

ZINZINO



Interim Report Q2 2023

This is Zinzino

Zinzino is a global direct sales company from Scandinavia specialising in test-based, personalised dietary supplements and scientific skin care. It is a limited liability company with shares listed on the Nasdaq First North Premier Growth Market. The company's scientifically proven dietary supplements are available in more than 100 markets worldwide. Zinzino owns the Swiss biotech skin care brand HANZZ+HEIDI and the Norwegian research and production units BioActive Foods AS and Faun Pharma AS. The company's head office is located in Gothenburg, Sweden, with additional offices in Europe, Asia, USA and Australia.

A brief history

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



Zinzino Interim Report Q2 2023

April–June

- Total revenue amounted to SEK 407.9 (329.5) million, corresponding to a growth of 24% (2%)
- Gross profit amounted to SEK 148.5 (105.5) million and the gross profit margin was 36.4% (32.0%)
- EBITDA amounted to SEK 53.7 (20.1) million and the EBITDA margin was 13.2% (6.1%)
- Cash flow from operating activities totalled SEK 46.3 (20.5) million
- Intensified establishment process in Mexico
- The board adjusts the full-year forecast for revenues to be approximately SEK 1.700 million combined with an EBITDA margin of at least 9%, previous forecast SEK 1.500 – 1.600 million with an EBITDA margin of over 7%.

January–June

- Total revenue amounted to SEK 801.6 (663.9) million, corresponding to a growth of 21% (1%)
- Gross profit amounted to SEK 279.2 (204.8) million and the gross profit margin was 34.8% (30.8%)
- EBITDA amounted to SEK 98.1 (45.8) million and the EBITDA margin was 12.2% (6.9%)
- Cash flow from operating activities totalled SEK 111.3 (11.6) million
- Liquid assets on the balance sheet date were SEK 200.9 (151.5) million



Record in profitability and 24% growth in the second quarter

We are very pleased that this past quarter's revenues increased by 24% compared to the second quarter of last year. Total revenue for the quarter amounted to SEK 408 million and this was combined with a super strong EBITDA margin of 13.2%, which was also a new quarterly record for us. As mentioned, profitability in the second quarter was very strong which is due to our success in increasing sales levels in combination with efficiency improvements and refinements in the sales mix with strong growth and high sales volumes in the most profitable markets.

Growth strategy

We believe in further added growth going forward, which generates increased economies of scale with increased profitability as a result. In turn, this enables us to further develop our company, establish ourselves in even more markets and carry out more acquisitions.

A common feature of Zinzino's emerging markets is that they are run by committed distributors who work actively to promote our brand and products. They have a wide network of contacts across the borders to neighbouring countries, but also over longer distances, which facilitates 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 many new and existing markets.

When the world is in a tough economic situation with high levels of financial concern, new opportunities arise for us. We have noticed a large increase in companies in our industry looking for new owners or some form of collaboration. We have completed four acquisitions in the last few years, and all acquired companies are now fully integrated into Zinzino's business model and systems. We are actively working to create growth through strategic acquisitions in addition to the more normal organic growth model that we have already mastered.

Combined with the growth strategy, we are working simultaneously to fine-tune synergies and improvements with a focus on economies of scale and profitability. These processes are ongoing in all areas of the company. In these processes, we are taking advantage of the investments we have already made.

Together, this means that all our shareholders can look forward to a bright future. The outcome for the second quarter of 2023 is a clear confirmation that we are on the right track with both sales growth and increased economies of scale in our business.



Outlook 2023

We predict a successful 2023 as well as the next few years. We will open new markets and launch new products but also focus more on our important existing markets. We will focus on simplifying and improving the business by focusing on fewer projects and instead increasing efficiency and quality. To do fewer things but simply better. In the coming years, we intend to launch services and solutions that both support sales growth and increase profitability. We shall also continue to distribute money to our shareholders in accordance with our dividend policy.

"We will work well and efficiently to create a great company for the future that focuses on preventive health, growth, good profitability and a great place to be a customer, distributor or employee."

Dag Bergheim Pettersen

CEO Zinzino

Inspire Change in Life



Financial summary (SEK million)

Key group figures	01/04/2023	01/04/2022	01/01/2023	01/01/2022	01/01/2022
	30/06/2023	30/06/2022	30/06/2023	30/06/2022	31/12/2022
Total revenue	407.9	329.5	801.6	663.9	1,443.1
Net sales	387.2	310.2	761.0	625.4	1,356.0
Sales growth	24%	2%	21%	1%	5%
Gross profit	148.5	105.5	279.2	204.8	465.5
Gross profit margin	36.4%	32.0%	34.8%	30.8%	32.3%
Operating profit before depreciation and amortisation	53.7	20.1	98.1	45.8	112.1
Operating margin before depreciation and amortisation	13.2%	6.1%	12.2%	6.9%	7.8%
Operating profit	47.0	13.6	84.8	33.8	87.0
Operating margin	11.5%	4.1%	10.6%	5.1%	6.0%
Profit/loss before tax	46.5	13.3	83.4	33.2	89.2
Net profit	36.9	10.2	66.2	26.1	68.5
Net margin	9.1%	3.1%	8.3%	3.9%	4.7%
Net earnings per share after tax before dilution. SEK	1.09	0.30	1.95	0.75	2.01
Net earnings per share after tax at full dilution. SEK	1.06	0.29	1.92	0.73	1.97
Cash flow from operating activities	46.3	20.5	111.3	11.6	42.9
Cash and cash equivalents	200.9	151.5	200.9	151.5	161.9
Equity/assets ratio	23.8%	19.5%	23.8%	19.5%	24.6%
Equity per share before dilution. SEK	5.00	3.41	5.00	3.41	4.75
Number of issued shares on average for the period	33,861,742	33,702,278	33,861,156	33,702,278	33,731,333
Average number of issued shares for the period with full dilution	34,580,475	34,295,074	34,454,237	34,423,770	34,307,847

Zinzino's outlook and financial goals for 2023

The positive development during the first six months of 2023 means that the Zinzino Board of Directors is now increasing the forecast for the year of 2023. The Board forecasts that the expected revenues for the full year 2023 will be approximately SEK 1,700 (1,443) million combined with an expected EBITDA margin of at least 9%. This is to be compared with the previously submitted forecast for 2023, where revenues were expected to amount to between SEK 1,500 and 1,600 million combined with an EBITDA margin of at least 7%. At the same time, the Board states that the uncertainty remains very high.

The average growth in sales at Zinzino for the period 2023–2025 shall be a minimum of 10% and operating margin before depreciation/amortisation shall increase to over 9%. The dividend policy shall be at least 50% of the Group's net profit as long as liquidity and the equity/assets ratio allow.



