

# ZINZINO



INTERIM REPORT 2021 | Q1

# THIS IS ZINZINO

Zinzino AB (publ.) is a global direct sales company that markets and sells tested dietary supplement, skin care and lifestyle products. Zinzino owns the Norwegian company BioActive Foods AS and the research/production unit Faun Pharma AS.

Zinzino's head office is in Gothenburg. The company also has offices in Helsinki, Riga, Oslo, Florida, Hong Kong, Kuala Lumpur and Adelaide. Zinzino is a limited liability company and its shares are listed on Nasdaq First North Growth Market.

## A BRIEF HISTORY

- 2007 – Zinzino AB was started. The company's principal business is to own and develop companies in direct sales and related activities.
- 2009 – Zinzino Nordic AB was acquired partly through a directed non-cash issue to the owners of Zinzino Nordic AB and partly through a subscription in the preferential rights issuance that Zinzino Nordic AB carried out in December. Through this, Zinzino AB obtained control over 97% of the votes and 92% of the capital of Zinzino Nordic AB. By 31 December 2017, participating interest had increased to 93% of capital.
- 2010 – Zinzino shares were listed for trading on the Aktietorget stock market.
- 2011 – The group was expanded with companies in Estonia and Lithuania.
- 2012 – Companies were started in Latvia and Iceland.
- 2013 – A company was started in the United States with its headquarters in Jupiter, Florida.
- 2014 – The group was further expanded by companies in Poland and the Netherlands. In the same year, Zinzino AB acquired the remaining shares in BioActive Foods AS and 85% of the shares in Faun Pharma AS. This was also the year when Zinzino AB was listed for trading on Nasdaq OMX First North.
- 2015 – A company was started in Canada and the ownership share in Faun Pharma AS was increased to 98.8%.
- 2016 – A subsidiary was started in Germany. Sales were launched in all of the EU countries.
- 2017 – Sales were launched in Switzerland.
- 2018 – New subsidiaries in Romania and Italy.
- 2019 – New subsidiaries in Australia and India.
- 2020 – Acquisition of VMA Life in Singapore. Zinzino moves up to the premier segment of the Nasdaq First North Premier Growth Market.

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## JANUARY – MARCH

- Total revenue increased by 38% to SEK 333.4 (242.1) million
- Gross profit amounted to SEK 101.2 (83.7)\* million and the gross profit margin was 30.4% (34.6%)\*
- Adjusted gross profit amounted to SEK 101.2 (61.5) million and the adjusted gross profit margin to 30.4% (25.4%)
- EBITDA amounted to SEK 37,3 (26,3)\* million and the EBITDA margin to 11.2% (10.9%)\*
- Adjusted EBITDA amounted to SEK 37.3 (4.1) million and the adjusted EBITDA margin to 11.2% (1.7%)
- Cash flow from operating activities totalled SEK 48.0 (32.6) million
- Liquid assets on the balance sheet date were SEK 191.5 (107.9) million

\*For comparative figures for the first quarter of 2020, gross profit and EBITDA are affected by SEK 22.2 million due to a change in accounting as a result of changes in distributor remuneration terms.

# YET ANOTHER **STRONG QUARTER**



***“Our vision is to inspire people all over the world to change their lives and our goal is to have 20 million customers by 2035.”***

Dag Berghem Pettersen, CEO Zinzino

We have ambitious goals and high expectations of ourselves to continue to grow with increased profitability.

In the first quarter of 2021, we exceeded our own forecasts, delivering growth of 38% and stronger profitability than any previous quarter. In addition, we are ahead of our full-year forecast for 2021. I am of course very pleased with the development, not least because of how inspiring it is for me and all the employees at Zinzino.

## **PROFITABLE GROWTH IS OUR STRATEGIC GOAL**

Our goal is to continue our steady growth and we aim to achieve at least SEK 1.4 billion this year, compared to SEK 1.1 billion last year. Zinzino has had a clear positive trend of high growth for nine consecutive quarters. The huge growth generate economies of scale with high sales volumes, which in turn leads to improved profitability. Profitable growth is one of our key strategic goals and what really inspires me to push the company forward.

## **FOCUS ON NEW MARKETS, PRODUCT DEVELOPMENT AND IMPROVED HEALTH**

Zinzino has gradually opened new markets and now operates in as many as 36 markets around the world. At the same time, we have expanded with a global webshop for an additional 60 countries on top of those already opened. We have recently established ourselves in India and last year we put Hong Kong on the Zinzino map. We have an establishment strategy that is sustainable and sensible, where we are careful not to over-spend. We maintain good foresight and a long-term approach to company and product registrations in our establishment work. We aim to establish ourselves in 20 new countries over the next 3 to 5 years.

Zinzino is building a strong brand and developing high-quality products from our own production unit. We offer our customers unique test-based supplements where they can literally see the effect of our products before and after use. All in all, this gives us a strong belief in the future as safe and sustainable solutions in preventive health care are increasingly in demand.

Extensive global studies show that people all over the world are engaging with their health, a phenomenon that has become a global trend not least because of the current pandemic. We've already launched one new product this year; BalanceOil+ Premium, and we're coming out with two new products in the next six months.

Zinzino has already invested and will continue to invest significant capital and resources in e-commerce. We have a strong focus on "tech first", where we constantly improve the efficiency and effectiveness of our IT processes. Digitalisation and the increase in online shopping are also a growing global trend that we're greatly benefiting from, which we're seeing in our sales growth and healthy profitability.



The Rashtrapati Bhavan, India

### **A CLEAR VISION, AMBITIOUS GOALS AND A CLEAR STRATEGY**

Our strategy is clear to everyone involved with Zinzino; employees, suppliers and distributors alike. We work with a structured and process-oriented approach with the aim of implementing all our strategic plans. The plans for this year and next are to develop our web tools, launch a number of new products and open in even more markets. We are also looking for potential companies to buy or invest in to strengthen our continued growth.

Our vision is to inspire people all over the world to improve their lives and our goal is to have 20 million customers by 2035. We have set a stated milestone of reaching 1 million customers by 2025, which we believe we can achieve sooner as we already have over 350,000 in our customer registry today.

It's a constant balance of working towards achieving our long-term vision and clear goals and doing a good job on a daily basis. I expect that every quarter going forward will be as good as the last and that we will continue to deliver on both the top and bottom line of the income statement.

**Dag Bergheim Pettersen**  
CEO Zinzino  
*Inspire Change in Life*



# FINANCIAL SUMMARY (SEK MILLION)

Key group figures	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Total revenue	333.4	242.1	1,138.6
Net sales	315.4	226.9	1,074.4
Sales growth	38%	44%	48%
Gross profit	101.2	83.7	348.6
Gross profit margin	30.4%	34.6%	30.6%
Operating profit before depreciation and amortisation	37.3	26.3	108.5
Operating margin before depreciation and amortisation	11.2%	10.9%	9.5%
Adjusted operating profit before depreciation and amortisation	37.3	4.1	86.3
Adjusted operating margin before depreciation and amortisation	11.2%	1.7%	7.6%
Operating profit	32.0	21.5	86.6
Operating margin	9.6%	8.9%	7.6%
Profit before tax	31.9	21.3	85.0
Net profit	24.0	16.8	66.3
Net margin	7.2%	6.9%	5.8%
Net earnings per share after tax before dilution, SEK	0.69	0.49	1.96
Net earnings per share after tax at full dilution, SEK	0.65	0.46	1.88
Cash flow from operating activities	48.0	32.6	97.3
Cash and cash equivalents	191.5	107.9	143.2
Equity/assets ratio	24.5%	14.3%	19.6%
Equity per share before dilution, SEK	3.83	1.58	2.88
Number of issued shares on average for the period	33,278,867	32,580,025	32,860,203
Average number of issued shares for the period with full dilution	35,069,367	34,694,950	34,300,203

\* For the first quarter and the full year 2020, gross profit, operating profit before and after depreciation/amortisation are affected by SEK 22.2 million through changed accounting as a result of changed terms for distributor remuneration. Net profit was affected by SEK 17.4 million.

