



Annual report

2022

ZINZINO

# 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+HEIDII 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 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 obtains control over 97% of the votes and 92% of the capital of Zinzino Nordic AB. By the reporting date, the ownership share had increased to 93% of capital.
- 2010 Zinzino shares are listed for trading on the Aktietorget stock market.
- 2011 The Group expands with companies in Estonia and Lithuania.
- 2012 Companies are launched in Latvia and Iceland.
- 2013 A company is launched in the USA.
- 2014 The Group is further expanded by companies in Poland and the Netherlands. In the same year, Zinzino AB acquires BioActive Foods AS and 85% of shares in Faun Pharma AS. This was also the year when Zinzino AB was listed for trading on Nasdaq OMX First North.
- 2015 A company is launched in Canada and the ownership share in Faun Pharma AS is increased to 98.8%.
- 2016 A subsidiary is launched in Germany. Sales are launched in all countries in the EU.
- 2017 Sales in Switzerland are launched.
- 2018 New subsidiaries in Romania and Italy.
- 2019 New subsidiaries in Australia and India.
- 2020 Acquisition of VMA Life in Singapore and Zinzino moves up to the premier segment of the Nasdaq First North Growth Market.
- 2021 Sales launch in South Africa.
- 2022 Acquisition of Enhazz IP AG and Enhazz Global AG in Switzerland.

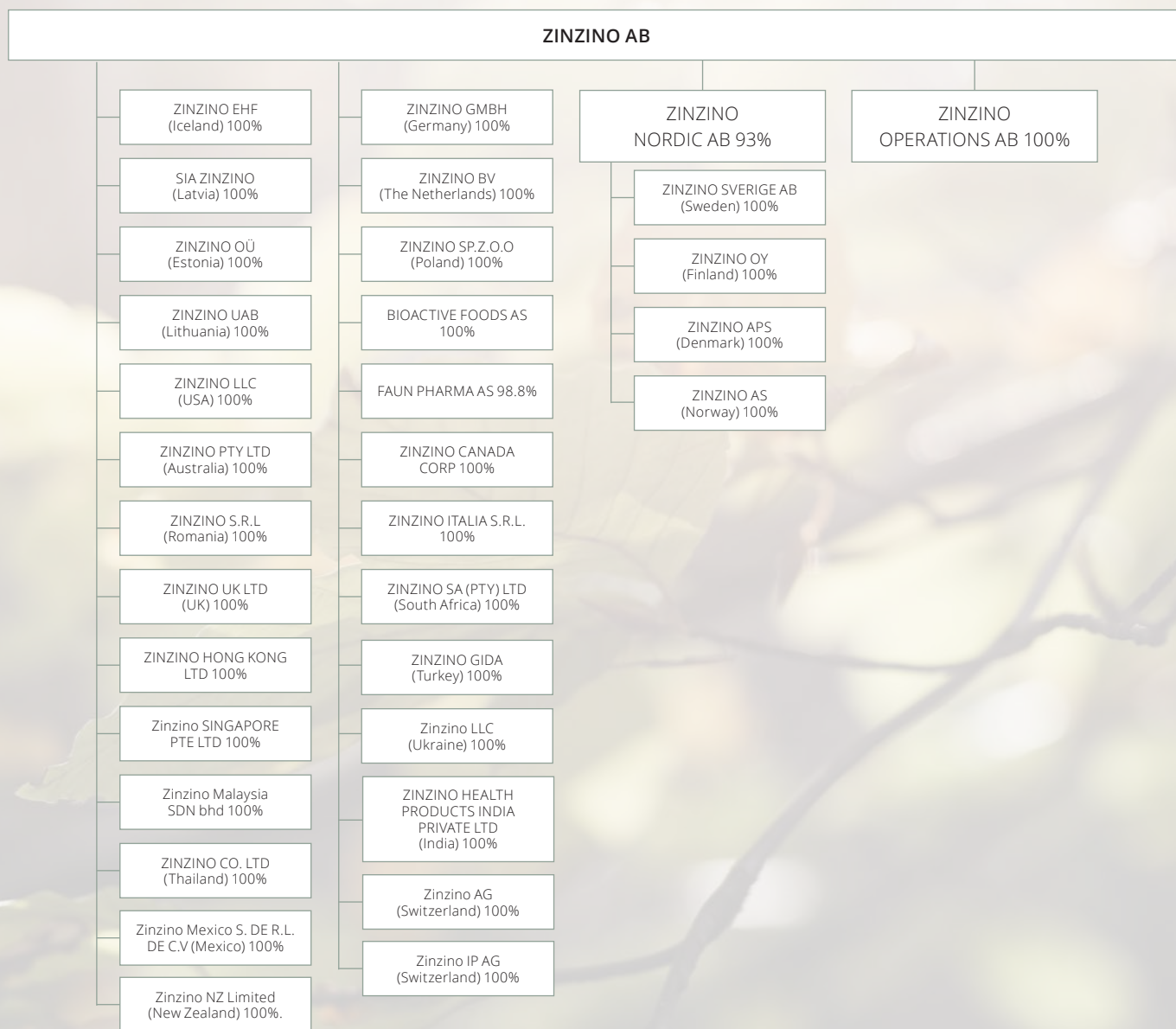




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# Group structure



# Financial summary (SEK million)

Key group figures	2022	2021	2020	2019	2018
Total revenue	1,443.1	1,370.6	1,138.6	770.6	576.6
Net sales	1,356.0	1,288.5	1,074.4	710.8	532.9
Sales growth	5%	20%	48%	34%	7%
Gross profit	465.5	427.5	348.6	232.3	182.8
Gross profit margin	32.3%	31.2%	30.6%	30.1%	31.7%
Operating profit before depreciation and amortisation	112.1	137.6	108.5	33.5	23.7
Operating margin before depreciation and amortisation	7.8%	10.0%	9.5%	4.4%	4.1%
Adjusted operating profit before depreciation and amortisation	112.1	137.6	86.3	33.5	23.7
Adjusted operating margin before depreciation and amortisation	7.8%	10.0%	7.6%	4.4%	4.1%
Operating profit	87.0	116.0	86.6	14.8	6.4
Operating margin	6.0%	8.5%	7.6%	1.9%	1.1%
Profit/loss before tax	89.2	114.9	85.0	13.9	5.7
Net profit	68.5	89.7	66.3	11.3	4.7
Net margin	4.7%	6.5%	5.8%	1.5%	0.8%
Net earnings per share after tax before dilution, SEK	2.01	2.57	1.96	0.33	0.13
Net earnings per share after tax at full dilution, SEK	1.97	2.46	1.88	0.32	0.13
Cash flow from operating activities	42.9	153.5	97.3	71.3	29.8
Cash and cash equivalents	161.9	235.7	143.2	76.8	45.5
Equity/assets ratio	24.6%	25.1%	19.6%	13.1%	19.5%
Equity per share before dilution, SEK	4.75	4.52	2.88	1.24	1.55
Number of issued shares on average for the period	33,731,333	33,551,514	32,860,203	32,580,025	32,580,025
Average number of issued shares for the period with full dilution	34,307,847	35,092,535	34,300,203	32,846,326	32,580,025

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.



Dag Bergheim Pettersen, CEO, Zinzino

## A good year of growth and profitability

We are very satisfied with the past year. Revenues for 2022 increased by 5% compared to the previous year with gradually improved and solid profitability during the year.

We both met and exceeded our financial target for 2022 as our total revenues for the full year amounted to SEK 1,443 million combined with an EBITDA margin of 7.8%. We achieved this despite high inflation and great uncertainty around the world. It also enables our Board to propose to the Annual General Meeting in May that once again, for the tenth year in a row, we will distribute money to our shareholders. Our proposal will be a dividend of SEK 1.75 (2.00) per share, which I think is a sign of strength under the current conditions in the world around us.

### On the right path

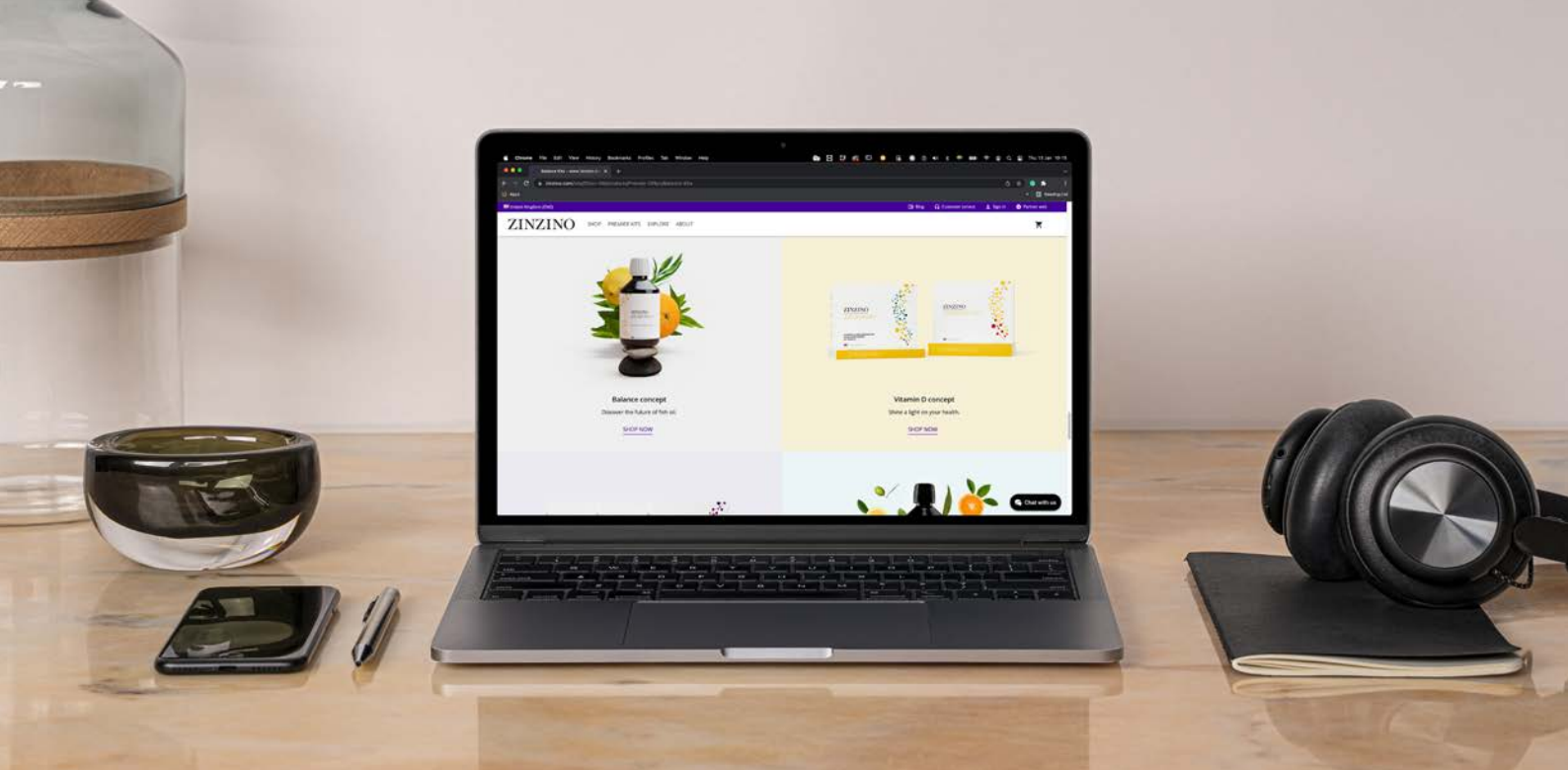
Our world is in a state of great change, but we are responding in a way that will allow us to emerge better than the rest of the market. It is also good that our strategy and work efforts are bearing fruit through increased growth combined with maintained profitability. We are in the midst of a recession and facing continued tough times marked by inflation, energy shortages, increased raw material prices, rising interest rates combined with various other negative signals and events. We are offsetting our increased costs by working on efficiency improvements at all levels. We are continuously working on simplification and improvement. Our mantra is simply "Less is more".

### Acquisitions and countercyclical growth

When the world is in a negative economic situation with high levels of financial concerns, 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 are constantly looking for investment opportunities in the form of acquisitions that can give us distribution power and increased sales, but also access to new products and other resources. We have completed four acquisitions in the last 7-8 years, and all acquired companies are now fully integrated into Zinzino's business model and systems. With these acquisitions, we have identified and extracted synergies in all areas of the Group.

We are counter-cyclical and, in my view, to some extent independent of economic cycles. In short, when the world is as turbulent as it is now, it is easier for us to engage more distributors who are looking for extra income and who will therefore sell our products. Then, when the economy picks up again, it will be harder for us to attract new distributors, but it will also be a bit easier to increase our customer base. We will be less dependent on external factors such as the world economy and inflation. Instead, we will be more dependent on ourselves and what we can influence on all possible levels.

That's why we believe in further growth and make it an important area of focus. Growth brings economies of scale and increased profitability, which in turn enables us to further develop our company, launch new products, devote more resources to marketing and establish ourselves in more markets.



Zinzino's website.

## Future prospects

We believe in a successful 2023 for Zinzino and the following years to come. We will open new markets and launch new products but also focus more on our important existing markets. To simplify and improve 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. I expect that during the period 2023-2025, the average growth of sales in Zinzino will be at least 10% and that the operating margin before depreciation and amortisation will increase to over 9%. We will 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, solid profitability and a great place to be a customer, distributor or employee."*

Dag Bergheim Pettersen  
**CEO Zinzino**  
Inspire Change in Life

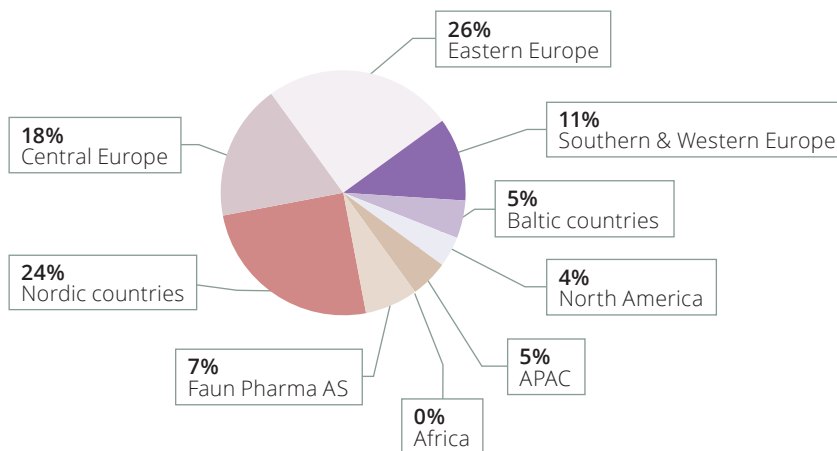
# The year in review

## – first quarter

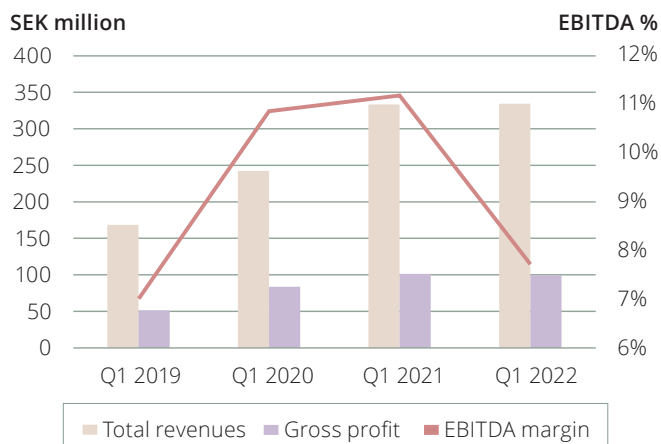
The first quarter of the year started well with high distributor activity and great enthusiasm from the sellers in the field. Unfortunately, this was immediately slowed down by the outbreak of the new omicron variant of Covid-19 and Russia's attack on Ukraine. Before 2022, Zinzino's intention was to establish itself in both Ukraine and Russia, but due to the ongoing war, Zinzino suspended our set-up work in Russia indefinitely. At the same time, steps were taken to financially assist previously established distributors in Ukraine. The war has also affected revenues at Zinzino, where the majority of revenues from the global webshop were previously attributed to Russia. In total, it was estimated that there was a loss of revenue of approximately SEK 2 million per month, which hampered sales growth in the first quarter of 2022, where revenues amounted to SEK 334.4 (333.4) million and were thus unchanged compared to the first quarter of the previous year. The EBITDA result amounted to SEK 25.8 (37.3) million and the EBITDA margin to 7.7% (11.2%).

