



# ZINZINO

INTERIM REPORT 2020 | Q3

# THIS IS ZINZINO

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

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

## A BRIEF HISTORY

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

# ZINZINO INTERIM REPORT 2020 | Q3

## **JULY - SEPTEMBER**

- Total revenue increased by 51% to SEK 281.8 (186.5) million
- Gross profit amounted to SEK 81,2 (51,1) million and the gross profit margin was 28.8% (27.4%)
- EBITDA amounted to SEK 28.8 (4.4) million and the EBITDA margin to 10.2% (2.4%)
- Cash flow from operating activities totalled SEK 12.0 (30.1) million
- Continued mild impact by the global Covid-19 outbreak
- Start of sales in Hong Kong

## **JANUARY - SEPTEMBER**

- Total revenue increased by 49% to SEK 798.2 (534.3) million
- Gross profit amounted to SEK 238.3 (157.4) million, of which items affecting comparability regarding reporting of sales commissions amounted to SEK 22.2 million. Gross profit margin amounted to 29.9% (29.5%)
- EBITDA amounted to 71.1 (27.2) million and the EBITDA margin to 8.9% (5.1%)
- Adjusted EBITDA amounted to SEK 48.9 (27.2) million and the adjusted EBITDA margin to 6.1% (5.1%)
- Cash flow from operating activities totalled SEK 64.5 (47.9) million
- Liquid assets on the balance sheet date were SEK 113.1 (56.2) million
- Acquisition of VMA-Group in Singapore was completed in July 1, 2020
- The Board adjusts the expected EBITDA margin by two percentage points to at least 6.5% for the full year

## OUR BEST QUARTER EVER - WITH 51% GROWTH!

For years, we as a company have dreamed of achieving the growth we're currently experiencing. An increase that provides both increased profitability and economies of scale. This strengthens our faith in the future and creates great expectations for continued strong profits going forward.

The third quarter of the year showed an increase of sales of 51% compared to last year. A clearly positive trend after a full seven quarters of high growth. Our goal is to continue to grow steadily and we intend to reach SEK 1.1 billion this year, compared to SEK 771 million in 2019. We are of course very pleased with the company's strong and positive development. The huge growth and its underlying benefits generate economies of scale with high sales volumes, which in turn leads to improved profitability. This has been a strategic goal for several years.

### **UNDERLYING POSITIVE BENEFITS OF GROWTH INCREASES OUR PROFITABILITY**

I believe that all companies want to grow and that many dream of the hyper-growth we are now experiencing. There are two clear issues when looking more closely at growth companies. The first has to do with maintaining growth and the second about how to avoid spending too much money.

Let me start with the simplest one, which is about spending money wisely and only taking carefully calculated, well-thought-out risks. We follow a good Scandinavian business model and have a corporate culture that is based on good processes, frugality and common sense where we take costs based on our revenue in order to ensure that we're making money along the way. This is both an ideal and a value for us.

Maintaining a strong growth curve is clearly the most difficult issue in practice. There are several strategic initiatives that must be implemented to achieve hyper-growth of more than 40%. The most obvious strategy is to open up new markets, secure the distribution chain, build a strong brand with a clear product strategy, gradually launch new products, acquire new companies, constantly improve customer dialogue, systematise all internal operations, have skilled people at all levels and maintain solid logistics. In addition, it pays to take advantage of the prevailing world trends that favour the phase the company is in. Health and well-being are in focus at a global level, while the whole of modern society is in the middle of a digital transformation where everything is moving online.

Zinzino has done all of these things, and at the right time. For 15 years, we've gradually opened in new markets and we're now working with sales in as many as 35 markets around the world. At the same time as we are expanding with a global online shop. We have recently established ourselves in Hong Kong, Malaysia, Singapore, Thailand and Taiwan. We have an establishment strategy that is sustainable and sensible without using excessive funds and resources. We have good foresight and take a long-term view with both company and product registrations, while we work to establish ourselves in another 20 new countries over the next 5 years.





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*"The third quarter of the year showed an increase of as much as 51% on last year."*

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We are a direct sales company which gives us great advantages in terms of distribution power as all of our now more than 17,000 active distributors worldwide can work with digital sales online. This gives us great financial advantages in the establishment phase as we can spend money based on growth and sales. We're building a strong brand and developing high-quality products from our own production unit. We also offer our customers unique opportunities with test-based supplements where they can literally see the effect of our products before and after use. All in all, this gives us a strong belief in the future as safe and sustainable solutions in preventive health care are increasingly in demand. Good health is an important global trend that has become increasingly relevant in connection with the current pandemic. This focus on health is continuing and also seems to be increasing faster after Covid-19 than previous forecasts have predicted.

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

Our strategy is clear to everyone involved in Zinzino, both employees and distributors. We have a good structure to follow for the goal of implementing all strategic plans. The plans for this year and next are to develop our web tools, launch a number of new products and open in more markets. We have a strong corporate culture and we've already been used to conducting

parts of our sales from home and online for several years, long before the global virus outbreak. We're therefore convinced that our company will emerge even stronger from this global crisis. We're taking advantage of the situation to implement even better online sales strategies, which will also give us an edge in the future.

Our vision is to inspire people all over the world to change their lives and our goal is to have 20 million customers by 2035. We have a stated milestone of 1 million customers by 2025, which we should be able to achieve earlier because we already have 330,000 in our customer register right now.

My personal focus is balanced between creating long-term visions with clear goals and doing a good job every day. I expect that every quarter going forward will be as good as this one and that we will deliver on both the top and bottom line. I expect a stable last quarter of 2020 which will thus give us the best quarter ever in terms of profitability and revenue.

#### **Dag Bergheim Pettersen**

CEO Zinzino

*Inspire Change in Life*



# FINANCIAL SUMMARY (SEK MILLION)

Key group figures	July-Sep 2020	July-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Total revenue	281.8	186.5	798.2	534.3	770.6
Net turnover	265.6	172.2	751.3	494.3	710.8
Sales growth	51%	36%	49%	27%	34%
Gross profit	81.2	51.1	238.3	157.4	232.3
Gross profit margin	28.8%	27.4%	29.9%	29.5%	30.1%
Operating profit before depreciation and amortisation	28.8	4.4	71.1	27.2	33.5
Operating margin before depreciation and amortisation	10.2%	2.4%	8.9%	5.1%	4.4%
Adjusted operating profit before depreciation and amortisation	28.8	4.4	48.9	27.2	33.5
Adjusted operating margin before depreciation and amortisation	10.2%	2.4%	6.1%	5.1%	4.4%
Operating profit	22.9	-0.6	55.6	13.3	14.8
Operating margin	8.1%	-0.3%	7.0%	2.5%	1.9%
Profit/loss before tax	21.6	-0.8	53.9	12.4	13.9
Net profit	17.0	-1.2	42.3	9.7	11.3
Net margin	6.0%	-0.6%	5.3%	1.8%	1.5%
Net earnings per share after tax before dilution, SEK	0.50	neg	1.25	0.26	0.33
Net earnings per share after tax at full dilution, SEK	0.48	neg	1.19	0.26	0.32
Cash flow from operating activities	12.0	30.1	64.5	47.9	71.3
Cash and cash equivalents	113.1	56.2	113.1	56.2	76.8
Equity/assets ratio	15.6%	13.3%	15.6%	13.3%	13.1%
Equity per share before dilution, SEK	2.06	1.23	2.08	1.23	1.24
Number of issued shares on average for the period	33,042,595	32,580,025	32,798,453	32,580,025	32,580,025
Average number of issued shares for the period with full dilution	34,533,804	32,785,520	34,414,937	32,676,710	32,846,326

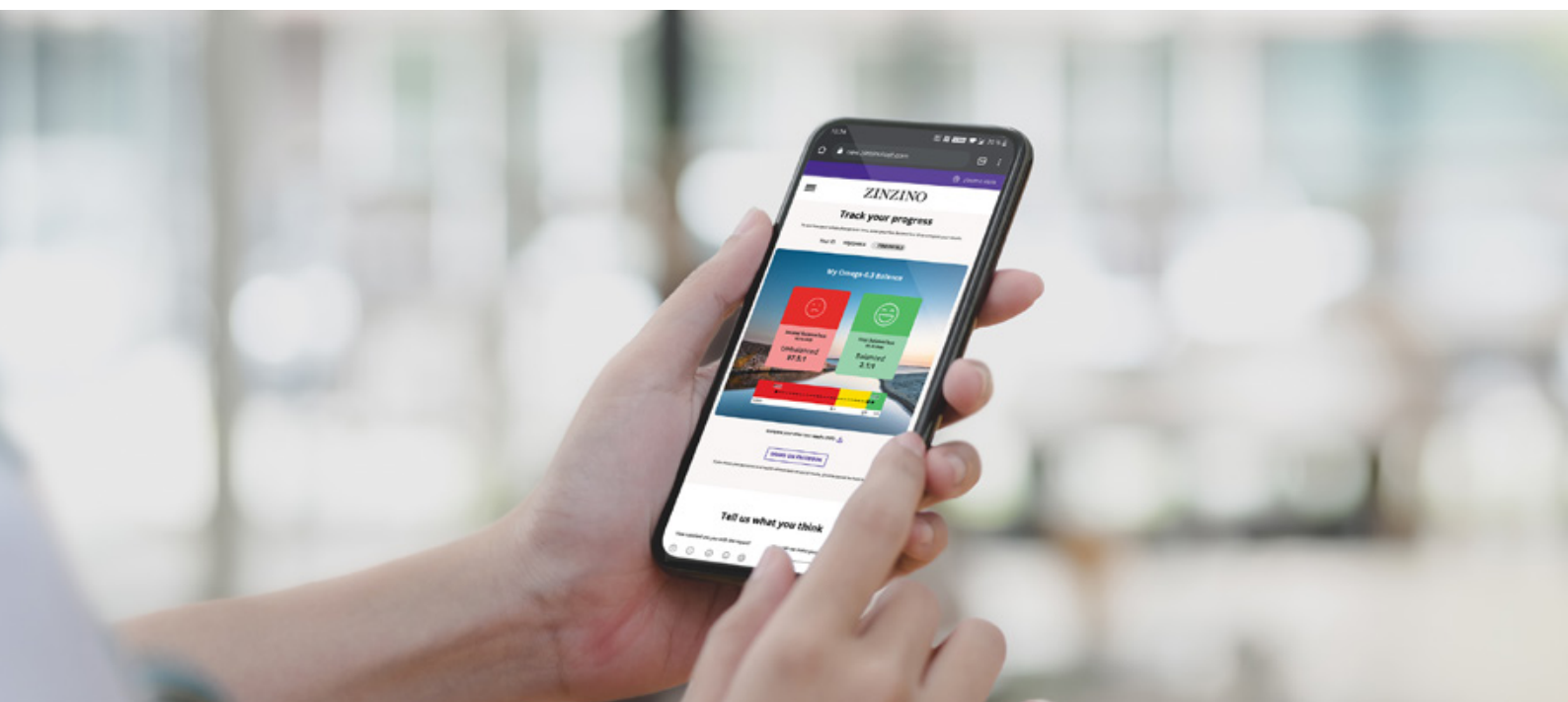
In the period January-March, gross profit, operating profit before and after depreciation/amortisation are affected by SEK 22.2 million through changed accounting as a result of changed terms for distributor remuneration. Net profit was affected by SEK 17.4 million.

