

ZINZINO

A photograph of the Zinzino building, a tall, modern skyscraper with a distinctive red and blue facade, situated in a harbor area. The building is reflected in the water in the foreground. To the left, a bridge with a green railing spans across the water. The sky is a mix of blue and pinkish-purple, suggesting a sunset or sunrise. The overall scene is a mix of urban architecture and natural elements.

+48% TOTAL REVENUE
9.5% EBITDA
SEK 1.25 PROPOSED
SHARE DIVIDEND

YEAR-END REPORT | **2020**

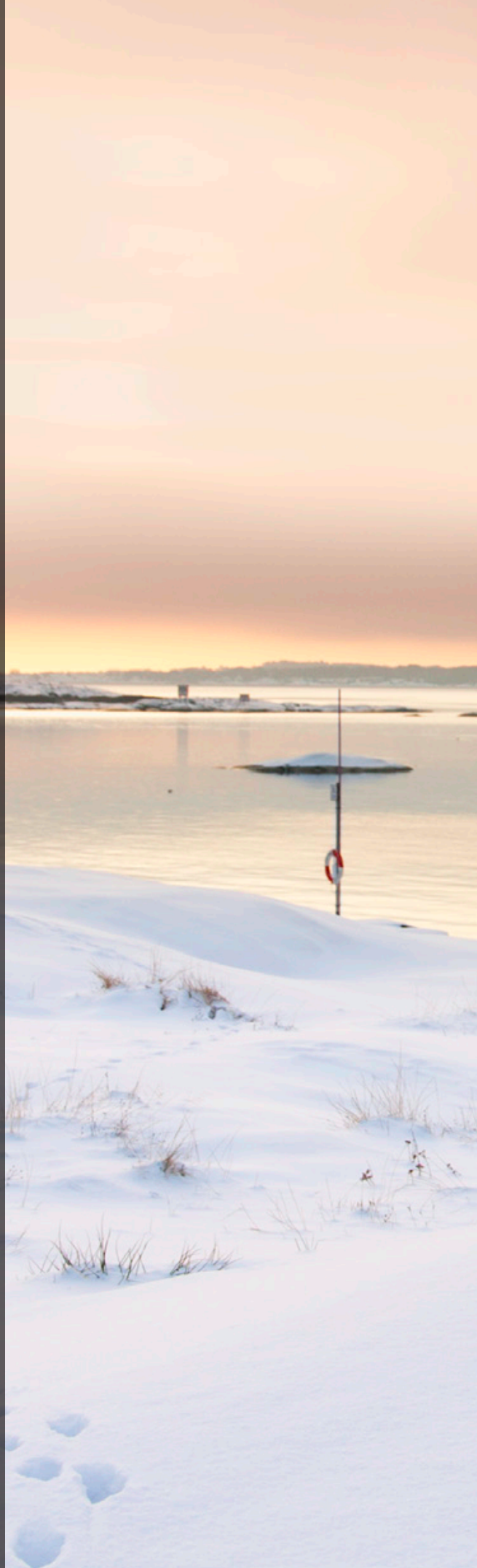
THIS IS ZINZINO

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 YEAR-END REPORT | 2020

OCTOBER – DECEMBER

- Total revenue increased by 44% to SEK 340.4 (236.3) million
- Gross profit amounted to SEK 110.2 (75.0) million. Gross profit margin amounted to 32.4% (31.7%)
- EBITDA amounted to SEK 37.4 (6.3) million and the EBITDA margin to 11.0% (2.7%)
- Cash flow from operating activities totalled SEK 32.9 (23.4) million
- Start of sales in Hong Kong
- Global online shop opened for distributors from all over the world
- Launch of R.E.V.O.O (Revolutionary Extra Virgin Olive Oil)

JANUARY – DECEMBER

- Total revenue increased by 48% to SEK 1,138.6 (770.6) million
- Gross profit amounted to SEK 348.6 (232.3) million, of which items affecting comparability regarding reporting of sales commissions amounted to SEK 22.2 million. Gross profit margin amounted to 30.6% (30.1%)
- EBITDA amounted to SEK 108.5 (33.5) million and the EBITDA margin to 9.5% (4.4%)
- Adjusted EBITDA amounted to SEK 86.3 (33.5) million and the adjusted EBITDA margin to 7.6% (4,4%)
- Cash flow from operating activities totalled SEK 97,3 (71,3) million
- Liquid assets on the balance sheet date were SEK 143.2 (76.8) million
- The board of directors proposes a dividend for 2020 to shareholders of SEK 1.25 (0.70) per share through an ordinary dividend of SEK 1 (0.55) and a special dividend of SEK 0.25 (0.15) in the same dividend period
- Acquisition of VMA-Group in Singapore

A FANTASTIC QUARTER & A FANTASTIC YEAR - WITH 48% GROWTH!



"Our target for 2020 was exceeded by a good margin and we sold 1.139 billion compared to 771 million in 2019"

Dag Berghheim Pettersen, CEO, Zinzino

Strong growth provides economies of scale and increased profitability. This strengthens our faith in the future and creates great expectations for continued good profits going forward.

The fourth quarter of the year reported a sales increase of as much as 44% compared with the same quarter last year and a total of 48% for the full year. Our target for 2020 was exceeded by a good margin and we sold 1.139 billion compared to 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, something that has been an overall strategic goal for us for several years.

8 HIGHLIGHTS IN 2020 WHICH I AM VERY HAPPY ABOUT

- Our strong growth and increased profitability were, of course, a very important goal to achieve.
- We opened in new markets such as Hong Kong, the Czech Republic, Slovakia and the United Kingdom. Hong Kong became extra important for our customers in the region and the other 60 countries that shop via our global web shop. A crucial step in our future growth that has already given us many new customers.
- Our acquisition of VMA Life has now been completed with all employees and its distributors have started selling Zinzino's products in Singapore, Malaysia, Thailand and Taiwan. This feels very exciting and we have high hopes for these four new markets when it comes to our products. We have offices in all markets with Kuala Lumpur as our main hub for employees in other Asian markets.

- The relaunch of our excellent test website zinzinotest.com. Upgraded usability, new features, design and layout. The website is designed in a way that makes it easy to implement more tests as we gradually expand our product portfolio. The website has also been translated into over 20 different languages.
- We have launched new products, most of which contain completely natural raw materials and excipients. We strongly believe that there is an increasing demand from our customers now and in the future that will give our products a unique advantage. We have put a lot of time and resources into implementing this shift and it has required pioneering product development for us to be able to reach our goal in just 2-3 years.
- All our products have undergone a facelift and our goal is to replace all old product designs with a nice, modern look that reflects how our products work all the way down to the body's molecules at the cellular level.
- Our presence on social media has been exceptionally good with a consistent message, which is necessary to build our brand and attract new customers.
- Our e-commerce platform is constantly evolving, which both our customers and distributors can see with their own eyes, but we also worked a lot behind the scenes during the year with upgrades that improve user-friendliness, security, operation and speed.



Big Ben, London, England

In conclusion, 2020 has been a very good year for us, not only thanks to our 48% growth, and we are of course very pleased with that. Constant development is a fundamental value at our company and therefore we must always ask ourselves what we can do better. This may be obvious, but I still want to emphasise it.