**Sales SEK 334.4 (333.4) million**

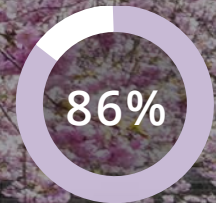
### Geographic distribution



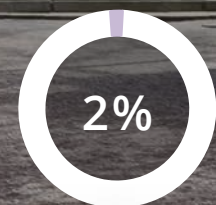
### Sales and gross profit



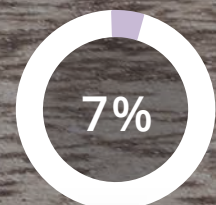
### Sales per product area



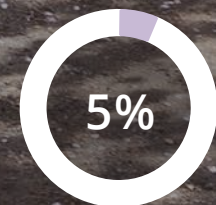
Health  
SEK 286.4 (290.8) million



Coffee  
SEK 5.6 (7.2) million



Faun  
SEK 23.1 (17.4) million



Other revenue  
SEK 19,3 (18,0) million



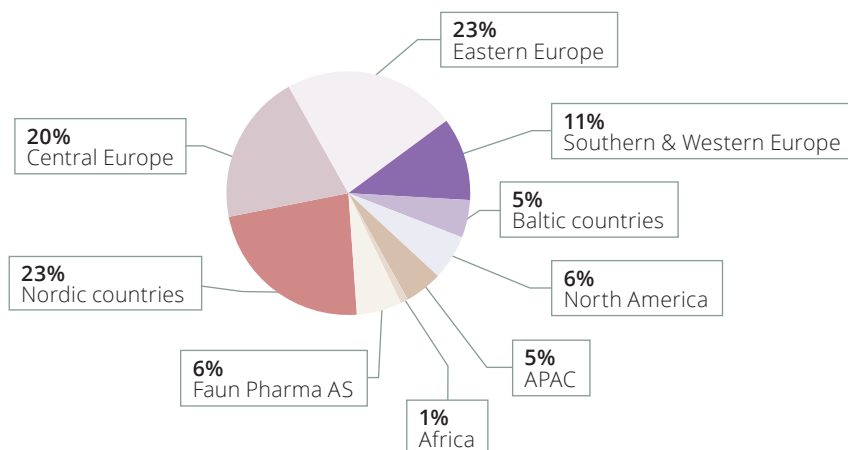
# The year in review

## – second quarter

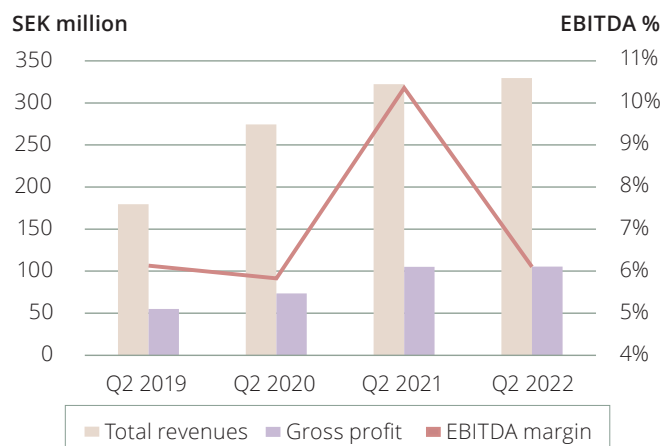
During the second quarter, the company continued to be hampered by the prevailing external situation with the ongoing pandemic and war in Europe. Despite this, the quarter's revenues increased by 2% compared to the corresponding period last year and amounted to SEK 329.5 (322.4) million. The EBITDA result decreased to SEK 20.1 (33.4) million and the EBITDA margin to 6.1% (10.4%). In view of the current world market situation and the weakened growth up to and including the second quarter of 2022, the Board chose to downgrade the full-year forecast for both sales and earnings. The good news during the quarter was that Zinzino acquired Enhazz IP AG including IP rights to the HANZZ+HEIDII trademark. In addition, Enhazz Global AG was acquired with the associated distributor organisation with the expectation of being able to create strong growth through the synergies that could arise in the joint networks. In addition, Singapore achieved official independent market status in the second quarter.

## Sales SEK 329.5 (322.4) million

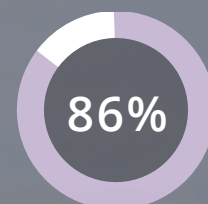
### Geographic distribution



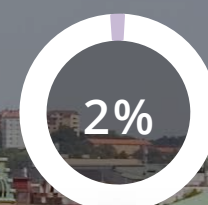
### Sales and gross profit



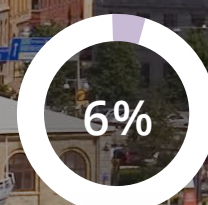
### Sales per product area



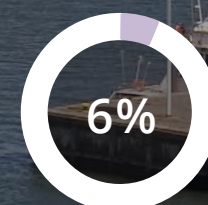
Health  
SEK 284.6 (280.4) million



Coffee  
SEK 5.1 (6.5) million



Faun  
SEK 20.5 (16.0) million



Other revenue  
SEK 19.3 (19.5) million

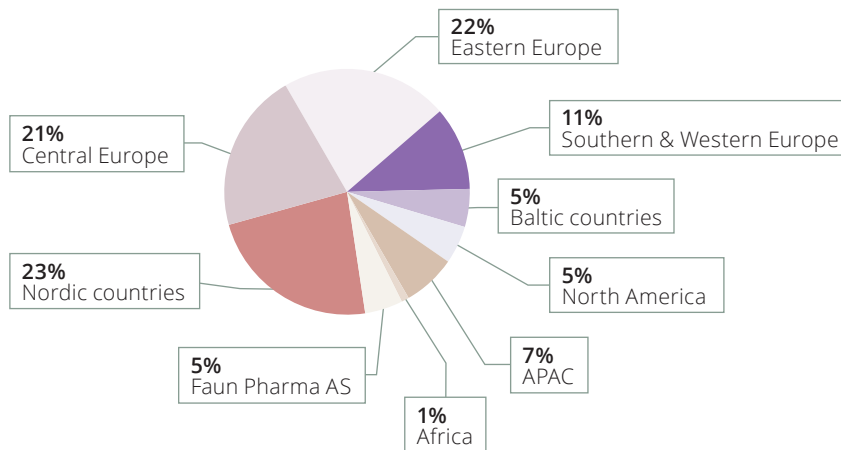
# The year in review

– third quarter

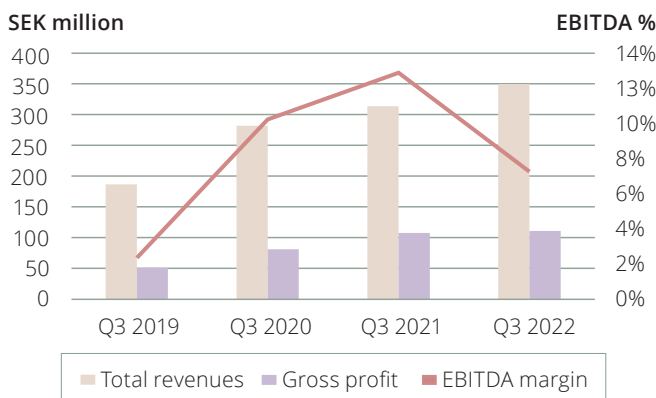
At the beginning of the third quarter, Zinzino held the first international event since the global outbreak of Covid-19 in 2020. Distributors from all countries gathered at Gardemoen outside Oslo between 30 June and 3 July for an acclaimed event with inspiring lectures. The event also saw the launch of the new HBA1C blood sugar test and BalanceOil Tutti Frutti with a flavour adapted for children. The event also contributed to the growth rate increasing again as total revenues for the quarter increased by 12% to SEK 349.9 (313.6) million. The EBITDA result amounted to SEK 25.4 (40.4) million and the EBITDA margin to 7.3% (12.9%). During the quarter, a new platform was also launched for Zinzino's website where the header, footer, menus and all pages were replaced and given a new, improved design. The update also means that the information on the websites for each country can easily be adapted to each country's local needs.

**Sales SEK 349.9 (313.6) million**

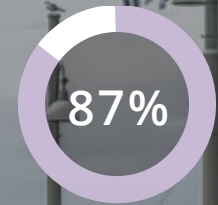
## Geographic distribution



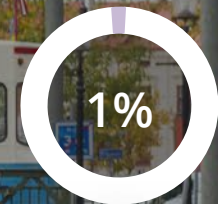
## Sales and gross profit



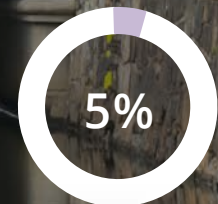
## Sales per product area



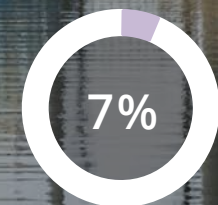
Health  
SEK 304.9 (276.7) million



Coffee  
SEK 4.8 (5.8) million



Faun  
SEK 16.4 (13.9) million



Other revenue  
SEK 23.8 (17.2) million

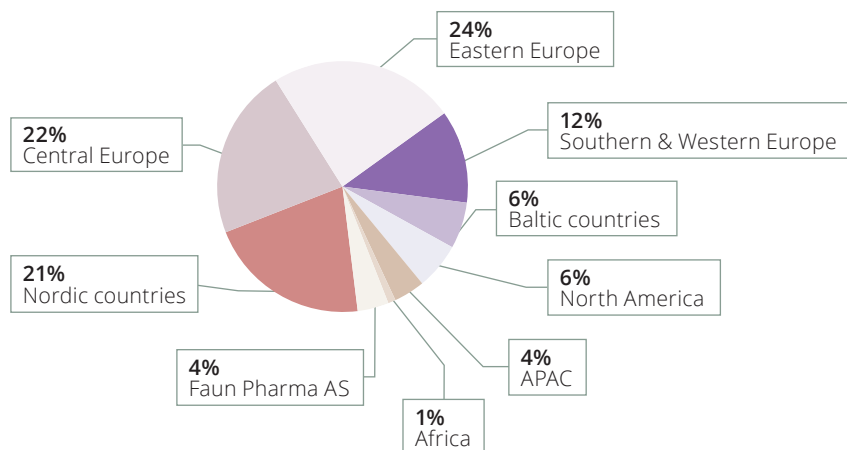
# The year in review

## – fourth quarter

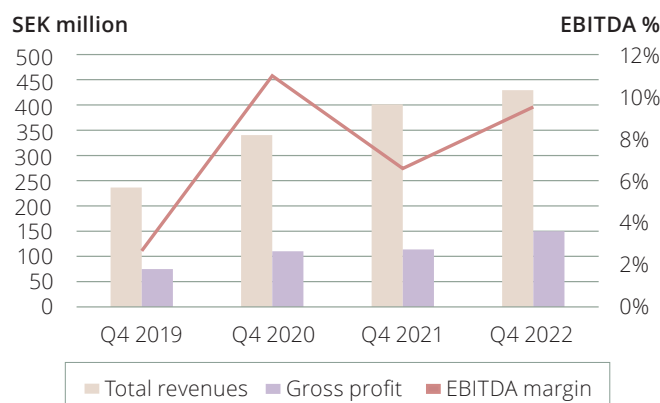
The fourth quarter kicked off with the largest international event of the year at the Avicii Arena in Stockholm, the first since 2019 due to the Covid-19 outbreak. The event was held with around 3,000 participants from more than 40 different countries, with attendees from all around the world, from the Nordic countries to Asia and North America. The event also saw the launch of the exclusive HANZZ+ HEIDII skincare range in the company's webshop. In the fourth quarter a comprehensive global change process was initiated, aimed at creating an even more efficient organisation, well equipped for the future in a volatile environment. In total, revenue for the fourth quarter of 2022 amounted to SEK 429.3 (401.2) million, which represented a growth of 7% compared to the same period the previous year. The consolidated EBITDA result amounted to SEK 40.8 (26.4) million and the EBITDA margin was 9.5% (6.6%). The improved EBITDA margin compared to the same period last year was mainly attributable to the strong profitability at gross level. This contributed to the company's ability to sustain its external and internal cost base during the quarter, despite the result being weighed down by the impact of the current macro climate and high inflationary pressures.

**Sales SEK 429.3 (401.2) million**

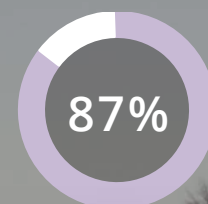
### Geographic distribution



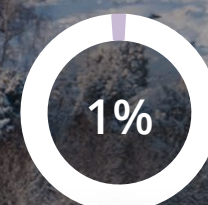
### Sales and gross profit



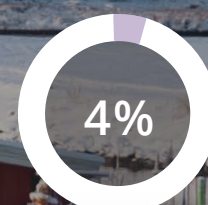
### Sales per product area



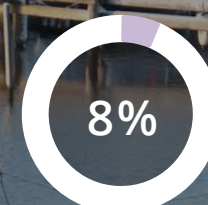
Health  
SEK 373.1 (350.0) million



Coffee  
SEK 5.2 (5.6) million



Faun  
SEK 15.6 (15.1) million

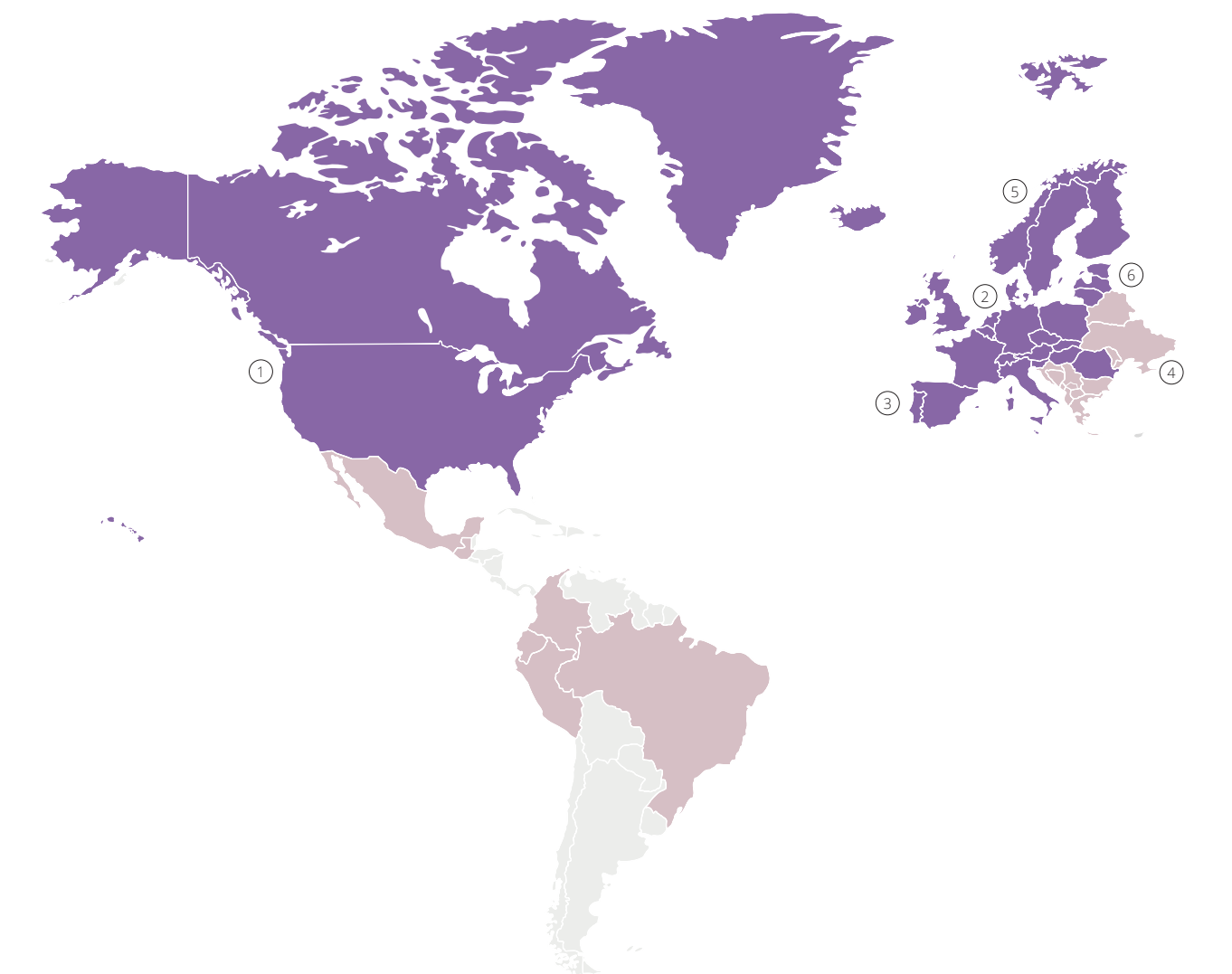


Other revenue  
SEK 35.4 (30.5) million

# Geographic distribution and growth per region

The geographical distribution of sales in North America and Europe in 2022 and sales growth compared to previous years is shown in the chart below.