Significant events during and after the second quarter of 2023

Initial delivery problems solved in Turkey

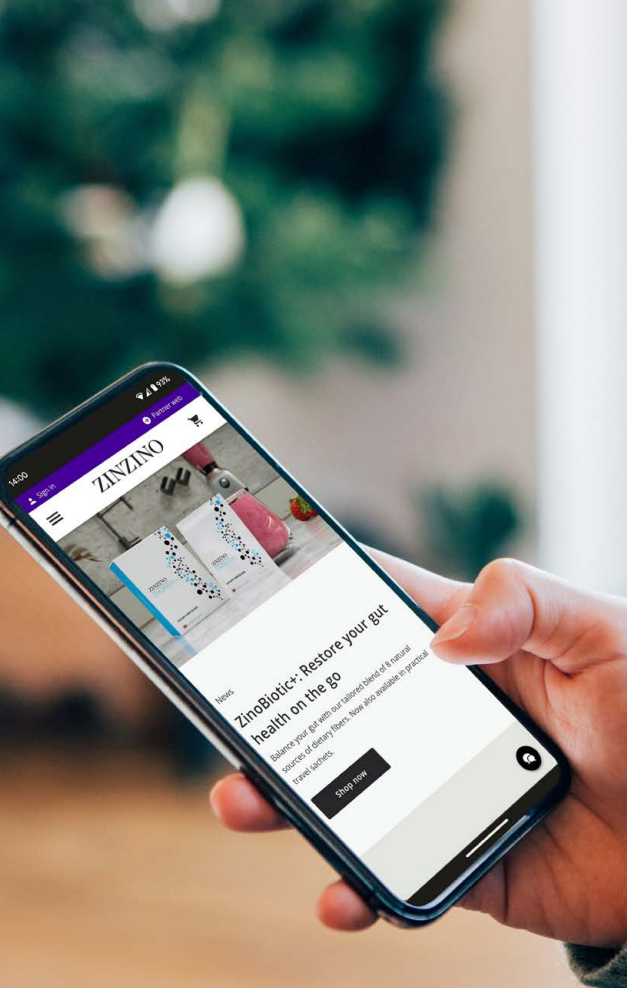
During the first quarter, Zinzino opened Turkey for registration of new distributors via the website zinzino.com adapted for Turkey. The launch of sales was long-awaited as it had been delayed after a complicated establishment process involving a high degree of local adaptation for regulatory reasons. The launch was successful in terms of distributor activity, which has been at a very high level since the start. Initial delivery problems linked to complicated customs clearance processes delayed the project and meant that no revenue could be recognised from the new market during the first quarter of 2023. During the second quarter, the initial problems associated with the deliveries were resolved, resulting in all orders from the first quarter at a value of SEK 4.8 million being delivered to the recipients and added to the Group's revenues for the second quarter of 2023.

Intensified establishment process in Mexico

During the second quarter of 2023, the establishment process in Mexico was intensified in order to accelerate the start of sales, which is preliminarily expected to be around the end of the third quarter of 2023. In the preparatory work during the second quarter, Zinzino placed considerable focus on establishing a broad network of contacts among potential distributors. In addition, a local sales manager and an operational consultant with good local knowledge of the Mexican market have been contracted. A successful establishment in Mexico requires the development of local payment solutions that are adapted to Mexican consumer behaviour. Thanks to Zinzino's new payment engine and the cooperation with suppliers that provide local payment solutions in Mexico, Zinzino believes that it can meet the local payment solutions from the start, which is important for a successful market launch. The work to open Mexico under its own local flag on zinzino.com will continue in the third quarter of 2023.

1,000,000 tests performed on zinzinotest.com

Shortly after the end of the second quarter of 2023, a major milestone was reached for Zinzino when the 1,000,000th blood test was registered on the company's platform zinzinotest.com. Zinzino's product concept, Balance, enables customers to submit a blood sample anonymously to the independent laboratory Vitas in Oslo. The test, called BalanceTest, is quick and easy to perform and within three weeks detailed measurements of 11 fatty acid levels are available online. These results offer an insight into the individual's dietary fat quality for the past three months, including key indicators such as the Omega-6:3 balance, total Omega-3 level, protective value and cell membrane fluidity. Using this data, individual recommendations are also provided to optimise the balance through diet and exercise. The product concept has been very important for the company's performance and is today responsible for approximately 80% of the group's revenue. 1,000,000 registered tests in Zinzino's database emphasise the potential of BalanceTest also in the broader context of scientific research on diet, health and well-being.



Sales and profit Q2 2023

Sales Q2

In total, revenue for the second quarter of 2023 amounted to SEK 407.9 (329.5) million, which represented a growth of 24% compared with the corresponding period in the previous year.

Nordic countries

In the Nordic countries, total revenues decreased by 6% to SEK 71.2 (75.9) million in the second quarter of 2023 compared to the same period last year. The sales performance showed that the decline in revenue continued to ease in the second quarter. This was largely due to the fact that the underlying distributor activity in Sweden, Norway and Denmark was at a higher level than the corresponding quarter last year. The addition of new distributors is expected to generate increased revenues in the longer term as it takes time to build new customer bases. Continued weak trends in Finland and Iceland also contributed to the overall decline in revenues. Zinzino continuously implements measures to increase new sales in all countries in the Nordic region.

Faun Pharma AS, the Group's subsidiary and manufacturing unit, decreased external production in the second quarter of 2023 by 2% to SEK 20.6 (21.0) million compared to the corresponding period last year.

Overall, the Nordic countries, Zinzino and Faun combined, accounted for 22% (29%) of the Group's total revenues in the second quarter of 2023.

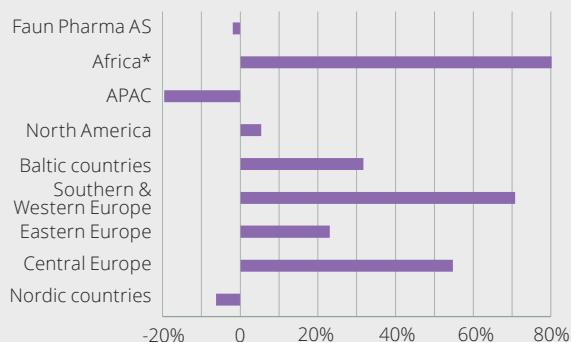
Baltic countries

In the Baltic countries, revenues increased by 32% to SEK 21.6 (16.4) million in the second quarter of 2023 compared to the same period last year. As before, sales growth during the quarter was mainly driven by the Lithuanian market, which has had consistently high distributor activity for a long period. Latvia and Estonia also performed well during the quarter with increased distributor activity and new sales. The head office continues to support the local sales organisations in the relatively mature markets of the region. Overall, the Baltic countries accounted for 5% (5%) of the Group's total revenues in the second quarter of 2023.

Central Europe

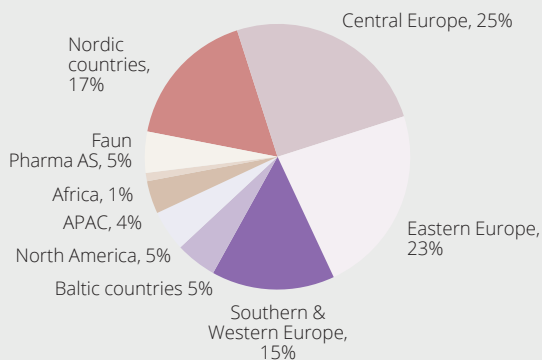
In the second quarter of 2023, total revenue increased by 55% compared to the corresponding period last year to SEK 100.3 (64.7) million. The strong growth in the region continued in all markets in the second quarter of 2023, mainly driven as before by the efficient and intertwined distributor organisations in the region. Synergy effects in the distribution chain from the acquisition of Enhazz also contributed to the strong performance. The DACH region thus consolidated its position as the fastest-growing region in absolute terms through high activity among both existing and new distributors. In addition, subscription revenue from the large and fast-growing customer base was very high. In total, the region accounted for 25% (20%) of the Group's total revenues in the second quarter of 2023.

Growth per region Q2 2023 vs Q2 2022



* Africa 89%

Sales per region Q2 2023



Countries in regions

Nordic countries

Denmark, Faroe Islands, Finland, Iceland, Norway, Sweden

Baltic countries

Estonia, Latvia, Lithuania

Central Europe

Austria, Germany, Switzerland

Eastern Europe

Czech Republic, Slovakia, Hungary, Poland, Romania

Southern and Western Europe

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

North America

Canada, USA

APAC

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

Africa

South Africa



Eastern Europe

Total revenue in the region increased by 23% compared to the corresponding period last year and amounted to SEK 94,4 (76,7) million. This follows continued strong performance in Poland, the Czech Republic and Slovakia with high distributor activity and many new customers. In Hungary, growth increased again after improved distributor activity and several new distributors were added during the quarter. Zinzino carries out several revenue-stimulating activities in the region such as regional events to increase activity among distributors. Overall, Eastern Europe accounted for 23% (23%) of the Group's total revenues in the second quarter of 2023.

