



 **SWEDENCARE**  
**Acquisitions of NaturVet and Innovet**  
January 2022

# Disclaimer

---

This presentation (the "**Presentation**") has been prepared by Swedencare AB (publ) (the "**Company**") exclusively for information purposes and does not in itself constitute an offer, or a solicitation of an offer, to buy, subscribe for or otherwise acquire shares or other securities in the Company in any jurisdiction. Any potential transaction that may be related to the subject matter of this Presentation will be made pursuant to separate and distinct documentation and in such case the information contained herein will be superseded in its entirety by such documentation in final form.

This Presentation is not a prospectus within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 and has not been approved, reviewed or registered with any public authority or stock exchange.

This Presentation has been furnished to you solely for your information and may not be published, reproduced or redistributed, in whole or in part, without the Company's approval.

To the best of the knowledge of the Company and its Board of Directors, the information contained herein is in all material respects in accordance with the facts as of the date of this Presentation and contains no material omissions likely to affect its significance. However, neither the Company nor anyone else takes responsibility for the correctness or completeness of the information in this Presentation and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and, accordingly, neither the Company nor anyone else accepts any liability whatsoever arising directly or indirectly from the use of this Presentation.

This Presentation contains forward-looking statements relating to the business, financial performance and results of the Company or the industry in which it operates or intends to operate. Forward-looking statements are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. The forward-looking statements contained in this Presentation, including assumptions, opinions and views of the Company or cited from third party sources are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct.

Any investment in shares or other securities issued by the Company involves risk and several factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by statements and information in this Presentation. A non-exhaustive overview of relevant risk factors that should be taken into account when considering an investment in the Company is included in this Presentation. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Presentation. Neither the Company nor anyone else intends, and does not assume any obligation, to update or correct the information included in this Presentation.

# Key terms and conditions

## Acquisitions

### Targets

The Garmon Corporation doing business under the brand NaturVet (“**NaturVet**”) and Innovet Italia Srl (“**Innovet**” or jointly the “**Targets**” or the “**Acquisitions**”)

### Terms

Swedencare AB (publ) (“**Swedencare**”) to acquire all shares outstanding of NaturVet and Innovet. The acquisition price for NaturVet equals USD 447.5m (~SEK 4,050m) on a cash and debt free basis (excl. earn-out), whereof USD 400m (~SEK 3,620m) will be paid in cash at closing and USD 47.5m (~SEK 430m) will be paid with new Swedencare shares at closing. In addition, a potential earn-out of up to USD 27.5m (~SEK 249m) will be paid during H2 2022 and is subject to the performance of NaturVet’s growth during H1 2022. The acquisition price for Innovet equals EUR 50m (~SEK 515m) on a cash and debt free basis, whereof EUR 42.5m (~SEK 438m) will be paid in cash at closing and EUR 7.5m (~SEK 77m) will be paid with new Swedencare shares at closing

## Financing

### Directed New Share Issue

Swedencare intends to partly finance the Acquisitions through a proposed directed new share issue of up to approximately 35.5m new shares (the “**Directed New Share Issue**”) to new and existing shareholders

