

**John Kane**

Production Director

**Born:** 1970.

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

**Experience:** John has the leading position since 2022 and has been employed as CEO of the Vetio production entities since 2015. John has over 28 years of experience as a CEO and VP/GM of public and private companies in Specialty Chemicals, Human Nutrition, and Animal Health industries. Prior to Animal Health, John worked for Balchem Corporation, managing their Human Nutrition and Health business.

**Board assignments:** Member of the Board of Directors of Sabai Global, based in St. Louis, Missouri, United States.

**Swedencare holding:** 51,972 shares.

**Brian Nugent**

CCO of the North American veterinary- and online operations

**Born:** 1974.

**Education:** Bachelor of Science in Multi-National Business Operations from the Florida State University.

**Experience:** Brian has the leading position since 2022 and has been employed as CEO of StratfordCare USA Inc. since 2011. Brian has over 20 years of experience as a founder, COO, and CEO of multiple successful animal health companies based in the US. Prior to Animal Health, Brian worked in Operations Management for the Tampa Bay Buccaneers of the National Football League (NFL).

**Board assignments:** None.

**Swedencare holding:** 325,000 shares.

**Auditor**

At the 2023 annual general meeting, Deloitte AB was appointed as the Company's auditor, with Authorised Public Accountant Maria Ekelund as Auditor-in-Charge until the end of the 2024 annual general meeting.

**Other**

Swedencare's annual report for the financial year 2022 does not refer to any agreements between Swedencare and its board members or employees which stipulate a right of compensation if their employment is terminated as a consequence of a public offer regarding the shares in Swedencare.

## **Swedencare's articles of association**

N.B. This English version of the Articles of Association is for convenience purposes only. In the event of any discrepancies between the English version and the Swedish version, the latter shall prevail.

### **1. COMPANY NAME**

The company name is Swedencare AB (publ). Public company.

### **2. REGISTERED OFFICE**

The registered head office of the company is in the municipality of Malmö.

### **3. OBJECTS OF THE COMPANY**

The company objective is, directly or indirectly, the development, manufacture and sale of products within the area of animal healthcare and preventive dental care and other business compatible therewith.

### **4. SHARE CAPITAL**

The share capital shall be not less than SEK 500,000 and not more than SEK 2,000,000.

### **5. NUMBER OF SHARES**

The number of shares shall be not less than 50,000,000 and not more than 200,000,000.

### **6. FINANCIAL YEAR**

The company's financial year shall be calendar year.

### **7. BOARD OF DIRECTORS**

The board of directors shall consist of not less than three and not more than seven board members with not more than two deputy board members. The board members and deputy board members are elected annually for the period until the close of the first annual general meeting held after the year in which the board member or deputy board member was appointed.

### **8. AUDITOR**

For audit of the company's annual report, the accounts and the administration of the board of directors and managing director, not less than one auditor and not more than two auditors with or without deputy auditors shall be elected.

### **9. ANNUAL GENERAL MEETING**

The following matters shall be addressed at the annual general meeting:

1. Election of a chairman at the meeting;
2. Preparation and approval of the voting list;
3. Election of one (1) or two (2) persons to verify the minutes of the meeting;
4. Approval of the agenda;
5. Determination of whether the meeting was duly convened;

6. Submission of the annual report and the auditor's report, and if applicable, the group accounts and the auditor's report for the group;
7. Resolutions
  - a) regarding the adoption of the income statement and balance sheet, and if applicable, the consolidated income statement and the consolidated balance sheet
  - b) regarding allocation of profit or loss in accordance with the adopted balance sheet
  - c) regarding the discharge from liability of the board members and, where applicable, of the managing director;
8. Determination of fees for the board of directors and, where applicable, for the auditors;
9. Election of the board of directors and auditors; and
10. Other matters which rest upon the meeting according to the Swedish Companies Act or the company's articles of association.

## **10. NOTICE TO ATTEND**

Notice to attend a general meeting shall be advertised in Post- och Inrikes Tidningar (The Official Swedish Gazette) and on the company website. At the time of notice, information about the notice shall be advertised in Dagens Industri. The notice shall immediately, and at no cost for the recipient, be sent by post to those shareholders who so request and state their address

Notice to attend an annual general meeting and notice to attend an extraordinary general meeting at which the issue of alterations of the articles of association is to be addressed shall be issued not earlier than six weeks and not later than four weeks prior to the meeting. Notice to attend an extraordinary general meeting other than such as mentioned above shall be issued not earlier than six weeks and not later than two weeks prior to the general meeting.

## **11. APPLICATION IN ADVANCE**

A shareholder, who wishes to participate at the general meeting, shall notify the company thereof not later than on the date specified in the notice to attend the general meeting. Such a date may not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and may not occur earlier than the fifth weekday prior to the general meeting. If the notice to attend the general meeting does not state a last day for notification, then notification is not required in order to participate at the general meeting. A shareholder who wishes to be accompanied by advisors at a general meeting shall state the number of advisors (not more than two) accompanying the shareholder in the application.

## **12. CSD CLAUSE**

The company's shares shall be registered in a CSD (central securities depository) register in accordance with the Financial Instruments (Accounts) Act (1998:1479).

## **13. COLLECTION OF PROXIES AND POSTAL VOTES**

The board of directors may collect proxies in accordance with the procedure specified in Chapter 7, Section 4, second paragraph, of the Swedish Companies Act.

The board of directors may, prior to a general meeting of the shareholders', decide that the shareholders shall be able to exercise their voting rights by post before the general meeting of the shareholders'.

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Articles of Association adopted at the general meeting held on 29 April 2021

## Swedencare's interim report for the period January – March 2023



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



#### **This is Swedencare**

Swedencare develops, produces, markets, and sells premium products in the global and fast-growing market for animal health care products for cats, dogs, and horses. The company has an extensive product portfolio with strong brands, such as NaturVet®, Innovet, Pet MD®, Animal Pharmaceuticals®, nutravet® and ProDen PlaqueOff® for oral health, the brand it all began with. Swedencare has its head office in Malmö and the company's products are currently sold in about 60 countries to veterinarians, pet stores and online via a distribution network containing subsidiaries in nine countries and an international network of retailers. Swedencare's revenue has increased significantly over the last few years with strong margins and results.

#### **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 pay a dividend that takes into consideration the Group's earnings performance and the need for consolidation, investments, liquidity, and financial position. The goal is to pay a dividend of 40 percent of profit after tax.

For 2022 the Board proposes a dividend of 0.22 SEK (0.20 SEK) per share.



#### **Mission**

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

# Double-digit organic growth and half a billion in revenue

Summary of the period

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

## **First quarter: January 1<sup>st</sup> - March 31<sup>st</sup>, 2023**

- Net revenue amounted to 523.2 MSEK (377.7 MSEK), corresponding to an increase of 39% (184%)
- Organic, currency-adjusted growth amounted to 10% (7%)
- Operational EBITDA amounted to 107.4 MSEK (94.7 MSEK), corresponding to an increase of 13%, and an EBITDA-margin of 20.5% (25.1%). The adjustments refer to an accounting adjustment of acquired inventory of 0.5 MSEK (4.4 MSEK) and acquisition costs of 0.1 MSEK (11.2 MSEK)
- Operational EBITA amounted to 89.4 MSEK (82.1 MSEK), corresponding to an increase of 9% and an EBITA-margin of 17.1% (21.7%)
- Operational EBIT amounted to 87.5 MSEK (81.7 MSEK), corresponding to an increase of 7% and an EBIT-margin of 16.7% (21.6%)
- Profit after tax amounted to 17.2 MSEK (14.7 MSEK)
- Earnings per share calculated on 158,731,900 shares (146,475,502 shares) 0.11 SEK (0.10 SEK)
- Cash flow from operating activities amounted to 99.8 MSEK (46.0 MSEK)
- As of March 31<sup>st</sup>, 2023, cash amounted to 232.2 MSEK (277.3 MSEK)

## **Significant events during the first quarter**

Patterson Veterinary has acquired the exclusive rights to market and sell the Animal Pharmaceuticals® brand in the US.

