

# ZINZINO



INTERIM REPORT 2021 | Q2

# THIS IS ZINZINO

Zinzino is a global D2C company from Scandinavia specializing in biomarker-based, personalized nutrition. Founded in 2007, it is a public limited company with its shares listed on Nasdaq First North Premier Growth Market. Their test-based, scientifically proven nutritional supplements are available on more than 100 markets across the world. Zinzino owns the Norwegian research and production units BioActive Foods AS and Faun Pharma AS. The company headquarters is in Gothenburg, Sweden with additional offices in Finland, Latvia, Norway, USA, Australia, Hong Kong, Malaysia and India.

## 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 share issue to the owners of Zinzino Nordic AB and partly through a subscription in the preferential rights issue 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 US.
- 2014 – The group was further expanded by companies in Poland and the Netherlands. In the same year, Zinzino AB acquired BioActive Foods AS and 85% of the shares in Faun Pharma AS. 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 AB moves up to the premier segment of the Nasdaq First North Premier Growth Market.

# ZINZINO INTERIM REPORT 2021 | Q2

## APRIL - JUNE

- Total revenues increased by 18% to SEK 322.4 (274.3) million
- Gross profit amounted to SEK 105.1 (73.5) million and the gross profit margin was 32.6% (26.8%)
- EBITDA amounted to SEK 33.4 (16.0) million and the EBITDA margin was 10.4% (5.8%)
- Cash flow from operating activities amounted to SEK 22.4 (19.9) million
- Start of sales in India while Malaysia achieved full market status
- Launch of the new products BalanceOil+ Premium and ZinoGene+
- The Board adjusts the expected EBITDA margin for the full year to amount to between 8%-11%

## JANUARY - JUNE

- Total revenues increased by 27% to SEK 655.8 (516.4) million
- Gross profit amounted to SEK 206.3 (157.2\*) million and the gross profit margin was 31.5% (30.4%\*)
- Adjusted gross profit amounted to SEK 206.3 (135.0\*) million and the adjusted gross profit margin was 31.5% (26.1%\*)
- EBITDA amounted to SEK 70.7 (42.3\*) million and the EBITDA margin was 10.8% (8.2%\*)
- Adjusted EBITDA amounted to SEK 70.7 (20.1\*) million and the adjusted EBITDA margin was 10.8% (3.9%\*)
- Cash flow from operating activities amounted to SEK 70.4 (52.5) million
- Cash and cash equivalents at the balance sheet date amounted to SEK 166.9 (107.2) million

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

# 18% SALES GROWTH COMBINED WITH STRONG PROFITABILITY - INCREASED PROFIT FORECAST



*"I am of course pleased with the good development and that we can thereby raise our EBITDA forecast for the full year."*

Dag Bergheim Pettersen, CEO, Zinzino

## Zinzino continues to grow and does so with increased profitability.

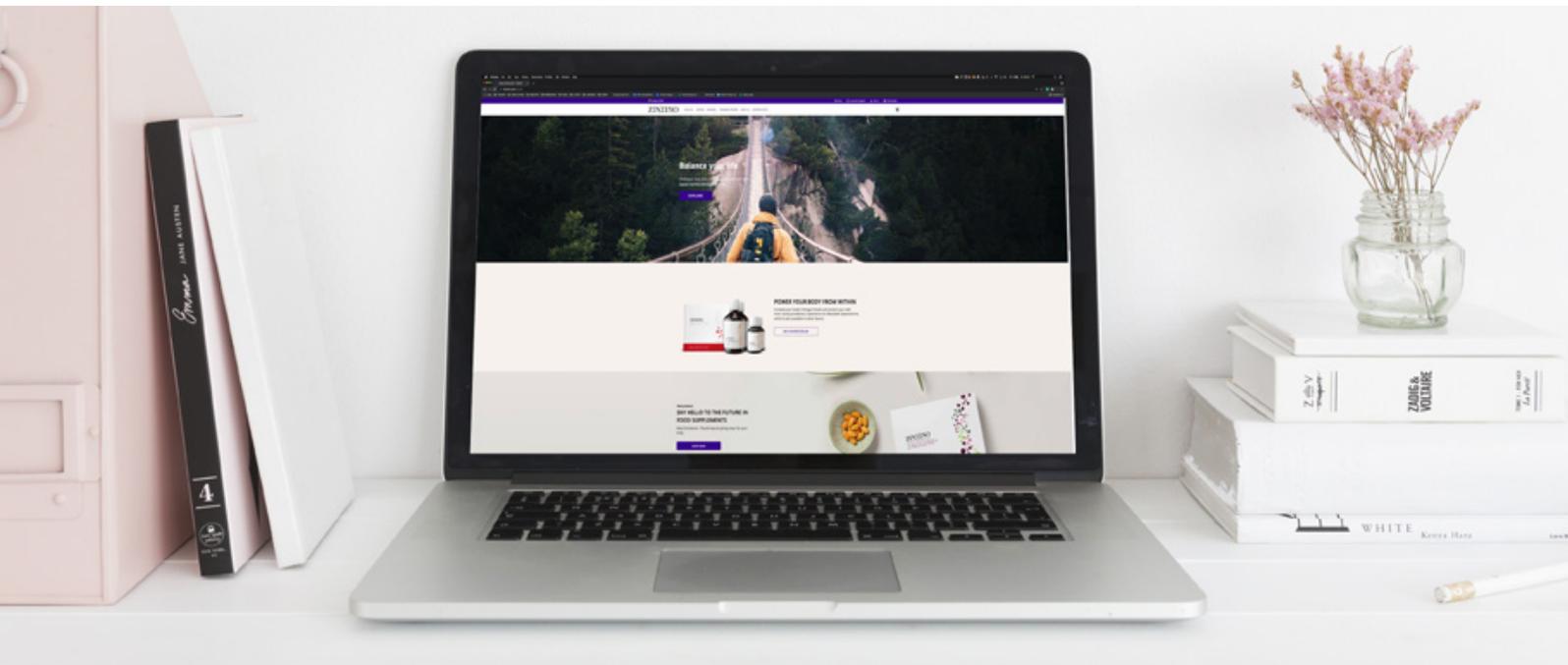
The second quarter of 2021 is fully in line with our internal forecasts where revenues increased by 18% while profitability remained at a very high level. A level we have now been at throughout the year. In addition, we are ahead of our full-year forecast for 2021 with a full 27% sales growth for the first half of the year. I am, of course, very pleased with this excellent performance and that we can raise our EBITDA forecast for the full year.

### **FOCUS ON NEW MARKETS, PRODUCT DEVELOPMENT AND E-COMMERCE**

Zinzino has gradually opened up new markets in recent years. In the second quarter of 2021, we started sales in India while Malaysia achieved full market status at Zinzino. In total, we now operate in 38 markets around the world and have a global webshop for an additional 65 countries. With good foresight, we have a long-term establishment strategy that is both sustainable and balanced.

Zinzino is building a strong brand in test-based supplements and we are developing high quality products through our own production unit in Norway. During the quarter, we launched two new products, BalanceOil+ Premium and ZinoGene+. Extensive studies at a global level show that people all over the world are committed to their health. This has become a global trend, not least because of the current pandemic. This gives us a strong belief in the future as safe and sustainable solutions in preventive health care are increasingly in demand.

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. 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 IT efficiency and effectiveness.



Zinzino.com

### AMBITIOUS GOALS

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 acquire 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 a stated milestone of reaching 1 million customers by 2025, which we believe we will reach sooner as we already have over 370,000 customers in our customer register.

It's a constant balancing act of working towards our long-term visions 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 good results on both the top and bottom line of the income statement.

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. It's very gratifying because we can increase our EBITDA forecast for the full year significantly after the second quarter.