- Open markets
- Undergoing opening process



①  
**North America**  
Share 5%  
Growth 51%.

②  
**Central Europe**  
Share 20%  
Growth 25%

③  
**Southern and Western Europe**  
Share 11%  
Growth 12%

④  
**Eastern Europe**  
Share 24%  
Growth 1%

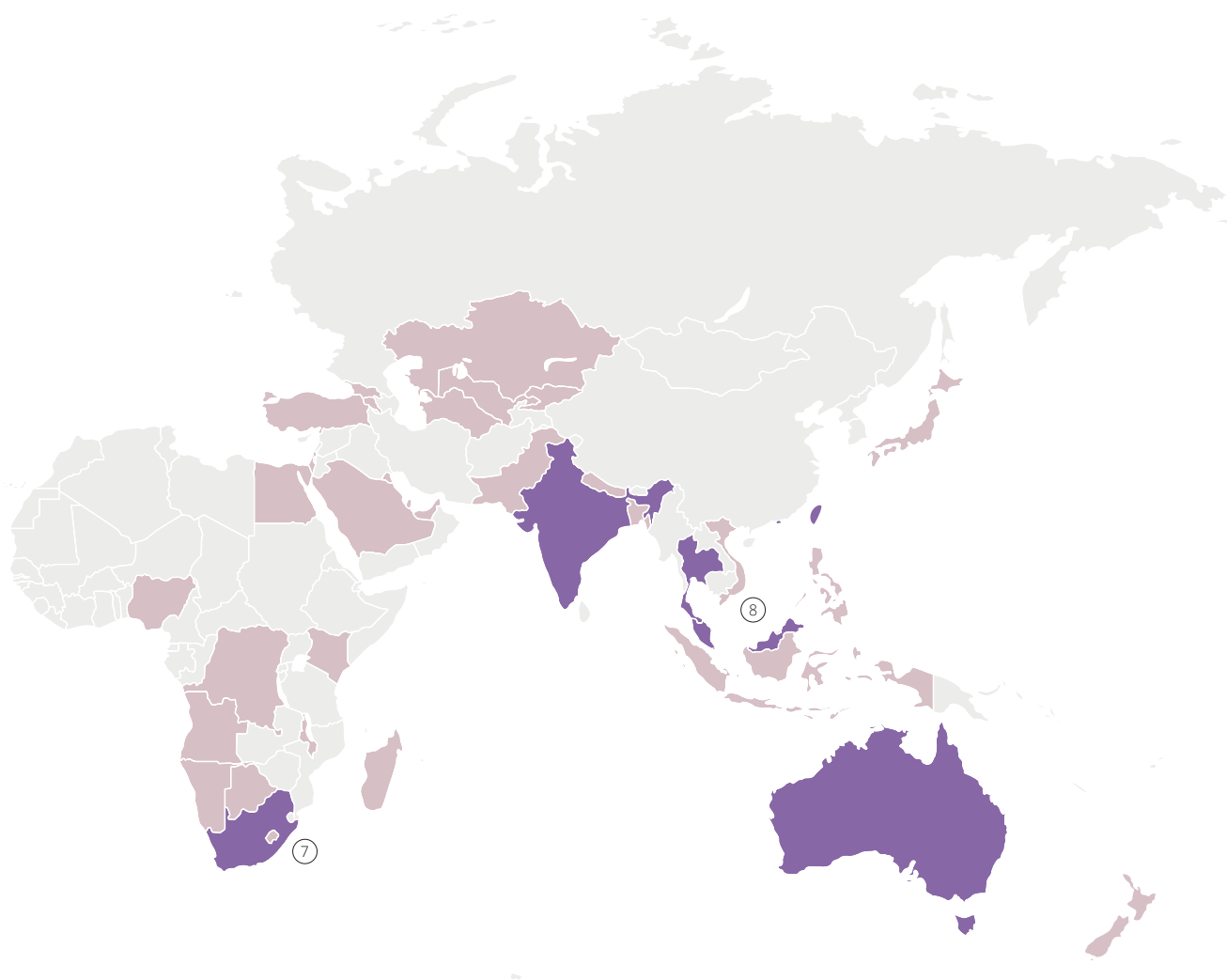
⑤  
**Nordic countries**  
Share 28%  
Growth -7%

⑥  
**Baltic countries**  
Share 6%  
Growth -2%

# Geographic distribution and growth per region

The geographical distribution of sales in Africa and APAC in 2022 and sales growth compared to the previous year is shown on the chart below.

- Open markets
- Undergoing opening process



⑦

## Africa

Share 1%  
Growth 810%

⑧

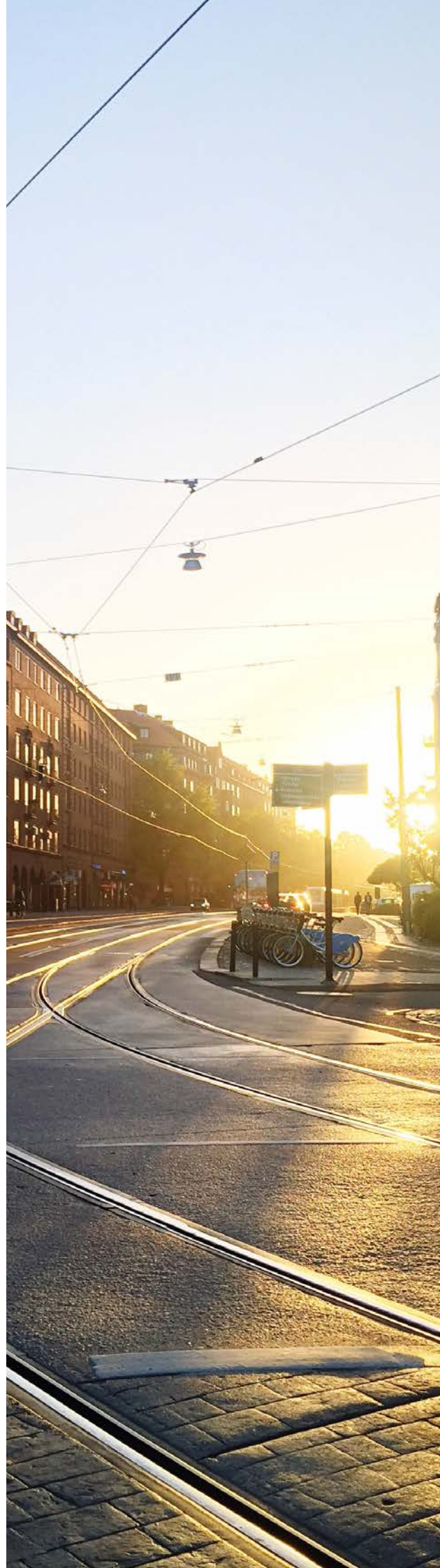
## APAC

Share 5%  
Growth -14%

# Sales by region

A common feature of Zinzino's emerging markets is that they are run by committed distributors working with a structured and active approach. 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 websites and marketing materials in the local languages. Through the global webshop, Zinzino covers a total of over 100 different countries around the world. This approach reduces the pressure on the organisation to open full-scale markets, which requires large internal resources that can now be fully allocated to the ongoing projects around the world.



Gothenburg, Sweden

# Nordic countries

In the Nordic countries, total revenues decreased by 12% to SEK 326.6 (369.8) million compared to last year. The decrease was mainly attributable to fewer customer subscriptions in Sweden, Norway, Denmark and to some extent Finland. The region has had challenges with new sales and a decline in the number of active distributors for a long period. In order to reverse the trend, Zinzino has carried out a large number of activities over the past year to stimulate the distributors in the important Nordic region. Among other things, two major international events were held during the year, one in Oslo and one in Stockholm, where the majority of the visiting distributors came from the Nordic region. These efforts have resulted in an increase in underlying distributor activity in the latter part of the year with strong growth in new distributors which will generate increased growth in the longer term. The effects of this should be seen in the first and second quarters of 2023.

Faun Pharma AS, the Group's subsidiary and manufacturing unit, increased external production in 2022 following increased sales linked to the company's FSSC 22000 certification. As a result, external sales increased by 24% during the year to SEK 77.3 (62.6) million compared to the same period last year.

Total revenues in the Nordic countries, Zinzino and Faun combined, amounted to SEK 403.9 (432.4) million, representing 28% (32%) of the Group's total revenues in 2022.

## SEK thousands

Growth compared to the prior year	-7%
Share of Zinzino's total sales	28%
Net sales	376,749
Other revenue	27,142
<b>Total revenue</b>	<b>403,891</b>

<b>Health</b>	<b>67%</b>
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<b>Coffee</b>	<b>4%</b>
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<b>Other</b>	<b>10%</b>
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<b>Zinzino Faun</b>	<b>19%</b>
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Gothenburg, Sweden

# Baltic countries

Revenues in the Baltic countries in 2022 decreased by 2% compared to the previous year and amounted to SEK 77.9 (79.2) million. This follows a varied performance among the region's countries during the year. There was a consistently strong performance in Lithuania with high distributor activity, an increasing customer base and a good inflow of new distributors. At the same time, new sales in Latvia declined, largely due to the effects of the war between Russia and Ukraine, as distributors between the countries have been closely intertwined. However, the decline in new sales was offset by a high proportion of subscription sales from the large existing customer base. In Estonia, the trend was consistently worse during the year, although the situation improved to some extent in the second half of 2022. In total, the region accounted for 6% (6%) of total revenue in 2022.

## SEK thousands

Growth compared to the prior year	-2%
Share of Zinzino's total sales	6%
Net sales	72,996
Other revenue	4,930
<b>Total revenue</b>	<b>77,926</b>
<b>Health</b>	<b>89%</b>
<b>Coffee</b>	<b>4%</b>
<b>Other</b>	<b>7%</b>



Tallinn, Estonia



# North America

The North American region is the region with the highest percentage growth in 2022. Revenue in the region increased by a full 51% during the year compared to last year and amounted to SEK 77.2 (51.3) million. Behind the positive performance are several factors such as high distributor activity and strong new customer growth, synergies with the APAC region that attracted new customer groups and favourable currency development. In total, the region accounted for 5% (4%) of total revenue in 2022.

## SEK thousands

Growth compared to the prior year	51%
Share of Zinzino's total sales	5%
Net sales	71,995
Other revenue	5,232
<b>Total revenue</b>	<b>77,228</b>

**Health** 93%

**Other** 7%



Los Angeles, USA

# Eastern Europe

Revenues in Eastern Europe in 2022 increased by 1% compared to last year and amounted to SEK 341.2 (337.1) million. This follows consistently strong performance with good underlying growth in the Czech Republic, Slovakia and Poland while new sales and distributor activity declined slightly in Hungary during the year. A strong focus from the head office, together with the region's local sales manager, is supporting the Hungarian sales organisations in order to increase distributor activity and new sales in the important Hungarian market, which continues to be a major contributor to the region's total revenues. In total, the region accounted for 24% (24%) of total revenue in 2022.

## SEK thousands

Growth compared to the prior year	1%
Share of Zinzino's total sales	24%
Net sales	329,380
Other revenue	11,800
<b>Total revenue</b>	<b>341,180</b>

**Health** 96%

**Other** 4%



Budapest, Hungary

# Central Europe

In the DACH region, revenues increased by 25% in 2022 compared to last year and amounted to SEK 290.8 (232.7) million. This followed consistently strong performance with high underlying growth in the region during the year, mainly driven by the interlinked distributor organisations based in Germany, by far the Group's best-selling market during the year. The distributors and customers in the region are characterised by a strong interest in health as evidenced by the high recurring subscription revenues from the large customer base. The acquisition of Enhazz earlier in 2022 has created synergy effects, further accelerating the growth rate in the region in the last quarter. In total, the region accounted for 20% (17%) of total revenue in 2022.

## SEK thousands

Growth compared to the prior year	25%
Share of Zinzino's total sales	20%
Net sales	273,801
Other revenue	16,979
<b>Total revenue</b>	<b>290,780</b>

<b>Health</b>	<b>94%</b>
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<b>Other</b>	<b>6%</b>
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Cologne, Germany

# Southern & Western Europe

The region's revenues increased by 12% in 2022 compared to last year and amounted to SEK 164.6 (147.1) million. This follows strong performance mainly in the Netherlands, characterised by skilled distributors with a strong customer focus, and Spain, where distributors increased activity and new sales in 2022 compared to the previous year. Several emerging countries in the region, such as Slovenia, France and Ireland, also showed good performance with an increased number of distributors and customers. At the same time, revenues decreased slightly in the UK and Italy following slightly lower distributor activity and reduced new sales compared to the previous year. The region together accounted for 11% (11%) of the Group's total revenue in 2022.

## SEK thousands

Growth compared to the prior year	12%
Share of Zinzino's total sales	11%
Net sales	155,202
Other revenue	9,409
<b>Total revenue</b>	<b>164,611</b>

<b>Health</b>	<b>94%</b>
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<b>Other</b>	<b>6%</b>
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Rome, Italy

# APAC

Total revenues in the APAC region decreased by 14% in 2022 compared to last year and amounted to 77.5 (89.7) million. Overall, there was a very volatile performance among the region's countries during the year, due in large part to severe and varying restrictions due to Covid-19. In addition, the region's distributors have generally pursued a differentiated strategy to build their customer base, which has resulted in a slightly more varied sales performance than other regions. In this situation with severe restrictions, distributors have worked closely with Zinzino employees with a focus on educating new distributors on the Zinzino business model and the benefits of the product themselves. Among the countries in the region, Taiwan and the Philippines have had the best sales performance during the year, with a strong inflow of mainly new distributors. At the same time, Hong Kong continued to be constrained by ongoing restrictions due to Covid-19, which slowed growth in the country. The closely linked Australian market was also affected, where lower distributor activity also slowed growth. Zinzino continues to support the building of local sales organisations through the regional offices in Hong Kong, Singapore and Kuala Lumpur. Together, the region accounted for 5% (6%) of the Group's total revenue in 2022.

## SEK thousands

Growth compared to the prior year	-14%
Share of Zinzino's total sales	5%
Net sales	75,967
Other revenue	1,483
<b>Total revenue</b>	<b>77,450</b>

**Health** 98%

**Other** 2%



Brisbane, Australia

# Africa

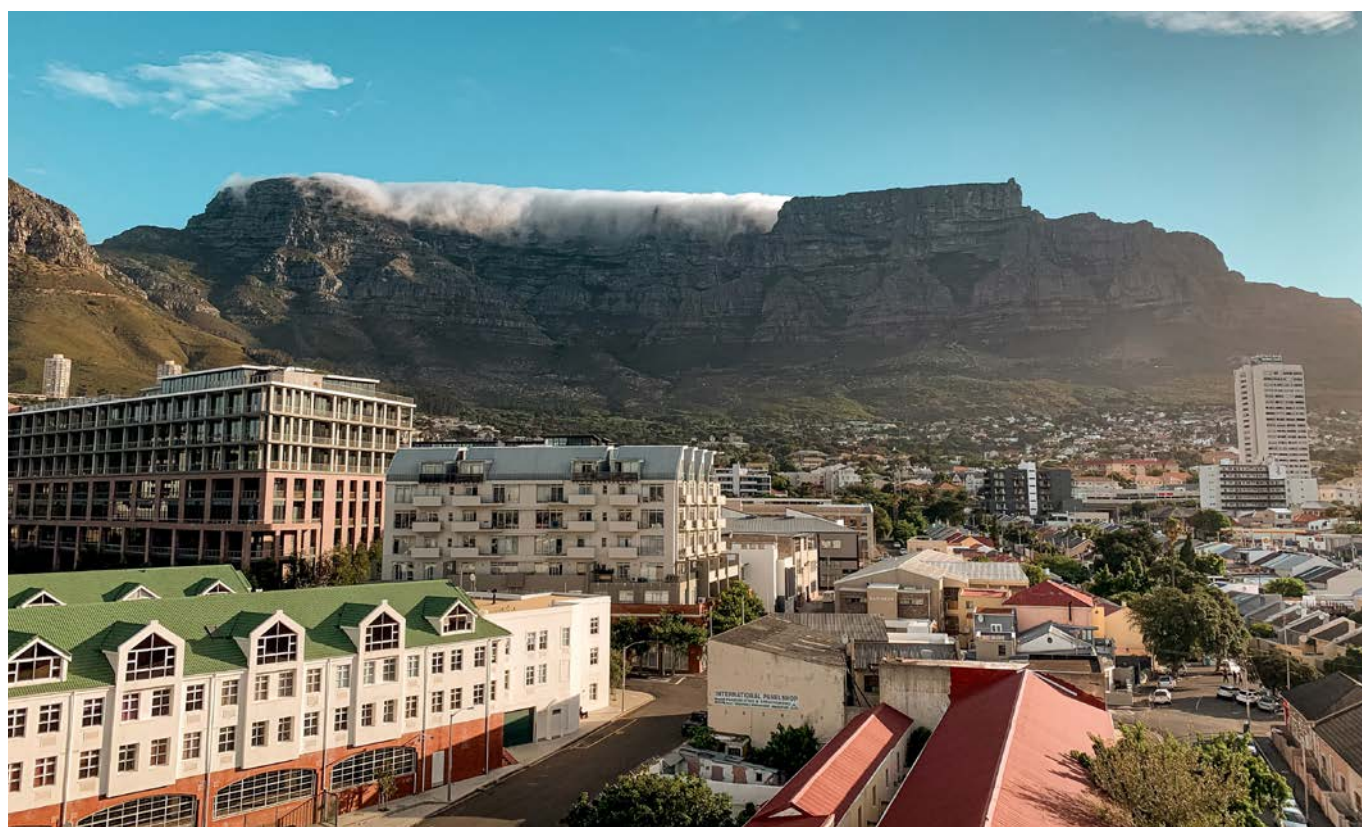
South Africa is Zinzino's first local establishment on the African continent. The focus in 2022 has been to build on the local distributor organisation and associated customer base. During the year, revenues amounted to SEK 10.0 (1.1) million, corresponding to 810% growth compared to the previous year. Sales for the African region continue to include revenues for other countries in the region, which as before, are handled through Zinzino's global webshop. Together, the region accounted for 1% (0%) of the Group's total revenue in 2022.