I am also very pleased that we have managed to maintain our strong growth despite the ongoing pandemic and that we continue to develop test-based products that go hand in hand with the global megatrends in life science-health.

A CLEAR VISION, AMBITIOUS GOALS AND A CLEAR STRATEGY FOR NEXT YEAR

Our vision is to inspire people all over the world to change their lives. We have a clearly stated goal of reaching one million customers within the next four years and 20 million customers by 2035. This is an ambitious goal but clearly possible as long as we maintain our focus based on the right future strategy.

OUR STRATEGY FOR THE COMING YEAR

- We will open in more new markets and we have a clear ambition to open in eight markets during the current year. The first market is India which we have spent several years preparing for and are now ready to launch. We are currently established in almost 40 markets and have opened sales via our global online shop for another 60, a total of almost 100 markets around the globe and we've gained extensive experience in the processes behind opening new markets.
- We will investigate and invest in more studies of our products, work towards patenting and trademark protection and product development.

- We are also investigating the possibility of acquiring other attractive companies that we can invest in to secure opportunities to launch unique and groundbreaking products into the future.
- We will continue to invest in the very latest technology to make our e-commerce platform even more visible, user-friendly, intuitive, fast and attractive so that even more people discover Zinzino and start using our fantastic products.
- We will continue to look for direct sales companies that are right for us and that share our approach to strengthen our distribution power, access to new markets and increased growth. We made such an acquisition in 2020 with VMA Life and there are several similar strategies for achieving our ambitions.

Last but not least, we must continue to grow and be a company driven by success, which attracts the right employees and distributors. We will continue to build our culture and focus on our customers. Growth removes most problems that a company can find itself in and is absolutely crucial for success!

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.

Dag Bergheim Pettersen
CEO Zinzino
Inspire Change in Life

FINANCIAL SUMMARY (SEK MILLION)

Key group figures	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Total revenue	340.4	236.3	1,138.6	770.6
Net sales	323.1	216.5	1,074.4	710.8
Sales growth	44%	52%	48%	34%
Gross profit	110.2	75.0	348.6	232.3
Gross profit margin	32.4%	31.7%	30.6%	30.1%
Operating profit before depreciation and amortisation	37.4	6.3	108.5	33.5
Operating margin before depreciation and amortisation	11.0%	2.7%	9.5%	4.4%
Adjusted operating profit before depreciation and amortisation	37.4	6.3	86.3	33.5
Adjusted operating margin before depreciation and amortisation	11.0%	2.7%	7.6%	4.4%
Operating profit	31.0	1.5	86.6	14.8
Operating margin	9.1%	0.6%	7.6%	1.9%
Profit/loss before tax	31.2	1.5	85.0	13.9
Net profit	24.0	1.6	66.3	11.3
Net margin	7.1%	0.7%	5.8%	1.5%
Net earnings per share after tax before dilution, SEK	0.71	0.06	1.96	0.33
Net earnings per share after tax at full dilution, SEK	0.67	0.06	1.88	0.32
Cash flow from operating activities	32.9	23.4	97.3	71.3
Cash and cash equivalents	143.2	76.8	143.2	76.8
Equity/assets ratio	19.6%	13.1%	19.6%	13.1%
Equity per share before dilution, SEK	2.86	1.24	2.88	1.24
Number of issued shares on average for the period	33,043,438	32,580,025	32,860,203	32,580,025
Average number of issued shares for the period with full dilution	34,776,661	33,671,329	34,300,203	32,846,326

For the full year 2020, gross profit, operating profit before and after depreciation/amortisation are affected by SEK 22.2 million through changed accounting as a result of changed terms for distributor remuneration. Net profit was affected by SEK 17.4 million.

ZINZINO'S OUTLOOK AND FINANCIAL GOALS FOR 2021

The Zinzino Board of Directors forecasts that the total revenue will exceed SEK 1,400 (1,139) million. Operating margin before depreciation/amortisation is estimated to exceed 6% but it is noted that uncertainty has increased due to Covid-19 and volatile exchange rate changes.

The average growth in sales at Zinzino for the period 2021–2023 will be a minimum of 20% and operating margin before depreciation/amortisation will increase to >9%. 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 THE FOURTH QUARTER OF 2020



Victoria Harbor, Hong Kong, China

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 Life's office in Kuala Lumpur. The sales development has been very promising during the first months that the market has been in operation.

LAUNCH OF R.E.V.O.O

During the fourth quarter, Zinzino launched the new product R.E.V.O.O (Revolutionary Extra Virgin Olive Oil), an olive oil of extremely high quality. It has a concentration of polyphenols, which protect the cells from oxidation, up to 30 times higher than that of ordinary olive oils. The product is traditionally made from certified Koroneiki olives according to methods used in ancient times. The olives have been grown by several generations of farmers without the use of fertilisers or pesticides. The oil is pressed with a patented process and equipment that protects the nutrients and collects them in every drop.

The product was launched in connection with Zinzino's digital Annual Event in October and development has been very good from the start. Zinzino will further develop its cooperation with Cypriot olive oil producers in the future and explore the possibilities of using the high-quality olive oil in other balance products.

LAUNCH OF GLOBAL ONLINE SHOP FOR DISTRIBUTORS

On 15 December, Zinzino launched a global web shop where distributors from more than 60 countries where Zinzino is not established today will have the opportunity to start up operations under Zinzino's flag and try out the viability of the market. Through the global online shop, Zinzino has coverage for a total of 97 different countries throughout the world. This approach reduces the pressure to open full-scale markets, which requires a lot of effort on the part of the organisation.

In parallel with the launch of the global online shop, establishment processes are continuing in a large number of markets, including Asian markets, all of which have become available through the acquisition of VMA Life. The next market that will start sales under the local flag is tentatively the Indian market, a complex project that Zinzino's establishment team has been working on for several years. Provided that no new regulatory obstacles arise in the process, the start of sales is expected to occur before the end of the first quarter of 2021.

After carrying out several 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 based on the experience gained by the company during previous establishment processes, in order to adapt its operations and achieve rapid growth in new markets.



R.E.V.O.O.
REVOLUTIONARY
EXTRA VIRGIN
OLIVE OIL

R.E.V.O.O.

ZINZINO

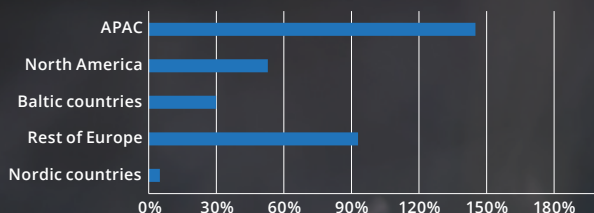
2020 | Q4

SALES AND PROFITS

SALES Q4

In total, revenue for the fourth quarter of 2020 amounted to SEK 340.4 (236.3) million, which represented a growth of 44% on the corresponding period in the previous year. A very successful "Black Friday" promotion during the last weekend in November resulted in a record number of new registered customers and distributors. On Friday 27 November and Saturday 28 November, start orders for 8,345 new customers and 1,587 new distributors were registered and paid for, which was a record number of new daily registrations.