## ZINZINO'S OUTLOOK AND FINANCIAL GOALS FOR 2020

Despite prevailing circumstances, the Board adjusts the forecast that total revenue is expected to exceed SEK 1,100 (771) million with an EBITDA margin exceeding 6.5%, but notes that uncertainty has increased due to Covid-19 and volatile exchange rate changes.

The average growth in sales at Zinzino for the period 2020-2022 will be a minimum of 20% and operating margin before depreciation/amortisation will increase to >6%. The dividend policy will 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 2020



Zinzinotest.com

## ZINZINO'S BALANCETEST WEBSITE HAS BEEN UPDATED

At the beginning of July 2020, the launch of Zinzino's largely unprocessed English version of zinzinotest.com was completed. The new version means improved functionality and user-friendliness as well as fresh design and layout. Zinzinotest.com shows the individual results anonymously from Zinzino's BalanceTest, a dry blood stain test for home use. Zinzino has currently performed over 500,000 analyses of these blood tests. The updated Zinzinotest.com provides in-depth information and recommendations on diet improvement, educating and helping customers and distributors to achieve better results. In addition, added and updated features allow customers and distributors to easily navigate the website and understand more about fatty acids in the body. The release of translated versions will occur in the autumn of 2020 and zinzinotest.com will soon be available in 22 languages.

## START OF SALES IN HONG KONG

During the quarter, Zinzino continued to work on the establishment processes with a focus on Hong Kong and other Asian markets that have become available through the acquisition of VMA Life. After a successful collaboration between a local organisation in Hong Kong and the head office in Gothenburg, Zinzino opened Hong Kong as the first Asian market for sales on 8 October. A local office has been set up in Hong Kong and warehousing/logistics will be handled in collaboration with Zinzino's global logistics partner, Radial Landmark. In addition, two employees have been recruited and trained to be able to assist customers and distributors in the new market. The employees will be located at VMA's office in Kuala Lumpur. The sales development has been very promising during the first weeks that the market has been in operation.

## ZINZINO MOVES UP TO THE PREMIER SEGMENT BY FIRST NORTH GROWTH MARKET

On September 16, Nasdaq approved Zinzino's application to move trading in the company's B share to First North Premier Growth Market. The transition is an important step towards the goal of being listed on Nasdaq's main list in the future. Trading in Zinzino's shares in the First North Premier Growth Market began on Monday, September 21, 2020 and was a strategically important step in global expansion. The move also facilitates increased international and institutional ownership in the company. The premier segment of First North Growth Market gives companies the opportunity to prepare for listing on the stock exchange's main list by setting higher requirements for, among other things, disclosure, accounting principles and corporate governance. The requirements for Premier are broadly in line with the regulations that apply to Nasdaq's main list, which is a regulated marketplace. Zinzino reports in accordance with the international accounting regulations IFRS, a requirement for companies listed on Premier. Zinzino shareholders have not had to take any action in connection with the listing on First North Premier Growth Market. The share continues to be traded under the same short name (ZZ B) and ISIN code as before.





The American flag

#### **CONTINUED EXPANSION OF A GLOBAL WEBSHOP FOR PARTNERS AS NEXT STEP**

Following the launch of Hong Kong, the focus is now shifting to launching a new global webshop where distributors from around the world and from markets where Zinzino is not currently established will have the opportunity to start up operations under Zinzino's flag. This approach reduces the pressure to open full-scale markets, which requires a lot of attention from the organisation. In tandem with the work on the global webshop, the establishment processes in India, Russia, Ukraine, South Africa, Serbia, Greece, Cyprus and the Asian markets that have become available through the acquisition of VMA Life continue. Following multiple implemented establishment processes in recent years, the company has learned the importance of ensuring thorough preparatory work and adapting to the local conditions in each market. Zinzino will continue to develop "best practices" through the experiences the company has during the establishment processes to adapt its operations in order to achieve rapid growth in the new markets.

#### **NEW LOGISTICS CENTRE IN KENTUCKY FOR MORE EFFICIENT DELIVERIES IN NORTH AMERICA**

In order to shorten lead times for shipping for the rapidly growing US market, Zinzino has entered into a partnership with Radial Landmark and moved all logistics to the supplier's facility in Walton, Kentucky. The new logistics solution results above all in an improvement for distributors and customers in the eastern United States, who are now receiving their deliveries faster than before. Efficient logistics is an important factor in maintaining sales growth in the part of the country where the current majority of the company's customers and distributors are based. The new logistics solution will also be more cost-effective than before through the global collaboration that Zinzino has with Radial Landmark.

#### **SUCCESSFUL DIGITAL EVENT AND CONTINUED MILD IMPACT OF COVID-19 ON THE BUSINESS**

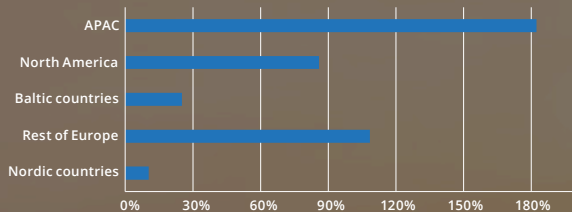
During the third quarter, Zinzino continued to adapt and optimise operations to maintain good sales growth during the global pandemic outbreak of Covid-19. Overall, the company and its distributors have handled the transition to the digital communication and meeting culture very well. Zinzino has prioritised the health of its employees and taken measures to limit the spread according to instructions from the relevant authorities. In addition, Zinzino has prepared and taken measures to secure critical processes for the business, such as the handling of orders, support and commission payments to distributors, should the authorities issue further restrictions. Additionally, in October, Zinzino's first fully digital international in-house event was held, where several internationally known lecturers gave presentations to more than 3,500 distributors from around the world.

# 2020 | Q3

## SALES AND PROFITS

### SALES Q3

In total, revenue for the third quarter of 2020 amounted to SEK 281.8 (186.5) million, which represented a growth of 51% compared with the corresponding period in the previous year.



### NORDIC COUNTRIES

The Nordic countries increased their total revenue by 10% to SEK 110.3 (99.9) million. Continued good growth in Sweden, where the sales organisation was very active and alternated physical meetings with digital ones during the quarter. Increased activity and growth in Norway where important global distributors had a greater focus on the domestic market as a result of the country's restrictions. Some growth also in Denmark with increasing activity during the quarter. The decline continued at the same time in Finland and Iceland, where the distributor activity continued to be low in both markets. Zinzino continues to provide active and very regular support to the sales organisations in each market in order to try to stimulate sales again.

Faun Pharma, the group's subsidiary and production unit, had high external production during the quarter, but at the same time managed to increase external sales by 11% to SEK 12.8 (11.6) million.

### BALTIC COUNTRIES

In the Baltic countries, revenues increased by 25% to SEK 15.4 (12.3) million after strong sales growth and high distributor activity in Latvia and Lithuania. On the other hand, sales in Estonia decreased during the quarter despite high distributor activity where, among other things, a local event was held in September where the head office was also represented on-site in Tallinn. The implemented measures are expected to stimulate growth in the coming quarter.

### REST OF EUROPE

Among the remaining markets in Europe, the excellent growth trend continued in many markets and combined revenues increased by 108% to 136.8 (65.6) million after generally high activity among the distributors. This is despite the global virus outbreak and heavy shutdowns in most of the region's countries. Growth continued to be very strong in the central European markets of Hungary, Poland, Czech Republic and Slovakia. These markets are run by a common cluster of distributors working in an organised way across national borders drives this growth in the area. There was also positive growth in Germany, Austria and Switzerland, where experienced distributor organisations run their operations in a similar way with good results. In the United Kingdom, too, the strong development continued during the quarter with high activity in the growing distributor organisation with increasing sales growth. In southern Europe, distributor activity increased again after Covid-19 slowed operations earlier in the year. Instead, sales in Spain and Italy increased at the same time as the strong development from the second quarter continued in Greece, Slovenia and Cyprus.