## SEK thousands

Growth compared to the prior year	810%
Share of Zinzino's total sales	1%
Net sales	8,918
Other revenue	1,088
<b>Total revenue</b>	<b>10,006</b>

<b>Health</b>	<b>89%</b>
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<b>Other</b>	<b>11%</b>
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Cape Town, South Africa

# Sales by region

– a comparison between the regions (SEK thousands)

	Nordic countries	Baltic countries	North America	Eastern Europe
Net sales	376,749	72,996	71,995	329,380
Other revenue	27,142	4,930	5,232	11,800
Health share	67%	89%	93%	96%
Coffee share	4%	4%	-	-
Other shares	10%	7%	7%	4%
Faun share	19%	n/a	n/a	n/a
Growth compared to the prior year	-7%	-2%	51%	1%
Share of the Group's total sales	28%	6%	5%	24%
	Central Europe	Southern & Western Europe	APAC	Africa
Net sales	273,801	155,202	75,967	8,918
Other revenue	16,979	9,409	1,483	1,088
Health share	94%	94%	98%	89%
Coffee share	-	-	-	-
Other shares	6%	6%	2%	11%
Faun share	n/a	n/a	n/a	n/a
Growth compared to the prior year	25%	12%	-14%	810%
Share of the Group's total sales	20%	11%	5%	1%
			<b>Total revenue</b>	<b>1,443,072</b>

# Significant events during the year



Singapore was launched in 2022.

## The conflict between Russia and Ukraine

Prior to 2022, Zinzino's intention was to establish itself in both Ukraine and Russia. However, the tragic war in Ukraine has caused Zinzino to suspend its establishment work in Russia. At the same time, measures were taken to financially support the existing distributors in Ukraine. The war also affected revenues at Zinzino, where most of the revenues from the global webshop had previously come mainly from Russia. Overall, the war resulted in a loss of revenue of about SEK 2 million per month, which hampered sales growth during the past year.

## Several new official markets launched during the year

During the year, Zinzino continued to work on the establishment processes in a large number of markets around the world. In February, Belgium and Ireland were granted full market status with adapted marketing materials and country-specific websites. The next launch that took place was Singapore, which on 7 April officially started sales via the company acquired through VMA Life in 2020.

At the same time, establishment processes were ongoing in the Philippines, Turkey, Mexico and Serbia, among others. Establishing a presence in these markets also requires the development of payment solutions and local reporting systems that are compatible with and certified for each market. Their development has been a key part of the expansion process during the year. 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.

## Acquisition of Enhazz IP AG and Enhazz Global AG

On 5 April 2022, Zinzino acquired Enhazz IP AG, including the IP rights to its HANZZ+HEIDII and YU brands. In addition, Enhazz Global AG was acquired along with its distributor organisation and inventory. The business, which had a turnover of around EUR 3 million last year, is expected to generate strong growth through the synergies created by the joint networks. Gross margins in the business are good and profitability will therefore develop very well by utilising Zinzino's existing technical platform and organisation. Upon entry, Zinzino paid a fixed purchase price of EUR 1 million, divided between 75% cash and 25% newly issued Zinzino shares. In addition, contingent consideration will be added based on the sales performance generated by the acquired distributor organisation during the period 2022-2027. The total additional consideration is estimated at EUR 2.5 million, but could amount to a maximum of EUR 6 million, to be settled 100% with newly issued Zinzino shares. The cash component of the purchase price is financed from own cash. The company was consolidated from the date of acquisition. Performance has been very good in terms of the synergies between the new distributor organisation and Zinzino's existing product line during the rest of 2022 and has been a strong contributor to the great performance in the DACH region.

*"We are incredibly excited about the collaboration with Zinzino and the opportunity to further expand our award-winning brand globally. The combination of test-based, personalised nutrition and scientific biotech skincare offers a holistic, tech-first approach that will take the world by storm."*

– Sven and Audrey Goebel.

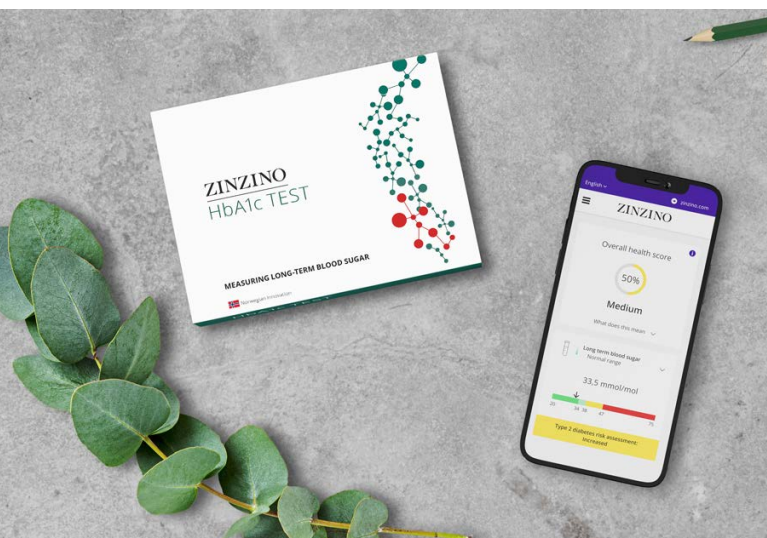


Dr Sven Goebel.



### Launch of the HbA1c test

At the beginning of the third quarter of 2022, Zinzino launched the new HbA1c test, which uses a scientifically proven method to measure long-term blood sugar levels in the body. The test is combined with a digital lifestyle questionnaire with questions about diet, exercise and general habits to guide how your lifestyle supports your health. This then results in combined blood and lifestyle markers with an overall health result and specific blood sugar result. In addition, the subject receives personalised recommendations on how to change their lifestyle to improve or maintain their long-term health.



Zinzino HbA1c Test and associated test page.

### Launch of BalanceOil Tutti Frutti – adapted for children

The launch of the HbA1c test was also accompanied by the launch of a newly developed version of Zinzino's main product, BalanceOil. The new oil is Zinzino's first product fully adapted and developed for children. Zinzino's new BalanceOil Tutti Frutti is based on the same unique blend of ingredients as other BalanceOil products. As part of the launch, Zinzino updated the test site, [balancetest.com](http://balancetest.com) with child-appropriate reference values for fatty acid assessments and other age-appropriate information so that younger customers can also get accurate test results when analysing their BalanceTest.

### Launch of the new CMS platform

Zinzino is continuously working to update and improve the digital tools for the company's distributors. As part of this, a new platform for the website [zinzino.com](http://zinzino.com) was implemented in the autumn of 2022. The header, footer, menus and all pages were replaced and given a new, improved design. The update also enabled the information on the country websites to be easily adapted to local needs. At the same time, the internal update function was improved, which in turn meant that in the future the material could be easily replaced or updated in an efficient way so that new content is launched at a faster pace. The improvement meant that fewer resources need to be used to update the website than the previous solution required.

### Finally, events again!

On 7–9 October, the biggest event of the year, Zinzino International Annual Event was held at the Avicii Arena in Stockholm, the first event since 2019 due to the Covid-19 pandemic. The event had around 3,000 participants from as many as 40 different countries, with attendees from all around the world, from the Nordic countries to Asia and North America. Guest keynote speaker was David JP Phillips. During Saturday's gala ceremony, a number of prestigious awards were presented to partners who had distinguished themselves during the year. The HANZZ+HEIDI brand was launched by Dr Sven and Audrey Goebel, founders of the company Enhazz, the Swiss company acquired by Zinzino earlier in 2022.



Sales talkshow during Zinzino's 2022 Annual Event.

### Sales launch of HANZZ+HEIDI

After thorough preparatory work, the exclusive HANZZ+HEIDI skincare range went on sale on 10 October on the company's webshop. A total of ten new products were launched, eight of which were primarily aimed at women, one for men and one suitable for everyone. All products were based on natural, active ingredients, completely vegan and free from substances that have a negative impact on the environment. The sales development of the new skincare line has been very good from the start and the total revenue for HANZZ+HEIDI during the short sales period in the last quarter of the year amounted to SEK 14.5 million.

### Efficiency improvement process initiated

In the fourth quarter of 2022, Zinzino initiated a comprehensive global change process in order to create an even more efficient organisation, well equipped for the future in a volatile environment. Over the course of the work, several projects and processes were identified and discontinued as they generated insufficient profitability. The efficiency improvement process has been ongoing in most countries and as part of the process, the workforce has also been reduced. The process of further efficiency improvements will continue into the first quarter of 2023.



Products from HANZZ+HEIDI.

### Focus on new digital distributor tools

In the fourth quarter of 2022, a major focus has been on developing new tools for the company's distributors. A new project fully dedicated to this important purpose was initiated in the fourth quarter where interaction between the company and its distributors plays a major role. One of these tools, which will be launched gradually over 2023 and 2024, is a new checkout solution focusing on increased user-friendliness and a general simplification of the process. Among other things, the solution will allow distributors to pack orders for customers and send them fully prepared for payment to further facilitate the customer acquisition process.



Employees at Faun Pharma AS.

## Last year at Faun Pharma AS

### – Zinzino's production unit in Norway

In early 2021, a strategy process was implemented at Faun Pharma AS. With the rationale that "Faun should create profitable products that add real value to the customer", it was concluded that Faun's strategy going forward was to prioritise and manufacture tablets and capsules. This strategy continued in 2022 and generated several supply agreements with new external customers. With great effort from the entire organisation, over fifty new tablet and capsule products were developed for commercial sale in 2022. This was a learning experience in many ways, clarifying the strengths and weaknesses of the business. These experiences have been used to further optimise Faun's work processes.

Total external revenues for Faun thus amounted to SEK 77.3 (62.6) million for 2022, corresponding to a growth of 24% compared to the previous year. This accounted for about 50% of the production unit's total turnover. The remaining turnover was internal sales to the Zinzino company, making it by far Faun's largest customer during the past year. Internal production in 2022 amounted to SEK 71.5 (99.3) million, which corresponds to a decrease of 28% compared to the previous year. The decrease in internal production was mainly due to the fact that during the pandemic Zinzino had built higher inventory levels of the products produced by Faun and in 2022 the inventory levels needed to be reduced to an optimal level before further new production would be necessary to the same extent as in previous years.

Zinzino's expansion goes hand in hand with the development of Faun, where the focus on product development and being a preferred supplier for the other companies within Zinzino is a top priority. In 2022, we strengthened the product development resources in Faun. This allows us to better support Zinzino in the development of new products and we work closely with Zinzino's product team. The increased development resources also contribute to a more efficient and environmentally-friendly production by optimising the production processes for selected existing products.

Unpredictable access and increased prices for raw materials and prepackaging materials were also challenging in 2022. A lot of resources are used to ensure access to necessary ingredients at the desired time. With constant changes, planning is demanding, but high flexibility and good responsiveness from the entire organisation have ensured a high delivery rate to our customers.

Faun has made several investments in its machinery with the aim of increasing its capacity for the production of tablets and capsules. As part of this, a new tablet coating machine was acquired in 2022. This was completed very efficiently and quickly became fully operational. The machinery ensures that Faun can deliver in accordance with increased demand from both Zinzino and external customers.

Faun facilitates responsible production where resources are used wisely, and continuous efforts are made to reduce the company's environmental footprint. Annual action plans have been drawn up to reduce the company's impact on the external environment. These are linked to Faun's overall sustainability goals:

- Offer and facilitate the use of more sustainable product packaging for Faun's customers.
- Reduce the total amount of waste
- Increase the proportion of source-separated waste so that the company complies with EU regulatory requirements at all times.
- Reduce energy consumption

In 2022, we achieved the following improvements, among others:

- Two of our key customers have switched to more sustainable product packaging (bioplastic/recycled plastic).
- The total amount of waste has been reduced by 26%
- The proportion of source-separated waste has increased to a total of 54% (EU requires over 50%).

Faun is subject to the Freedom of Information Act and we work closely with our suppliers and partners to achieve good policies and improvements. Faun disassociates itself from suppliers, customers or other partners who do not respect individuals' human rights, or actively prevent them from being respected. All suppliers are registered and authorised before they are used. The approval process includes checking suppliers' compliance with the UN Sustainable Development Goals. Suppliers of goods are risk assessed and evaluated using the SSAFE food vulnerability assessment. SSAFE is a global non-profit membership organisation working to strengthen food safety and improve human, plant and animal health and well-being. To read more about Zinzino's sustainability work, see the sustainability report on pages 35-50.

Ensuring skilled employees is critical to Faun's ability to deliver high quality products. Both in terms of food safety and efficiency in Faun's many production lines, it is important to have a stable and well-trained workforce. In 2022, several of Faun's operators have graduated with a diploma in production technology.

In 2022, we received many visitors from Zinzino. We very much appreciate being able to showcase the company and warmly welcome new guests to a tour of Faun in 2023!



Valborg Godal Vold, CEO Faun Pharma AS

# It started with a good cup of coffee



## Zinzino = Inspire Change in Life

- An agreement is signed with Rombouts that makes Zinzino the exclusive re-seller in the Northern European markets.
- In May, Zinzino launches the 123 Espresso machine manufactured by the French-Belgian coffee house.
- The Norwegian and Swedish markets are the first to open. The Danish market opens in autumn 2005.

2005

## First we took Sweden and Norway – then we took Finland and the Faroe Islands

- The Finnish market launches in 2006 and becomes our fourth Zinzino country.
- The Faroe Islands are actually part of Denmark, but are opened as a separate market in autumn 2006.

2006



## Office in Sweden's second largest city

- We hire more customer service staff in Gothenburg as we continue to focus on sales growth in Scandinavia.

2007

## Preparing to establish more markets

- A new machine, Oh Expresso, is launched in four different colours.
- The new machine is an instant success and sales increase.
- We start up a pre-launch in Iceland.
- Zinzino has now established effective procedures for launching into new markets and the company continues to grow.

2008



## A good year for good coffee

- In September 2009, Iceland officially opens as our sixth market.
- Zinzino launches the first semi-automatic machine, which is also the first with the Zinzino name on it.
- The fully automatic SoPod machine is also launched alongside the Zinzino machine.

2009

## By popular demand, anyone can now invest in our company

- The company is listed for trading on the Aktietorget trading platform. The first two weeks of trading result in an increase in the share price of over 20%. In the autumn, the new Oh Disco machine is launched. It is a small (for 2010) fully automatic machine in modern white with LED lights that change colour.

2010



## A new part of Europe and a new CEO. At the same time

- The Baltic markets: Estonia, Latvia and Lithuania are welcomed into the Zinzino family.
- Zinzino also welcomes Dag Bergheim Pettersen as the new CEO.

2011

## A balanced year!

- Zinzino buys 6% of the Norwegian company BioActive Foods AS and gets the exclusive rights to market their products and concepts. This is the beginning of a new era and Zinzino starts its journey towards becoming a wellness and health company.
- The Zinzino Balance concept is born.

2012

BioActive Foods AS



## Across the sea and to the stars

- We open for pre-launch in the US with Zinzino's Balance concept.
- Sales begin and an office is opened in Jupiter, Florida, where our US customer service team is housed.
- An incredible growth year. Fourth quarter growth of over 100%.