GROWTH PER REGION Q4 2020 VS Q4 2019



NORDIC COUNTRIES

The Nordic countries increased their total revenues by a combined 5% to SEK 125.5 (119.6) million. Good growth was seen in Norway during the quarter, where the existing customer base gained a large addition of new distributors and customers. It was the result of the solid work on the domestic market from the Norwegian sales organisation during the quarter. The Danish market experienced a similar development with good sales growth during the quarter. On the other hand, growth slowed somewhat in Sweden after a reduction in the number of new distributors and customers during the quarter. The decline continued 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, managed to combine both high internal and external production during the quarter, which resulted in external sales increasing by as much as 85% to SEK 17.7 (9.6) million.

BALTIC COUNTRIES

In the Baltic countries, revenues increased by 30% to SEK 21.7 (16.7) million after strong sales growth and high distributor activity in Latvia and Lithuania. In addition, the downward trend slowed in Estonia during the quarter, which was the result of the increased distributor activity in the country throughout the autumn.

REST OF EUROPE

Among the remaining markets in Europe, the excellent growth trend continued on many markets and combined revenues increased by 93% to 168.6 (87.4) 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. Very good growth in Germany, Austria and Switzerland, where the experienced distributor organisation runs its operations with efficiency and with a strong focus on the positive effects of the products on the very health-oriented customer base in the 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.

In the United Kingdom, too, the strong development continued during the quarter with high activity in the growing distributor organisation with increasing sales growth. The same applied to the Dutch market, which through an addition of strong distributors resulted in a very strong last quarter with high sales growth. In southern Europe, distributor activity increased again after Covid-19 slowed operations earlier in the year. Instead, sales increased in Spain and Italy after high distributor activity and an influx of new customers. Greece, on the other hand, had a weaker end to the year, with activity declining as a result of reduced sales.

NORTH AMERICA

Revenues in North America increased by 53% to SEK 10.4 (6.8) million in the fourth 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 (ASIA AND PACIFIC)

Revenues in the APAC region during the third quarter increased by 145% to a total SEK 14.2 (5.8) million. This is mainly due to rapidly increasing distributor activity and influx of customers in Hong Kong, which Zinzino opened for sales on 8 October 2020 with a regular product range and sales concept. In addition, external sales from the VMA companies were added during the quarter.

Revenues from Taiwan, Singapore, Malaysia and Thailand amounted to SEK 3.5 (0.0) million and were derived entirely from the companies' original sales channels. 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.

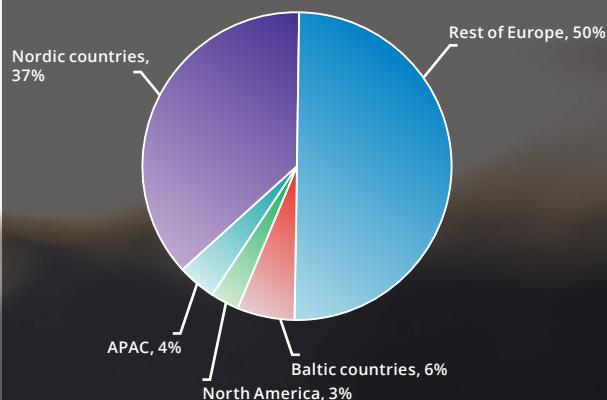
SALES PER REGION Q4

The Rest of Europe was also the strongest region in terms of sales during the third quarter and accounted for 50% (37%) of total sales after very strong growth in almost all countries in the region. During the fourth quarter, the Nordic region accounted for 37% (51%) of total sales after continued stable sales development. The Baltic countries reduced their share slightly to 6% (7%). North America accounted for 3% (3%) of the total revenue. The new APAC region had very good sales development during the quarter and increased its share to the remaining 4% (2%) of total revenue.

SALES PER PRODUCT AREA Q4

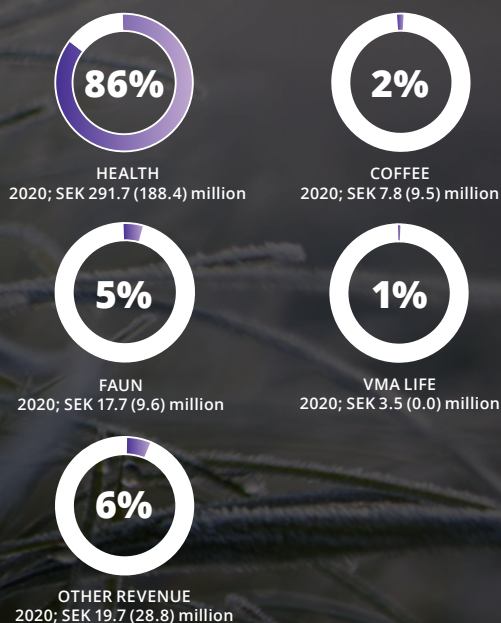
The Zinzino Health product segment increased by 55% to SEK 291.7 (188.4) million and represented 86% (80%) of total revenue. The Zinzino Coffee product segment decreased by 18% to SEK 7.8 (9.5) million, which corresponded to 2% (4%) of total revenue. Faun Pharma AS external sales increased by 84% after a higher share of external production during the quarter and amounted to SEK 17.7 (9.6) million, which corresponded to 5% (4%) of total revenue. VMA Life's sales amounted to SEK 3.5 (0.0) million, which corresponded to 1% (0%) of total revenues. Other revenue amounted to SEK 19.7 (28.8) million, which corresponded to the remaining 6% (12%) of revenue for the quarter.

SALES PER REGION Q4



Sales
SEK million **340.4** (236.3)

SALES PER PRODUCT AREA Q4

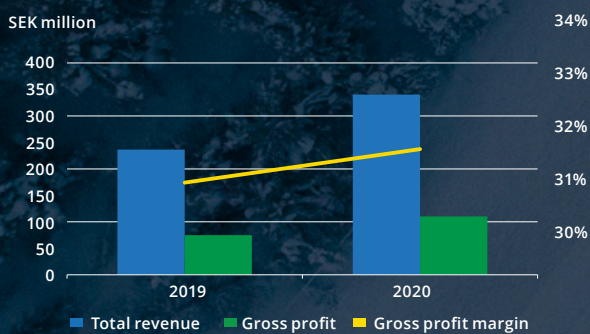


RESULTS AND FINANCIAL POSITION Q4

Gross profit amounted to SEK 110.2 (75.0) million and gross profit margin to 32.4% (31.7%). Gross profitability gradually improved during the year and was higher in the fourth quarter of 2020 than in the corresponding quarter last year. The largest underlying factor was the generally lower remuneration levels to the distributor organisations during the quarter, which fell in relation to sales after minor adjustments in the remuneration model. In addition, the cost of goods normalised during the fourth quarter after the negative currency effect from raw material purchases at the production stage which earlier in the year slowed down profitability having now stabilised.

Operating profit before depreciation/amortisation amounted to SEK 37.4 (6.3) million. The group's EBITDA margin was 11.0% (2.7%). Operating profit amounted to SEK 31.0 (1.5) million and the operating margin was 9.1% (0.6%). 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 31.2 (1.5) million and net profit was SEK 24.0 (1.6) million.