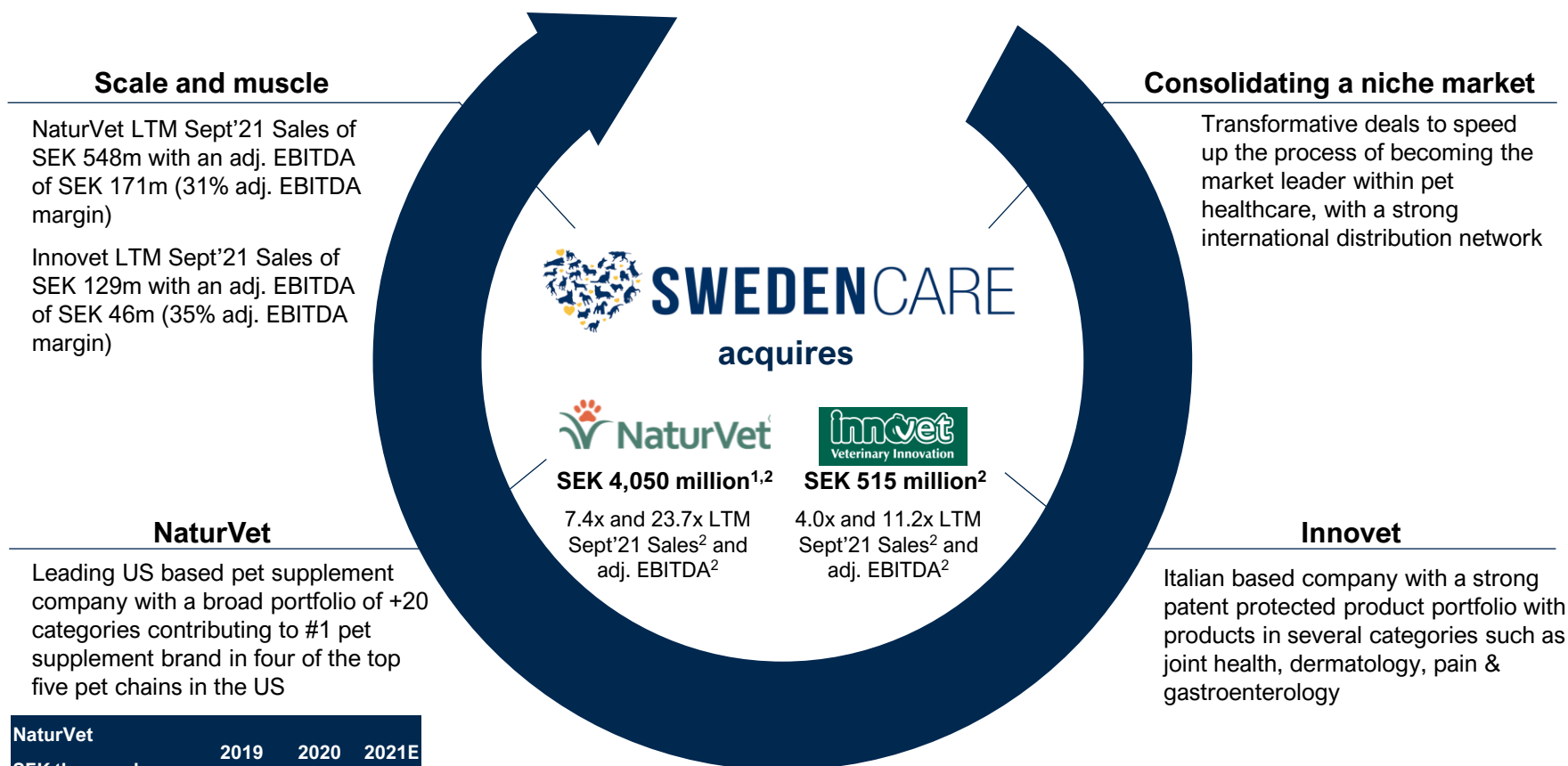
### New Issue Of Consideration Shares

Swedencare intends to partly finance the Acquisitions through new issues of 3,854,978 consideration shares to the sellers of NaturVet and 606,799 consideration shares to the sellers of Innovet (the “**New Issues Of Consideration Shares**”)

### New Bank Credit

Swedencare intends to finance the remaining parts of the Acquisitions through a new bank credit (the “**New Bank Credit**”)

# Swedencare acquires US based NaturVet and Italian based Innovet



NaturVet	2019	2020	2021E
SEK thousands			
Net Sales	326,479	437,658	578,657
Adj. EBITDA	68,364	138,854	189,154
Adj. EBITDA margin	21%	32%	33%

*“The creation of a global market leader in pet healthcare”*

Source: Company information

Note: 1) Based on Sales and EBITDA multiples excluding the earn-out of up to SEK 27.5m to be paid during H2 2022, 2) Based on an exchange rate of USD 1 = 9.05 and EUR 1 = 10.30