## **Significant events after the first quarter**

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

# Words from the CEO

## Over half a billion in sales for the first time and organic growth returns

The first quarter's net sales of 523.2 MSEK represented an increase of 39% compared to Q1 2022 and is our strongest quarter ever, while our operational EBITDA increased by 13% to 107.4 MSEK, corresponding to a margin of 20.5%. Our cash flow from operating activities also improved this quarter with a positive change in working capital.

Our organic growth (10%) is better than the market and this is how it should be when our synergy and business development projects show results. The inventory trimming that heavily affected us in 2022 are starting to fade away. For a few group companies, Q1 is still affected, but I expect Q2 to be the last quarter where our sales are affected by previous inventory levels. Our gross margin and EBITDA were somewhat lower than where we should be due to revenue mix, large sales campaigns, some postponement of this year's price increases to Q2 and marketing activities. I expect an improvement in margins already during the current quarter.

Market development for pets has been strong in our main markets. We see a trend that consumers continue to migrate to online and we see sales increases of over 30% in this channel on our major markets. It is gratifying to see export markets picking up again and not only in Asia, but a lot is also happening in South America and more countries will open up during the year.

In March, we announced the exclusive collaboration with Patterson for our Animal Pharmaceuticals® brand. It is an integrated collaboration between the parties, which will fundamentally change the marketing of veterinary clinics in the US, and we also have ongoing discussions about more geographies where Patterson operates. The first order under the new agreement will be delivered in Q2 and both organizations are working intensively for the new launch in May.

We have a clear strategy for our different veterinary brands, and you can expect other similar collaborations to take advantage of larger sales forces for some of our other brands.

Product and concept launches are the theme of the year and to name one, NaturVet's new product line "Scoopables" in the North American market is important. The line was launched at Global Pet Expo in March and during the current quarter we have started delivering to distributors. The large chains and online retailers will launch the line during the quarter. Demand has been high, and we look forward to feed back from our end customers during the year.



ProDen PlaqueOff® continues its strong development and grew by 58% during the quarter compared to the corresponding period last year. I expect good growth in the future as well as parts of the range now will be launched at the three largest pet retailers in the US, where we previously did not exist, and that the export markets have come back to life.

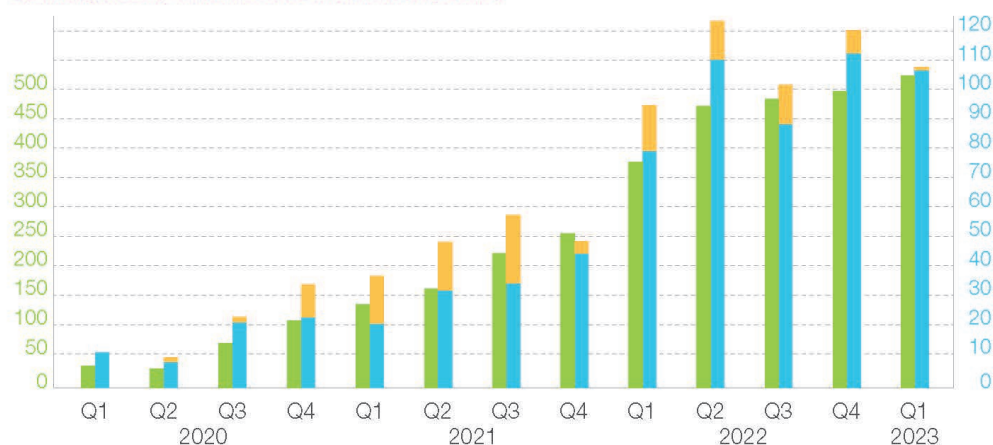
As I said before, we have a unique organization with fantastically driven and competent employees. I am proud and grateful to be able to lead the group and hope that all shareholders appreciate our work to create a leading global animal health group.

Håkan Lagerberg, CEO  
Malmö April 28<sup>th</sup>, 2023

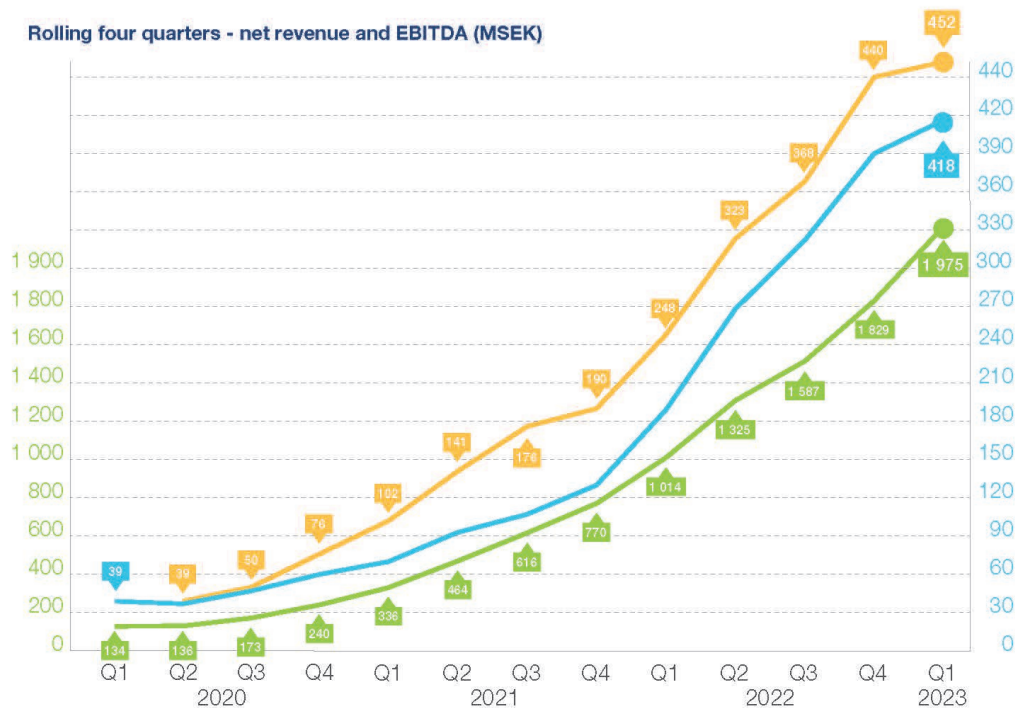


# Development 2020 - 2023

Quarterly history of net revenue and EBITDA (MSEK)



Rolling four quarters - net revenue and EBITDA (MSEK)



■ Net revenue    ■ EBITDA    ■ Operational EBITDA  
 Additional KPI's and definitions can be found on page 18-20.

