

# ZINZINO

A scenic view of a city, likely Zanzibar, featuring a river in the foreground that reflects the vibrant autumn foliage and the architecture of the buildings in the background. The sky is a mix of blue and white clouds. The buildings have a mix of red and white facades, with some featuring domes and ornate details. The trees are in various stages of autumn, with some showing bright yellow and orange leaves, while others are still green. The overall atmosphere is peaceful and picturesque.

Interim Report Q3 2023

# This is Zinzino

Zinzino is a global direct sales company from Scandinavia specialising in test-based, personalised dietary supplements and scientific skin care. It is a limited liability company with shares listed on the Nasdaq First North Premier Growth Market. The company's scientifically proven dietary supplements are available in more than 100 markets worldwide. Zinzino owns the Swiss biotech skin care brand HANZZ+HEIDI and 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 Europe, Asia, USA and Australia.

## A brief history

- 2007** – Zinzino AB is launched. The company's principal business is to own and develop companies in direct sales and related activities.
- 2009** – Zinzino Nordic AB is acquired, partly through a 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 obtains control over 97% of the votes and 92% of the capital of Zinzino Nordic AB. By the reporting date, the ownership share had increased to 93% of capital.
- 2010** – Zinzino shares are 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 is launched in the USA.
- 2014** – The Group further expands with companies in Poland and the Netherlands. In the same year, Zinzino AB acquires BioActive Foods AS and 85% of shares in Faun Pharma AS. This year, Zinzino AB is also listed for trading on Nasdaq OMX First North.
- 2015** – A company is launched in Canada and the ownership share in Faun Pharma AS is increased to 98.8%.
- 2016** – A subsidiary is launched in Germany. Sales are launched in all countries in the EU.
- 2017** – Sales in Switzerland are launched.
- 2018** – New subsidiaries in Romania and Italy.
- 2019** – New subsidiaries in Australia and India.
- 2020** – Acquisition of VMA Life in Singapore. Zinzino moves up to the premier segment of the Nasdaq First North Premier Growth Market.
- 2021** – Sales launch in South Africa.
- 2022** – Acquisition of Enhazz IP AG and Enhazz Global AG.
- 2023** – Sales launch in Turkey and Mexico.



# Zinzino Interim Report Q3 2023

## July–September

- Total revenue amounted to SEK 436.9 (349.9) million, corresponding to a growth of 25% (12%)
- Gross profit amounted to SEK 166.9 (110.9) million and the gross profit margin was 38.2% (31.7%)
- EBITDA amounted to SEK 71.2 (25.4) million and the EBITDA margin was 16.3% (7.3%)
- Cash flow from operating activities totalled SEK 104.4 (23.6) million
- The 1,000,000<sup>th</sup> test performed on zinzinotest.com
- Start of sales in Mexico

## January–September

- Total revenue amounted to SEK 1,238.5 (1,013.8) million, corresponding to a growth of 22% (5%)
- Gross profit amounted to SEK 446.1 (315.7) million and the gross profit margin was 36.0% (31.1%)
- EBITDA amounted to SEK 169.3 (71.2) million and the EBITDA margin was 13.7% (7.0%)
- Cash flow from operating activities totalled SEK 215.7 (35.2) million
- Liquid assets on the balance sheet date were SEK 298.7 (163.7) million



# Record profitable growth

We are very pleased with the third quarter revenues where an extremely strong and record high profitability resulted in a growth of 25% compared to the previous year.

Total revenue for the third quarter amounted to SEK 436.9 million and this was combined with an EBITDA margin of 16.3%, which was also a new quarterly record for Zinzino. The main reason lies in our economies of scale, which we benefit greatly from when we manage to combine growth with efficiency within our operations.

## Profitable growth and economies of scale

We are steadily following our plan and anticipate further growth going forward, which will generate more economies of scale and increased profitability. This will allow us to further develop our company, enter even more markets, make further investments and carry out more mergers and acquisitions. Zinzino's emerging markets are all run by dedicated Partners who work actively to promote our brand and products.

Economies of scale can be summarised as increased growth combined with lower costs per increase in sales, which in turn provides better margins. Economies of scale can also be explained by the fact that we have certain costs that are relatively fixed and that are not affected as much when sales increase, such as costs for personnel, office space, systems, logistics, products and IT. These are areas that we want to invest in further in the future to increase efficiency, further develop our IT systems and the technology that further increases our margins. Another area that provides economies of scale is our strengthened position in purchasing as we have improved the conditions for greater negotiating power when we increase sales. On the potentially negative side are increased complexity and markets where we need to reach a minimum sales level before we can utilise our economies of scale. These advantages have now been fully realised, resulting in strong growth and high sales volumes in our most profitable markets and greatly improved profit margins that we are now seeing.

I have mentioned before that we are not as negatively affected as others by the world economy, inflation cycles and labour market conditions. Instead, when the world enters a tough economic situation with high financial instability, new opportunities arise for us. We have noticed a large increase in companies in our industry now looking for new owners or some form of collaboration. We have completed four acquisitions in recent years and today all companies are fully integrated into Zinzino's business model and systems. We take an active role in creating growth through strategic acquisitions in addition to a more normal, organic growth model, which we have mastered well in the past. Combined with our growth strategy, we are working simultaneously to fine-tune synergies and improvements with a focus on economies of scale and profitability.



## Outlook 2024

We forecast continued success for the remainder of 2023, but also for next year as we open new markets and launch new products, with a greater focus on our key existing markets. We will simplify and improve the business with fewer projects, increased efficiency and quality. In the coming years, we intend to launch services and solutions that both support sales growth and increase profitability.

*"We will focus on preventive health and profitable growth, creating a great company for our shareholders, employees, customers and partners."*

## Dag Bergheim Pettersen

CEO Zinzino

*Inspire Change in Life*



# Financial Summary (SEK million)

Key group figures	01/07/2023	01/07/2022	01/01/2023	01/01/2022	01/01/2022
	30/09/2023	30/09/2022	30/09/2023	30/09/2022	31/12/2022
Total revenue	436.9	349.9	1,238.5	1,013.8	1,443.1
Net sales	416.4	330.1	1,177.5	955.4	1,356.0
Sales growth	25%	12%	22%	5%	5%
Gross profit	166.9	110.9	446.1	315.7	465.5
Gross profit margin	38.2%	31.7%	36.0%	31.1%	32.3%
Operating profit before depreciation and amortisation	71.2	25.4	169.3	71.2	112.1
Operating margin before depreciation and amortisation	16.3%	7.3%	13.7%	7.0%	7.8%
Operating profit	64.5	18.4	149.3	52.2	87.0
Operating margin	14.8%	5.3%	12.1%	5.1%	6.0%
Profit/loss before tax	67.5	17.9	150.9	51.1	89.2
Net profit	53.5	14.3	119.7	40.3	68.5
Net margin	12.2%	4.1%	9.7%	4.0%	4.7%
Net earnings per share after tax before dilution. SEK	1.58	0.42	3.53	1.17	2.01
Net earnings per share after tax at full dilution. SEK	1.56	0.42	3.47	1.15	1.97
Cash flow from operating activities	104.4	23.6	215.7	35.2	42.9
Cash and cash equivalents	298.7	163.7	298.7	163.7	161.9
Equity/assets ratio	26.7%	19.7%	26.7%	19.7%	24.6%
Equity per share before dilution. SEK	6.54	3.87	6.54	3.87	4.75
Number of issued shares on average for the period	33,876,417	33,702,278	33,867,180	33,702,278	33,731,333
Average number of issued shares for the period with full dilution	34,317,545	34,136,178	34,409,053	34,326,853	34,307,847

## Zinzino's outlook and financial goals for 2023

The Zinzino Board of Directors forecasts that the expected revenues for the full year 2023 will amount to approximately SEK 1,700 (1,443) million combined with an expected EBITDA margin of at least 9%.

The average growth in sales at Zinzino for the period 2023–2025 shall be a minimum of 10% and operating margin before depreciation/amortisation shall 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 third quarter 2023

## **Start of sales in Mexico under the local flag**

On 21 September 2023, sales were launched in Mexico under its own flag at [zinzino.com](http://zinzino.com). According to the WFDSA report, Mexico is one of the top 10 direct sales markets by revenue, and the largest among Spanish-speaking countries. Direct sales is the largest non-shop-based channel for Mexican consumers and a natural strategy for entrepreneurs looking to establish a valuable source of additional income. Given the market analysis, Zinzino placed considerable focus during the preparatory work on establishing a broad network of contacts among potential distributors. In addition, a local sales manager and an operational consultant with good local knowledge of the Mexican market have been contracted. A successful establishment in Mexico requires the development of local payment solutions that are adapted to Mexican consumer behaviour. Thanks to Zinzino's new payment engine and the cooperation with suppliers that provide local payment solutions in Mexico, Zinzino believes that it can meet the local payment solutions from the start, which is important for a successful market launch.

