

ZINZINO

The image is a cover page for a report. It features a blurred photograph of a blue and white train moving past a bus stop. The bus stop has a black frame and glass panels with a yellow pattern. In the foreground, there are yellow autumn leaves. The background shows a building with a red roof and a metal fence. The title 'ZINZINO' is written in large, white, serif font across the top.

INTERMIM REPORT 2021 | Q3

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 2020, 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 INTERIM REPORT 2021 | Q3

JULY-SEPTEMBER

- Total revenues increased by 11% to SEK 313.6 (281.8) million
- Gross profit was SEK 107.5 (81.2) million and gross profit margin was 34.3% (28.8%)
- EBITDA was SEK 40.4 (28.8) million and the EBITDA margin was 12.9% (10.2%)
- Cash flow from operating activities was SEK 23.5 (12.0) million
- Taiwan achieved full market status

JANUARY-SEPTEMBER

- Total revenues increased by 21% to SEK 969.4 (798.2) million
- Gross profit amounted to SEK 313.8 (238.3*) million and the gross profit margin was 32.4% (29.9%*)
- Adjusted gross profit amounted to SEK 313.8 (216.1*) million and the adjusted gross margin to 32.4% (27.1%*)
- EBITDA amounted to SEK 111.1 (71.1*) million and the EBITDA margin to 11.5% (8.9%*)
- Adjusted EBITDA amounted to SEK 111.1 (48.9*) million and the adjusted EBITDA margin to 11.5% (6.1%*)
- Cash flow from operating activities amounted to SEK 94.0 (64.5) million
- Cash and cash equivalents on the balance sheet date amounted to SEK 182.9 (113.1) million

*For comparative figures for January-September 2020, gross profit and EBITDA are affected by SEK 22.2 million due to a change in accounting treatment as a result of changes in distributor reimbursement terms.

ZINZINO CONTINUES TO GROW WITH A STRONG INCREASE IN PROFITABILITY



"We remain a growth company with a target to increase our revenues at least 20% annually."

Dag Bergheim Pettersen, CEO, Zinzino

Zinzino continues to grow and with increased profitability. The third quarter of 2021 is strong, with revenues up by 11% while profitability increases at a fantastic rate.

Needless to say, we are very pleased with the continued strong performance which allows us to stand by our upwardly revised EBITDA forecast for the full year. At the same time, we have had a slightly lower growth rate in the last few months as we matched this year's revenues with our very strong second half of 2020. In view of this, we are now downgrading our revenue target for 2021 to total revenue exceeding at least SEK 1.3 billion for the full year. This still corresponds to a forecast growth of at least 14% for the full year 2021.

FOCUS ON GROWTH, NEW MARKETS, PRODUCT DEVELOPMENT AND E-COMMERCE

We have had a slightly flatter growth curve in recent months compared to the growth rate of the previous 18 months. We remain a growth company with a target to increase our revenues at least 20% annually. We have a clear focus on achieving this both in the current year and in the future. We are launching new markets, new products and continuously improving our e-commerce platform to achieve long-term goals. In conjunction with all this, we have also launched promotions towards our distributors to stimulate their activity and thereby accelerate the growth rate going forward.

We have gradually opened up several markets in recent years. In the third quarter of 2021, we started sales in Taiwan, which achieved full market status at Zinzino. In beginning of November, we also opened our first market in Africa with the launch of South Africa on 9 November. In total, we now operate in an entire 40 markets around the world and have a global webshop for an additional 65 countries. With good forward planning, 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. During the quarter, we launched two new products through 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.

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.



Cape Town, Lions Head, South Africa

AMBITIOUS GOALS

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. A stated milestone of reaching 1 million customers by 2025, which we believe we will reach sooner as we already have over 380,000 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 at least as good as the last and that we will continue to deliver good results on both the top and bottom line of our reports.

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 and next year 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 global growth. Profitable growth is one of our key strategic goals and what really inspires me to push the company forward.

Dag Bergheim Pettersen
CEO Zinzino
Inspire Change in Life

FINANCIAL SUMMARY (SEK MILLION)

Key group figures	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Total revenue	313.6	281.8	969.4	798.2	1,138.6
Net sales	296.5	265.6	915.9	751.3	1,074.4
Sales growth	11%	51%	21%	49%	48%
Gross profit	107.5	81.2	313.8	238.3	348.6
Gross profit margin	34.3%	28.8%	32.4%	29.9%	30.6%
Operating profit before depreciation and amortisation	40.4	28.8	111.1	71.1	108.5
Operating margin before depreciation and amortisation	12.9%	10.2%	11.5%	8,9%	9.5%
Adjusted operating profit before depreciation and amortisation*	40.4	28.8	111.1	48.9	86.3
Adjusted operating margin before depreciation and amortisation*	12.9%	10.2%	11.5%	6.1%	7.6%
Operating profit	34.8	22.9	95.1	55.6	86.6
Operating margin	11.1%	8.1%	9.8%	7.0%	7.6%
Profit/loss before tax	34.6	21.6	94.4	53.9	85.0
Net profit	28.2	17.0	75.2	42.3	66.3
Net margin	9.0%	6.0%	7.8%	5.3%	5.8%
Net earnings per share after tax before dilution, SEK	0.80	0.50	2.15	1.25	1.96
Net earnings per share after tax at full dilution, SEK	0.77	0.48	2.05	1.19	1.88
Cash flow from operating activities	23.5	12.0	94.0	64.5	97.3
Cash and cash equivalents	182.9	113.1	182.9	113.1	143.2
Equity/assets ratio	24.4%	15.6%	24.4%	15.6%	19.6%
Equity per share before dilution, SEK	4.01	2.08	4.04	2.08	2.88
Number of issued shares on average for the period	33,695,678	33,042,595	33,502,412	32,798,453	32,860,203
Average number of issued shares for the period with full dilution	35,100,145	34,533,804	35,089,961	34,414,937	34,300,203

*For comparative figures for January-September 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 Board of Directors of Zinzino adjusts the expected revenues for the full year 2021 to exceed SEK 1,300 (1,139) million, which is lower than the previous revenue forecast of SEK 1,400 million, which was communicated in connection with the report for the first half of 2021. This is due to a slightly weaker growth trend so far in the second half of 2021. At the same time, the expected EBITDA margin for the full year is adjusted once more by 1 percentage point to instead amount to between 9% -12%. However, the Board notes that uncertainty remains regarding 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 the 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 THIRD QUARTER 2021



Zinzino Vitamin D Concept with ZinoShine+ and Vitamin D Test.