DEPRECIATION AND AMORTISATION

Depreciation and amortisation for the quarter were charged to the profit for the period by SEK 6,481 (4,798) thousand, of which SEK 289 (240) thousand was depreciation of tangible fixed assets and SEK 6,191 (4,558) thousand was amortisation of intangible fixed assets. Of this, SEK 3,932 (2,852) thousand is amortisation of right of use assets in accordance with IFRS 16 and SEK 359 (0) thousand is amortisation of licenses attributable to the acquisition of VMA Life.



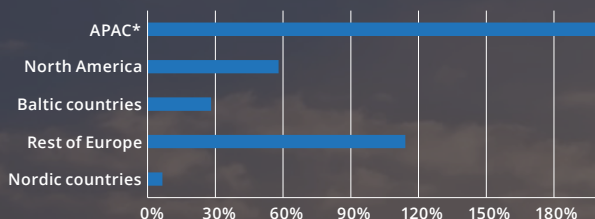
2020 | Q1-Q4

SALES AND PROFITS

SALES Q1-Q4

In total, revenue amounted to SEK 1,138.6 (770.6) million which represented growth of 48% compared to the previous year.

GROWTH PER REGION 2020 VS 2019



* APAC 216%

NORDIC COUNTRIES

The Nordic countries increased their total revenue by 7% to SEK 457.3 (429.2) million in 2020. This after good and stable growth in Sweden, Norway and Denmark during a year in which the Scandinavian distributors effectively switched to digital operations in accordance with the prevailing external situation. At the same time, distributors have had a clear focus on their respective domestic markets, which became increasingly clear during the year when sales growth again increased in the important sales markets of Norway and Denmark. On the other hand, the downward trend continued in Finland and Iceland, where distributor activity was at a generally lower level in 2020 compared with the previous year. The Finnish sales organisation, with the support of head office during the autumn, worked 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. This resulted in the reduction in revenue slowing down by the last quarter of 2020.

Faun Pharma, the group's subsidiary and manufacturing unit, strongly focused on optimising production planning in 2020 for increased efficiency. This has resulted in external sales in 2020 increasing by 32% to SEK 59.9 (45.4) 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 in 2020 increased by a total of 28% to SEK 70.5 (55.0) million after strong 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 period following increased distributor activity that was gradually built on during 2020. The development was weaker in Estonia, where sales were at a slightly lower level in 2020 than in the previous year. This is despite higher enthusiasm among distributors during the year compared with recent years. Zinzino continues to support the sales organisations in the Baltic countries, through marketing support and customer support with a special focus on the Estonian market. 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 in 2021.

REST OF EUROPE

Strong sales growth was a recurring theme among the remaining markets in Europe in 2020. Growth in all markets meant that revenues rose by a total of 114% to SEK 540.3 (252.3) million after generally high distributor activity. 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 where a common cluster of distributors working in an organised way across national borders is driving growth in the area. There was also positive growth in neighbouring Germany, Austria and Switzerland, where the experienced distributor organisations run their operations in a similar way with good results. Investments in the UK through the designated local head of sales and the newly opened subsidiary have resulted in a sharp increase in sales during the year despite major restrictions due to Covid-19, which has resulted in Zinzino viewing the UK as one of the new markets with the greatest growth potential in 2021. During the last months of the year, distributor activity in both Spain and Italy increased, which resulted in a rapid growth in the number of new customers and distributors, as well as sales revenues.

NORTH AMERICA

Revenues in North America increased by another 58% to SEK 37.3 (23.6) million during 2020. The trend was consistently very positive in the region during the year with gradually rising growth. 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 in 2021.

APAC (ASIA AND PACIFIC)

Total revenues in 2020 in the APAC region amounted to SEK 33.2 (10.5) million, which corresponded to 216% growth compared with the previous year. During the year, Zinzino's operations expanded in the region through the acquisition of VMA Life and the opening of the Hong Kong office during the fourth quarter.

Of the total revenues in the region, a total of SEK 6.4 (0.0) million was attributed to VMA Life's 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 the company is currently conducting establishment processes. These contacts have proved to be very important, not least in view of the very high level of distributor activity identified in and around Hong Kong during the last quarter. The high activity is vital for establishing and creating sales growth through similar synergies as 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 with neighbouring countries, but also over longer distances with the company's geographic expansion. 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 expands into a new market, this occurs mainly when the company's market analysis shows that there are good opportunities to establish an effective sales organisation locally. This is primarily achieved via contact to the already-established sales organisations in neighbouring markets. This is precisely the reason for the good sales performance of the relatively newly-established markets in central and southern Europe. These contacts can occasionally also carry across continents, which has been behind the launch in Australia and the ongoing new establishment project in India. The establishment model follows the same concept for the various markets with customisation of websites and marketing materials in the local languages. Through the launch of the global online shop, Zinzino also covers a total of 97 different countries around the world. The approach reduces the pressure on the organisation to open up full-scale markets, which requires large internal resources that can now be fully allocated to the ongoing projects in Asia.

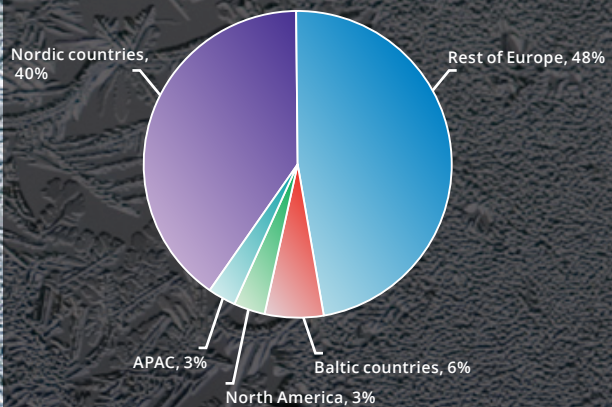
GEOGRAPHIC DISTRIBUTION

During 2020, the rest of Europe was the strongest region in terms of sales and accounted for 48% (33%) 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 40% (56%) 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 3% (1%) of revenue.

SALES PER PRODUCT AREA

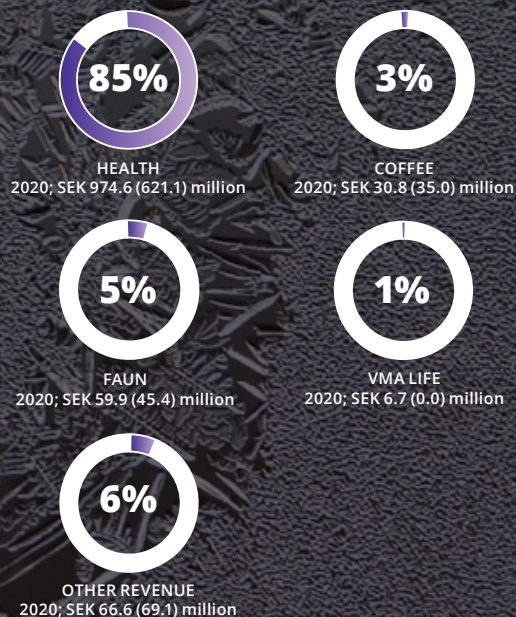
The Zinzino Health product segment increased by 57% to SEK 974.6 (621.1) million and represented 85% (80%) of total revenue. The Zinzino Coffee product segment decreased by 12% to 30.8 (35.0) million, which corresponded to 3% (5%) of total revenue. Faun Pharma AS external sales increased by 32% after more efficient production during the year and amounted to SEK 59.9 (45.4) million, which corresponded to 5% (6%) of total revenue. VMA Life's sales amounted to SEK 6.7 (0.0) million, which corresponded to 1% (0%) of total revenues. Other revenues amounted to SEK 66.6 (69.1) million, which together corresponded to the remaining 6% (9%) of revenue for 2020.