### NORTH AMERICA

Revenues in North America increased by 86% to 10.0 (5.4) million in the second quarter compared with the previous year. This is after increased distributor activity in combination with the Life Leadership collaboration, which generated significant revenue in the region during the quarter.

Zinzino will continue to adapt its digital platforms to North America, develop the collaboration with Life Leadership and support the distributor network. In addition, logistics will be improved through the new partnership with Landmark Radial in Walton Kentucky.

### APAC

Revenues in the APAC region during the third quarter increased by 182% to a combined SEK 9.3 (3.3) million. This is due to increasing distributor activity and customer influx in Australia. In addition, external sales from the VMA Life companies were added during the quarter after the acquisition was completed in early July. Revenues from Taiwan, Singapore, Malaysia and Thailand amounted to SEK 3.3 (0.0) million and were derived entirely from the companies' original sales channels. Zinzino opened Hong Kong for sales on 8 October 2020 with regular product offerings and sales concepts. Zinzino continues to support the building of local sales organisations through the regional offices in Adelaide and Hong Kong. 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 Zinzino in Hong Kong.

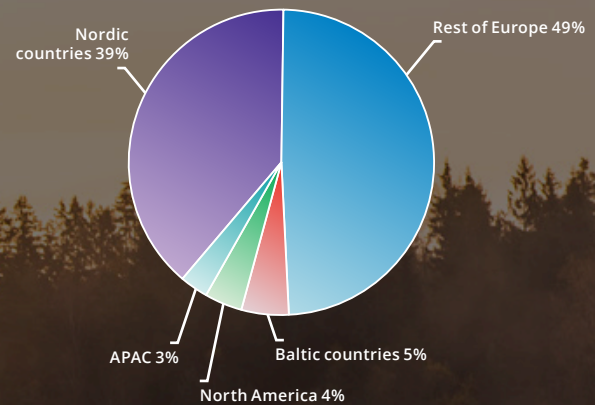
### SALES PER REGION Q3

Rest of Europe was also the strongest region in terms of sales during the third quarter and accounted for 49% (35%) of total sales after very strong growth in almost all countries in the region. During the third quarter, the Nordic region accounted for 39% (53%) of total sales after continued stable sales development. The Baltic countries reduced their share slightly to 5% (7%). North America increased its share of total sales after strong development during the quarter and accounted for 4% (3%) of total revenue. The new APAC region accounted for the remaining 3% (2%) of total revenues.

### SALES PER PRODUCT AREA Q3

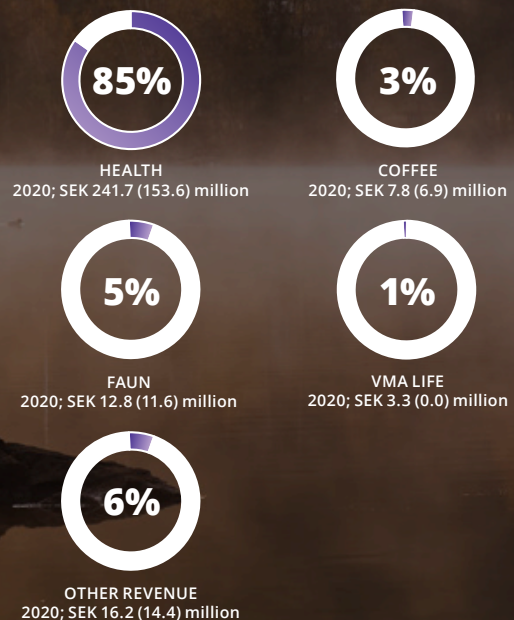
The Zinzino Health product segment increased by 57% to SEK 241.7 (153.6) million and represented 85% (82%) of total revenue. The Zinzino Coffee product segment increased by 13% till 7.8 (6.9) million, which corresponded to 3% (4%) of total revenue. Faun Pharma AS external sales increased by 10% after a higher share of external production during the quarter and amounted to SEK 12.8 (11.6) million, which corresponded to 5% (6%) of total revenue. VMA Life's sales amounted to SEK 3.3 (0.0) million, which corresponded to 1% (0%) of total revenues. Other revenue amounted to SEK 16.2 (14.4) million, which corresponded to the remaining 6% (8%) of revenue for the quarter.

### SALES PER REGION Q3



Sales  
SEK million **281.8** (186.5)

### SALES PER PRODUCT AREA Q3

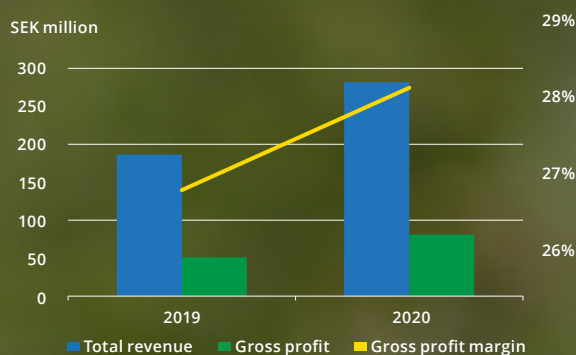


### RESULTS AND FINANCIAL POSITION Q3

Gross profit amounted to SEK 81.2 (51.1) million and gross profit margin to 28.8% (27.4%). Gross profitability improved compared with the third quarter last year, mainly after generally lower remuneration levels for the distributor organisation. This was due to minor adjustments in the remuneration model. In addition, the cost of goods normalised during the third quarter after the negative currency effect from raw material purchases at the production stage subsided earlier in the year.

Operating profit before depreciation/amortisation amounted to SEK 28.8 (4.4) million. The group's EBITDA margin was 10.2% (2.4%). Operating profit amounted to SEK 22.9 (-0.6) million and the operating margin was 8.1% (-0.3). The margin improvement was achieved through the economies of scale that arose mainly through improved efficiency in IT systems, logistics and increased expertise within the organisation.

Profit before tax totalled SEK 21.6 (-0.8) million and net profit was SEK 17.0 (-1.2) million.



### DEPRECIATION AND AMORTISATION

Depreciation and amortisation for the quarter were charged to the profit for the period by SEK 5,898 (4,976) thousand, of which SEK 278 (217) thousand was depreciation of tangible fixed assets and SEK 5,620 (4,759) thousand was amortisation of intangible fixed assets. Of this, SEK 3,559 (2,681) thousand is amortisation of leases in accordance with IFRS 16.

### CASH FLOW

A large positive capital injection from operating activities before changes in working capital strongly contributed to the total cash flow from operating activities amounting to SEK 12.0 (30.0) million. This is despite the fact that capital tied up in inventories increased by SEK 23.1 (4.9) million during the quarter.

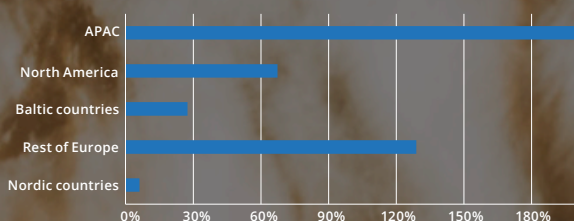


# 2020 | Q1-Q3

## SALES AND PROFITS

### SALES Q1-Q3

In total, revenue in January-September 2020 amounted to SEK 798.2 (534.3) million, which represented a growth of 49% compared with the previous year.



### NORDIC COUNTRIES

The Nordic countries increased their total revenue by 6% to 331.9 (312.8) million. Continued stable growth in Sweden, Norway and Denmark after effective conversion to digital communication due to Covid 19 from the distributors during the year. The trend has been increasingly clear during the year that sales growth is picking up again in the important sales markets of Norway and Denmark. Consistent downward trend in Finland and Iceland, where distributor activity was at a generally lower level in 2020 compared with the previous year. The Finnish sales organisation, in collaboration with the head office during the rest of the autumn, will work intensively to broaden the geographical expansion within the country. This is in order to attract completely new customers and distributors in order to stimulate sales growth in the market.

Faun Pharma, the group's subsidiary and manufacturing unit, has increased efficiency in 2020 by optimising production planning. This has resulted in external sales so far this year increasing by 18% to SEK 42.2 (35.8) million, while internal production has more than doubled. Strengthening efficiency has been very important in securing the internal supply of goods during the strong sales growth that has taken place in the various Zinzino markets in 2020.

### BALTIC COUNTRIES

In the Baltic countries, revenues increased by a total of 27% to SEK 48.8 (38.3) million after growth in Latvia and Lithuania. Zinzino's distributors in Latvia have for a long time had a major focus on customer growth by building long-term customer relationships with Zinzino's test-based balance concept, which contributed to the strong growth. In Lithuania, growth has also been positive for a relatively long time following increased distributor activity in the previous year, which continued during 2020. Stable but somewhat uneven sales situation in Estonia after a weaker first and third quarter but a stronger second quarter with increased order intake. Zinzino continues to support the sales organisations in the Baltic countries through

marketing support and customer support.

The Estonian sales organisation works closely with parts of the Finnish sales organisation and in the coming months will also work intensively to attract new customer groups and distributors to Zinzino.