2013



### The bell rings at NASDAQ!

- In October Zinzino launched Xtend, our Immune product which is designed to renew your skin, increase your energy and improve your leg and joint function.
- In October Zinzino bought 85% of Faun Pharma AS - a modern and fully-equipped factory in Norway with solid experience in product development. It is here that Zinzino will locate its research, product development and production.
- In December we are formally approved for listing on Nasdaq First North.
- Zinzino acquires BioActive Foods AS and is now sole owner with 100% of the shares. The increased control ensures growth and expansion for the Balance concept.

2014

### One of the 25 largest and most traded companies

- Zinzino increases its ownership of Faun Pharma AS in 2015 by 13.8% and now owns 98.8% of the company.
- The espresso machine Ek-Oh was launched.
- Zinzino Coffee is launched as its own brand.
- Zinzino LeanShake is launched – a new Zinzino Health product.
- Zinzino becomes one of the 25 largest and most traded companies on Nasdaq's First North and thus qualifies for the "First North Top 25".
- Zinzino opens up for sales in Canada.



### Thanks! 100,000 Times!

- Faun Pharma AS is ISO9001:2008 certified – a quality certification that ensures high quality goods are produced, opening up new sales channels.
- Zinzino opens for sales of the Zinzino Health products in Germany and Poland.
- Zinzino expands and opens for pre-launch in all EU countries.
- Zinzino Skin Serum with 24-hour formula is launched.
- We reach an important milestone: 100,000 customers!

2015



### Increased growth and focus on e-commerce

- Zinzino Balance Oil Vegan is introduced – new product in the Zinzino Health segment.
- Zinzino Viva is launched – new product in the Zinzino Health segment.
- Launch of the GoCore training app.
- New payment solutions for Germany via GiroPay and SEPA direct debit.
- Zinzino welcomes Geir Smoland as the new CEO of Faun Pharma.



2016

### Investing in digital development

- Zinzino launches Hungary and Romania as their own markets after fantastic sales performance in the region.
- Zinzino's Brand Book is launched.
- Zinzino's digital journey continues and to succeed with this, the company invests and increases resources in digital development by over 100%.

2017



### First financial report according to IFRS

- The company's Q1 report in 2019 was the first financial report in which Zinzino changed regulations from K3 to IFRS
- Zinzino opens a Global webshop to reach customers worldwide.
- Focus on social media and a new concept in Recognition
- New collaboration in the North American market with Life Leadership

2018



### Expanding globally

- Zinzino moves up to the premier segment of the Nasdaq First North Premier Growth Market.
- Acquisition of VMA Life in Singapore
- Sales launch in Hong Kong and the Global Distributor Webshop making Zinzino available in 96 countries around the world.

2019



### New testing concept for vitamin D

- Zinzino opens for sales in Malaysia, Taiwan and South Africa.
- Launch of ZinoGene+, Vitamin D Test, and ZinoShine+.

2020



### Continued expansion

- Zinzino opens for sales in Belgium, Ireland, Luxembourg, Malta, Slovenia and Singapore.
- Launch of BalanceOil Tutti Frutti and HbA1c Test.
- Acquisition of Enhazz IP AG and Enhazz Global AG in Switzerland.
- Launch of a new CMS platform.

2021



### The journey to 1 million customers continues

2022

# Interview with Vibecke Steinsvik Parr

Zinzino has given my family and I a freedom and independence that we thought we could only dream of!

## What did you do before Zinzino?

Before joining Zinzino, I worked as a manager in a private health centre and since 2004 I have been working in healthcare, especially in the area of preventive health.

## When and why did you start your journey at Zinzino?

I met the founder of Zinzino, Örjan Saele, in February 2015 in my hometown of Ålesund on the west coast of Norway. At the time, I was not looking for something new, as I had a busy life with a full-time job and four children who were all involved in several extracurricular activities, which meant that both weekdays and weekends were already fully booked. What sparked my interest was the balance test. I had never heard of a test that you could do at home before, without consulting a medical professional, and that a single drop of blood could tell me what my future health would be like. I immediately realised the incredible potential for diet and health based on scientific tests. Diet, exercise and a holistic approach to health have been a major interest of mine for a long time. On a personal level, I had already turned around a challenging health situation by using only natural remedies, so I was aware of the power available if used correctly. I saw great potential not only in Norway, but also in other countries such as Germany, where I lived in the early 90s. In addition, I was very impressed by Örjan's vision for the company and the journey he has been on so far, both as a founder of the company as well as a partner in the field, and I quickly gained a great deal of trust and faith in Zinzino.

## How has Zinzino affected you and your family's life?

For me, freedom is everything. However, there are many things and aspects to the concept of freedom. For example, for some this mean having a healthy and strong body that functions optimally. Both my family and I have experienced major positive health changes after using Zinzino products for many years. The financial freedom has given us less stress in everyday life as we don't have to worry about unexpected expenses or big price increases on essential items in a way that we are all experiencing right now. This financial freedom has also given us the opportunity to have wonderful experiences both at home and abroad with our children. In addition, our children have been able to pursue various extracurricular activities without any financial constraints. It is also a great feeling of freedom to be able to manage and plan your workday 100% by yourself. For example, I like quiet mornings and prefer to work later in the day rather than

first thing in the morning. I also get to work in many different countries, with different cultures, which is both fun and educational! I have also had the opportunity to take holidays when the children have been off or have taken time off to attend tournaments without having to think about whether I have already used up my vacation days. I have also felt privileged during the years when many companies and entrepreneurs in general faced major financial challenges, and many lost their jobs or were forced to put job plans on hold for long periods at a time. I am also very grateful to have built my source of income that is not governed by or even dependent on whether or not I am physically at a workplace, due to some of the restrictions arising from the pandemic.

## How much time do you spend working with Zinzino?

This is a difficult question to answer. For me, Zinzino is a way of life so the line between leisure and work is very fluid. Many of my partners are also good friends and we spend a lot of time together, so the line between what is work-related and what is actually leisure time is hard to define. I love what I do, so the hours spent at work don't count as much. In the beginning, when I was working part-time, I spent maybe 10-20 hours a week, whereas now it's obviously much more, maybe somewhere between 40-60 hours a week, depending on the need. The work duties change as the team and customer base grows and I find it more and more exciting every year.



Vibecke Steinsvik Parr

### **What was your personal breakthrough with Zinzino?**

I started with Zinzino as a part-time job and after three years I had an income that matched the income of my managerial job. I then decided to move to Zinzino full-time and set a goal for my team to reach 20,000 customers by the end of that year. I achieved this almost two months before the end of that year which was probably my biggest personal breakthrough as I realised the power of setting big goals and understood the importance of sharing your vision with your team. I realised that you can go as far as you want if you have the courage to develop and express your visions and plans and put them into action.

### **You were one of the first to start working on building the now successful DACH region, with Germany at the forefront. What are your thoughts on development and your journey in this?**

One of the first things I said to Örjan when we first met was that Zinzino's test-based concept seemed absolutely perfect for the German market. As I said, I had previously lived in Germany for a few years and was impressed by how they were already working with alternative health and a more holistic approach using natural preparations. I started in early 2015 looking for people who might be interested but it was through one of the doctors I was working with who through his contacts led me to the person who really understood the potential. In September 2015, I was in Warnemünde at Jutta Bulcke's clinic presenting the Zinzino concept. The eight people who were there that day took a balance test, started using the balance oil and were invited to the annual event in Stockholm in October. Although they had already decided that they wanted to start with Zinzino, the products first had to be approved for the German market, which meant that it was not possible to start as a German partner until March 2016. There were no German marketing materials, no customised payment solutions and several logistical challenges. Despite all the obstacles, I found this time very exciting and one of the success factors was the close collaboration between the partners and the Zinzino company. We were all incredibly motivated to make this work and the effort shown during the many late nights and weekends was impressive. There are many talented employees at the head office, and it's good for us who work in the field to be able to work closely and well with the different departments as they make our life as partners so much easier when they help us in solving the challenges we face. There have been countless trips and both small and big events that have allowed us to introduce Zinzino first in Germany and later also in Austria and Switzerland.

### **What can you tell people who are not yet sure about starting a career with Zinzino?**

The first important thing to know is whether the person sitting in front of you is happy with life as it is, or whether they are looking for new challenges and opportunities. If you want to start something new, it's important to invest in something that is future-orientated, that's growing, and that will still be there 10, 30 or even 50 years from now. Business is universal. You have to have a service or product that people see the benefit of, see a need for, and are willing to buy, for a price they are willing to pay. When you look at the growing trends in the world, Zinzino covers several of these categories such as health and wellness, online sales, home-based work, etc. When it comes to health food, consumers are more aware of what they spend their money on than before and Zinzino is the solution through its test-based nutrition concept. Moreover, we have a market potential of 97% of the world's population, where we can scientifically prove a deficiency in the diet, offer a corrective programme and again scientifically prove that it has the promised, positive effect. The company has also shown steady growth for almost 20 years thanks to its focus on building a stable customer base. There are very few companies in the world that can show such a stable and secure foundation as Zinzino has created. If the growth curve continues, the goal of 100 million customers will be reached in 2050, and I think this is an extremely exciting journey to be part of. More people are looking for something meaningful to work with and with Zinzino you can both help people towards better health while building a business with a steady income that you can pass on to your children. Personally, I think there is no better opportunity in today's labour market than what Zinzino offers!

### **How do you inspire and help other people with Zinzino?**

I thrive in an environment where there is room for growth and development. I believe it is important as a leader to be able to convey the unlimited possibilities and to be the person with the highest ambition on the team. I believe in visionary leadership and daring to be the one who leads the way to where I want the journey to go. I strongly believe in leading by example and would never ask someone to do something I wouldn't do myself. I am incredibly motivated by the stories of change I hear and see both from people whose health situation has changed for the better, as well as those whose lives have changed financially. It gives me goosebumps and increases my motivation to constantly reach out to new people with Zinzino's concept. I enjoy educating people both in preventive health and also how to build a stable business within Zinzino. Knowledge is important and education is even more essential.



**Is there any other information you would like to share?**

We work in an industry where no one is your employee, but everyone chooses to work with Zinzino. Therefore, it is important to build a strong team with common goals and visions. By creating a close and healthy relationship with as many people as possible on the team where you have confidence in each other, you'll stay together in both good times and bad. It is important to know each person's motivation, dreams and life goals and show how Zinzino can be the tool to achieve these goals.

It is also important to find the talents, those who are the most motivated, hungry and willing to learn, who can use our system for their own business growth and development, creating stability and future growth.



Vibecke Steinsvik Parr.

# Product groups

## Omega supplements

Zinzino's Balance products contribute to a normal brain function, normal cardiac function and a normal immune response. The products contain Omega-3 fatty acids and extra virgin olive oil with a high content of polyphenols. This combination has been shown in studies to have a great ability to increase EPA and DHA in the body. They are natural supplements that help you increase the levels of Omega-3 essential fatty acids in your body and help you adjust your Omega-6:3 balance in just 120 days.

## Immune supplements

Immune supplement contains products with essential vitamins, minerals and other nutrients that contribute to a well-functioning body. For example, the products support the normal function of the immune system, muscle and joint function and reduce symptoms of fatigue and exhaustion. These products extend the concept of 'being in balance' and can provide anything from minor improvements to life-changing results.

## Weight management

Zinzino's weight management product group is perfect for those who want to lose weight or build muscle. The products are high in protein and fibre, providing a long-lasting feeling of fullness, while being low in sugar.

## Gut Health

The Gut Health product group consists of ZinoBiotic+, which contains 8 natural dietary fibres that promote a balanced intestinal flora. ZinoBiotic+ is now also available in portion packs.

## Skincare

The product group consists of Zinzino's Skin Serum and ten products in the HANZZ+HEIDI exclusive skincare range.

Both product lines moisturise and smooth the skin, improve its elasticity and rebuild your skin's extracellular matrix, which in turn reduces fine lines and the appearance of wrinkles.

## Coffee

The product group consists of different coffees made from arabica and robusta beans, as well as espresso machines and other espresso accessories.



BalanceOil+ is in the Omega supplements product group.



Xtend+ is in the Immune supplements product group.



ZinoBiotic+ is in the Gut Health product group.

# Zinzino 2022 Sustainability Report

This sustainability report is divided into two parts, an introduction where we briefly tell you about Zinzino as a company, our business model and how we work with sustainability. This is followed by the second part where we go into some examples of how we work with social, environmental and economic sustainability.

## **Sustainable business practices are in our nature**

Zinzino is a global direct sales company from Scandinavia specialising in test-based, personalised food supplements and scientific skin care. The company was founded in 2007 and the Group currently employs around 220 people of 40 different nationalities at its headquarters in Gothenburg, Sweden, its production unit Faun Pharma AS in Norway and smaller service offices around the world. In addition to these, Zinzino has approximately 20,000 direct sales distributors in the field promoting the company's business opportunities and health products in over 100 markets around the world.

## **Why do we work on sustainability?**

Sustainable working practices are in our nature. We live in a time where everything is about being able to quickly change and adapt to new conditions. The issue of climate is becoming increasingly acute and sustainable working practices are necessary to contribute to a healthy society and the survival of humanity. These new times also mean new business opportunities, and the issue of sustainability is currently separating the wheat from the chaff in the business world. To future proof your business, your relationships and your reputation, you need sound and modern core values that set a clear direction and show who you are, what you do and why. It is no longer just consumers who are increasingly demanding transparency to determine whether the brand's values match their own. Employees, investors, the sales force and suppliers all want to make sure that the companies they represent practise what they preach, follow their objectives and commitments. Zinzino works with products whose main ingredient must be extracted by carefully designed, sustainable methods to protect our oceans and we operate in a high-profile, scrutinised industry with outdated perceptions that mean our business model is often questioned. We represent change and want to disrupt the status quo. We are well equipped to do business for today as well as tomorrow, and we can manage the leading role we have chosen in our market and the trust we have earned in our nearly 20 years of operation.

## **How do we demonstrate our sustainability efforts?**

A business model that is in tune with the times will hold up in the long-term. We work with preventive and lasting health in an industry where perseverance and the ability to see the bigger picture are crucial to success. Long-term, visionary innovation is not only timely, it's an ingrained value that has been part of our company's nature since the beginning. We decided from the beginning that we wanted to be a player to be reckoned with and to act as a role model to take our industry and working practices into the future. We therefore made the choice right from the start that signalled a clear position in direct sales. Our mission since day one has been to become the most customer-oriented direct sales company in the world. We put it into practice by offering a reasonably priced product that is of real benefit to a wide range of the population and by rewarding our external sales force for their work in expanding our base of end customers first and foremost. This is our ultimate contribution to creating sustainable direct sales and promoting the deep relationships, shared interests and values that form the core of our culture. That's why Zinzino's core values are imbued not only with a visionary, customer-centred and long-term focus, but also with the importance of growing through change, building trust and confidence, standing by what you say and practising what you preach. We have made an active choice to always surround ourselves with people who want to do good, not just for themselves. Our goal has always been that the work we do should also benefit the society we live in without putting unnecessary strains on our environment. These core values have created crucial guidelines for the company's positive performance in recent years as one of Europe's fastest growing direct selling companies. These are prerequisites for Zinzino to continue to operate with stable and sustainable growth that strengthens both the company's customer base and reseller channels while establishing a lasting, global presence that currently extends over more than 100 markets.

## Sustainability promise

Our sustainability promise is “for a healthier future today”.

**We provide the facts, insights and solutions needed to make life better. For good.**

- Zinzino wants to promote sustainable health and well-being on a global level and has a clearly defined goal of becoming a world leader in preventive health. A solution-oriented venture that is exclusively based on helping to create the right individual conditions that enable long-term investment in the future and change lives for the better today.
- Since its inception, Zinzino has led the way in the direct sales industry, advocating open, long-term and honest business practices as keys to lasting success. The company's shares are listed on the Nasdaq First North Premier Growth Market, which also requires total transparency in everything we do. An approach that builds trust and confidence, which for us is the only sustainable way forward. To ensure that we live up to our ethical guidelines, we have introduced a whistleblower policy within the company, which means that anyone can anonymously report misconduct or violations at any time.
- Zinzino operates in a visionary industry known for its ability to quickly adapt to new conditions, anticipate early and drive major trends. Our relationship-based business model was established at the turn of the last century and is now recognised as one of the world's most sustainable methods of marketing products and services. Our model is based on individual meetings between people and is therefore ideally suited to take the ground-breaking steps required to spread the new health trends and establish the future of personal health and nutrition. Our range of scientifically proven, all-natural dietary supplements consistently breaks new ground in the field.
- We are among the first in the market to offer external validation that our work is making a difference with proof of concept built into our product range. We base all our product development on deep knowledge and insights from a scientific advisory board and an independent world leader in dry blood testing, and we conduct ongoing evaluations to ensure the viability of our offering. We expect to have completed one million blood tests by the summer of 2023, which means we now have one of the world's largest libraries of essential fatty acid facts to back up our product philosophy.
- Our Scandinavian, natural origin with roots in Norway makes carefully selected, all-natural ingredients a matter of course for us. We are certified by Friend of the Sea, we

were the first on the market to offer vegan Omega-3 and we monitor every detail of the manufacturing process to ensure that all our products are GMP certified and free of toxins and GMOs, sugar, soya and gluten.