LAUNCH OF NEW VITAMIN D TESTING CONCEPT

On 22 October, 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. In order to adjust vitamin D intake based on these tests, Zinzino has developed ZinoShine+, an all-natural dietary supplement containing vegan vitamin D₃ combined with magnesium. The dose of 12.5 mcg vitamin D₃ per tablet allows for an individualised vitamin D intake to maintain optimal vitamin D levels all year round.



Kaohsiung, Taiwan.

TAIWAN ACHIEVES FULL MARKET STATUS

On 9 September 2021, sales started in Taiwan under its own flag as the province achieved full market status. The establishment in Taiwan was made possible by the strategic acquisition of VMA Life by Zinzino in 2020. This was a transition from managing via the global webshop which has acted as a bridge for customers and distributors during the establishment process. The expanded launch gives customers and distributors in Taiwan 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.

Taiwan is ranked tenth in the world for total direct sales, making this a very important strategic launch for Zinzino. With the launch in Taiwan, Zinzino will be available in over 100 markets. Zinzino will continue to develop best practices based on the experience gained during previous establishment processes, thus adapting its operations and achieving rapid growth in new markets.

SALES START IN SOUTH AFRICA ON 9 NOVEMBER 2021

During the quarter, Zinzino has continued to work on the establishment processes in a large number of markets and the next country in line is South Africa. It will be the company's first establishment on the African continent. 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.

Zinzino has been working on the establishment in South Africa for several years. With the help of 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 joined Zinzino in the third quarter of 2021 as sales manager for South Africa and the entire African continent.

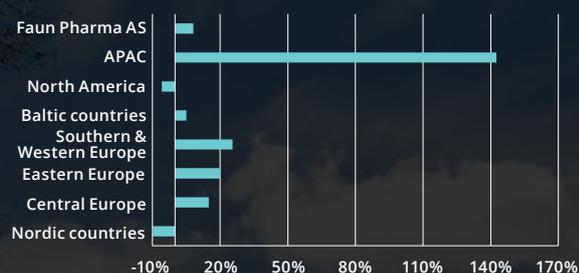
2021 | Q3

SALES AND PROFIT

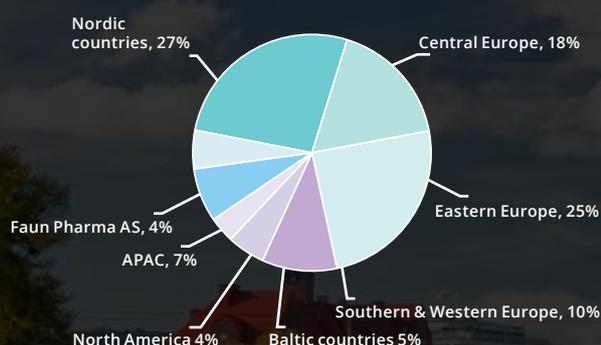
SALES Q3

Total revenues for the third quarter of 2021 amounted to SEK 313.6 (281.8) million, corresponding to a growth of 11% compared to the corresponding period last year.

GROWTH PER REGION Q3 2021 VS Q3 2020



SALES PER REGION Q3



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

NORDIC COUNTRIES

In the Nordic countries, total revenues decreased by 12% to SEK 84.4 (95.7) million in the third quarter of 2021 compared to the same period last year. The main reason for the decline in revenues in the third quarter was the slowdown in partner activity over the summer following the cancellation of another in-person event that normally attracts up to 2,000 of the Nordic distributors. However, the decline in revenues from new subscriptions was well offset by the high proportion of subscription sales from the large existing customer bases 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 the Nordic markets from the head office with sales and marketing activities. During the fourth quarter, there will be a strong focus on local events where the new vitamin D concept will be introduced in order to attract new customers and distributor groups.

Faun Pharma AS, the Group's subsidiary and manufacturing unit, combined high internal and external production during the quarter, resulting in external sales increasing by 8% to SEK 13.9 (12.8) million compared to the same period last year.

Overall, total revenues in the Nordic countries, Zinzino and Faun combined, accounted for 31% (38%) of the Group's total revenues in the third quarter of 2021.

THE BALTIC COUNTRIES

In the Baltic countries, revenues increased by 8% to SEK 16.6 (15.4) million in the third 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% (5%) of the group's total revenues in the third quarter of 2021.

To stimulate distributor activity, the head office supports the local sales organisations in the relatively mature markets of the region. A number of local events, in the form of both digital and in-person marketing activities focusing on the new product concept, are planned for the fourth quarter.

CENTRAL EUROPE

Good growth was seen in Germany, Austria and Switzerland during the third quarter of 2021. The experienced distributor organisation continues to run 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 third quarter of 2021, total revenues increased by 16% compared to the same period last year to SEK 54.6 (47.1) million following generally high activity among distributors combined with high subscription revenues. This represented 18% (17%) of the Group's total revenues in the third quarter of 2021. Zinzino has high hopes that the new vitamin D concept will also attract the highly health-conscious customer base in the DACH region in the future.

EASTERN EUROPE

Total revenues in the region in the third quarter of 2021 amounted to SEK 77.6 (64.3) million, representing 21% growth compared to the same period last year. The performance in the Czech Republic, Slovakia, Poland and Romania continues 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 area. The Hungarian market declined slightly but continued to enjoy very high revenues based on the large subscriber base in the country. Overall, Eastern Europe accounted for 25% (23%) of the Group's total revenues in the third quarter of 2021.