## ZINZINO'S OUTLOOK AND FINANCIAL GOALS FOR 2021

The Zinzino Board of Directors forecasts that the total revenue will exceed SEK 1,400 (1,139) million. Operating margin before depreciation/amortisation is estimated to exceed 6% but the board notes that the uncertainty has increased due to Covid-19 and volatile exchange rate changes.

The average growth in sales at Zinzino for the period 2021-2023 will be a minimum of 20% and operating margin before depreciation/amortisation will increase to over 9%. The dividend policy shall be at least 50% of the free cash flow, as long as liquidity and the equity/assets ratio permit.

# SIGNIFICANT EVENTS

DURING AND AFTER THE FIRST QUARTER OF 2021



The Taj Magal, India

## THE ESTABLISHMENT JOURNEY CONTINUES SALES LAUNCH IN INDIA

During the quarter, Zinzino continued to work on the establishment processes in a large number of markets, including the Asian market, which became accessible through the acquisition of VMA Life in 2020. The first new market to be launched in 2021 was India, with sales starting on 6<sup>th</sup> April, a complex project that Zinzino's launch team has been working on for several years. Logistics for the Indian market are handled from a 3PL warehouse in Mumbai through a partnership with DHL. Other operational activities are managed from New Delhi in combination with the head office in Gothenburg and customer support from the regional office in Kuala Lumpur, Malaysia.

After carrying out several establishment processes in recent years, the company has learned the importance of ensuring thorough preparatory work and adapting to the local conditions in each market. Zinzino will continue to develop best practices based on the experience gained by the company during previous establishment processes, in order to adapt its operations and achieve rapid growth in new markets. The extended launch gives the market access to a localised website and printed marketing material, as well as improved logistics and payment options. The next new market to be tentatively launched under local flag will be Malaysia, where sales will initially be handled through the global webshop launched in late 2020. The extended launch gives the market access to a localised website and printed marketing material, as well as improved logistics and payment options.

From the acquisition in 2020 of VMA Life, Malaysia is the next market to be fully integrated in the Zinzino businesses concept. The remaining business in Singapore, Taiwan and Thailand will gradually be integrated during 2021.

## LAUNCH OF BALANCEOIL+ PREMIUM

Shortly after the end of the first quarter of 2021, Zinzino launched the new product BalanceOil+ Premium. The product is a further development of Zinzino's all-natural dietary supplement BalanceOil+ with polyphenols for omega-balance. The new, unique and innovative blend now contains the olive oil R.E.V.O.O (Revolutionary Extra Virgin Olive Oil), which provides a superior supply of polyphenols and several phytonutrients. BalanceOil+ Premium enables more efficient absorption of nutrients and provides better protection against blood lipids than ever before. In addition, it boosts Omega-3 levels, adjusts your Omega-6:3 ratio and creates good cholesterol, heart and brain levels. BalanceOil+ Premium is made from extra virgin olive oil that has undergone a patented manufacturing process - Zinzino's revolutionary R.E.V.O.O. oil. The oil comes from certified Koroneiki olives, which have high levels of polyphenols and oleic acid as well as many phytonutrients, etc.

The polyphenols and the marine fatty acids work together with great synergy, allowing the body to absorb, adjust and maintain Omega-3 levels above the 8% needed to create an Omega-6:3 balance below 3:1. The average Omega-6:3 ratio for people not taking Omega-3 supplements is 12:1 for Northern Europe, 15:1 for Europe and 25:1 for the USA. This is reflected in the world's largest database of essential fatty acids with over 600,000 tests analysed at the independent laboratory Vitas Analytical Services. After taking BalanceOil+ Premium for 120 days, the average ratio for both Europe and the US is below 3:1.



BalanceOil+ Premium

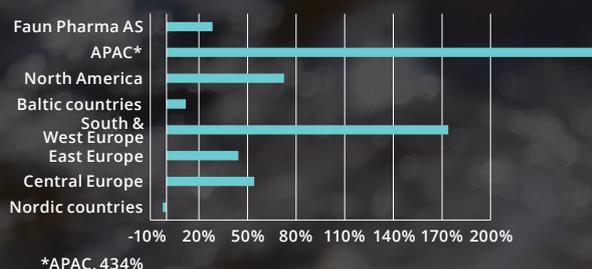
# 2021 | Q1

## SALES AND PROFITS

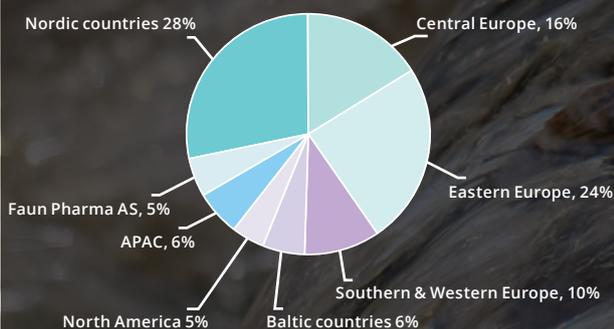
### SALES Q1

In total, revenue for the first quarter of 2021 amounted to SEK 333.4 (242.1) million, which represented a growth of 38% compared with the corresponding period in the previous year.

### GROWTH PER REGION Q1 2021 VS Q1 2020



### SALES BY REGION Q1



### COUNTRIES IN REGIONS:

#### NORDIC COUNTRIES

Denmark, Faroe Islands, Finland, Iceland, Norway, Sweden

#### BALTIC COUNTRIES

Estonia, Latvia, Lithuania

#### CENTRAL EUROPE

Austria, Germany, Switzerland

#### EAST EUROPE

Czech Republic, Slovakia, Hungary, Poland, Romania

#### SOUTH & WEST EUROPE

Cyprus, France, Greece, Italy, Netherlands, Spain, Great Britain

#### NORTH AMERICA

Canada, USA

#### APAC

Australia, Hong Kong, India, Malaysia, Singapore, Taiwan, Thailand

### NORDIC COUNTRIES

In the Nordic countries, total revenues decreased by 2% to SEK 94.0 (96.2) million in the first quarter of 2021 compared to the same period last year. In Norway, stable growth was seen with the Norwegian sales organisation continuing to focus on the domestic market with good results. The Danish and Swedish markets had a slightly weaker performance during the quarter, but the frequency of digital distributor activities was still high. Overall, the trend continues to look good in both Sweden and Denmark. The decline continued in Finland and Iceland, where the distributor activity continued to be relatively low in both markets.

Faun Pharma AS, the group's subsidiary and production unit, managed to combine both high internal and external production during the quarter, which resulted in external sales increasing by as much as 28% to SEK 17.3 (13.5) million.

Overall, total revenues in the Nordic countries, Zinzino and Faun combined, accounted for 33% (46%) of the Group's total revenues in the first quarter of 2021.

### BALTIC COUNTRIES

In the Baltic countries, revenues increased by 12% to SEK 18.8 (16.8) million in the first quarter of 2021 compared to the same period last year. The development was driven by good sales growth and high distributor activity in Latvia and Lithuania. In contrast, the downward trend continued in Estonia following a decline in the number of new customers and distributors. Overall, the Baltic countries accounted for 6% (7%) of the group's total revenues in the first quarter of 2021.

To further stimulate the Nordic and Baltic markets, Zinzino recruited a new sales manager for the Nordic and Baltic region during the quarter. This is to provide increased support and focus to the local sales organisations in the relatively mature markets in the region.