# NaturVet at a glance

## A leading U.S. pet supplement manufacturer

- Well diversified & high-end product portfolio
  - #1 pet supplement brand in four of the top five pet chains in U.S.
  - 20 product categories include joint health, digestion, allergies and more
  - Quick innovation cycle, time to market 5-7 months
  - Strong presence in high demand categories – superfoods and hemp products for 2022
- In-house leading manufacturing
  - Production includes soft chews, tablets, powder and liquids
  - Zero product recalls
  - Exploring new production facility, doubled capacity by 2024
- Omni-channel strategy
  - 15,000 pet-shops, online retailers, initiated direct-to-consumer
  - Rapid growth online, high customer retention through subscription programs on Amazon and Chewy

**1994**  
Founded

**180**  
Employees

**20**  
Product categories

**31%**  
Organic growth 2021e

**62%**  
Gross margins 2021e

**6 months**  
Time to market

Source: Company information



**Scott Garmon**  
Founder, CEO and seller

- Will continue as CEO and becomes a large shareholder in Swedencare



**Management Team**  
+120 years combined industry experience

- To be maintained



**Established presence**  
Products and sales

- Dog, Cat, and Equine
- Extensive store-access
- Successful transition to e-commerce

	NaturVet	NUTRAMAX LABORATORIES	PETHONESTY	NUTRI-VET	FoodScience	Zesty Paws	HONEST PAWS
Vertically Integrated Manufacturing	✓	✓	✗	✓	✓	✗	✗
Leading Retail Presence	✓	✓	✗	✗	✗	✗	✗
Omnichannel Distribution	✓	✓	✗	✓	✓	✗	✗
Proprietary Formulas	✓	✓	✗	✓	✓	✓	✓
Broad Product Mix	✓	✗	✗	✓	✗	✗	✗
Multi Delivery Options	✓	✗	✗	✓	✓	✗	✗
Long Tenured Team	✓	✓	✗	✓	✗	✗	✗
NASC Audited	✓	✗	✗	✓	✓	✓	✗

# Innovet at a glance

## A leading Italian Vet Specialist

- Leading vet specialist product company in Italy with an international ambition
- Salesforce targeting vet clinics and pharmacies with 90% of sales coming from Italy
- Transferring scientific innovation into pet healthcare with mainly patented protected products
- Operating within several categories e.g., joint health, dermatology, pain and gastroenterology
- Own R&D, production by close sub-contractors

15

Employees

30

External sales representatives

90%

of sales within Italy

13.2%

Organic growth 2021e

35.4%

Adj. EBITDA margin 2021e

2

Unique licensed products

Source: Company information



**Renato della Valle**  
Founder, CEO and main seller

- Will continue as CEO and becomes a large shareholder in Swedencare

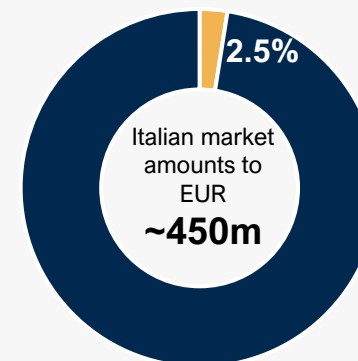


**Strong management team and impressive R&D**



**Highly efficient and unique IP-protected product range**

## Still huge potential in the Italian market and ready for take-off internationally



- Innovet
- Others

### Market outlook and facts

- Leading vet specialist product company in Italy with an international ambition
- Innovet holds a 2.5% market share of the Italian market
- Increasing online sales ready to fuel revenues in near future
- Swedencare will aid with international launch

# Summary and synergies from the acquisitions

---

## Growth opportunities and synergies – NaturVet

---

- NaturVet's international sales to be increased through Swedencare's global distribution network
- Introduction of ProDen PlaqueOff, Vetio Derm and other Swedencare products in NaturVet's pet shop network
- Expand NaturVet products to other group brands
- Stratford Private label program applied to pet specialty
- Fuel NaturVet's Vetline with group resources
- R&D and production powerhouse with Vetio and Swedencare Ireland