Southern & Western Europe

Total revenue for the region increased by a full 71% in the second quarter of 2023 compared to the same period last year and amounted to SEK 62.5 (36.6) million. Strong performance in virtually all countries in the region during the quarter. The largest share of revenue came from the Netherlands, which continued the positive trend with high distributor activity and a growing customer base, along with the UK, which also saw good growth during the quarter. The newly launched Turkish market also contributed to the region's strong performance with high distributor activity from the start and very positive initial sales performance. The development in Greece was also gratifying, where a new distributor cluster emerged and drove up sales growth.

The local sales managers support the distributor organisations, which are largely in the process of being built, by coordinating distributor meetings and dialogue with the head office in Gothenburg. Zinzino continues to support distributors in the region as they build their customer bases, driving the important customer subscription revenues. The region together accounted for 15% (11%) of the Group's total revenues for the second quarter of 2023.

North America

In North America, revenue increased by 5% compared to a strong second quarter last year and amounted to SEK 19.5 (18.5) million. During the quarter, the generally high level of distributor activity in the region continued, with a strong focus on increasing the number of distributors and developing the customer base and associated important subscription revenue. The strong performance was also seen in Mexico, one of the markets where Zinzino intends to open as an official market later in 2023 but which is currently managed via the global webshop. As the official opening approaches, interest and distributor activity have increased, which has also had an impact on the region's sales trends during the second quarter of 2023. Overall, the solid efforts of both experienced and new distributors in the US, Mexico and Canada, combined with favourable currency developments, have resulted in another good sales quarter for the region. North America accounted for 5% (6%) of the Group's total revenues in the second quarter of 2023.



APAC

Total revenue in the APAC region decreased by 20% compared to the corresponding period last year and amounted to SEK 14.4 (17.9) million. This follows solid growth in Taiwan during the quarter but weaker performance in the other countries. Zinzino continues to support the local sales offices and distributor organisations in the region but with a differentiated and cost-effective strategy in order to allocate more resources and capital towards the profitable European markets. Overall, the region accounted for 4% (5%) of the Group's total revenues in the second quarter of 2023.

Africa

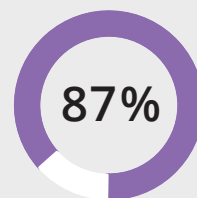
South Africa is Zinzino's first local establishment on the African continent. During the quarter, there has been a continued focus on building on the local distributor organisation and associated customer base. Activity among distributors increased during the quarter, resulting in a high number of new customers. In total, revenue for the second quarter of 2023 increased by 89% to SEK 3.4 (1.8) million for South Africa including the revenue for the other countries in the region which, as before, are handled via Zinzino's global webshop in anticipation of the markets opening under their own local flag. This represented 1% (1%) of the Group's total revenues in the second quarter of 2023.

Sales per product area

The Zinzino Health product segment increased in the second quarter of 2023 by 28% to SEK 354.0 (276.4) million and represented 87% (84%) of total revenue. The new Skincare product area increased by 2% to SEK 8.3 (8.2) million, representing 2% (3%) of total revenue. External sales in Faun Pharma AS decreased by 1% compared to the corresponding period last year and amounted to SEK 20.3 (20.5) million, which corresponded to 5% (6%) of total revenues. Other revenue, including coffee sales, amounted to SEK 25.3 (24.4) million, which corresponded to the remaining 6% (7%) of revenue for the second quarter of 2023.

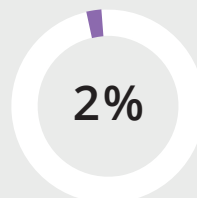
Sales
SEK million **407.9** (329.5)

Sales per product area Q2 2023



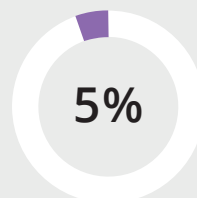
Health

Q2 2023: 354.0 (276.4) mSEK



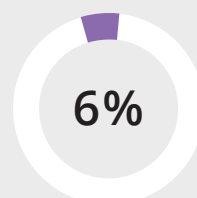
Skincare

Q2 2023: 8.3 (8.2) mSEK



Faun

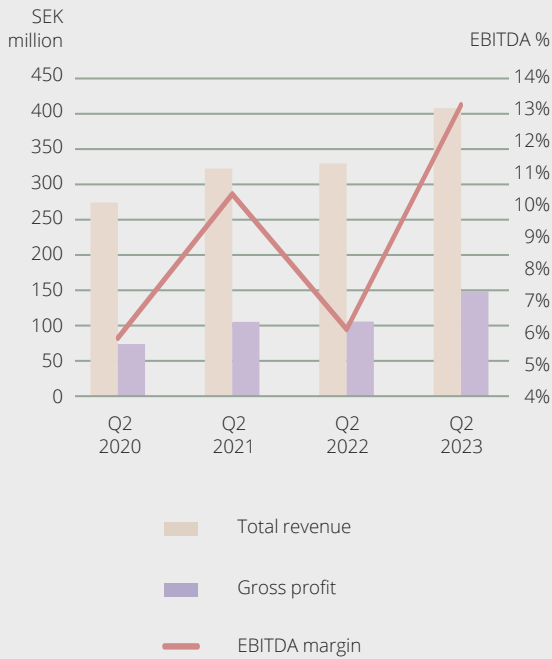
Q2 2023: 20.3 (20.5) mSEK



Other revenue

Q2 2023: 25.3 (24.4) mSEK

Results and financial position Q2 2023



Results and financial position Q2 2023

Results

Gross profit for the second quarter of 2023 amounted to SEK 148.5 (105.5) million and the gross profit margin was 36.4% (32.0%). A strong contributor to the margin improvement during the quarter was the geographical mix where a large share of the revenue was attributable to the DACH region with generally high profit margins, which in combination with the effects of the gradual price adjustments implemented towards the company's distributors and customers has contributed to the strong gross margin during the quarter.

The Group's operating profit before depreciation/amortisation amounted to SEK 53.7 (20.1) million and the EBITDA margin was 13.2% (6.1%). The improved EBITDA margin compared with the corresponding period last year was mainly attributable to the good profitability at gross level in combination with the efficiency improvements that resulted from the process initiated in the autumn of 2022 and the resulting economies of scale. Overall, this contributed to the company's ability to sustain its external and internal cost base during the quarter, despite being weighed down by the impact of the current macro climate and high inflationary pressures.

Operating profit amounted to SEK 47.0 (13.6) million and the operating margin was 11.5% (4.1%). Profit before tax amounted to SEK 46.5 (13.3) million and net profit amounted to SEK 36.9 (10.2) million.

Depreciation and amortisation

Depreciation and amortisation for the quarter were charged to the profit for the period in the amount of SEK 6.7 (6.5) million, of which SEK 0.8 (0.7) million was the depreciation of tangible fixed assets and SEK 5.8 (5.8) million was the amortisation of intangible fixed assets. Of this, SEK 4.3 (4.3) million is amortisation of right-of-use assets in accordance with IFRS 16.



Sales and profit Q1–Q2 2023

Sales Q1–Q2

In total, revenue for the first half of 2023 amounted to SEK 801.6 (663.9) million, which represented a growth of 21% compared to the corresponding period in the previous year.

Nordic countries

In the Nordic countries, total revenues decreased by 7% to SEK 144.8 (156.2) million in the first half of 2023 compared to the same period last year. Despite the decline, the underlying growth of new distributors so far in 2023 has been at a high level, resulting in a gradual levelling off of the revenue decline in the first half of the year.

Faun Pharma AS, the Group's subsidiary and manufacturing unit, increased external production in the first half of 2023 following increased sales linked to the company's FSSC 22000 certification. As a result, external sales increased by 9% in the first half of 2023 to SEK 48.2 (44.3) million compared to the same period last year.

Overall, total revenues in the Nordic countries, Zinzino and Faun combined, accounted for 24% (31%) of the Group's total revenues in the first half of 2023.