# Comments - Financial development Q1 2023

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

## Net revenue

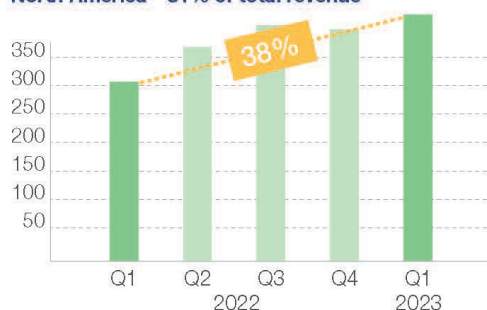
Net revenue amounted to 523.2 MSEK (377.7 MSEK), which corresponds to an increase of 39%. The growth is divided into 10% organic growth, 18% acquired growth and 11% currency impact. Net revenue continues to increase quarter by quarter, for this the increase was 5% compared to the previous quarter. This with an unchanged company structure, excluding CVP which was acquired on November 1<sup>st</sup> and contributed 4.8 MSEK during the quarter.

During the quarter, inventory adjustments at distributors have diminished and it is only Nutravet's growth that is still negatively affected as the corresponding quarter last year contained the last significant order from their largest customer. Export sales have also gained momentum during the quarter, while online sales remain to have strong growth. The new agreement with Patterson meant that a major order was brought forward to Q2.

## Geographical distribution

Despite a growth increase of 38% compared to the corresponding period last year, is the market share for the North American market unchanged in comparison with the same period last year and represents 81% (81%) of the group's net revenue. The acquisition of NaturVet was completed during Q1 2022, which accounts for part of the increase, but most of the North American companies have had good growth.

### North America – 81% of total revenue



Growth in Europe is partially affected by the acquisition of Innovet, which took place in Q1 2022, but also by Swedencare UK, which sells to Amazon and recorded its best quarter ever.

### Europe – 16% of total revenue



Rest of the World shows strong growth of 78%. The increase is mainly explained by strong ProDen PlaqueOff® sales to the export markets, which have begun to open up again, and by the Nutravet brand, which was launched in Thailand and Israel during the quarter.

### Rest of the World – 3% of total revenue



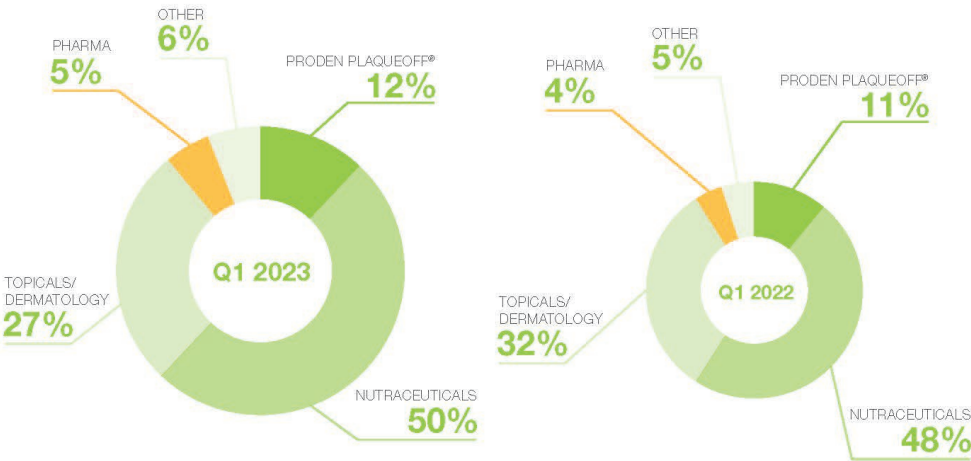
Product and brand distribution

All product groups have experienced growth during the quarter. The Nutraceuticals product group has presented growth of 45% compared to the corresponding period last year and represents the group's largest product group with half of the revenue. The increase is mainly attributed to Innovet and NaturVet, the companies that were acquired in Q1 of the previous year, which sell the most products in this category. Also, NaturVet's products which were launched under the Pet MD online brand during the quarter contributed to a positive effect on this product group.

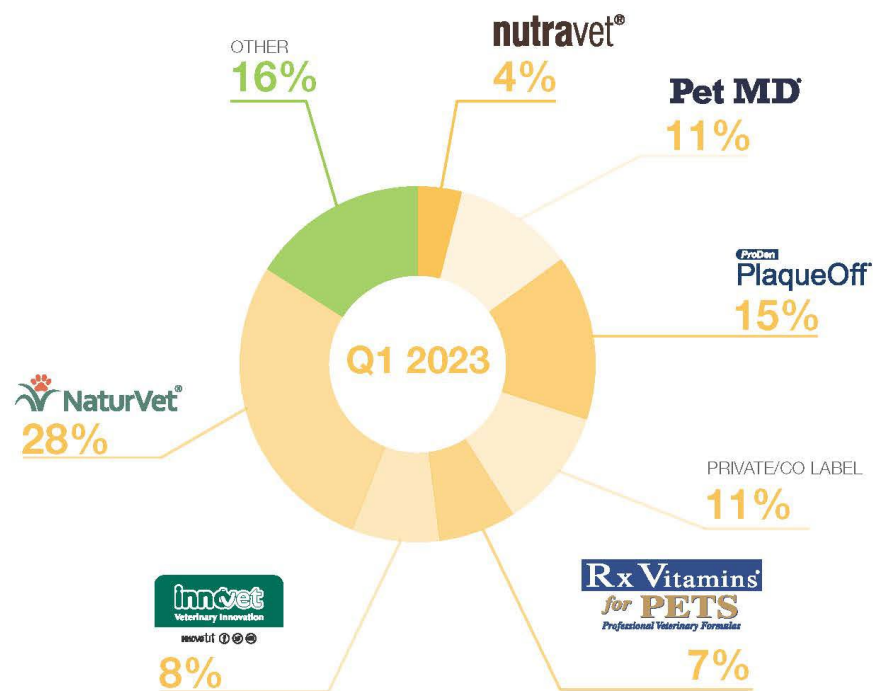
During the quarter, ProDen PlaqueOff® had a growth of 58% and represents 12% (11%) of the group's total revenue, where all subcategories of the product group have presented strong growth. It is primarily ProDen PlaqueOff® Powder that is behind the increase, but also Soft Chews, which were launched in Q4 2022, continue to show strong growth. Even NaturVet, which started delivering ProDen PlaqueOff® to its customers in Q3 2022, has shown continued positive development.

Pharma (development and manufacturing) sales have increased by 56% compared to the corresponding period last year when production begun in H2 2022.

During Q1 2023 and Q1 2022 the geographic sales were distributed according to the graphics.



During Q1 2023 sales were distributed per brand according to the graphic.



\*Does not include contract manufacturing

## Profit

The operating gross margin during the quarter amounted to 54.7% (55.6%), mainly affected by delayed development projects with higher margins, production start-ups and higher shipping costs. Price adjustments that were implemented at the beginning of the year will first have a full effect on the gross margin during the current quarter.

The external costs are mainly affected by an expo-intensive quarter and higher costs for marketing linked to Amazon, but amount to 19% of the total revenue, which is in line with previous quarters.

The operational operating profit before amortization (EBITA) amounted to 89.4 MSEK (82.1 MSEK), which corresponds to an EBITA-margin of 17.1% (21.7%).