### CENTRAL EUROPE

Very good growth in Germany, Austria and Switzerland, where the experienced distributor organisation runs its operations with high levels of efficiency and a strong focus on the positive effects of the products on the very health-oriented customer base in the countries. In the first quarter of 2021, total revenues increased by 54% compared to the same period last year to SEK 54.0 (35.0) million following generally high activity among distributors. This represented 16% (14%) of the group's total revenues in the first quarter of 2021.

### **EAST EUROPE**

Total revenues in the region in the first quarter of 2021 amounted to SEK 81.0 (56.1) million, representing 44% growth compared to the same period last year. There continued to be very strong growth in all countries in the region where markets are driven by a common cluster of distributors working in an organised manner across borders, driving growth across the region. The very best performance was found in the Czech Republic and Slovakia with high activity and sales growth. Romania and Poland also made strong progress with many new customers and distributors, while Hungary continued to show stable growth, consolidating its position as Zinzino's largest market by sales in the first quarter of 2021. Overall, Eastern Europe accounted for 24% (23%) of the group's total revenues in the first quarter of 2021.

### **SOUTH & WEST EUROPE**

In Western Europe, the positive trend continued in the first quarter of 2021, with more than 100 digital distributor meetings held in the U.K. during the first quarter, with increasing attendance within the already growing distributor organisation. This has resulted in accelerating sales growth and a large number of new customers, despite large-scale shutdowns in the country. As restrictions have begun to ease, local distributor branches that were previously geographically dispersed have begun to act together as a unified distributor organisation. Positive growth also in the Netherlands, which again had a very healthy quarter with high sales growth thanks to the addition of strong distributors.

In Southern Europe, distributor activity picked up again after Covid-19 slowed down operations in 2020. Instead, sales have now increased in Spain, France, Greece and Italy following high distributor activity and a steady influx of new customers.

Total revenues for South & West Europe in 2021 amounted to SEK 33.5 (12.2) million, representing an increase of 174% compared to the same period last year. The region of South & West Europe accounted for 10% (5%) of the Group's total revenues for the first quarter of 2021.

### **NORTH AMERICA**

Revenues in North America increased by 73% to SEK 14.6 (8.5) million in the first quarter of 2021 compared with the previous year. This follows a general increase in distributor activity in both the US and Canada during the quarter with a nice trend of many new customers and distributors.

Zinzino will continue to adapt its digital platforms to North America, develop the collaboration with Life Leadership and otherwise support the distributor network. In addition, logistics will be improved through the new partnership with Landmark Radial in Walton, Kentucky. North America accounted for 5% (3%) of the group's total revenues in the first quarter of 2021.

### **APAC**

Revenues in the APAC region during the first quarter of 2021 increased by 434% to a total of SEK 20.2 (3.8) million. This was mainly due to rapidly increasing distributor activity and a strong influx of customers in the new markets in Asia, which were added through the acquisition of VMA Life in 2020. These were handled during the first quarter via the company's global web shop waiting for the markets to open under Zinzino's own flag. sales system. Above all, the development has been very good in Malaysia with high activity among the new distributors.

Zinzino continues to support the building of local sales organisations through the regional offices in Adelaide, Hong Kong, Singapore and Kuala Lumpur. The distributors work closely with Zinzino employees and the focus has been on educating new distributors on the Zinzino business model and the benefits of the product itself. During the build-up of the region, this involves daily digital training to meet demand during the intensive growth phase.

At the same time, the establishment team works intensively to complete all the processes required to open the markets under the Zinzino banner. First up will be Malaysia, tentatively in the second quarter of 2021. As most of Zinzino's key distributors in Australia have connections in Asia, Zinzino sees great opportunities for synergies between the markets after the opening of sales in the new region.

Overall, the APAC region accounted for the remaining 6% (2%) of the group's total revenues in the first quarter of 2021.

### SALES PER PRODUCT AREA Q1

The Zinzino Health product segment increased by 41% to SEK 290.8 (206.3) million and represented 88% (85%) of total revenue. The Zinzino Coffee product segment increased by 1% till 7.2 (7.1) million, which corresponded to 2% (3%) of total revenue. Faun Pharma AS external sales increased by 30% after a relatively higher share of external production during the quarter and amounted to SEK 17.4 (13.5) million, which corresponded to 5% (6%) of total revenue. Other revenue amounted to SEK 18.0 (15.2) million, which corresponded to the remaining 5% (6%) of revenue for the first quarter 2021.

### GROWTH STRATEGY

A common feature of Zinzino's emerging markets is that they are run by committed distributors working with a structured and active approach. They have a wide network of contacts across the borders to neighbouring countries, but with the company's geographic expansion, also over longer distances. Work is carried out with a strong focus on Zinzino's Balance concept, which has been positively received by a large number of new customers in Zinzino's new markets.

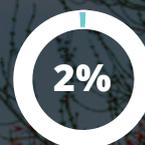
Zinzino is working long-term and investing considerable resources in the development of IT systems and marketing tools, which generate growth in both the short and the long term. When the company implements an expansion into a new market, this occurs mainly when the company's market analysis shows that there are good opportunities to establish an effective sales organisation locally. This is primarily achieved via contact to the already-established sales organisations in neighbouring markets. This is precisely the reason for the good sales performance of the relatively newly-established markets in central and southern Europe. These contacts can occasionally also carry across continents, which has been behind the launch in Australia and the ongoing new establishment project in India. The establishment model follows the same concept for the various markets with customisation of websites and marketing materials in the local languages. Through the launch of the global webshop, Zinzino also covers a total of 96 different countries around the world. This approach reduces the pressure on the organisation to open up full-scale markets, which requires large internal resources that can now be fully allocated to the ongoing projects in Asia.

Sales  
SEK million **333.4** (242.1)

### SALES PER PRODUCT AREA Q1



HEALTH  
2021; SEK 290.8 (206.3) million



COFFEE  
2021; SEK 7.2 (7.1) million



FAUN  
2021; SEK 17,4 (13,5) million



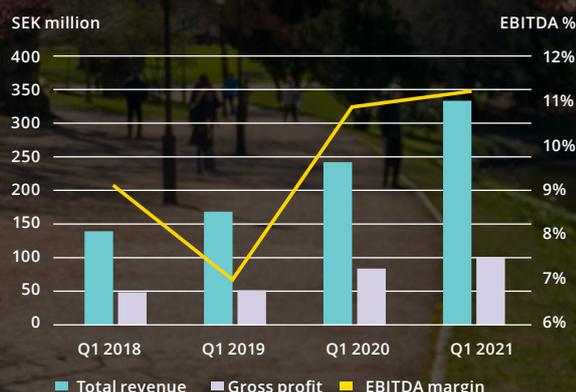
OTHER REVENUE  
2021; SEK 18.0 (15.2) million

## RESULTS AND FINANCIAL POSITION Q1

### RESULTS

Gross profit amounted to SEK 101,2 (83,7) million and gross profit margin to 30.4% (34.6%). Gross profitability has progressively improved in the group and was higher in the first quarter of 2021 than in the corresponding quarter of the previous year after adjusting the comparative figure for the one-off effect of the change in accounting for distributor remuneration in the first quarter of 2020. The positive effect of the change in accounting amounted to SEK 22.2 million in the first quarter of 2020. Adjusted gross profit thus amounted to SEK 101.2 (61.5) million and the adjusted gross profit margin to 30.4% (25.4%). Overall margin improvement on goods sold, positive currency effects and lower remuneration levels to distributors were the main factors behind the profitability improvement on an adjusted gross basis in the first quarter of 2021.