Baltic countries

Revenue in the Baltic countries in the first half of 2023 increased by 23% compared to the previous year and amounted to SEK 42.7 (34.7) million. The strong growth in the region in the first half of the year was mainly driven by Lithuania which has had high distributor activity and a large customer base for a long period of time. In addition, sales performance has improved in both Latvia and Estonia with a significantly higher number of new customers and distributors compared to the same period last year. Overall, the Baltic countries accounted for 5% (5%) of the Group's total revenues in the first half of 2023.

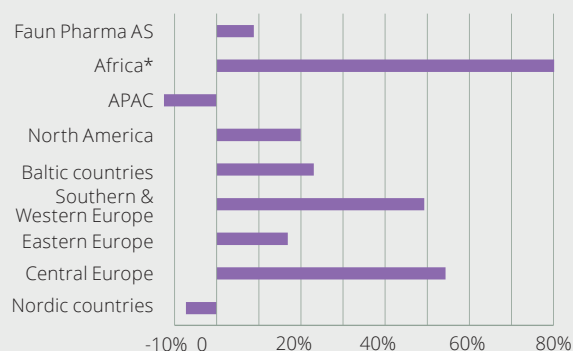
Central Europe

Revenue in the DACH region in the first half of 2023 increased by 54% compared with the previous year and amounted to SEK 191.2 (123.9) million, which corresponds to 24% (19%) of the total revenue in the Group during the period. This follows a very strong performance in Germany, Austria and Switzerland so far this year, where the large customer bases continue to grow through well-executed work by the skilled and experienced distributors in the region who have been joined by new organisations through the acquisition of Enhazz in 2022. Overall, the DACH region has consolidated its position as the most profitable and growing region in the Group during the first half of 2023.

Eastern Europe

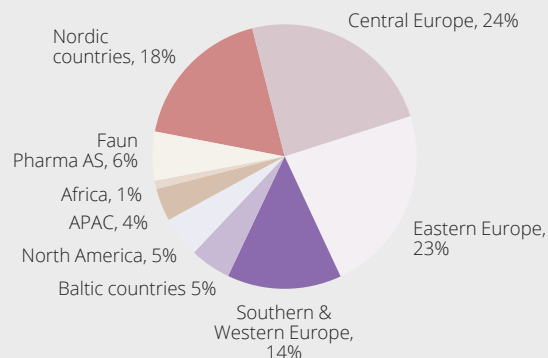
The region's revenue in the first half of 2023 increased by 17% compared to the previous year and amounted to SEK 187.0 (160.0) million, mainly driven by the good sales development in the Czech Republic where the distributors are working actively to build and nurture the growing customer base. At the same time, sales also increased in Slovakia, Hungary and Bulgaria, which contributed to the region accounting for 23% (24%) of the Group's total revenue in the first half of 2023.

Growth per region Q1–Q2 2023 vs Q1–Q2 2022



* Africa 122%

Sales per region Q1–Q2 2023



Countries in regions

Nordic countries

Denmark, Faroe Islands, Finland, Iceland, Norway, Sweden

Baltic countries

Estonia, Latvia, Lithuania

Central Europe

Austria, Germany, Switzerland

Eastern Europe

Czech Republic, Slovakia, Hungary, Poland, Romania

Southern and Western Europe

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

North America

Canada, USA

APAC

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

Africa

South Africa



Southern & Western Europe

The region's revenues for the first half of 2023 increased by 49% compared to last year and amounted to SEK 111.5 (74.7) million. The strong performance was mainly attributable to the Netherlands, which together with the UK and the newly launched Turkish market accounted for the majority of the region's total revenue, although most of the region's other countries also performed well in the first half of 2023. The region is still in the process of being built and the local sales managers are actively working with the various distributor organisations to build the customer bases and thereby increase the important subscription revenues. The region together accounted for 14% (11%) of the Group's total revenues in the first half of 2023.

North America

In North America, revenue in the first half of 2023 increased by 20% compared to the same period last year and amounted to SEK 39.1 (32.6) million. During the first half of 2023, the local head of sales together with the various distributor organisations have had a strong focus on increasing the number of distributors and developing the customer base and the associated important subscription revenues. North America accounted for 5% (5%) of the Group's total revenues in the first half of 2023.

APAC

Total revenue in the APAC region decreased by 13% compared to the corresponding period last year and amounted to SEK 30.0 (34.3) million. This follows solid growth in Taiwan during the first half of 2023 but weaker performance in other countries. The APAC region has had a more volatile sales performance than other regions since its start, largely due to severe and varying COVID-related restrictions, which slowed down the development and build-up of the distribution organisations, especially in 2022. In addition, the region's distributors have generally had a differentiated strategy to build their customer base, resulting in a slightly more variable sales performance than other regions. Overall, the APAC region accounted for 4% (5%) of the Group's total revenues in the first half of 2023.

Africa

South Africa is Zinzino's first local establishment on the African continent. During the first half of 2023, there has been a continued focus on building on the local distributor organisation and associated customer base. Activity among distributors has increased during the period, resulting in a high number of new customers. In total, revenue for the second quarter of 2023 increased by 122% to SEK 7.1 (3.2) million for South Africa including the revenue for the other countries in the region which, as before, are handled via Zinzino's global webshop in anticipation of the markets opening under their own local flag. This represented 1% (0%) of the Group's total revenues in the first half of 2023.

Sales per product area Q1-Q2

The Zinzino Health product area increased in the first half of 2023 by 23% to SEK 687.4 (559.8) million and represented 86% (84%) of total revenue. The new Skincare product area increased by 2% to SEK 16.8 (11.2) million, representing 2% (2%) of total revenue. External sales in Faun Pharma AS increased by 9% compared to the corresponding period last year and amounted to SEK 47.6 (43.7) million, corresponding to 6% (7%) of total revenue. Other revenue, including coffee sales, amounted to SEK 49.8 (49.2) million, which corresponded to the remaining 6% (7%) of revenue for the second quarter of 2023.

Growth strategy

A common feature of Zinzino's emerging markets is that they are run by committed distributors working in a structured and active way. They have a wide network of contacts across the borders to neighbouring countries, but with the company's geographic expansion, also over longer distances. Work is carried out with a strong focus on Zinzino's Balance concept, which has been positively received by a large number of new customers in many new markets.

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

Results and financial position Q1-Q2 2023

Results

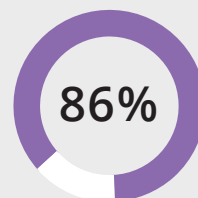
Gross profit for the first half of 2023 amounted to SEK 279.2 (204.8) million and the gross profit margin was 34.8% (30.8%). Zinzino has for a long time made incremental price adjustments to its distributors and customers. At the same time, the geographical sales mix has changed, with an increasing share of sales in markets with good profit margins. In addition, the remuneration model for the global distributors has been reworked, which overall has contributed to a stabilisation of the gross margin despite increased costs for raw materials and transports. In the first half of 2023, the impact of the measures implemented has contributed to a significant improvement in the gross profit margin compared to the same period last year.

The Group's operating profit before depreciation/amortisation amounted to SEK 98.1 (45.8) million and the EBITDA margin was 12.2% (6.9%). The improved EBITDA margin compared with the corresponding period last year was mainly attributable to the good profitability at gross level in combination with the efficiency improvements that resulted from the process implemented and the resulting economies of scale. Overall, this contributed to the company's ability to sustain its external and internal cost base during the quarter, despite being weighed down by the impact of the current macro climate and high inflationary pressures.

Operating profit for the first half of 2023 amounted SEK 84.8 (33.8) million and the operating margin was 10.6% (5.1%). Profit before tax amounted to SEK 83.4 (33.2) million and net profit amounted to SEK 66.2 (26.1) million.