### REST OF EUROPE

The strong growth trend continued during the first half of the year among the remaining markets in Europe. Growth in all markets meant that revenues rose by a total of 129% to 371.6 (162.3) million after generally high distributor activity. This is despite the global virus outbreak and heavy shutdowns in most of the region's countries, mainly during the first half of the year. Growth continued to be very strong in the central European markets of Hungary, Poland, Czech Republic and Slovakia. A common cluster of distributors working in an organised way across national borders drives this growth in the area. There was also positive growth in Germany, Austria and Switzerland, where the experienced distributor organisations run their operations with good results. The investments in the UK through the appointed local head of sales and the newly opened subsidiary have resulted in increased sales despite major restrictions due to Covid-19, which results in Zinzino viewing the UK as one of the greatest growth potential markets.

### NORTH AMERICA

Revenues in North America increased by 67% during the first 9 months of the year to SEK 26.9 (16.1) million. The trend has been very positive in the region with rising growth during the year. This was due to a successful combination of underlying growth from existing and new distributors, and the collaboration with Life Leadership during the year. Zinzino will continue to adapt its digital platforms to North America, develop the collaboration with Life Leadership and support the distributor network to further stimulate the growth rate.

### APAC

During the first 9 months of the year, revenues amounted to a total of SEK 19.0 (4.8) million in Australia, which meant an increase of 296% compared with the corresponding period last year. Of the total revenues in the region, a total of SEK 3.3 (0.0) million during the third quarter was attributed to the VMA Life companies' external sales from the markets in Taiwan, Singapore, Malaysia and Thailand. Through its establishment in Australia, Zinzino has succeeded in attracting distributors with important strategic contacts in most Asian countries where Zinzino is currently conducting establishment processes. For the upcoming opening in Hong Kong, these contacts may prove very important for the establishment and sales development through similar synergies that Zinzino had in the Central European markets.

### 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, over longer distances. Work is carried out with a strong focus on Zinzino's Balance concept, which has been positively received by a large number of new customers in Zinzino's new markets.

Zinzino is working long-term and investing considerable resources in the development of IT systems and marketing tools, which generate growth in both the short and the long term. When the company implements an expansion into a new market, this occurs mainly when the company's market analysis shows that there are good opportunities to establish an effective sales organisation locally. This is primarily achieved via contact to the already-established sales organisations in neighbouring markets. This is precisely the reason for the good sales performance of the relatively newly-established markets in central and southern Europe. These contacts can occasionally also carry across continents, which has been behind the launch in Australia and the ongoing new establishment project in India. The establishment model follows the same concept for the various markets with the adaptation of websites and marketing materials in the local languages.

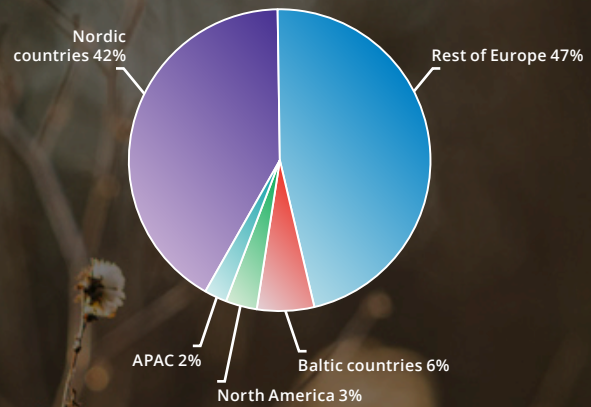
### SALES PER REGION Q1-Q3

During the first 9 months of the year, the rest of Europe was the strongest region in terms of sales and accounted for 47% (30%) of total sales, mainly due to the favourable sales development in the Central European countries. The Nordic countries continued to account for a large share of the company's revenue, although the share was reduced to 42% (59%) of total sales and the Baltic countries reduced their share to 6% (7%). North America accounted for 3% (3%) of total revenue and APAC the remaining 2% (1%) of revenue.

### SALES PER PRODUCT AREA Q1-Q3

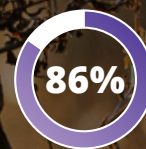
The Zinzino Health product segment increased by 58% to 682.9 (432.8) million and represented 86% (81%) of total revenue. The Zinzino Coffee product segment decreased by 10% till 23.0 (25.5) million, which corresponded to 3% (5%) of total revenue. Faun Pharma AS external sales increased by 18% after more efficient production during the year and amounted to SEK 42.2 (35.8) million, which corresponded to 5% (7%) of total revenues. VMA Life's sales amounted to SEK 3.3 (0.0) million. Other revenue amounted to SEK 46.8 (40.2) million, which corresponded to the remaining 6% (7%) of revenue for the period January - September 2020.

### SALES PER REGION Q1-Q3

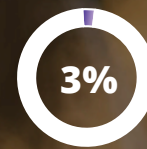


Sales  
SEK million **798.2** (534.3)

### SALES PER PRODUCT AREA Q1-Q3



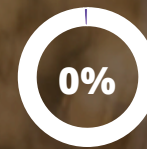
HEALTH  
2020; SEK 682.9 (432.8) million



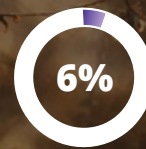
COFFEE  
2020; SEK 23.0 (25.5) million



FAUN  
2020; SEK 42.2 (35.8) million



VMA LIFE  
2020; SEK 3.3 (0.0) million

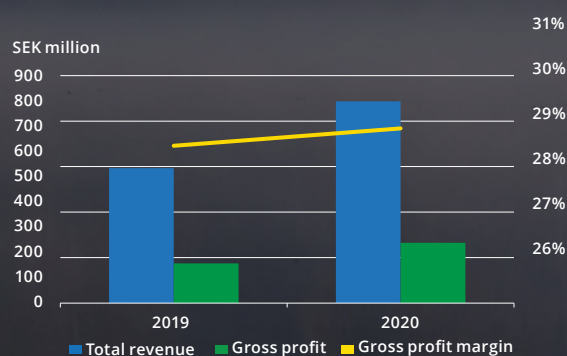


OTHER REVENUE  
2020; SEK 46.8 (40.2) million

## RESULTS AND FINANCIAL POSITION Q1- Q3

Gross profit amounted to SEK 238.2 (157.4) million and gross profit margin to 29.9% (29.5%). A one-off effect due to changed accounting for distributor remuneration improved gross profit by SEK 22.2 million during the first quarter. Due to a minor adjustment in the general terms with the distributors, the costs are reported during the same period as the revenues, whereby the matching of revenue and costs will be better. The new terms apply from 01/01/2020 with the one-off effect of the change affecting the profits during the period.

Profitability at gross level slowed during Q1-Q2 from increased raw material prices due to currency fluctuations and temporary increased revenue-stimulating promotions aimed at distributors' organisations. This was in order to maintain good sales growth during the Covid-19 outbreak. A more normalised level of remuneration to distributors in combination with favourable currency development during Q3 has contributed to a gradually strengthened overall gross profit Q1-Q3.



Operating profit before depreciation/amortisation amounted to SEK 71.1 (27.2) million, and operating margin before depreciation/amortisation amounted to 8.9% (5.1%). Adjusted operating profit before depreciation/amortisation amounted to SEK 48.9 (27.2) million and the adjusted EBITDA margin amounted to 6.1% (5.1%). Large economies of scale in most of the operational parts of the business contributed strongly to the improved profitability.

Operating profit amounted to SEK 55.6 (13.3) million and the operating margin was 7.0% (2.5%).

Profit before tax totalled SEK 53.8 (12.4) million and net profit was SEK 42.3 (9.7) million.

## INVENTORIES

The group's combined inventories at the balance sheet date were SEK 128.6 (87.0) million. The increase was mainly due to the company establishing another external warehouse in Poland as a result of the increased sales in Central and Eastern Europe, but also because the company built up the inventory level in Australia to be able to ensure efficient deliveries to the growing customer base in the country. In addition, the new external warehouse in Hong Kong was built during the third quarter before the launch in early October.

## FINANCIAL POSITION

On the balance sheet date, cash totalled SEK 113.1 (56.2) million. Cash flow from operating activities totalled SEK 64.5 (47.9) million. The group's equity/assets ratio was 16% (13%). Equity in the group at the end of the period amounted to SEK 68.1 (40,1) million, corresponding to SEK 2.08 (1.23) per share. The assessment of the board of directors is that liquid assets are at a satisfactory level and that the group's positive cash flow from operating activities will ensure liquidity in the group for the foreseeable future.

## THE ORGANISATION

In the third quarter, Zinzino strengthened its marketing and IT department by appointing a new communicator and web programmer to manage digital media and platforms more efficiently. The finance department has also been strengthened to meet the increased requirement for internal and external reporting. In addition, the VMA Life companies organisation has been added.

Otherwise, the company continued to be affected by the change brought about by Covid-19, where great focus was placed on the employees' health and well-being. In the resulting situation, Zinzino has taken measures to limit the spread according to instructions from the relevant authorities.

In addition, Zinzino has prepared and taken measures to secure critical processes for the business, such as the handling of orders, support and commission payments to distributors in the event of any increased restrictions on operations.

The number of employees in the group at the end of the year totalled 166 (135) people, of which 106 (82) are women. In addition, there were 18 (8) people, of which 5 (2) women, employed on consultancy contracts.



## **SIGNIFICANT RISKS AND UNCERTAINTIES IN OPERATIONS**

Zinzino's greatest risks are found within its own organisation's capacity to manage costs during a period of strong growth. In addition, there are risks related to purchases and access to raw materials at times of high expansion, risks with complex IT systems and managing sales and currency risks as Zinzino has both revenues and costs in a number of different currencies. There are also risks related to compliance when establishing foreign markets. The global outbreak of Covid-19 also shows great risks due to unexpected events in the outside world that have a major impact on the company. For an in-depth description of risks and other uncertainty factors, please refer to the annual report for 2019, which is available via the company website: <https://zinzinowebstorage.blob.core.windows.net/reports/Zinzino-Arsredovisning-2019.pdf>. Compared to the annual report published on 24 April 2020, no new risks have been identified.