## Growth opportunities and synergies – Innovet

---

- Company's international sales to be increased through Swedencare's global distribution network
- Has two unique products licensed out for sales in the US and Europe to two different partners, Swedencare will assist to grow these partnerships and offer more products to group companies and partners
- Introduction of more Swedencare products to Innovet's customer in Italy
- Swedencare to use the R&D capabilities of Innovet

# Pole-position to become the market leader in Pet Healthcare

---

- Well diversified and innovative portfolio with premium products
  - Strong brands with high degree of customer loyalty
  - Products in most categories and in all distribution forms – powder, liquids, chews, soft chews and tablets
- Strong presence in all sales channels on major markets
  - Reaching >20,000 pet shops in North America, Europe, Asia and South America
  - Reaching >20,000 vet clinics in North America, Europe, Asia, South America and Australia
  - Large and growing customer base online through Amazon, Chewy and other major online platforms
  - Growing customer base in direct-to-consumer with +80% gross margins
- High-end R&D and production/logistic centers in North America and Europe
  - Ensuring innovation and securing production
  - Providing reputation as “being in the forefront of innovation”
  - The key to high gross margins

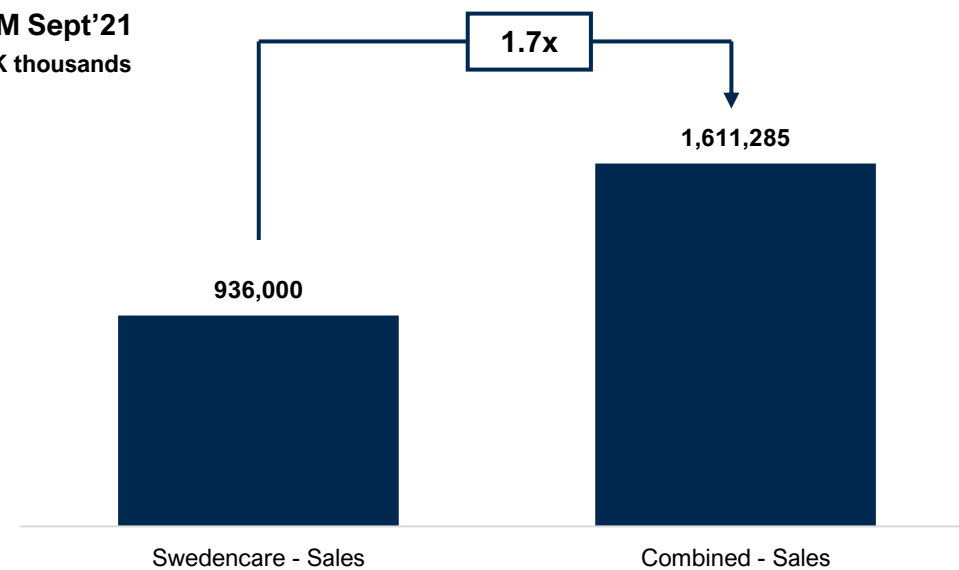


# Proforma – LTM Sept'21

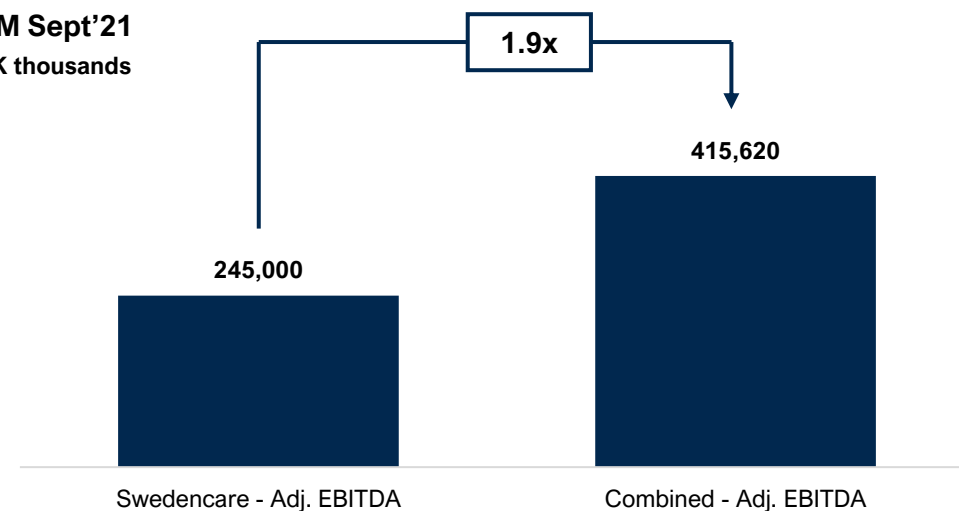
Group (SEK thousand)	Swedencare	NaturVet	Innovet	Combined
	LTM Sept'21	LTM Sept'21	LTM Sept'21	LTM Sept'21
<i>Audited</i>				
Total revenue	936,000	548,068	128,830	1,611,285
Gross profit	536,000	335,438	95,358	966,797
<i>Gross margin</i>	57%	61%	74%	60%
OPEX	(291,000)	(164,818)	(49,689)	(505,508)
Adj. EBITDA	245,000	170,620	45,669	461,289
<i>Adj. EBITDA margin</i>	26%	31%	35%	29%