## **The 1,000,000<sup>th</sup> test performed at [zinzinotest.com](http://zinzinotest.com)**

Zinzino's Balance product concept is based on the customer anonymously submitting a blood test, BalanceTest, to the independent laboratory Vitas in Oslo, Norway. The test takes just a few minutes to perform and the results are available at [zinzinotest.com](http://zinzinotest.com) within three weeks. The test provides the customer with accurate measurements of 11 fatty acid levels in the blood. In addition to an important insight into the Omega-6:3 balance in the body, the report also reveals the Omega-3 index, protective value, cell membrane fluidity and mental strength. Furthermore, individual recommendations are given on how better balance in life can be achieved through diet and exercise. The product concept has been very important for the growth of the company and today accounts for about 80% of the Group's revenues. Just after the start of the third quarter of 2023, a milestone was reached when the 1,000,000<sup>th</sup> test was performed at [zinzinotest.com](http://zinzinotest.com).

## **Upwardly adjusted additional consideration for the Enhazz acquisition**

On 5 April 2022, Zinzino acquired Enhazz IP AG, including the IP rights to its HANZZ+HEIDII and YU brands. In addition, Enhazz Global AG was acquired with the associated distributor organization. The synergies created by the combined networks since the time of acquisition have made a strong contribution to the good sales growth in the DACH region during the last 12-month period. For this reason, the company is now revising the additional consideration upward, which at the time of acquisition was estimated to amount to EUR 2.5 million. Adjustment is made to amount to EUR 3.5 million as the sales growth generated by the acquired distributor organisation during the period 2023–2027 is expected to exceed the original forecast. The additional consideration shall continue to be 100% settled with newly issued Zinzino shares. The additional consideration for the period 2022–2027 may amount to a maximum of EUR 6 million, whereby further adjustments may be made at a later date depending on the continued growth.



# Sales and profit Q3 2023

## Sales Q3

In total, revenue for the third quarter of 2023 amounted to SEK 436.9 (349.9) million, which represented a growth of 25% compared with the corresponding period in the previous year.

### Nordic countries

In the Nordic countries, total revenues decreased by 9% to SEK 72.3 (79.5) million in the third quarter of 2023 compared to the same period last year. However, adjusted for high event revenues in the third quarter of 2022, the trend was significantly better. This was largely due to the fact that the underlying distributor activity in Sweden, Norway and Denmark was at a higher level than the corresponding quarter last year. The addition of new distributors is expected to generate increased revenues but in the longer term as it takes time to build new customer bases. Continued weak trends in Finland and Iceland also contributed to the overall decline in revenues. Zinzino continuously implements measures to increase new sales in all countries in the Nordic region.

Faun Pharma AS, the Group's subsidiary and manufacturing unit, increased external production in the third quarter of 2023 by 36% to SEK 23.1 (17.0) million compared to the corresponding period last year.

Overall, the Nordic countries, Zinzino and Faun combined, accounted for 21% (28%) of the Group's total revenues in the third quarter of 2023.

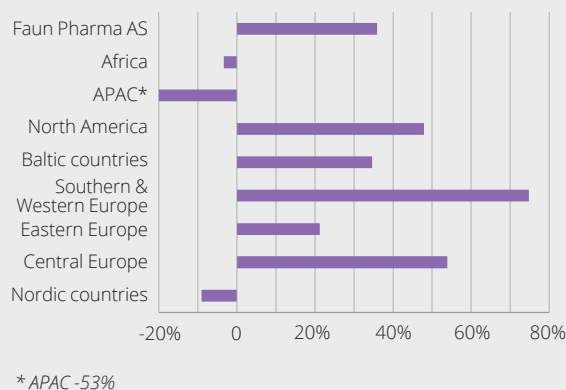
### Baltic countries

In the Baltic countries, revenue increased by 35% to SEK 24.1 (17.9) million in the third quarter of 2023 compared to the same period last year. As before, sales growth during the quarter was mainly driven by the Lithuanian market, with the highest share of the region's revenue and which has had consistently high distributor activity for a long period. Latvia and Estonia also performed well during the quarter with increased distributor activity and new sales. The head office continues to support the local sales organisations in the relatively mature markets of the region. Overall, the Baltic region accounted for 5% (5%) of the Group's total revenue in the third quarter of 2023.

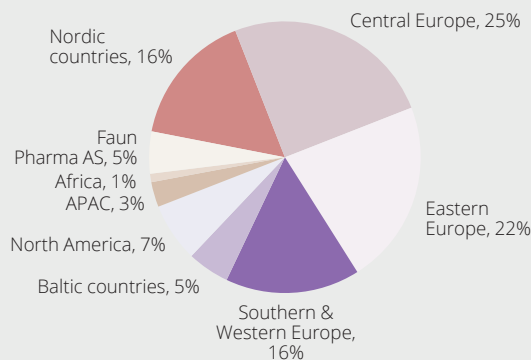
### Central Europe

In the third quarter of 2023, total revenue increased by 54% compared to the corresponding period last year to SEK 111.9 (72.7) million. The strong growth in the region continued in all markets in the third quarter of 2023, mainly driven as before by the efficient and intertwined distributor organisations in the region. Synergy effects in the distribution chain from the acquisition of Enhazz also greatly contributed to the strong performance. The DACH region thus consolidated its position as the fastest-growing region in absolute terms mainly through high activity among both existing and new distributors. In addition, subscription revenue from the large and fast-growing customer base was very high. In total, the region accounted for 25% (21%) of the Group's total revenue in the third quarter of 2023.

## Growth per region Q3 2023 vs Q3 2022



## Sales per region Q3 2023



## 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 and Western Europe

Cyprus, France, Greece, Italy, Netherlands, Spain, United Kingdom, Belgium, Ireland, Luxembourg, Malta, Slovenia, Turkey

### North America

Canada, USA, Mexico

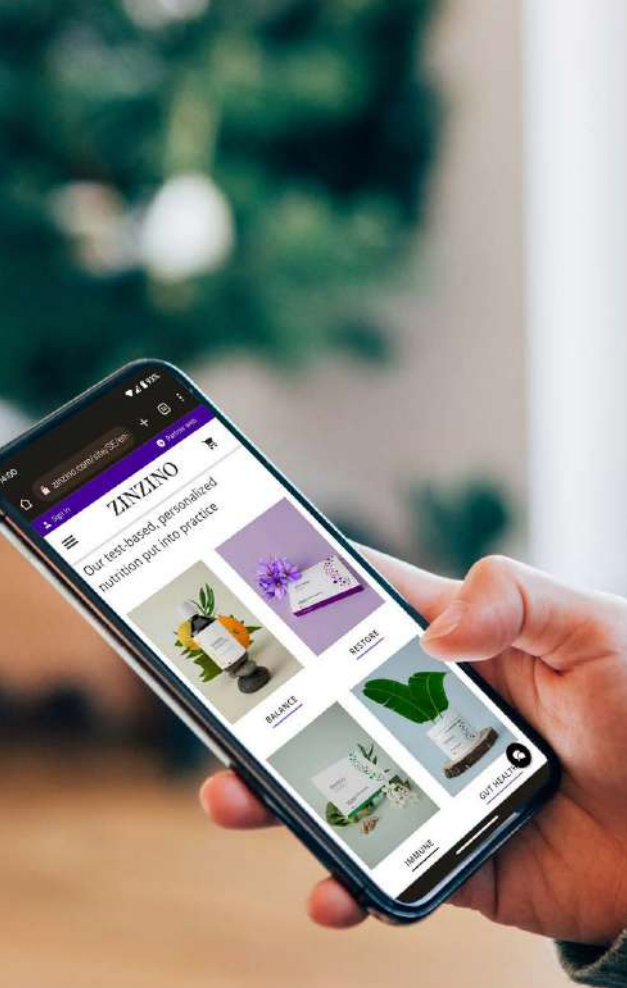
### APAC

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

### Africa

South Africa





### Eastern Europe

Total revenue in the region increased by 21% compared to the corresponding period last year and amounted to SEK 94.2 (77.7) million. This follows continued strong performance in Poland, the Czech Republic and Slovakia with high distributor activity and many new customers. In Hungary, revenues were in line with the corresponding period last year with an increasing customer base but decreasing distributor activity. Zinzino carries out several revenue-stimulating activities in the region such as regional events to increase activity among the distributors. Overall, Eastern Europe accounted for 22% (22%) of the Group's total revenue in the third quarter of 2023.

### Southern & Western Europe

Total revenue for the region increased by a full 75% in the third quarter of 2023 compared to the same period last year and amounted to SEK 68.7 (39.3) million. Strong performance in virtually all countries in the region during the third quarter of 2023. The largest share of revenue came from the Netherlands, which continued the positive trend with high distributor activity and a growing customer base, along with the UK and Spain, which also saw good growth during the quarter. The newly launched Turkish market also contributed to the region's strong performance with high distributor activity from the start and very positive initial sales performance. The performance in Greece and Cyprus was also gratifying, where a new cluster of distributors has emerged and driven sales growth.