Operating profit before depreciation/amortisation amounted to SEK 37.3 (26.3) million. The Group's EBITDA margin was 11.2% (10.9%). Adjusted operating profit before depreciation amounted to SEK 37.3 (4.1) million and the adjusted EBITDA margin to 11.2% (1.7%). The margin improvement is achieved through the economies of scale that have arisen mainly through improved efficiency in IT systems, logistics and within the organization.



Operating profit amounted to SEK 32.0 (21.5) million and the operating margin was 9.6% (8.9%). Adjusted operating profit amounted to SEK 32.0 (-0.7) million and the adjusted operating margin amounted to 9.6% (neg).

Profit before tax totalled SEK 31.9 (21.3) million and net profit was SEK 24.0 (16.8) million. Adjusted profit before tax amounted to SEK 31.9 (-0.9) million and adjusted net profit to SEK 24.0 (-0.6) million.

### DEPRECIATION AND AMORTISATION

Depreciation and amortisation for the quarter were charged to the profit for the period by SEK 5,267 (4,770) thousand, of which SEK 253 (261) thousand was depreciation of tangible fixed assets and SEK 5,014 (4,509) thousand was amortisation of intangible fixed assets. Of this, SEK 3,583 (2,598) thousand is depreciation of right of use assets in accordance with IFRS 16 and SEK 185 (0) thousand is amortisation of licenses attributable to the acquisition of VMA Life.

### INVENTORIES

The group's combined inventories at the balance sheet date were SEK 153.9 (93.0) million. The increase was mainly due to the company establishing another external warehouse in Poland as a result of the increased sales in Central and Eastern Europe, but also because the company built up the inventory level in the APAC region as well as in India to be able to ensure efficient deliveries to the growing customer base in the different regions.

### FINANCIAL POSITION

On the balance sheet date, cash totalled SEK 191.5 (107.9) million. Cash flow from operating activities totalled SEK 48.0 (32.6) million. The group's equity/assets ratio was 25% (14%). Equity in the group at the end of the period amounted to SEK 127.4 (51.5) million, corresponding to SEK 3.83 (1.58) per share. The assessment of the Board of Directors is that liquid assets are at a satisfactory level and that the group's positive cash flow from operating activities will ensure liquidity in the group for the foreseeable future.

## THE ORGANISATOIN

During the first quarter of 2021, Zinzino strengthened the organisation to handle the rapid sales growth and global expansion. Mainly the marketing and IT department have been strengthened to more effectively manage the digital environments and platforms with a strong focus on social media and web experience. In addition, two additional sales managers have been appointed for Southern Europe and the Nordic markets to further stimulate sales growth in each region.

Otherwise, Zinzino has continued to focus on the health and well-being of its employees during the current pandemic. In the resulting situation, Zinzino has taken measures to limit the spread according to instructions from the relevant authorities. In addition, Zinzino has prepared and taken measures to secure critical processes for the business, such as the handling of orders, support and commission payments to distributors in the event of any increased restrictions on operations.

The number of employees in the group at the end of the year totalled 204 (151) people, of which 126 (95) are women. In addition, 16 (17) people worked in the group, of which 3 (4) were women, via consulting agreements.

## SIGNIFICANT RISKS AND UNCERTAINTIES IN OPERATIONS

Zinzino's greatest risks are found within its own organisation's capacity to manage costs during a period of strong growth. In addition, there are risks related to purchases and access to raw materials at times of high expansion, risks with complex IT systems and managing sales and currency risks as Zinzino has both revenues and costs in a number of different currencies. There are also risks related to compliance when establishing foreign markets. The global outbreak of Covid-19 also shows great risks due to unexpected events in the outside world that have a potentially major impact on the company. For an in-depth description of risks and other uncertainty factors, please refer to the annual report for 2020, which is available via the company website:

<https://zinzinowebstorage.blob.core.windows.net/reports/Zinzino-Arsredovisning-2020.pdf>.

Compared to the annual report published on 28 April 2021, no new risks have been identified.

## NUMBER OF OUTSTANDING SHARES

As of 31/03/2021, the share capital was divided among 33,309,645 shares, of which 5,113,392 are A shares (one vote) and 28,196,253 are B shares (0.1 vote). The share's quota value is SEK 0.10. The company's B shares are traded on Nasdaq First North Premier Growth Market, [nasdaqomxnordic.com](https://www.nasdaqomxnordic.com). The company, as of the report date, has two outstanding options programmes. The first options programme will cover 800,000 warrants at an exercise price of SEK 18 which expires on 31/05/2024, of which 9,500 warrants have already been exercised for share subscription as of 31/03/21. The second options programme will cover 1,000,000 warrants at an exercise price of SEK 45, with the option programme expiring on 31/05/2025. If all the warrants issued as of 31/03/2021 are exercised for new subscriptions of 1,790,500 shares, the share capital dilution will be approximately 5%.

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### **ACCOUNTING PRINCIPLES**

The consolidated financial statements for Zinzino have been prepared in accordance with the Annual Accounts Act, RFR 1 Supplementary accounting rules for groups, and International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. The interim report has been prepared in accordance with IAS 34, Interim Reporting and the Annual Accounts Act. Unless specifically stated otherwise, all amounts are reported in SEK thousands (SEK thousand). Information in brackets refers to the comparison period. For a complete description of the group's accounting principles, see the company's annual report for 2020 on the company's website..

### **THE ANNUAL MEETING OF SHAREHOLDERS**

The 2021 annual meeting of shareholders will be held on 20 May without the possibility of physical participation. Taking into account regulations and guidance from authorities on avoiding meetings, the Board has decided to conduct the Annual General Meeting only by postal voting. For voting, a digital form is used which is available on the company's website:

<https://www.zinzino.com/site/SE/sv-SE/page/About/Corporate-Info/General-Meeting>.

No separate registration is required, but a submitted postal voting form is considered as registration. The service for digital postal voting is provided by Poströsta.se ([www.postrosta.se](http://www.postrosta.se)) and shareholders with questions about the form can contact [support@postrosta.se](mailto:support@postrosta.se) for assistance. The postal votes and thus also registration for the meeting must be received by the company no later than Wednesday 19 May 2021.

Information regarding the resolutions adopted by the Annual General Meeting will be published on the Company's website [www.zinzino.com](http://www.zinzino.com) on Thursday, 20 May 2021 as soon as the results of the voting at the Annual General Meeting can be determined.

### **PROPOSED DIVIDEND**

For 2020, the Board of Directors proposes a dividend to shareholders of SEK 1.25 (0.70) per share.

### **REPORT CALENDAR**

The interim report for Q2 2021 will be published on 27/08/2021

The interim report for Q3 2021 will be published on 19/11/2021

Interim report Q4 2021 will be published on 28/02/2021

# GROUP STATEMENT

## SUMMARY OF COMPREHENSIVE PROFIT/LOSS

Amounts in SEK thousands	01/01/2021 31/03/2021	01/01/2020 31/03/2020	01/01/2020 31/12/2020
Net sales	315,422	226,873	1,074,448
Other revenue	17,964	14,962	63,707
Own work capitalised	-	267	490
Goods for resale and other direct costs	-232,192	-158,415	-790,090
<b>Gross profit</b>	<b>101,194</b>	<b>83,687</b>	<b>348,555</b>
External operating expenses	-32,523	-33,115	-134,926
Personnel costs	-31,360	-24,271	-105,093
Depreciation/amortisation	-5,267	-4,770	-21,958
<b>Operating profit</b>	<b>32,044</b>	<b>21,531</b>	<b>86,578</b>
Net financial income/expense	-152	-188	-1,563
Tax	-7,869	-4,552	-18,689
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>24,023</b>	<b>16,791</b>	<b>66,326</b>
<b>OTHER COMPREHENSIVE PROFIT/LOSS</b>			
<b>Items that may be reclassified to profit/loss for the period</b>			
Currency exchange differences upon conversion of foreign subsidiaries	4,098	-5,581	-5,546
<b>Other comprehensive profit/loss for the period</b>	<b>4,098</b>	<b>-5,581</b>	<b>-5,546</b>
<b>OTHER COMPREHENSIVE PROFIT/LOSS FOR THE PERIOD</b>	<b>28,121</b>	<b>11,210</b>	<b>60,780</b>
<b>Profit/loss for the period attributable to</b>			
Parent company's shareholders	22,874	16,123	64,477
Non-controlling interest	1,149	668	1,849
<b>TOTAL</b>	<b>24,023</b>	<b>16,791</b>	<b>66,326</b>
<b>Total comprehensive profit/loss for the period attributable to</b>			
Parent company's shareholders	26,962	10,542	58,931
Non-controlling interest	1,159	668	1,849
<b>TOTAL</b>	<b>28,121</b>	<b>11,210</b>	<b>60,780</b>
<b>Earnings per share, calculated on the profit/loss for the period attributable to the parent company's shareholders:</b>			
<b>Amounts in SEK</b>			
Earnings per share before dilution	0.69	0.49	1.96
Earnings per share after dilution	0.65	0.46	1.88