Acquisition multiples	LTM Sept'21	LTM Sept'21	2021E	2021E
	<i>Excl. earn-out</i>	<i>Incl. earn-out</i>	<i>Excl. earn-out</i>	<i>Incl. earn-out</i>
NaturVet EV/Sales	7.4x	7.8x	7.0x	7.4x
NaturVet EV/Adj. EBITDA	23.7x	25.2x	21.4x	22.7x
Innovet EV/Sales	4.0x	4.0x	n/a	n/a
Innovet EV/Adj. EBITDA	11.2x	11.2x	n/a	n/a

LTM Sept'21  
SEK thousands



LTM Sept'21  
SEK thousands



# Illustration proforma captable

## Illustration of proforma captable

#	Shareholders	Current holding (pre PP and New Issues Of Consideration Shares)		Post PP and New Issues Of Consideration Shares	
		# of shares	%	# of shares	%
1	Håkan Svanberg	23,007,275.00	19.47%	23,007,275.00	14.55%
2	Symrise AG	15,204,961.00	12.87%	15,204,961.00	9.62%
3	JCC Group Invest Sweden AB (Johan Bergdahl)	7,526,755.00	6.37%	7,526,755.00	4.76%
4	Mastan AB (Håkan Lagerberg)	5,551,810.00	4.70%	5,551,810.00	3.51%
5	AMF Pension & Fonder	4,797,500.00	4.06%	4,797,500.00	3.03%
6	DNCA Finance S.A	4,216,700.00	3.57%	4,216,700.00	2.67%
7	Handelsbanken Fonder	3,877,026.00	3.28%	3,877,026.00	2.45%
8	<b>NaturVet shareholders</b>	<b>0.00</b>	<b>0.00%</b>	<b>3,854,978.00</b>	<b>2.44%</b>
9	SEB Fonder	2,901,775.00	2.46%	2,901,775.00	1.84%
10	Swedbank Robur Fonder	2,335,007.00	1.98%	2,335,007.00	1.48%
11	Aktia Asset Management	1,955,640.00	1.66%	1,955,640.00	1.24%
12	<b>Innovet shareholders</b>	<b>0.00</b>	<b>0.00%</b>	<b>606,799.00</b>	<b>0.38%</b>
	<b>New PP shareholders</b>	<b>0.00</b>	<b>0.00%</b>	<b>35,500,000.00</b>	<b>22.45%</b>
	Others	46,775,579.00	39.59%	46,775,579.00	29.58%
	<b>Total</b>	<b>118,150,028.00</b>	<b>100.00%</b>	<b>158,111,805.00</b>	<b>100.00%</b>

This part will consist of both new and existing shareholders

Source: Company information

Note: 1) The actual price per share in the New Issues Of Consideration Shares will be equal to the 10 days VWAP of Swedencare's share up until market close on 24 January 2022 of SEK 111.8 for NaturVet, and the 30 days VWAP of Swedencare's share up until market close on 24 January 2022 of SEK 127.2 for Innovet

# Risk factors (I/IV)

---

Any investment in shares or other securities issued by Swedencare involves risk. A non-exhaustive overview of relevant risk factors that should be taken into account when considering an investment in Swedencare follows below.