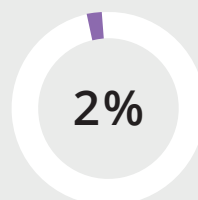
Sales
SEK million **801.6** (663,9)

Sales per product area Q1-Q2 2023



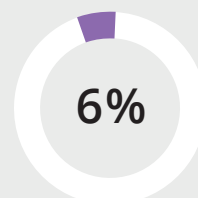
Health

Q1-Q2 2023: 687.4 (559.8) mSEK



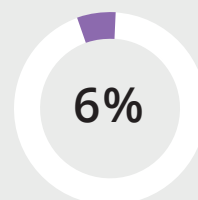
Skincare

Q1-Q2 2023: 16.8 (11.2) mSEK



Faun

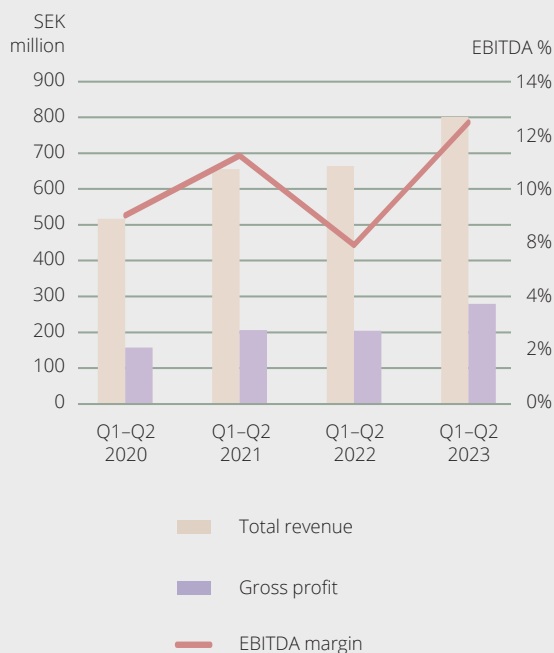
Q1-Q2 2023: 47.6 (43.7) mSEK



Other revenue

Q1-Q2 2023: 49.8 (49.2) mSEK

Results and financial position Q1–Q2 2023



Inventories

The Group's total inventories on the balance sheet date amounted to SEK 198.3 (171.5) million, where the company generally has higher inventory levels to ensure deliveries. At the same time, the company has increased the number of external warehouses in line with its strategic expansion to meet increased demand and reduce lead times in the delivery process.

Financial position

On the balance sheet date, cash totalled SEK 200.9 (151.5) million. Cash flow from operating activities for the first half of 2023 amounted to SEK 111.3 (11.6) million. The Group's equity/assets ratio was 24% (20%). Equity in the Group at the end of the period amounted to SEK 169.5 (114.8) million, corresponding to SEK 5.00 (3.41) per share. The Board considers that cash and cash equivalents remain at a satisfactory level.

The Organisation

During the autumn of 2022, a change and efficiency improvement process was initiated, which also affected the organisation in terms of optimising the workforce. The process has continued in the first half of 2023. The purpose of the process has been to phase out processes with lower returns and invest more in those that are expected to generate more revenue. For this reason, a local head of sales was contracted during the second quarter for the establishment project in Mexico in order to support the project team at the head office locally and to build a network of contacts with the local distributors in Mexico.

The number of employees in the Group at the end of the quarter totalled 213 (229) people, of which 128 (139) were women. In addition, 19 (22) people worked at the Group via consulting agreements, of which 7 (6) were women. The reduction in staff is attributable to the efficiency improvement and cost-savings programme carried out by the company.

The parent company

The parent company Zinzino AB (publ.) carries out establishment of new markets, strategic development and supports the research and product development of Bioactive Foods AS. The parent company's revenue in the first half of 2023 totalled SEK 8.7 (18.7) million, of which SEK 7.5 (16.8) million was intra-group revenue. In addition, the company has received dividends from subsidiaries totalling SEK 12.9 (12.6) million. The profit after financial items was SEK 9.1 (12.9) million. The parent company's cash and cash equivalents at the end of the period amounted to SEK 11.9 (14.4) million.

Significant risks and uncertainties in operations

The company's greatest risks lie in its own organisation's ability to manage costs during global expansion in combination with purchases and access to raw materials in the event of high inflation and the uncertain world situation. In addition, there are risks with complex IT systems managing sales and currency risks as Zinzino has both revenues and costs in a number of different currencies. There are also risks related to compliance with local regulations when establishing in new markets. The global outbreak of Covid-19 and the conflict between Russia and Ukraine also points to major risks due to unexpected events in the world that have a potentially major impact on the company. For an in-depth description of risks and other uncertainty factors, please refer to the annual report for 2022, which is available via the company website: <https://www.zinzino.com/globalassets/media/reports/financial-reports/2023/2023-06-08-kl-10.44---zinzino-annual-report-2022.pdf>.



Compared to the annual report for 2022 published on 28/04/2023, no new risks have been identified.

Number of outstanding shares

As of 30/06/2023, the share capital was divided into 33,863,813 shares, of which 5,113,392 are A shares (1 vote) and 28,750,421 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, www.nasdaqomxnordic.com

Options programme

As of the reporting date, the company has six outstanding options programmes after the Board in the past quarter cancelled all 800,000 warrants of the 2021-01 series with an exercise price of SEK 140 which should have expired on 31/05/2026.

The remaining options programmes are largely aimed at the external distributor organisation in the Group, but also with some allotment to employees of the company.

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

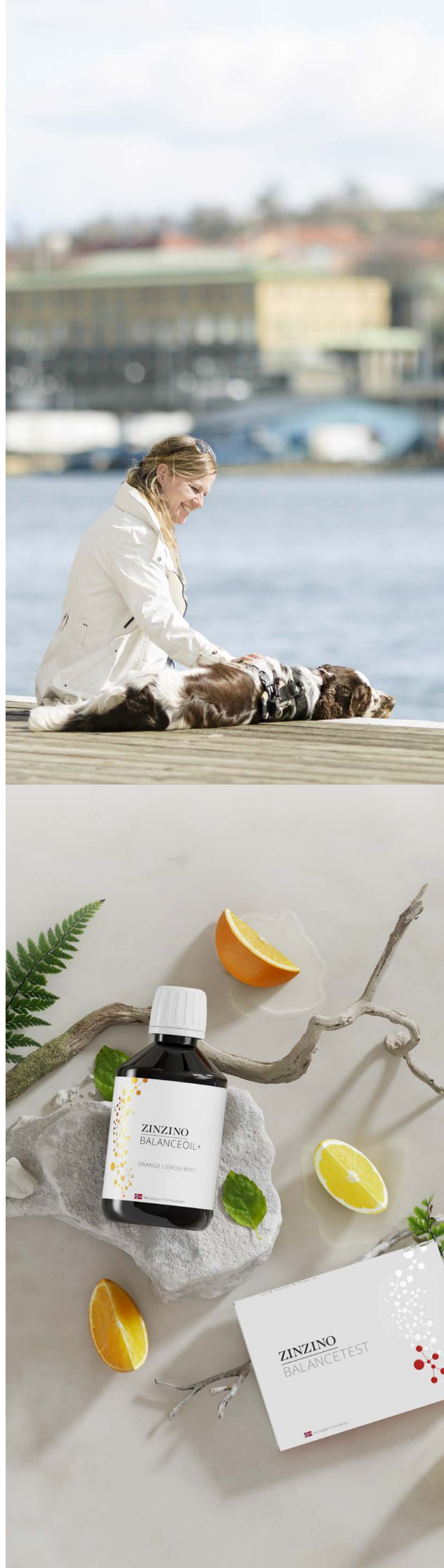
The second options program comprises 1,000,000 warrants at an exercise price of SEK 45 per Class B share that expires on 31/05/2025, of which 220,000 have been subscribed for by the Group's management team, 51,000 by key employees and 22,100 by other personnel. Other warrants in the programme have been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

The third comprises 900,000 warrants at an exercise price of SEK 56 per B share that expires on 31/05/2027, of which 90,000 have been subscribed for by the management team and 165,000 by key employees, all within the framework for this options programme.