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

# FINANCIAL SUMMARY (SEK MILLION)

Key group figures	April-Jun 2021	April-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Total revenue	322.4	274.3	655.8	516.4	1,138.6
Net sales	304.1	258.8	619.4	485.7	1,074.4
Sales growth	18%	53%	27%	48%	48%
Gross profit	105.1	73.5	206.3	157.2	348.6
Gross profit margin	32.6%	26.8%	31.5%	30.4%	30.6%
Operating profit before depreciation and amortisation	33.4	16.0	70.7	42.3	108.5
Operating margin before depreciation and amortisation	10.4%	5.8%	10.8%	8.2%	9.5%
Adjusted operating profit before depreciation and amortisation*	33.4	16.0	70.7	20.1	86.3
Adjusted operating margin before depreciation and amortisation*	10.4%	5.8%	10.8%	3.9%	7.6%
Operating profit	28.2	11.1	60.3	32.7	86.6
Operating margin	8.8%	4.1%	9.2%	6.3%	7.6%
Profit/loss before tax	28.0	10.9	59.9	32.3	85.0
Net profit	23.0	8.5	47.0	25.3	66.3
Net margin	7.1%	3.1%	7.2%	4.9%	5.8%
Net earnings per share after tax before dilution, SEK	0.66	0.25	1.34	0.75	1.96
Net earnings per share after tax at full dilution, SEK	0.63	0.24	1.28	0.71	1.88
Cash flow from operating activities	22.4	19.9	70.4	52.5	97.3
Cash and cash equivalents	166.9	107.2	166.9	107.2	143.2
Equity/assets ratio	20.5%	12.3%	20.5%	12.3%	19.6%
Equity per share before dilution, SEK	3.18	1.41	3.19	1.42	2.88
Number of issued shares on average for the period	33,528,397	32,767,657	33,403,632	32,674,359	32,860,203
Average number of issued shares for the period with full dilution	35,100,145	34,258,865	35,084,765	34,290,843	34,300,203

\* For comparative figures for January-June 2020 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 good profitability during the first half of the year now means that the board writes up the profit forecast for the full year. The total income for the full year is expected to exceed SEK 1,400 (1,139) million. The expected EBITDA margin for the full year is adjusted from up to at least 6% to instead amounting to between 8% -11%, 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 SECOND QUARTER OF 2021



Taj Mahal, India

## **SALES START IN INDIA WHILE MALAYSIA ACHIEVED FULL MARKET STATUS**

During the quarter, Zinzino continued to work on the establishment processes in a large number of markets, including those in Asia that became available through the acquisition of VMA Life in 2020. The first new market to be launched in 2021 was India, with sales starting on 6 April, a demanding project that Zinzino's establishment 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.

Malaysia also achieved full market status during the quarter following the start of sales on 3 June 2021 at the local Malaysian company. The company that became available through the strategic acquisition of VMA Life that Zinzino completed in 2020. The start marked a transition from previously managing sales through the global webshop, which has acted as a bridge for customers and distributors in Malaysia during the establishment process. The expanded launch gives customers and distributors in Malaysia access to a locally adapted and translated website, printed marketing materials in the local language, as well as an improved logistics solution and a range of payment options.

Malaysia is currently ranked as one of the top ten most attractive markets for direct sales companies, making it a very strategic launch for Zinzino. With the launch in Malaysia, Zinzino will be present in 98 markets while maintaining its focus on global expansion. Zinzino will continue to develop best practices based on the experience gained during previous establishment processes, in order to adapt its operations and achieve rapid growth in new markets.



ZinoGene+

#### LAUNCH OF BALANCEOIL+ PREMIUM

Zinzino launched the new product BalanceOil+ Premium at the beginning of the second quarter of 2021. 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 content 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.

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.

#### LAUNCH OF ZINOGENE+

During June, Zinzino carried out another product launch when the new and innovative dietary supplement ZinoGene+ was introduced. The accumulation of dysfunctional cells and a decrease in regeneration are part of the ageing process. The speed at which this happens is influenced by the nutritional content of our food. ZinoGene+ has been developed to stimulate DNA synthesis and cell division. The product is based on a complex formula with fucoids, a natural polysaccharide from seaweed, polyphenols, vitamin C and zinc that support DNA synthesis, as well as counteract oxidative stress and cell division.

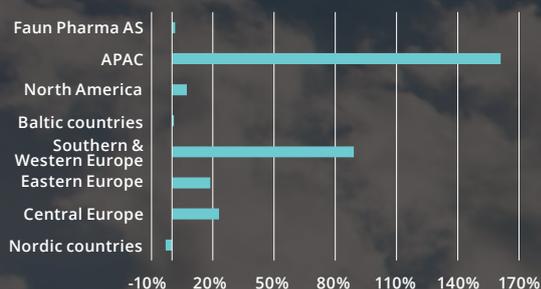
# 2021 | Q2

## SALES AND PROFIT

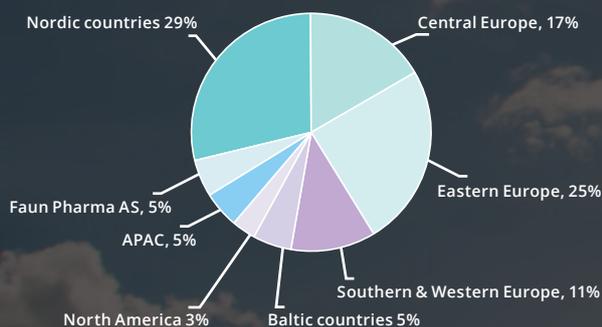
### SALES Q2

In total, revenue for the second quarter of 2021 amounted to SEK 322.4 (274.3) million, which represented a growth of 18% compared with the corresponding period in the previous year.

### GROWTH PER REGION Q2 2021 VS Q2 2020



### SALES BY REGION Q2



### COUNTRIES IN REGIONS:

#### NORDIC COUNTRIES

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

#### BALTIC COUNTRIES

Estonia, Latvia, Lithuania

#### CENTRAL EUROPE

Austria, Germany, Switzerland

#### EASTERN EUROPE

Czech Republic, Slovakia, Hungary, Poland, Romania

#### SOUTHERN & WESTERN 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 3% to SEK 92.8 (95.6) million in the second quarter of 2021 compared to the same period last year. In Norway and Sweden, stable growth was seen with the local sales organisation continuing to strongly focus on the domestic market with good results. The Danish market had a slightly weaker performance during the quarter after distributors did not respond to the quarter's promotional activities as expected. Continued declines were seen in Finland and Iceland, but there was a marked increase in distributor activity in Finland, which gradually slowed the decline during the quarter. There was a continued low level of distributor activity in Iceland during the quarter. The newly appointed sales manager for the Nordic countries, together with the rest of the team, will continue to support the Nordic markets from the head office with sales and marketing activities.

Faun Pharma AS, the Group's subsidiary and manufacturing unit, had high internal production during the quarter. As a result, external sales remained unchanged compared to the corresponding quarter last year and amounted to SEK 16.0 (16.0) million.

Overall, total revenues in the Nordic countries, Zinzino and Faun combined, accounted for 34% (41%) of the Group's total revenues in the second quarter of 2021.

### THE BALTIC COUNTRIES

In the Baltic countries, revenues increased by 1% to SEK 16.8 (16.6) million in the second quarter of 2021 compared to the same period last year. The somewhat weaker sales growth in the quarter is mainly due to the fact that distributors in Latvia and Estonia did not respond to the quarter's sales promotions as expected, which slowed down distributor activity. In Latvia, however, revenues were supported by high subscription sales from the large existing customer base. In Lithuania, high distributor activity and good sales growth combined with high subscription sales from existing customers continued. Overall, the Baltic countries accounted for 5% (6%) of the group's total revenues in the second quarter of 2021.

To stimulate activity among distributors in the region, several local events, in the form of both digital and physical marketing activities, are planned for the third quarter. The head office supports the local sales organisations in the relatively mature markets of the region.

### **CENTRAL EUROPE**

Good growth was seen in Germany, Austria and Switzerland during the quarter. 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 second quarter of 2021, total revenues increased by 23% compared to the same period last year to SEK 53.9 (43.8) million following generally high activity among distributors combined with high subscription revenues. This represented 17% (16%) of the Group's total revenues in the first quarter of 2021.