SOUTHERN & WESTERN EUROPE

Total revenues for the region in the third quarter of 2021 amounted to SEK 32.4 (25.4) million, representing a growth of 27% 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 through dialogue with the head office in Sweden. The strategy has been to get the distributors out in the field again after the restrictions were eased throughout the region. This has resulted in increased distributor activity with many local events and smaller functions, which in turn has driven the growth of new customers and expanded customer bases, and thus also the important customer subscription revenues. The region accounted for 10% (9%) of the Group's total revenues for the third quarter of 2021.

NORTH AMERICA

Revenues in North America decreased by 6% to SEK 11.0 (11.6) million in the third quarter of 2021 compared to the corresponding quarter last year. The decrease in revenue was entirely due to the weakening of the US dollar during the third quarter, when revenue increased in local currency terms. 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 the important associated subscription revenues. North America accounted for 4% (4%) of the Group's total revenues in the third quarter of 2021.

APAC

Revenues in the APAC region during the third quarter of 2021 increased by 142% to a combined SEK 23.1 (9.5) 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 the province of Taiwan gaining full market status during the quarter. Other countries in the region have been managed in the third quarter of 2021 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. The region's sales have also been affected by severe shutdowns and restrictions in the third quarter of 2021. In this situation, the distributors have worked closely with Zinzino employees where 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 7% (3%) of the Group's total revenues in the third quarter of 2021.

SALES PER PRODUCT SEGMENT Q3

The Zinzino Health product segment increased by 13% to SEK 276.7 (245.0) million and represented 88% (87%) of total revenue. The Zinzino Coffee product area decreased by 26% to SEK 5.8 (7.8) million, which corresponded to 2% (3%) of total revenue. External sales in Faun Pharma AS increased by 9% compared to the corresponding period last year, following combined high internal and external production during the quarter, and amounted to SEK 13.9 (12.8) million, corresponding to 4% (4%) of total revenues. Other revenue amounted to SEK 17.2 (16.2) million, which corresponded to the remaining 6% (6%) of revenue for the third quarter of 2021.

Sales
SEK million **313.6** (281.8)

SALES PER PRODUCT AREA Q3



HEALTH
2021; SEK 276,7 (245.0) million



COFFEE
2021; SEK 5.8 (7.8) million



OTHER INCOME
2021; SEK 17.2 (16.2) million

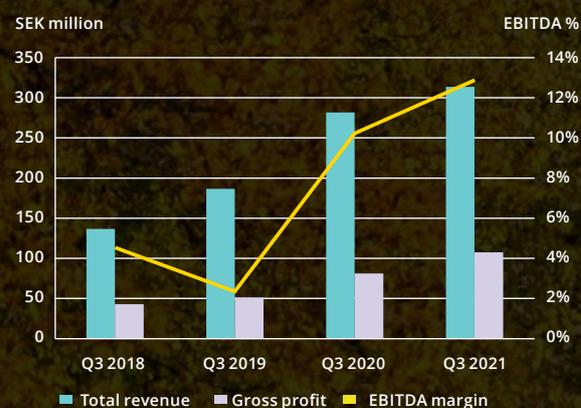


FAUN
2021; SEK 13.9 (12.8) million

RESULTS AND FINANCIAL POSITION Q3

RESULTS

Gross profit for the third quarter of 2021 amounted to SEK 107.5 (81.2) million and gross profit margin to 34.3% (28.8%). 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 third quarter of 2021 compared with the same period in the previous year.



Operating profit before depreciation/amortisation amounted to SEK 40.4 (28.8) million. The Group's EBITDA margin increased to 12.9% (10.2%). 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 34.8 (22.9) million and the operating margin to 11.1% (8.1%). Profit before tax totalled SEK 34.6 (21.6) million and net profit was SEK 28.2 (17.0) million.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation for the quarter were charged to the profit for the period in the amount of SEK 5.6 (5.9) million, of which SEK 0.5 (0.3) million was depreciation of tangible fixed assets and SEK 5.1 (5.6) million was amortisation of intangible fixed assets. Of this, SEK 3.9 (3.6) million is depreciation of right of use assets in accordance with IFRS 16 and SEK 0.2 (0) million is amortisation of licenses attributable to the acquisition of VMA.



2021 | Q1-Q3 SALES AND PROFITS

SALES Q1-Q3

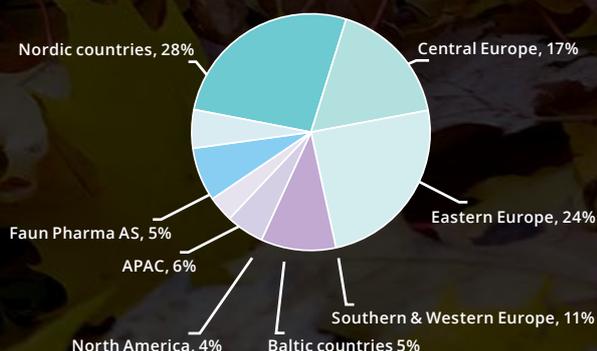
Total revenues for the first nine months of 2021 amounted to SEK 969.4 (798.2) million, representing a growth of 21% compared to the same period last year.

GROWTH PER REGION Q1-Q3 2021 VS Q1-Q3 2020



*APAC 205%

SALES PER REGION Q1-Q3



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

NORDIC COUNTRIES

In the Nordic countries, total revenues decreased by 6% to SEK 271.2 (287.4) million in the first nine months compared to the same period last year. This follows sales growth in the Norwegian market, while performance was slightly weaker in Denmark and Sweden. There, revenues have decreased marginally so far this year compared to the corresponding 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 so far this year.

Faun Pharma AS, the Group's subsidiary and manufacturing unit, combined high internal and external production during the year, resulting in external sales increasing by 12% to SEK 47.3 (42.2) million compared to the same period last year.

Overall, total revenues in the Nordic countries, Zinzino and Faun combined, accounted for 33% (41%) of the Group's total revenues in Q1-Q3 2021.

BALTIC COUNTRIES

In the Baltic countries, total Q1-Q3 2021 cumulative revenues increased by 7% to SEK 52.2 (48.8) million 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. On the other hand, there was a slight decline in sales in Latvia, where revenue came mainly from the high proportion of repeat purchases of the company's products by existing customers. The decline has also continued in Estonia with low distributor activity so far this year. The region's total revenues represented 5% (6%) of the Group's total revenues in Q1-Q3 2021.

