

# ZINZINO

**+20%** TOTAL REVENUE  
**10%** EBITDA  
**2 SEK** PROPOSED  
SHARE DIVIDEND

YEAR-END REPORT | 2021



# THIS IS ZINZINO

Zinzino is a global D2C company from Scandinavia specialising in biomarker-based personalised dietary supplements and health technology. It is a limited liability company with shares listed on the Nasdaq First North Premier Growth Market. The company's test-based and scientifically proven supplements are available in more than 100 markets worldwide. Zinzino owns the Norwegian research and production units BioActive Foods AS and Faun Pharma AS. The company's head office is located 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 2021, 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.
- 2021 – Sales were launched in South Africa.



# ZINZINO YEAR-END REPORT | 2021

## OCTOBER-DECEMBER

- Total revenues increased by 18% to SEK 401.2 (340.4) million
- Gross profit was SEK 113.7 (110.2) million and gross profit margin was 28.3% (32.4%)
- EBITDA was SEK 26.4 (37.4) million and EBITDA margin was 6.6% (11.0%)
- Cash flow from operating activities was SEK 59.5 (32.9) million
- Sales launch in South Africa
- Launch of new test concept for vitamin D

## JANUARY – DECEMBER

- Total revenues increased by 20% to SEK 1,370.6 (1,138.6) million
- Gross profit amounted to SEK 427.5 (348.6\*) million and the gross profit margin was 31.2% (30.6%\*)
- Adjusted gross profit amounted to SEK 427.5 (326.4\*) million and the adjusted gross profit margin was 31.2% (28.7%\*)
- EBITDA amounted to SEK 137.6 (108.5\*) million and the EBITDA margin was 10.0% (9.5%\*)
- Adjusted EBITDA amounted to SEK 137.6 (86.3\*) million and the adjusted EBITDA margin was 10.0% (7.6%\*)
- Cash flow from operating activities amounted to SEK 153.5 (97.3) million.
- The Board of Directors proposes a dividend to shareholders for 2021 of SEK 2.00 (1.25) per share.
- Liquid assets on the balance sheet date were SEK 235.7 (143.2) million

\*For comparative figures for January-December 2020, gross profit and EBITDA are impacted by SEK 22.2 million through changed accounting as a result of changed terms for distributor remuneration.

# 20% GROWTH AND STRONG PROFITABILITY



*"The full year 2021 delivered 20% growth over the previous year."*

Dag Bergheim Pettersen, CEO, Zinzino

## Zinzino continues to grow combined with good profitability.

The fourth quarter of 2021 was strong in terms of sales, with revenues up 18% overall. We also showed our strength by carrying out several important promotions with our distributors to stimulate their activity and the underlying growth going forward, while maintaining our profitability at an acceptable level.

The full year 2021 delivered 20% growth over the previous year and 10% EBITDA, fully in line with our previously upgraded forecasts. It also means that we can propose a dividend of SEK 2 per share to the upcoming annual meeting, which I think sends a really strong message. We are of course very pleased with the continued good performance and we look forward to the future.

### FOCUS ON GROWTH

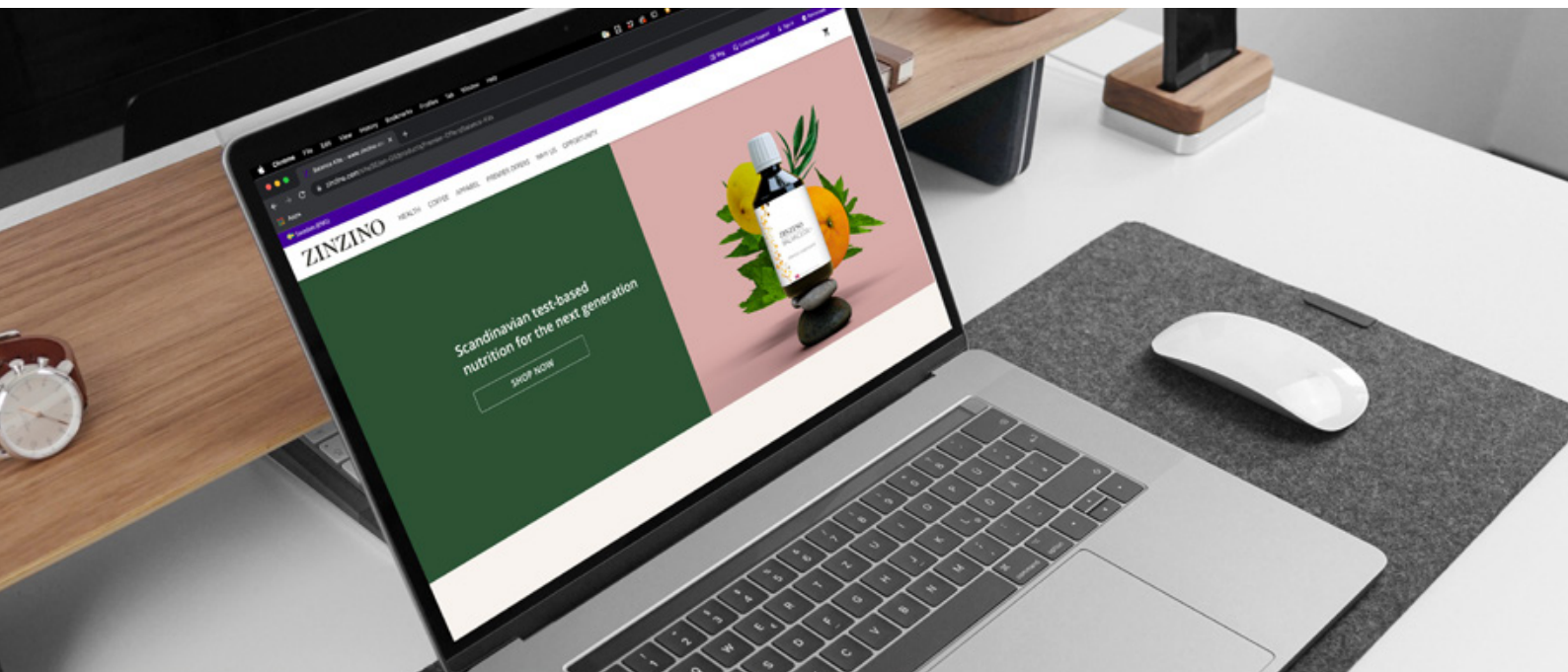
We are a growth company with the objective of increasing our revenues by an average of at least 20% annually in the coming years. Although we have had a slightly flatter growth curve in recent months compared to last year, we have focused on growth for new and existing markets and launched some exciting new products.

We have gradually opened up new markets in recent years. In the fourth quarter of 2021, we started sales in South Africa, which achieved full market status at Zinzino. In total, we now have sales in an entire 40 markets around the world and have a global webshop for an additional 65 countries. We work with 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 in our own production unit. During the fourth quarter, we launched two new products: our new Vitamin D Test and a magnesium and vitamin D product we call ZinoShine+.

Extensive studies at a global level show that people all over the world are very 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.





Zinzino.com

### **DIGITALISATION AND E-COMMERCE**

Digitalisation and the increase in e-commerce are 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.

Our vision is to inspire people all over the world to improve their lives. A stated milestone is reaching 1 million customers by 2025, which we believe we will reach sooner as we already have over 400,000 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.

Our strategy is clear to everyone involved with Zinzino; employees, distributors and suppliers 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 open in more strategic markets, launch a number of new products and develop our e-commerce. We are also looking for potential companies to acquire or invest in to strengthen our global growth. Profitable growth is one of our most important strategic goals and what really inspires all of us who work with Zinzino.