The local sales managers support the distributor organisations, which are largely in the process of being built, by coordinating distributor meetings and dialogue with the head office in Gothenburg. Zinzino continues to support distributors in the region as they build their customer bases, driving the important customer subscription revenue. Together, the region accounted for 16% (11%) of the Group's total revenue for the third quarter of 2023.

### North America

In North America, revenue increased by 48% compared to the third quarter last year and amounted to SEK 28.7 (19.4) million. The strong performance during the quarter was mainly driven by the newly added distributors in Mexico, who in a short time have built solid sales organisations that in the third quarter had already generated a total of SEK 10.0 (1.7) million in revenue. The high level of interest and activity among the distributors is expected to yield good revenues in the future for the North American region. Overall, the solid efforts of both experienced and new distributors in the US, Mexico and Canada, combined with favourable currency developments, have resulted in another good sales quarter for the region. North America accounted for 7% (5%) of the Group's total revenue in the third quarter of 2023.

### APAC

Total revenue in the APAC region decreased by 53% compared to the corresponding period last year and amounted to SEK 11.0 (23.4) million. This follows generally weak performance in the region during the quarter with the exception of Hong Kong, which increased against a weak third quarter last year. Zinzino continues to support the local sales offices and distributor organisations in the region but with a differentiated and cost-effective strategy in order to allocate more resources and capital towards the profitable European markets. Overall, the APAC region accounted for 3% (7%) of the Group's total revenue in the third quarter of 2023.

## Africa

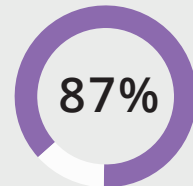
South Africa is Zinzino's first local establishment on the African continent. During the quarter, there has been a continued focus on building on the local distributor organisation and its associated customer base. During the third quarter, distributor activity was slightly lower than in previous quarters, which meant that the inflow of new customers and distributors slowed down. On the other hand, subscription sales from the existing customer base increased, which overall meant that the total revenues for the third quarter of 2023 in the African region decreased by 3% to SEK 2.9 (3.0) million, which includes the revenues for other countries in the region which, as before, are handled via Zinzino's global webshop pending the opening of the markets under local flags. This represented 1% (1%) of the Group's total revenues in the third quarter of 2023.

## Sales per product area

The Zinzino Health product segment increased in the third quarter of 2023 by 27% to SEK 381.9 (299.0) million and accounted for 87% (85%) of total revenue. The new Skincare product area increased by 18% to SEK 7,5 (6,3) million, representing 2% (2%) of total revenue. External sales in Faun Pharma AS increased by 38% compared to the corresponding period last year and amounted to SEK 22.7 (16.4) million, corresponding to 5% (5%) of total revenue. Other revenue, including coffee sales, amounted to SEK 24.8 (28.2) million, which corresponded to the remaining 6% (8%) of revenue for the third quarter of 2023.

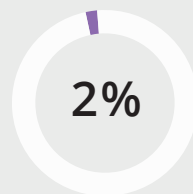
Sales  
SEK million **436.9** (349.9)

### Sales per product area Q3 2023



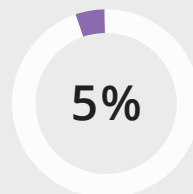
#### Health

SEK 381.9 (299,0) million



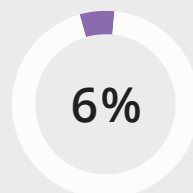
#### Skincare

SEK 7.5 (6.3) million



#### Faun

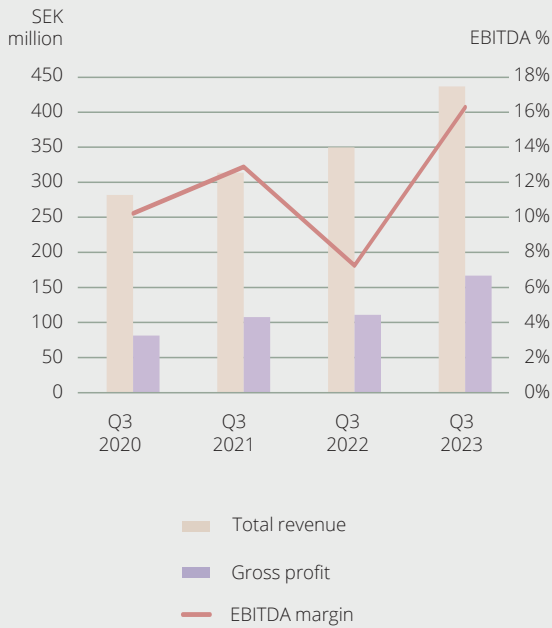
SEK 22.7 (16.4) million



#### Other revenue

SEK 24.8 (28.2) million

## Results and financial position Q3 2023



## Results and financial position Q3 2023

### Profit

Gross profit for the third quarter of 2023 amounted to SEK 166.9 (110.9) million and the gross profit margin to 38.2% (31.7%). Behind the margin improvement were the effects of the incremental price adjustments, changes in the geographical mix and adjustments in the remuneration model for distributors.

The Group's operating profit before depreciation/amortisation amounted to SEK 71.2 (25.4) million and the EBITDA margin was 16.3% (7.3%). During the quarter, the additional consideration linked to the acquisition of Enhazz 2022 was revised upwards by SEK 10.3 million after the strong sales performance of the acquired distributor organisation since the time of acquisition, which has thus been charged to the quarter's EBITDA result. Adjusted for the upward revision of the additional consideration, the quarter's EBITDA result amounted to SEK 81.5 (25.4) million and the adjusted EBITDA margin to 18.7% (7.3%). The improved EBITDA margin compared with the corresponding period last year was mainly attributable to the good profitability at gross level in combination with the efficiency improvements that resulted from the process initiated in the autumn of 2022 and the resulting economies of scale.

Operating profit amounted to SEK 64.5 (18,4) million and the operating margin was 14.8% (5.3%). Profit before tax amounted to SEK 67.5 (17.9) million and net profit to SEK 53.5 (14.3) million.

### Depreciation and amortisation

Depreciation and amortisation for the quarter were charged to the profit for the period in the amount of SEK 6.7 (7.0) million, of which SEK 0.9 (0.8) million was the depreciation of tangible fixed assets and SEK 5.8 (6.2) million was the amortisation of intangible fixed assets. Of this, SEK 4.3 (4.7) million is amortisation of right-of-use assets in accordance with IFRS 16.



# Sales and profits

## Q1–Q3 2023

### Sales Q1–Q3

Total revenues Q1–Q3 2023 amounted to SEK 1,238.5 (1,013.8) million, which corresponds to a growth of 22% compared to the corresponding period last year.

#### Nordic countries

In the Nordic countries, total revenue decreased by 8% to SEK 217.1 (235.7) million in Q1–Q3 2023 compared to the same period last year. Despite the downturn, the underlying growth of new distributors and customers so far in 2023 has been at a higher level than in the corresponding period last year but has not yet reached levels that offset the loss of subscription revenue from the mature customer and distributor base. If the trend and rejuvenation of the customer base continues, the decline will be reversed even if the process in the region takes longer than expected.

Faun Pharma AS, the Group's subsidiary and manufacturing unit, increased the external production in Q1–Q3 2023 following increased sales mainly linked to the company's certification according to FSSC 22000. This resulted in external sales increasing by 16% in Q1–Q3 2023 to SEK 71.3 (61.3) million compared to the same period last year.

Overall, total revenues in the Nordic countries, Zinzino and Faun combined, accounted for 24% (29%) of the Group's total revenues in Q1–Q3 2023.

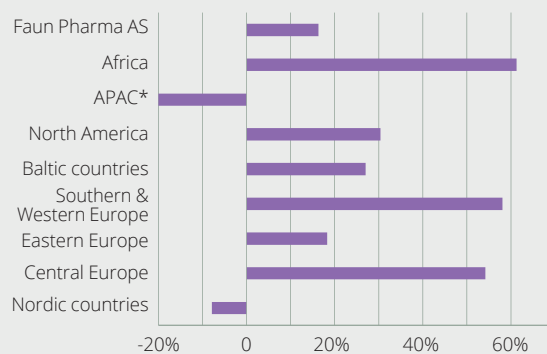
#### Baltic countries

Revenue in the Baltic countries in Q1–Q3 2023 increased by 27% compared to the previous year and amounted to SEK 66.8 (52.6) million. This follows growth in all countries in the region so far this year. Within the region, the number of new distributors and customers increased as well as sales generated through the existing subscription base. Lithuania accounted for the largest share of the region's revenue in Q1–Q3 2023 following consistently high distributor activity and strong growth during the year. In Estonia, growth and activity among distributors increased to a level not seen for several years, while growth was slightly lower but still at a stable level so far this year in Latvia. The region together accounted for 5% (5%) of the Group's total revenue in Q1–Q3 2023.