## **NUMBER OF OUTSTANDING SHARES**

As at 30/09/2020, the share capital was divided among 33,042,595 shares, of which 5,113,392 are A shares (one vote) and 27,929,203 are B shares (0.1 vote). The share's quota value is SEK 0.10. The company's B shares are traded on Nasdaq First North Premier Growth Market, [nasdaqomxnordic.com](http://nasdaqomxnordic.com). The company, as of the report date, has two outstanding options programmes. The first options programme will cover 800,000 warrants at an exercise price of SEK 18 which expires 31 May 2024. The second options programme will cover 1,000,00 warrants at an exercise price of SEK 45. The option programme expires on 31 May 2025. If all the warrants issued on 30/09/2020 are exercised for new subscriptions of 1,800,000 shares, the share capital dilution will be approximately 6%.

## INTERIM REPORT 2020 | 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 is 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 year. For a complete description of the group's accounting principles, see the company's annual report for 2019.

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

The 2021 annual meeting of shareholders will be held on 20 May in the company's offices at Hulda Mellgrens Gata 5 in Västra Frölunda at 13.30. For further information on the annual general meeting, please refer to the company's website [www.zinzino.com](http://www.zinzino.com).

### **REPORT CALENDAR**

The interim report for Q4 2020 will be published on 26/02/2021

The interim report for Q1 2021 will be published on 18/05/2021

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

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



# GROUP REPORT

## SUMMARY OF FINANCIAL POSITION

Amounts in SEK thousands	01/07/2020 30/09/2020	01/07/2019 30/09/2019	01/01/2020 30/09/2020	01/01/2019 30/09/2019	01/01/2019 31/12/2019
Net turnover	265,607	172,194	751,320	494,276	710,777
Other revenue	16,153	13,319	46,426	37,371	57,116
Own work capitalised	85	1,005	490	2,662	2,662
Goods for resale and other direct costs	-200,678	-135,466	-559,913	-376,943	-538,252
<b>Gross profit</b>	<b>81,167</b>	<b>51,052</b>	<b>238,323</b>	<b>157,366</b>	<b>232,303</b>
External operating expenses	-27,883	-26,923	-93,904	-70,882	-115,806
Personnel costs	-24,440	-19,732	-73,320	-59,274	-82,968
Depreciation/amortisation	-5,898	-4,976	-15,477	-13,954	-18,751
<b>Operating profit</b>	<b>22,946</b>	<b>-579</b>	<b>55,622</b>	<b>13,256</b>	<b>14,778</b>
Net interest income	-1,366	-183	-1,759	-850	-893
Tax	-4,623	-409	-11,568	-2,702	-2,584
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>16,957</b>	<b>-1,171</b>	<b>42,295</b>	<b>9,704</b>	<b>11,301</b>

### OTHER COMPREHENSIVE PROFIT/LOSS

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

Currency exchange differences upon conversion of foreign subsidiaries	268	-1,033	-4,942	2,818	1,421
<b>Other comprehensive profit/loss for the period</b>	<b>268</b>	<b>-1,033</b>	<b>-4,942</b>	<b>2,818</b>	<b>1,421</b>
<b>OTHER COMPREHENSIVE PROFIT/LOSS FOR THE PERIOD</b>	<b>17,225</b>	<b>-2,204</b>	<b>37,353</b>	<b>12,522</b>	<b>12,722</b>

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

Parent company's shareholders	16,663	-1,408	41,112	8,605	10,661
Non-controlling interest	294	237	1,183	1,099	640
<b>TOTAL</b>	<b>16,957</b>	<b>-1,171</b>	<b>42,295</b>	<b>9,704</b>	<b>11,301</b>

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

Parent company's shareholders	16,931	-2,441	36,170	11,418	12,082
Non-controlling interest	294	237	1,183	1,104	640
<b>TOTAL</b>	<b>17,225</b>	<b>-2,204</b>	<b>37,353</b>	<b>12,522</b>	<b>12,722</b>

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

##### Amounts in SEK

Earnings per share before dilution	0.50	neg	1.25	0.26	0.33
Earnings per share after dilution	0.48	neg	1.19	0.26	0.32

# GROUP REPORT

## SUMMARY OF FINANCIAL POSITION

Amounts in SEK thousands	30/09/2020	30/09/2019	31/12/2019
<b>Fixed assets</b>			
Goodwill	45,343	34,536	33,513
Other intangible fixed assets	13,500	18,355	16,969
Equipment, tools and installations	7,087	5,884	5,950
Right-of-Use Assets	39,129	47,854	43,817
Financial fixed assets	4,250	7,919	7,953
<b>Total fixed assets</b>	<b>109,309</b>	<b>114,548</b>	<b>108,202</b>
<b>Current assets</b>			
Inventories	128,584	86,963	88,864
Current receivables	53,429	27,712	22,361
Pre-paid costs and accrued revenues	33,205	15,608	10,386
Cash and bank balances	113,137	56,234	76,837
<b>Total current assets</b>	<b>328,355</b>	<b>186,517</b>	<b>198,448</b>
<b>TOTAL ASSETS</b>	<b>437,664</b>	<b>301,065</b>	<b>306,650</b>
<b>Equity</b>			
Share capital	3,304	3,258	3,258
Other contributed capital	23,660	12,804	12,804
Retained earnings including profit/loss for the period	41,113	24,026	24,225
<b>Total equity</b>	<b>68,077</b>	<b>40,088</b>	<b>40,287</b>
<b>Long-term liabilities</b>			
Lease liabilities	29,444	38,105	33,087
Other long-term liabilities	5,833	730	1,530
<b>Total long-term liabilities</b>	<b>35,277</b>	<b>38,835</b>	<b>34,617</b>
<b>Current liabilities</b>			
Supplier liabilities	44,428	27,177	35,658
Tax liabilities	6,642	3,162	2,614
Leasing liabilities	10,119	8,909	10,730
Other current liabilities	165,518	98,857	101,078
Accrued costs and deferred revenues	107,603	84,037	81,666
<b>Total current liabilities</b>	<b>334,310</b>	<b>222,142</b>	<b>231,746</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>437,664</b>	<b>301,065</b>	<b>306,650</b>

# GROUP REPORT

## SUMMARY OF CHANGES IN EQUITY

Amounts in SEK thousands	Share capital	Ongoing new issue	Other contributed capital	Conversion reserves	Retained earnings including profit/loss for the period	Total	Non- controlling interest	Total Equity
<b>Opening balance 01/01/2019</b>	<b>3,258</b>	<b>-</b>	<b>12,804</b>	<b>18</b>	<b>27,066</b>	<b>43,146</b>	<b>7,222</b>	<b>50,368</b>
Profit/loss for the period	-	-	-	-	8,605	<b>8,605</b>	1,099	<b>9,704</b>
Other comprehensive profit/loss for the period	-	-	-	2,818	-	<b>2,818</b>	4	<b>2,822</b>
Share repurchase	-	-	-	-	2	<b>2</b>	-2	-
Dividends	-	-	-	-	-22,806	<b>-22,806</b>	-	<b>-22,806</b>
<b>Closing balance 30/09/2019</b>	<b>3,258</b>	<b>-</b>	<b>12,804</b>	<b>2,836</b>	<b>12,867</b>	<b>31,765</b>	<b>8,323</b>	<b>40,088</b>
<b>Opening balance 01/10/2019</b>	<b>3,258</b>	<b>-</b>	<b>12,804</b>	<b>2,836</b>	<b>12,867</b>	<b>31,765</b>	<b>8,323</b>	<b>40,088</b>
Profit/loss for the period	-	-	-	-	2,056	<b>2,056</b>	-459	<b>1,597</b>
Other comprehensive profit/loss for the period	-	-	-	-1,401	-	<b>-1,401</b>	3	<b>-1,398</b>
Share repurchase	-	-	-	-	1	<b>1</b>	-1	-
Change of the minority	-	-	-	-	595	<b>595</b>	-595	-
<b>Closing balance 31/12/2019</b>	<b>3,258</b>	<b>-</b>	<b>12,804</b>	<b>1,435</b>	<b>15,519</b>	<b>33,016</b>	<b>7,271</b>	<b>40,287</b>
<b>Opening balance 01/01/2020</b>	<b>3,258</b>	<b>-</b>	<b>12,804</b>	<b>1,435</b>	<b>15,519</b>	<b>33,016</b>	<b>7,271</b>	<b>40,287</b>
Profit/loss for the period	-	-	-	-	41,112	<b>41,112</b>	1,183	<b>42,295</b>
Other comprehensive profit/loss for the period	-	-	-	-5,836	-	<b>-5,836</b>	-	<b>-5,836</b>
Change of the minority	-	-	-	-	1,822	<b>1,822</b>	-1,822	-
Rights issue	46	8	10,856	-	-	<b>10,910</b>	-	<b>10,910</b>
Issued warrants	-	-	-	-	3,408	<b>3,408</b>	-	<b>3,408</b>
Dividends	-	-	-	-	-22,987	<b>-22,987</b>	-	<b>-22,987</b>
<b>Closing balance 30/09/2020</b>	<b>3,304</b>	<b>8</b>	<b>23,660</b>	<b>-4,401</b>	<b>38,874</b>	<b>61,445</b>	<b>6,632</b>	<b>68,077</b>