### **Dag Bergheim Pettersen**

CEO Zinzino

*Inspire Change in Life*







# FINANCIAL SUMMARY (SEKMILLION)

Key group figures	01/10/2021 31/12/2021	01/10/2020 31/12/2020	01/01/2021 31/12/2021	01/01/2020 31/12/2020
Total revenue	401.2	340.4	1,370.6	1,138.6
Net sales	372.6	323.1	1,288.5	1,074.4
Sales growth	18%	44%	20%	48%
Gross profit	113.7	110.2	427.5	348.6
Gross profit margin	28.3%	32.4%	31.2%	30.6%
Operating profit before depreciation and amortisation	26.4	37.4	137.6	108.5
Operating margin before depreciation and amortisation	6.6%	11.0%	10.0%	9.5%
Adjusted operating profit before depreciation and amortisation*	26.4	37.4	137.6	86.3
Adjusted operating margin before depreciation and amortisation*	6.6%	11.0%	10.0%	7.6%
Operating profit	20.8	31.0	116.0	86.6
Operating margin	5.2%	9.1%	8.5%	7.6%
Profit/loss before tax	20.5	31.2	114.9	85.0
Net profit	14.5	24.0	89.7	66.3
Net margin	3.6%	7.1%	6.5%	5.8%
Net earnings per share after tax before dilution, SEK	0.43	0.71	2.57	1.96
Net earnings per share after tax at full dilution, SEK	0.41	0.67	2.46	1.88
Cash flow from operating activities	59.5	32.9	153.5	97.3
Cash and cash equivalents	235.7	143.2	235.7	143.2
Equity/assets ratio	25.1%	19.6%	25.1%	19.6%
Equity per share before dilution, SEK	4.50	2.86	4.52	2.88
Number of issued shares on average for the period	33,696,682	33,043,438	33,551,514	32,860,203
Average number of issued shares for the period with full dilution	35,100,145	34,776,661	35,092,535	34,300,203

\*For comparative figures for January-December 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 2022

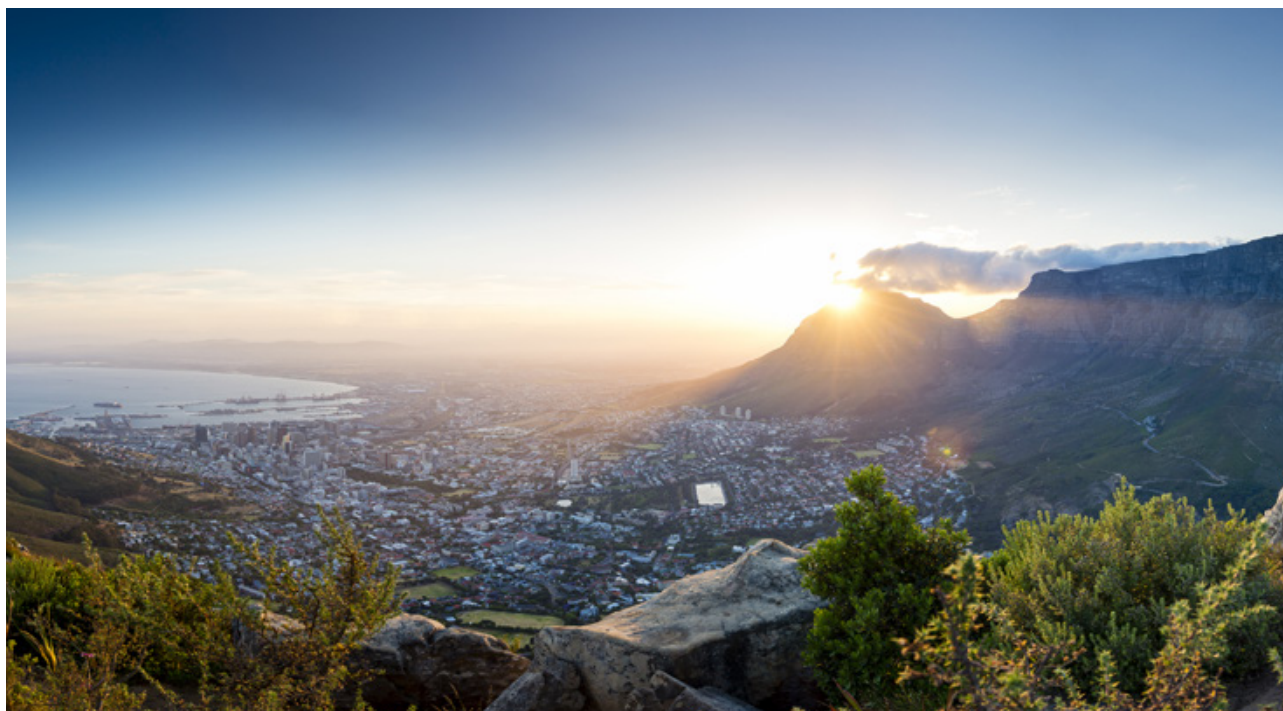
The Zinzino board of directors forecasts that the total revenue will exceed SEK 1,500 (1,371) million. The operating margin before depreciation is expected to exceed 7%.

The average growth in sales at Zinzino for the period 2022-2025 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 Group's net profit as long as liquidity and the equity/assets ratio allow.



# SIGNIFICANT EVENTS

DURING AND AFTER THE FOURTH QUARTER OF 2021



Lions Head, Cape Town, South Africa

## LAUNCH OF NEW TEST CONCEPT FOR VITAMIN D

In October 2021, Zinzino launched a new product concept for vitamin D with the introduction of the new products Vitamin D Test and ZinoShine+. Vitamin D Test is a dry blood test that anonymously analyses a person's vitamin D status. The analysis is carried out by Vitas Analytical Services - an independent GMP-certified laboratory in Norway that is a world leader in dry blood testing. Based on the results, advice is provided on whether the person should increase, decrease or maintain their vitamin D status. As the absorption of vitamin D from the sun is influenced by both seasonal and individual factors, Zinzino recommends continuous testing of vitamin D status. Zinzino has developed ZinoShine+ in order to help people adjust their vitamin D intake based on test results. ZinoShine+ is an all-natural dietary supplement containing vegan vitamin D<sub>3</sub> combined with magnesium. The dose of 12.5 mcg vitamin D<sub>3</sub> per tablet allows for an individualised vitamin D intake to maintain optimal vitamin D levels all year round.

## SALES START IN SOUTH AFRICA IN NOVEMBER

After a thorough and intensive establishment process, sales under the local flag in South Africa started on 9 November 2021, which was celebrated via a simultaneous digital launch event. South Africa is Zinzino's first establishment on the African continent. Zinzino has been working on the establishment in South Africa for several years through an industry consultant. A local organisation has been built up which, at the start of sales, consisted of 285 distributors and a customer base of around 3,000 customers. The logistics are handled via a 3PL solution, in South Africa via the provider Expeditors in Johannesburg. Customer support will be handled from the head office in Gothenburg together with the industry consultant who was contracted as sales manager for South Africa and the entire African continent.

## SEVERAL ONGOING NEW ESTABLISHMENT PROCESSES WITH PLANNED LAUNCH IN 2022

During the quarter, Zinzino continued to work on the establishment processes in a large number of markets around the world. On 3 February 2022, Belgium and Ireland were granted full market status with locally adapted marketing materials and payment solutions. The next planned launch will be Singapore via the company acquired through VMA Life in 2020. This will make it the fourth VMA Life company to achieve full Zinzino market status. The sales launch for Singapore will tentatively be in the second quarter of 2022. In parallel, establishment processes are underway in Russia, Ukraine, the Philippines, Mexico and Serbia, among others. Establishing a presence in these markets also requires the development of payment solutions that are compatible and certified for each market. Zinzino is thus working on the development of payment solutions that meet these requirements, which will be a key part of the expansion process in 2022.