### Scope and limitations

Zinzino's sustainability reporting covers issues related to environmental and economic sustainability as well as social conditions, the company's employees and respect for human rights and combatting corruption.

This report is based on Zinzino's own assessment of which parts of its business have a significant impact on society, the economy and the environment. This report therefore contains our overall sustainability efforts in our two business segments Zinzino and Faun. The sustainability report has been prepared in accordance with the Annual Accounts Act and covers all active companies within the Group, as described in more detail on page 4. The Board of Directors is responsible for the sustainability statement and the sustainability report, which is included in the annual report in accordance with the Annual Accounts Act on pages 35-50. The sustainability report describes our business model and framework for our sustainability efforts, our approach to social relations and employees, and human rights and anti-corruption.

### Sustainability policy & governance documents

Zinzino's overall policies are critical to achieving our sustainability goals. To provide overall direction of our sustainability efforts, we have a policy document that serves as our governance document for Zinzino's commitment and strategy in all areas of sustainability. Our policies and standards are based on recognised initiatives where possible and relevant to international standards.

### Liability

Zinzino's sustainability efforts are well embedded in the organisation and are conducted at many different levels. The overall responsibility lies with the company's Board of Directors, which, among other things, makes decisions on sustainability goals and policies. The CEO and Group management are responsible for and lead the strategic sustainability efforts. Group management is also responsible for allocating resources for the sustainability efforts. The organisation works on several different issues, depending on the focus of the business or project, but the ambition is always to highlight the sustainability aspects in both external and internal projects.

## Dialogue with stakeholders

Zinzino's sustainability efforts are carried out in close cooperation with our key stakeholders and based on areas that the company considers important. We are constantly working to strengthen these areas of interest by maintaining an active and ongoing dialogue with all stakeholders, the most important of which are listed below.

### Partners

The global external sales force of independent distributors and self-employed individuals who share knowledge and interest in our brand and products through their private networks and forums.

### Customers

End consumers who benefit from our collective experience, expertise and cutting-edge products.

### Owner

The company's shareholders who invest in our mission, vision and ability to promote personal health into the future.

### Employees

The company's employees around the world whose skills, drive and expertise are key to our enduring success.

### Suppliers

The carefully selected partners around the world who help the company develop our products and grow our business.

## Ethical affairs

Our Code of Conduct, Business Ethics Guidelines and Values describe Zinzino's commitment to maintaining high ethical standards when acting in the marketplace and doing business. We require each individual employee, each distributor, our suppliers and all other business partners to maintain the same high level of zero tolerance for corruption, conflicts of interest and compliance with the competition law regulations. We have zero tolerance for corruption and bribery in all markets in which we operate, whether in Europe, Africa, North America or the APAC region.

The Business Ethics Guidelines and Code of Conduct are adopted annually by the Board of Directors and are included in distributor agreements. In these agreements, we stress that breaches of the Business Ethics Guidelines may lead to labour law and criminal penalties and termination of partnerships.

## Strategy - Focus areas

Zinzino has identified 6 of the 17 UN goals where we can make a significant contribution. We have developed our strategic focus areas and our sustainability promise and focus our efforts on projects and initiatives to support these goals.

To further strengthen our contribution to a sustainable planet, our strategic plan is to make active financial investments in sustainable funds and companies whose mission is to improve life at sea and on land. We are also evaluating the possibility of financially supporting companies working with sustainable technologies and climate-friendly, CO<sup>2</sup>-neutral solutions.





## Sustainable consumption and production

### Natural ingredients

Our goal is to use natural ingredients wherever possible in our formulations and products. The objective is based equally on widely researched and reported measurable health benefits to the consumer in terms of their health and because of the reduced environmental impact and sustainability of natural versus synthetic ingredients. By adopting a strategy that prioritises natural over synthetic ingredients, we support and encourage farming communities all over the world and therefore promote environmental diversity and lower carbon emissions (currently, global agriculture accounts for less than 27% of all emissions per year).

A commitment to sustainable agriculture is also a promise to help improve how the future of food production will take shape in the coming years. As the global population increases, food supply practices that are consistent with climate concerns, ethical considerations and the pursuit of health and well-being should be a top priority, and we take these issues seriously. Indeed, they drive the culture of everything we strive to achieve.

By deriving the vitamins and minerals we need for our product formulations directly from raw material, we also reduce the demand on the chemical industries that produce synthetic equivalents, thereby further contributing to a measurable reduction in carbon emissions. There is also a direct health benefit to prioritising natural over synthetic ingredients, and this relates to the metabolic and systemic improvement that natural vitamins and minerals exhibit over their synthetic equivalents. Dietary supplements that act more like health foods have been shown time and again to better address nutritional deficiencies and provide better health outcomes, especially those related to disease prevention, weight management and mental health.

When it comes to the fish oil we use in our products, we only work with Friends of the Sea certified fishing organisations, and we also have our own Friends of the Sea certification as an organisation. From the initial catch to the processing and bottling of the fish, we use only the most ethical and sustainable practices.

Our approach to the ethical behaviour and sustainability of fishing practices is a non-negotiable position, and the important climate and ecological issues are at the heart of our vision. With over 8 billion people now living on the planet, finding more efficient ways to meet the world's essential nutritional needs is paramount. We need to use 21st century food technology to create more with less, to preserve what we can while continuing to optimise human health and build a sustainable food heritage for future generations.

### Faun Pharma AS – Zinzino's own production unit

Faun Pharma AS is a Norwegian company founded in 2001 and owned by Zinzino since 2014. Faun is a reliable manufacturer of dietary supplements in the form of tablets, hard capsules and bottled oils and produces for Zinzino as well as external customers. Faun strives to run a responsible production where resources are used wisely and to reduce the company's environmental footprint, continuous improvement efforts are undertaken. Annual action plans have been drawn up to reduce the company's impact on the external environment. These are linked to Faun's overall sustainability goals:

- Offer and facilitate the use of more sustainable product packaging for Faun's customers.
- Reduce the total amount of waste
- Increase the proportion of source-separated waste so that the company complies with EU regulatory requirements at all times.

- Reduce energy consumption

In 2022, Faun achieved the following improvements, including:

- Two of our key customers have switched to more sustainable product packaging (bioplastic/recycled plastic).
- The total amount of waste has been reduced by 26%.
- The share of source-separated waste has increased to a total of 54% (EU requirements >50%).

## Products and product development

Zinzino has its own in-house team of nutritional experts, and we collaborate weekly and monthly with our scientific advisory group, all of whom hold key positions at university institutes of higher education, clinical organisations and scientific laboratories. Objectivity is at the heart of everything we do, as is addressing real nutrition-related health issues. We are confidently positioned at the forefront of preventive health, and the task of our team of experts is to identify real health problems and then develop a solution for dietary supplements.

Our strategy is guided by strict scientific principles, and our approach to supporting and empowering the global population to live better is through test-based health foods. We develop the best dry blood spot (DBS) analysis procedures in collaboration with Vitas Laboratories in Norway, to enable people to gain an objective and reliable insight into issues directly related to their dietary health.

To date, we have launched and provided the Balance Test, a test that quantifies an individual's blood lipid profile, reveals the status of their essential Omega-3 levels, and then provides a unique Omega-3 product that measurably corrects any observed deficiencies within approximately 120 days (on average, as observed in our database of over 940,000 independently and anonymously analysed samples). In addition to this range of DBS tests, we offer the Vitamin D DBS test, which provides clinically and research relevant and accurate data on a person's vitamin D status. Vitamin D deficiencies are associated with multiple aspects of immune system impairments and by enabling personalised insight, we place people in a position to make informed decisions that directly impact their health outcomes.

The latest in our current list of analysis options is our HbA1c Test, which we launched in 2022. This blood sugar analysis offers a proactive step to counter the global pandemic of type 2 diabetes, as well as other associated diseases such as obesity and metabolic syndrome. Currently, there are over 430 million people worldwide living with type 2 diabetes, and an estimated 38% of all US adults are pre-diabetic. By 2030, current epidemiological estimates predict that over 650 million people will be living with a type 2 diagnosis. Type 2 diabetes is a lifestyle disease and is completely preventable in the vast majority of cases. Our belief is that by allowing people to assess their blood sugar levels, we can help them to prevent it, completely reverse

the problem if they turn out to be pre-diabetic and best manage the symptoms if they are currently diabetic. Our mantra is simple: prevention is the cure.

When developing a new dietary supplement product, we always focus on the quality of the ingredients, the measurable and (research) verifiable difference they can make for health and well-being, and how they work in addressing a real issue. Our firm belief is that by promoting and inspiring better health worldwide, we are making the best possible contribution to sustainability, by helping the world get better and live better.

### Coffee capsules

Zinzino's journey once started with coffee as a product offer and even though coffee is no longer one of our main products, in some parts of the world we still offer a high quality coffee range from the Rombouts coffee roastery, an ancient roastery founded back in 1896 in Antwerp, Belgium. Rombouts is continually working to minimise its impact on the environment and to produce more sustainable and ethical products.

### Biodegradable – reusing resources

Coffee is for many a must in the daily morning routine. No-one is indifferent to a cup of coffee and it is a beloved drink across the world. The Nordic countries top the list in terms of daily coffee consumption, with the Finns drinking the most cups per day at over 3.5. It is also a popular drink outside the Nordic region and it is estimated that more than 400 billion cups of coffee are drunk worldwide every year.

Research shows that there are several good reasons to drink coffee from a health perspective. Coffee drinkers are shown to have a lower risk of developing a range of diseases such as blood clots in the brain and type 2 diabetes, a disease that is seen as a modern global pandemic. Coffee contains important vitamins and antioxidants, so a few cups of coffee a day can be part of a healthy and nutritious diet.

Rombout's coffee capsules are climate smart, they are naturally biodegradable and can be easily composted and the coffee grounds are put to use again.

Coffee grounds contain lots of nutrients and are considered a miracle cure for plants. When mixed with the soil, coffee grounds also help to improve the structure of the soil. Coffee grounds are particularly rich in nitrogen, phosphorus, minerals and potassium, making them a high-quality natural fertiliser. They can be added to soil along with other compost to provide a nutritional boost to various plants. By using coffee grounds in the garden or in the flowerpot, every cup of coffee made from these coffee capsules can contribute to a more sustainable and climate-smart garden. By reusing resources, they also contribute to making gardening less expensive and less time-consuming.

## Plastic production packaging (PET)

Every year Zinzino produces thousands of bottles, boxes and packaging materials to meet the demand for our growing product range. We carefully select our suppliers for ingredients, packaging, printing and logistics and have chosen to use plastic bottles (PET) for our product packaging.

## Recyclable plastic packaging

To reduce our impact on the planet, we need to use plastic more resource-efficiently than we do today. In modern society, plastic is an important material and in Sweden alone we use over 1.6 million tonnes of plastic every year according to the Swedish Environmental Protection Agency, and the use of plastic is increasing every year.

Plastics therefore need to be adapted to be part of a circular economy to reduce environmental and climate impact and reduce littering and the spread of plastic in nature. Research is ongoing to develop fossil-free plastics so that we can become less dependent on oil, but the present approach is to maintain our current methods and continue to try to improve how we use plastics.

However, it takes time to develop bio-based plastics on a larger scale. Another obstacle to development is that most bio-based plastics have proven to be as difficult for nature to break down as plastics made from crude oil. The research is therefore also done with the aim of developing plastics that can circulate better, which allows us to reuse plastic to a much greater extent than we do today.

Zinzino is closely following this development and is constantly looking for suppliers who can offer plastic alternatives that suit our products in terms of sustainability and recycling. Today, there are several types of plastic materials that can be used to produce packaging specifically for food. It is important that substances from the plastic are not transferred to the food and spoil it. We carefully research and always endeavour to use recycled plastic wherever possible.

Zinzino currently uses plastic (PET) for our plastic packaging. PET is a useful material, it is stable, lightweight and transparent in appearance which makes it well suited for food exposure. Another advantage of PET is that up to 100% of the plastic can be recycled and reused in new products. By using circular products, we can contribute to the reduction of littering, especially of plastics in nature.

Our main supplier LYSI Hf in Iceland is a proud co-founder of Pure North Recycling, a project that aims to inspire Icelandic companies to recycle plastic and reduce their carbon footprint. These recycling methods are completely unique and all plastic is recycled into plastic pallets using only geothermal and other environmentally friendly energy.

## Why plastic and not glass?

It's easy to think that glass is a much more environmentally friendly alternative than plastic, and there is some truth in

that, but you have to look at the entire life cycle of the material to be able to draw a conclusion about whether glass is good or bad for the environment.

Glass has many positive qualities, but despite the good qualities, glass is often worse for the environment than plastic. Especially when it comes to food packaging. This is partly due to its weight and a more energy-intensive manufacturing process, which directly increases its carbon footprint by increasing carbon emissions.

The production of glass itself requires large amounts of energy and water. In addition, it is difficult to pack space-efficiently for transport. It weighs a lot in direct comparison with plastics of similar size and proportion, which increases the climate impact of the material in connection with transport, especially compared to lighter materials such as PET. Finally, even if it is possible to recycle glass, a lot of energy is required for the recycling process itself, and in particular more energy is required when compared directly to plastic equivalents.

Production and transport together mean that glass requires more energy and water and is therefore not a better alternative from an environmental perspective at present than the PET Zinzino currently uses. We work closely with suppliers on all our packaging to constantly review alternatives and choose the most environmentally friendly products where possible and that meet our requirements to keep our products fresh.

## Marketing and digitalised tools

Well-designed marketing materials are important to Zinzino. Used effectively, marketing materials have a significant impact on Zinzino's performance through things such as increased brand awareness, improved customer commitment, increased sales by communicating the benefits of Zinzino's products and competitive advantages through, for example, a well-designed brochure or website to help communicate Zinzino's unique value proposition and differentiate Zinzino from potential competitors.

Zinzino currently offers marketing materials in printed as well as digital form. In today's digital age where digital media has revolutionised the way we communicate, printed materials still have a valuable role to play. Their tangibility, accessibility and credibility make them a valuable tool for making a lasting impression on partners and customers alike.

While both printed and digital marketing materials serve different purposes, we aim to reduce our climate footprint also in terms of marketing materials. As printed materials can have a negative impact on the environment, including through greenhouse gas emissions that mainly occur during manufacturing processes, we changed our strategy in 2022 to focus more on our digital tools. Since then, we have reduced the number of versions of printed brochures from four to two and we promote the use of our digital material as much as possible. We are also taking a more long-term approach in order to increase the lifespan of all printed



material by ensuring that it does not contain information that can quickly become obsolete and therefore has to be discarded.

There are several beneficial reasons for using more digital tools. For example, it is more cost-effective as digital material can be created and shared online at a relatively low cost. We reduce the purchase cost of printing materials such as cardboard and paper and save on transport, which in turn affects environmental emissions. By using more digital tools, we reduce our environmental footprint and demonstrate our commitment to sustainability.

### **Eco-friendly printing materials**

Zinzino's sustainability requirements reflect those of our Swedish suppliers. All printed material is handled via the head office in Sweden and our Swedish suppliers are at the forefront of sustainability efforts. We therefore believe that we can be confident in our selection and continue to collaborate with already contracted print suppliers.

95% of all printed marketing material is produced by our Swedish suppliers as we see that Swedish printers are generally much better at working with sustainability. Our largest supplier by far has a solid environmental approach and a good degree of maturity where they have worked actively with sustainability since 2011. The remaining 5% consists of printed material where there is an acute shortage or where, for other reasons, we cannot wait for material to be sent from the head office. This means that some printing can be done locally. This happens, for example, in the United States, where the printers we use work with sustainability and environmental issues in terms of environmentally friendly printing, paper and energy efficiency.

In Singapore, Malaysia and Hong Kong, local printers are used only when absolutely necessary and in very small and limited quantities. Instead, we encourage and incentivise both Partners and customers to use our digital brochures to avoid local print material as much as possible.

### **Global differences in work practices**

How printers work with sustainability varies depending on the country in which they are located. As we closely monitor our suppliers, we can see that there are ongoing activities aimed at improvements from an environmental and sustainability perspective even at those printers that have not made as much progress as Sweden. Using smaller local printers in other parts of the world may therefore mean that the supplier of printed material does not work actively with environmental and sustainability issues. We therefore see a risk that in those parts of the world where sustainability has not come as far on the companies' strategic agenda, we use local printers that don't have sustainability and environmental policies. To ensure that the material is produced in an environmentally friendly way, all printing is controlled from the head office and we encourage the use of our digital

material, which is always updated and easily accessible to all internal employees as well as independent Partners.