#### Central Europe

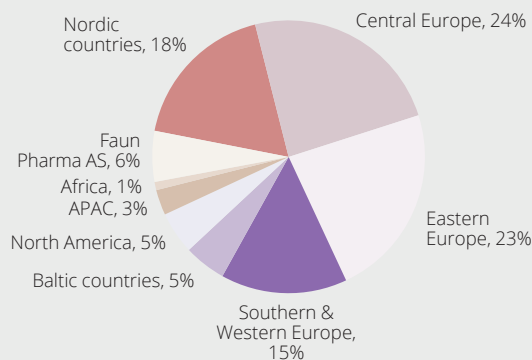
Revenue in the DACH region Q1–Q3 2023 increased by 54% compared with the previous year and amounted to SEK 303.0 (196.5) million, which corresponded to 24% (19%) of the total revenue in the Group during the period. This follows very strong performance in Germany, Austria and Switzerland so far this year, where the large customer bases continue to grow through well-executed work by the skilled and experienced distributors in the region who have been joined by new sales organisations through the acquisition of Enhazz in 2022. Overall, the DACH region has consolidated its position as the most profitable and growing region in the Group in Q1–Q3 2023.

### Growth per region Q1–Q3 2023 vs Q1–Q3 2022



\* APAC -29%

### Sales per region Q1–Q3 2023



### 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 and Western Europe

Cyprus, France, Greece, Italy, Netherlands, Spain, United Kingdom, Belgium, Ireland, Luxembourg, Malta, Slovenia, Turkey

#### North America

Canada, USA, Mexico

#### APAC

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

#### Africa

South Africa



### **Eastern Europe**

The region's revenue in Q1–Q3 2023 increased by 18% compared to the previous year and amounted to SEK 281.3 (237.8) million, mainly driven by the strong sales performance in the Czech Republic and Poland where the distributors are working actively to build and nurture the growing customer base. At the same time, sales also increased in Slovakia and Bulgaria where revenues increased from both customers and distributors. So far this year, the important Hungarian market has increased subscription revenues from its large customer base, which has offset the slightly weaker new sales to customers and distributors in Q1–Q3 2023. Zinzino is working actively to stimulate distributor activity in Hungary and the other markets in the large Eastern European region, which is important in terms of sales. Together, the region accounted for 23% (24%) of the Group's total revenue in Q1–Q3 2023.

### **Southern & Western Europe**

The region's revenues in Q1–Q3 2023 increased by 58% compared to last year and amounted to SEK 180.2 (114.0) million. The strong performance was mainly attributable to the Netherlands, which together with the UK, Spain, Greece and the newly launched Turkish market accounted for the majority of the region's total revenue, although most of the region's other countries also performed well in Q1–Q3 2023. The region is still in the process of being built and the local sales managers are actively working with the various distributor organisations to build the customer bases and thereby increase the important subscription revenues. The region together accounted for 15% (11%) of the Group's total revenue in Q1–Q3 2023.

### **North America**

In North America, revenue in Q1–Q3 2023 increased by 30% compared to the same period last year and amounted to SEK 67.8 (52.0) million. The performance was mainly driven by the Mexican market which achieved official market status in the third quarter of 2023, and which has had high distributor activity for a long period of time resulting in robust sales organisations even before the official launch. Consistently good growth of new distributors and increased customer subscription base in the US combined with favourable currency development contributed to the North American market accounting for 5% (5%) of the Group's total revenue in Q1–Q3 2023.

### **APAC**

Total revenue in the APAC region decreased by 29% in Q1–Q3 2023 compared to the corresponding period last year and amounted to SEK 41.0 (57.7) million. This follows strong performance in Hong Kong and to some extent Australia, but less so in other countries. The APAC region has had a more volatile sales performance than other regions since its start, largely due to severe and varying COVID-related restrictions, which slowed down the development and build-up of the distribution organisations, especially in 2022. In addition, the region's distributors have generally had a differentiated strategy to build their customer base, resulting in a slightly more variable sales performance than other regions. The region together accounted for 3% (6%) of the Group's total revenue in Q1–Q3 2023.

## Africa

South Africa is Zinzino's first local establishment on the African continent. In Q1–Q3 2023, there has been a continued focus on building on the local distributor organisation and its associated customer base. Activity among distributors has increased during the period, resulting in a high number of new customers. In total, revenue in Q1–Q3 2023 increased by 61% to SEK 10.0 (6.2) million for South Africa including the revenue 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 flag. This corresponded to the region accounting for 1% (1%) of the Group's total revenue during the period.

## Sales per product area Q1–Q3

The Zinzino Health product area increased in Q1–Q3 2023 by 24% to SEK 1,069.3 (861.4) million and represented 86% (85%) of total revenue. The new Skincare product area increased by 66% to SEK 24.2 (14.5) million, representing 2% (1%) of total revenue. External sales in Faun Pharma AS increased by 17% compared to the corresponding period last year and amounted to SEK 70.3 (60.1) million, corresponding to 6% (6%) of total revenue. Other revenue, including coffee sales, amounted to SEK 74.7 (77.8) million, which corresponded to the remaining 6% (8%) of revenue in Q1–Q3 2023.

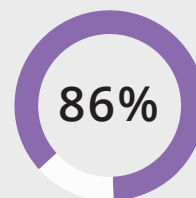
## Growth strategy

A common feature of Zinzino's emerging 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 the company's many newly established markets.

Zinzino is working long-term and investing considerable resources in the development of IT systems and marketing tools, which generate growth in both the short and the long term. When the company implements an expansion into a new market, this occurs mainly when the company's market analysis shows that there are good opportunities to establish an effective sales organisation locally. This is primarily achieved via contacts to the already-established sales organisations in neighbouring markets. This is precisely the reason for the good sales performance in the company's newly established markets. These contacts can occasionally also carry across continents, which has been behind the launch in Australia and India as well as the newly established projects in Turkey and Mexico. 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 covers a total of over 100 different countries around the world. This approach reduces the pressure on the organisation to open full-scale markets, which requires large internal resources that can now be fully allocated to the ongoing projects around the world.

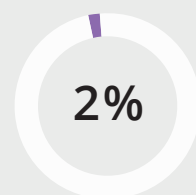
Sales  
SEK million **1,238.5** (1,013.8)

### Sales per product area Q1–Q3 2023



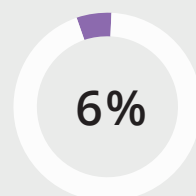
#### Health

SEK 1,069.3 (861.4) million



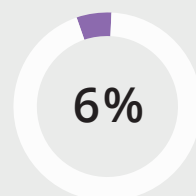
#### Skincare

SEK 24.2 (14.5) million



#### Faun

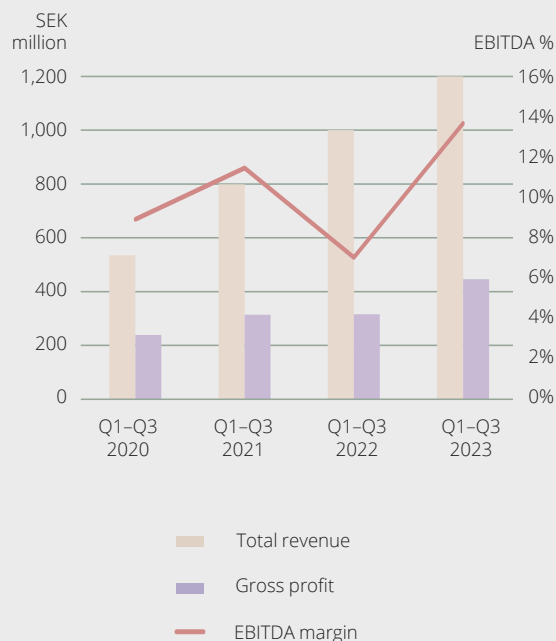
SEK 70.3 (60.1) million



#### Other revenue

SEK 74.7 (77.8) million

## Results and financial position Q1–Q3 2023



## Results and financial position Q1–Q3 2023

### Results

Gross profit for Q1–Q3 2023 totalled SEK 446.1 (315.7) million and the gross profit margin was 36.0% (31.1%). Zinzino has for a long time implemented incremental price adjustments towards its distributors and customers. At the same time, the geographical sales mix has changed, with an increasing share of sales in markets with good profit margins. In addition, the remuneration model for the global distributors has been adjusted, which overall has contributed to a stabilisation of the gross margin despite increased costs for raw materials and transports. In Q1–Q3 2023, the impact of the measures implemented has contributed to a significant improvement in the gross profit margin compared to the same period last year.

The Group's operating profit before depreciation/amortisation amounted to SEK 169.3 (71.2) million and the EBITDA margin was 13.7% (7.0%). The improved EBITDA margin compared with the corresponding period last year was mainly attributable to the good profitability at gross level in combination with the efficiency improvements that resulted from the process implemented and the resulting economies of scale. Overall, this contributed to the company's ability to sustain its external and internal cost base during the quarter, despite being weighed down by the impact of the current macro climate and high inflationary pressures.