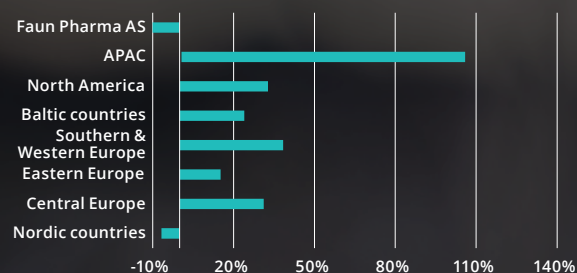
# 2021 | Q4

## SALES AND PROFIT

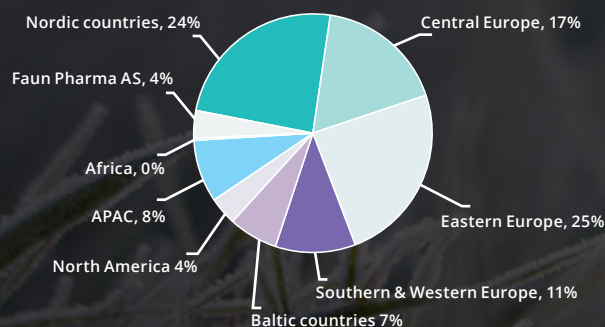
### SALES Q4

In total, revenue for the fourth quarter of 2021 amounted to SEK 401.2 (340.4) million, which represented a growth of 18% compared to the same period the previous year.

### GROWTH PER REGION Q4 2021 VS Q4 2020



### SALES PER REGION Q4



### 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, UK

#### NORTH AMERICA

Canada, USA

#### APAC

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

#### AFRICA

South Africa

### NORDIC COUNTRIES

In the Nordic countries, total revenues decreased by 6% to SEK 98.9 (104.7) million in the fourth quarter of 2021 compared to the same period last year. During the quarter, the focus has been on launching the new vitamin D concept in order to attract new customers and distributor groups. Unfortunately, most planned local events have had to be cancelled due to the change in the pandemic, which has slowed down activity among distributors with reduced new sales, mainly in Denmark and Finland.

However, the decline in revenues from new recruitments was well offset by the high proportion of subscription sales from the large existing customer base in the mature markets of the region. The sales manager for the Nordic countries together with the rest of the team, will continue to support these markets from the head office with activities within sales and marketing.

Faun Pharma AS, the Group's subsidiary and manufacturing unit, reduced external production in the fourth quarter following high internal production combined with planned maintenance at the factory. Overall, this resulted in external sales decreasing by 14% to SEK 15.1 (17.7) million compared to the same period last year.

Overall, total revenues in the Nordic countries, Zinzino and Faun combined, accounted for 28% (36%) of the Group's total revenues in the fourth quarter of 2021.

### THE BALTIC COUNTRIES

In the Baltic countries, revenues increased by 25% to SEK 27.0 (21.5) million in the fourth quarter of 2021 compared to the same period last year. This follows very good growth in Lithuania and Estonia. Estonia had its best sales quarter in a very long time due to high distributor activity following a good response to the quarter's sales promotions. In Latvia, the inflow of new customers and distributors decreased, but revenues were supported by high subscription sales from the large existing customer base. Overall, the Baltic countries accounted for 7% (6%) of the Group's total revenues in the fourth quarter of 2021.

To stimulate activity among distributors in the region, several local events, in the form of both digital and physical marketing activities, were planned for the fourth quarter. The head office continues to support 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 fourth quarter of 2021. The experienced distributor organisation has continued to run its operations with high levels of efficiency and a strong focus on the positive effects of the products on the very health-conscious customer base. In the fourth quarter of 2021, total revenues increased by 31% compared to the same period last year to SEK 70.2 (53.7) million following generally high activity among distributors combined with high subscription revenues. This represented 17% (16%) of the Group's total revenues in the fourth quarter of 2021. Zinzino has high hopes that the new vitamin D concept also will attract the highly health-conscious customer base in the region in the future.

#### **EASTERN EUROPE**

Total revenues in the region in the fourth quarter of 2021 amounted to SEK 99.1 (85.0) million, representing 17% growth compared to the same period last year. The performance in the Czech Republic, Slovakia and Poland continued to be very strong, with many new customers and distributors. The markets are run by a common cluster of distributors working in an organised way across national borders which drives this growth in the region. The Hungarian market continued to decline in new sales but combined this with high revenues based on the large subscriber base in the country. Overall, Eastern Europe accounted for 25% (25%) of the Group's total revenues in the fourth quarter of 2021.

#### **SOUTHERN & WESTERN EUROPE**

Total revenues for the region in the fourth quarter of 2021 amounted to SEK 44.2 (31.5) million, representing a growth of 40% compared to the corresponding period last year.

Continued good performance in most of the countries of the region where the local sales managers support the local distributor organisations by coordinating distributor meetings and dialogue with the head office in Sweden. The strategy to get distributors back in the field has slowed down during the quarter as the pandemic once again took a grip in Europe. Despite the increasing restrictions, distributor activity has been at a consistently high level with many digital events and smaller local events, which in turn has driven the growth of new customers and expanding customer bases, driving the important customer subscription revenues. The region accounted for 11% (9%) of the Group's total revenues for the fourth quarter of 2021.

#### **NORTH AMERICA**

Revenues in North America increased by 33% to SEK 15.2 (11.5) million in the fourth quarter of 2021 compared with the previous year. This follows relatively high distributor activity in both the US and Canada with a strong focus on expanding the customer base and the important associated subscription revenues. North America accounted for 4% (4%) of the Group's total revenues in the fourth quarter of 2021.

#### **APAC**

The APAC region has been the fastest growing region for Zinzino in 2021. Revenues in the APAC region during the fourth quarter of 2021 increased by 105% to a total SEK 30.4 (14.8) million. This was mainly due to a rapid increase in distributor activity and a strong influx of customers in the new markets in Asia. At the same time, good performance has continued to be seen in the part of the region that was previously handled 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. In the fourth quarter of 2021, the region's sales were also affected by severe shutdowns and restrictions due to the current pandemic. In this situation, the distributors worked closely with Zinzino employees where the focus was on educating new distributors on the Zinzino business model and the benefits of the products themselves. 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 8% (4%) of the Group's total revenues in the fourth quarter of 2021.

#### **AFRICA**

Sales started locally in South Africa on 9 November 2021. South Africa is Zinzino's first establishment on the African continent. The focus during the quarter has been to build on the local distributor organisation, which at the start of sales consisted of 285 distributors and a customer base of approximately 3,000 customers. During the fourth quarter, revenues amounted to SEK 1.1 (0.0) million for the African region including the revenues for the other countries in the region which, as before, are handled via Zinzino's global webshop in anticipation of the markets opening under their own local flags.

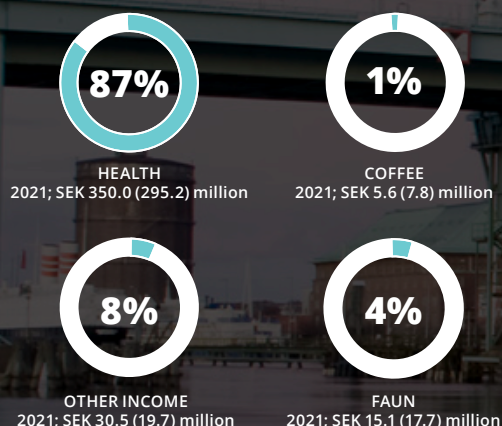


#### SALES PER PRODUCT SEGMENT Q4

The Zinzino Health product segment increased in the fourth quarter of 2021 by 19% to SEK 350.0 (295.2) million and represented 87% (87%) of total revenue. The Zinzino Coffee product area decreased by 28% to SEK 5.6 (7.8) million, which corresponded to 1% (2%) of total revenue. External sales in Faun Pharma AS decreased by 15% compared to the corresponding period last year, following high internal production during the quarter, and amounted to SEK 15.1 (17.7) million, which corresponded to 4% (5%) of total revenues. Other revenue amounted to SEK 30.5 (19.7) million, which corresponded to the remaining 8% (6%) of revenue for the fourth quarter of 2021.