### **EASTERN EUROPE**

Total revenues in the region in the second quarter of 2021 amounted to SEK 79.4 (66.9) million, representing 19% growth compared to the same period last year. Continued very strong performance in the Czech Republic, Slovakia, Poland and Romania, where markets are driven by a common cluster of distributors working in an organised way across borders, driving growth across the region. In Romania and Poland, sales progressed strongly with many new customers and distributors. Hungary also showed continued stable growth, consolidating its position as Zinzino's largest market in terms of sales in the second quarter of 2021. Overall, the region accounted for 25% (24%) of the Group's total revenues in the second quarter of 2021.

### **SOUTHERN & WESTERN EUROPE**

In Western Europe, the strong performance in Great Britain continued in the second quarter of 2021 with the local sales manager focusing on connecting the local distributor organisations as pandemic-related restrictions in the country eased. During the quarter, more than 150 distributor meetings in both digital and physical format were again held, with increasing participation in 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 organisation. Positive growth was also seen in the Netherlands, which again had a very healthy quarter with high sales growth thanks to the addition of strong distributors.

Continued good performance in Italy, France and Spain where the newly appointed local sales managers support the local distributor organisations by coordinating distributor meetings and through dialogue with the head office in Sweden. The actions stimulated distributor activity during the quarter, which in turn generated a high influx of new customers and distributors in the countries.

Total revenues for the region in the second quarter of 2021 amounted to SEK 37.0 (19.5) million, representing a growth of 89% compared to the same period last year. The region accounted for 11% (7%) of the Group's total revenues for the second quarter of 2021.

### **NORTH AMERICA**

Revenues in North America increased by 7% to 10.5 (9.8) million in the second quarter of 2021 compared with the previous year. This follows relatively high distributor activity in both the US and Canada during the quarter with a strong focus on expanding the customer base and associated subscription revenues. 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 have been improved through the new partnership with Landmark Radial in Walton, Kentucky. North America accounted for 3% (4%) of the Group's total revenues in the second quarter of 2021.

### **APAC**

Revenues in the APAC region during the second quarter of 2021 increased by 161% to a total SEK 16.0 (6.1) million. This was mainly due to a rapid increase in distributor activity and a strong influx of customers in the new markets in Asia, with Malaysia gaining full market status at the beginning of June. Other countries in the region have been managed through Zinzino's global webshop, pending the opening of markets under their own local flags.

Zinzino continues to support the building of local sales organisations through the regional offices in Adelaide, Hong Kong, Singapore and Kuala Lumpur. As in the first quarter, the region's sales have been affected by severe shutdowns and restrictions. In this situation, the distributors have worked 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.

Overall, the region accounted for the remaining 5% (2%) of the Group's total revenues in the second quarter of 2021.

### SALES PER PRODUCT SEGMENT Q2

The Zinzino Health product segment increased by 19% to SEK 280.4 (234.9) million and represented 87% (86%) of total revenue. The Zinzino Coffee product segment decreased by 19% to SEK 6.5 (8.0) million, which corresponded to 2% (3%) of total revenue. External sales in Faun Pharma AS were in line with the corresponding period last year, following combined high internal and external production during the quarter, and amounted to SEK 16.0 (16.0) million, corresponding to 5% (6%) of total revenues. Other revenue amounted to SEK 19.5 (15.4) million, which corresponded to the remaining 6% (5%) of revenue for the second quarter of 2021.

Sales  
SEK million **322.4** (274.3)

### SALES PER PRODUCT SEGMENT Q2



HEALTH  
2021; SEK 280.4 (234.9) million



COFFEE  
2021; SEK 6.5 (8.0) million



OTHER INCOME  
2021; SEK 19.5 (15.4) million

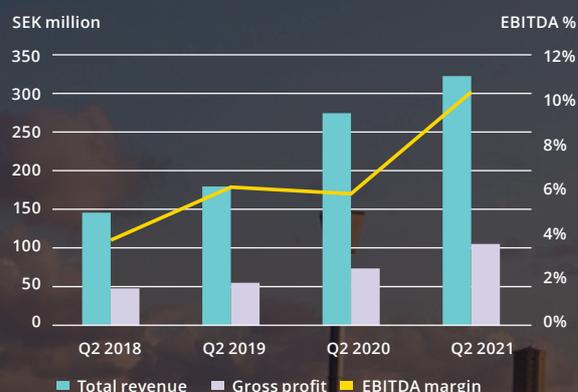


FAUN  
2021; SEK 16.0 (16.0) million

### RESULTS AND FINANCIAL POSITION Q2

#### RESULTS

Gross profit for the second quarter of 2021 amounted to SEK 105.1 (73.5) million and gross profit margin to 32.6% (26.8%). Overall margin improvement on goods sold combined with lower remuneration levels to distributors were the main factors behind the profitability improvement on a gross basis in the second quarter of 2021 compared with the same period in the previous year.



Operating profit before depreciation/amortisation amounted to SEK 33.4 (16.0) million. The Group's EBITDA margin increased to 10.4% (5.8%). The margin improvement was achieved through economies of scale, mainly through improved efficiency in IT systems, logistics and the organisation as a whole.

Operating profit amounted to SEK 28.2 (11.1) million and the operating margin to 8.8% (4.1%). Profit before tax totalled SEK 28.0 (10.9) million and net profit was SEK 23.0 (8.5) million.

#### DEPRECIATION AND AMORTISATION

Depreciation and amortisation for the quarter were charged to the profit for the period in the amount of SEK 5,166 (4,810) thousand, of which SEK 666 (273) thousand was depreciation of tangible fixed assets and SEK 4,500 (4,537) thousand was amortisation of intangible fixed assets. Of this, SEK 3,489 (2,627) thousand is depreciation of right of use assets in accordance with IFRS 16 and SEK 175 (0) thousand is amortisation of licenses attributable to the acquisition of VMA Life.



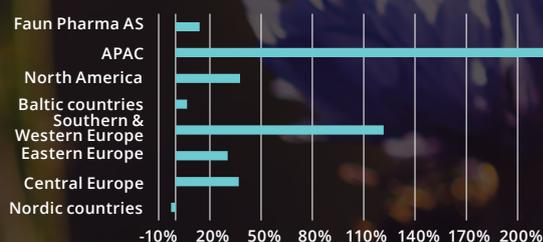
# 2021 | Q1-Q2

## SALES AND PROFITS

### SALES Q1-Q2

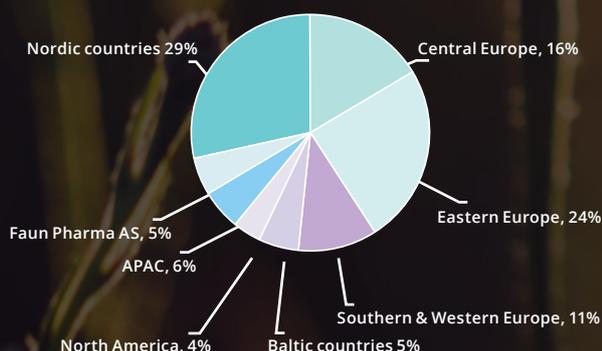
In total, revenue in 2021 amounted to SEK 655.8 (516.4) million which represented growth of 27% compared to the previous year.

### GROWTH PER REGION Q1-Q2 2021 VS Q1-Q2 2020



\*APAC 265%

### SALES PER REGION Q1-Q2



### COUNTRIES IN REGIONS:

#### NORDIC COUNTRIES

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

#### BALTIC COUNTRIES

Estonia, Latvia, Lithuania

#### CENTRAL EUROPE

Austria, Germany, Switzerland

#### EASTERN EUROPE

Czech Republic, Slovakia, Hungary, Poland, Romania

#### SOUTHERN & WESTERN 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 3% to SEK 186.6 (191.8) million in the first six months of 2021 compared to the same period last year. Stable growth in Norway and Sweden, maintaining their position as important sales markets for Zinzino. In contrast, the trend was slightly weaker in Denmark, where revenues decreased marginally in the first half of the year compared to the same period in 2020. The Finnish market has seen a consistently weaker trend in 2021, losing ground compared to the previous year. Zinzino has been focusing on the Finnish distributors and has taken steps to re-stimulate growth in the country. As a result, partner activity has picked up again and the decline in revenues has slowed in recent months. The downturn has continued in Iceland with low distributor activity and a reduced customer base in the first half of 2021.