Operating profit in Q1–Q3 2023 totalled SEK 149.3 (52.2) million and the operating margin was 12.1% (5.1%). Profit before tax amounted to SEK 150.9 (51.1) million and net profit to SEK 119.7 (40.3) million.

### Inventories

The Group's total inventories on the balance sheet date amounted to SEK 200.6 (188.3) million. The company has generally increased stock levels in recent years to secure deliveries but also to be able to comply with the higher level of turnover. At the same time, the company has also increased the number of external warehouses in line with its strategic expansion to meet increased demand and reduce lead times in the delivery process.

### Financial position

On the balance sheet date, cash totalled SEK 298.7 (163.7) million. Cash flow from operating activities in Q1–Q3 2023 amounted to SEK 215.7 (35.2) million. The Group's equity/assets ratio was 27% (20%). Equity in the Group at the end of the period amounted to SEK 221.6 (130.5) million, corresponding to SEK 6.54 (3.87) per share. The Board considers that cash and cash equivalents remain at a satisfactory level.

### The Organisation

During autumn of 2022, a change and efficiency improvement process was initiated, which also affected the organisation in terms of optimising the workforce. The process has continued in 2023. The purpose of the process has been to phase out processes with lower returns and invest more in those that are expected to generate more revenue. For this reason, in the third quarter of 2023, local operational managers have been contracted in Turkey and Mexico to support the project team at the head office in the local processes in each market. During the quarter, the R&D team has also been expanded with an additional specialist. In addition, a process is underway to establish an additional customer service centre in Poland to support the important markets in Central and Eastern Europe.

The number of employees in the Group as of the reporting date totalled 207 (233) people, of which 122 (141) were women. In addition, 18 (19) people worked at the Group via consulting agreements, of which 8 (6) were women.



## The parent company

The parent company Zinzino AB (publ.) carries out establishment of new markets, strategic development and supports the research and product development of Bioactive Foods AS. The parent company's revenue in Q1–Q3 2023 totalled SEK 16.0 (23.3) million, of which SEK 14.5 (20.8) million was intra-group revenue. In addition, the company has received share dividends from the subsidiaries of SEK 12.9 (12.6) million. The profit after financial items was SEK 13.5 (12.6) million. The parent company's cash and cash equivalents at the end of the period amounted to SEK 8.1 (7.0) million.

## Significant risks and uncertainties in operations

The company's greatest risks lie in its own organisation's ability to manage costs during global expansion in combination with purchases and access to raw materials in the event of high inflation and the uncertain world situation. In addition, there are 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 new markets. The global outbreak of Covid-19 and the conflict between Russia and Ukraine also point to major risks due to unexpected events in the rest of the 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 2022, which is available via the company website: <https://www.zinzino.com/globalassets/media/reports/financial-reports/2023/zinzino-arsredovisning-2022.pdf>. Compared to the 2022 annual report published on 28/04/2023, no new risks have been identified.

## Number of outstanding shares

As of 30/09/2023, the share capital was divided into 33,941,596 shares, of which 5,113,392 are A shares (1 vote) and 28,828,204 are B shares (0.1 vote). The share's quota value is SEK 0.10. The company's B shares are traded on the Nasdaq First North Premier Growth Market, [www.nasdaqomxnordic.com](http://www.nasdaqomxnordic.com)

## Options programme

As of the reporting date, the company has six outstanding option programmes that are largely aimed at the external distributor organisation in the Group, but also with some allotment to employees of the company. At all subscription openings the option premium is determined at a calculated market value through Black & Scholes calculations.

The first options programme comprises 800,000 warrants at an exercise price of SEK 18 per B share that expires on 31/05/2024, of which 50,000 have been subscribed for by the Group's management team. Other warrants in the programme have been subscribed by the company's external distributors. As of the reporting date, 369,350 warrants have already been exercised for share subscription within the framework of this options programme.

The second options program comprises 1,000,000 warrants at an exercise price of SEK 45 per Class B share that expires on 31/05/2025, of which 220,000 have been subscribed for by the Group's management team, 51,000 by key employees and 22,100 by other personnel. Other warrants in the programme have been subscribed by the company's external distributors. As of the reporting date, 36,033 warrants have already been exercised for share subscription within the framework of this options programme.

The third options programme covers 900,000 warrants at an exercise price of SEK 56 per B share that expires on 31/05/2027, of which 90,000







have been subscribed for by the management team and 165,000 by key employees, entirely within the framework of this option programme.

The fourth options programme covers 120,000 warrants at an exercise price of SEK 56 per B share which expires 31/05/2027. The programme is aimed exclusively at the Board of Directors of Zinzino AB and as of the reporting date 100,000 warrants have been subscribed to, of which 40,000 by the Board Chair and 60,000 by the other members of the Board, fully in accordance with the resolution of the General Meeting.

Two new options programmes were approved at the company's Annual General Meeting on 31/05/2023. The first covers 500,000 warrants at an exercise price of SEK 76.50 per B share expiring on 31/05/2028 and is aimed at key persons in the external distributor organisation. As of the reporting date, no warrants have been subscribed for or exercised for share subscription within the framework of this options programme. The second options programme covers 500,000 warrants at an exercise price of SEK 63 per B share and expires 31/05/2026. The programme is aimed at Group and sales management as well as key employees in Zinzino AB and as of the reporting date 78,000 warrants have been subscribed for.

If all the warrants issued as of 30/09/2023 are exercised for subscription of 3,414,617 shares, the share capital dilution will be approximately 10%.

#### **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. The company has been operating in Turkey since the end of Q2 2023 and Turkey has since 2022 been classified as a high inflation economy. The group applies the standard IAS 29 Accounting in high inflation countries. The consumer price index for Turkey which has been used for recalculation is published by the Turkish Statistical Institute and amounted to 1 691,04 as of September 30. For the reported period, no significant translation effects is found within the group. No comparative figures exist for recalculation. Unless specifically stated otherwise, all amounts are reported in SEK thousands (SEK thousands). 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 2022 on the company's website.

#### **Annual General Meeting**

The 2024 annual meeting of shareholders will be held at Hulda Mellgrens Gata 5 in Västra Frölunda on 27 May 2024. For further information on the annual general meeting, please refer to the company's website [www.zinzino.com/bolagsstyrning](http://www.zinzino.com/bolagsstyrning).

#### **Report calendar**

Year-end report 2023 published on 27/02/2024

Annual report 2023 published on 26/04/2024

Interim report Q1 2024 published on 22/05/2024

Interim report Q2 2024 published on 30/08/2024

# Group report

## Summary of financial position

Amounts in SEK thousands	01/07/2023	01/07/2022	01/01/2023	01/01/2022	01/01/2022
	30/09/2023	30/09/2022	30/09/2023	30/09/2022	31/12/2022
Net sales	416,427	330,066	1,177,470	955,437	1,356,008
Other revenue	20,076	19,116	59,397	55,421	83,700
Own work capitalised	356	693	1,590	2,903	3,364
Goods for resale and other direct costs	-269,998	-238,974	-792,360	-698,074	-977,559
<b>Gross profit</b>	<b>166,861</b>	<b>110,901</b>	<b>446,097</b>	<b>315,687</b>	<b>465,513</b>
External operating expenses	-59,485	-48,195	-166,239	-132,166	-196,962
Personnel costs	-36,177	-37,313	-110,571	-112,282	-156,491
Depreciation/amortisation	-6,693	-7,003	-20,010	-19,065	-25,074
<b>Operating profit</b>	<b>64,506</b>	<b>18,390</b>	<b>149,277</b>	<b>52,174</b>	<b>86,986</b>
Net financial income/expense	3,021	-442	1,672	-1,034	2,178
Tax	-14,069	-3,693	-31,248	-10,825	-20,689
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>53,458</b>	<b>14,255</b>	<b>119,701</b>	<b>40,315</b>	<b>68,475</b>

### OTHER COMPREHENSIVE PROFIT/LOSS

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

Currency exchange differences upon conversion of foreign subsidiaries	-1,537	1,227	-1,309	5,151	7,882
<b>Other comprehensive profit/loss for the period</b>	<b>-1,537</b>	<b>1,227</b>	<b>-1,309</b>	<b>5,151</b>	<b>7,882</b>
<b>TOTAL COMPREHENSIVE PROFIT/LOSS FOR THE PERIOD</b>	<b>51,921</b>	<b>15,482</b>	<b>118,392</b>	<b>45,466</b>	<b>76,357</b>

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

Parent company shareholders	53,383	14,269	119,448	39,498	67,697
Non-controlling interest	75	-14	253	817	778
<b>TOTAL</b>	<b>53,458</b>	<b>14,255</b>	<b>119,701</b>	<b>40,315</b>	<b>68,475</b>

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

Parent company shareholders	51,846	15,496	118,139	44,649	75,579
Non-controlling interest	75	-14	253	817	778
<b>TOTAL</b>	<b>51,921</b>	<b>15,482</b>	<b>118,392</b>	<b>45,466</b>	<b>76,357</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	1.58	0.42	3.53	1.17	2.01
Earnings per share after dilution	1.56	0.42	3.47	1.15	1.97