Exchange rate variations affected EBITA during Q1 with an exchange rate loss of -1.7 MSEK (-0.2 MSEK) due to the weaker USD currency. During the quarter, the interest costs for loans taken out in connection with the acquisitions amounted to 17.0 MSEK (3.3 MSEK). The higher interest expense compared to the previous quarter (13.5 MSEK) is affected by the higher interest rate.

Re-examination of tax loss carry-forwards together with company structural change in the USA that was carried out in 2022 as well as tax write-offs on NaturVet's surplus values are expected to have a positive impact on the result also in 2023. In 2022 this resulted in utilized tax write-offs of 222.3 MSEK (21.3 MUSD) which means 0% in tax cost. This meant a lower tax of 52.2 MSEK (5 MUSD) for 2022 compared to an average tax rate of 23.75%. The assessment is that previous losses and deferred tax receivables from previous years will be able to be used and positively affect the result to the same extent for the next 14 years.

The net income amounted to 17.2 MSEK (14.7 MSEK) corresponding to a profit margin of 3.3% (3.9%). Earnings per share for the first quarter of 2023 amounted to 0.11 SEK (0.10 SEK) calculated on the weighted average number of shares, 158,731,900 (146,475,502) as of March 31<sup>st</sup>, 2023.

## Cash Flow

Cash flow from current operations after changes in working capital amounted to 99.8 MSEK (46.0 MSEK) during the first quarter of 2023. The change in working capital during the quarter positively affected the cash flow from current operations by 16.8 MSEK (-31.6 MSEK). The lower working capital is affected mainly by an increase of payables and unchanged inventory and receivables despite a higher revenue during the quarter.

Investments in tangible and intangible assets during the quarter amounted to 11.2 MSEK (21.6 MSEK), which mainly contains investments in the two largest production facilities in California and Canada.

On January 11<sup>th</sup>, 2023, Swedencare paid 92.5 MSEK (8.9 MSUD) to the seller of NaturVet according to the acquisition agreement for the Section (338(h)(10) application. In connection with this, an acquisition credit of 25.0 MSEK was taken out. During the quarter Swedencare has amortized total interest-bearing liabilities of 25.0 MSEK.

During the first quarter of 2023, the cash flow amounted to -12.7 MSEK (140.7 MSEK).

## Financial Position

Swedencare's equity amounted on March 31<sup>st</sup>, 2023, to 7,435.1 MSEK (6,486.6 MSEK), of which 1.6 MSEK (1.6 MSEK) was restricted equity.

Swedencare's cash and cash equivalents amounted to March 31<sup>st</sup>, 2023, to 232.2 MSEK (277.3 MSEK), the group had on the same date interest-bearing long-term and short-term liabilities of a total 1,891.8 MSEK (1,594.6 MSEK). As of March 31<sup>st</sup>, 2023, Swedencare had a net debt of 1,659.6 MSEK (1,317.3 MSEK).

## Personal

As of March 31<sup>st</sup>, 2023, Swedencare had a total of 490 employees spread over Sweden (12), England (28), Italy (16), France (2), Greece (11), Ireland (15), Spain (2), the United States (347) and Canada (57). The gender distribution is 48% women and 52% men. As of March 31<sup>st</sup>, 2022, Swedencare had a total of 517 employees.

## Financing

Swedencare's debts to credit institutions amounted to 1,643 MSEK as of March 31<sup>st</sup>, 2023. The group has a Revolving Credit Facility (RCF) of 1,000 MSEK, of which the utilized amount amounted to 825 MSEK as of March 31<sup>st</sup>, 2023. The amount used is divided into four withdrawals which fall due at 3-month intervals and run at variable interest (STIBOR+margin) linked to net debt. The weighted average interest rate as of March 31<sup>st</sup> was 4.36%. The revolving loan extends to September 2024 with the possibility of two extension options of one year at a time, which gives a possible final maturity in September 2026. As of March 31<sup>st</sup>, the group has unused credit facilities of 175 MSEK. The remaining loan to credit institutions is a term loan of 818 MSEK. The agreement extends to September 2024 with the possibility of two extension options with one year at a time, which gives a possible final maturity in September 2026. The loan runs at a variable interest rate (STIBOR+margin). The weighted average interest rate as of March 31<sup>st</sup> was 4.29%.

The financial covenants are Net Debt to EBITDA ratio as well as ratio of EBITDA to Interest Payable. As of March 31<sup>st</sup>, 2023, the reported net debt amounted to in relation to EBITDA to 3.4. Swedencare has, for all reconciliations, fulfilled the covenants set by the bank in connection with loans.



# Swedencares 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. 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 evaluate that we, as a producer of health care products for pets, have a direct or indirect impact and which can affect the development of the entire value chain: equality, fair working conditions and economic growth, sustainable consumption, and production, combating climate change and caring for oceans and marine resources.

During the first quarter, our sustainability work has meant that:

We have established a sustainability policy that indicates basic principles that characterize business and the relationship with the outside world. The policy also provides guidance to employees and subsidiaries within the group regarding how sustainability work should be conducted, and which values are governing.

We have updated our code of conduct for employees, which indicates guiding principles regarding ethics, anti-corruption, human rights, and social and environmental responsibility.

We have developed a new code of conduct for suppliers that states clear requirements regarding human rights, working environment and climate impact. We will work to ensure that our suppliers follow our code of conduct, alternatively have their own code of conduct and active sustainability work that meets Swedencare's ambitions. The work of following up and evaluating our suppliers takes place continuously.

The board has approved the sustainability policy and the code of conduct for employees and suppliers.

Our sustainability work is based on the UN's global goals, which is why we have contributed through a donation to the UN organization.

Motivated employees are our most important asset, we work with ongoing improvement on work environment issues to promote good health and safety, therefore we have produced an employee survey that will be sent to all employees within the group.

During the quarter, we also launched a whistleblower service to pick up early warning signals and thereby reduce risks. It is an important tool for promoting high ethical standards and maintaining a high level of trust in us as a company.

# Stock

	31 Mar 2023	31 Mar 2022	31 Mar 2021	31 Mar 2020
Number of shares at the end of the period	158 731 900	158 111 805	105 422 375	79 009 900
Share price at the end of the period	25.5	120.5	83.8	15.2

**The ten largest shareholders** (the table summarizes Swedencare's ownership structure as of March 31<sup>st</sup>, 2023).

	Number of shares	Ownership
Symrise AG	47 617 318	30.0%
Håkan Svanberg & Co Health Care AB	23 052 775	14.5%
Första AP-fonden	7 583 268	4.8%
JCC Group Invest Sweden AB ( <i>Johan Bergdahl through company</i> )	7 526 755	4.7%
AMF Aktiefond Småbolag	6 006 500	3.8%
Mastan AB ( <i>Håkan Lagerberg through company</i> )	5 663 820	3.6%
SEB Fonder	5 055 804	3.2%
Scott Garmon - MD NaturVet	3 722 691	2.3%
Grandeur Peak Global Advisors, LLC	2 797 999	1.8%
Aktia Asset Management	2 219 630	1.4%
Other	47 485 340	29.89%
<b>Total</b>	<b>158 731 900</b>	<b>100.00%</b>
Free Float*	66 669 240	42.00%

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.