Faun Pharma AS, the Group's subsidiary and manufacturing unit, combined high internal and external production during the first half of 2021, resulting in external sales increasing by 14% to SEK 33.4 (29.4) million compared to the same period last year.

Overall, total revenues in the Nordic countries, Zinzino and Faun combined, accounted for 34% (43%) of the Group's total revenues in the first six months of 2021.

### BALTIC COUNTRIES

In the Baltic countries, revenues increased by 7% to SEK 35.6 (33.4) million in the first six months of 2021 compared to the same period last year. The growth was mainly attributable to Lithuania, where the trend continued with high partner activity and an influx of new customers. Stable growth in Latvia, where revenues came mainly from the high proportion of repeat purchases of the company's products by existing customers. On the other hand, Estonia continued to decline with low distributor activity in the first months of the year. The region's total revenues represented 5% (6%) of the Group's total revenues in the first half of 2021.

### 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. Through the work of the distributors, the region has built a strong customer base with a great interest in health that continues to grow. In the first half of 2021, total revenues increased by 37% compared to the same period last year to SEK 107.9 (78.8) million following generally high activity among distributors. This represented 16% (15%) of the Group's total revenues in the first half of 2021.

### **EASTERN EUROPE**

Total revenues for the first half of 2021 increased by 30% to SEK 160.5 (123.1) million compared to the same period last year. Consistently strong growth in the Czech Republic, Slovakia, Poland and Romania with an increasing customer base and subscription orders following high underlying distributor activity from existing and new distributors. Continued stable growth in Hungary, which in the first half of 2021 consolidated its position as Zinzino's strongest sales market. Overall, the region accounted for 24% (24%) of the Group's total revenues in the first half of 2021.

### **SOUTHERN & WESTERN EUROPE**

The performance of the region was consistently very strong in the first half of 2021, with all markets performing very positively and total revenues increasing by 122% to SEK 70.5 (31.8) million. Very high activity in the growing distributor organisation in Great Britain and Ireland, where the digital meeting culture has been gradually replaced by face-to-face interactions over the last few months as pandemic restrictions have slowly eased. The high level of distributor activity has quickly resulted in a large customer base with growing subscription revenues. At the same time, the healthy development has continued in the Netherlands with a large customer base and high growth of new customers driven by the strong distributor organisation. In France, Italy and Spain, the newly appointed local sales managers have stimulated distributor activity and sales growth. At the same time, growth has also picked up in neighbouring markets such as Greece, Cyprus and Slovenia. The region together accounted for 11% (6%) of the Group's total revenues in the first half of 2021.

### **NORTH AMERICA**

Revenues in North America increased in the first half of 2021 by 38% to SEK 25.1 (18.2) million compared to the same period last year. Overall, a positive trend was seen in the region with incremental growth, mainly from an increase in customer subscriptions and associated orders. The main reason for the strong performance was the increased activity of existing and new distributors, with a particular emphasis on customer acquisition. Zinzino will continue to adapt its digital platforms to North America, develop the collaboration with Life Leadership and support the distributor organisations to further stimulate the growth rate. North America accounted for 4% (4%) of the Group's total revenues in the first half of 2021.

### **APAC**

The region's revenues increased by 265% to SEK 36.2 (9.9) million in the first half of 2021 compared to the same period last year. Consistently high activity among new and existing distributors, but pandemic restrictions and shutdowns have nonetheless slowed sales in the region to some extent. At the same time, the establishment team is working intensively to complete all the processes required to open the markets under the Zinzino banner. The next market will be Taiwan, tentatively in the third 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 APAC region. APAC accounted for 6% (2%) of the Group's total revenues in the first half of 2021.

### SALES PER PRODUCT SEGMENT Q1-Q2

The Zinzino Health product segment increased by 29% to SEK 571.1 (441.1) million in the first half of 2021 and accounted for 87% (85%) of total revenues. The Zinzino Coffee product segment decreased by 10% to SEK 13.7 (15.2) million, which corresponded to 2% (3%) of total revenue. External sales from Faun Pharma AS increased by 14% to SEK 33.4 (29.4) million, corresponding to 5% (6%) of total revenues. Other revenues amounted to SEK 37.6 (30.7) million, corresponding to the remaining 6% (6%) of revenue for the first half of 2021.

### GROWTH STRATEGY

A common feature of Zinzino's growth markets is that they are run by committed distributors working in a structured and active way. 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 many 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 contacts 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 India and the ongoing new establishment projects in Asia, amongst others. 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 98 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, amongst others.

Sales  
SEK million **655.8** (516.4)

### SALES PER PRODUCT SEGMENT Q1-Q2



HEALTH  
2021; SEK 571.1 (441.1) million



COFFEE  
2021; SEK 13.7 (15.2) million



OTHER INCOME  
2021; SEK 37.6 (30.7) million

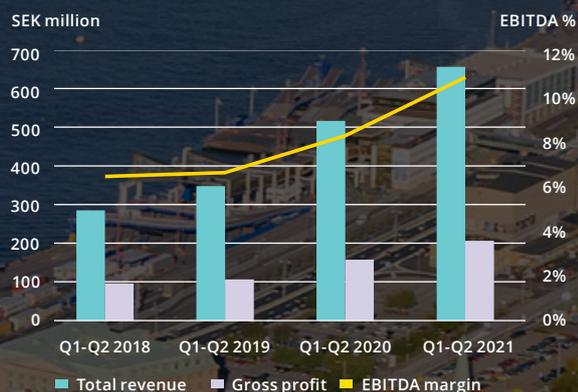


FAUN  
2021; SEK 33.4 (29.4) million

## RESULTS AND FINANCIAL POSITION Q1-Q2

### RESULTS

Gross profit for the first half of 2021 amounted to SEK 206.3 (157.2) million and the gross profit margin to 31.5% (30.4%). Gross profitability has gradually improved in the Group through price adjustments, leading to an overall improvement in margins on goods sold. Changes in the remuneration model for distributors have also had an impact on profitability. Profitability in the first half of 2021 was higher than the corresponding period the previous year after adjusting the comparative figure for the one-time effect of the change in accounting for the distributor remuneration in 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 206.3 (135.0) million and the adjusted gross profit margin to 31.5% (26.1%).



Operating profit before depreciation/amortisation amounted to SEK 70.7 (42.3) million. The Group's EBITDA margin was 10.8% (8.2%). Adjusted operating profit before depreciation/amortisation amounted to SEK 70.7 (20.1) million and the adjusted operating margin before depreciation/amortisation amounted to 10.8% (3.9%). The margin improvement is achieved through the economies of scale created by consistently improved efficiencies in IT systems, logistics and the organisation as a whole.

Operating profit amounted to SEK 60.3 (32.7) million and the operating margin was 9.2% (6.3%). Adjusted operating profit amounted to SEK 60.3 (10.5) million and the adjusted operating margin to 9.2% (2.0%). Profit before tax totalled SEK 59.9 (32.3) million and net profit was SEK 47.0 (25.3) million. Adjusted profit before tax amounted to SEK 59.9 (10.1) million and adjusted net profit to SEK 47.0 (7.9) million.

### INVENTORIES

The Group's combined inventories at the balance sheet date were SEK 167.6 (105.5) million. The company generally maintains higher inventory levels to ensure supplies and established in 2020 an additional external warehouse in Poland as a result of increased sales in Central and Eastern Europe. At the same time, the company has built up inventory levels in the APAC region as well as in India to ensure efficient deliveries to the rapidly growing demand in the respective regions.

