

Press release, July 31st, 2018 11:00

Swedencare AB (publ) – ENGLISH TRANSLATION OF EARLIER PUBLISHED REPORT - HALF YEAR REPORT – APRIL 1st – June 30th 2018

Increasing Asian demand yielded record turnover in Q2

This interim report has been prepared in accordance with IFRS. All comparative figures in the report are recalculated according to the new principles - see appendix.

SUMMARY OF THE PERIOD

SECOND QUARTER: APRIL 1ST – JUNE 30TH, 2018

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

- Net revenue amounted to 25 669 KSEK (18 348 KSEK), an increase of 40%
- Organic, currency-adjusted growth amounted to 37%
- Operating profit after depreciation (EBIT) amounted to 7 420 KSEK (2 653 KSEK), corresponding to an increase about 180% and an EBIT margin of 28.8% (14.5%)
- Profit after tax amounted to 5 815 KSEK (2 156 KSEK)
- Earnings per share calculated on 15 770 622 shares 0,37 SEK (0,14 SEK)
- As of June 30, 2018, cash amounted to 24 972 KSEK (21 072 KSEK)

FIRST 6-MONTHS: JAN 1ST – JUNE 30TH, 2018

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

- Net revenue amounted to 47 353 KSEK (41 259 KSEK), an increase of 14.8%
- Organic, currency-adjusted growth amounted to 13%
- Operating profit after depreciation (EBIT) amounted to 13 432 KSEK (9 767 KSEK), corresponding to an increase of 38% and an EBIT margin of 28.3% (23.7%)
- Profit after tax amounted to 10 616 KSEK (7 392 KSEK)
- Earnings per share calculated on 15 770 622 shares 0,67 SEK (0,47 SEK)
- Cash flow from operating activities amounted to 7 763 KSEK (5 136 KSEK)
- Foreign exchange gains amounted to 795 KSEK

SIGNIFICANT EVENTS DURING THE SECOND QUARTER

Swedencare AB (publ) has received a patent for its unique oral health product ProDen PlaqueOff® in Brazil through May 2028. Brazil, which in 2018 became the second largest market in the world for dog food, is one of the most interesting and dynamic markets in the pet sector.

SIGNIFICANT EVENTS AFTER THE SECOND QUARTER

There are no significant events after the end of the second quarter to report.

Words from the CEO

The second quarter - which is usually a somewhat calmer quarter - has been anything but calm this year!

Net sales of 25.7 MSEK corresponded to an increase of 40% or just over 7.3 MSEK compared to the corresponding quarter of 2017 – our, with good margin, best quarter so far in terms of sales.

The development follows our plan and is explained partly by the fact that Asia and China have really taken off and that we have begun delivering Dental Bones to, among others, UK, France, Greece and the Nordic countries.

Regarding the results, we show an operating profit (EBIT) of 7.4 MSEK (28.8%), in line with the expectations I presented in the last quarterly report.

The results should be seen in the light of our very large marketing measures during the past quarter, where we have shown our wide range of products at InterZoo, the world's largest trade expo for the industry. We put a little extra effort on our stand at the expo and it turned out to be the right strategy. It was basically people in the stand constantly and we have had many leads to follow up. Even though the expo was in May, we have already shipped products to new customers in Germany and Singapore. Especially Singapore, a market where we have been for a few years but with modest sales, I look forward to following this since they ordered large volumes of both ProDen PlaqueOff® and NutriScience products.

We will expand the organization with additional resources in sales as we see that both requests and market demand in general that require this. The UK will expand sales support in the form of a "Veterinary Nurse" who will visit clinics, stores and keep sales and product training. In Ireland, a sales manager will start in Q3 with particular responsibility for our equine products. In addition, we will also expand the US organization with sales capacity for the northeastern parts. I expect all roles to contribute to our results this year.

We have also had major marketing initiatives in the form of veterinary seminars in China, major trade shows in the US, UK and France, as well as increased online marketing efforts. Except for the online marketing initiatives, which will continue throughout the year, will the other market activities be slightly smaller during the second half of the year, which is likely to be reflected in our profit and loss statement.

We still have a large number of requests for different partnerships regarding food. Worth highlighting include a possible cooperation with a food producer in Brazil, the world's second largest pet food market, and the cooperation with a UK-based company that has prepared a launch of its new dental line where ProDen PlaqueOff® is included and where our brand is highlighted. The dental food will begin shipping out in October this year and I will return to this topic in the next report with information about how many countries it will be launched in.

Håkan Lagerberg, CEO

The complete half year report is attached in this press release and is available at www.swedencare.se

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About Swedencare

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