SALES PER REGION Q1-Q4



Sales
SEK million 1,138.6 (770.6)

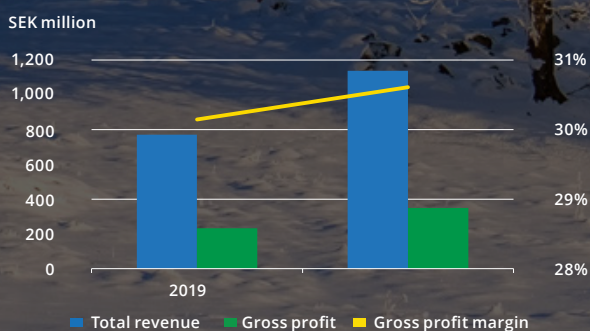
SALES PER PRODUCT AREA Q1-Q4



RESULTS AND FINANCIAL POSITION Q1- Q4

Gross profit in 2020 amounted to SEK 348.6 (232.3) million and the gross profit margin to 30.6% (30.1%). 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 the first half-year caused by 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 the second half of the year has contributed to a gradually strengthened overall gross profit for 2020.



Operating profit before depreciation/amortisation amounted to SEK 108.5 (33.5) million, and operating margin before depreciation/amortisation amounted to 9.5% (4.4%). Adjusted operating profit before depreciation/amortisation amounted to SEK 86.3 (33.5) million and the adjusted EBITDA margin before depreciation/amortisation amounted to 7.6% (4.4%). Large economies of scale in most of the operational parts of the business contributed strongly to the improved profitability. Operating profit amounted to SEK 86.6 (14.8) million and the operating margin was 7.6% (1.9%). Profit before tax totalled SEK 85.0 (13.9) million and net profit was SEK 66.3 (11.3) million.

INVENTORIES

The group's combined inventories at the balance sheet date were SEK 126.9 (88.9) 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 and Hong Kong to be able to ensure efficient deliveries to the growing customer base in the region.

FINANCIAL POSITION

On the balance sheet date, cash totalled SEK 143.2 (76.8) million. Cash flow from operating activities totalled SEK 97.3 (71.3) million. The group's equity/assets ratio was 19.6% (13.1%). Equity in the group at the end of the period amounted to SEK 94.7 (40.3) million, corresponding to SEK 2.88 (1.24) 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

During the year, Zinzino strengthened the organisation to handle the rapid sales growth and global expansion. Mainly the marketing and IT department have been strengthened to handle digital media and platforms more efficiently. The finance department has also been strengthened to meet the increased requirement for internal and external reporting. The same applies to the logistics department to improve material planning and management of the 3PL business. In addition, VMA Life's organisation has been added and new support staff in Kuala Lumpur to support the growing number of Zinzino distributors and customers in the region. During the last quarter of 2020, a local sales manager was also appointed in India for the upcoming sales start in the market in 2021.

Otherwise, the year was marked by the change that Covid-19 entailed, where the company placed great focus 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 193 (134) people, of which 119 (78) are women. In addition, 17 (10) people worked in the group, of which 5 (2) were women, via consulting agreements.

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 31/12/2020, the share capital was divided among 33,049,645 shares, of which 5,113,392 are A shares (1 vote) and 27,936,253 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.

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 31/05/2024, of which 9,500 warrants have already been exercised for share subscription as of 31/12/2020. The second option programme will cover 1,000,00 warrants at an exercise price of SEK 45. The option programme expires 31/05/2025. If all the warrants issued as of 31/12/2020 are exercised for new subscriptions of 1,790,500 shares, the share capital dilution will be approximately 5%.

YEAR-END REPORT | 2020

ACCOUNTING PRINCIPLES

The consolidated financial statements for Zinzino have been prepared in accordance with the Annual Accounts Act, RFR 1 Supplementary accounting rules for groups, and International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. The interim report has been prepared in accordance with IAS 34, Interim Reporting and the Annual Accounts Act. Unless specifically stated otherwise, all amounts are reported in SEK thousands (SEK thousand). Information in brackets refers to the comparison 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. Shareholders can contact the nominating committee with proposals for board members or other motions to the annual general meeting. The proposals must be sent to the nomination committee's chair via shares@zinzino.com no later than 1 April 2021. The nominating committee's proposals for board members, the board's fees and auditors are presented in the notice of the annual general meeting. For further information on the annual general meeting, please refer to the company's homepage www.zinzino.com.

PROPOSED DIVIDEND

The Board of Directors proposes a dividend for 2020 to shareholders of SEK 1.25 (0.70) per share through an ordinary dividend of SEK 1 (0.55) and an extra dividend of SEK 0.25 (0.15) at the same dividend occasion.

REPORT CALENDAR

The Annual Report for 2020 will be published on 28/04/2021

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	01/10/2020 31/12/2020	01/10/2019 31/12/2019	01/01/2020 31/12/2020	01/01/2019 31/12/2019
Net sales	323,128	216,519	1,074,448	710,777
Other revenue	17,282	19,747	63,707	57,116
Own work capitalised	-	-	490	2,662
Goods for resale and other direct costs	-230,179	-161,311	-790,090	-538,252
Gross profit	110,231	74,955	348,555	232,303
External operating expenses	-41,021	-44,938	-134,926	-115,806
Personnel costs	-31,773	-23,695	-105,093	-82,968
Depreciation/amortisation	-6,481	-4,798	-21,958	-18,751
Operating profit	30,956	1,524	86,578	14,778
Net interest income	196	-42	-1,563	-893
Tax	-7,122	111	-18,689	-2,584
PROFIT/LOSS FOR THE PERIOD	24,030	1,593	66,326	11,301
OTHER COMPREHENSIVE PROFIT/LOSS				
Items that may be reclassified to profit/loss for the period				
Currency exchange differences upon conversion of foreign subsidiaries	-604	-1,397	-5,546	1,421
Other comprehensive profit/loss for the period	-604	-1,397	-5,546	1,421
OTHER COMPREHENSIVE PROFIT/LOSS FOR THE PERIOD	23,427	196	60,780	12,722
Profit/loss for the period attributable to				
Parent company's shareholders	23,364	2,052	64,477	10,662
Non-controlling interest	666	-459	1,849	639
TOTAL	24,030	1,593	66,326	11,301
Total comprehensive profit/loss for the period attributable to				
Parent company's shareholders	22,760	655	58,931	12,083
Non-controlling interest	666	-459	1,849	639
TOTAL	23,427	196	60,780	12,722
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	0.71	0.06	1.96	0.33
Earnings per share after dilution	0.67	0.06	1.88	0.32