### FINANCIAL POSITION

On the balance sheet date, cash totalled SEK 166.9 (107.2) million. Cash flow from operating activities totalled SEK 70.4 (52.5) million. The Group's equity/assets ratio was 20% (12%). Equity in the Group at the end of the period amounted to SEK 106.5 (46.3) million, corresponding to SEK 3.19 (1.42) per share. During the second quarter of 2021, a total dividend of SEK 42.1 (23.0) million was paid to the company's shareholders. The assessment of the Board of Directors is that liquid assets are still 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 ORGANISATION

During the second quarter of 2021, Zinzino continued to strengthen the organisation to handle the rapid sales growth and global expansion. In particular, the company's events team was reinforced to manage future digital and physical events more efficiently. In addition, an additional sales manager was appointed to further stimulate sales growth in the French market.

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.

The number of employees in the Group at the end of the first quarter totalled 214 (154) people, of which 130 (100) are women. In addition, 17 (18) people worked at the Group, of which 4 (6) were women, via consulting agreements.

## SIGNIFICANT RISKS AND UNCERTAINTIES IN THE BUSINESS

The company's main risks are in its own organisation's ability to manage costs during periods 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 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 with local regulations when establishing in 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 see 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 30 June 2021, the share capital was divided into 33,695,678 shares, of which 5,113,392 are A-shares (1 vote) and 28,582,286 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 three outstanding options programmes. The first options programme covers 800,000 warrants at an exercise price of SEK 18 which expires on 31 May 2024, of which 363,900 warrants have already been exercised for share subscription as of 30 June 2021. The second option programme covers 1,000,000 warrants at an exercise price of SEK 45 with the option programme expiring on 31 May 2025 of which 31,633 warrants have already been exercised for share subscription as of 30 June 2021. A third option programme was approved at the company's Annual General Meeting on 20 May 2021 covering 1,000,000 warrants at an exercise price of SEK 140 expiring 31 May 2026.

If all the warrants issued as of 30/06/2021 are exercised for subscription of 2,413,967 shares, the share capital dilution will be approximately 7%.

## INTERIM REPORT 2021 | Q2

### **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..

### **ANNUAL GENERAL MEETING**

The Annual General Meeting 2021 was held on 20 May and, taking into account the regulations and advice of the authorities on the avoidance of gatherings, the Annual General Meeting was conducted by postal voting only. Information on the resolutions adopted by the Annual General Meeting has been published on the company's website [www.zinzino.com](http://www.zinzino.com).

### **REPORT CALENDAR**

Interim report Q3 2021 to be published 19/11/2021  
Interim report Q4 2021 to be published 28/02/2022  
Interim report Q1 2022 to be published 13/05/2022

# GROUP REPORT

## SUMMARY OF FINANCIAL POSITION

Amounts in SEK thousands	01/04/2021 30/06/2021	01/04/2020 30/06/2020	01/01/2021 30/06/2021	01/01/2020 30/06/2020	01/01/2020 31/12/2020
Net sales	304,074	258,841	619,381	485,713	1,074,448
Other revenue	18,090	15,312	36,168	30,273	63,707
Own work capitalised	214	139	214	405	490
Goods for resale and other direct costs	-217,293	-200,821	-449,484	-359,234	-790,090
<b>Gross profit</b>	<b>105,085</b>	<b>73,471</b>	<b>206,279</b>	<b>157,157</b>	<b>348,555</b>
External operating expenses	-37,485	-32,907	-70,006	-66,022	-134,926
Personnel costs	-34,203	-24,609	-65,564	-48,880	-105,093
Depreciation/amortisation	-5,166	-4,810	-10,433	-9,579	-21,958
<b>Operating profit</b>	<b>28,231</b>	<b>11,145</b>	<b>60,276</b>	<b>32,676</b>	<b>86,578</b>
Net financial income/expense	-269	-205	-422	-393	-1,563
Tax	-4,976	-2,392	-12,845	-6,944	-18,689
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>22,986</b>	<b>8,548</b>	<b>47,009</b>	<b>25,339</b>	<b>66,326</b>

### OTHER COMPREHENSIVE PROFIT/LOSS

#### Items that may be reclassified to profit/loss for the period

Currency exchange differences upon conversion of foreign subsidiaries	-2,081	371	2,017	-5,210	-5,546
<b>Other comprehensive profit/loss for the period</b>	<b>-2,081</b>	<b>371</b>	<b>2,017</b>	<b>-5,210</b>	<b>-5,546</b>

<b>OTHER COMPREHENSIVE PROFIT/LOSS FOR THE PERIOD</b>	<b>20,905</b>	<b>8,919</b>	<b>49,026</b>	<b>20,129</b>	<b>60,780</b>
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#### Profit/loss for the period attributable to

Parent company's shareholders	21,984	8,328	44,858	24,450	64,477
Non-controlling interest	1,002	220	2,151	889	1,849
<b>TOTAL</b>	<b>22,986</b>	<b>8,548</b>	<b>47,009</b>	<b>25,339</b>	<b>66,326</b>

#### Total comprehensive profit/loss for the period attributable to

Parent company's shareholders	19,903	8,699	46,875	19,240	58,931
Non-controlling interest	1,002	220	2,151	889	1,849
<b>TOTAL</b>	<b>20,905</b>	<b>8,919</b>	<b>49,026</b>	<b>20,129</b>	<b>60,780</b>

#### Earnings per share, calculated on the profit/loss for the period attributable to the parent company's shareholders:

##### Amounts in SEK

Earnings per share before dilution	0.66	0.25	1.34	0.75	1.96
Earnings per share after dilution	0.63	0.24	1.28	0.71	1.88