CENTRAL EUROPE

Continued good growth in the DACH region during the year, where the experienced distributor organisations operate with high 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 strong interest in health that continues to grow. In Q1-Q3 2021, cumulative revenues increased by 29% compared to SEK 162.5 (125.9) million following generally high activity among distributors. This represented 17% (16%) of the Group's total revenues in Q1-Q3 2021.

EASTERN EUROPE

Total cumulative revenues Q1-Q3 2021 increased by 27% to SEK 238.0 (187.4) million compared to the same period last year. Consistently strong growth in the region during the year with an increasing 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-Q3 2021.

SOUTHERN & WESTERN EUROPE

The performance of the region has been consistently very strong so far this year where all markets showed positive development. Total revenues Q1-Q3 2021 increased by 80% to SEK 102.9 (57.2) 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 over the last quarter as pandemic restrictions have slowly eased. The high level of distributor has activity 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% (7%) of the Group's total revenues in Q1-Q3 2021.

NORTH AMERICA

Revenues in North America increased in Q1-Q3 2021 by 21% to SEK 36.1 (29.8) million compared to the same period last year. Overall, the region has shown positive development during the year with good growth, mainly from an increase in customer subscriptions and related orders. The underlying growth from the activity of existing and new distributors with an extra emphasis on customer acquisition was the main underlying reason for the good 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-Q3 2021.

APAC

The region's revenues increased in Q1-Q3 2021 by 205% to SEK 59.2 (19.5) million compared to the same period last year. Consistently high activity among new and existing distributors, but restrictions and shut-downs due to the pandemic 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. By the end of September, 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% (2%) of the Group's total revenues in Q1-Q3 2021.

SALES PER PRODUCT SEGMENT Q1-Q3

The Zinzino Health product area increased Q1-Q3 2021 by 24% to SEK 847.8 (686.2) million and accounted for 87% (86%) of total revenues. The Zinzino Coffee product area decreased by 15% to SEK 19.5 (23.0) million, which corresponded to 2% (3%) of total revenue. External sales from Faun Pharma AS increased by 12% to SEK 47.3 (42.2) million, corresponding to 5% (5%) of total revenues. Other revenues amounted to SEK 54.8 (46.8) million, corresponding to the remaining 6% (6%) of revenue for Q1-Q3 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 contact to the already-established sales organisations in neighbouring markets. This is precisely the reason for the good sales performance of the relatively newly established markets in Central and Southern Europe. These contacts can occasionally also carry across continents, which has been behind the launch in Australia and the ongoing new establishment project in India. The establishment model follows the same concept for the various markets with customisation of websites and marketing materials in the local languages. Through the launch of the global webshop, Zinzino also covers a total of 100 different countries around the world. This approach reduces the pressure on the organisation to open up full-scale markets, which requires major internal resources that can now be fully allocated to the ongoing projects in Asia, Africa and Europe.

Sales
SEK million **969.4** (798.2)

SALES PER PRODUCT AREA Q1-Q3



HEALTH
2021; SEK 847.8 (686.2) million



COFFEE
2021; SEK 19.5 (23.0) million



OTHER INCOME
2021; SEK 54.8 (46.8) million

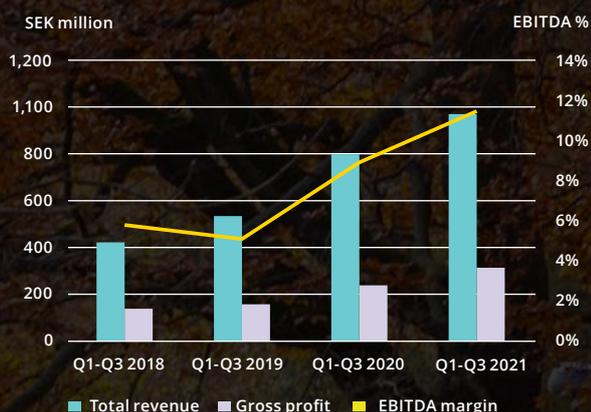


FAUN
2021; SEK 47.3 (42.2) million

RESULTS AND FINANCIAL POSITION Q1- Q3

PROFITS

Accumulated gross profit Q1-Q3 amounted to SEK 313.8 (238.3) million and the gross profit margin to 32.4% (29.9%). Gross profitability has progressively improved during the year through price adjustments and changes in the remuneration model to distributors. 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 313.8 (216.1) million and the adjusted gross margin to 32.4% (27.1%). The adjustment related to the one-off effect of the change in accounting for 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 111.1, (71.1) million. The Group's EBITDA margin was 11.5% (8.9%). Adjusted operating profit before depreciation/amortisation amounted to SEK 111.1 (48.9) million and the adjusted EBITDA margin to 11.5% (6.1%). 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 95.1 (55.6) million and the operating margin was 9.8% (7.0%). Adjusted operating profit amounted to SEK 95.1 (33.4) million and the adjusted operating margin to 9.8% (4.2%). Profit before tax totalled SEK 94.4 (53.9) million and net profit was SEK 75.2 (42.3) million. Adjusted profit before tax amounted to SEK 94.4 (31.7) million and adjusted net profit to SEK 75.2 (24.9) million.

INVENTORIES

The Group's total inventories on the balance sheet date amounted to SEK 170.1 (128.6) 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 to ensure efficient deliveries to the rapidly growing demand in the respective regions.

FINANCIAL POSITION

On the balance sheet date, cash totalled SEK 182.9 (113.1) million. Cash flow from operating activities totalled SEK 94.0 (64.5) million. The Group's equity/assets ratio was 24% (16%). Equity in the Group at the end of the period amounted to SEK 135.3 (68.1) million, corresponding to SEK 4.04 (2.08) 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 third quarter of 2021, Zinzino continued to strengthen the organisation to handle the rapid sales growth and global expansion. During the quarter, the teams in the marketing and IT departments have been further strengthened, and a sales manager for Africa has been hired as a consultant.