Sales  
SEK million **401.2** (340.4)

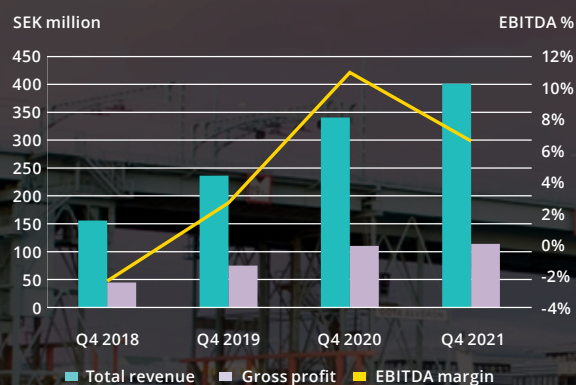
#### SALES PER PRODUCT AREA Q4



#### RESULTS AND FINANCIAL POSITION Q4

##### PROFIT

Gross profit for the fourth quarter of 2021 amounted to SEK 113.7 (110.2) million and the gross profit margin to 28.3% (32.4%). The lower gross margin for the quarter was mainly attributable to the temporary increase in costs for goods, shipping and distributor remuneration related to this year's very successful Black Friday promotion in terms of sales. The promotion was carried out at the end of November to stimulate partner recruitment and new customers in the various sales regions. The promotion temporarily reduced profitability in the fourth quarter, but Zinzino considers the measures necessary to stimulate the activity of the local sales organisations, which slowed down during the pandemic.



The Group's operating profit before depreciation/amortisation amounted to SEK 26.4 (37.4) million and the EBITDA margin was 6.6% (11.0%). The margin decline was entirely due to the temporary deterioration in gross profitability in the fourth quarter.

Operating profit amounted to SEK 20.8 (31.0) million and the operating margin was 5.2% (9.1%). Profit before tax totalled SEK 20.5 (31.2) million and net profit was SEK 14.5 (24.0) million.

##### DEPRECIATION AND AMORTISATION

Depreciation and amortisation were charged to the profit for the period in the amount of SEK 5.6 (6.5) million, of which SEK 0.6 (0.3) million was depreciation of tangible fixed assets and SEK 5.0 (6.2) million was amortisation of intangible fixed assets. Of this, SEK 3.7 (3.9) million is depreciation of right of use assets in accordance with IFRS 16 and SEK 0.2 (0.4) million is amortisation of licences attributable to the acquisition of VMA Life in 2020.







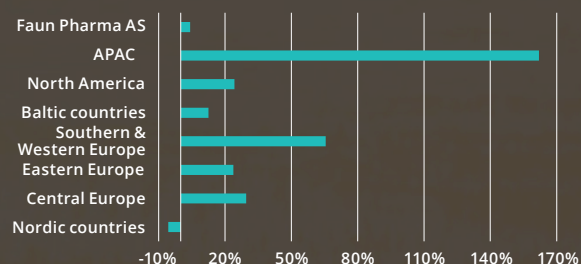
# 2021 | Q1-Q4

## SALES AND PROFITS

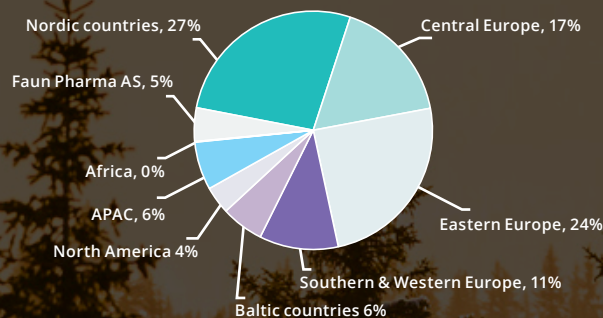
### SALES Q1-Q4

In total, revenue in 2021 amounted to SEK 1,370.6 (1,138.6) million which represented growth of 20% compared to the previous year.

### GROWTH PER REGION Q1-Q4 2021 VS Q1-Q4 2020



### SALES PER REGION Q1-Q4



### 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, UK

#### NORTH AMERICA

Canada, USA

#### APAC

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

#### AFRICA

South Africa

### NORDIC COUNTRIES

In the Nordic countries, total revenues decreased by 6% to SEK 369.9 (392.0) million in Q1-Q4 2021 compared to the same period last year. This follows some sales growth in the Norwegian market. Performance in Denmark and Sweden was weaker and revenues decreased marginally during the year compared to the previous year. The Finnish market has seen a consistently weaker trend in 2021, losing ground compared to 2020. 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 this year.

Faun Pharma AS, the Group's subsidiary and manufacturing unit, has combined high internal production with continued growth in external production during the year, resulting in external sales increasing by 4% to SEK 62.6 (59.9) million compared to previous year.

Overall, total revenues in the Nordic countries, Zinzino and Faun combined, accounted for 32% (39%) of the Group's total revenues in the first six months of 2021.

### BALTIC COUNTRIES

In the Baltic countries, total Q1-Q4 2021 cumulative revenues increased by 13% to SEK 79.2 (70.4) million compared to the same period last year. The growth was entirely attributable to Lithuania, where distributor activity has been consistently high with a large influx of new customers during the year. In Estonia, the decline stopped completely in the last months of the year, with increased distributor activity as the main underlying cause. On the other hand, there was a slight decline in sales in Latvia, where revenue during the year came mainly from the high proportion of repeat purchases of the company's products by existing customers. The region's total revenues represented 6% (6%) of the Group's total revenues in Q1-Q4 2021.

### CENTRAL EUROPE

Consistently good growth in the region during the year. The experienced distributor organisation has run 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 big interest in health that continues to grow. During the year, cumulative revenues compared to previous years increased by 30% to SEK 232.7 (179.6) million, following generally high activity among distributors. This represented 17% (16%) of the Group's total revenues in Q1-Q4 2021.



#### **EASTERN EUROPE**

Total cumulative revenues Q1-Q4 2021 increased by 24% to SEK 337.1 (272.3) million compared to the same period last year. Consistently strong growth in the region during the year. Growth was mainly driven by the Czech Republic, Slovakia and Poland with an increased customer base and subscription orders following high underlying distributor activity from existing and new distributors. Overall, the region accounted for 24% (24%) of the Group's total revenues in Q1-Q4 2021.

#### **SOUTHERN & WESTERN EUROPE**

The performance of the region has been consistently very strong in 2021 where all markets showed positive development. Total revenues Q1-Q4 2021 increased by 66% to SEK 147.1 (88.8) million. Very high activity in the growing distributor organisation in the UK and Ireland, where the digital meeting culture has been gradually replaced by face-to-face interactions during the year 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% (8%) of the Group's total revenues in Q1-Q4 2021.

#### **NORTH AMERICA**

Revenues in North America increased during the year by 24% to SEK 51.3 (41.3) million compared to the same period last year. Overall, the region has shown positive development during the year with good growth, mainly driven by an increase in customer subscriptions and related orders. The underlying growth from the activity of existing and new distributors with an extra emphasis on gaining new customer was the main underlying reason for the good customer subscription performance. 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 Q1-Q4 2021.

#### **APAC**

The region's revenues increased during the year by 162% to SEK 89.7 (34.3) million compared to the same period last year. Consistently high activity among new and existing distributors, but pandemic restrictions and shutdowns have nonetheless slowed sales performance in the region to some extent. At the same time, the establishment team is working intensively to complete all the processes required to open more markets under the Zinzino banner. By the end of the year, Hong Kong, Taiwan and Malaysia had achieved full Zinzino market status and more markets are in the pipeline. 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% (3%) of the Group's total revenues in Q1-Q4 2021.

#### **AFRICA**

The new region's revenue was fully attributed to the last quarter of 2021 and amounted to SEK 1.1 (0.0) million.



#### SALES PER PRODUCT SEGMENT Q1-Q4

The Zinzino Health product area increased Q1-Q4 2021 by 22% to SEK 1,197.8 (981.3) million and accounted for 87% (86%) of total revenues. The Zinzino Coffee product area decreased by 18% to SEK 25.2 (30.8) million, which corresponded to 2% (3%) of total revenue. External sales from Faun Pharma AS increased by 4% to SEK 62.6 (59.9) million, corresponding to 5% (5%) of total revenues. Other revenues amounted to SEK 85.0 (66.6) million, representing the remaining 6% (6%) of revenues for Q1-Q4 2021.