GROUP REPORT

SUMMARY OF FINANCIAL POSITION

Amounts in SEK thousands	31/12/2020	31/12/2019
Fixed assets		
Goodwill	36,593	33,513
Other intangible fixed assets	19,225	16,969
Equipment, tools and installations	6,831	5,950
Right-of-Use Assets	43,553	43,817
Financial fixed assets	3,698	7,953
Total fixed assets	109,900	108,202
Current assets		
Inventories	126,948	88,864
Current receivables	66,536	22,361
Pre-paid costs and accrued revenues	36,791	10,386
Cash and bank balances	143,218	76,837
Total current assets	373,493	198,448
TOTAL ASSETS	483,393	306,650
Equity		
Share capital	3,305	3,258
Other contributed capital	27,507	12,804
Retained earnings including profit/loss for the period	63,851	24,225
Total equity	94,663	40,287
Long-term liabilities		
Leasing liabilities	34,012	33,087
Other long-term liabilities	5,329	1,530
Total long-term liabilities	39,341	34,617
Current liabilities		
Accounts payable	54,686	35,658
Tax liabilities	12,311	2,614
Leasing liabilities	10,119	10,730
Other current liabilities	163,007	101,078
Accrued costs and deferred revenues	109,266	81,666
Total current liabilities	349,389	231,746
TOTAL EQUITY AND LIABILITIES	483,393	306,650

GROUP REPORT

SUMMARY OF CHANGES IN EQUITY

Amounts in SEK thousands	Share capital	Ongoing new issue	Other contributed capital	Translation reserves	Retained earnings including profit/loss for the period	Total	Non- controlling interest	Total Equity
Opening balance								
01/01/2019	3,258	-	12,804	18	27,066	43,146	7,222	50,368
Profit/loss for the period	-	-	-	-	10,662	10,662	640	11,301
Other comprehensive profit/loss for the period	-	-	-	1,417	-	1,417	7	1,424
Share repurchase	-	-	-	-	3	3	-3	-
Change of the minority	-	-	-	-	595	595	-595	-
Dividends	-	-	-	-	-22,806	-22,806	-	-22,806
Closing balance								
31/12/2019	3,258	-	12,804	1,435	15,520	33,017	7,271	40,287
Opening balance								
01/01/2020	3,258	-	12,804	1,435	15,520	33,017	7,271	40,287
Profit/loss for the period	-	-	-	-	64,477	64,477	1,849	66,326
Other comprehensive profit/loss for the period	-	-	-	-6,707	-	-6,707	-	-6,707
Share repurchase	-	-	-	-	-669	-669	-	-669
Change of the minority	-	-	-	-	1,882	1,882	-1,882	-
Rights issue	47	31	14,673	-	-	14,751	-	14,751
Issued warrants	-	-	-	-	3,662	3,662	-	3,662
Dividends	-	-	-	-	-22,987	-22,987	-	-22,987
Closing balance								
31/12/2020	3,305	31	27,477	-5,272	61,885	87,426	7,238	94,663

GROUP REPORT

SUMMARY OF CASH FLOWS

Amounts in SEK thousands	01/10/2020 31/12/2020	01/10/2019 31/12/2019	01/01/2020 31/12/2020	01/01/2019 31/12/2019
Operating activities				
Profit/loss before financial items	30,956	1,524	86,578	14,778
Depreciation and amortisation/write-downs	6,481	4,798	21,958	18,751
Currency fluctuations	1,023	2,813	2,679	860
Total	38,460	9,135	111,215	34,389
Investment activities				
Interest received	11	304	91	390
Interest paid	-42	-431	-1,654	-1,125
Tax paid	-477	-	-4,314	-78
Total	-508	-127	-5,877	-813
Cash flow from operating activities before changes in operating capital				
	37,952	9,008	105,338	33,576
Cash flow from changes in operating capital				
Change in inventories	3,161	-1,901	-36,560	-24,180
Change in current receivables	-11,574	32,393	-70,259	1,750
Change in current liabilities	3,320	-16,102	98,793	60,120
Cash flow from operating activities	32,859	23,398	97,312	71,266
Investment activity				
Investments in intangible fixed assets	-	-318	-2,321	-4,458
Investments in financial fixed assets	-668	-	-4,502	-183
Investments in tangible fixed assets	-523	-466	-2,561	-2,415
Cash flow from investment activities	-1,191	-784	-9,384	-7,056
Financing activities				
Amortisation of lease liabilities attributable to lease agreements	-5,686	-2,960	-13,424	-10,975
Issuance of options	262	949	2,140	949
Rights issue	3,837	-	12,724	-
Dividends	-	-	-22,987	-22,806
Cash flow from financing activities	-1,587	-2,011	-21,547	-32,832
CASH FLOW FOR THE PERIOD				
Cash and cash equivalents at start of period	113,137	56,234	76,837	45,459
Cash and cash equivalents at end of period	143,218	76,837	143,218	76,837
Change in cash and cash equivalents	30,081	20,603	66,381	31,378

PARENT COMPANY REPORT

SUMMARY INCOME STATEMENT

Amounts in SEK thousands	01/10/2020 31/12/2020	01/10/2019 31/12/2019	01/01/2020 31/12/2020	01/01/2019 31/12/2019
Net sales	58,105	3,170	73,766	7,670
Other revenue	5,108	2,359	10,423	2,359
Goods for resale and other direct costs	-38,458	-	-43,768	-
Gross profit	24,755	5,529	40,421	10,029
External operating expenses	-6,547	-3,196	-18,397	-6,640
Depreciation/amortisation	-142	-88	-421	-353
Operating profit	18,066	2,245	21,603	3,036
Net financial items and currency	28,282	19,847	29,292	19,942
Tax	-5,067	-654	-5,067	-646
PROFIT/LOSS FOR THE PERIOD	41,281	21,438	45,828	22,332

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

PARENT COMPANY REPORT

SUMMARY OF FINANCIAL POSITION

Amounts in SEK thousands	31/12/2020	31/12/2019
Assets		
<i>Fixed assets</i>		
Intangible fixed assets	1,886	1,129
Financial fixed assets	100,009	83,157
Total fixed assets	101,895	84,286
Current assets		
Current receivables	57	-
Group receivables	18,199	16,459
Pre-paid costs and accrued revenues	2,942	2,710
Cash and bank balances	7,091	2,173
Total current assets	28,289	21,342
TOTAL ASSETS	130,184	105,628
Equity		
<i>Restricted equity</i>		
Share capital	3,305	3,258
Ongoing new issue	31	-
Fund for development expenditures	1,886	1,129
<i>Unrestricted equity</i>		
Share premium reserve	36,808	22,138
Retained earnings (inclusive profits/loss for the period)	28,696	2,734
Total equity	70,726	29,260
Liabilities		
<i>Long-term liabilities</i>		
Long-term liabilities	4,913	1,530
Intra-group long-term liabilities	15,476	15,476
Total long-term liabilities	20,389	17,006
<i>Current liabilities</i>		
Tax liabilities	5,067	-
Intra-group short-term liabilities	22,265	56,680
Other current liabilities	10,866	1,438
Accrued costs and deferred revenues	871	1,244
Total current liabilities	39,069	59,362
TOTAL EQUITY AND LIABILITIES	130,184	105,628