# GROUP REPORT

## SUMMARY OF FINANCIAL POSITION

Amounts in SEK thousands	30/06/2021	30/06/2020	31/12/2020
<b>Fixed assets</b>			
Goodwill	38,715	28,964	36,593
Other intangible fixed assets	19,859	14,842	19,225
Equipment, tools and installations	8,111	6,256	6,831
Right-of-Use Assets	38,215	40,466	43,553
Financial fixed assets	4,855	3,621	3,698
<b>Total fixed assets</b>	<b>109,755</b>	<b>94,149</b>	<b>109,900</b>
<b>Current assets</b>			
Inventories	167,593	105,450	126,948
Current receivables	43,403	35,596	66,536
Pre-paid costs and accrued revenues	32,133	33,676	36,791
Cash and bank balances	166,911	107,202	143,218
<b>Total current assets</b>	<b>410,040</b>	<b>281,924</b>	<b>373,493</b>
<b>TOTAL ASSETS</b>	<b>519,795</b>	<b>376,073</b>	<b>483,393</b>
<b>Equity</b>			
Share capital	3,370	3,304	3,305
Other contributed capital	35,595	12,804	23,660
Retained earnings including profit/loss for the period	67,578	30,208	67,698
<b>Total equity</b>	<b>106,543</b>	<b>46,316</b>	<b>94,663</b>
<b>Long-term liabilities</b>			
Leasing liabilities	24,339	29,468	34,012
Other long-term liabilities	5,528	1,530	5,329
<b>Total long-term liabilities</b>	<b>29,867</b>	<b>30,998</b>	<b>39,341</b>
<b>Current liabilities</b>			
Accounts payable	43,444	42,037	54,686
Tax liabilities	16,938	4,083	12,311
Leasing liabilities	14,647	10,998	10,119
Other current liabilities	203,371	143,406	163,007
Accrued costs and deferred revenues	104,985	98,235	109,266
<b>Total current liabilities</b>	<b>383,385</b>	<b>298,759</b>	<b>349,389</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>519,795</b>	<b>376,073</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	Translation reserves	Retained earnings in- cluding pro- fit/loss for the period	Total	Non-control- ling interest	Total Equity
<b>Opening balance 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	-	-	-	-	24,450	<b>24,450</b>	889	<b>25,339</b>
Other comprehensive profit/loss for the period	-	-	-	-5,210	-	<b>-5,210</b>	-	<b>-5,210</b>
Change of the minority	-	-	-	-	845	<b>845</b>	-845	-
Rights issue	46	-	-	-	8,841	<b>8,887</b>	-	<b>8,887</b>
Dividends	-	-	-	-	-22,987	<b>-22,987</b>	-	<b>-22,987</b>
<b>Closing balance 30/06/2020</b>	<b>3,304</b>	-	<b>12,804</b>	<b>-3,775</b>	<b>26,669</b>	<b>39,002</b>	<b>7,315</b>	<b>46,316</b>
<b>Opening balance 01/07/2020</b>	<b>3,304</b>	-	<b>12,804</b>	<b>-3,775</b>	<b>26,669</b>	<b>39,002</b>	<b>7,315</b>	<b>46,316</b>
Profit/loss for the period	-	-	-	-	40,027	<b>40,027</b>	960	<b>40,987</b>
Other comprehensive profit/loss for the period	-	-	-	-1,497	-	<b>-1,497</b>	-	<b>-1,497</b>
Share repurchase	-	-	-	-	-669	<b>-669</b>	-	<b>-669</b>
Change of the minority	-	-	-	-	1,037	<b>1,037</b>	-1,037	-
Rights issue	1	31	14,673	-	-8,841	<b>5,864</b>	-	<b>5,864</b>
Issued warrants	-	-	-	-	3,662	<b>3,662</b>	-	<b>3,662</b>
<b>Closing balance 31/12/2020</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>Opening balance 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	-	-	-	-	44,858	<b>44,858</b>	2,151	<b>47,009</b>
Other comprehensive profit/loss for the period	-	-	-	1,984	-	<b>1,984</b>	-	<b>1,984</b>
Share repurchase	-	-	-	-	-1,173	<b>-1,173</b>	-	<b>-1,173</b>
Change of the minority	-	-	-	-	90	<b>90</b>	-90	-
Rights issue	65	-24	8,112	-	-	<b>8,153</b>	-	<b>8,153</b>
Issued warrants	-	-	-	-	5	<b>5</b>	-	<b>5</b>
Dividends	-	-	-	-	-42,120	<b>-42,120</b>	-1,978	<b>-44,098</b>
<b>Closing balance 30/06/2021</b>	<b>3,370</b>	<b>7</b>	<b>35,589</b>	<b>-3,288</b>	<b>63,545</b>	<b>99,222</b>	<b>7,321</b>	<b>106,543</b>

# GROUP STATEMENT

## CASH FLOW SUMMARY

Amounts in SEK thousands	01/04/2021 30/06/2021	01/04/2020 30/06/2020	01/01/2021 30/06/2021	01/01/2020 30/06/2020	01/01/2020 31/12/2020
<b>Operating activities</b>					
Profit/loss before financial items	28,231	11,145	60,276	32,676	86,578
Depreciation and amortisation/write-downs	5,166	4,810	10,433	9,579	21,958
Currency fluctuations	-291	1,714	-3,713	1,738	2,679
<b>Total</b>	<b>33,106</b>	<b>17,669</b>	<b>66,996</b>	<b>43,993</b>	<b>111,215</b>
<b>Investing activities</b>					
Interest received	66	19	235	60	91
Interest paid	-336	-224	-657	-452	-1,654
Tax paid	-1,971	-588	-7,936	-1,143	-4,314
<b>Total</b>	<b>-2,241</b>	<b>-793</b>	<b>-8,358</b>	<b>-1,535</b>	<b>-5,877</b>
<b>Financing activities</b>					
Cash flow from operating activities before changes in operating capital	<b>30,865</b>	<b>16,876</b>	<b>58,639</b>	<b>42,458</b>	<b>105,338</b>
<b>Cash flow from changes in operating capital</b>					
Change in inventories	-13,668	-12,414	-40,645	-16,586	-36,560
Change in current receivables	-13,454	-7,652	27,792	-36,525	-70,259
Change in current liabilities	18,700	23,090	24,662	63,143	98,793
<b>Total</b>	<b>-8,422</b>	<b>3,024</b>	<b>11,809</b>	<b>10,033</b>	<b>-8,026</b>
<b>Cash flow from operating activities</b>	<b>22,443</b>	<b>19,900</b>	<b>70,447</b>	<b>52,490</b>	<b>97,312</b>
<b>Investment activity</b>					
Investments in intangible fixed assets	-2,741	-1,118	-2,846	-1,693	-2,321
Investments in tangible fixed assets	-805	-410	-1,318	-838	-2,561
Investments in financial fixed assets	-1,173	-	-1,173	-	-4,502
<b>Cash flow from investment activities</b>	<b>-4,719</b>	<b>-1,528</b>	<b>-5,337</b>	<b>-2,531</b>	<b>-9,384</b>
<b>Financing activities</b>					
Amortisation of lease liabilities attributable to lease agreements	-3,679	-4,943	-7,455	-5,494	-13,424
Issuance of options	5	-	5	-	2,140
Rights issue	3,463	8,887	8,153	8,887	12,724
Dividends	-42,120	-22,987	-42,120	-22,987	-22,987
<b>Cash flow from financing activities</b>	<b>-42,331</b>	<b>-19,043</b>	<b>-41,417</b>	<b>-19,594</b>	<b>-21,547</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-24,607</b>	<b>-671</b>	<b>23,693</b>	<b>30,365</b>	<b>66,381</b>
<b>Cash and cash equivalents at start of period</b>	<b>191,518</b>	<b>107,873</b>	<b>143,218</b>	<b>76,837</b>	<b>76,837</b>
<b>Cash and cash equivalents at end of period</b>	<b>166,911</b>	<b>107,202</b>	<b>166,911</b>	<b>107,202</b>	<b>143,218</b>
<b>Change in cash and cash equivalents</b>	<b>-24,607</b>	<b>-671</b>	<b>23,693</b>	<b>30,365</b>	<b>66,381</b>

# PARENT COMPANY STATEMENT

## INCOME STATEMENT SUMMARY

Amounts in SEK thousands	01/04/2021 30/06/2021	01/04/2020 30/06/2020	01/01/2021 30/06/2021	01/01/2020 30/06/2020	01/01/2020 31/12/2020
Net sales	26,881	2,336	51,373	3,836	73,766
Other revenue	6,766	29	12,606	443	10,423
Goods for resale and other direct costs	-24,393	-1,126	-47,889	-1,126	-43,768
<b>Gross profit</b>	<b>9,254</b>	<b>1,239</b>	<b>16,090</b>	<b>3,153</b>	<b>40,421</b>
External operating expenses	-6,896	-3,507	-12,899	-6,946	-18,397
Depreciation/amortisation	-144	-88	-288	-176	-421
<b>Operating profit</b>	<b>2,214</b>	<b>-2,356</b>	<b>2,903</b>	<b>-3,969</b>	<b>21,603</b>
Net financial income/expense and currency	-52	395	805	-140	29,292
Tax	-	-	-	-	-5,067
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>2,162</b>	<b>-1,961</b>	<b>3,708</b>	<b>-4,109</b>	<b>45,828</b>