# GROUP REPORT

## SUMMARY OF CASH FLOWS

Amounts in SEK thousands	01/07/2020 30/09/2020	01/07/2019 30/09/2019	01/01/2020 30/09/2020	01/01/2019 30/09/2019	01/01/2019 31/12/2019
<b>Operating activities</b>					
Profit/loss before financial items	22,946	-579	55,622	13,256	14,778
Adjustment for items which are not included in the cash flow	-	-	-	-	18,751
Depreciation and amortisation/write-downs	5,898	4,976	15,477	13,954	-
Currency fluctuations	145	782	1,883	-1,953	-
Other non-cash items	-	-	-	-	860
<b>Total</b>	<b>28,989</b>	<b>5,179</b>	<b>72,982</b>	<b>25,257</b>	<b>34,389</b>
<b>Interest received</b>					
Interest received	20	5	80	86	390
<b>Interest paid</b>					
Interest paid	-1,386	-263	-1,839	-694	-1,125
<b>Tax paid</b>					
Tax paid	-2,694	-28	-3,837	-78	-78
<b>Total</b>	<b>-4,060</b>	<b>-286</b>	<b>-5,596</b>	<b>-686</b>	<b>-813</b>
<b>Cash flow from operating activities before changes in operating capital</b>					
	<b>24,929</b>	<b>4,893</b>	<b>67,386</b>	<b>24,571</b>	<b>33,576</b>
<b>Cash flow from changes in operating capital</b>					
Change in inventories	-23,134	-4,914	-39,720	-22,279	-24,180
Change in current receivables	-17,362	10,114	-53,888	-8,823	1,750
Change in current liabilities	27,532	20,021	90,676	54,399	60,120
<b>Cash flow from operating activities</b>	<b>11,965</b>	<b>30,114</b>	<b>64,454</b>	<b>47,868</b>	<b>71,266</b>
<b>Investment activity</b>					
Investments in intangible fixed assets	-719	-1,737	-2,412	-4,140	-4,458
Investments in financial fixed assets	-3,834	-77	-3,834	-183	-183
Investments in tangible fixed assets	-1,109	-320	-1,947	-1,949	-2,415
<b>Cash flow from investment activities</b>	<b>-5,662</b>	<b>-2,134</b>	<b>-8,193</b>	<b>-6,272</b>	<b>-7,056</b>
<b>Financing activities</b>					
Amortisation of lease liabilities attributable to lease agreements	-2,245	-2,543	-7,738	-8,015	-10,975
Issuance of options	1,877	-	1,877	-	949
Rights issue	-	-	8,887	-	-
Dividends	-	-	-22,987	-22,806	-22,806
<b>Cash flow from financing activities</b>	<b>-368</b>	<b>-2,543</b>	<b>-19,961</b>	<b>-30,821</b>	<b>-32,832</b>
<b>CASH FLOW FOR THE PERIOD</b>					
<b>Cash and cash equivalents at start of period</b>	<b>107,202</b>	<b>30,797</b>	<b>76,837</b>	<b>45,459</b>	<b>45,459</b>
<b>Cash and cash equivalents at end of period</b>	<b>113,137</b>	<b>56,234</b>	<b>113,137</b>	<b>56,234</b>	<b>76,837</b>
<b>Change in cash and cash equivalents</b>	<b>5,935</b>	<b>25,437</b>	<b>36,300</b>	<b>10,775</b>	<b>31,378</b>

# PARENT COMPANY REPORT

## SUMMARY INCOME STATEMENT

Amounts in SEK thousands	01/07/2020 30/09/2020	01/07/2019 30/09/2019	01/01/2020 30/09/2020	01/01/2019 30/09/2019	01/01/2019 31/12/2019
Net turnover	11,824	3,000	15,660	4,500	7,670
Other revenue	4,871	-	5,314	-	2,359
Goods for resale and other direct costs	-4,182	-	-5,308	-	-
<b>Gross profit</b>	<b>12,513</b>	<b>3,000</b>	<b>15,666</b>	<b>4,500</b>	<b>10,029</b>
External operating expenses	-4,905	-1,565	-11,851	-3,444	-6,640
Depreciation/amortisation	-102	-89	-279	-265	-353
<b>Operating profit</b>	<b>7,506</b>	<b>1,346</b>	<b>3,536</b>	<b>791</b>	<b>3,036</b>
Net financial items and currency	1,150	64	1,010	95	19,942
Tax	-	8	-	8	-646
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>8,656</b>	<b>1,418</b>	<b>4,546</b>	<b>894</b>	<b>22,332</b>

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



# PARENT COMPANY REPORT

## SUMMARY OF FINANCIAL POSITION

Amounts in SEK thousands	30/09/2020	30/09/2019	31/12/2019
<b>Fixed assets</b>			
Right-of-Use Assets	1,380	1,213	1,129
Financial fixed assets	99,263	83,346	83,157
<b>Total fixed assets</b>	<b>100,643</b>	<b>84,559</b>	<b>84,286</b>
<b>Current assets</b>			
Current receivables	1,860	7,849	-
Group receivables	15,946	5,946	16,459
Pre-paid costs and accrued revenues	3,169	593	2,710
Cash and bank balances	791	1,758	2,173
<b>Total current assets</b>	<b>21,766</b>	<b>16,146</b>	<b>21,342</b>
<b>TOTAL ASSETS</b>	<b>122,409</b>	<b>100,705</b>	<b>105,628</b>
<b>Equity</b>			
Share capital	3,304	3,258	3,258
Restricted equity	1,380	1,297	1,129
Unrestricted equity	16,391	2,372	2,540
Profit/loss for the period	4,547	894	22,332
<b>Total equity</b>	<b>25,622</b>	<b>7,821</b>	<b>29,259</b>
<b>Liabilities</b>			
Long-term liabilities	5,393	730	1,530
Group long-term liabilities	15,476	15,476	15,476
Current liabilities	10,166	16,145	1,438
Group current liabilities	64,365	59,766	56,681
Accrued costs and deferred revenues	1,387	767	1,244
<b>Total liabilities</b>	<b>96,787</b>	<b>92,884</b>	<b>76,369</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>122,409</b>	<b>100,705</b>	<b>105,628</b>

# PARENT COMPANY REPORT

## SUMMARY OF CHANGES IN EQUITY

Amounts in SEK thousands	Share capital	Ongoing new issue	Fund for development expenditures	Share premium reserve	Retained earnings including profit/loss for the period	Total Equity
<b>Opening balance 01/01/2019</b>	<b>3,258</b>	-	<b>1,465</b>	<b>22,138</b>	<b>2,872</b>	<b>29,733</b>
Profit/loss for the period	-	-	-	-	894	<b>894</b>
Internally generated intangible assets	-	-	-168	-	168	-
Dividends	-	-	-	-	-22,806	<b>-22,806</b>
<b>Closing balance 30/09/2019</b>	<b>3,258</b>	-	<b>1,297</b>	<b>22,138</b>	<b>-18,872</b>	<b>7,821</b>
<b>Opening balance 01/10/2019</b>	<b>3,258</b>	-	<b>1,297</b>	<b>22,138</b>	<b>-18,872</b>	<b>7,821</b>
Profit/loss for the period	-	-	-	-	21,438	<b>21,438</b>
Internally generated intangible assets	-	-	-168	-	168	-
<b>Closing balance 31/12/2019</b>	<b>3,258</b>	-	<b>1,129</b>	<b>22,138</b>	<b>2,734</b>	<b>29,259</b>
<b>Opening balance 01/01/2020</b>	<b>3,258</b>	-	<b>1,129</b>	<b>22,138</b>	<b>2,734</b>	<b>29,259</b>
Profit/loss for the period	-	-	-	-	4,547	<b>4,547</b>
Internally generated intangible assets	-	-	252	-	-252	-
Rights issue	46	8	-	10,857	-	<b>10,911</b>
Issued warrants	-	-	-	-	3,892	<b>3,892</b>
Dividends	-	-	-	-	-22,987	<b>-22,987</b>
<b>Closing balance 30/09/2020</b>	<b>3,304</b>	<b>8</b>	<b>1,381</b>	<b>32,995</b>	<b>-12,066</b>	<b>25,622</b>

# PARENT COMPANY REPORT

## SUMMARY OF CASH FLOWS

Amounts in SEK thousands	01/07/2020 30/09/2020	01/07/2019 30/09/2019	01/01/2020 30/09/2020	01/01/2019 30/09/2019	01/01/2019 31/12/2019
<b>Operating activities</b>					
Profit/loss before financial items	7,506	1,346	3,536	791	3,036
Depreciation and amortisation/write-downs	102	89	279	265	353
Currency fluctuations/Other non-cash items	-827	67	-989	102	-92
<b>Total</b>	<b>6,781</b>	<b>1,502</b>	<b>2,826</b>	<b>1,158</b>	<b>3,297</b>
Interest received	-	-	23	-	55
Interest paid	-	-	-1	-4	-4
Tax paid	-	-8	-	-8	-
<b>Total</b>	<b>-</b>	<b>-8</b>	<b>22</b>	<b>-12</b>	<b>51</b>
<b>Cash flow from operating activities before changes in operating capital</b>	<b>6,781</b>	<b>1,494</b>	<b>2,848</b>	<b>1,146</b>	<b>3,348</b>
<b>Cash flow from changes in operating capital</b>					
Change in current receivables	-4,457	-2,403	-1,805	-5,145	-11,293
Change in current liabilities	-8,421	2,038	16,523	27,709	31,263
<b>Cash flow from operating activities</b>	<b>-6,097</b>	<b>1,129</b>	<b>17,566</b>	<b>23,710</b>	<b>23,318</b>
<b>Investment activity</b>					
Investments in intangible fixed assets	-	-	-531	-	-
Investments in financial fixed assets	-3,720	-76	-4,339	-183	-176
<b>Cash flow from investment activities</b>	<b>-3,720</b>	<b>-76</b>	<b>-4,870</b>	<b>-183</b>	<b>-176</b>
<b>Financing activities</b>					
Issuance of options	22	-	22	-	800
Rights issue	-	-	8,887	-	-
Dividends	-	-	-22,987	-22,806	-22,806
<b>Cash flow from financing activities</b>	<b>22</b>	<b>-</b>	<b>-14,078</b>	<b>-22,806</b>	<b>-22,006</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-9,795</b>	<b>1,053</b>	<b>-1,382</b>	<b>721</b>	<b>1,136</b>
<b>Cash and cash equivalents at start of period</b>	<b>10,586</b>	<b>705</b>	<b>2,173</b>	<b>1,037</b>	<b>1,037</b>
<b>Cash and cash equivalents at end of period</b>	<b>791</b>	<b>1,758</b>	<b>791</b>	<b>1,758</b>	<b>2,173</b>
<b>Change in cash and cash equivalents</b>	<b>-9,795</b>	<b>1,053</b>	<b>-1,382</b>	<b>721</b>	<b>1,136</b>