Zinzino has continued to follow the recommendations of the relevant authorities during the third quarter of 2021, which has included the development and coordination of a plan to safely guide employees back to the workplace during the quarter.

The number of employees in the Group at the end of the first quarter totalled 215 (166) people, of which 132 (106) were women. In addition, 18 (18) people worked at the Group, of which 4 (5) 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 refer to the annual report for 2020, which is available via the company website: <https://zinzinowebstorage.blob.core.windows.net/reports/Zinzino-Arsredovisning-2020.pdf>. Compared to the annual report published on 28 April 2021, no new risks have been identified.

NUMBER OF OUTSTANDING SHARES

As of 30 September 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 September 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 September 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 30/09/2021 are exercised for subscription of 2,404,467 shares, the share capital dilution will be approximately 7%.



INTERIM REPORT 2021 | Q3

ACCOUNTING PRINCIPLES

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

THE ANNUAL MEETING OF SHAREHOLDERS

The 2021 annual meeting of shareholders will be held on 31 May 2022. 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 nomination committee's chair via shares@zinzino.com no later than 1 April 2022. 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 regarding the Nomination Committee and the Annual General Meeting, please refer to the company's website www.zinzino.com.

REPORT CALENDAR

Interim report Q4 2021 to be published 28/02/2022
Interim report Q1 2022 to be published 13/05/2022
Interim report Q2 2022 to be published 26/08/2022

GROUP REPORT

SUMMARY OF FINANCIAL POSITION

Amounts in SEK thousands	01/07/2021 30/09/2021	01/07/2020 30/09/2020	01/01/2021 30/09/2021	01/01/2020 30/09/2020	01/01/2020 31/12/2020
Net sales	296,529	265,607	915,910	751,320	1,074,448
Other revenue	16,562	16,153	52,730	46,426	63,707
Own work capitalised	526	85	740	490	490
Goods for resale and other direct costs	-206,126	-200,677	-655,610	-559,912	-790,090
Gross profit	107,491	81,168	313,770	238,324	348,555
External operating expenses	-35,763	-27,883	-105,769	-93,905	-134,926
Personnel costs	-31,313	-24,440	-96,877	-73,320	-105,093
Depreciation/amortisation	-5,566	-5,898	-15,999	-15,477	-21,958
Operating profit	34,849	22,947	95,125	55,622	86,578
Net financial income/expense	-298	-1,366	-720	-1,759	-1,563
Tax	-6,350	-4,624	-19,195	-11,568	-18,689
PROFIT/LOSS FOR THE PERIOD	28,201	16,957	75,210	42,295	66,326
OTHER COMPREHENSIVE PROFIT/LOSS					
Items that may be reclassified to profit/loss for the period					
Currency exchange differences upon conversion of foreign subsidiaries	626	268	2,643	-4,942	-5,546
Other comprehensive profit/loss for the period	626	268	2,643	-4,942	-5,546
TOTAL COMPREHENSIVE PROFIT/LOSS FOR THE PERIOD	28,827	17,225	77,853	37,353	60,780
Profit/loss for the period attributable to:					
Parent company's shareholders	27,011	16,663	71,869	41,112	64,477
Non-controlling interest	1,190	294	3,341	1,183	1,849
TOTAL	28,201	16,957	75,210	42,295	66,326
Total comprehensive profit/loss for the period attributable to:					
Parent company's shareholders	27,637	16,931	74,512	36,170	58,931
Non-controlling interest	1,190	294	3,341	1,183	1,849
TOTAL	28,827	17,225	77,853	37,353	60,780
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	0.80	0.50	2.15	1.25	1.96
Earnings per share after dilution	0.77	0.48	2.05	1.19	1.88

GROUP REPORT

SUMMARY OF FINANCIAL POSITION

Amounts in SEK thousands	30/09/2021	30/09/2020	31/12/2020
Fixed assets			
Goodwill	39,267	37,543	36,593
Other intangible fixed assets	20,480	21,300	19,225
Equipment, tools and installations	9,229	7,086	6,831
Right-of-Use Assets	40,393	39,129	43,553
Financial fixed assets	4,840	4,250	3,698
Total fixed assets	114,209	109,308	109,900
Current assets			
Inventories	170,066	128,584	126,949
Current receivables	50,113	53,430	66,536
Pre-paid costs and accrued revenues	36,837	33,205	36,791
Cash and bank balances	182,926	113,137	143,218
Total current assets	439,942	328,356	373,493
TOTAL ASSETS	554,151	437,664	483,394
Equity			
Share capital	3,370	3,304	3,305
Other contributed capital	35,595	23,660	27,507
Retained earnings including profit/loss for the period	96,286	41,113	63,851
Total equity	135,251	68,077	94,663
Long-term liabilities			
Leasing liabilities	25,804	29,444	34,012
Deferred tax liability	1,302	-	-
Other long-term liabilities	5,702	5,833	5,329
Total long-term liabilities	32,808	35,277	39,341
Current liabilities			
Accounts payable	32,170	44,428	54,686
Tax liabilities	14,725	6,642	12,311
Leasing liabilities	15,461	10,119	10,119
Other current liabilities	214,486	165,518	163,007
Accrued costs and deferred revenues	109,250	107,603	109,267
Total current liabilities	386,092	334,310	349,390
TOTAL EQUITY AND LIABILITIES	554,151	437,664	483,394