There are no items in the parent company reported as other total 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	30/06/2021	30/06/2020	31/12/2020
<b>Fixed assets</b>			
Intangible fixed assets	3,312	1,491	1,886
Tangible fixed assets	34	-	-
Financial fixed assets	104,079	83,776	100,009
<b>Total fixed assets</b>	<b>107,425</b>	<b>85,267</b>	<b>101,895</b>
<b>Current assets</b>			
Current receivables	1,165	853	57
Intra-group receivables	20,197	12,497	18,199
Pre-paid costs and accrued revenues	2,905	3,756	2,942
Cash and bank balances	3,035	10,586	7,091
<b>Total current assets</b>	<b>27,302</b>	<b>27,692</b>	<b>28,289</b>
<b>TOTAL ASSETS</b>	<b>134,727</b>	<b>112,959</b>	<b>130,184</b>
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	3,370	3,304	3,305
Ongoing rights issue	7	-	31
Fund for development expenditures	3,312	1,129	1,886
<i>Unrestricted equity</i>			
Share premium reserve	26,659	30,980	36,808
Retained earnings (including profit/loss for the year)	7,125	-24,362	28,696
<b>Total equity</b>	<b>40,473</b>	<b>11,051</b>	<b>70,726</b>
<b>Long-term liabilities</b>			
Long-term liabilities	5,106	1,530	4,913
Intra-group long-term liabilities	15,476	15,476	15,476
<b>Total long-term liabilities</b>	<b>20,582</b>	<b>17,006</b>	<b>20,389</b>
<b>Current liabilities</b>			
Tax liabilities	-	465	5,067
Intra-group current liabilities	61,539	79,482	22,265
Other current liabilities	11,142	2,232	10,866
Accrued costs and deferred revenues	991	2,723	871
<b>Total current liabilities</b>	<b>73,672</b>	<b>84,902</b>	<b>39,069</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>134,727</b>	<b>112,959</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	-	-	-	-	-4,109	<b>-4,109</b>
Rights issue	46	-	-	8,842	-	<b>8,888</b>
Dividends	-	-	-	-	-22,987	<b>-22,987</b>
<b>Closing balance 30/06/2020</b>	<b>3,304</b>	-	<b>1,129</b>	<b>30,980</b>	<b>-24,362</b>	<b>11,051</b>
<b>Opening balance 01/07/2020</b>	<b>3,304</b>	-	<b>1,129</b>	<b>30,980</b>	<b>-24,362</b>	<b>11,051</b>
Profit/loss for the period	-	-	-	-	49,937	<b>49,937</b>
Internally generated intangible assets	-	-	757	-	-757	-
Rights issue	1	31	-	5,828	-	<b>5,860</b>
Issued warrants	-	-	-	-	3,878	<b>3,878</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	-	-	-	-	3,709	<b>3,709</b>
Internally generated intangible assets	-	-	1,426	-	-1,426	-
Rights issue	65	-24	-	8,112	-	<b>8,153</b>
Issued warrants	-	-	-	-	5	<b>5</b>
Dividends	-	-	-	-18,261	-23,859	<b>-42,120</b>
<b>Closing balance 30/06/2021</b>	<b>3,370</b>	<b>7</b>	<b>3,312</b>	<b>26,659</b>	<b>7,125</b>	<b>40,473</b>

# PARENT COMPANY STATEMENT

## CASH FLOW SUMMARY

Amounts in SEK thousands	01/04/2021 30/06/2021	01/04/2020 30/06/2020	01/01/2021 30/06/2021	01/01/2020 30/06/2020	01/01/2020 31/12/2020
<b>Operating activities</b>					
Profit/loss before financial items (total operating profit)	2,214	-2,356	2,903	-3,969	21,603
Depreciation and amortisation/write-downs	144	88	288	176	421
Currency fluctuations	-169	395	451	-162	-950
<b>Total</b>	<b>2,189</b>	<b>-1,873</b>	<b>3,642</b>	<b>-3,955</b>	<b>21,074</b>
<b>Interest received</b>					
Interest received	149	-	373	23	23
<b>Interest paid</b>					
Interest paid	-2	-	-2	-1	-2
<b>Tax paid</b>					
Tax paid	-127	-	-5,280	-	-
<b>Total</b>	<b>20</b>	<b>-</b>	<b>-4,909</b>	<b>22</b>	<b>21</b>
<b>Cash flow from operating activities before changes in operating capital</b>					
	<b>2,209</b>	<b>-1,873</b>	<b>-1,267</b>	<b>-3,933</b>	<b>21,095</b>
<b>Cash flow from changes in operating capital</b>					
Change in current receivables	1,245	13,201	-2,857	2,651	-2,029
Change in current liabilities	34,558	11,509	39,847	24,945	2,523
<b>Cash flow from operating activities</b>	<b>38,012</b>	<b>22,837</b>	<b>35,723</b>	<b>23,663</b>	<b>21,589</b>
<b>Investment activity</b>					
Investments in intangible fixed assets	-1,605	-615	-1,710	-531	-1,179
Investments in tangible fixed assets	-	-	-38	-	-
Investments in financial fixed assets	-1,172	-571	-4,069	-619	-5,237
<b>Cash flow from investment activities</b>	<b>-2,777</b>	<b>-1,186</b>	<b>-5,817</b>	<b>-1,150</b>	<b>-6,416</b>
<b>Financing activities</b>					
Issuance of options	5	-	5	-	8
Rights issue	3,463	8,887	8,153	8,887	12,724
Dividends	-42,120	-22,987	-42,120	-22,987	-22,987
<b>Cash flow from financing activities</b>	<b>-38,652</b>	<b>-14,100</b>	<b>-33,962</b>	<b>-14,100</b>	<b>-10,255</b>
<b>CASH FLOW FOR THE PERIOD</b>					
<b>Cash and cash equivalents at start of period</b>	<b>6,452</b>	<b>3,035</b>	<b>7,091</b>	<b>2,173</b>	<b>2,173</b>
<b>Cash and cash equivalents at end of period</b>	<b>3,035</b>	<b>10,586</b>	<b>3,035</b>	<b>10,586</b>	<b>7,091</b>
<b>Change in cash and cash equivalents</b>	<b>-3,417</b>	<b>7,551</b>	<b>-4,056</b>	<b>8,413</b>	<b>4,918</b>

# NOTE 1

## SEGMENT INFORMATION

### 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, Faun and VMA Life. 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 Supplement, Skin Care 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. The VMA Life segment appeared in Q3 and Q4 2020 and sales from the operations in Singapore, Malaysia, Taiwan and Thailand were added in connection with the acquisition of VMA Life. In 2021, sales in these countries are included in the Zinzino segment. The comparative figures for 2020 have been recalculated in accordance with the updated segment structure and VMA Life has been allocated into the Zinzino segment.

### 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.

April-June 2021	Zinzino	Faun	Group elimination	Total Group
Net sales	288,124	51,513	-35,563	<b>304,074</b>
Other revenue	18,090	-	-	<b>18,090</b>
Own work capitalised	214	-	-	<b>214</b>
Goods for resale and other direct costs	-216,573	-36,283	35,563	<b>-217,293</b>
<b>Gross profit</b>	<b>89,855</b>	<b>15,230</b>	-	<b>105,085</b>
External operating expenses	-33,583	-3,902	-	<b>-37,485</b>
Personnel costs	-28,801	-5,402	-	<b>-34,203</b>
<b>EBITDA</b>	<b>27,471</b>	<b>5,926</b>	-	<b>33,397</b>
Depreciation/amortisation	-6,074	908	-	<b>-5,166</b>
<b>Operating profit</b>	<b>21,397</b>	<b>6,834</b>	-	<b>28,231</b>

April-June 2020	Zinzino	Faun	Group elimination	Total Group
Net sales	242,880	37,239	-21,278	<b>258,841</b>
Other revenue	15,312	-	-	<b>15,312</b>
Own work capitalised	139	-	-	<b>139</b>
Goods for resale and other direct costs	-195,278	-26,821	21,278	<b>-200,821</b>
<b>Gross profit</b>	<b>63,053</b>	<b>10,418</b>	-	<b>73,471</b>
External operating expenses	-31,665	-1,242	-	<b>-32,907</b>
Personnel costs	-20,051	-4,558	-	<b>-24,609</b>
<b>EBITDA</b>	<b>11,337</b>	<b>4,618</b>	-	<b>15,955</b>
Depreciation/amortisation	-3,556	-1,254	-	<b>-4,810</b>
<b>Operating profit</b>	<b>7,781</b>	<b>3,364</b>	-	<b>11,145</b>