### **Transport**

The combustion of fossil fuels is the largest contributor to the greenhouse effect in the world and transport has a major impact on the climate through its greenhouse gas emissions. Globally, the transport sector accounts for 13% of all greenhouse gas emissions. Zinzino is working hard to reduce our carbon footprint in terms of transport.

### **Deliveries every two months – no unnecessary transport**

Every month we send around 80,000 packages around Europe, Asia, North and South America. In order to facilitate both our customers and our planet, we have created a subscription model for our products. In order for our products to do their job in the body, the dosage of our products is based on use over a period of at least 6 months. During this period, each customer receives a delivery every two months with a refill of products. In this way, we reduce our environmental footprint through sustainable consumption where we reduce waste and minimise the number of transport deliveries and thus also freight costs. However, an individual customer can choose to have all products for the period delivered at the same time, which risks affecting our climate footprint as individual deliveries can then become heavier depending on what the customer buys and thus cause some increased environmental impact. On the other hand, the use of resources is reduced during this period.

In 2022, we started sending products as 'Varubrev' in Sweden with Postnord and our Swedish customers now receive their deliveries directly to their mailboxes. In addition to being a good service, it has a lower environmental impact. The ship-ment is sent together with Postnord's regular postal service, which means that we reduce the number of deliveries and that the car-borne customer no longer needs to go to a package collection point, but can instead leave the car behind.

Zinzino operates in the global arena and has customers all over the world. To be energy efficient, we send products in large batches to our logistics centres around the world. From there, products are picked and sent to customers in local markets. In this way, our transport is most efficient, as the transport distance for each individual product is shorter.

### **Transport providers**

To transport all products, Zinzino uses PostNord, Deutsche Post, UPS, Bring, GLS, DHL and Posti. These are some of the world's largest logistics and postal operators, all of which work actively to reduce, including using environmentally friendly vehicles and optimised route planning to reduce the environmental impact.

Of Zinzino's 26 global transport providers, 24 have a clear and visible sustainability strategy that they are working towards. The providers' internal requirements in terms of environmental impact and sustainability are often higher than the applicable legislation in each market. The remaining two providers have not provided feedback on their current sustainability policy as of the reporting date, but this does not exclude the possibility that they are also working actively with sustainability.

### **3PL centre**

Zinzino works with 6 different 3PL providers around the world. Of these, 5 work based on an explicit sustainability strategy.

### **No standard for measuring climate footprint**

One difficulty in measuring and monitoring Zinzino's climate footprint for transport is that we use a number of different carriers. There is currently no common standard for calculating, for example, CO<sup>2</sup>-emissions. Our carriers have chosen different ways of calculating based on the models available on the market, which makes it difficult for us to monitor Zinzino's footprint.

However, the majority of our carriers are actively working to reduce their environmental impact, including by replacing fossil-driven vehicles with environmentally friendly alternatives. In areas where they do not operate themselves, they place high demands on, e.g., modern machinery and vehicle fleets. However, there is a risk of some negative climate impact caused by fossil fuel-driven freight transport or fossil driven energy use in areas where renewable energy is not available.

## Sea and marine resources

As a leading manufacturer of Omega-3 supplements, Zinzino takes great responsibility for ensuring and maintaining sustainable fishing practices. Our BalanceOil+ is a range of Polyphenol Omega supplements manufactured by LYSI, one of Iceland's leading fish oil producers which is actively working to ensure sustainable fishing and high-quality products.

### Friend of the sea

Zinzino has been a certified member of Friend of the Sea since 2018. This is the leading global certification standard for products that respect and protect the marine environment. The criteria for sustainable nutraceutical products require carefully controlled origin of fish oil and fishmeal ingredients, traceability and social responsibility. This membership enables us to provide third-party assurance to our partners and customers worldwide and to demonstrate that all our suppliers fulfil the current criteria.

### Sustainable fishing

Our producer LYSI, like Zinzino, is certified by Friend of the Sea. They actively work to ensure that the fish they harvest the oil from comes from sustainable fishing in authorised areas to prevent overfishing. They focus on minimising food waste by making full use of all raw materials from the fishing industry and only use fish that are not listed as endangered species, primarily from short-lived, wild-caught small pelagic fish such as sardines, anchovies and mackerel. The oil undergoes a refining process to remove any environmental contaminants and is free of heavy metals, PCBs and other toxins. We check every detail of the manufacturing process to ensure that all our products are GMP certified and free of toxins, GMOs, as well as sugar, soy and gluten.

LYSI Hf meets all regulatory quality requirements for food and medical products and is GMP certified for food and pharmaceutical products. The fish oil in BalanceOil+ complies with strict EU rules on environmental contamination, EFSA and FDA regulations and other stringent regulations around the world.

### Vegan society

In addition to fish oil, vegan options are an integral part of our assortment. BalanceOil+ Vegan with marine microalgae is the first bio-alternative to traditional fish oils on the market today, certified by The Vegan Society.

## Energy

All energy use has an impact on the environment and energy is used in all areas of society, particularly in industries, buildings and transport. Energy use affects the environment through greenhouse effects, air pollution, acidification and eutrophication.

### Hydropower – a natural cycle

Hydropower causes almost no greenhouse gas emissions; it is renewable because the water is not consumed but constantly returns in the form of precipitation and can be used again. However, a negative consequence of hydropower is that the reservoirs built to store water change the local landscape in the water area and can affect habitats and thus the biodiversity of our waterways.

Zinzino is primarily a service company with offices in Sweden and a number of smaller offices around the world. Our energy consumption consists mainly of heating and operating electricity, i.e., electricity for operating ventilation, lighting, office equipment, etc. Our total energy consumption contributes to the total global energy requirement and to reduce our environmental impact, we use almost exclusively hydropower as an energy source. Nor do we use any coal or gas power plants and use heat recovery in our ventilation system.

Manufacturing companies usually have higher energy consumption compared to service companies. This is because manufacturing itself involves complex processes that require large amounts of energy to run machines, operate assembly lines and other equipment, etc. Our production unit Faun Pharma AS in Norway uses only hydropower as its energy source, which has the least environmental impact even though the consumption itself is higher than that of the offices.

We see a risk that less environmentally friendly energy sources could be used in offices outside Sweden. The ability to influence which energy source is used can vary depending on the country and also how the leases for our offices are structured. Although access to hydropower is very good in both Sweden and Norway, two of the nations that use and produce the most hydropower in the world, access to hydropower or other environmentally friendly energy sources differs greatly between the countries.



## Good employment conditions

Being an attractive employer is a prerequisite for attracting future colleagues to our team. The great culture we have and cherish makes us an attractive employer, as does the fact that we always offer good working conditions, really great benefits and care for the well-being and personal development of all employees. Attracting, retaining and developing all our employees is a prerequisite for the continued growth of Zinzino.

### Full employment

We currently offer all employees full employment. All employment contracts are based on full time. Just under 3% of all employees have chosen to work part-time on their own initiative and of these, the main reason is part-time parental leave. We see it as a matter of course to offer the ability to combine parenthood with gainful employment.

We comply with the labour laws and regulations that apply in each of the countries where we have employees. We follow developments in each country and act where we need to. For example, in Malaysia, the weekly working hours were adjusted by law as of 31 December 2022 with new measurement of working hours for 2023. To ensure that we comply with the new rules, we reviewed the working hours of employees in this country, adjusting both working hours and employment contracts where necessary to meet the new requirements.

## Sustainable employees

Zinzino offers a workplace that provides the conditions for a sustainable working life and actively minimises the risks of ill-health. A job is a big part of our lives and as such has a major impact on our well-being. At Zinzino, we want every working day to be a good day at work. A good physical and psychosocial work environment is an important and fundamental factor for satisfied and thriving employees and a prerequisite for both employees and companies to perform at their best.

Our employees are our most important resource and in order for them to have the capacity to deliver over the long term, good health is key to creating a healthy working life. Investing in our employees' health is therefore an obvious way to ensure a sustainable employees. We offer health-related activities, the opportunity to exercise during lunch breaks at our own facilities or other fitness activities that create opportunities for good health among our employees. Our initiatives deliver results through high motivation and low sick leave of 3% (2022). In 2022, employees at the head office participated in the Stafettvarvet relay race, located at the Gothenburg Shipyard.

### Inspire change in life

For many young people, working with something they are interested in and that gives them a sense of purpose is a key factor in choosing a place to work. Zinzino's vision of inspiring health and well-being is timely and is a sustainable vision for people in general, but also for our employees and our hope is that it also makes us an attractive and sustainable employer.

## Sustainable employer

A good and pleasant work environment is a prerequisite for us to be a competitive employer, to retain employees and to attract new ones. We also strive to provide a work environment that is so good that every employee thrives, can and wants to develop in their work and thus contribute to the development of the business. Developing one's skills is also crucial for the continued livelihood, health and well-being of each individual.

### On the job training

Kaizen is one of Zinzino's core values and can be described as an ongoing cycle of continuous development. Kaizen is a business culture as well as a working methodology that we use to constantly evaluate, improve and change for the better. These changes occur at all levels of the company thanks to the commitment and participation of employees. Through the commitment of our employees, many small and even larger changes are implemented, resulting in gradual improvements in everything we do. This creates a constantly developing and learning organisation.

In 2022, several new products and new sales promotions were launched. The Customer Service department, where most of Zinzino's employees are located, receives monthly training to ensure that they always have the latest knowledge about products, promotions and much more.

The skills, experience and commitment of our employees are important prerequisites for achieving our strategic and financial goals. It is important for us to ensure both operational and personal development and skills enhancement, otherwise we see a risk that our employees won't have the right skills for the assignments or that we'll lack the skills to be innovative and develop the business. We see these issues as a major risk factor, and it is very important to succeed in attracting and retaining the right skills to continue to develop the business and achieve strategic as well as financial goals.

Zinzino is primarily a service company but ensuring that we have skilled employees is also crucial for Zinzino's production unit Fauns Pharma's ability to deliver high-quality products. Both in terms of food safety and efficiency in Fauns Pharma's many production lines, it is important to have a stable and well-trained workforce. In 2022, several of the production unit's operators received a diploma in production technology after training.

## Equality, diversity and inclusiveness

One of Zinzino's core values is Together. We are here together and are showing the way towards a better life by working and growing together and by inspiring and challenging each other.

Zinzino's success and ability to achieve strategic goals depends entirely on our employees, their skills, motivation and ability to perform. The right people are central to the company's success. Another key ingredient of a successful company is a culture and environment that both allows and is characterised by creativity and innovation. We create this by giving our employees creative space. We embrace the differences, skills and experiences of our employees as we believe that diversity and inclusion help to support creativity and innovation within the company.

Our basic approach is the equal value of all people. We see differences as a strength and a way to achieve and develop the organisation's goals and commitments. We actively promote diversity, including gender equality, and our efforts begin at the start of the recruitment process. All recruitment must be based on qualifications and not gender, no one may be discriminated against, and all recruitment should take these values into account.

At Zinzino, everyone must be respected. We believe that everyone should have equal opportunities and rights at Zinzino, regardless of gender, ethnicity, religion or other beliefs, disability, sexual orientation or age. We therefore strive to be an inclusive employer where the skills and potential of all employees are utilised.

Zinzino provides a safe environment for all employees without discrimination and free from harassment, including sexual harassment. The Gender Equality and Discrimination Policy is based on Zinzino's values and is our governance document for gender equality and all types of discrimination. In addition to all Zinzino employees, the Discrimination Act and this policy also cover job applicants, temporary workers/trainees, employees and contractors

Our goal is to achieve as equal a gender distribution in the organisation as possible. Today the organisation consists of 61% (59%) women and 39% (41%) men with an average age of 42 years (40 years). Of all managers with subordinate staff, 37% (47%) are women and 63% (53%) are men. Management consists of 38% women and 63% men, the Board of Directors 40% women and 60% men.

Nationalities: 34

Languages: 30

Turnover: 10% (including non-voluntary terminations)

Our multicultural business climate that is our hallmark as well as our success factor.



## Health and well-being

Zinzino's vision is to “inspire change in life”. We do this by helping people of all ages, from all over the world, to achieve better health and prosperity. Our goal is to become the global leader in preventive health, by providing intelligent and effective nutritional solutions that ensure lasting results and long-term health benefits. We see what we do as enabling the important first steps in helping people make a change in their health behaviours that is easy to start and maintain.

The research literature reveals an overwhelming and damning portrayal that most positive behavioural changes made by individuals are short-lived and usually ended due to difficulties associated with financial constraints, lack of perceived benefit and lack of time. All our tests and products are developed with a full understanding of the problems that affect people at the beginning. We therefore provide solutions that are meaningful, cost-effective, enable compliance and provide measurable benefits.

Health organisations around the world have been actively assessing the impact of the SARS-COVID-2 pandemic, both from a health and health systems perspective. In the wake of this analysis, important and learning outcomes have been found:

- Most healthcare systems were found to be under-resourced and therefore unprepared for such a global crisis.
- Too many people in the world live with chronic diseases.
- The current epidemiological data predicts a continuous increase in the incidence of chronic diseases, while investments in emergency and urgent medical services is financially (in real terms) shrinking every decade.

The simple fact is that people must become more responsible for their own health status. For people to do so, proactive preventive health strategies are key. It is in this area that Zinzino sees its true place and position from where we can make our single best contribution to global sustainability: improved health, health accountability and thus reduced costs and dependency on existing and future services.

Beyond this, our business model is fully inclusive, empowering people of all backgrounds, races, ethnicities, cultures, genders and religions to build a rewarding and meaningful financial income. Finances are consistently correlated with health outcomes, where a linear profile of lower personal and household finances are strongly associated with poorer health outcomes, and conversely where increased prosperity leads to better health. As such, Zinzino provides people with a unique and concrete holistic health opportunity; from biological to financial, which in turn reduces the epidemiological burden on society's resources.

## Respect for human rights

### Fairtrade

Fairtrade is an international certification for raw materials grown in countries with widespread poverty. The certification is based on the international Fairtrade criteria for economically, socially and environmentally sustainable development. The certification aims to reduce poverty and strengthen people's influence and capacity to act. To create conditions for farmers and workers in developing countries to improve their work and living conditions. The criteria are based on the International Labour Organisation (ILO) conventions on human rights at work. Like Fairtrade, the ILO wants all people to have fair conditions at work and in life. For more information about Fairtrade, visit <https://fairtrade.se/>.

The production company Faun Pharma is located in Norway and is subject to the Norwegian Freedom of Information Act. They work closely with suppliers and partners to achieve good measures and improvements. Faun Pharma dis-associates itself from suppliers, customers or other partners who do not respect individuals' human rights, or actively prevent them from being respected. All of Faun Pharma's suppliers are registered and approved before they used. The approval procedure includes verification of suppliers' compliance with the UN's sustainability goals. Suppliers of goods are risk assessed and evaluated using the SSAFE food vulnerability assessment. SSAFE is a global non-profit membership organisation working to strengthen food safety and improve human, plant and animal health and well-being.

## The fundraising Zinzino Foundation

Zinzino aims to promote sustainable health and well-being on a global scale. We believe that everyone deserves a chance for a better life, and we want to contribute in our own way. Giving back and helping others is an important part of social responsibility and is our contribution to creating a more just and equal world. This is at the heart of our vision – Inspire Change in Life. "Kaizen" is an ancient term for continuous improvement and a core value that ensures we put our vision into action and give something back to people around the world.

### Zinzino gives back

Together with the charitable organisation Glocal Aid, the Zinzino Foundation works to make a positive difference in the lives of Indian children through education. In the last few years, Zinzino has supported three schools in India located in the village of Karwi, Uttar Pradesh, in Kukurah, Bihar, and in the village of Birpara in West Bengal.

By offering a scholarship, Glocal Aid and Zinzino are partnering with these three primary schools to provide sponsored education to children and young people. Without this sponsorship, these children would not be able to go to school. We are very happy and proud to help finance this very important work. In 2022, education was sponsored for a total of 985 children and our goal is to help more than 3,000 children in the next three years!

Scan the QR code below and watch the video about Zinzino and Glocal Aid's work in Karwi, India!

### Transparency in everything we do

Transparency and honesty are important factors when it comes to accounting for where past charity has gone. Below are the different initiatives our charity work has focused on over the years.



Scan the QR code and watch the video about Zinzino and Glocal Aid's work in India!