## **Risks related to Swedencare's operations and industry**

### **The demand for pet care products may decrease and conditions for selling and purchasing such products may change**

Swedencare develops, markets and sells premium products on the market for pet care products through its subsidiaries and resellers in select geographic areas. There is a risk that general demand for pet care products decrease (for example, due to economic downturns globally or regionally) or that the conditions for selling and purchasing Swedencare's products change (for example, due to regulatory changes), which could result in lower earnings and deteriorating future prospects for Swedencare.

### **Competitive situation may change or intensify**

Swedencare has a large number of international competitors of varying size with strong financial positions. If the competitive situation in the pet care industry changes or intensifies, for example due to increased price competition or launch of new products or increased spending on marketing activities by competitors, it may have an adverse effect on Swedencare's business, results of operations and financial condition.

### **Company acquisitions may bring higher costs and not live up to expectations**

Swedencare is working strategically with broadening its product portfolio and growing its business, inter alia by way of acquisitions of other companies. A successful integration of the acquired companies is material for Swedencare's continued growth. There is a risk that integration difficulties bring higher costs and that the performance of the acquired companies does not meet expectations, which could have an adverse effect on Swedencare's business, results of operations and financial condition.

### **Dependence on suppliers**

Swedencare may on short and medium term be dependent on a specific supplier for production, supply of raw materials or transportation in order to fulfil individual customer agreements. Loss of one or more suppliers could have an adverse effect on Swedencare's business, results of operations and financial condition.

# Risk factors (II/IV)

---

## **Risks related to Swedencare's operations and industry cont.**

### **It cannot be ruled out that several important customers reduce their purchases**

Swedencare's customers are of different sizes and geographic locations and consist mainly of veterinary clinics, pharmacies and animal stores. However, it cannot be ruled out that several important customers reduce their purchases from Swedencare and that this could have a negative impact on Swedencare's operations and earnings.

### **Key employees and recruitment are material for continued growth**

Swedencare is dependent on qualified and motivated employees if the company is to reach its overarching goal of strengthening its distribution network, broadening its product portfolio and increasing its marketing activities. It is material that Swedencare is able to recruit and retain key employees and that Swedencare is considered an attractive employer. Loss of key employees could entail that business growth is delayed, hampered or costlier, which in turn could have an adverse effect on Swedencare's operations and earnings.

### **Fluctuations in foreign currency exchange rates**

Swedencare is exposed to currency risks in the form of transaction risk and translation risk. Transaction risk arises whenever a group company sells or purchases products or services in a currency other than the local currency of the relevant group company. Translation risk relates to translation into SEK of income statements and net assets of foreign subsidiaries. There are no assurances that Swedencare's hedging strategy will adequately protect the results of operations from currency exchange rate fluctuations or that Swedencare will be able to adequately manage such risks in the future. Fluctuations in foreign currency exchange rates could therefore have a material adverse effect on Swedencare's business, results of operations and financial condition.

### **Product liability claims**

In selling pet care products, Swedencare assumes liability towards its customers on a contractual basis. In addition, Swedencare could also be subject to claims from third parties alleging that Swedencare's products have caused property damage, bodily injury or other adverse effects. Product liability claims could have a negative impact on Swedencare's business, results of operations and financial condition.

### **Swedencare is subject to credit risk**

Credit risk is the risk that a counterparty to a transaction will be unable to fulfill its contractual financial obligations, resulting in a loss for Swedencare. Swedencare's credit risk refers mainly to receivables from customers. If Swedencare is not successful in managing these financial risks, this could have a negative impact on Swedencare's results of operations and financial condition.

# Risk factors (III/IV)

---

## **Risks related to Swedencare's operations and industry cont.**

### **Financing of the business might be expensive or difficult to obtain**

If the development of Swedencare's business deviates materially from what has been projected, it may be necessary for Swedencare to increase the company's capital resources on terms not favorable to current shareholders. In case Swedencare fails to raise necessary capital on reasonable terms in the future, Swedencare's business, results of operations and financial condition could be adversely affected.