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

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

If all the warrants issued as of 30/06/2023 are exercised for subscription of 3,414,617 shares, the share capital dilution will be approximately 10%.



Interim Report Q2 2023

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. Information in brackets refers to the comparison period. For a complete description of the Group's accounting principles, see the company's annual report for 2022 on the company's website.

Annual General Meeting

The 2023 annual meeting of shareholders was held on 31 May at the company's office at Hulda Mellgrens Gata 5 in Västra Frölunda. For further information on the annual general meeting, please refer to the company's website zinzino.com/bolagsstyrning.

Report calendar

Interim report Q3 2023 published on 16/11/2023

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

Annual report 2023 published on 26/04/2024

Interim report Q1 2024 published on 22/05/2024

Group report

Summary of financial position

Amounts in SEK thousands	01/04/2023	01/04/2022	01/01/2023	01/01/2022	01/01/2022
	30/06/2023	30/06/2022	30/06/2023	30/06/2022	31/12/2022
Net sales	387,184	310,188	761,043	625,371	1,356,008
Other revenue	19,998	17,937	39,321	36,305	83,700
Own work capitalised	674	1,329	1,234	2,210	3,364
Goods for resale and other direct costs	-259,366	-223,972	-522,362	-459,099	-977,559
Gross profit	148,490	105,482	279,236	204,787	465,513
External operating expenses	-57,668	-47,636	-106,755	-83,971	-196,962
Personnel costs	-37,128	-37,754	-74,394	-74,970	-156,491
Depreciation/amortisation	-6,671	-6,467	-13,317	-12,063	-25,074
Operating profit	47,023	13,625	84,770	33,783	86,986
Net financial income/expense	-528	-373	-1,349	-592	2,178
Tax	-9,575	-3,042	-17,178	-7,131	-20,689
PROFIT/LOSS FOR THE PERIOD	36,920	10,210	66,243	26,060	68,475

OTHER COMPREHENSIVE PROFIT/LOSS

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

Currency exchange differences upon conversion of foreign subsidiaries	5,003	-275	228	3,924	7,882
Other comprehensive profit/loss for the period	5,003	-275	228	3,924	7,882
TOTAL COMPREHENSIVE PROFIT/LOSS FOR THE PERIOD	41,923	9,935	66,471	29,984	76,357

Profit/loss for the period attributable to:

Parent company shareholders	36,800	10,095	66,065	25,229	67,697
Non-controlling interest	120	115	178	831	778
TOTAL	36,920	10,210	66,243	26,060	68,475

Total comprehensive profit/loss for the period attributable to:

Parent company shareholders	41,803	9,820	66,293	29,153	75,579
Non-controlling interest	120	115	178	831	778
TOTAL	41,923	9,935	66,471	29,984	76,357

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

Amounts in SEK

Earnings per share before dilution	1.09	0.30	1.95	0.75	2.01
Earnings per share after dilution	1.06	0.29	1.92	0.73	1.97

Group report

Summary of financial position

Amounts in SEK thousands	30/06/2023	30/06/2022	31/12/2022
Fixed assets			
Goodwill	73,002	68,086	72,830
Other intangible fixed assets	52,233	43,849	48,064
Equipment, tools and installations	16,255	12,759	17,222
Right-of-Use Assets	41,431	46,505	46,823
Financial fixed assets	7,070	4,851	5,762
Total fixed assets	189,991	176,050	190,701
Current assets			
Inventories	198,259	171,518	184,768
Current receivables	75,890	44,691	66,269
Pre-paid costs and accrued revenues	46,222	44,586	47,635
Cash and bank balances	200,865	151,463	161,880
Total current assets	521,236	412,258	460,552
TOTAL ASSETS	711,227	588,308	651,253
Equity			
Share capital	3,394	3,370	3,386
Other contributed capital	39,300	35,838	39,300
Retained earnings including profit/loss for the period	126,775	75,616	117,687
Total equity	169,469	114,824	160,373
Long-term liabilities			
Leasing liabilities	25,791	28,693	31,412
Deferred tax liability	4,601	3,239	4,706
Other long-term liabilities	27,089	26,434	32,313
Total long-term liabilities	57,481	58,366	68,431
Current liabilities			
Accounts payable	45,990	44,414	35,159
Tax liabilities	20,077	4,436	9,969
Leasing liabilities	18,877	18,347	18,166
Other current liabilities	272,396	242,593	246,097
Accrued costs and deferred revenues	126,937	105,328	113,058
Total current liabilities	484,277	415,118	422,449
TOTAL EQUITY AND LIABILITIES	711,227	588,308	651,253

Group report

Summary of changes in equity

Amounts in SEK thousands	Share capital	Ongoing rights issue	Other contributed capital	Conversion reserves	Retained ear- nings including profit/loss for the period	Total	Non- controlling interest	Total Equity
Opening balance								
01/01/2022	3,370	7	35,823	-804	104,658	143,054	8,665	151,718
Profit/loss for the period	-	-	-	-	25,229	25,229	831	26,060
Other comprehensive profit/loss for the period	-	-	-	3,707	-	3,707	-	3,707
Share repurchase	-	-	-	-	-13	-13	-	-13
Change of the minority	-	-	-	-	-10	-10	10	-
Rights issue	-	8	-	-	3,478	3,486	-	3,486
Issued warrants	-	-	-	-	816	816	-	816
Dividends	-	-	-	-	-67,405	-67,405	-3,545	-70,950
Closing balance								
30/06/2022	3,370	15	35,823	2,903	66,753	108,863	5,961	114,824
Opening balance								
01/07/2022	3,370	15	35,823	2,903	66,753	108,863	5,961	114,824
Profit/loss for the period	-	-	-	-	42,468	42,468	-53	42,415
Other comprehensive profit/loss for the period	-	-	-	2,976	-	2,976	-	2,976
Change of the minority	-	-	-	-	-19	-19	19	-
Rights issue	16	-15	3,477	-	-3,478	-	-	-
Issued warrants	-	-	-	-	159	159	-	159
Closing balance								
31/12/2022	3,386	-	39,300	5,879	105,883	154,447	5,926	160,373
Opening balance								
01/01/2023	3,386	-	39,300	5,879	105,883	154,447	5,926	160,373
Profit/loss for the period	-	-	-	-	66,065	66,065	178	66,243
Other comprehensive profit/loss for the period	-	-	-	227	-	227	-	227
Rights issue	-	8	-	-	2,467	2,475	-	2,475
Issued warrants	-	-	-	-	1,769	1,769	-	1,769
Dividends	-	-	-	-	-59,256	-59,256	-2,362	-61,618
Closing balance								
30/06/2023	3,386	8	39,300	6,106	116,928	165,727	3,742	169,469