# GROUP STATEMENT

## SUMMARY OF FINANCIAL POSITION

Amounts in SEK thousands	31/03/2021	31/03/2020	31/12/2020
<b>Fixed assets</b>			
Goodwill	40,237	28,960	36,593
Other intangible fixed assets	18,741	15,594	19,225
Equipment, tools and installations	7,317	6,158	6,831
Right-of-Use Assets	41,993	42,815	43,553
Financial fixed assets	4,201	3,956	3,698
<b>Total fixed assets</b>	<b>112,489</b>	<b>97,483</b>	<b>109,900</b>
<b>Current assets</b>			
Inventories	153,925	93,035	126,948
Current receivables	31,260	23,433	66,536
Pre-paid costs and accrued revenues	30,822	38,186	36,791
Cash and bank balances	191,518	107,873	143,218
<b>Total current assets</b>	<b>407,525</b>	<b>262,527</b>	<b>373,493</b>
<b>TOTAL ASSETS</b>	<b>520,014</b>	<b>360,010</b>	<b>483,393</b>
<b>Equity</b>			
Share capital	3,331	3,258	3,305
Other contributed capital	27,832	12,804	27,507
Retained earnings including profit/loss for the period	96,251	35,435	63,851
<b>Total equity</b>	<b>127,414</b>	<b>51,497</b>	<b>94,663</b>
<b>Long-term liabilities</b>			
Leasing liabilities	27,237	32,536	34,012
Other long-term liabilities	5,636	1,530	5,329
<b>Total long-term liabilities</b>	<b>32,873</b>	<b>34,066</b>	<b>39,341</b>
<b>Current liabilities</b>			
Accounts payable	48,685	43,504	54,686
Tax liabilities	13,712	2,614	12,311
Leasing liabilities	15,443	10,446	10,119
Other current liabilities	181,843	119,783	163,007
Accrued costs and deferred revenues	100,044	98,100	109,266
<b>Total current liabilities</b>	<b>359,727</b>	<b>274,447</b>	<b>349,389</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>520,014</b>	<b>360,010</b>	<b>483,393</b>

# GROUP STATEMENT

## SUMMARY OF CHANGES IN EQUITY

Amounts in SEK thousands	Share capital	Ongoing rights issue	Other contribu- ted capital	Conver- sion reserves	Retained ear- nings including profit/loss for the period	Total	Non-control- ling interest	Total Equity
<b>Opening balance</b>								
<b>01/01/2020</b>	<b>3,258</b>	-	<b>12,804</b>	<b>1,435</b>	<b>15,520</b>	<b>33,017</b>	<b>7,271</b>	<b>40,287</b>
Profit/loss for the period	-	-	-	-	16,123	<b>16,123</b>	668	<b>16,791</b>
Other comprehensive profit/ loss for the period	-	-	-	-5,581	-	<b>-5,581</b>	-	<b>-5,581</b>
Change of the minority	-	-	-	-	828	<b>828</b>	-828	-
<b>Closing balance</b>	<b>3,258</b>	-	<b>12,804</b>	<b>-4,146</b>	<b>32,471</b>	<b>44,387</b>	<b>7,111</b>	<b>51,497</b>
<b>31/03/2020</b>								
<b>Opening balance</b>								
<b>01/04/2020</b>	<b>3,258</b>	-	<b>12,804</b>	<b>-4,146</b>	<b>32,471</b>	<b>44,387</b>	<b>7,111</b>	<b>51,497</b>
Profit/loss for the period	-	-	-	-	48,354	<b>48,354</b>	1,181	<b>49,535</b>
Other comprehensive profit/loss for the period	-	-	-	-1,126	-	<b>-1,126</b>	-	<b>-1,126</b>
Share repurchase	-	-	-	-	-669	<b>-669</b>	-	<b>-669</b>
Change of the minority	-	-	-	-	1,054	<b>1,054</b>	-1,054	-
Rights issue	47	31	14,673	-	-	<b>14,751</b>	-	<b>14,751</b>
Issued warrants	-	-	-	-	3,662	<b>3,662</b>	-	<b>3,662</b>
Dividends	-	-	-	-	-22,987	<b>-22,987</b>	-	<b>-22,987</b>
<b>Closing balance</b>	<b>3,305</b>	<b>31</b>	<b>27,477</b>	<b>-5,272</b>	<b>61,885</b>	<b>87,426</b>	<b>7,238</b>	<b>94,663</b>
<b>31/12/2020</b>								
<b>Opening balance</b>								
<b>01/01/2021</b>	<b>3,305</b>	<b>31</b>	<b>27,477</b>	<b>-5,272</b>	<b>61,885</b>	<b>87,426</b>	<b>7,238</b>	<b>94,663</b>
Profit/loss for the period	-	-	-	-	22,874	<b>22,874</b>	1,149	<b>24,023</b>
Other comprehensive profit/loss for the period	-	-	-	4,027	-	<b>4,027</b>	10	<b>4,037</b>
Rights issue	26	-24	348	-	-	<b>350</b>	-	<b>350</b>
Issued warrants	-	-	-	-	4,340	<b>4,340</b>	-	<b>4,340</b>
Dividends	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>3,331</b>	<b>7</b>	<b>27,825</b>	<b>-1,245</b>	<b>89,099</b>	<b>119,017</b>	<b>8,397</b>	<b>127,414</b>
<b>31/03/2021</b>								

# GROUP STATEMENT

## CASH FLOW SUMMARY

Amounts in SEK thousands	01/01/2021 31/03/2021	01/01/2020 31/03/2020	01/01/2020 31/12/2020
<b>Operating activities</b>			
Profit/loss before financial items	32,044	21,531	86,578
Depreciation and amortisation/write-downs	5,267	4,770	21,958
Currency fluctuations	-3,422	24	2,679
<b>Total</b>	<b>33,889</b>	<b>26,325</b>	<b>111,215</b>
<b>Interest received</b>			
Interest received	169	40	91
<b>Interest paid</b>			
Interest paid	-321	-228	-1,654
<b>Tax paid</b>			
Tax paid	-5,965	-556	-4,314
<b>Total</b>	<b>-6,117</b>	<b>-744</b>	<b>-5,877</b>
<b>Cash flow from operating activities before changes in operating capital</b>	<b>27,772</b>	<b>25,581</b>	<b>105,338</b>
<b>Cash flow from changes in operating capital</b>			
Change in inventories	-26,977	-4,172	-36,560
Change in current receivables	41,246	-28,872	-70,259
Change in current liabilities	5,963	40,053	98,793
<b>Cash flow from operating activities</b>	<b>48,004</b>	<b>32,590</b>	<b>97,312</b>
<b>Investment activity</b>			
Investments in intangible fixed assets	-105	-575	-2,321
Investments in tangible fixed assets	-513	-428	-2,561
Investments in financial fixed assets	-	-	-4,502
<b>Cash flow from investment activities</b>	<b>-618</b>	<b>-1,003</b>	<b>-9,384</b>
<b>Financing activities</b>			
Amortisation of lease liabilities attributable to lease agreements	-3,776	-551	-13,424
Issuance of options	4,340	-	2,140
Rights issue	350	-	12,724
Dividends	-	-	-22,987
<b>Cash flow from financing activities</b>	<b>914</b>	<b>-551</b>	<b>-21,547</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>48,300</b>	<b>31,036</b>	<b>66,381</b>
<b>Cash and cash equivalents at start of period</b>	<b>143,218</b>	<b>76,837</b>	<b>76,837</b>
<b>Cash and cash equivalents at end of period</b>	<b>191,518</b>	<b>107,873</b>	<b>143,218</b>
<b>Change in cash and cash equivalents</b>	<b>48,300</b>	<b>31,036</b>	<b>66,381</b>