<b>Jan-June 2021</b>	<b>Zinzino</b>	<b>Faun</b>	<b>Group elimination</b>	<b>Total Group</b>
Net sales	586,025	95,754	-62,398	<b>619,381</b>
Other revenue	36,168	-	-	<b>36,168</b>
Own work capitalised	214	-	-	<b>214</b>
Goods for resale and other direct costs	-445,366	-66,516	62,398	<b>-449,484</b>
<b>Gross profit</b>	<b>177,041</b>	<b>29,238</b>	-	<b>206,279</b>
External operating expenses	-63,891	-6,115	-	<b>-70,006</b>
Personnel costs	-53,361	-12,203	-	<b>-65,564</b>
<b>EBITDA</b>	<b>59,789</b>	<b>10,920</b>	-	<b>70,709</b>
Depreciation/amortisation	-10,065	-368	-	<b>-10,433</b>
<b>Operating profit</b>	<b>49,724</b>	<b>10,552</b>	-	<b>60,276</b>

<b>Jan-June 2020</b>	<b>Zinzino</b>	<b>Faun</b>	<b>Group elimination</b>	<b>Total Group</b>
Net sales	456,312	68,566	-39,165	<b>485,713</b>
Other revenue	30,273	-	-	<b>30,273</b>
Own work capitalised	405	-	-	<b>405</b>
Goods for resale and other direct costs	-350,427	-47,972	39,165	<b>-359,234</b>
<b>Gross profit</b>	<b>136,563</b>	<b>20,594</b>	-	<b>157,157</b>
External operating expenses	-63,037	-2,985	-	<b>-66,022</b>
Personnel costs	-38,511	-10,369	-	<b>-48,880</b>
<b>EBITDA</b>	<b>35,015</b>	<b>7,240</b>	-	<b>42,255</b>
Depreciation/amortisation	-7,075	-2,504	-	<b>-9,579</b>
<b>Operating profit</b>	<b>27,940</b>	<b>4,736</b>	-	<b>32,676</b>

<b>Jan-Dec 2020</b>	<b>Zinzino</b>	<b>Faun</b>	<b>Group elimination</b>	<b>Total Group</b>
Net sales	1,014,525	149,685	-89,762	<b>1,074,448</b>
Other revenue	63,707	-	-	<b>63,707</b>
Own work capitalised	490	-	-	<b>490</b>
Goods for resale and other direct costs	-775,225	-104,627	89,762	<b>-790,090</b>
<b>Gross profit</b>	<b>303,497</b>	<b>45,058</b>	-	<b>348,555</b>
External operating expenses	-128,031	-6,895	-	<b>-134,926</b>
Personnel costs	-80,659	-24,434	-	<b>-105,093</b>
<b>EBITDA</b>	<b>94,807</b>	<b>13,729</b>	-	<b>108,536</b>
Depreciation/amortisation	-17,082	-4,876	-	<b>-21,958</b>
<b>Operating profit</b>	<b>77,725</b>	<b>8,853</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.

April-June 2021	Zinzino	Faun	Total Group
Net sales	288,124	15,950	304,074
<b>Revenue from external customers</b>	<b>288,124</b>	<b>15,950</b>	<b>304,074</b>
Goods within Zinzino Health	280,353	-	280,353
Goods within Zinzino Coffee	6,555	-	6,555
Sales of external goods Faun	-	15,950	15,950
Events and other services	1,216	-	1,216
<b>TOTAL</b>	<b>288,124</b>	<b>15,950</b>	<b>304,074</b>

April-June 2020	Zinzino	Faun	Total Group
Net sales	242,879	15,962	258,841
<b>Revenue from external customers</b>	<b>242,879</b>	<b>15,962</b>	<b>258,841</b>
Goods within Zinzino Health	234,863	-	234,863
Goods within Zinzino Coffee	8,016	-	8,016
Sales of external goods Faun	-	15,962	15,962
Events and other services	-	-	-
<b>TOTAL</b>	<b>242,879</b>	<b>15,962</b>	<b>258,841</b>

<b>Jan-June 2021</b>	<b>Zinzino</b>	<b>Faun</b>	<b>Total Group</b>
Net sales	586,025	33,356	<b>619,381</b>
<b>Revenue from external customers</b>	<b>586,025</b>	<b>33,356</b>	<b>619,381</b>
Goods within Zinzino Health	571,160	-	<b>571,160</b>
Goods within Zinzino Coffee	13,649	-	<b>13,649</b>
Sales of external goods Faun	-	33,356	<b>33,356</b>
Events and other services	1,216	-	<b>1,216</b>
<b>TOTAL</b>	<b>586,025</b>	<b>33,356</b>	<b>619,381</b>

<b>Jan-June 2020</b>	<b>Zinzino</b>	<b>Faun</b>	<b>Total Group</b>
Net sales	456,311	29,402	<b>485,713</b>
<b>Revenue from external customers</b>	<b>456,311</b>	<b>29,402</b>	<b>485,713</b>
Goods within Zinzino Health	441,152	-	<b>441,152</b>
Goods within Zinzino Coffee	15,159	-	<b>15,159</b>
Sales of external goods Faun	-	29,402	<b>29,402</b>
Events and other services	-	-	-
<b>TOTAL</b>	<b>456,311</b>	<b>29,402</b>	<b>485,713</b>

<b>Jan-Dec 2020</b>	<b>Zinzino</b>	<b>Faun</b>	<b>Total Group</b>
Net sales	1,014,525	59,923	<b>1,074,448</b>
<b>Revenue from external customers</b>	<b>1,014,525</b>	<b>59,923</b>	<b>1,074,448</b>
Goods within Zinzino Health	981,389	-	<b>981,389</b>
Goods within Zinzino Coffee	30,762	-	<b>30,762</b>
Sales of external goods Faun	-	59,923	<b>59,923</b>
Events and other services	2,374	-	<b>2,374</b>
<b>TOTAL</b>	<b>1,014,525</b>	<b>59,923</b>	<b>1,074,448</b>

## NOTE 3 TRANSACTIONS WITH RELATED PARTIES

<b>Purchase of goods and services</b>	<b>April-June 2021</b>	<b>April-June 2020</b>	<b>Jan-June 2021</b>	<b>Jan-June 2020</b>	<b>Jan-Dec 2020</b>
Saele Invest och Consulting AS*	8,244	8,239	17,247	15,803	32,463
Oh Happy Day Aps**	1,603	1,460	3,490	2,896	6,067
<b>TOTAL</b>	<b>9,847</b>	<b>9,699</b>	<b>20,737</b>	<b>18,699</b>	<b>38,530</b>

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

As of 30/06/2021, the debt to Saele Invest AS relating to sales commissions amounts to SEK 0 (0) thousand and to Oh Happy Day ApS to SEK 103 (11) 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.

\*\*\* Remuneration according to agreement for 75% of the company's establishment costs in Australia 2019/2020 from Oh Happy Day ApS. The receivable from the company as of 30/06/2021 amounts to SEK 2,543 (2,851) thousand.

## NOTE 4 EARNINGS PER SHARE

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SEK	April-June 2021	April-June 2020	Jan-June 2021	Jan-June 2020	Jan-Dec 2020
Earnings per share before dilution	0.66	0.25	1.34	0.75	1.96
Earnings per share after dilution	0.63	0.24	1.28	0.71	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	21,984	8,328	44,858	24,450	64,477
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### Number of shares:

Weighted average number of ordinary shares in calculating earnings per share before dilution	33,528,397	32,767,657	33,403,632	32,674,359	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	35,100,145	34,258,865	35,084,765	34,290,843	34,300,203
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## NOTE 5 EVENTS AFTER THE END OF THE INTERIM PERIOD

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No significant events for the company have occurred after the end of the reporting period as of 30 June 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 perfor-

mance 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, 27 AUGUST 2021

The Board of Directors and the CEO certify that the report for the period 1 January - 30 June 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.

## **Zinzino AB**

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Gothenburg, 27 August 2021

**Hans Jacobsson**  
Board Chair

**Pierre Mårtensson**  
Board Member

**Ingela Nordenhav**  
Board Member

**Staffan Hillberg**  
Board Member

**Anna Frick**  
Board Member

**Dag Bergheim Pettersen**  
Chief Executive Officer

## **AUDITOR'S AUDIT REPORT**

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



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