# Group report

## Summary of financial position

Amounts in SEK thousands	30/09/2023	30/09/2022	31/12/2022
<b>Fixed assets</b>			
Goodwill	73,076	72,969	72,830
Other intangible fixed assets	52,195	46,176	48,064
Equipment, tools and installations	15,749	17,269	17,222
Right-of-Use Assets	37,811	54,435	46,823
Financial fixed assets	9,980	5,964	5,762
<b>Total fixed assets</b>	<b>188,811</b>	<b>196,813</b>	<b>190,701</b>
<b>Current assets</b>			
Inventories	200,635	188,265	184,768
Current receivables	88,994	62,070	66,269
Pre-paid costs and accrued revenues	53,849	51,137	47,635
Cash and bank balances	298,709	163,684	161,880
<b>Total current assets</b>	<b>642,187</b>	<b>465,156</b>	<b>460,552</b>
<b>TOTAL ASSETS</b>	<b>830,998</b>	<b>661,969</b>	<b>651,253</b>
<b>Equity</b>			
Share capital	3,394	3,370	3,386
Other contributed capital	41,749	35,838	39,300
Retained earnings including profit/loss for the period	176,463	91,256	117,687
<b>Total equity</b>	<b>221,606</b>	<b>130,464</b>	<b>160,373</b>
<b>Long-term liabilities</b>			
Leasing liabilities	22,713	38,154	31,412
Deferred tax liability	4,551	2,809	4,706
Other long-term liabilities	31,818	27,347	32,313
<b>Total long-term liabilities</b>	<b>59,082</b>	<b>68,310</b>	<b>68,431</b>
<b>Current liabilities</b>			
Accounts payable	76,880	59,140	35,159
Tax liabilities	25,504	5,688	9,969
Leasing liabilities	18,183	18,385	18,166
Other current liabilities	271,946	248,346	246,097
Accrued costs and deferred revenues	157,797	131,636	113,058
<b>Total current liabilities</b>	<b>550,310</b>	<b>463,195</b>	<b>422,449</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>830,998</b>	<b>661,969</b>	<b>651,253</b>

# 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
<b>Opening balance 01/01/2022</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>
Profit/loss for the period	-	-	-	-	39,498	39,498	817	40,315
Other comprehensive profit/loss for the period	-	-	-	5,072	-	5,072	-	5,072
Share repurchase	-	-	-	-	-13	-13	-	-13
Change of the minority	-	-	-	-	-20	-20	20	-
Rights issue	-	8	-	-	3,479	3,487	-	3,487
Issued warrants	-	-	-	-	835	835	-	835
Dividends	-	-	-	-	-67,405	-67,405	-3,545	-70,950
<b>Closing balance 30/09/2022</b>	<b>3,370</b>	<b>15</b>	<b>35,823</b>	<b>4,268</b>	<b>81,033</b>	<b>124,508</b>	<b>5,947</b>	<b>130,464</b>
<b>Opening balance 01/10/2022</b>	<b>3,370</b>	<b>15</b>	<b>35,823</b>	<b>4,268</b>	<b>81,033</b>	<b>124,508</b>	<b>5,947</b>	<b>130,464</b>
Profit/loss for the period	-	-	-	-	28,199	28,199	-39	28,160
Other comprehensive profit/loss for the period	-	-	-	1,611	-	1,611	-	1,611
Change of the minority	-	-	-	-	-9	-9	9	-
Rights issue	16	-15	3,477	-	-3,479	-	-	-
Issued warrants	-	-	-	-	140	140	-	140
<b>Closing balance 31/12/2022</b>	<b>3,386</b>	<b>-</b>	<b>39,300</b>	<b>5,879</b>	<b>105,883</b>	<b>154,447</b>	<b>5,926</b>	<b>160,373</b>
<b>Opening balance 01/01/2023</b>	<b>3,386</b>	<b>-</b>	<b>39,300</b>	<b>5,879</b>	<b>105,883</b>	<b>154,447</b>	<b>5,926</b>	<b>160,373</b>
Profit/loss for the period	-	-	-	-	119,448	119,448	253	119,701
Other comprehensive profit/loss for the period	-	-	-	-1,309	-	-1,309	-	-1,309
Rights issue	8	-	2,449	-	19	2,476	-	2,476
Issued warrants	-	-	-	-	1,984	1,984	-	1,984
Dividends	-	-	-	-	-59,256	-59,256	-2,362	-61,618
<b>Closing balance 30/09/2023</b>	<b>3,394</b>	<b>-</b>	<b>41,749</b>	<b>4,570</b>	<b>168,077</b>	<b>217,789</b>	<b>3,817</b>	<b>221,606</b>

# Group report

## Summary of cash flows

Amounts in SEK thousands	01/07/2023 30/09/2023	01/07/2022 30/09/2022	01/01/2023 30/09/2023	01/01/2022 30/09/2022	01/01/2022 31/12/2022
<b>Operating activities</b>					
Profit/loss before financial items	64,506	18,390	149,277	52,174	86,986
Depreciation and amortisation/write-downs	6,693	7,003	20,010	19,065	25,074
Currency fluctuations	-5,728	-1,820	3,720	-1,949	2,165
Other non-cash items	10,343	-	10,343	-	-
<b>Total</b>	<b>75,814</b>	<b>23,573</b>	<b>183,350</b>	<b>69,290</b>	<b>114,225</b>
Interest received	731	93	1,367	240	364
Interest paid	-101	-535	-130	-1,274	-100
Tax paid	-11,699	-2,443	-19,865	-22,173	-30,039
<b>Total</b>	<b>-11,069</b>	<b>-2,885</b>	<b>-18,628</b>	<b>-23,207</b>	<b>-29,775</b>
<b>Cash flow from operating activities before changes in operating capital</b>	<b>64,745</b>	<b>20,688</b>	<b>164,722</b>	<b>46,083</b>	<b>84,450</b>
<b>Cash flow from changes in operating capital</b>					
Change in inventories	-2,376	-19,818	-15,867	-29,608	-26,111
Change in current receivables	-20,828	-23,930	-29,036	-19,080	-17,492
Change in current liabilities	62,895	46,671	95,930	37,798	2,010
<b>Total</b>	<b>39,691</b>	<b>2,923</b>	<b>51,027</b>	<b>-10,890</b>	<b>-41,593</b>
<b>Cash flow from operating activities</b>	<b>104,436</b>	<b>23,611</b>	<b>215,749</b>	<b>35,193</b>	<b>42,857</b>
<b>Investment activity</b>					
Investments in intangible fixed assets	-1,687	-2,224	-7,702	-13,215	-16,835
Investments in tangible fixed assets	-122	-4,397	-1,369	-7,054	-8,100
Investments in financial fixed assets	-	-95	-134	-10,443	-10,490
<b>Cash flow from investment activities</b>	<b>-1,809</b>	<b>-6,716</b>	<b>-9,205</b>	<b>-30,712</b>	<b>-35,425</b>
<b>Financing activities</b>					
Amortisation of lease liabilities attributable to lease agreements	-4,998	-4,692	-14,918	-13,445	-18,340
Issuance of options	215	19	1,984	835	975
Rights issue	-	-1	2,475	3,486	3,486
Dividends	-	-	-59,256	-67,405	-67,405
<b>Cash flow from financing activities</b>	<b>-4,783</b>	<b>-4,674</b>	<b>-69,715</b>	<b>-76,529</b>	<b>-81,284</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>97,844</b>	<b>12,221</b>	<b>136,829</b>	<b>-72,048</b>	<b>-73,852</b>
<b>Cash and cash equivalents at start of period</b>	<b>200,865</b>	<b>151,463</b>	<b>161,880</b>	<b>235,732</b>	<b>235,732</b>
<b>Cash and cash equivalents at end of period</b>	<b>298,709</b>	<b>163,684</b>	<b>298,709</b>	<b>163,684</b>	<b>161,880</b>

# Parent company report

## Summary income statement

Amounts in SEK thousands	01/07/2023	01/07/2022	01/01/2023	01/01/2022	01/01/2022
	30/09/2023	30/09/2022	30/09/2023	30/09/2022	31/12/2022
Net sales	7,000	4,529	15,630	21,199	26,970
Other revenue	237	-	342	2,064	2,066
Goods for resale and other direct costs	-	-	-	-8,208	-8,218
<b>Gross profit</b>	<b>7,237</b>	<b>4,529</b>	<b>15,972</b>	<b>15,055</b>	<b>20,818</b>
External operating expenses	-5,142	-4,542	-13,646	-14,206	-18,865
Depreciation/amortisation and write-downs	-536	-157	-741	-471	-628
<b>Operating profit</b>	<b>1,559</b>	<b>-170</b>	<b>1,585</b>	<b>378</b>	<b>1,325</b>
Net financial income/expense	2,863	-189	11,893	12,191	73,881
Tax	-	62	-	-3	-100
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>4,422</b>	<b>-297</b>	<b>13,478</b>	<b>12,566</b>	<b>75,106</b>