# PARENT COMPANY STATEMENT

## INCOME STATEMENT SUMMARY

<b>Amounts in SEK thousands</b>	<b>01/01/2021 31/03/2021</b>	<b>01/01/2020 31/03/2020</b>	<b>01/01/2020 31/12/2020</b>
Net sales	24,492	1,500	73,766
Other revenue	5,840	414	10,423
Goods for resale and other direct costs	-23,496	-	-43,768
<b>Gross profit</b>	<b>6,836</b>	<b>1,914</b>	<b>40,421</b>
External operating expenses	-6,003	-3,439	-18,397
Depreciation/amortisation	-144	-88	-421
<b>Operating profit</b>	<b>689</b>	<b>-1,613</b>	<b>21,603</b>
Net financial income/expense and currency	858	-535	29,292
Tax	-	-	-5,067
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>1,547</b>	<b>-2,148</b>	<b>45,828</b>

There are no items in the parent company reported as other comprehensive profit/loss, so the total comprehensive profit/loss matches the profit/loss for the period.

# PARENT COMPANY STATEMENT

## SUMMARY OF FINANCIAL POSITION

Amounts in SEK thousands	31/03/2021	31/03/2020	31/12/2020
<b>Assets</b>			
<i>Fixed assets</i>			
Intangible fixed assets	2,270	1,045	1,886
Tangible fixed assets	36	-	-
Financial fixed assets	102,907	83,204	100,009
<b>Total fixed assets</b>	<b>105,213</b>	<b>84,249</b>	<b>101,895</b>
<i>Current assets</i>			
Current receivables	1,258	138	57
Intra-group receivables	20,942	9,261	18,199
Pre-paid costs and accrued revenues	3,099	3,222	2,942
Cash and bank balances	6,452	3,035	7,091
<b>Total current assets</b>	<b>31,751</b>	<b>15,656</b>	<b>28,289</b>
<b>TOTAL ASSETS</b>	<b>136,964</b>	<b>99,905</b>	<b>130,184</b>
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	3,331	3,258	3,305
Ongoing rights issue	7	-	31
Development Fund	2,270	1,129	1,886
<i>Unrestricted equity</i>			
Share premium reserve	37,156	22,138	36,808
Retained earnings (including profit/loss for the year)	34,199	-99	28,696
<b>Total equity</b>	<b>76,963</b>	<b>26,426</b>	<b>70,726</b>
<b>Long-term liabilities</b>			
Long-term liabilities	5,234	1,530	4,913
Intra-group long-term liabilities	15,476	15,476	15,476
<b>Total long-term liabilities</b>	<b>20,710</b>	<b>17,006</b>	<b>20,389</b>
<b>Current liabilities</b>			
Tax liabilities	-	1,150	5,067
Intra-group current liabilities	27,663	44,347	22,265
Other current liabilities	10,411	10,093	10,866
Accrued costs and deferred revenues	1,217	883	871
<b>Total current liabilities</b>	<b>39,291</b>	<b>56,473</b>	<b>39,069</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>136,964</b>	<b>99,905</b>	<b>130,184</b>

# PARENT COMPANY STATEMENT

## SUMMARY OF CHANGES IN EQUITY

Amounts in SEK thousands	Share capital	Ongoing rights issue	Fund for development expenditures	Share premium reserve	Retained earnings including profit/loss for the period	Total Equity
<b>Opening balance 01/01/2020</b>	<b>3,258</b>	-	<b>1,129</b>	<b>22,138</b>	<b>2,734</b>	<b>29,259</b>
Profit/loss for the period	-	-	-	-	-2,833	<b>-2,833</b>
<b>Closing balance 31/03/2020</b>	<b>3,258</b>	-	<b>1,129</b>	<b>22,138</b>	<b>-99</b>	<b>26,426</b>
<b>Opening balance 01/04/2020</b>	<b>3,258</b>	-	<b>1,129</b>	<b>22,138</b>	<b>-99</b>	<b>26,426</b>
Profit/loss for the period	-	-	-	-	48,661	<b>48,661</b>
Internally generated intangible assets	-	-	757	-	-757	-
Rights issue	47	31	-	14,670	-	<b>14,748</b>
Issued warrants	-	-	-	-	3,878	<b>3,878</b>
Dividends	-	-	-	-	-22,987	<b>-22,987</b>
<b>Closing balance 31/12/2020</b>	<b>3,305</b>	<b>31</b>	<b>1,886</b>	<b>36,808</b>	<b>28,696</b>	<b>70,726</b>
<b>Opening balance 01/01/2021</b>	<b>3,305</b>	<b>31</b>	<b>1,886</b>	<b>36,808</b>	<b>28,696</b>	<b>70,726</b>
Profit/loss for the period	-	-	-	-	1,547	<b>1,547</b>
Internally generated intangible assets	-	-	384	-	-384	-
Rights issue	26	-24	-	348	-	<b>350</b>
Issued warrants	-	-	-	-	4,340	<b>4,340</b>
<b>Closing balance 31/03/2021</b>	<b>3,331</b>	<b>7</b>	<b>2,270</b>	<b>37,156</b>	<b>34,199</b>	<b>76,963</b>

# PARENT COMPANY STATEMENT

## CASH FLOW SUMMARY

Amounts in SEK thousands	01/01/2021 31/03/2021	01/01/2020 31/03/2020	01/01/2020 31/12/2020
<b>Operating activities</b>			
Profit/loss before financial items	689	-1,613	21,603
Depreciation and amortisation/write-downs	144	88	421
Currency fluctuations/ Other items not affecting liquidity	620	-557	-950
<b>Total</b>	<b>1,453</b>	<b>-2,082</b>	<b>21,074</b>
Interest received	224	23	23
Interest paid	-	-1	-2
Tax paid	-5,153	-	-
<b>Total</b>	<b>-4,929</b>	<b>22</b>	<b>21</b>
<b>Cash flow from operating activities before changes in operating capital</b>	<b>-3,476</b>	<b>-2,060</b>	<b>21,095</b>
<b>Cash flow from changes in operating capital</b>			
Change in current receivables	-4,102	-10,550	-2,029
Change in current liabilities	5,289	13,434	2,523
<b>Cash flow from operating activities</b>	<b>-2,289</b>	<b>825</b>	<b>21,589</b>
<b>Investment activity</b>			
Investments in intangible fixed assets	-105	84	-1,179
Investments in tangible fixed assets	-38	-	-
Investments in financial fixed assets	-2,897	-47	-5,237
<b>Cash flow from investment activities</b>	<b>-3,040</b>	<b>37</b>	<b>-6,416</b>
<b>Financing activities</b>			
Issuance of options	4,340	-	8
Rights issue	350	-	12,724
Dividends	-	-	-22,987
<b>Cash flow from financing activities</b>	<b>4,690</b>	<b>-</b>	<b>-10,255</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-639</b>	<b>862</b>	<b>4,918</b>
<b>Cash and cash equivalents at start of period</b>	<b>7,091</b>	<b>2,173</b>	<b>2,173</b>
<b>Cash and cash equivalents at end of period</b>	<b>6,452</b>	<b>3,035</b>	<b>7,091</b>
<b>Change in cash and cash equivalents</b>	<b>-639</b>	<b>862</b>	<b>4,918</b>

# NOTE 1

## SEGMENT INFORMATION

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### Description of segments and main activities:

A business segment is part of a company which carries out business activities from which it can obtain revenue and incur costs, the contribution margin of which is regularly reviewed by the company's highest executive decision-maker, and for which there is independent financial information.