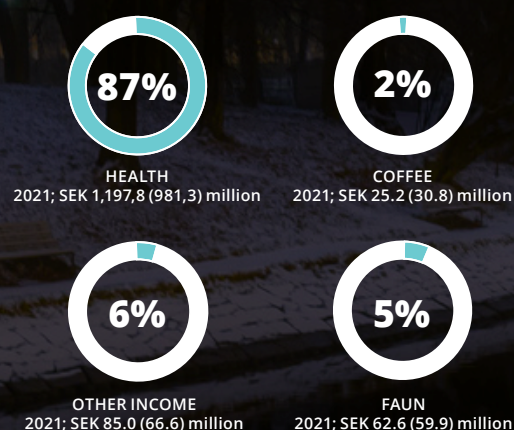
#### GROWTH STRATEGY

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, and 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 short and 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 India, as well as the ongoing new establishment project in Asia. The establishment model follows the same concept for the various markets with customisation of websites and marketing materials in the local languages. Through the global webshop, Zinzino also covers more than 100 different countries around the world. This approach reduces the pressure on the organisation to open up full-scale markets, which requires significant internal resources that can now be fully allocated to the ongoing projects in Asia, Africa and Europe.

Sales  
SEK million **1,370.6** (1,138,6)

#### SALES PER PRODUCT AREA Q1-Q4

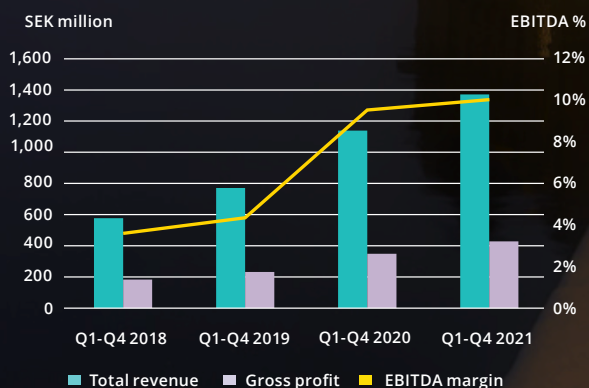




## RESULTS AND FINANCIAL POSITION Q1- Q4

### PROFITS

Accumulated gross profit Q1-Q4 amounted to SEK 427.5 (348.6) million and the gross profit margin to 31.2% (30.6%). Gross profitability improved progressively during the year through price adjustments and changes in the remuneration model for distributors, although a temporary increase in costs related to this year's Black Friday promotion dampened the impact somewhat. Internal production has also been streamlined. Overall, the measures have resulted in an overall margin improvement on cost of goods sold. Adjusted gross profit amounted to SEK 427.5 (326.4) million and the adjusted gross margin to 31.2% (28.7%). The adjustment related to the one time effect of the change of the distributor reimbursement in 2020. The positive effect of the change in accounting amounted to SEK 22.2 million and occurred in the first quarter of 2020.



Operating profit before depreciation/amortisation amounted to SEK 137.6 (108.5) million. The group's EBITDA margin was 10.0% (9.5%). Adjusted operating profit before depreciation/amortisation amounted to SEK 137.6 (86.3) million and the adjusted EBITDA margin to 10.0% (7.6%). 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 116.0 (86.6) million and the operating margin was 8.5% (7.6%). Adjusted operating profit amounted to SEK 116.0 (64.4) million and the adjusted operating margin to 8.5% (5.7%). Profit before tax totalled SEK 114.9 (85.0) million and net profit was SEK 89.7 (66.3) million. Adjusted profit before tax amounted to SEK 114.9 (62.8) million and adjusted net profit to SEK 89.7 (48.9) million.

### INVENTORIES

The Group's total inventories on the balance sheet date amounted to SEK 158.7 (126.9) million, where the company generally has higher inventory levels to ensure deliveries. At the same time, the company has built up inventory levels in the APAC region as well as in India and South Africa to ensure efficient deliveries to the rapidly growing demand in the respective regions.

### FINANCIAL POSITION

On the balance sheet date, cash totalled SEK 235.7 (143.2) million. Cash flow of the period from operating activities totalled SEK 153.5 (97.3) million. The Group's equity/assets ratio was 25% (20%). Equity in the Group at the end of the period amounted to SEK 151.7 (94.7) million, corresponding to SEK 4.52 (2.88) per share. 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 fourth quarter of 2021, Zinzino continued to strengthen the organisation to handle the rapid sales growth and global expansion. During the quarter, the IT, Logistics and Customer and Partner Support teams in particular were further strengthened.

Zinzino has continued to follow the recommendations of the relevant authorities in the fourth quarter of 2021, which meant that during the quarter, Zinzino returned to working at home to help reduce the spread of infection in the community and workplace.

The number of employees in the group at the end of the year totalled 224 (187) people, of which 138 (116) are women. In addition, 19 (17) people worked at the Group, via consulting agreements, of which 5 (5) were women.

## SIGNIFICANT RISKS AND UNCERTAINTIES IN THE BUSINESS

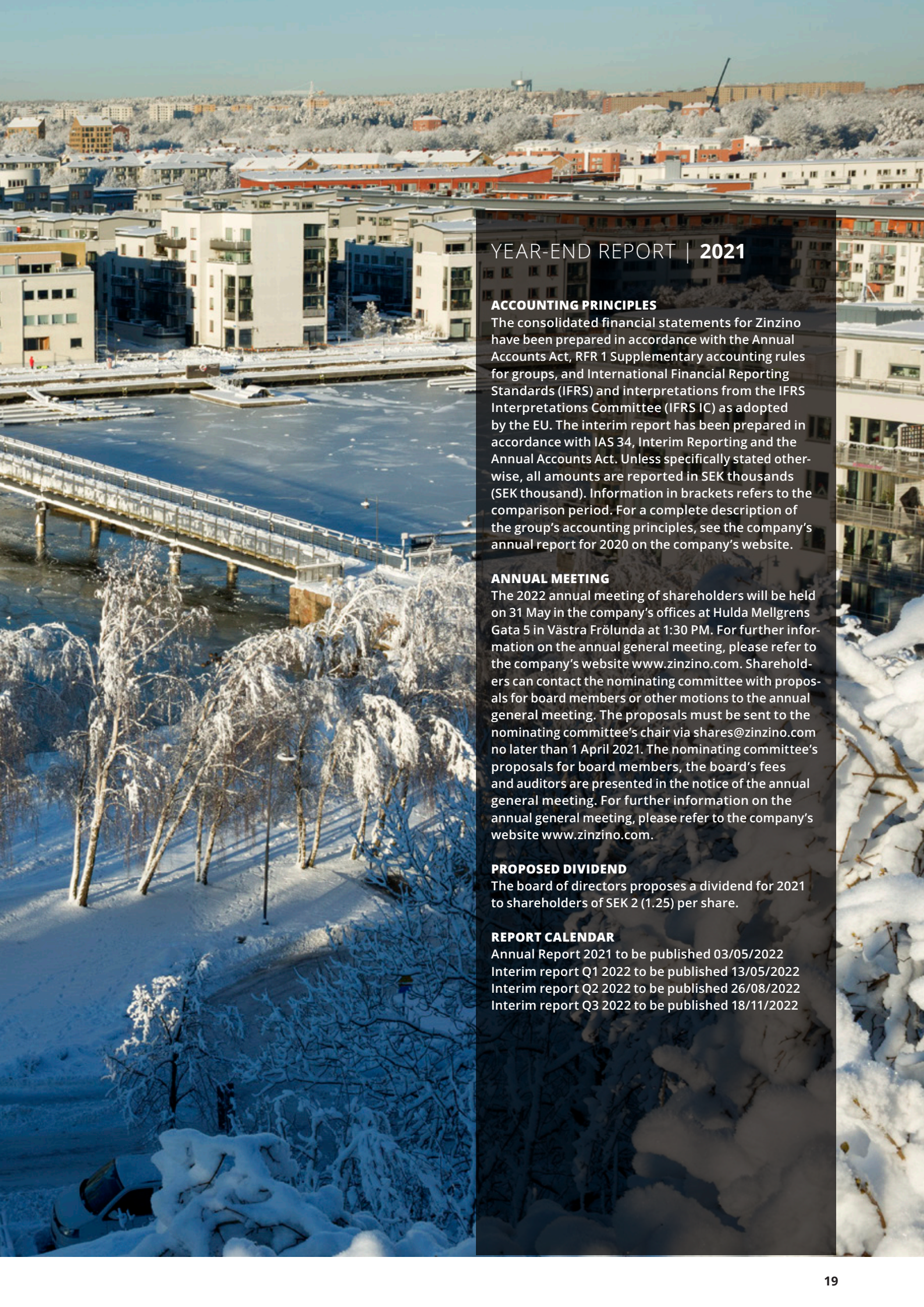
The company's main risks are in its own organisation's ability to manage costs during strong growth. In addition, there are risks related to purchases and access to raw materials at times of high expansion, risks with complex IT systems managing sales and currency risks as Zinzino has both revenues and 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 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 for 2020 published on 28 April 2021, no new risks have been identified.