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

# Parent company report

## Summary of financial position

Amounts in SEK thousands	30/09/2023	30/09/2022	31/12/2022
<b>Fixed assets</b>			
Intangible fixed assets	18,130	10,239	12,667
Tangible fixed assets	18	25	23
Financial fixed assets	145,792	140,752	135,417
<b>Total fixed assets</b>	<b>163,940</b>	<b>151,016</b>	<b>148,107</b>
<b>Current assets</b>			
Current receivables	1,385	663	1,730
Intra-group receivables	28,244	19,408	13,458
Pre-paid costs and accrued revenues	350	2,221	350
Cash and bank balances	8,127	6,953	1,555
<b>Total current assets</b>	<b>38,106</b>	<b>29,245</b>	<b>17,093</b>
<b>TOTAL ASSETS</b>	<b>202,046</b>	<b>180,261</b>	<b>165,200</b>
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	3,394	3,370	3,386
Ongoing rights issue	-	15	-
Fund for development expenditures	18,129	10,239	12,667
<i>Unrestricted equity</i>			
Share premium reserve	51,098	48,632	48,631
Retained earnings including profit/loss for the period	1,500	-7,624	52,525
<b>Total equity</b>	<b>74,121</b>	<b>54,632</b>	<b>117,209</b>
<b>Long-term liabilities</b>			
Long-term liabilities	23,931	26,841	25,960
<b>Total long-term liabilities</b>	<b>23,931</b>	<b>26,841</b>	<b>25,960</b>
<b>Current liabilities</b>			
Intra-group current liabilities	87,560	84,273	16,426
Other current liabilities	15,355	13,536	4,784
Accrued costs and deferred revenues	1,079	979	821
<b>Total current liabilities</b>	<b>103,994</b>	<b>98,788</b>	<b>22,031</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>202,046</b>	<b>180,261</b>	<b>165,200</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 01/01/2022</b>	<b>3,370</b>	<b>7</b>	<b>4,910</b>	<b>45,154</b>	<b>52,438</b>	<b>105,879</b>
Profit/loss for the period	-	-	-	-	12,566	12,566
Capitalisation of development costs	-	-	5,639	-	-5,639	-
Release following amortisation of development costs for the year	-	-	-310	-	310	-
Rights issue	-	8	-	3,478	-	3,486
Issued warrants	-	-	-	-	106	106
Dividends	-	-	-	-	-67,405	-67,405
<b>Closing balance 30/09/2022</b>	<b>3,370</b>	<b>15</b>	<b>10,239</b>	<b>48,632</b>	<b>-7,624</b>	<b>54,632</b>
<b>Opening balance 01/10/2022</b>	<b>3,370</b>	<b>15</b>	<b>10,239</b>	<b>48,632</b>	<b>-7,624</b>	<b>54,632</b>
Profit/loss for the period	-	-	-	-	62,540	62,540
Capitalisation of development costs	-	-	2,738	-	-2,738	-
Release following amortisation of development costs for the year	-	-	-310	-	310	-
Rights issue	16	-15	-	-1	-	-
Issued warrants	-	-	-	-	37	37
<b>Closing balance 31/12/2022</b>	<b>3,386</b>	<b>-</b>	<b>12,667</b>	<b>48,631</b>	<b>52,525</b>	<b>117,209</b>
<b>Opening balance 01/01/2023</b>	<b>3,386</b>	<b>-</b>	<b>12,667</b>	<b>48,631</b>	<b>52,525</b>	<b>117,209</b>
Profit/loss for the period	-	-	-	-	13,478	13,478
Capitalisation of development costs	-	-	5,765	-	-5,765	-
Release following amortisation of development costs for the year	-	-	-303	-	303	-
Rights issue	8	-	-	2,467	-	2,475
Issued warrants	-	-	-	-	215	215
Dividends	-	-	-	-	-59,256	-59,256
<b>Closing balance 30/09/2023</b>	<b>3,394</b>	<b>-</b>	<b>18,129</b>	<b>51,098</b>	<b>1,500</b>	<b>74,121</b>



# Parent company report

## Summary of cash flows

Amounts in SEK thousands	01/07/2023 30/09/2023	01/07/2022 30/09/2022	01/01/2023 30/09/2023	01/01/2022 30/09/2022	01/01/2022 31/12/2022
<b>Operating activities</b>					
Profit/loss before financial items	1,559	-170	1,585	378	1,325
Depreciation and amortisation/write-downs	536	157	741	471	628
Currency fluctuations	-2,442	70	-2,373	121	284
<b>Total</b>	<b>-347</b>	<b>57</b>	<b>-47</b>	<b>970</b>	<b>2,237</b>
Interest received	279	135	663	374	636
Interest paid	-21	-	-21	-	-
Tax paid	-34	-52	-137	-1,865	-1,916
<b>Total</b>	<b>224</b>	<b>83</b>	<b>505</b>	<b>-1,491</b>	<b>-1,280</b>
<b>Cash flow from operating activities before changes in operating capital</b>	<b>-123</b>	<b>140</b>	<b>458</b>	<b>-521</b>	<b>957</b>
<b>Cash flow from changes in operating capital</b>					
Change in current receivables	-2,280	-5,363	-14,876	6,951	13,794
Change in current liabilities	-498	-1,454	69,973	62,924	51,500
<b>Cash flow from operating activities</b>	<b>-2,901</b>	<b>-6,677</b>	<b>55,555</b>	<b>69,354</b>	<b>66,251</b>
<b>Investment activity</b>					
Investments in intangible fixed assets	-1,133	-689	-5,328	-5,095	-7,533
Investments in financial fixed assets	-	-128	-	-10,611	-10,505
<b>Cash flow from investment activities</b>	<b>-1,133</b>	<b>-817</b>	<b>-5,328</b>	<b>-15,706</b>	<b>-18,038</b>
<b>Financing activities</b>					
Issuance of options	215	19	215	106	143
Rights issue	-	-	2,475	3,486	3,486
Dividends received	-	-	12,911	12,647	12,647
Dividends	-	-	-59,256	-67,405	-67,405
<b>Cash flow from financing activities</b>	<b>215</b>	<b>19</b>	<b>-43,655</b>	<b>-51,166</b>	<b>-51,129</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-3,819</b>	<b>-7,475</b>	<b>6,572</b>	<b>2,482</b>	<b>-2,916</b>
Cash and cash equivalents at start of period	11,946	14,428	1,555	4,471	4,471
Cash and cash equivalents at end of period	8,127	6,953	8,127	6,953	1,555

# Note 1

## Segment information

### Description of segments and main activities

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

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

The product area Health includes the sub-areas of Balance, Immune Supplement and Weight Control. The product area

Skincare includes Skinserum and products from the acquired brand HANZZ+HEIDI. Other net sales consist mainly of event sales and the coffee range. 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.

### 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

July–September 2023	Zinzino	Faun	Group elimination	Total Group
Net sales	393,764	39,032	-16,369	416,427
Other revenue	19,827	249	-	20,076
Own work capitalised	356	-	-	356
Goods for resale and other direct costs	-258,921	-27,446	16,369	-269,998
<b>Gross profit</b>	<b>155,026</b>	<b>11,835</b>	-	<b>166,861</b>
External operating expenses	-57,696	-1,789	-	-59,485
Personnel costs	-27,983	-8,194	-	-36,177
<b>EBITDA</b>	<b>69,347</b>	<b>1,852</b>	-	<b>71,199</b>
Depreciation/amortisation	-5,480	-1,213	-	-6,693
<b>Operating profit</b>	<b>63,867</b>	<b>639</b>	-	<b>64,506</b>

July–September 2022	Zinzino	Faun	Group elimination	Total Group
Net sales	313,621	31,968	-15,523	330,066
Other revenue	18,598	518	-	19,116
Own work capitalised	693	-	-	693
Goods for resale and other direct costs	-232,887	-21,610	15,523	-238,974
<b>Gross profit</b>	<b>100,025</b>	<b>10,876</b>	-	<b>110,901</b>
External operating expenses	-46,388	-1,807	-	-48,195
Personnel costs	-28,686	-8,627	-	-37,313
<b>EBITDA</b>	<b>24,951</b>	<b>442</b>	-	<b>25,393</b>
Depreciation/amortisation	-5,601	-1,402	-	-7,003
<b>Operating profit</b>	<b>19,350</b>	<b>-960</b>	-	<b>18,390</b>

January–September 2023	Zinzino	Faun	Group elimination	Total Group
Net sales	1,107,189	118,160	-47,879	1,177,470
Other revenue	58,556	841	-	59,397
Own work capitalised	1,590	-	-	1,590
Goods for resale and other direct costs	-758,921	-81,318	47,879	-792,360
<b>Gross profit</b>	<b>408,414</b>	<b>37,683</b>	-	<b>446,097</b>
External operating expenses	-159,193	-7,046	-	-166,239
Personnel costs	-89,549	-21,022	-	-110,571
<b>EBITDA</b>	<b>159,672</b>	<b>9,615</b>	-	<b>169,287</b>
Depreciation/amortisation	-16,411	-3,599	-	-20,010
<b>Operating profit</b>	<b>143,261</b>	<b>6,016</b>	-	<b>149,277</b>