The company's reporting of business segments is in line with the internal reporting to the highest executive decision-maker. The highest executive decision-maker is the position that assesses the earnings of the business segment and decides on the allocation of resources. The CEO is the highest executive decision-maker together with the group CFO and the controller manager. Together, they form the strategic steering group at Zinzino. The strategic steering group assesses the operations based on the two business segments Zinzino and Faun Pharma AS. The steering group mainly uses profit/loss before financial items in the assessment of business segment earnings. Segment reporting is divided based on the main segment of the business "Zinzino", which includes the product areas Health, Coffee and Other income.

The product area Health includes the sub-areas of Balance, Immune & Brain, SkinCare and Weight Control. The product area Coffee is also called Beverages and includes espresso machines, coffees, teas and accessories. The other revenue consists mainly of freight and reminder fees. All sales are made via the Zinzino's website [www.zinzino.com](http://www.zinzino.com) with the help of the company's independent sales organisation, which goes under the names of distributors or partners. The second segment refers to the Norwegian

production unit Faun Pharma AS, known as "Faun", which conducts production and sales to external customers that are not subject to Zinzino's standard sales concept. Sales from Faun comprise exclusively contract production of food supplements to different customers. The largest external customers include Life and Proteinfabrikken AS. During Q3 and Q4 2020, the VMA Life segment appeared, which can be seen in the comparative figures. This referred to sales from the operations in Singapore, Malaysia, Taiwan and Thailand, which were added in conjunction with the acquisition VMA Life. In 2021, sales in these countries are included in the Zinzino segment and sales take place via the company's global web shop.

### Segment revenues and earnings

Total revenues and earnings before financial items is the result metric reported to the strategic steering group at Zinzino. An analysis of the group's revenues and earnings for the three reporting operating segments is set out below:

- Zinzino
- Faun Pharma AS

The strategic steering group mainly uses adjusted earnings before interest and tax and operating earnings (see below) to assess the operating segments' profit/loss.

<b>Jan-Mar 2021</b>	<b>Zinzino</b>	<b>Faun</b>	<b>Group elimination</b>	<b>VMA Life</b>	<b>Total Group</b>
Net sales	298,016	44,241	-26,835	-	<b>315,422</b>
Other revenue	17,964	-	-	-	<b>17,964</b>
Own work capitalised	-	-	-	-	<b>-</b>
Goods for resale and other direct costs	-228,794	-30,233	26,835	-	<b>-232,192</b>
<b>Gross profit</b>	<b>87,186</b>	<b>14,008</b>	<b>-</b>	<b>-</b>	<b>101,194</b>
External operating expenses	-30,310	-2,213	-	-	<b>-32,523</b>
Personnel costs	-24,559	-6,801	-	-	<b>-31,360</b>
<b>EBITDA</b>	<b>32,317</b>	<b>4,994</b>	<b>-</b>	<b>-</b>	<b>37,311</b>
Depreciation/amortisation	-3,991	-1,276	-	-	<b>-5,267</b>
<b>Operating profit</b>	<b>28,326</b>	<b>3,718</b>	<b>-</b>	<b>-</b>	<b>32,044</b>

<b>Jan-Mar 2020</b>	<b>Zinzino</b>	<b>Faun</b>	<b>Group elimination</b>	<b>VMA Life</b>	<b>Total Group</b>
Net sales	213,433	31,327	-17,887	-	<b>226,873</b>
Other revenue	14,962	-	-	-	<b>14,962</b>
Own work capitalised	267	-	-	-	<b>267</b>
Goods for resale and other direct costs	-155,151	-21,151	17,887	-	<b>-158,415</b>
<b>Gross profit</b>	<b>73,511</b>	<b>10,176</b>	<b>-</b>	<b>-</b>	<b>83,687</b>
External operating expenses	-31,327	-1,788	-	-	<b>-33,115</b>
Personnel costs	-18,460	-5,811	-	-	<b>-24,271</b>
<b>EBITDA</b>	<b>23,724</b>	<b>2,577</b>	<b>-</b>	<b>-</b>	<b>26,301</b>
Depreciation/amortisation	-3,565	-1,205	-	-	<b>-4,770</b>
<b>Operating profit</b>	<b>20,159</b>	<b>1,372</b>	<b>-</b>	<b>-</b>	<b>21,531</b>

<b>Jan-Dec 2020</b>	<b>Zinzino</b>	<b>Faun</b>	<b>Group elimination</b>	<b>VMA Life</b>	<b>Total Group</b>
Net sales	1,008,069	149,685	-89,762	6,456	<b>1,074,448</b>
Other revenue	63,452	-	-	255	<b>63,707</b>
Own work capitalised	490	-	-	-	<b>490</b>
Goods for resale and other direct costs	-771,939	-104,627	89,762	-3,286	<b>-790,090</b>
<b>Gross profit</b>	<b>300,072</b>	<b>45,058</b>	<b>-</b>	<b>3,425</b>	<b>348,555</b>
External operating expenses	-123,642	-6,895	-	-4,389	<b>-134,926</b>
Personnel costs	-80,659	-24,434	-	-	<b>-105,093</b>
<b>EBITDA</b>	<b>95,771</b>	<b>13,729</b>	<b>-</b>	<b>-964</b>	<b>108,536</b>
Depreciation/amortisation	-17,082	-4,876	-	-	<b>-21,958</b>
<b>Operating profit</b>	<b>78,689</b>	<b>8,853</b>	<b>-</b>	<b>-964</b>	<b>86,578</b>

## NOTE 2 NET TURNOVER

### Revenues

Sales between segments are carried out on market terms. As revenue from external parties is reported to the strategic steering group, they are valued in the same way as in the group's statement of comprehensive profit/loss.

Goods within Zinzino Health and Zinzino Coffee refer to sales to Zinzino's customers and distributors in the various sales markets through the online shop. The goods are sold mainly through subscriptions which run for a fixed period of 6 months and continue until further notice until the customer terminates the subscription. All revenues are recognised when the goods are delivered to the customer in accordance with IFRS 15.

For more information regarding the products, see note 2.5.1 in the annual report 2020 regarding the principles of revenue recognition.

External goods Faun refers to goods produced on contract for an external customer. Revenue is recognised when the goods are delivered to the customer in accordance with IFRS 15, see note 2.5.1 in the 2020 annual report on revenue recognition principles.

Events and other services refer to revenue in connection with distributor conferences.