## NUMBER OF OUTSTANDING SHARES

As of 31 December 2021, the share capital was divided into 33,702,278 shares, of which 5,113,392 are A shares (1 vote) and 28,588,886 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 366,100 warrants have already been exercised for share subscription as of 31 December 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 36,033 warrants have already been exercised for share subscription as of 31 December 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 2025.

If all the warrants issued as of 31/12/2021 are exercised for subscription of 2,397,867 shares, the share capital dilution will be approximately 7%.





## YEAR-END REPORT | 2021

### 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 MEETING

The 2022 annual meeting of shareholders will be held on 31 May in the company's offices at Hulda Mellgrens Gata 5 in Västra Frölunda at 1:30 PM. For further information on the annual general meeting, please refer to the company's website [www.zinzino.com](http://www.zinzino.com). Shareholders can contact the nominating committee with proposals for board members or other motions to the annual general meeting. The proposals must be sent to the nominating committee's chair via [shares@zinzino.com](mailto:shares@zinzino.com) no later than 1 April 2021. The nominating committee's proposals for board members, the board's fees and auditors are presented in the notice of the annual general meeting. For further information on the annual general meeting, please refer to the company's website [www.zinzino.com](http://www.zinzino.com).

### PROPOSED DIVIDEND

The board of directors proposes a dividend for 2021 to shareholders of SEK 2 (1.25) per share.

### REPORT CALENDAR

Annual Report 2021 to be published 03/05/2022  
Interim report Q1 2022 to be published 13/05/2022  
Interim report Q2 2022 to be published 26/08/2022  
Interim report Q3 2022 to be published 18/11/2022



# GROUP REPORT

## SUMMARY OF FINANCIAL POSITION

Amounts in SEK thousands	01/10/2021 31/12/2021	01/10/2020 31/12/2020	01/01/2021 31/12/2021	01/01/2020 31/12/2020
Net sales	372,571	323,128	1,288,481	1,074,448
Other revenue	27,905	17,282	80,635	63,707
Own work capitalised	757	-	1,497	490
Goods for resale and other direct costs	-287,484	-230,179	-943,093	-790,090
<b>Gross profit</b>	<b>113,749</b>	<b>110,231</b>	<b>427,520</b>	<b>348,555</b>
External operating expenses	-48,441	-41,021	-154,211	-134,926
Personnel costs	-38,861	-31,773	-135,739	-105,093
Depreciation/amortisation	-5,603	-6,481	-21,602	-21,958
<b>Operating profit</b>	<b>20,844</b>	<b>30,956</b>	<b>115,968</b>	<b>86,578</b>
Net financial income/expense	-330	196	-1,050	-1,563
Tax	-6,014	-7,122	-25,208	-18,689
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>14,500</b>	<b>24,030</b>	<b>89,710</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	2,386	-603	5,029	-5,546
<b>Other comprehensive profit/loss for the period</b>	<b>2,386</b>	<b>-603</b>	<b>5,029</b>	<b>-5,546</b>
<b>TOTAL COMPREHENSIVE PROFIT/LOSS FOR THE PERIOD</b>	<b>16,886</b>	<b>23,427</b>	<b>94,739</b>	<b>60,780</b>

#### Profit/loss for the period attributable to:

Parent company's shareholders	14,335	23,364	86,204	64,477
Non-controlling interest	165	666	3,506	1,849
<b>TOTAL</b>	<b>14,500</b>	<b>24,030</b>	<b>89,710</b>	<b>66,326</b>

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

Parent company's shareholders	16,721	22,761	91,233	58,931
Non-controlling interest	165	666	3,506	1,849
<b>TOTAL</b>	<b>16,886</b>	<b>23,427</b>	<b>94,739</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	0.43	0.71	2.57	1.96
Earnings per share after dilution	0.41	0.67	2.46	1.88



# GROUP REPORT

## SUMMARY OF FINANCIAL POSITION

Amounts in SEK thousands	31/12/2021	31/12/2020
<b>Fixed assets</b>		
Goodwill	40,631	36,593
Other intangible fixed assets	22,904	19,225
Equipment, tools and installations	11,047	6,831
Right-of-Use Assets	38,063	43,553
Financial fixed assets	5,094	3,698
<b>Total fixed assets</b>	<b>117,739</b>	<b>109,900</b>
<b>Current assets</b>		
Inventories	158,657	126,948
Current receivables	57,950	66,536
Pre-paid costs and accrued revenues	35,128	36,791
Cash and bank balances	235,732	143,218
<b>Total current assets</b>	<b>487,467</b>	<b>373,493</b>
<b>TOTAL ASSETS</b>	<b>605,206</b>	<b>483,393</b>
<b>Equity</b>		
Share capital	3,370	3,305
Other contributed capital	35,830	27,507
Retained earnings including profit/loss for the period	112,518	63,851
<b>Total equity</b>	<b>151,718</b>	<b>94,663</b>
<b>Long-term liabilities</b>		
Leasing liabilities	25,025	34,012
Deferred tax liability	1,387	-
Other long-term liabilities	4,516	5,329
<b>Total long-term liabilities</b>	<b>30,928</b>	<b>39,341</b>
<b>Current liabilities</b>		
Accounts payable	44,251	54,686
Tax liabilities	16,998	12,311
Leasing liabilities	13,910	10,119
Other current liabilities	238,867	163,007
Accrued costs and deferred revenues	108,534	109,266
<b>Total current liabilities</b>	<b>422,560</b>	<b>349,389</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>605,206</b>	<b>483,393</b>



# GROUP REPORT

## SUMMARY OF CHANGES IN EQUITY

Amounts in SEK thousands	Share capital	Ongoing rights issue	Other contribu- ted capital	Tran- slation reserves	Retained earnings 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	-	-	-	-	64,477	<b>64,477</b>	1,849	<b>66,326</b>
Other comprehensive profit/ loss for the period	-	-	-	-6,707	-	<b>-6,707</b>	-	<b>-6,707</b>
Share repurchase	-	-	-	-	-669	<b>-669</b>	-	<b>-669</b>
Change of the minority	-	-	-	-	1,882	<b>1,882</b>	-1,882	-
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	-	-	-	-	86,204	<b>86,204</b>	3,506	<b>89,710</b>
Other comprehensive profit/loss for the period	-	-	-	4,468	-	<b>4,468</b>	-	<b>4,468</b>
Share repurchase	-	-	-	-	-1,412	<b>-1,412</b>	-	<b>-1,412</b>
Change of the minority	-	-	-	-	101	<b>101</b>	-101	-
Rights issue	65	-24	8,346	-	-	<b>8,387</b>	-	<b>8,387</b>
Dividends	-	-	-	-	-42,120	<b>-42,120</b>	-1,978	<b>-44,098</b>
<b>Closing balance</b>	<b>3,370</b>	<b>7</b>	<b>35,823</b>	<b>-804</b>	<b>104,658</b>	<b>143,054</b>	<b>8,665</b>	<b>151,718</b>
<b>31/12/2021</b>								