# NOTE 1

## SEGMENT INFORMATION

### Description of segments and main activities:

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

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

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

Norwegian production unit Faun Pharma AS, known as "Faun", which conducts production and sales to external customers that are not subject to Zinzino's standard sales concept. Sales from Faun comprise exclusively contract production of food supplements to different customers. The largest external customers include Life and Proteinfabrikken AS. The third segment relates to the operations in Singapore, Malaysia, Taiwan and Thailand that were obtained through the acquisition of VMA Life. VMA Life carries out operations in a similar way as Zinzino, i.e. with distributors and direct sales.

### Segment revenues and earnings

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

- Zinzino
- Faun
- VMA Life

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

July-Sep 2020	Zinzino	Faun	Group elimination	VMA Life	Total Group
Net turnover	249,544	39,986	-27,154	3,231	265,607
Other revenue	15,988	-	-	165	16,153
Own work capitalised	85	-	-	-	85
Goods for resale and other direct costs	-171,266	-55,221	27,154	-1,345	-200,676
<b>Gross profit</b>	<b>94,351</b>	<b>-15,235</b>	<b>-</b>	<b>2,051</b>	<b>81,167</b>
External operating expenses	-24,206	-1,672	-	-2,005	-27,883
Personnel costs	-18,065	-6,375	-	-	-24,440
<b>EBITDA</b>	<b>52,080</b>	<b>-23,282</b>	<b>-</b>	<b>46</b>	<b>28,844</b>
Depreciation/amortisation	-4,785	-1,113	-	-	-5,898
<b>Operating profit</b>	<b>47,295</b>	<b>-24,395</b>	<b>-</b>	<b>46</b>	<b>22,946</b>

July-Sep 2019	Zinzino	Faun	Group elimination	VMA Life	Total Group
Net turnover	160,572	25,049	-13,427	-	172,194
Other revenue	13,319	-	-	-	13,319
Own work capitalised	1,005	-	-	-	1,005
Goods for resale and other direct costs	-131,641	-17,252	13,427	-	-135,466
<b>Gross profit</b>	<b>43,255</b>	<b>-797</b>	<b>-</b>	<b>-</b>	<b>51,052</b>
External operating expenses	-22,960	-3,963	-	-	-26,923
Personnel costs	-14,788	-4,944	-	-	-19,732
<b>EBITDA</b>	<b>5,507</b>	<b>-1,110</b>	<b>-</b>	<b>-</b>	<b>4,397</b>
Depreciation/amortisation	-3,598	-1,378	-	-	-4,976
<b>Operating profit</b>	<b>1,909</b>	<b>-2,488</b>	<b>-</b>	<b>-</b>	<b>-579</b>

<b>Jan-Sep 2020</b>	<b>Zinzino</b>	<b>Faun</b>	<b>Group elimination</b>	<b>VMA Life</b>	<b>Total Group</b>
Net turnover	705,856	108,552	-66,319	3,231	<b>751,320</b>
Other revenue	46,261	-	-	165	<b>46,426</b>
Own work capitalised	490	-	-	-	<b>490</b>
Goods for resale and other direct costs	-548,515	-76,372	66,319	-1,345	<b>-559,913</b>
<b>Gross profit</b>	<b>204,092</b>	<b>32,180</b>	<b>-</b>	<b>2,051</b>	<b>238,323</b>
External operating expenses	-87,242	-4,657	-	-2,005	<b>-93,904</b>
Personnel costs	-56,576	-16,744	-	-	<b>-73,320</b>
<b>EBITDA</b>	<b>60,274</b>	<b>10,779</b>	<b>-</b>	<b>46</b>	<b>71,099</b>
Depreciation/amortisation	-11,860	-3,617	-	-	<b>-15,477</b>
<b>Operating profit</b>	<b>48,414</b>	<b>7,162</b>	<b>-</b>	<b>46</b>	<b>55,622</b>

<b>Jan-Sep 2019</b>	<b>Zinzino</b>	<b>Faun</b>	<b>Group elimination</b>	<b>VMA Life</b>	<b>Total Group</b>
Net turnover	458,471	70,911	-35,106	-	<b>494,276</b>
Other revenue	37,371	-	-	-	<b>37,371</b>
Own work capitalised	2,662	-	-	-	<b>2,662</b>
Goods for resale and other direct costs	-363,329	-48,720	35,106	-	<b>-376,943</b>
<b>Gross profit</b>	<b>135,175</b>	<b>22,191</b>	<b>-</b>	<b>-</b>	<b>157,366</b>
External operating expenses	-66,809	-4,073	-	-	<b>-70,882</b>
Personnel costs	-45,373	-13,901	-	-	<b>-59,274</b>
<b>EBITDA</b>	<b>22,994</b>	<b>4,216</b>	<b>-</b>	<b>-</b>	<b>27,210</b>
Depreciation/amortisation	-10,225	-3,729	-	-	<b>-13,954</b>
<b>Operating profit</b>	<b>12,769</b>	<b>487</b>	<b>-</b>	<b>-</b>	<b>13,256</b>

<b>Jan-Dec 2019</b>	<b>Zinzino</b>	<b>Faun</b>	<b>Group elimination</b>	<b>VMA Life</b>	<b>Total Group</b>
Net turnover	665,113	101,111	-55,447	-	<b>710,777</b>
Other revenue	57,116	-	-	-	<b>57,116</b>
Own work capitalised	2,662	-	-	-	<b>2,662</b>
Goods for resale and other direct costs	-525,294	-68,406	55,447	-	<b>-538,252</b>
<b>Gross profit</b>	<b>199,598</b>	<b>32,705</b>	<b>-</b>	<b>-</b>	<b>232,303</b>
External operating expenses	-109,977	-5,829	-	-	<b>-115,806</b>
Personnel costs	-64,194	-18,774	-	-	<b>-82,968</b>
<b>EBITDA</b>	<b>25,427</b>	<b>8,102</b>	<b>-</b>	<b>-</b>	<b>33,530</b>
Depreciation/amortisation	-13,775	-4,976	-	-	<b>-18,751</b>
<b>Operating profit</b>	<b>11,652</b>	<b>3,126</b>	<b>-</b>	<b>-</b>	<b>14,778</b>

## NOTE 2 NET TURNOVER

### Revenues

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

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

For more information regarding the products, see note 2.5.1 in the annual report 2019 regarding the principles of revenue recognition.

External goods Faun refers to goods produced on contract for an external customer. Revenue is taken when the goods are delivered to the customer in accordance with IFRS 15, see note 2.5.1 in the annual report 2019 on principles for revenue recognition.

Operations related to VMA Life companies where sales occur in Singapore, Malaysia, Taiwan and Thailand.

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

July-Sep 2020	Zinzino	Faun	VMA Life	Total Group
Net turnover	249,545	12,831	3,231	<b>265,607</b>
<b>Revenue from external customers</b>	<b>249,545</b>	<b>12,831</b>	<b>3,231</b>	<b>265,607</b>
Goods within Zinzino Health	241,716	-	-	<b>241,716</b>
Goods within Zinzino Coffee	7,829	-	-	<b>7,829</b>
Sales of external goods Faun	-	12,831	-	<b>12,831</b>
Sales of external goods VMA Life	-	-	3,231	<b>3,231</b>
Events and other services	-	-	-	-
<b>TOTAL</b>	<b>249,545</b>	<b>12,831</b>	<b>3,231</b>	<b>265,607</b>

July-Sep 2019	Zinzino	Faun	VMA Life	Total Group
Net turnover	160,573	11,621	-	<b>172,194</b>
<b>Revenue from external customers</b>	<b>160,573</b>	<b>11,621</b>	-	<b>172,194</b>
Goods within Zinzino Health	153,662	-	-	<b>153,662</b>
Goods within Zinzino Coffee	6,859	-	-	<b>6,859</b>
Sales of external goods Faun	-	11,621	-	<b>11,621</b>
Sales of external goods VMA Life	-	-	-	-
Events and other services	52	-	-	<b>52</b>
<b>TOTAL</b>	<b>160,573</b>	<b>11,621</b>	-	<b>172,194</b>