# Partnerships within the Group

Internal partnerships between the subsidiaries in the Swedencare group is a powerful tool for driving success and achieving shared targets. By collaborating and pooling resources, we can achieve greater efficiency, reduce costs, and leverage each other's strengths to create new opportunities and growth. One of the key benefits of these partnerships is the ability to share knowledge and expertise across different companies and markets within the group. This can help to exploit the potential of our existing portfolio and to accelerate innovation and create new products and services that meet the needs of customers more effectively. Here we present just a few of our successful partnerships within the Group.



## Garmon Corporation/ NaturVet

The Garmon Corporation/NaturVet is a leader in the pet supplement industry with an impressive legacy of innovation and product assortment. Today, NaturVet dominates Pet Specialty and can be purchased domestically across all major chains and the majority of independent pet shops; as well as internationally, achieving global distribution in more than 15 countries worldwide.

Since its acquisition by Swedencare in 2022, Garmon Corp. has partnered with several of its subsidiaries to add complementary SKUs and delivery methods to its ever-expanding portfolio. It all started with Swedencare USA and ProDen PlaqueOff®, a unique dental hygiene system that has led the market for years. Building on the success of the original ProDen PlaqueOff® powder supplement, Garmon Corp. developed ProDen PlaqueOff® Soft Chews, an innovative delivery method that made dental hygiene tastier and more convenient for pets and parents everywhere. Leveraging its established retail relationships, Garmon Corp. successfully secured ProDen PlaqueOff® products on store shelves in top U.S. pet chains, expanding its penetration and market share. Additionally, Garmon Corp. has provided various white-label products to Swedencare subsidiaries, such as Stratford, for use in the veterinarian market; and more recently, has begun offering Pet MD soft chew products, eliminating the need to outsource.

These collaborations contribute to healthy margins and expanded product assortment, ultimately increasing market share. NaturVet remains committed to exploring new partnerships and expanding its already impressive catalog. With a continued focus on innovation and quality, NaturVet is poised for even greater success in the coming year.

## Pet MD®

### Pet MD Brands

Pet MD Brands, a state-of-the-art company in online sales, has been a part of the Swedencare family since 2021 and has been committed to serving pet parents since 2002. The acquisition has given Swedencare strong online brands, a leading e-commerce team including unique Amazon expertise and a business with both strong growth and high profitability.

Pet MD has several successful partnerships within the group:

- Pet MD carries Rx Vitamins' products on Amazon and Chewy, and also private label selected products of theirs under the Pet MD brand.
- Historically Pet MD have carried a few products manufactured by Garmon Corporation but have increased that number significantly in the last few months by adding an entire new line of supplements made by Garmon Corp.
- The bulk of Pet MD's product line is made by Vetio and distributed to them via Stratford. Pet MD are just about to take possession of their first round of Ear Wipes directly from Vetio that was previously being sold to them via a 3rd party distributor. This product is Pet MD's top seller, with over 1,000 units sold per day. Its direct distribution from Vetio to Pet MD will result in a significant increase in Swedencare's internal company margins.



## Fulfillment Advantage Ventures (FAV)

FAV distributes many of the Swedencare owned brands to retailers with whom they have established relationships. Through their expanded distribution they can reach retailers such as: Kroger.com, Target.com, Walmart.com, Home Shopping Network and QVC, Tractor Supply, PetSmart Canada and Amazon Canada, Lowes Home Improvement, Fingerhut, as well as Chewy and Amazon.com. FAV also distributes some 3rd party brands that are private label customers for Stratford. This allows FAV to capture sales revenue from brands created from Vetio and Garmon Corp. products. This extends the revenue stream vertically from Manufacturing through Sales to the retailer.

FAV's expanded distribution allows these brands to reach retailers that they would normally not be able to sell due to lack of time and resources. By having product on these additional sites, they expand product exposure and allow the consumer to have a choice in where they buy the product. Google searches will show multiple purchasing opportunities from various retailers, allowing consumers to select their favorite retailer from the front page of retail options. The fact that many retailers offer the product adds credibility to the item and the brand and push our competition to second or third pages in the search. FAV's goal is to eventually offer all product brands within Swedencare that fit into its channels to our retailers.



## Custom Vet Products (CVP)

The collaboration has been of great benefit to CVP since joining the Swedencare family, it has helped them to push the business onwards. Following Brexit, a major opportunity and challenge presented itself as businesses which had been built from the import of soft chew products from the United States run into problems importing these products into the UK and EU. This presents CVP with the opportunity to access high volume customers. Major challenges in satisfying this demand are around issues of capacity and ingredients. Vetio have been key in providing direction and advice in helping CVP to understand how to plan for increased capacity.

Another challenge was understanding the disparity in prices provided by US manufacturers and what can be provided in the EU and UK due to the need for animal feed ingredients and additives to be registered. This additional knowledge allowed CVP to better communicate challenges regarding ingredients to their customers, offering them a superior experience to our competitors and equipped them with an unrivalled ability to provide alternatives and solutions.

Internally, it has been very rewarding to work with colleagues who face the same challenges in product development and manufacturing, and to come up with solutions together to overcome them. CVP's ability to effectively collaborate with colleagues at Vetio gives CVP a significant competitive edge in the UK and EU, providing a customer experience that cannot be found with any of the competitors.

# Financial overview

## Consolidated profit and loss (MSEK)

	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022	Rolling 12 mths
Net revenue	523.2	377.7	1,829.5	1,975.0
Other revenue	0.4	2.5	13.9	11.8
<b>Total revenue</b>	<b>523.6</b>	<b>380.2</b>	<b>1,843.4</b>	<b>1,986.8</b>
Cost of sales	-237.8	-171.9	-813.9	-879.8
Other external costs	-101.9	-71.8	-358.6	-388.7
Personnel costs	-77.1	-57.4	-281.1	-300.9
<b>Operating profit before depreciation (EBITDA)</b>	<b>106.8</b>	<b>79.1</b>	<b>389.8</b>	<b>417.5</b>
Depreciation and write-downs of tangible fixed assets	-18.0	-12.6	-63.5	-68.8
<b>Operating profit before interest, taxes and amortization (EBITA)</b>	<b>88.8</b>	<b>66.5</b>	<b>326.3</b>	<b>348.6</b>
Amortization of intangible fixed assets	-56.8	-41.5	-205.8	-221.1
Other costs	-1.7	-0.2	-0.5	-2.1
<b>Operating profit (EBIT)</b>	<b>30.3</b>	<b>24.8</b>	<b>120.0</b>	<b>125.5</b>
Financial costs	-20.1	-5.5	-39.7	-54.3
Results from shares in associated companies	-0.1	-	-0.2	-0.2
<b>Profit after financial costs</b>	<b>10.2</b>	<b>19.3</b>	<b>80.1</b>	<b>70.9</b>
<b>Net income before tax</b>	<b>10.2</b>	<b>19.3</b>	<b>80.1</b>	<b>70.9</b>
Tax on profit	-4.3	-5.2	-25.7	-24.8
Deferred tax	11.3	0.6	40.1	50.8
<b>Net income</b>	<b>17.2</b>	<b>14.7</b>	<b>94.5</b>	<b>96.9</b>
Earnings per share before dilution (SEK)	0.11	0.10	0.61	0.62
Earnings per share after dilution (SEK)	0.11	0.10	0.61	0.62

## Consolidated statement of comprehensive income (MSEK)

Net income	17.2	14.7	94.5	96.9
Exchange difference foreign subs.	-42.8	11.0	909.7	855.9
<b>TOTAL PROFIT</b>	<b>-25.6</b>	<b>25.8</b>	<b>1,004.2</b>	<b>952.8</b>