Jan-Mar 2021	Zinzino	Faun	VMA Life	Total Group
Net sales	298,016	17,406	-	315,422
<b>Revenue from external customers</b>	<b>298,016</b>	<b>17,406</b>	<b>-</b>	<b>315,422</b>
Goods within Zinzino Health	290,807	-	-	290,807
Goods within Zinzino Coffee	7,209	-	-	7,209
Sales of external goods Faun	-	17,406	-	17,406
Sales of external goods VMA Life	-	-	-	-
Events and other services	-	-	-	-
<b>TOTAL</b>	<b>298,016</b>	<b>17,406</b>	<b>-</b>	<b>315,422</b>
Jan-Mar 2020	Zinzino	Faun	VMA Life	Total Group
Net sales	213,452	13,440	-	226,892
<b>Revenue from external customers</b>	<b>213,452</b>	<b>13,440</b>	<b>-</b>	<b>226,892</b>
Goods within Zinzino Health	206,309	-	-	206,309
Goods within Zinzino Coffee	7,143	-	-	7,143
Sales of external goods Faun	-	13,440	-	13,440
Sales of external goods VMA Life	-	-	-	-
Events and other services	-	-	-	-
<b>TOTAL</b>	<b>213,452</b>	<b>13,440</b>	<b>-</b>	<b>226,892</b>
Jan-Dec 2020	Zinzino	Faun	VMA Life	Total Group
Net sales	1,007,814	59,923	6,711	1,074,448
<b>Revenue from external customers</b>	<b>1,007,814</b>	<b>59,923</b>	<b>6,711</b>	<b>1,074,448</b>
Goods within Zinzino Health	974,678	-	-	974,678
Goods within Zinzino Coffee	30,762	-	-	30,762
Sales of external goods Faun	-	59,923	-	59,923
Sales of external goods VMA Life	-	-	6,711	6,711
Events and other services	2,374	-	-	2,374
<b>TOTAL</b>	<b>1,007,814</b>	<b>59,923</b>	<b>6,711</b>	<b>1,074,448</b>

## NOTE 3 TRANSACTIONS WITH RELATED PARTIES

<b>Purchase of goods and services</b>	<b>Jan-Mar 2021</b>	<b>Jan-Mar 2020</b>	<b>Jan-Dec 2020</b>
Saele Invest och Consulting AS*	9,003	7,564	32,463
Oh Happy Day Aps**	1,887	1,436	6,067
<b>TOTAL</b>	<b>10,890</b>	<b>9,000</b>	<b>38,530</b>

<b>Sales of goods and services</b>	<b>Jan-Mar 2021</b>	<b>Jan-Mar 2020</b>	<b>Jan-Dec 2020</b>
Saele Invest och Consulting AS	-	-	-
Oh Happy Day Aps***	-	437	437
<b>Total</b>	<b>-</b>	<b>437</b>	<b>437</b>

As of 31/03/2021, the debt to Saele Invest AS relating to sales commissions amounts to SEK 0 (0) thousand and to Oh Happy Day ApS to SEK 60 (0) thousand in the group. All sales commissions paid to related parties with significant influence are calculated on the same commission plan and under the same terms as for all other distributors within Zinzino's global sales organisation.

\* Refers to sales commissions to/purchases from Saele Invest and Consulting AS which is controlled by Örjan Saele and who, through the company's shareholding in Zinzino AB, is defined as a person with significant influence.

\*\* Refers to sales commissions to Oh Happy Day, which is controlled by Peter Sörensen and who, through the company's shareholding in Zinzino AB, is defined as a person with significant influence.

\*\*\* Compensation according to agreement for 75% of the company's establishment costs in Australia 2019/2020 from Oh Happy Day ApS. The receivable on Oh Happy Day ApS as of 31/03/2021 amounts to SEK 2,687 (2,851) thousand.

## NOTE 4 EARNINGS PER SHARE

<b>SEK</b>	<b>Jan-Mar 2021</b>	<b>Jan-Mar 2020</b>	<b>Jan-Dec 2020</b>
Earnings per share before dilution	0.69	0.49	1.96
Earnings per share after dilution	0.65	0.46	1.88

### **Earnings metric used in the calculation of earnings per share**

Earnings attributable to shareholders of the parent company used in the calculation of earnings per share before and after dilution	22,874	16,123	64,477
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### **Number of shares:**

Weighted average number of ordinary shares in calculating earnings per share before dilution	33,278,867	32,580,025	32,860,203
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### **Adjustment for calculation of earnings per share after dilution (of warrants).**

Weighted average number of ordinary shares and potential ordinary shares used as denominator in calculating earnings per share after dilution	35,069,367	34,694,950	34,300,203
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## NOTE 5 EVENTS AFTER THE END OF THE INTERIM PERIOD

No significant events for the company have occurred after the end of the reporting period as at 31 March 2021.

## NOTE 6 FINANCIAL METRICS NOT DEFINED IN ACCORDANCE WITH IFRS

The company presents certain financial metrics in the interim report that are not defined in accordance with IFRS or the Annual Accounts Act. The company believes that these metrics provide valuable additional information to investors and the company's management as they allow the company's performance to be evaluated. Since not all companies calculate

financial metrics in the same way, these are not always comparable with the metrics used by other companies.

These financial metrics should therefore not be considered as a substitute for metrics defined in accordance with IFRS.

ALTERNATIVE KEY FIGURES	DEFINITION	PURPOSE
<b>Sales growth</b>	The total revenue as a percentage change compared with the total revenue for the corresponding period of the previous year.	This metric is useful to follow as it shows the sales trend in the group.
<b>Gross profit</b>	Profit from total revenue less goods for resale.	This metric is useful to examine to see just the net sales during the period, which can be used in the income and cost analyses.
<b>EBITDA</b>	Operating profit before depreciation/ amortisation and write-downs.	This metric is relevant for creating an understanding of the company's operational business, regardless of financing and depreciation of fixed assets.
<b>EBITDA margin:</b>	EBITDA as a percentage of total revenues for the period.	This metric is relevant to create an understanding of operational profitability and as the metric excludes depreciation, this margin gives the stakeholders a clearer picture of the company's central profitability.
<b>Operating profit/loss (EBIT)</b>	Operating profit/loss before financial items and taxes.	This metric illustrates profitability regardless of the tax rate for corporation tax and irrespective of the company's financial structure.
<b>Net margin</b>	Profit/loss for the period as a percentage of total revenues for the period.	This metric illustrates the company's profitability.
<b>Equity per share before dilution</b>	Equity in relation to the number of outstanding shares on the balance sheet date.	This metric measures the company's net value per share and shows whether the company is increasing the shareholders' capital over time.
<b>Cash flow from operating activities</b>	Cash flow from operational business including changes in the operating profit/loss.	This metric measures the cash flow the company generates before capital investments and cash flow attributed to the company's financing.
<b>Equity/assets ratio</b>	Equity in relation to the balance sheet total.	This metric is an indicator of the company's leverage to finance the company.
<b>Adjusted EBITDA and Adjusted EBITDA-margin</b>	The definition of key figures described above, excluding items affecting comparability.	The measure is interesting for breaking out and creating an understanding of the effect regarding items affecting comparability.
<b>Items affecting comparability</b>	Items affecting comparability are reported separately in the financial statements when this is necessary to explain the Group's results. Items affecting comparability refer to significant income or expense items that are reported separately due to the significance of their nature or amount.	The measure is interesting to create understanding of items affecting comparability.

# GOTHENBURG

## 18 MAY 2021

The Board of Directors and the CEO certify that the report for the period 1 January - 31 March 2021 gives a fair overview of the parent company and group's operations, position and earnings and describes significant risks and uncertainties faced by the parent company and the companies in the group.

For more information, please call Dag Bergheim Pettersen, Chief Executive Officer, Zinzino AB.

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Gothenburg, 18 May 2021

### **Hans Jacobsson**

Board Chair

### **Pierre Mårtensson**

Board Member

### **Ingela Nordenhav**

Board Member

### **Staffan Hillberg**

Board Member

### **Dag Bergheim Pettersen**

CEO

### **AUDITOR'S AUDIT REPORT**

This interim report has not been the object of a review by the company's auditors.