GROUP REPORT

SUMMARY OF CHANGES IN EQUITY

Amounts in SEK thousands	Share capital	Ongoing rights issue	Other contributed capital	Conversion reserves	Retained earnings including profit/loss for the period	Total	Non- controlling interest	Total Equity
Opening balance								
01/01/2020	3,258	-	12,804	1,435	15,520	33,017	7,271	40,287
Profit/loss for the period	-	-	-	-	41,112	41,112	1,183	42,295
Other comprehensive profit/loss for the period	-	-	-	-5,836	-	-5,836	-	-5,836
Change of the minority	-	-	-	-	1,822	1,822	-1,822	-
Rights issue	46	8	10,856	-	-	10,910	-	10,910
Issued warrants	-	-	-	-	3,408	3,408	-	3,408
Dividends	-	-	-	-	-22,987	-22,987	-	-22,987
Closing balance	3,304	8	23,660	-4,401	38,875	61,446	6,632	68,077
30/09/2020								
Opening balance								
01/10/2020	3,304	8	23,660	-4,401	38,875	61,446	6,632	68,077
Profit/loss for the period	-	-	-	-	23,365	23,365	666	24,031
Other comprehensive profit/loss for the period	-	-	-	-871	-	-871	-	-871
Share repurchase	-	-	-	-	-669	-669	-	-669
Change of the minority	-	-	-	-	60	60	-60	-
Rights issue	1	23	3,817	-	-	3,841	-	3,841
Issued warrants	-	-	-	-	254	254	-	254
Closing balance	3,305	31	27,477	-5,272	61,885	87,426	7,238	94,663
31/12/2020								
Opening balance								
01/01/2021	3,305	31	27,477	-5,272	61,885	87,426	7,238	94,663
Profit/loss for the period	-	-	-	-	71,869	71,869	3,341	75,210
Other comprehensive profit/loss for the period	-	-	-	2,643	-	2,643	-	2,643
Share repurchase	-	-	-	-	-1,329	-1,329	-	-1,329
Change of the minority	-	-	-	-	97	97	-97	-
Rights issue	65	-24	8,112	-	-	8,153	-	8,153
Issued warrants	-	-	-	-	9	9	-	9
Dividends	-	-	-	-	-42,120	-42,120	-1,978	-44,098
Closing balance	3,370	7	35,589	-2,629	90,411	126,748	8,504	135,251
30/09/2021								

GROUP REPORT

SUMMARY OF CASH FLOWS

Amounts in SEK thousands	01/07/2021 30/09/2021	01/07/2020 30/09/2020	01/01/2021 30/09/2021	01/01/2020 30/09/2020	01/01/2020 31/12/2020
Operating activities					
Profit/loss before financial items	34,849	22,947	95,125	55,622	86,578
Depreciation and amortisation/write-downs	5,566	5,898	15,999	15,477	21,958
Currency fluctuations	655	145	-3,058	1,883	2,679
Total	41,070	28,990	108,066	72,982	111,215
Interest received					
Interest received	84	20	319	80	91
Interest paid					
Interest paid	-382	-1,386	-1,039	-1,839	-1,654
Tax paid					
Tax paid	-7,301	-2,694	-15,237	-3,837	-4,314
Total	-7,599	-4,060	-15,957	-5,596	-5,877
Cash flow from operating activities before changes in operating capital					
	33,471	24,930	92,109	67,386	105,338
Cash flow from changes in operating capital					
Change in inventories	-2,473	-23,134	-43,117	-39,720	-36,560
Change in current receivables	-11,416	-17,362	16,377	-53,888	-70,259
Change in current liabilities	3,954	27,531	28,615	90,676	98,793
Total	-9,935	-12,965	1,875	-2,932	-8,026
Cash flow from operating activities					
	23,536	11,965	93,984	64,454	97,312
Investment activity					
Investments in intangible fixed assets	-1,017	-719	-3,863	-2,412	-2,321
Investments in tangible fixed assets	-1,668	-1,109	-2,986	-1,947	-2,561
Investments in financial fixed assets	-1,055	-3 834	-2,228	-3 834	-4,502
Cash flow from investment activities	-3,740	-5,662	-9,077	-8,193	-9,384
Financing activities					
Amortisation of lease liabilities attributable to lease agreements	-3,785	-2,245	-11,241	-7,738	-13,424
Issuance of options	4	1,877	9	1,877	2,140
Rights issue	-	-	8,153	8,887	12,724
Dividends	-	-	-42,120	-22,987	-22,987
Cash flow from financing activities	-3,781	-368	-45,199	-19,961	-21,547
CASH FLOW FOR THE PERIOD					
Cash and cash equivalents at start of period	166,911	107,202	143,218	76,837	76,837
Cash and cash equivalents at end of period	182,926	113,137	182,926	113,137	143,218
Change in cash and cash equivalents	16,015	5,935	39,708	36,300	66,381

PARENT COMPANY REPORT

SUMMARY INCOME STATEMENT

Amounts in SEK thousands	01/07/2021 30/09/2021	01/07/2020 30/09/2020	01/01/2021 30/09/2021	01/01/2020 30/09/2020	01/01/2020 31/12/2020
Net sales	27,378	11,824	78,751	15,660	73,766
Other revenue	5,825	4,871	18,431	5,314	10,423
Goods for resale and other direct costs	-23,265	-4,182	-71,153	-5,307	-43,768
Gross profit	9,938	12,513	26,029	15,667	40,421
External operating expenses	-6,389	-4,905	-19,288	-11,851	-18,397
Depreciation/amortisation	-161	-102	-449	-279	-421
Operating profit	3,388	7,506	6,292	3,537	21,603
Net financial income/expense and currency	2,432	1,150	3,238	1,010	29,292
Tax	-1,557	-	-1,557	-	-5,067
PROFIT/LOSS FOR THE PERIOD	4,263	8,656	7,973	4,547	45,828

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	30/09/2021	30/09/2020	31/12/2020
Fixed assets			
Intangible fixed assets	3,885	1,380	1,886
Tangible fixed assets	33	-	-
Financial fixed assets	104,246	99,262	100,009
Total fixed assets	108,164	100,642	101,895
Current assets			
Current receivables	777	1,860	57
Intra-group receivables	15,734	15,948	18,200
Pre-paid costs and accrued revenues	2,553	3,168	2,941
Cash and bank balances	5,635	791	7,091
Total current assets	24,699	21,767	28,289
TOTAL ASSETS	132,863	122,409	130,184
Equity			
<i>Restricted equity</i>			
Share capital	3,370	3,304	3,305
Ongoing rights issue	7	-	31
Fund for development expenditures	3,885	1,380	1,886
<i>Unrestricted equity</i>			
Share premium reserve	26,659	32,996	36,808
Retained earnings (including profit/loss for the year)	10,820	-12,058	28,696
Total equity	44,741	25,622	70,726
Long-term liabilities			
Long-term liabilities	5,275	5,393	4,913
Intra-group long-term liabilities	15,476	15,476	15,476
Total long-term liabilities	20,751	20,869	20,389
Current liabilities			
Tax liabilities	1,216	-	5,067
Intra-group current liabilities	56,165	64,364	22,265
Other current liabilities	8,475	10,167	10,866
Accrued costs and deferred revenues	1,515	1,387	871
Total current liabilities	67,371	75,918	39,069
TOTAL EQUITY AND LIABILITIES	132,863	122,409	130,184