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
Opening balance 01/01/2019	3,258	-	1,465	22,138	2,872	29,733
Profit/loss for the period	-	-	-	-	22,332	22,332
Reversal of internally generated intangible assets	-	-	-336	-	336	-
Dividends	-	-	-	-	-22,806	-22,806
Closing balance 31/12/2019	3,258	-	1,129	22,138	2,734	29,260
Opening balance 01/01/2020	3,258	-	1,129	22,138	2,734	29,260
Profit/loss for the period	-	-	-	-	45,828	45,828
Internally generated intangible assets	-	-	757	-	-757	-
Rights issue	47	31	-	14,670	-	14,748
Issued warrants	-	-	-	-	3,878	3,878
Dividends	-	-	-	-	-22,987	-22,987
Closing balance 31/12/2020	3,305	31	1,886	36,808	28,696	70,726

PARENT COMPANY REPORT

SUMMARY OF CASH FLOWS

Amounts in SEK thousands	01/10/2020 31/12/2020	01/10/2019 31/12/2019	01/01/2020 31/12/2020	01/01/2019 31/12/2019
Operating activities				
Profit/loss before financial items	18,066	2,245	21,603	3,036
Depreciation and amortisation/write-downs	142	88	421	353
Currency fluctuations/Other non-cash items	39	-193	-950	-92
Total	18,247	2,140	21,074	3,297
Interest received	-	55	23	55
Interest paid	-1	-	-2	-4
Tax paid	-	8	-	-
Total	-1	63	21	51
Cash flow from operating activities before changes in operating capital				
	18,246	2,203	21,095	3,348
Cash flow from changes in operating capital				
Change in current receivables	-223	-6,149	-2,029	-11,293
Change in current liabilities	-13,999	3,554	2,523	31,263
Cash flow from operating activities	4,024	-392	21,589	23,318
Investment activity				
Investments in intangible fixed assets	-649	-	-1,179	-
Investments in financial fixed assets	-898	7	-5,237	-176
Investments in tangible fixed assets	-	-	-	-
Cash flow from investment activities	-1,547	7	-6,416	-176
Financing activities				
Issuance of options	-14	800	8	800
Rights issue	3,837	-	12,724	-
Dividends	-	-	-22,987	-22,806
Cash flow from financing activities	3,823	800	-10,255	-22,006
CASH FLOW FOR THE PERIOD	6,300	415	4,918	1,136
Cash and cash equivalents at start of period	791	1,758	2,173	1,037
Cash and cash equivalents at end of period	7,091	2,173	7,091	2,173
Change in cash and cash equivalents	6,300	415	4,918	1,136

NOTE 1

SEGMENT INFORMATION

Description of segments and main activities:

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

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

The product area Health includes the sub-areas of Balance, Immune Supplement, Skin Care and Weight Control. The product area Coffee is also called Beverages and includes espresso machines, coffees, teas and accessories. The other revenue consists mainly of freight and reminder fees. All sales are made via the Zinzino's website www.zinzino.com with the help of the company's independent sales organisation, which goes under the names of distributors or partners.

The second segment refers to the Norwegian production unit Faun Pharma AS, known as "Faun", which carries out production and sales to external customers not under Zinzino's standard sales concept.

Sales from Faun comprise exclusively contract production of food supplements to different customers. The largest external customers include Life and Proteinfabrikken AS. 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 business segment profit/loss.

Oct-Dec 2020	Zinzino	Faun	Group elimination	VMA Life	Total Group
Net sales	302,213	41,133	-23,443	3,225	323,128
Other revenue	17,192	-	-	90	17,282
Own work capitalised	-	-	-	-	-
Goods for resale and other direct costs	-223,426	-28,255	23,443	-1,941	-230,179
Gross profit	95,979	12,878	-	1,374	110,231
External operating expenses	-36,399	-2,238	-	-2,384	-41,021
Personnel costs	-24,083	-7,690	-	-	-31,773
EBITDA	35,497	2,-950	-	-1,010	37,437
Depreciation/amortisation	-5,221	-1,260	-	-	-6,481
Operating profit	30,276	1,690	-	-1,010	30,956

Oct-Dec 2019	Zinzino	Faun	Group elimination	VMA Life	Total Group
Net sales	206,661	30,200	-20,342	-	216,519
Other revenue	19,747	-	-	-	19,747
Own work capitalised	-	-	-	-	-
Goods for resale and other direct costs	-161,967	-19,686	20,342	-	-161,311
Gross profit	64,441	10,514	-	-	74,955
External operating expenses	-43,182	-1,756	-	-	-44,938
Personnel costs	-18,823	-4,872	-	-	-23,695
EBITDA	2,436	3,886	-	-	6,322
Depreciation/amortisation	-3,550	-1,248	-	-	-4,798
Operating profit	-1,114	2,638	-	-	1,524

Jan-Dec 2020	Zinzino	Faun	Group elimination	VMA Life	Total Group
Net sales	1,008,069	149,685	-89,762	6,456	1,074,448
Other revenue	63,542	-	-	255	63,707
Own work capitalised	490	-	-	-	490
Goods for resale and other direct costs	-771,939	-104,627	89,762	-3,286	-790,090
Gross profit	300,072	45,058	-	3,425	348,555
External operating expenses	-123,642	-6,895	-	-4,389	-134,926
Personnel costs	-80,659	-24,434	-	-	-105,093
EBITDA	95,771	13,729	-	-964	108,536
Depreciation/amortisation	-17,082	-4,876	-	-	-21,958
Operating profit	78,689	8,853	-	-964	86,578

Jan-Dec 2019	Zinzino	Faun	Group elimination	VMA Life	Total Group
Net sales	665,114	101,111	-55,448	-	710,777
Other revenue	57,116	-	-	-	57,116
Own work capitalised	2,662	-	-	-	2,662
Goods for resale and other direct costs	-525,294	-68,406	55,448	-	-538,252
Gross profit	199,598	32,705	-	-	232,303
External operating expenses	-109,977	-5,829	-	-	-115,806
Personnel costs	-64,194	-18,774	-	-	-82,968
EBITDA	25,427	8,102	-	-	33,529
Depreciation/amortisation	-13,775	-4,976	-	-	-18,751
Operating profit	11,652	3,126	-	-	14,778

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 indefinitely until the customer terminates the subscription.

All revenues are recognised when the goods are delivered to the customer in accordance with IFRS 15.