## Consolidated balance sheet (MSEK)

	31 Mar 2023	31 Dec 2022	31 Mar 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	4,050.6	4,067.5	3,605.3
Other intangible assets	4,222.3	4,301.9	3,949.4
Shares in associated companies	0.2	0.2	-
Buildings and land	150.3	150.9	126.4
Right of use according to IFRS - Buildings and land	238.2	248.7	219.4
Machinery and other tech assets	137.5	137.5	107.2
Right of use according to IFRS - Machinery and other tech assets	7.8	8.4	6.8
Tools, furniture, and fixtures	11.3	10.2	8.7
Other financial assets	0.6	0.8	0.7
Deferred tax asset	71.8	71.6	7.4
<b>Total non-current assets</b>	<b>8,890.5</b>	<b>8,997.9</b>	<b>8,031.3</b>
<b>Current assets</b>			
Inventory	443.0	441.5	356.2
Accounts receivables	228.8	228.8	199.7
Tax receivables	34.5	36.2	22.3
Other receivables	7.0	15.0	12.6
Prepaid costs and deferred revenue	56.1	40.3	35.5
Cash	232.2	245.1	277.3
<b>Total current assets</b>	<b>1,001.7</b>	<b>1,006.8</b>	<b>903.6</b>
<b>TOTAL ASSETS</b>	<b>9,892.3</b>	<b>10,004.7</b>	<b>8,934.9</b>

## Consolidated balance sheet (MSEK) - cont.

	31 Mar 2023	31 Dec 2022	31 Mar 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1.6	1.6	1.6
Share premium	6,209.6	6,209.6	6,182.4
Conversion reserves	1,003.4	1,046.2	147.4
Other equity incl. full year profit	220.5	203.3	155.2
<b>Total equity</b>	<b>7,435.1</b>	<b>7,460.7</b>	<b>6,486.6</b>
<b>Long term liabilities</b>			
Debt to credit institutions	1,641.1	1,641.0	1,367.0
Other interest-bearing liabilities	211.3	221.4	196.1
Deferred tax liability	356.4	367.4	304.5
Debts to employees	4.4	4.2	4.5
<b>Short term liabilities</b>			
Accounts payable	95.0	66.9	88.0
Tax liabilities	48.1	49.5	27.2
Other interest-bearing liabilities	39.4	39.8	31.5
Other liabilities	14.1	106.3	389.5
Deferred costs and prepaid income	47.4	47.5	40.0
<b>Total liabilities</b>	<b>2,457.2</b>	<b>2,544.0</b>	<b>2,448.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9,892.3</b>	<b>10,004.7</b>	<b>8,934.9</b>

## Consolidated cash flow statement (MSEK)

	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Operating income before financial costs	30.3	24.8	120.0
Paid interest	-17.0	-3.3	-30.3
Depreciation	74.8	54.1	269.3
Paid tax	-4.4	-1.2	-30.9
Non-cash flow items	-0.7	3.1	22.9
Change in working capital	16.8	-31.6	-90.8
<b>Cash flow from operating activities</b>	<b>99.8</b>	<b>46.0</b>	<b>260.2</b>
<i>Investment activities</i>			
Aquisitions	-92.5	-3,923.4	-4,359.3
Aquisitions – payment of acquired debts	-	-239.8	-239.8
Purchases of intangible assets	-0.2	-0.6	-3.7
Sales of intangible assets	-	-	11.2
Purchases of buildings	-2.7	-6.0	-23.3
Purchases of machines	-6.3	-14.3	-48.0
Purchases of tools, furniture, and fixtures	-2.0	-0.6	-3.4
<b>Cash flow from investment activities</b>	<b>-103.7</b>	<b>-4,184.7</b>	<b>-4,666.3</b>
<i>Financial activities</i>			
New share issue	-	3,550.0	3,550.0
Warrants	-	-	1.1
Share issue costs	-	-17.5	-17.5
Paid dividend	-	-	-31.6
Loan	25.0	748.4	1,050.0
Amortization on interest-bearing loan	-25.0	-	-27.6
Amortization on lease	-8.8	-1.4	-29.8
<b>Cash flow from financial activities</b>	<b>-8.8</b>	<b>4,279.4</b>	<b>4,494.6</b>
<b>Cash flow for the period</b>	<b>-12.7</b>	<b>140.7</b>	<b>88.5</b>
Cash balance at beginning of period	245.1	136.1	136.1
Exchange difference in cash	-0.1	0.5	20.5
<b>Cash balance at end of period</b>	<b>232.2</b>	<b>277.3</b>	<b>245.1</b>

## Consolidated change of equity (MSEK)

Beginning balance	7,460.7	2,419.8	2,419.8
New share issued	-	4,041.0	4,067.2
Warrants	-	-	1.1
Paid dividend	-	-	-31.6
Total profit	-25.6	25.8	1,004.2
<b>Ending balance</b>	<b>7,435.1</b>	<b>6,486.6</b>	<b>7,460.7</b>

## Definition of KPI's

### **Net revenue**

The main revenue of the company

### **Change of revenue (%)**

Net revenue in relation to the previous corresponding period

### **Gross profit**

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

### **Gross margin (%)**

Gross profit as a percentage of net revenue

### **EBITDA**

Operating profit before depreciation and other operating expenses

### **EBITDA-margin (%)**

EBITDA as a percentage of net revenue

### **EBITA**

Operating profit before amortization and other operating expenses

### **EBITA-margin (%)**

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

### **EBIT**

Operating profit

### **EBIT-margin (%)**

EBIT as a percentage of net revenue

### **Net income margin (%)**

Profit after tax as a percentage of net revenue

### **Solvency (%)**

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

### **Interest-bearing net debt**

Interest-bearing debt including financial leasing minus cash

### **Earnings per share**

Net income for the period in relation to the average number of shares during the period

### **Equity per share**

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

### **Organic Growth**

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

## Operational KPI's

### **Operational Gross Profit**

Gross profit excluding items affecting comparability

### **Operational Gross-Margin (%)**

Op. Gross profit as a percentage of net revenue

### **Operational EBITDA**

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

### **Operational EBITDA-margin (%)**

Op. EBITDA as a percentage of net revenue

### **Operational EBITA**

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

### **Operational EBITA-margin (%)**

Op. EBITA as a percentage of net revenue

### **Operational EBIT**

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

### **Operational EBIT-margin (%)**

Op. EBIT as a percentage of net revenue

## Consolidated KPI's

Result measures (MSEK)	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Net revenue	523.2	377.7	1,829.5
Total revenue	523.6	380.2	1,843.4
Change of revenue (%)	38.5%	183.5%	137.2%
Gross margin (%)	54.6%	54.5%	55.5%
EBITA	88.8	66.5	326.3
EBITA-margin (%)	17.0%	17.6%	17.8%
EBIT	30.3	24.8	120.0
EBIT-margin (%)	5.8%	6.6%	6.6%
Net income	17.2	14.7	94.5
Net income margin (%)	3.3%	3.9%	5.2%
<b>Share data (SEK)</b>			
Outstanding shares at period close	158 731 900	158 111 805	158 731 900
Average outstanding shares	158 731 900	146 475 502	155 346 212
Earnings per share (SEK)	0.11	0.10	0.61
Equity per share (SEK)	46.84	41.03	47.00
<b>Other information (MSEK)</b>			
Cash	232.2	277.3	245.1
Interest-bearing net debt	1,659.6	1,317.3	1,657.1
Equity	7,435.1	6,486.6	7,460.7
Balance sheet total	9,892.3	8,934.9	10,004.7
Solvency (%)	75.2%	72.6%	74.6%