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
Opening balance 01/01/2020	3,258	-	1,129	22,138	2,734	29,259
Profit/loss for the period	-	-	-	-	4,547	4,547
Internally generated intangible assets	-	-	251	-	-251	-
Rights issue	46	8	-	10,857	-	10,911
Issued warrants	-	-	-	-	3,892	3,892
Dividends	-	-	-	-	-22,987	-22,987
Closing balance 30/09/2020	3,304	8	1,380	32,995	-12,065	25,622
Opening balance 01/10/2020	3,304	8	1,380	32,995	-12,065	25,622
Profit/loss for the period	-	-	-	-	41,281	41,281
Internally generated intangible assets	-	-	506	-	-506	-
Rights issue	1	23	-	3,813	-	3,837
Issued warrants	-	-	-	-	-14	-14
Closing balance 31/12/2020	3,305	31	1,886	36,808	28,696	70,726
Opening balance 01/01/2021	3,305	31	1,886	36,808	28,696	70,726
Profit/loss for the period	-	-	-	-	7,973	7,973
Internally generated intangible assets	-	-	1,999	-	-1,999	-
Rights issue	65	-24	-	8,112	-	8,153
Issued warrants	-	-	-	-	9	9
Dividends	-	-	-	-18,261	-23,859	-42,120
Closing balance 30/09/2021	3,370	7	3,885	26,659	10,820	44,741

PARENT COMPANY REPORT

SUMMARY OF CASH FLOWS

Amounts in SEK thousands	01/07/2021 30/09/2021	01/07/2020 30/09/2020	01/01/2021 30/09/2021	01/01/2020 30/09/2020	01/01/2020 31/12/2020
Operating activities					
Profit/loss before financial items	3,388	7,506	6,292	3,537	21,603
Depreciation and amortisation/write-downs	161	102	449	279	421
Currency fluctuations	193	-827	644	-989	-950
Total	3,742	6,781	7,385	2,827	21,074
Interest received					
Interest received	82	-	455	23	23
Interest paid					
Interest paid	-	-	-2	-1	-2
Tax paid					
Tax paid	-128	-	-5,408	-	-
Total	-46	-	-4,955	22	21
Cash flow from operating activities before changes in operating capital					
	3,696	6,781	2,430	2,849	21,095
Cash flow from changes in operating capital					
Change in current receivables	4,990	-4,456	2,132	-1,806	-2,029
Change in current liabilities	-7,694	-8,422	32,154	16,523	2,523
Cash flow from operating activities	992	-6,097	36,716	17,566	21,589
Investment activity					
Investments in intangible fixed assets	-491	-	-2,201	-531	-1,179
Investments in tangible fixed assets	-	-	-38	-	-
Investments in financial fixed assets	-167	-3,720	-4,237	-4,339	-5,237
Cash flow from investment activities	-658	-3,720	-6,476	-4,870	-6,416
Financing activities					
Issuance of options	4	22	9	22	8
Rights issue	-	-	8,153	8,887	12,724
Dividends received	2,262	-	2,262	-	-
Dividends	-	-	-42,120	-22,987	-22,987
Cash flow from financing activities	2,266	22	-31,696	-14,078	-10,255
CASH FLOW FOR THE PERIOD	2,600	-9,795	-1,456	-1,382	4,918
Cash and cash equivalents at start of period	3,035	10,586	7,091	2,173	2,173
Cash and cash equivalents at end of period	5,635	791	5,635	791	7,091
Change in cash and cash equivalents	2,600	-9,795	-1,456	-1,382	4,918

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 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.

	Zinzino	Faun	Group elimination	Total Group
July-Sep 2021				
Net sales	282,629	42,240	-28,340	296,529
Other revenue	16,562	-	-	16,562
Own work capitalised	526	-	-	526
Goods for resale and other direct costs	-206,249	-28,217	28,340	-206,126
Gross profit	93,468	14,023	-	107,491
External operating expenses	-34,343	-1,420	-	-35,763
Personnel costs	-24,218	-7,095	-	-31,313
EBITDA	34,907	5,508	-	40,415
Depreciation/amortisation	-4,318	-1,248	-	-5,566
Operating profit	30,589	4,260	-	34,849

	Zinzino	Faun	Group elimination	Total Group
July-Sep 2020				
Net sales	252,775	39,986	-27,154	265,607
Other revenue	16,153	-	-	16,153
Own work capitalised	85	-	-	85
Goods for resale and other direct costs	-199,431	-28,400	27,154	-200,677
Gross profit	69,582	11,586	-	81,168
External operating expenses	-26,346	-1,537	-	-27,883
Personnel costs	-18,065	-6,375	-	-24,440
EBITDA	25,171	3,674	-	28,845
Depreciation/amortisation	-4,650	-1,248	-	-5,898
Operating profit	20,521	2,426	-	22,947

Jan-Sep 2021	Zinzino	Faun	Group elimination	Total Group
Net sales	868,654	137,994	-90,738	915,910
Other revenue	52,730	-	-	52,730
Own work capitalised	740	-	-	740
Goods for resale and other direct costs	-651,615	-94,733	90,738	-655,610
Gross profit	270,509	43,261	-	313,770
External operating expenses	-100,376	-5,393	-	-105,769
Personnel costs	-77,579	-19,298	-	-96,877
EBITDA	92,554	18,570	-	111,124
Depreciation/amortisation	-12,241	-3,758	-	-15,999
Operating profit	80,313	14,812	-	95,125