### **Swedencare may be exposed to changes in taxation in the jurisdictions in which the group operates**

Swedencare conducts its business in several countries and, to the best of directors' knowledge, the operations comply with applicable tax legislation. However, there is a risk that Swedencare's interpretation of such rules on taxation is incorrect or that the legislation is changed, possibly retroactively. Swedencare's previous or current tax situation may therefore change, and this could have a negative impact on Swedencare's business, earnings and financial condition.

### **Intellectual property**

Swedencare holds intellectual property rights which are protected in various ways. Swedencare's product portfolio is subject to trademark protection. Swedencare's business, earnings and financial condition could be adversely affected if Swedencare's intellectual property rights are infringed or as a consequence from the expiry of the patent protection.

### **Litigation and disputes may cause significant costs**

As a result of normal business operations, Swedencare can become involved in litigation and disputes. Litigation and disputes can be time-consuming, disrupt the day-to-day operations, refer to significant amounts or issues of principle, and cause significant costs and negatively affect Swedencare's business, earnings and financial condition.

# Risk factors (IV/IV)

---

## **Risks related to Swedencare's shares**

### **The share price can be volatile, and the share price development is affected by several factors**

An investment in shares is always associated with risk and risk-taking. Since a share price may fall in value, it is not certain that a shareholder can recover his invested capital. In addition, the share prices of publicly traded companies can be highly volatile. The price at which Swedencare's shares are quoted and the price that investors may realize for their shares will be influenced by many factors, some specific to Swedencare and its operations and some which may affect the pet care industry as a whole, or listed companies generally. These factors could include Swedencare's financial performance, large purchases or sales of shares, legislative or regulatory changes, the overall economy and the financial markets generally. In addition, securities markets experience significant price and volume fluctuations from time to time. Such fluctuations in the future could adversely affect the market price of Swedencare's shares resulting in losses to shareholders, regardless of Swedencare's results of operations and financial condition.

### **Liquidity in Swedencare's shares**

Swedencare cannot predict the extent to which investor interest will lead to an active and liquid trading market for Swedencare's shares in the future. If an active and liquid trading cannot be maintained, it may entail difficulties in selling Swedencare's shares.

### **Swedencare's ability to declare a dividend in the future is subject to a variety of factors**

The declaration and payment of future dividends will be determined by Swedencare's shareholders. Swedencare's ability to pay dividends in the future depends on numerous factors including, but not limited to, Swedencare's business, financial condition, results of operations, cash flows, prospects, capital requirements, the ability of subsidiaries to pay dividends to Swedencare, and other factors that Swedencare's directors deem significant from time to time. There can be no assurance that dividends will be payable or paid in the future.

### **Major shareholders can exercise significant influence on Swedencare, and their interests may conflict with those of other shareholders**

A limited number of major shareholders have a considerable influence on the outcome of most matters submitted to Swedencare's shareholders for approval. Such matters include the election of the Board of Directors, the issuance of additional shares and other securities, which may dilute existing holders of Swedencare's shares, and the payment of any dividends. The interests of these shareholders may differ, in whole or in part, from those of other shareholders. If these shareholders would dispose of all or part of their respective shareholdings in Swedencare, this could also have a material adverse effect on the price of Swedencare's shares.

### **Future offerings of shares or other securities by Swedencare may adversely affect the share price**

In the future, Swedencare may attempt to increase its capital resources by offering shares, series of preference shares or other share-related securities or debt securities. Upon liquidation, holders of any such preference shares and debt securities, and lenders with respect to other borrowings, would receive a distribution of Swedencare's available assets prior to the holders of Swedencare's shares. Offerings of shares or other share-related securities may dilute the economic and voting rights of our existing shareholders, reduce the market price of the Swedencare's shares or both. Preference shares, if issued, could have a preference with respect to dividend payments that could limit Swedencare's ability to pay dividends to the holders of common shares.