## Consolidated Operational KPI's (MSEK)

	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Net revenue	523.2	377.7	1,829.5
<b>Operational gross profit</b>	<b>285.9</b>	<b>210.1</b>	<b>1,051.3</b>
<i>Operational gross margin</i>	54.7%	55.6%	57.5%
Revaluation of acquisition stock to fair value	0.5	4.4	35.8
<b>Gross profit</b>	<b>285.4</b>	<b>205.8</b>	<b>1,015.6</b>
<i>Gross margin</i>	54.6%	54.5%	55.5%
<b>Operational EBITDA</b>	<b>107.4</b>	<b>94.7</b>	<b>439.6</b>
<i>Operational EBITDA-margin</i>	20.5%	25.1%	24.0%
Acquisition costs	0.1	11.2	14.0
Revaluation of acquisition stock to fair value	0.5	4.4	35.8
<b>EBITDA</b>	<b>106.8</b>	<b>79.1</b>	<b>389.8</b>
<i>EBITDA margin</i>	20.4%	20.9%	21.3%
<b>Operational EBITA</b>	<b>89.4</b>	<b>82.1</b>	<b>376.1</b>
<i>Operational EBITA-margin</i>	17.1%	21.7%	20.6%
Acquisition costs	0.1	11.2	14.0
Revaluation of acquisition stock to fair value	0.5	4.4	35.8
<b>EBITA</b>	<b>88.8</b>	<b>66.5</b>	<b>326.3</b>
<i>EBITA margin</i>	17.0%	17.6%	17.8%
<b>Operational EBIT</b>	<b>87.5</b>	<b>81.7</b>	<b>373.8</b>
<i>Operational EBIT-margin</i>	16.7%	21.6%	20.4%
Acquisitions costs	0.1	11.2	14.0
Revaluation of acquisition stock to fair value	0.5	4.4	35.8
Depreciation of acquisition-related intangible assets	56.6	41.3	204.1
<b>EBIT</b>	<b>30.3</b>	<b>24.8</b>	<b>120.0</b>
<i>EBIT margin</i>	5.8%	6.6%	6.6%

### Items affecting comparability

Items affecting comparability refer to events and transactions whose earnings effects are important to pay attention to when the period's earnings are compared with previous periods and include; amortization of acquisition-related intangible assets, cost of goods that arose as a technical accounting consequence of allocation of acquisition purchase consideration and acquisition costs. Acquisition costs does mainly include legal expenses, warranty insurance and tax consultations.

Items affecting comparability are a designation of items which excluded show the group's earnings excluding items which by their nature are not recurring as part of current operations. In addition, peer comp analysis of companies that do not make acquisitions is facilitated, at the same time as analysis and assessment of acquisition objects becomes clearer and more transparent as their EBIT contribution coincides with the actual contribution to the group after consolidation. At the same time, it is 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 principles.

## Operating segment reporting (MSEK)

An operating segment is a component of the Group that conducts operations from which it can generate revenues and incur costs, whose operating results are regularly reviewed by the Group's chief operating decision maker and for which discrete financial information is available. The Group's operations are reported per geographical area (North America, Europe and Other), and per production unit. The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and monitoring the operating segments' results. In the Swedencare Group, this function has been identified as the CEO and CFO. The CEO and CFO use the same operating segments in their reporting of the Group's financial development to the Board Directors, which confirms that the external and internal reporting are consistent.

**The North American operating segment** includes six sales companies in North America.

**The European operating segment** includes eight sales companies in Europe.

**The Production operating segment** includes Vetio (Canada and USA), Swedencare Tillverka (USA), Swedencare Ireland (Ireland) and Custom Vet Products (UK).

	North America		Europe		Production		Other and group adjustments		Group	
Jan-Mar	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net revenue external	334.6	238.6	71.4	55.1	106.4	77.8	10.8	6.2	523.2	377.7
Net revenue internal	18.4	11.9	0.5	0.3	17.1	22.7	-36.1	-34.8	-	-
<b>Net sales</b>	<b>353.0</b>	<b>250.4</b>	<b>71.8</b>	<b>55.4</b>	<b>123.6</b>	<b>100.4</b>	<b>-25.3</b>	<b>-28.6</b>	<b>523.2</b>	<b>377.7</b>
Other revenue external	-	-	0.4	2.5	-	-	-	-	0.4	2.5
Other revenue internal	-	0.2	-	0.1	0.0	0.6	-0.0	-0.9	-	-
<b>Total revenue</b>	<b>353.0</b>	<b>250.7</b>	<b>72.2</b>	<b>57.9</b>	<b>123.6</b>	<b>101.0</b>	<b>-25.3</b>	<b>-29.5</b>	<b>523.6</b>	<b>380.2</b>
Cost of sales	-173.9	-121.8	-22.5	-21.4	-77.5	-56.5	36.2	27.7	-237.8	-171.9
Other external costs	-72.6	-43.9	-19.6	-9.2	-16.1	-11.9	6.4	-6.8	-101.9	-71.8
Personnel costs	-44.3	-32.1	-9.7	-6.4	-17.8	-14.6	-5.4	-4.3	-77.1	-57.4
<b>Operating profit before depreciation (EBITDA)</b>	<b>62.3</b>	<b>53.0</b>	<b>20.4</b>	<b>21.0</b>	<b>12.2</b>	<b>18.0</b>	<b>11.9</b>	<b>-12.9</b>	<b>106.8</b>	<b>79.1</b>
Depreciation and write-downs of tangible fixed assets	-3.3	-2.4	-0.2	-0.1	-4.9	-3.5	-9.6	-6.6	-18.0	-12.6
Amortization of intangible fixed assets	-6.2	-5.5	-7.0	-2.2	-1.2	-1.1	-42.4	-32.8	-56.8	-41.5
Other costs	-0.0	-0.0	-0.2	-0.1	-1.6	-0.2	0.2	0.1	-1.7	-0.2
<b>Operating profit (EBIT)</b>	<b>52.8</b>	<b>45.1</b>	<b>13.0</b>	<b>18.6</b>	<b>4.5</b>	<b>13.3</b>	<b>-40.0</b>	<b>-52.2</b>	<b>30.3</b>	<b>24.8</b>
Financial costs	-0.1	-0.3	-	0.0	92.9	-0.1	-112.9	-5.1	-20.1	-5.5
Results from shares in associated companies	-	-	-	-	-	-	-0.1	-	-0.1	-
<b>Profit after financial costs</b>	<b>52.7</b>	<b>44.8</b>	<b>13.0</b>	<b>18.6</b>	<b>97.4</b>	<b>13.2</b>	<b>-152.9</b>	<b>-57.3</b>	<b>10.2</b>	<b>19.3</b>
<b>Net income before tax</b>	<b>52.7</b>	<b>44.8</b>	<b>13.0</b>	<b>18.6</b>	<b>97.4</b>	<b>13.2</b>	<b>-152.9</b>	<b>-57.3</b>	<b>10.2</b>	<b>19.3</b>
Tax on profit	-0.4	-1.2	-2.8	-3.3	-1.1	-0.8	-	-	-4.3	-5.2
Deferred tax	-	-	-	0.0	-0.1	-0.0	11.4	0.6	11.3	0.6
<b>Net income</b>	<b>52.3</b>	<b>43.6</b>	<b>10.2</b>	<b>15.3</b>	<b>96.3</b>	<b>12.4</b>	<b>-141.5</b>	<b>-56.7</b>	<b>17.2</b>	<b>14.7</b>