Jan-Sep 2020	Zinzino	Faun	Group elimination	Total Group
Net sales	709,087	108,552	-66,319	751,320
Other revenue	46,426	-	-	46,426
Own work capitalised	490	-	-	490
Goods for resale and other direct costs	-549,859	-76,372	66,319	-559,912
Gross profit	206,144	32,180	-	238,324
External operating expenses	-89,383	-4,522	-	-93,905
Personnel costs	-56,576	-16,744	-	-73,320
EBITDA	60,185	10,914	-	71,099
Depreciation/amortisation	-11,725	-3,752	-	-15,477
Operating profit	48,460	7,162	-	55,622

Jan-Dec 2020	Zinzino	Faun	Group elimination	Total Group
Net sales	1,014,525	149,685	-89,762	1,074,448
Other revenue	63,707	-	-	63,707
Own work capitalised	490	-	-	490
Goods for resale and other direct costs	-775,225	-104,627	89,762	-790,090
Gross profit	303,497	45,058	-	348,555
External operating expenses	-128,031	-6,895	-	-134,926
Personnel costs	-80,659	-24,434	-	-105,093
EBITDA	94,807	13,729	-	108,536
Depreciation/amortisation	-17,082	-4,876	-	-21,958
Operating profit	77,725	8,853	-	86,578

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.

July-Sep 2021	Zinzino	Faun	Total Group
Net sales	282,629	13,900	296,529
Revenue from external customers	282,629	13,900	296,529
Goods within Zinzino Health	276,691	-	276,691
Goods within Zinzino Coffee	5,916	-	5,916
Sales of external goods Faun	-	13,900	13,900
Events and other services	22	-	22
TOTAL	282,629	13,900	296,529
July-Sep 2020	Zinzino	Faun	Total Group
Net sales	252,775	12,832	265,607
Revenue from external customers	252,775	12,832	265,607
Goods within Zinzino Health	244,946	-	244,946
Goods within Zinzino Coffee	7,829	-	7,829
Sales of external goods Faun	-	12,832	12,832
TOTAL	252,775	12,832	265,607

Jan-Sep 2021	Zinzino	Faun	Total Group
Net sales	868,654	47,256	915,910
Revenue from external customers	868,654	47,256	915,910
Goods within Zinzino Health	847,851	-	847,851
Goods within Zinzino Coffee	19,565	-	19,565
Sales of external goods Faun	-	47,256	47,256
Events and other services	1,238	-	1,238
TOTAL	868,654	47,256	915,910
Jan-Sep 2020	Zinzino	Faun	Total Group
Net sales	709,086	42,234	751,320
Revenue from external customers	709,086	42,234	751,320
Goods within Zinzino Health	686,098	-	686,098
Goods within Zinzino Coffee	22,988	-	22,988
Sales of external goods Faun	-	42,234	42,234
TOTAL	709,086	42,234	751,320
Jan-Dec 2020	Zinzino	Faun	Total Group
Net sales	1,014,525	59,923	1,074,448
Revenue from external customers	1,014,525	59,923	1,074,448
Goods within Zinzino Health	981,389	-	981,389
Goods within Zinzino Coffee	30,762	-	30,762
Sales of external goods Faun	-	59,923	59,923
Events and other services	2,374	-	2,374
TOTAL	1,014,525	59,923	1,074,448

NOTE 3 TRANSACTIONS WITH RELATED PARTIES

Purchase of goods and services	July-Sep 2021	July-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Saele Invest & Consulting AS*	7,989	7,903	25,236	23,706	32,463
Oh Happy Day ApS**	1,509	1,559	4,999	4,455	6,067
TOTAL	9,498	9,462	30,235	28,161	38,530

Sales of goods and services	July-Sep 2021	July-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Saele Invest & Consulting AS	-	-	-	-	-
Oh Happy Day ApS***	-	-	-	437	437
TOTAL	-	-	-	437	437

As of 30/09/2021, the debt to Saele Invest & Consulting AS relating to sales commissions amounts to SEK 0 (0) 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 & 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 Sørensen 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 30/09/2021 amounts to SEK 2,398 (2,851) thousand.

NOTE 4 EARNINGS PER SHARE

SEK	July-Sep 2021	July-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Earnings per share before dilution	0.80	0.50	2.15	1.25	1.96
Earnings per share after dilution	0.77	0.48	2.05	1.19	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	27,011	16,663	71,869	41,112	64,477
Number of shares					
Weighted average number of ordinary shares in calculating earnings per share before dilution	33,695,678	33,042,595	33,502,412	32,798,453	32,860,203
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	34,533,804	35,089,961	34,414,937	34,300,203

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 30 September 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
Sales growth	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.
Gross profit	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.
EBITDA	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.
EBITDA margin:	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.
Operating profit/loss (EBIT)	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.
Net margin	Profit/loss for the period as a percentage of total revenues for the period.	This metric illustrates the company's profitability.
Equity per share before dilution	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.
Cash flow from operating activities	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.
Equity/assets ratio	Equity in relation to the balance sheet total.	This metric is an indicator of the company's leverage to finance the company.
Adjusted EBITDA and Adjusted EBITDA margin	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.
Items affecting comparability	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, 19 NOVEMBER 2021

The Board and the CEO certify that the report for the period 1 January – 30 September 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, 19 November 2021

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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 REPORT

Introduction

We have performed a review of the summary interim financial information of Zinzino AB as of 30 September 2021 and the nine-month period ended on that date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Financial Reporting Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Company's Selected Auditor. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, performing analytical review, and performing other review procedures. A review has a different focus and a much smaller scope compared to the focus and scope of an audit under ISA and generally accepted auditing standards. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified if an audit had been carried out. Therefore, the stated conclusion based on a review does not have the assurance that a stated conclusion based on an audit has.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information has not been prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act for the Group and in accordance with the Annual Accounts Act for the Parent Company.

Gothenburg, 19 November 2021
Öhrlings Pricewaterhousecoopers AB

Fredrik Göransson

Authorised auditor



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