# GROUP REPORT

## SUMMARY OF CASH FLOWS

Amounts in SEK thousands	01/10/2021 31/12/2021	01/10/2020 31/12/2020	01/01/2021 31/12/2021	01/01/2020 31/12/2020
<b>Operating activities</b>				
Profit/loss before financial items	20,844	30,956	115,968	86,578
Depreciation and amortisation/write-downs	5,603	6,481	21,602	21,958
Currency fluctuations	-2,685	1,023	-5,743	2,679
<b>Total</b>	<b>23,762</b>	<b>38,460</b>	<b>131,827</b>	<b>111,215</b>
Interest received	64	11	383	91
Interest paid	-393	-42	-1,432	-1,654
Tax paid	-5,283	-477	-20,521	-4,314
<b>Total</b>	<b>-5,612</b>	<b>-508</b>	<b>-21,570</b>	<b>-5,877</b>
<b>Cash flow from operating activities before changes in operating capital</b>	<b>18,150</b>	<b>37,952</b>	<b>110,257</b>	<b>105,338</b>
<b>Cash flow from changes in operating capital</b>				
Change in inventories	11,408	3,161	-31,709	-36,560
Change in current receivables	-6,126	-11,573	10,252	-70,259
Change in current liabilities	36,076	3,319	64,692	98,793
<b>Total</b>	<b>41,358</b>	<b>-5,093</b>	<b>43,235</b>	<b>-8,026</b>
<b>Cash flow from operating activities</b>	<b>59,508</b>	<b>32,859</b>	<b>153,492</b>	<b>97,312</b>
<b>Investment activity</b>				
Investments in intangible fixed assets	-1,973	-	-5,836	-2,321
Investments in tangible fixed assets	-852	-523	-3,838	-2,561
Investments in financial fixed assets	-80	-668	-2,308	-4,502
<b>Cash flow from investment activities</b>	<b>-2,905</b>	<b>-1,191</b>	<b>-11,982</b>	<b>-9,384</b>
<b>Financing activities</b>				
Amortisation of lease liabilities attributable to lease agreements	-4,022	-5,686	-15,263	-13,424
Issuance of options	-	262	-	2,140
Rights issue	225	3,837	8,387	12,724
Dividends	-	-	-42,120	-22,987
<b>Cash flow from financing activities</b>	<b>-3,797</b>	<b>-1,587</b>	<b>-48,996</b>	<b>-21,547</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>52,806</b>	<b>30,081</b>	<b>92,514</b>	<b>66,381</b>
<b>Cash and cash equivalents at start of period</b>	<b>182,926</b>	<b>113,137</b>	<b>143,218</b>	<b>76,837</b>
<b>Cash and cash equivalents at end of period</b>	<b>235,732</b>	<b>143,218</b>	<b>235,732</b>	<b>143,218</b>
<b>Change in cash and cash equivalents</b>	<b>52,806</b>	<b>30,081</b>	<b>92,514</b>	<b>66,381</b>



# PARENT COMPANY REPORT

## SUMMARY INCOME STATEMENT

Amounts in SEK thousands	01/10/2021 31/12/2021	01/10/2020 31/12/2020	01/01/2021 31/12/2021	01/01/2020 31/12/2020
Net sales	39,439	58,105	118,190	73,766
Other revenue	3,860	5,108	22,291	10,423
Goods for resale and other direct costs	-32,591	-38,458	-103,744	-43,768
<b>Gross profit</b>	<b>10,708</b>	<b>24,755</b>	<b>36,737</b>	<b>40,421</b>
External operating expenses	-7,038	-6,547	-26,326	-18,397
Depreciation/amortisation	-157	-142	-606	-421
<b>Operating profit</b>	<b>3,513</b>	<b>18,066</b>	<b>9,805</b>	<b>21,603</b>
Net financial income/expense	58,039	28,282	61,277	29,292
Tax	-639	-5,067	-2,196	-5,067
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>60,913</b>	<b>41,281</b>	<b>68,886</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 REPORT

## SUMMARY OF FINANCIAL POSITION

Amounts in SEK thousands	31/12/2021	31/12/2020
<b>Fixed assets</b>		
Intangible fixed assets	4,910	1,886
Tangible fixed assets	31	-
Financial fixed assets	104,330	100,009
<b>Total fixed assets</b>	<b>109,271</b>	<b>101,895</b>
<b>Current assets</b>		
Current receivables	2,252	57
Intra-group receivables	24,659	18,200
Pre-paid costs and accrued revenues	2,331	2,941
Cash and bank balances	4,471	7,091
<b>Total current assets</b>	<b>33,713</b>	<b>28,289</b>
<b>TOTAL ASSETS</b>	<b>142,984</b>	<b>130,184</b>
<b>Equity</b>		
<i>Restricted equity</i>		
Share capital	3,370	3,305
Ongoing rights issue	7	31
Fund for development expenditures	4,910	1,886
<i>Unrestricted equity</i>		
Share premium reserve	45,154	36,808
Retained earnings (including profit/loss for the year)	52,438	28,696
<b>Total equity</b>	<b>105,879</b>	<b>70,726</b>
<b>Long-term liabilities</b>		
Long-term liabilities	4,070	4,913
Intra-group long-term liabilities	15,476	15,476
<b>Total long-term liabilities</b>	<b>19,546</b>	<b>20,389</b>
<b>Current liabilities</b>		
Tax liabilities	1,727	5,067
Intra-group current liabilities	2,512	22,265
Other current liabilities	11,902	10,866
Accrued costs and deferred revenues	1,418	871
<b>Total current liabilities</b>	<b>17,559</b>	<b>39,069</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>142,984</b>	<b>130,184</b>



# PARENT COMPANY REPORT

## 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>-</b>	<b>1,129</b>	<b>22,138</b>	<b>2,734</b>	<b>29,259</b>
Profit/loss for the period	-	-	-	-	45,828	<b>45,828</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	-	-	-	-	68,886	<b>68,886</b>
Internally generated intangible assets	-	-	3,024	-	-3,024	-
Rights issue	65	-24	-	8,346	-	<b>8,387</b>
Dividends	-	-	-	-	-42,120	<b>-42,120</b>
<b>Closing balance 31/12/2021</b>	<b>3,370</b>	<b>7</b>	<b>4,910</b>	<b>45,154</b>	<b>52,438</b>	<b>105,879</b>



# PARENT COMPANY REPORT

## SUMMARY OF CASH FLOWS

Amounts in SEK thousands	01/10/2021 31/12/2021	01/10/2020 31/12/2020	01/01/2021 31/12/2021	01/01/2020 31/12/2020
<b>Operating activities</b>				
Profit/loss before financial items	3,513	18,066	9,805	21,603
Depreciation and amortisation/write-downs	157	142	606	421
Currency fluctuations	-2,001	39	-1,329	-950
<b>Total</b>	<b>1,669</b>	<b>18,247</b>	<b>9,082</b>	<b>21,074</b>
Interest received	110	-	565	23
Interest paid	-1	-1	-3	-2
Tax paid	-128	-	-5,536	-
<b>Total</b>	<b>-19</b>	<b>-1</b>	<b>-4,974</b>	<b>21</b>
<b>Cash flow from operating activities before changes in operating capital</b>	<b>1,650</b>	<b>18,246</b>	<b>4,108</b>	<b>21,095</b>
<b>Cash flow from changes in operating capital</b>				
Change in current receivables	-2,178	-223	-46	-2,029
Change in current liabilities	129	-13,999	32,282	2,523
<b>Cash flow from operating activities</b>	<b>-399</b>	<b>4,024</b>	<b>36,344</b>	<b>21,589</b>
<b>Investment activity</b>				
Investments in intangible fixed assets	-906	-649	-3,107	-1,179
Investments in tangible fixed assets	-	-	-38	-
Investments in financial fixed assets	-84	-898	-4,321	-5,237
<b>Cash flow from investment activities</b>	<b>-990</b>	<b>-1,547</b>	<b>-7,466</b>	<b>-6,416</b>
<b>Financing activities</b>				
Issuance of options	-	-14	-	8
Rights issue	225	3,837	8,387	12,724
Dividends received	-	-	2,235	-
Dividends	-	-	-42,120	-22,987
<b>Cash flow from financing activities</b>	<b>198</b>	<b>3,823</b>	<b>-31,498</b>	<b>-10,255</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-1,164</b>	<b>6,300</b>	<b>-2,620</b>	<b>4,918</b>
<b>Cash and cash equivalents at start of period</b>	<b>5,635</b>	<b>791</b>	<b>7,091</b>	<b>2,173</b>
<b>Cash and cash equivalents at end of period</b>	<b>4,471</b>	<b>7,091</b>	<b>4,471</b>	<b>7,091</b>
<b>Change in cash and cash equivalents</b>	<b>-1,164</b>	<b>6,300</b>	<b>-2,620</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 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. 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 revenue.