## The Group's revenue breakdown (MSEK)

	Jan-Mar 2023	Jan-Mar 2022	Change %
<b>Product areas</b>			
ProDen PlaqueOff®	63.9	40.4	58%
Nutraceuticals	261.9	180.2	45%
Topicals/Dermatology	139.0	122.3	14%
Pharma	25.8	16.5	56%
Other	32.6	18.3	78%
<b>Total</b>	<b>523.2</b>	<b>377.7</b>	<b>39%</b>
<b>Time of revenue recognition</b>			
The performance commitment is met over time	95.9	72.9	32%
The performance commitment is met a certain time	427.3	304.8	40%
<b>Total</b>	<b>523.2</b>	<b>377.7</b>	<b>39%</b>
<b>Geographic market</b>			
North America	424.5	306.9	38%
Europe	84.1	62.6	34%
Rest of the World	14.6	8.2	78%
<b>Total</b>	<b>523.2</b>	<b>377.7</b>	<b>39%</b>

## Other information

### Risk factors

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 Company's Annual Report.

### Accounting principles

This interim report has been prepared in accordance with IAS 34, Interim reporting. The same accounting principles and calculation bases have been used as in the last annual report; however, exchange rate gains have not been reported in the operating profit in previous years. The margins are also from 2023 calculated as a percent of net revenue instead of a percent of total revenue. The comparison figures have therefore been adjusted to give a clearer picture.

### Transactions with related parties

There have been no material transactions with related parties in 2023.

### Board of directors

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

### Malmö April 28<sup>th</sup>, 2023

Håkan Lagerberg  
CEO

Håkan Svanberg  
Board Chairman

Johan Bergdahl  
Board member

Sara Brandt  
Board member

Thomas Eklund  
Board member

Jean-Yves Parisot  
Board member

Ulrika Valassi  
Board member

### Auditor's review

This interim report has not been reviewed by the company's auditor.

### Future reporting schedule



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## **Report from Swedencare's Board of Directors**

The information regarding Swedencare on pages 13 – 24 in this offer document has been reviewed by Swedencare's Board of Directors.

It is the Board of Director's view that this brief description of Swedencare provides an accurate and fair – although not complete – picture of Swedencare.

Malmö, 19 June 2023

**Swedencare AB (publ)**  
*The Board of Directors*

## Tax issues in Sweden

*Below is a summary of certain Swedish tax issues related to the Offer for shareholders in Swedencare that are residents of Sweden for tax purposes, unless otherwise stated. The summary is based on current legislation and is intended to provide general information only.*

*The summary does not cover:*

- *situations where shares are held as current assets in business operations;*
- *situations where shares are held by a limited partnership or a partnership;*
- *situations where shares are held in an investment savings account (Sw. investeringssparkonto);*
- *the special rules regarding tax-free capital gains (including non-deductible capital losses) and dividends that may be applicable when the investor holds shares in Swedencare that are deemed to be held for business purposes (for tax purposes);*
- *the special rules that may be applicable to private individuals who make or reverse a so-called investor deduction (Sw. investeraravdrag);*
- *the special rules which in certain cases may be applicable to shares in companies which are or have been so-called closely held companies (Sw. fåmansföretag) or to shares acquired by means of such shares;*
- *foreign companies conducting business through a permanent establishment in Sweden; or*
- *foreign companies that have been Swedish companies.*

*Further, special tax rules apply to certain categories of companies. The tax consequences for each individual shareholder depend to some extent on the holder's particular circumstances. Each shareholder is advised to consult an independent tax advisor as to the tax consequences relating to the holder's particular circumstances that could arise from the Offer, including the applicability and effect of foreign income tax legislation (including regulations) and provisions in tax treaties for the avoidance of double taxation. The summary below is based upon the assumption that the shares in Swedencare are considered to be publicly traded for Swedish tax purposes. This should, however, not be considered as a guarantee that the shares are considered as publicly traded.*

### Taxation in Sweden upon disposal of shares in Swedencare

For shareholders in Swedencare that accept the Offer and thereby dispose of their shares in Swedencare, a liability for capital gains taxation will occur. The capital gain or the capital loss is computed as the difference between the consideration, less selling expenses, and the acquisition value. The acquisition value for all shares of the same class and type shall be added together and computed collectively in accordance with the so-called average method (Sw. *genomsnittsmetoden*). As an alternative, the so-called standard method (Sw. *schablonmetoden*) may be used at the disposal of listed shares, such as shares in Swedencare. This method means that the acquisition value may be determined as 20 percent of the consideration less selling expenses.

### Private individuals

For private individuals resident in Sweden for tax purposes, capital income such as interest income, dividends and capital gains is taxed in the capital income category. The tax rate in the capital income category is 30 percent. Capital losses on listed shares, such as shares in Swedencare, may be fully offset against taxable capital gains the same year on shares, as well as on listed securities taxed as shares (however not mutual funds (Sw. *värdepappersfonder*) or hedge funds (Sw. *specialfonder*) containing Swedish receivables only (Sw. *räntefonder*)). Capital losses not absorbed by these set-off rules are deductible at 70 percent in the capital income category. Should a net loss arise in the capital income category, a reduction is granted of the tax on income from employment and business operations, as well as property tax. This tax reduction is granted at 30 percent of the net loss that

does not exceed SEK 100,000 and at 21 percent of any remaining net loss. A net loss cannot be carried forward to future tax years.

### **Limited liability companies**

For limited liability companies (*Sw. aktiebolag*) all income, including taxable capital gains and dividends, is taxed as income from business operations at a rate of 20.6 percent. Capital gains and capital losses are calculated in the same way as described for private individuals above. Deductible capital losses on shares may only offset taxable capital gains on shares and other securities taxed as shares. A net capital loss on shares that cannot be utilised during the year of the loss, may be carried forward (by the limited liability company that has suffered the loss) and offset against taxable capital gains on shares and other securities taxed as shares in future years, without any limitation in time. If a capital loss cannot be deducted by the company that has suffered the loss, it may be deducted from another legal entity's taxable capital gains on shares and other securities taxed as shares, provided that the companies are entitled to tax consolidation (through so-called group contributions) and both companies request this treatment for a tax year having the same filing date for each company (or, if one of the companies' accounting liability ceases, would have had the same filing date). Special tax rules may apply to certain categories of companies or certain legal persons (e.g. investment companies).

### **Shareholders not resident in Sweden for tax purposes**

Shareholders not resident in Sweden for tax purposes are normally not liable for capital gains taxation in Sweden upon disposals of shares. Shareholders may, however, be subject to taxation in their state of residence. According to a special rule, private individuals not resident in Sweden for tax purposes are, however, subject to Swedish capital gains taxation upon disposals of shares in Swedencare, if they have been residents of Sweden or have had a habitual abode in Sweden at any time during the calendar year of disposal or the ten calendar years preceding the year of disposal. In a number of cases though, the applicability of this rule is limited by the applicable tax treaty for the avoidance of double taxation.

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