Jan-Sep 2020	Zinzino	Faun	VMA Life	Total Group
Net turnover	705,856	42,233	3,231	<b>751,320</b>
<b>Revenue from external customers</b>	<b>705,856</b>	<b>42,233</b>	<b>3,231</b>	<b>751,320</b>
Goods within Zinzino Health	682,868	-	-	<b>682,868</b>
Goods within Zinzino Coffee	22,988	-	-	<b>22,988</b>
Sales of external goods Faun	-	42,233	-	<b>42,233</b>
Sales of external goods VMA Life	-	-	3,231	<b>3,231</b>
Events and other services	-	-	-	-
<b>TOTAL</b>	<b>705,856</b>	<b>42,233</b>	<b>3,231</b>	<b>751,320</b>

<b>Jan-Sep 2019</b>	<b>Zinzino</b>	<b>Faun</b>	<b>VMA Life</b>	<b>Total Group</b>
Net turnover	458,472	35,804	-	<b>494,276</b>
<b>Revenue from external customers</b>	<b>458,472</b>	<b>35,804</b>	-	<b>494,276</b>
Goods within Zinzino Health	432,830	-	-	<b>432,830</b>
Goods within Zinzino Coffee	25,461	-	-	<b>25,461</b>
Sales of external goods Faun	-	35,804	-	<b>35,804</b>
Sales of external goods VMA Life	-	-	-	-
Events and other services	181	-	-	<b>181</b>
<b>TOTAL</b>	<b>458,472</b>	<b>35,804</b>	-	<b>494,276</b>

<b>Jan-Sep 2019</b>	<b>Zinzino</b>	<b>Faun</b>	<b>VMA Life</b>	<b>Total Group</b>
Net turnover	665,401	45,376	-	<b>710,777</b>
<b>Revenue from external customers</b>	<b>665,401</b>	<b>45,376</b>	-	<b>710,777</b>
Goods within Zinzino Health	621,151	-	-	<b>621,151</b>
Goods within Zinzino Coffee	34,978	-	-	<b>34,978</b>
Sales of external goods Faun	-	45,376	-	<b>45,376</b>
Sales of external goods VMA Life	-	-	-	-
Events and other services	9,272	-	-	<b>9,272</b>
<b>TOTAL</b>	<b>665,401</b>	<b>45,376</b>	-	<b>710,777</b>

## NOTE 3 TRANSACTIONS WITH CLOSELY RELATED PARTIES

SEK thousands	July-Sep 2020	July-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Compensation for sales services performed					
Saele Invest AS	7,903	6,763	23,706	18,632	25,977
Other Saele Invest AS	-	-	-	-	-81
<b>Total Saele Invest AS*</b>	<b>7,903</b>	<b>6,763</b>	<b>23,706</b>	<b>18,632</b>	<b>25,896</b>
Compensation for sales services performed					
Oh Happy Day ApS**	1,559	1,337	4,455	3,089	4,764
Onward invoiced establishment costs Australia					
Oh Happy Day ApS***	-	-	-414	-	-2,538
<b>Total Oh Happy Day AS</b>	<b>1,559</b>	<b>1,337</b>	<b>4,041</b>	<b>3,089</b>	<b>2,226</b>
<b>Total</b>	<b>9,462</b>	<b>8,100</b>	<b>27,747</b>	<b>21,721</b>	<b>28,122</b>

As of 30/09/2020, the debt to Saele Invest AS relating to sales commissions amounts to SEK 0 (0) thousand and to Oh Happy Day ApS to SEK 0 (1,117) thousand in the group. All sales commissions paid to closely related parties with significant influence are calculated on the same commission plan and under the same terms as for all other distributors within Zinzino's global sales organisation.

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

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

\*\*\* Compensation according to agreement for 75% of the company's establishment costs in Australia 2019/2020 from Oh Happy Day ApS. The receivable from the company as of 30/09/2020 amounts to SEK 2,851 (0) thousand.

## NOTE 4 EARNINGS PER SHARE

SEK	July-Sep 2020	July-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Earnings per share before dilution	0.50	neg	1.25	0.26	0.33
Earnings per share after dilution	0.48	neg	1.19	0.26	0.32
<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	16,663	-1,408	41,112	8,605	10,661
<b>Number of shares:</b>					
Weighted average number of ordinary shares in calculating earnings per share before dilution	33,042,595	32,580,025	32,798,453	32,580,025	32,580,025
<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	34,533,804	32,785,520	34,414,937	32,676,710	32,846,326



## NOTE 5 BUSINESS ACQUISITIONS

On 1 July 2020, the Group acquired all the shares in VMA Life Malaysia SDN BHD, VMA Life Hong Kong Limited, VMA Life Singapore PTE LTD and VMA Life Thailand CO LTD. The companies were acquired for a total of SEK 15,477 thousand, distributed on cash payment on the day of occupancy of SEK 3,834 thousand and contingent purchase price of SEK 11,643 thousand (see conditions below).

Goodwill amounted to SEK 16,758 thousand in the acquisition, which has been provisionally capitalised in connection with the acquisition.

The goodwill arising from the acquisition includes access to licences to sell and distribute Zinzino's products in these countries, which will strengthen the group's position in the Asian market. The work of valuing these licences has begun and will be completed during Q4 2020. Thereafter, the goodwill will to some extent be redistributed to licences in the balance sheet.

The table below summarises a preliminary acquisition analysis including the purchase price paid for the companies and the preliminary fair value of acquired assets and assumed liabilities that are reported on the acquisition date.

<b>Purchase price as at 01/07/2020</b>	<b>SEK thousands</b>
Cash and cash equivalents	3,834
Contingent consideration	11,643
<b>Total purchase price paid</b>	<b>15,477</b>

<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	<b>SEK thousands</b>
Intangible fixed assets	293
Financial fixed assets	422
Cash and bank balances	808
Inventories	1,525
Other receivables	323
Other liabilities	-4,470
Tax liabilities	-182
<b>Total identifiable net assets</b>	<b>-1,281</b>
<b>Goodwill</b>	<b>16,758</b>

Costs related to the acquisition of SEK 466 thousand are included in the item External costs in the group's statement of comprehensive income for the third quarter of 2020.

Contingent consideration of a maximum of USD 1.15 million (converted to SEK 11.6 million) is paid over three years provided that the VMA Life-based turnover (in Malaysia, Thailand, Taiwan, Singapore and Hong Kong) exceeds the following thresholds distributed per year according to following; over USD 6 million in the first year (conditional consideration of a maximum of USD 550 million), over USD 8 million in the second year (contingent consideration of up to USD 300 million) and over USD 15 million in the third year (conditional consideration of up to USD 300 million).

The net sales from VMA Life that are included in the income statement since 1 July 2020 amount to SEK 3,231 thousand and contributed an operating profit of SEK 46 thousand.

## NOTE 6 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 2020.

# NOTE 7

## 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. Definitions of alternative key figures not calculated in accordance with IFRS:

ALTERNATIVE KEY FIGURES	DEFINITION	PURPOSE
<b>Sales growth</b>	The total revenue as a percentage change compared with the total revenue for the corresponding period of the previous year.	This metric is useful to follow as it shows the sales trend in the group.
<b>Gross profit</b>	Profit from total revenue less goods for resale.	This metric is useful to examine to see just the net sales during the period, which can be used in the income and cost analyses.
<b>EBITDA</b>	Operating profit before depreciation/ amortisation and write-downs.	This metric is relevant for creating an understanding of the company's operational business, regardless of financing and depreciation of fixed assets.
<b>EBITDA margin:</b>	EBITDA as a percentage of total revenues for the period.	This metric is relevant to create an understanding of operational profitability and as the metric excludes depreciation, this margin gives the stakeholders a clearer picture of the company's central profitability.
<b>Operating profit/loss (EBIT)</b>	Operating profit/loss before financial items and taxes.	This metric illustrates profitability regardless of the tax rate for corporation tax and irrespective of the company's financial structure.
<b>Net margin</b>	Profit/loss for the period as a percentage of total revenues for the period.	This metric illustrates the company's profitability.
<b>Equity per share before dilution</b>	Equity in relation to the number of outstanding shares on the balance sheet date.	This metric measures the company's net value per share and shows whether the company is increasing the shareholders' capital over time.
<b>Cash flow from operating activities</b>	Cash flow from operational business including changes in the operating profit/loss.	This metric measures the cash flow the company generates before capital investments and cash flow attributed to the company's financing.
<b>Equity/assets ratio</b>	Equity in relation to the balance sheet total.	This metric is an indicator of the company's leverage to finance the company.
<b>Adjusted EBITDA and Adjusted EBITDA-margin</b>	The definition of key figures described above, excluding items affecting comparability of reduced direct sales costs of SEK 22.2 million.	The measure is interesting for breaking out and creating an understanding of the effect regarding items affecting comparability.
<b>Items affecting comparability</b>	Items affecting comparability are reported separately in the financial statements when this is necessary to explain the Group's results. Items affecting comparability refer to significant income or expense items that are reported separately due to the significance of their nature or amount.	The measure is interesting to create understanding of items affecting comparability.



# GOTHENBURG

## 20 NOVEMBER 2020

The Board and the CEO certify that the report for the period 1 January - 30 September 2020 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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### **Hans Jacobsson**

Board Chair

### **Pierre Mårtensson**

Board Member

### **Ingela Nordenhav**

Board Member

### **Staffan Hillberg**

Board Member

### **Dag Bergheim Pettersen**

CEO

## **AUDITOR'S REPORT**

### **Introduction**

We have reviewed the condensed interim financial information of Zinzino AB as of 30 September 2020 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, 20 November 2020  
Öhrlings PricewaterhouseCoopers AB

### **Fredrik Göransson**

Authorised Public Accountant





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