The Health product area includes the Balance, Immune Supplement, Skin Care and Weight Control sub-areas. The product area Coffee is also called Beverages and includes espresso machines, coffees, teas and accessories. 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 carries out production and sales to external customers not under 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. In Q3 and Q4 2020, the VMA Life segment included sales from the operations in Singapore, Malaysia, Taiwan and Thailand that were added in connection with the acquisition of VMA Life. In 2021, sales in these countries were 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 to 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 two 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 business segment profit/loss.

Oct-Dec 2021	Zinzino	Faun	Group elimination	Total Group
Net sales	358,690	23,610	-9,729	<b>372,571</b>
Other revenue	26,486	1,419	-	<b>27,905</b>
Own work capitalised	757	-	-	<b>757</b>
Goods for resale and other direct costs	-280,224	-16,989	9,729	<b>-287,484</b>
<b>Gross profit</b>	<b>105,709</b>	<b>8,040</b>	-	<b>113,749</b>
External operating expenses	-45,946	-2,495	-	<b>-48,441</b>
Personnel costs	-31,144	-7,717	-	<b>-38,861</b>
<b>EBITDA</b>	<b>28,619</b>	<b>-2,172</b>	-	<b>26,447</b>
Depreciation/amortisation	-4,265	-1,338	-	<b>-5,603</b>
<b>Operating profit</b>	<b>24,354</b>	<b>-3,510</b>	-	<b>20,844</b>

Oct-Dec 2020	Zinzino	Faun	Group elimination	Total Group
Net sales	305,438	41,133	-23,443	<b>323,128</b>
Other revenue	17,282	-	-	<b>17,282</b>
Own work capitalised	-	-	-	<b>-</b>
Goods for resale and other direct costs	-225,367	-28,255	23,443	<b>-230,179</b>
<b>Gross profit</b>	<b>97,353</b>	<b>12,878</b>	-	<b>110,231</b>
External operating expenses	-38,783	-2,238	-	<b>-41,021</b>
Personnel costs	-24,083	-7,690	-	<b>-31,773</b>
<b>EBITDA</b>	<b>34,487</b>	<b>2,950</b>	-	<b>37,437</b>
Depreciation/amortisation	-5,221	-1,260	-	<b>-6,481</b>
<b>Operating profit</b>	<b>29,266</b>	<b>1,690</b>	-	<b>30,956</b>



<b>Jan-Dec 2021</b>	<b>Zinzino</b>	<b>Faun</b>	<b>Group elimination</b>	<b>Total Group</b>
Net sales	1,227,344	161,604	-100,467	<b>1,288,481</b>
Other revenue	79,216	1,419	-	<b>80,635</b>
Own work capitalised	1,497	-	-	<b>1,497</b>
Goods for resale and other direct costs	-931,838	-111,722	100,467	<b>-943,093</b>
<b>Gross profit</b>	<b>376,219</b>	<b>51,301</b>	<b>-</b>	<b>427,520</b>
External operating expenses	-146,323	-7,888	-	<b>-154,211</b>
Personnel costs	-108,724	-27,015	-	<b>-135,739</b>
<b>EBITDA</b>	<b>121,172</b>	<b>16,398</b>	<b>-</b>	<b>137,570</b>
Depreciation/amortisation	-16,506	-5,096	-	<b>-21,602</b>
<b>Operating profit</b>	<b>104,666</b>	<b>11,302</b>	<b>-</b>	<b>115,968</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>-</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>-</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>-</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 indefinitely 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.

Oct-Dec 2021	Zinzino	Faun	Total Group
Net sales	358,690	13,881	372,571
<b>Revenue from external customers</b>	<b>358,690</b>	<b>13,881</b>	<b>372,571</b>
Goods within Zinzino Health	350,005	-	350,005
Goods within Zinzino Coffee	5,603	-	5,603
Sales of external goods Faun	-	13,881	13,881
Events and other services	3,082	-	3,082
<b>TOTAL</b>	<b>358,690</b>	<b>13,881</b>	<b>372,571</b>

Oct-Dec 2020	Zinzino	Faun	Total Group
Net sales	305,439	17,689	323,128
<b>Revenue from external customers</b>	<b>305,439</b>	<b>17,689</b>	<b>323,128</b>
Goods within Zinzino Health	295,291	-	295,291
Goods within Zinzino Coffee	7,774	-	7,774
Sales of external goods Faun	-	17,689	17,689
Events and other services	2,374	-	2,374
<b>TOTAL</b>	<b>305,439</b>	<b>17,689</b>	<b>323,128</b>



<b>Jan-Dec 2021</b>	<b>Zinzino</b>	<b>Faun</b>	<b>Total Group</b>
Net sales	1,227,344	61,137	<b>1,288,481</b>
<b>Revenue from external customers</b>	<b>1,227,344</b>	<b>61,137</b>	<b>1,288,481</b>
Goods within Zinzino Health	1,197,856	-	<b>1,197,856</b>
Goods within Zinzino Coffee	25,168	-	<b>25,168</b>
Sales of external goods Faun	-	61,137	<b>61,137</b>
Events and other services	4,320	-	<b>4,320</b>
<b>TOTAL</b>	<b>1,227,344</b>	<b>61,137</b>	<b>1,288,481</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

	01/10/2021 31/12/2021	01/10/2020 31/12/2020	01/01/2021 31/12/2021	01/01/2020 31/12/2020
<b>Purchase of goods and services</b>				
Saele Invest och Consulting AS*	9,244	8,757	34,480	32,463
Oh Happy Day ApS**	1,725	1,612	6,724	6,067
<b>TOTAL</b>	<b>10,969</b>	<b>10,369</b>	<b>41,204</b>	<b>38,530</b>

	01/10/2021 31/12/2021	01/10/2020 31/12/2020	01/01/2021 31/12/2021	01/01/2020 31/12/2020
<b>Sales of goods and services</b>				
Saele Invest & Consulting AS	-	-	-	-
Oh Happy Day ApS***	-	-	-	437
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>437</b>

As of 31/12/2021, the debt to Saele Invest AS relating to sales commissions amounts to SEK 625 (665) thousand and to Oh Happy Day ApS to SEK 0 (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.

\*\*\* 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 31/12/2021 amounts to SEK 2,251 (2,746) thousand.

## NOTE 4 EARNINGS PER SHARE

SEK	01/10/2021 31/12/2021	01/10/2020 31/12/2020	01/01/2021 31/12/2021	01/01/2020 31/12/2020
Earnings per share before dilution	0.43	0.71	2.57	1.96
Earnings per share after dilution	0.41	0.67	2.46	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	14,335	23,364	86,204	64,477
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### Number of shares:

Weighted average number of ordinary shares in calculating earnings per share before dilution	33,696,682	33,043,438	33,551,514	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	34,776,661	35,092,535	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 December 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 metric is important for breaking down 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" means significant revenue or expense items that are reported separately due to the significance of their nature or amount.	The metric is significant for creating an understanding of items affecting comparability.



# GOTHENBURG

## 28 FEBRUARY 2022

The Board of Directors and the CEO certify that the report for the period 1 January - 31 December 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, 28 February 2022

### ***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.