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

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

Oct-Dec 2020	Zinzino	Faun	VMA Life	Total Group
Net sales	301,958	17,690	3,480	323,128
Revenue from external customers	301,958	17,690	3,480	323,128
Goods within Zinzino Health	291,810	-	-	291,810
Goods within Zinzino Coffee	7,774	-	-	7,774
Sales of external goods Faun	-	17,690	-	17,690
Sales of external goods VMA Life	-	-	3,480	3,480
Events and other services	2,374	-	-	2,374
TOTAL	301,958	17,690	3,480	323,128
Oct-Dec 2019	Zinzino	Faun	VMA Life	Total Group
Net sales	206,948	9,571	-	216,519
Revenue from external customers	206,948	9,571	-	216,519
Goods within Zinzino Health	188,339	-	-	188,339
Goods within Zinzino Coffee	9,518	-	-	9,518
Sales of external goods Faun	-	9,571	-	9,571
Sales of external goods VMA Life	-	-	-	-
Events and other services	9,091	-	-	9,091
TOTAL	206,948	9,571	-	216,519

Jan-Dec 2020	Zinzino	Faun	VMA Life	Total Group
Net sales	1,007,814	59,923	6,711	1,074,448
Revenue from external customers	1,007,814	59,923	6,711	1,074,448
Goods within Zinzino Health	974,678	-	-	974,678
Goods within Zinzino Coffee	30,762	-	-	30,762
Sales of external goods Faun	-	59,923	-	59,923
Sales of external goods VMA Life	-	-	6,711	6,711
Events and other services	2,374	-	-	2,374
TOTAL	1,007,814	59,923	6,711	1,074,448
Jan-Dec 2019	Zinzino	Faun	VMA Life	Total Group
Net sales	665,401	45,376	-	710,777
Revenue from external customers	665,401	45,376	-	710,777
Goods within Zinzino Health	621,150	-	-	621,150
Goods within Zinzino Coffee	34,979	-	-	34,979
Sales of external goods Faun	-	45,376	-	45,376
Sales of external goods VMA Life	-	-	-	-
Events and other services	9,272	-	-	9,272
TOTAL	665,401	45,376	-	710,777

NOTE 3 TRANSACTIONS WITH CLOSELY RELATED PARTIES

SEK thousands	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Compensation for sales services performed Saele Invest AS	8,756	7,344	32,463	25,977
Other Saele Invest AS	-	-	-	-81
Total Saele Invest AS*	8,756	7,344	32,463	25,896
Compensation for sales services performed Oh Happy Day ApS**	1,612	1,674	6,067	4,764
Onward invoiced establishment costs Australia Oh Happy Day ApS***	-	-2,538	-414	-2,538
Total Oh Happy Day AS	1,612	-864	5,653	2,226
Total	10,368	6,480	38,116	28,122

As of 31/12/2020, the debt to Saele Invest AS relating to sales commissions amounts to SEK 665 (548) thousand and to Oh Happy Day ApS to SEK 0 (0) 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 31/12/2020 amounts to SEK 2,746 (2,538) thousand.

NOTE 4 EARNINGS PER SHARE

SEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Earnings per share before dilution	0.71	0.06	1.96	0.33
Earnings per share after dilution	0.67	0.06	1.88	0.32
Earnings metric used in the calculation of earnings per share				
Earnings attributable to shareholders of the parent company used in the calculation of earnings per share before and after dilution	23,364	2,052	64,477	10,662
Number of shares:				
Weighted average number of ordinary shares in calculating earnings per share before dilution	33,043,438	32,580,025	32,860,203	32,580,025
Adjustment for calculation of earnings per share after dilution (of warrants).				
Weighted average number of ordinary shares and potential ordinary shares used as denominator in calculating earnings per share after dilution	34,776,661	33,671,329	34,300,203	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.

The acquisition resulted in a surplus value amounting to SEK 16,758 thousand which was preliminarily capitalised as goodwill in connection with the acquisition. The surplus value is largely attributable to access to direct sales licenses to sell and distribute Zinzino's products in these countries, which will strengthen the Group's position in the Asian market. During the fourth quarter of 2020, the company analysed the value of the licenses required for the business in Malaysia, Thailand and Taiwan (registered under the company in Hong Kong). The redistribution of goodwill to licenses in the balance sheet is distributed according to the table below, where the total value of licenses as of the acquisition date amounted to SEK 7,800 thousand and goodwill to SEK 8,958 thousand. The licenses taken up will be depreciated over 10 years and depreciation will begin retroactively from the acquisition date 1 July 2020 and will be charged to the Group's profit in Q4 2020 in the amount of SEK 359 thousand. The assets are valued at the exchange rate on the balance sheet date as of 31/12/2020, where the currency effect is charged to Other comprehensive income in the Group.

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.

Purchase price as at 01/07/2020	SEK thousands
Cash and cash equivalents	3,834
Contingent consideration	11,643
Total purchase price paid	15,477
Recognised amounts of identifiable assets acquired and liabilities assumed	SEK thousands
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
Total identifiable net assets	-1,281
Goodwill	8,958
Licenses	7,800

Acquisition-related costs of SEK 457 thousands are included in the item external operating expenses in the group's statement of comprehensive income for the year.

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 (contingent 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 (contingent 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 6,456 thousand and contributed an operating profit/loss of SEK -964 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 31 of December 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
Sales growth	The total revenue as a percentage change compared with the total revenue for the corresponding period of the previous year.	This metric is useful to follow as it shows the sales trend in the group.
Gross profit	Profit from total revenue less goods for resale.	This metric is useful to examine to see just the net sales during the period, which can be used in the income and cost analyses.
EBITDA	Operating profit before depreciation/ amortisation and write-downs.	This metric is relevant for creating an understanding of the company's operational business, regardless of financing and depreciation of fixed assets.
EBITDA margin:	EBITDA as a percentage of total revenues for the period.	This metric is relevant to create an understanding of operational profitability and as the metric excludes depreciation, this margin gives the stakeholders a clearer picture of the company's central profitability.
Operating profit/loss (EBIT)	Operating profit/loss before financial items and taxes.	This metric illustrates profitability regardless of the tax rate for corporation tax and irrespective of the company's financial structure.
Net margin	Profit/loss for the period as a percentage of total revenues for the period.	This metric illustrates the company's profitability.
Equity per share before dilution	Equity in relation to the number of outstanding shares on the balance sheet date.	This metric measures the company's net value per share and shows whether the company is increasing the shareholders' capital over time.
Cash flow from operating activities	Cash flow from operational business including changes in the operating profit/loss.	This metric measures the cash flow the company generates before capital investments and cash flow attributed to the company's financing.
Equity/assets ratio	Equity in relation to the balance sheet total.	This metric is an indicator of the company's leverage to finance the company.
Adjusted EBITDA and Adjusted EBITDA-margin	The definition of key figures described above, excluding items affecting comparability 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.
Items affecting comparability	Items affecting comparability are reported separately in the financial statements when this is necessary to explain the Group's results. Items affecting comparability 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 26 FEBRUARY 2021

The Board of Directors and the CEO certify that the report for the period 1 January - 31 December 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.

Zinzino AB

Hulda Mellgrens gata 5
421 32 Västra Frölunda
E-mail: info@zinzino.com
Tel: +46 (0)31-771 71 50
Gothenburg, 26 February 2021

Hans Jacobsson

Chairman

Pierre Mårtensson

Board Member

Ingela Nordenhav

Board Member

Staffan Hillberg

Board Member

Dag Bergheim Pettersen

CEO

AUDITOR'S AUDIT REPORT

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