Group report

Summary of cash flows

Amounts in SEK thousands	01/04/2023 30/06/2023	01/04/2022 30/06/2022	01/01/2023 30/06/2023	01/01/2022 30/06/2022	01/01/2022 31/12/2022
Operating activities					
Profit/loss before financial items	47,023	13,625	84,770	33,783	86,986
Depreciation and amortisation/write-downs	6,671	6,467	13,317	12,063	25,074
Currency fluctuations	5,869	278	9,448	-132	2,165
Total	59,563	20,370	107,535	45,714	114,225
Interest received	525	55	636	147	364
Interest paid	-17	-427	-29	-739	-100
Tax paid	-3,761	-17,954	-8,166	-19,731	-30,039
Total	-3,253	-18,326	-7,559	-20,323	-29,775
Cash flow from operating activities before changes in operating capital	56,310	2,044	99,976	25,391	84,450
Cash flow from changes in operating capital					
Change in inventories	-19,433	-2,621	-13,491	-9,790	-26,111
Change in current receivables	-9,417	13,465	-8,208	4,853	-17,492
Change in current liabilities	18,875	7,605	33,036	-8,872	2,010
Total	-9,975	18,449	11,337	-13,809	-41,593
Cash flow from operating activities	46,335	20,493	111,313	11,582	42,857
Investment activity					
Investments in intangible fixed assets	-1,572	-6,038	-6,015	-10,991	-16,835
Investments in tangible fixed assets	-274	-2,098	-1,247	-2,657	-8,100
Investments in financial fixed assets	-	-10,294	-134	-10,348	-10,490
Cash flow from investment activities	-1,846	-18,430	-7,396	-23,996	-35,425
Financing activities					
Amortisation of lease liabilities attributable to lease agreements	-4,970	-4,666	-9,920	-8,752	-18,340
Issuance of options	1,755	82	1,769	816	975
Rights issue	2,473	3,486	2,475	3,486	3,486
Dividends	-59,256	-67,405	-59,256	-67,405	-67,405
Cash flow from financing activities	-59,998	-68,503	-64,932	-71,855	-81,284
CASH FLOW FOR THE PERIOD	-15,509	-66,440	38,985	-84,269	-73,852
Cash and cash equivalents at start of period	216,374	217,903	161,880	235,732	235,732
Cash and cash equivalents at end of period	200,865	151,463	200,865	151,463	161,880

Parent company report

Summary income statement

Amounts in SEK thousands	01/04/2023	01/04/2022	01/01/2023	01/01/2022	01/01/2022
	30/06/2023	30/06/2022	30/06/2023	30/06/2022	31/12/2022
Net sales	4,965	5,000	8,630	16,670	26,970
Other revenue	105	-	105	2,064	2,066
Goods for resale and other direct costs	-	-	-	-8,203	-8,218
Gross profit	5,070	5,000	8,735	10,531	20,818
External operating expenses	-5,268	-4,908	-8,503	-9,670	-18,865
Depreciation/amortisation	-103	-157	-206	-314	-628
Operating profit	-301	-65	26	547	1,325
Net financial income/expense	9,661	12,020	9,030	12,381	73,881
Tax	-	140	-	-65	-100
PROFIT/LOSS FOR THE PERIOD	9,360	12,095	9,056	12,863	75,106

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

Parent company report

Summary of financial position

Amounts in SEK thousands	30/06/2023	30/06/2022	31/12/2022
Fixed assets			
Intangible fixed assets	17,090	9,006	12,667
Tangible fixed assets	19	27	23
Financial fixed assets	135,417	140,603	135,417
Total fixed assets	152,526	149,636	148,107
Current assets			
Current receivables	2,758	24	1,730
Intra-group receivables	24,891	14,448	13,458
Pre-paid costs and accrued revenues	484	2,456	350
Cash and bank balances	11,946	14,428	1,555
Total current assets	40,079	31,356	17,093
TOTAL ASSETS	192,605	180,992	165,200
Equity			
<i>Restricted equity</i>			
Share capital	3,386	3,370	3,386
Ongoing rights issue	8	15	-
Fund for development expenditures	17,090	9,006	12,667
<i>Unrestricted equity</i>			
Share premium reserve	39,946	48,632	48,631
Retained earnings including profit/loss for the period	9,056	-6,113	52,525
Total equity	69,486	54,910	117,209
Long-term liabilities			
Long-term liabilities	18,820	25,959	25,960
Total long-term liabilities	18,820	25,959	25,960
Current liabilities			
Intra-group current liabilities	90,681	86,657	16,426
Other current liabilities	11,964	12,913	4,784
Accrued costs and deferred revenues	1,654	553	821
Total current liabilities	104,299	100,123	22,031
TOTAL EQUITY AND LIABILITIES	192,605	180,992	165,200

Parent company report

Summary of changes in equity

Amounts in SEK thousands	Share capital	Ongoing rights issue	Fund for development expenditures	Share premium reserve	Retained earnings including profit/loss for the period	Total Equity
Opening balance 01/01/2022	3,370	7	4,910	45,154	52,438	105,879
Profit/loss for the period	-	-	-	-	12,863	12,863
Capitalisation of development costs	-	-	4,406	-	-4,406	-
Release following amortisation of development costs for the year	-	-	-310	-	310	-
Rights issue	-	8	-	3,477	-	3,485
Issued warrants	-	-	-	-	87	87
Dividends	-	-	-	-	-67,405	-67,405
Closing balance 30/06/2022	3,370	15	9,006	48,631	-6,113	54,910
Opening balance 01/07/2022	3,370	15	9,006	48,631	-6,113	54,910
Profit/loss for the period	-	-	-	-	62,243	62,243
Capitalisation of development costs	-	-	3,971	-	-3,971	-
Release following amortisation of development costs for the year	-	-	-310	-	310	-
Rights issue	16	-15	-	-	-	1
Issued warrants	-	-	-	-	56	56
Closing balance 31/12/2022	3,386	-	12,667	48,631	52,525	117,209
Opening balance 01/01/2023	3,386	-	12,667	48,631	52,525	117,209
Profit/loss for the period	-	-	-	-	9,056	9,056
Capitalisation of development costs	-	-	4,625	-	-4,625	-
Release following amortisation of development costs for the year	-	-	-202	-	202	-
Rights issue	-	8	-	2,467	-	2,475
Issued warrants	-	-	-	-	2	2
Dividends	-	-	-	-11,152	-48,104	-59,256
Closing balance 30/06/2023	3,386	8	17,090	39,946	9,056	69,486

Parent company report

Summary of cash flows

Amounts in SEK thousands	01/04/2023 30/06/2023	01/04/2022 30/06/2022	01/01/2023 30/06/2023	01/01/2022 30/06/2022	01/01/2022 31/12/2022
Operating activities					
Profit/loss before financial items	-301	-65	26	547	1,325
Depreciation and amortisation/write-downs	103	157	206	314	628
Currency fluctuations	200	-182	69	51	284
Total	2	-90	301	912	2,237
Interest received	290	128	384	239	636
Tax paid	-52	-1,736	-103	-1,813	-1,916
Total	238	-1,608	281	-1,574	-1,280
Cash flow from operating activities before changes in operating capital	240	-1,698	582	-662	957
Cash flow from changes in operating capital					
Change in current receivables	-9,570	6,186	-12,596	12,314	13,794
Change in current liabilities	57,064	61,680	70,468	64,379	51,500
Cash flow from operating activities	47,734	66,168	58,454	76,031	66,251
Investment activity					
Investments in intangible fixed assets	-1,496	-2,526	-4,195	-4,406	-7,533
Investments in financial fixed assets	-	-10,459	-	-10,483	-10,505
Cash flow from investment activities	-1,496	-12,985	-4,195	-14,889	-18,038
Financing activities					
Issuance of options	-	82	2	87	143
Rights issue	2,473	3,486	2,475	3,486	3,486
Dividends received	12,911	12,647	12,911	12,647	12,647
Dividends	-59,256	-67,405	-59,256	-67,405	-67,405
Cash flow from financing activities	-43,872	-51,190	-43,868	-51,185	-51,129
CASH FLOW FOR THE PERIOD	2,366	1,993	10,391	9,957	-2,916
Cash and cash equivalents at start of period	9,580	12,435	1,555	4,471	4,471
Cash and cash equivalents at end of period	11,946	14,428	11,946	14,428	1,555

Note 1

Segment information

Description of segments and main activities

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

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

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

Skincare includes Skinserum and products from the acquired brand HANZZ+HEIDI. Other net sales consist mainly of event sales and the coffee range. Other revenue consists mainly of freight and reminder fees. All sales are made via the Zinzino's website www.zinzino.com 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.