January–September 2022	Zinzino	Faun	Group elimination	Total Group
Net sales	895,336	105,385	-45,284	955,437
Other revenue	54,253	1,168	-	55,421
Own work capitalised	2,903	-	-	2,903
Goods for resale and other direct costs	-671,020	-72,338	45,284	-698,074
<b>Gross profit</b>	<b>281,472</b>	<b>34,215</b>	-	<b>315,687</b>
External operating expenses	-126,246	-5,920	-	-132,166
Personnel costs	-91,536	-20,746	-	-112,282
<b>EBITDA</b>	<b>63,690</b>	<b>7,549</b>	-	<b>71,239</b>
Depreciation/amortisation	-14,919	-4,146	-	-19,065
<b>Operating profit</b>	<b>48,771</b>	<b>3,403</b>	-	<b>52,174</b>

January–December 2022	Zinzino	Faun	Group elimination	Total Group
Net sales	1,280,266	147,271	-71,529	1,356,008
Other revenue	82,107	1,593	-	83,700
Own work capitalised	3,364	-	-	3,364
Goods for resale and other direct costs	-946,846	-102,242	71,529	-977,559
<b>Gross profit</b>	<b>418,891</b>	<b>46,622</b>	-	<b>465,513</b>
External operating expenses	-188,767	-8,195	-	-196,962
Personnel costs	-126,984	-29,507	-	-156,491
<b>EBITDA</b>	<b>103,140</b>	<b>8,920</b>	-	<b>112,060</b>
Depreciation/amortisation	-19,433	-5,641	-	-25,074
<b>Operating profit</b>	<b>83,707</b>	<b>3,279</b>	-	<b>86,986</b>

## Note 2

### Net sales

#### 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.

Sales within the entire Zinzino segment are made via the webshop to Zinzino's customers and distributors in the various sales markets. The goods are sold mainly through subscriptions which run for a fixed period of 6 months and continue until further notice until the customer terminates the subscription. All revenues are recognised when the goods are delivered to the customer in accordance with IFRS 15.

For 2023, there has been a change in product groups, where Zinzino Skincare has been removed from Zinzino Health and the

former product group Zinzino Coffee is included in Event and other sales instead. Comparative figures from previous years have been adjusted as above.

For more information regarding the products, see Note 2.5.1 in the 2022 annual report 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 2022 annual report on revenue recognition principles.

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

July–September 2023	Zinzino	Faun	Total Group
Net sales	393,763	22,664	416,427
<b>Revenue from external customers</b>	<b>393,763</b>	<b>22,664</b>	<b>416,427</b>
Goods within Zinzino Health	381,849	-	381,849
Goods within Zinzino Skincare	7,456	-	7,456
Sales of external goods Faun	-	22,664	22,664
Event and other sales	4,458	-	4,458
<b>TOTAL</b>	<b>393,763</b>	<b>22,664</b>	<b>416,427</b>

July–September 2022	Zinzino	Faun	Total Group
Net sales	313,619	16,447	330,066
<b>Revenue from external customers</b>	<b>313,619</b>	<b>16,447</b>	<b>330,066</b>
Goods within Zinzino Health	298,558	-	298,558
Goods within Zinzino Skincare	6,274	-	6,274
Sales of external goods Faun	-	16,447	16,447
Event and other sales	8,787	-	8,787
<b>TOTAL</b>	<b>313,619</b>	<b>16,447</b>	<b>330,066</b>

January–September 2023	Zinzino	Faun	Total Group
Net sales	1,107,188	70,282	1,177,470
<b>Revenue from external customers</b>	<b>1,107,188</b>	<b>70,282</b>	<b>1,177,470</b>
Goods within Zinzino Health	1,069,275	-	1,069,275
Goods within Zinzino Skincare	24,208	-	24,208
Sales of external goods Faun	-	70,282	70,282
Event and other sales	13,705	-	13,705
<b>TOTAL</b>	<b>1,107,188</b>	<b>70,282</b>	<b>1,177,470</b>

January–September 2022	Zinzino	Faun	Total Group
Net sales	895,335	60,102	955,437
<b>Revenue from external customers</b>	<b>895,335</b>	<b>60,102</b>	<b>955,437</b>
Goods within Zinzino Health	861,366	-	861,366
Goods within Zinzino Skincare	14,476	-	14,476
Sales of external goods Faun	-	60,102	60,102
Event and other sales	19,493	-	19,493
<b>TOTAL</b>	<b>895,335</b>	<b>60,102</b>	<b>955,437</b>

January–December 2022	Zinzino	Faun	Total Group
Net sales	1,280,266	75,742	1,356,008
<b>Revenue from external customers</b>	<b>1,280,266</b>	<b>75,742</b>	<b>1,356,008</b>
Goods within Zinzino Health	1,216,701	-	1,216,701
Goods within Zinzino Skincare	32,263	-	32,263
Sales of external goods Faun	-	75,742	75,742
Event and other sales	31,302	-	31,302
<b>TOTAL</b>	<b>1,280,266</b>	<b>75,742</b>	<b>1,356,008</b>

## Note 3

### Transactions with related parties

	01/07/2023 30/09/2023	01/07/2022 30/09/2022	01/01/2023 30/09/2023	01/01/2022 30/09/2022	01/01/2022 31/12/2022
<b>Purchase of goods and services</b>					
Saele Invest & Consulting AS*	9,689	8,428	28,145	24,456	34,510
Prosperity ApS**	1,419	1,529	4,493	4,371	6,011
<b>TOTAL</b>	<b>11,108</b>	<b>9,957</b>	<b>32,638</b>	<b>28,827</b>	<b>40,521</b>

	01/07/2023 30/09/2023	01/07/2022 30/09/2022	01/01/2023 30/09/2023	01/01/2022 30/09/2022	01/01/2022 31/12/2022
<b>Sales of goods and services</b>					
Saele Invest & Consulting AS	237	1,217	342	1,217	1,566
<b>TOTAL</b>	<b>237</b>	<b>1,217</b>	<b>342</b>	<b>1,217</b>	<b>1,566</b>

As of 30/09/2023, the debt to Saele Invest & Consulting AS relating to sales commissions amounts to SEK 0 (0) thousand and to Prosperity 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.

There is a receivable from Prosperity ApS amounting to SEK 1,187 (1,797) thousand as at 30/09/2023. The receivable relates to a payment according to agreement for 75% of the company's establishment costs in Australia in 2019/2020.

\* 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 Prosperity ApS (formerly Oh Happy Day ApS), which is controlled by Peter Sörensen and who, through the company's shareholding in Zinzino AB, is defined as a person with significant influence.

## Note 4

### Earnings per share

SEK	01/07/2023 30/09/2023	01/07/2022 30/09/2022	01/01/2023 30/09/2023	01/01/2022 30/09/2022	01/01/2022 31/12/2022
Earnings per share before dilution	1.58	0.42	3.53	1.17	2.01
Earnings per share after dilution	1.56	0.42	3.47	1.15	1.97
<b>Earnings metric used in the calculation of earnings per share</b>					
Earnings attributable to shareholders of the parent company used in the calculation of earnings per share before and after dilution	53,383	14,269	119,448	39,498	67,697
<b>Number of shares</b>					
Weighted average number of ordinary shares in calculating earnings per share before dilution	33,876,417	33,702,278	33,867,180	33,702,278	33,731,333
<b>Adjustment for calculation of earnings per share after dilution (of warrants)</b>					
Weighted average number of ordinary shares and potential ordinary shares used as denominator in calculating earnings per share after dilution	34,317,545	34,136,178	34,409,053	34,326,853	34,307,847

## 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.

## 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.

<b>ALTERNATIVE KEY FIGURES</b>	<b>DEFINITION</b>	<b>PURPOSE</b>
<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

## 16 November 2023

The Board and the CEO certify that the report for the period 1 January–30 September 2023 gives a fair overview of the parent company and Group's operations, position and earnings and describes significant risks and uncertainties faced by the parent company and the companies in the group.

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

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Gothenburg, 16 November 2023

### **Hans Jacobsson**

Board Chair

### **Pierre Mårtensson**

Board Member

### **Ingela Nordenhav**

Board Member

### **Staffan Hillberg**

Board Member

### **Anna Frick**

Board Member

### **Dag Bergheim Pettersen**

CEO

## **AUDITOR'S REPORT**

### **Introduction**

We have reviewed the condensed interim financial information of Zinzino AB per 30 September 2023 as of 30 September 2023 and the nine-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. 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 in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

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

Gothenburg den 16 november 2023  
BDO Göteborg AB

### **Katarina Eklund**

Authorized Public Accountant





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