Segment revenues and earnings

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

- Zinzino
- Faun Pharma AS

April-June 2023	Zinzino	Faun	Group elimination	Total Group
Net sales	366,875	37,146	-16,837	387,184
Other revenue	19,692	306	-	19,998
Own work capitalised	674	-	-	674
Goods for resale and other direct costs	-250,407	-25,796	16,837	-259,366
Gross profit	136,834	11,656	-	148,490
External operating expenses	-55,318	-2,350	-	-57,668
Personnel costs	-32,135	-4,993	-	-37,128
EBITDA	49,381	4,313	-	53,694
Depreciation/amortisation	-5,480	-1,191	-	-6,671
Operating profit	43,901	3,122	-	47,023

April-June 2022	Zinzino	Faun	Group elimination	Total Group
Net sales	289,649	35,322	-14,783	310,188
Other revenue	17,480	457	-	17,937
Own work capitalised	1,329	-	-	1,329
Goods for resale and other direct costs	-215,590	-23,165	14,783	-223,972
Gross profit	92,868	12,614	-	105,482
External operating expenses	-45,807	-1,829	-	-47,636
Personnel costs	-32,781	-4,973	-	-37,754
EBITDA	14,280	5,812	-	20,092
Depreciation/amortisation	-5,121	-1,346	-	-6,467
Operating profit	9,159	4,466	-	13,625

January–June 2023	Zinzino	Faun	Group elimination	Total Group
Net sales	713,425	79,128	-31,510	761,043
Other revenue	38,729	592	-	39,321
Own work capitalised	1,234	-	-	1,234
Goods for resale and other direct costs	-500,000	-53,872	31,510	-522,362
Gross profit	253,388	25,848	-	279,236
External operating expenses	-101,498	-5,257	-	-106,755
Personnel costs	-61,566	-12,828	-	-74,394
EBITDA	90,324	7,763	-	98,087
Depreciation/amortisation	-10,931	-2,386	-	-13,317
Operating profit	79,393	5,377	-	84,770

January–June 2022	Zinzino	Faun	Group elimination	Total Group
Net sales	581,715	73,417	-29,761	625,371
Other revenue	35,655	650	-	36,305
Own work capitalised	2,210	-	-	2,210
Goods for resale and other direct costs	-438,132	-50,728	29,761	-459,099
Gross profit	181,448	23,339	-	204,787
External operating expenses	-79,858	-4,113	-	-83,971
Personnel costs	-62,851	-12,119	-	-74,970
EBITDA	38,739	7,107	-	45,846
Depreciation/amortisation	-9,319	-2,744	-	-12,063
Operating profit	29,420	4,363	-	33,783

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

Note 2

Net sales

Revenues

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

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

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

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

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

External goods Faun refers to goods produced on contract for an external customer. Revenue is recognised when the goods are delivered to the customer in accordance with IFRS 15, see Note 2.5.1 in the 2022 annual report on revenue recognition principles.

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

April–June 2023	Zinzino	Faun	Total Group
Net sales	366,876	20,308	387,184
Revenue from external customers	366,876	20,308	387,184
Goods within Zinzino Health	354,012	-	354,012
Goods within Zinzino Skincare	8,292	-	8,292
Sales of external goods Faun	-	20,308	20,308
Event and other sales	4,572	-	4,572
TOTAL	366,876	20,308	387,184

April–June 2022	Zinzino	Faun	Total Group
Net sales	289,649	20,539	310,188
Revenue from external customers	289,649	20,539	310,188
Goods within Zinzino Health	276,414	-	276,414
Goods within Zinzino Skincare	8,154	-	8,154
Sales of external goods Faun	-	20,539	20,539
Event and other sales	5,081	-	5,081
TOTAL	289,649	20,539	310,188

January–June 2023	Zinzino	Faun	Total Group
Net sales	713,425	47,618	761,043
Revenue from external customers	713,425	47,618	761,043
Goods within Zinzino Health	687,426	-	687,426
Goods within Zinzino Skincare	16,752	-	16,752
Sales of external goods Faun	-	47,618	47,618
Event and other sales	9,247	-	9,247
TOTAL	713,425	47,618	761,043

January–June 2022	Zinzino	Faun	Total Group
Net sales	581,716	43,655	625,371
Revenue from external customers	581,716	43,655	625,371
Goods within Zinzino Health	559,779	-	559,779
Goods within Zinzino Skincare	11,231	-	11,231
Sales of external goods Faun	-	43,655	43,655
Event and other sales	10,706	-	10,706
TOTAL	581,716	43,655	625,371

January–December 2022	Zinzino	Faun	Total Group
Net sales	1,280,266	75,742	1,356,008
Revenue from external customers	1,280,266	75,742	1,356,008
Goods within Zinzino Health	1,191,272	-	1,191,272
Goods within Zinzino Skincare	57,692	-	57,692
Sales of external goods Faun	-	75,742	75,742
Event and other sales	31,302	-	31,302
TOTAL	1,280,266	75,742	1,356,008

Note 3

Transactions with related parties

	01/04/2023 30/06/2023	01/04/2022 30/06/2022	01/01/2023 30/06/2023	01/01/2022 30/06/2022	01/01/2022 31/12/2022
Purchase of goods and services					
Saele Invest & Consulting AS*	9,755	8,162	18,456	16,028	34,510
Prosperity ApS**	1,520	1,448	3,074	2,842	6,011
TOTAL	11,275	9,610	21,530	18,870	40,521

	01/04/2023 30/06/2023	01/04/2022 30/06/2022	01/01/2023 30/06/2023	01/01/2022 30/06/2022	01/01/2022 31/12/2022
Sales of goods and services					
Saele Invest & Consulting AS	105	-	105	-	1,566
TOTAL	105	-	105	-	1,566

As of 30/06/2023, the debt to Saele Invest & Consulting AS relating to sales commissions amounts to SEK 0 (0) thousand and to Prosperity ApS to SEK 70 (0) thousand in the Group. All sales commissions paid to related parties with significant influence are calculated on the same commission plan and under the same terms as for all other distributors within Zinzino's global sales organisation.

There is a receivable from Prosperity ApS amounting to SEK 1,337 (1,950) thousand as at 30/06/2023. The receivable relates to a payment according to agreement for 75% of the company's establishment costs in Australia in 2019/2020.

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

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

Note 4

Earnings per share

SEK	01/04/2023 30/06/2023	01/04/2022 30/06/2022	01/01/2023 30/06/2023	01/01/2022 30/06/2022	01/01/2022 31/12/2022
Earnings per share before dilution	1.09	0.30	1.95	0.75	2.01
Earnings per share after dilution	1.06	0.29	1.92	0.73	1.97
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	36,800	10,095	66,065	25,229	67,697
Number of shares					
Weighted average number of ordinary shares in calculating earnings per share before dilution	33,861,742	33,702,278	33,861,156	33,702,278	33,731,333
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	34,580,475	34,295,074	34,454,237	34,423,770	34,307,847

Note 5

Events after the end of the interim period

No significant events for the company have occurred after the end of the reporting period.

Note 6

Financial metrics not defined in accordance with IFRS

The company presents certain financial metrics in the interim report that are not defined in accordance with IFRS or the Annual Accounts Act. The company believes that these metrics provide valuable additional information to investors and the company's management as they allow the company's performance to be

evaluated. Since not all companies calculate financial metrics in the same way, these are not always comparable with the metrics used by other companies. These financial metrics should therefore not be considered as a substitute for metrics defined in accordance with IFRS.

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

Gothenburg, 31 August 2023

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

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

Zinzino AB

Hulda Mellgrens gata 5
421 32 Västra Frölunda
Email: info@zinzino.com
Tel: +46 (0) 31-771 71 50
Gothenburg, 31 August 2023

Hans Jacobsson
Board Chair

Pierre Mårtensson
Board Member

Ingela Nordenhav
Board Member

Staffan Hillberg
Board Member

Anna Frick
Board Member

Dag Bergheim Pettersen
CEO

Auditor's audit report

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



Inspire Change in Life zinzino.com