- |      |  |      |   |
|------|--|------|---|
| 2012 | Ending female genital cutting among the Maasai people in Kenya.  | 2018 | 620 students sponsored to go to school in Karwi U.P.I and in Kukrah, Bihar, India.                              |
| 2013 | A local microfinance project in Kenya to expand local businesses where women can build farms and help their children in school with food and medicine. | 2019 | 620 students sponsored to go to school in Karwi U.P.I and in Kukrah, Bihar, India.                              |
| 2014 | Continued support of the project in Kenya.   | 2020 | 620 students sponsored to go to school in Karwi U.P.I and in Kukrah, Bihar, India.                              |
| 2015 | Development of a school for children and young people, Karwi U.P.I, India.   | 2021 | 1,000 students sponsored to go to school in Karwi U.P.I and in Kukrah, Bihar, and Birpara, West Bengal, Indien. |
| 2016 | 295 students sponsored to go to school, Karwi U.P.I, India.  | 2022 | 985 students sponsored to go to school in Karwi U.P.I and in Kukrah, Bihar, and Birpara, West Bengal, Indien.   |
| 2017 | 405 students sponsored to go to school, Karwi U.P.I, India.<br>Development of the primary school in Kukurah, Bihar, India.                             |      |   |



## Ethical affairs

Zinzino has become known in the direct sales industry for its sustainable business approach that rewards long-term thinking where people do the right things for the right reasons. To run and maintain a strong, successful and lasting business as a Partner at Zinzino requires passion, perseverance and a higher purpose beyond one's own personal goals.

Our Code of Conduct, Business Ethics Guidelines and Values describe Zinzino's commitment to maintaining high ethical standards when acting in the marketplace and doing business. We require each individual employee, each distributor, our suppliers and all other business partners to maintain the same high level of zero tolerance for corruption, conflicts of interest and compliance with the competition law regulations. We have zero tolerance for corruption and bribery in all markets in which we operate, whether in Europe, Africa, North America or the APAC region.

The Business Ethics Guidelines and Code of Conduct are adopted annually by the Board of Directors and are included in distributor agreements. In these agreements, we stress that breaches of the Business Ethics Guidelines may lead to labour law and criminal penalties and termination of partnerships.

## Whistleblowing

Whistleblowing is about every Zinzino employee being able to inform management of any irregularities. The aim is to detect serious misconduct at the workplace. To comply with the EU Whistleblowing Directive and Swedish legislation, we have introduced an external whistleblowing system, Visslan. Employees, consultants and other partners can report observations related to unethical or illegal misconduct via

this external whistleblowing tool, where reporting observations can be done completely anonymously. The service is completely external to Zinzino and fulfils the highest security requirements regarding encryption, data security and protection of whistleblower's anonymity.

## Transparency

Since we started the company, we have advocated open and honest business practices. Our shares are listed on the Nasdaq First North Premier Growth Market, which also requires total transparency in everything we do. For us, moving forward is the only sustainable path.





## Risks related to sustainability

Sustainability risk management is an integral part of the Group's risk management process and the sustainability perspective is considered in relation to the risk analysis as a whole. In addition, sustainability risks are specifically evaluated, covering all areas: environment, human rights, labour and anti-corruption. The results of the assessed risks are managed according to the regular risk management process and were also included in the development of the company's sustainability strategy. Zinzino's identified sustainability risks are listed below, for other business risks please refer to the management report on pages 56-62 or, where applicable, the respective sections below.

### Operational environmental risks

Transport and energy consumption, packaging waste and production waste are the main sources of our environmental and climate impact. There is also a risk of negative climate impact, caused by fossil fuel-driven freight transport or fossil-driven energy use to power operations where renewable energy is not available.

The climate impact of business activities is one of the biggest global challenges for all industries. There is a risk of our not having sufficient knowledge of our own negative impacts on the climate based on greenhouse gas emissions, which may lead to inadequate climate-related information and thus a risk that necessary action against climate change is not taken.

The consequences may also affect the supply and cost of renewable fuels, which in turn may affect our transport. We buy raw materials and finished products mainly from suppliers in Europe and Asia. There is always a risk that the supplier will not be able to deliver ordered quantities on time due to physical or environmental impacts and

disasters caused by climate change. This can lead to shortages of raw materials, production disruptions, capacity shortages, increased prices and, in the long run, other unexpected events, which in turn can negatively affect our supply capacity and the relationship with our customers. Good or bad harvests and, in the worst case, climate disasters affect the pricing of some of the raw materials we buy. Lack of controls in the event of a climate disaster also increases the risk of poor food safety, e.g. poor controls can lead to contamination, cases of allergic reactions or various types of damage.

### Risks related to climate change

Climate change poses a major risk to humanity from a global perspective. The ability to secure raw materials and finished products also in the event of weather-related or other physical conditions caused by climate change can affect operations and profitability. From Zinzino's perspective, climate change primarily poses the risk of damage to the ocean environment, which may affect the availability of raw materials, leading to negative consequences not only for the company but also for all those using the products. Zinzino assesses these risks as potentially increasing in the long term. In addition, environmental policy decisions may affect Zinzino, not least in the form of increased taxes or necessary investments. Insufficient efforts to analyse climate risks may lead to unforeseen increases in operating costs. Zinzino is actively working to prioritise environmental aspects in all parts of its operations, with a focus on the ocean environment and sustainable sourcing of raw materials, to monitor legislative and regulatory developments and, in the future, to invest in measures to improve the ocean environment.

## Breach of the Code of Conduct

Risks related to corruption can damage our reputation and also affect business relationships and, by extension, profitability and cause socio-economic consequences. The company's main corruption risk is in the purchasing process and the distributor chain. The geographic area where the risk of corruption is greatest is in Asia.

Zinzino conducts regular training for all employees involved in purchasing, large value contracts and for our partners in Asia. Digital training and information, including the Business Ethics Guidelines, are available to all employees and distributors on the company's intranet.

As of the reporting date, no violations regarding corruption have been noted. In the distributor chain, a few ethical rule violations occurred in 2022 where additional resources on information and training were directed to increase the relevant distributors' knowledge in this area. Significant resources are continuously invested in training new distributors in the company's ethical regulations.

## Respect for human rights

Lack of diversity and equality among our employees, including in management positions, can have consequences for the company's business by losing the opportunities that diversity and equality create. Valuable skills may be lost, reducing, for example, innovative capacity, which can have a significant impact on Zinzino's reputation in society. As of the reporting date, no human rights violations in the value chain have been noted.

## **Do you have questions about our sustainability work?**

Contact us at [sustainability@zinzino.com](mailto:sustainability@zinzino.com)



# Auditor's report

– on the statutory sustainability report

To the general meeting of the shareholders in Zinzino AB (publ),  
corporate identity number 556733-1045

## **Engagement and responsibility**

It is the board of directors who is responsible for the statutory sustainability report for the year 2022 on pages 35-50 and that it has been prepared in accordance with the Annual Accounts Act.

## **The scope of the audit**

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

## **Opinion**

A statutory sustainability report has been prepared.

Gothenburg 28 April 2023

**Öhrlings PricewaterhouseCoopers AB**

**Fredrik Göransson**

Authorised auditor

# Why direct sales?

## **Direct sales are the future of shopping**

There is no business model like direct sales, which has always been about people. A business is only as strong as its relationships. For over a century, dedicated direct sellers have built their businesses from the ground up, through the power of personal contacts. This customer-first model is the foundation of Zinzino's success story and at the heart of our mission to be a leader in personal health and well-being.

## **Promoting personal customer experiences**

The first direct sales company was launched over a century ago. Today, direct sales are a dynamic and rapidly growing industry with global sales of USD 186 billion (2021) and 128 million independent distributors around the world. In our socially driven world, consumers crave belonging, validation, and have a low tolerance for faceless companies with fake messages. 92% trust the advice of friends and family over all other types of advertising. Building personal relationships by finding out what is important to the other person before presenting a customised solution is at the heart of direct sales. Today, it has become a successful method in the vast majority of industries.

## **Also showing the way to a better life**

Our modern diet is not as nutritious as it used to be, and supplements of various kinds are increasingly part of a modern lifestyle. Better health has become a personal issue, a growing, global trend, closely linked to diet and exercise with individual diet plans and personal trainers. Working with individual consultations and customised solutions fits this transition like a glove in direct sales.

## **With independent Partners in the field**

Finding the best personal solution can be an expensive game of trial and error. People need someone they trust to guide them on their health journey, and distributors of test-based nutrition are leading the way. Zinzino's Independent Partners act as personal consultants in the field, updating themselves on their customers' progress and ensuring lasting results, and using blood tests to prove they're on track.

## **Putting the customer first is not a given when it comes to direct sales**

At Zinzino, we believe in leading by example and want to do our part in taking the direct sales industry into the future. Our founders Hilde and Örjan Saele have made it their mission to reclaim the customer-centred approach in direct sales and our company will always reward customer sales.

Over 85% of our sales are made directly to our end customers. This approach is directly reflected in our mission to inspire health and prosperity for our customers, family and friends by being the most customer-friendly direct sales company in the world. We believe this makes us best in the class in our industry on a global level.

## **Proud member of direct sales associations**

We are affiliated with local direct sales organisations around the world, including Direct Selling Sweden, and actively work to promote an open and honest way of doing business in this industry. Zinzino is also a member of the national direct sales associations in Norway, Finland, Denmark, Estonia, Latvia, Lithuania and the Netherlands. Zinzino applies to the direct sales associations in all new markets that open and is currently a trial member in the US, Germany, Switzerland and Poland. To be a member of Direct Selling Sweden is a seal of quality for Zinzino as a company. The association's principal tasks are to protect the consumer, to work for good business ethics, and to work for a good reputation both for direct sales as a form of distribution and for those engaged in it. They will also promote awareness and application of the industry's ethical rules and encourage sellers and distributors to do the same. DSS is the reference organisation for all legislation which affects direct sales. For more information visit [directsellingsweden.se](https://directsellingsweden.se)

## **Committed to contributing to a better world**

We always aim to do our part to create a better and more sustainable way of life for everyone. This mindset is at the heart of our vision to inspire change in life and to ensure that we put our vision into practice and give back to societies all over the world. Together with the charitable organisation Global Aid, the Zinzino Foundation works to make a positive difference in the lives of Indian children through projects that empower them through education.





## Ownership and share performance

Five reasons to invest in Zinzino:

### **1. With clear strategy and a business model which generates growth**

Zinzino is a leading direct sales company currently operating in Europe, North America and Australia with ongoing establishment processes in Asia and India, among others. The company's strategy is profitable growth in new and existing markets. The business model has for many years generated growth and will continue to do so in the future as well. As a result of the structure of the business model, combined with the digital market tools that the company has developed in recent years, the growth rate is expected to increase through increased sales in existing and new markets in the coming years. Finally, growth can also be generated through acquisitions.

### **2. Help improve the health of the world**

Our product concept is to give health back to the world. Our goal is to get the best out of people with enthusiasm, encouragement and a great deal of energy. We are the most customer-focused direct sales company in the world. Our most important product concept, Balance, is showing continued good growth and we currently have over 1,000,000 test results, based on our blood tests in our database. We are the company that has done the most fat analyses in the world.

### **3. Product development at the leading edge**

Through efficient product development in-house, the company has developed a number of new products in health in which it owns its own important intellectual property rights. The newly developed products are manufactured in our own efficient production facility which means that we have 100% quality control. Zinzino's strategy in the coming years includes continued product development at the leading edge.

### **4. Strong market position and distribution**

Zinzino has strong sales organisations in its principal markets with good relationships with its customer base. The broad product portfolio attracts new customer groups and thereby generates growth. Through an updated IT platform and logistics system, Zinzino is well equipped for the expected sales growth in the coming years.

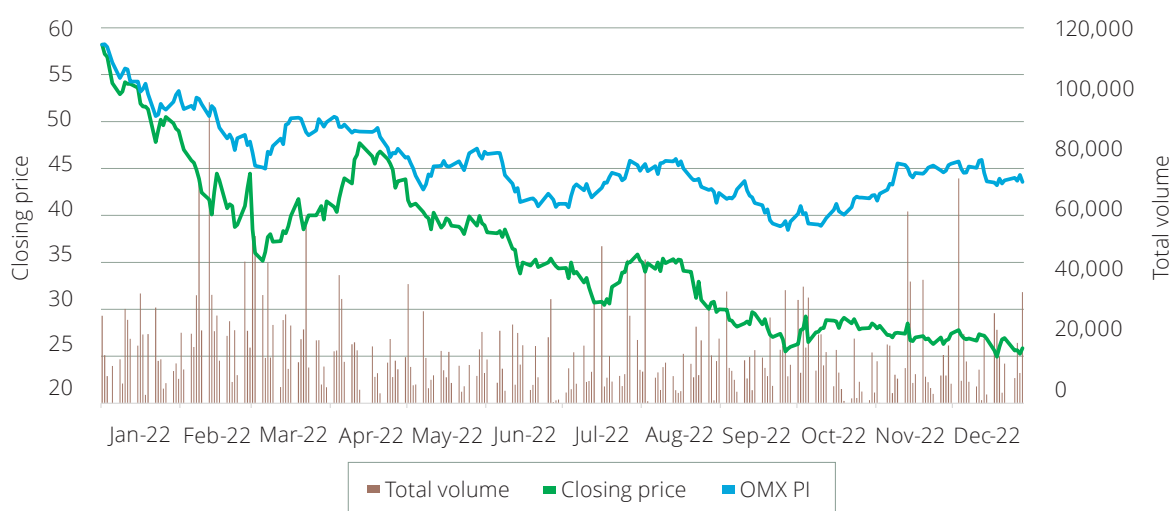
### **5. Attractive cash flow enables increased share dividends and gives a good direct return**

Zinzino's business has a very strong cash-generating capability. Effective management of working capital combined with investments that quickly generate revenue and marginal improvements generate a strong cash flow. As a result, a share dividend can be paid in accordance with the goal of at least 50% of the Group's total net profit.

## Largest shareholdings as of 31/12/2022

Owner	Number of A shares	Number of B shares	Total number of shares	Percent of votes	Percent of capital
Örjan and Hilde Saele via company and family	3,123,397	6,460,089	9,583,486	47.19%	28.30%
Peter Sörensen via company	1,809,995	2,290,005	4,100,000	25.53%	12.11%
Other owners	180,000	19,997,077	20,177,077	27.29%	59.59%
<b>Total</b>	<b>5,113,392</b>	<b>28,747,171</b>	<b>33,860,563</b>	<b>100.00%</b>	<b>100.00%</b>

## Price development Zinzino Class B shares (SEK) 01/01/2022 – 31/12/2022



In 2022, a total of 4,132,659 (7,894,725) shares were traded in 12,915 (43,986) trades. The year's first trade closed at SEK 60,00 and the year's last at SEK 25,85. The year's top price was reached on 03/01/2022 with a trade at SEK 60.00. The lowest price was SEK 24.00 which was reached on 28/09/2022.

### Ownership and Share performance

Zinzino AB has been listed on Nasdaq OMX First North since 11 December 2014. This meant a move from the Aktietorget exchange where Zinzino had been listed for trading since 2010. On 21 September 2020, Zinzino moved up to the Nasdaq First North Premier Growth Market. The transition was important for strategic reasons in the company's global expansion. In addition, the listing on the Premier segment facilitates institutional and international ownership of the company.

As of the balance sheet date, the share price was SEK 25.85 (57.00) which means a market value for Zinzino AB's listed B shares as of 31/12/2022 amounted to SEK 743 (1,630) million.

In 2022, a total of 4,132,659 (7,894,725) shares were traded in 12,915 (43,986) trades. At the end of the year, the company had 4,852 (5,105) shareholders, excluding some foreign custodial account customers.

### Share capital

As of 31/12/2022, the share capital was divided among 33,860,563 shares, of which 5,113,392 are A shares (one vote) and 28,747,171 are B shares (0.1 vote). The share's quota value is SEK 0.10. The company's B shares are traded on the Nasdaq First North Premier Growth Market, [www.nasdaqomxnordic.com](http://www.nasdaqomxnordic.com), with ISIN code SE0002480442.

# Options programme and dividend policy

## Options programme

The company, as of the reporting date, has five outstanding options programmes. Four of the 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 management team. Other warrants in the programme have been subscribed by the company's external distributors. The options premium has been set at an estimated market value through Black & Scholes calculations on all subscription dates. As of the reporting date, 366,100 warrants have already been exercised for share subscription within the framework of this options programme.

The second option programme comprises 1,000,000 warrants at an exercise price of SEK 45 per 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. The options premium has been set at an estimated market value through Black & Scholes calculations on all subscription dates. As of the reporting date, 36,033 warrants have already been exercised for share subscription within the framework of this option programme.

A third options programme covers 800,000 warrants at an exercise price of SEK 140 per B share that expires on 31/05/2026. As of the reporting date, no warrants have been subscribed for or exercised for share subscription within the framework of this option programme.

Two new options programmes were approved at the company's Annual General Meeting on 31/05/2022. The first 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 Group's management team and 165,000 by key employees. The second options programme covers 120,000 warrants at an exercise price of SEK 56 per B share which expires 31/05/2027. The programme is aimed exclusively at the Board of Directors of Zinzino AB and as of the reporting date 100,000 warrants have been subscribed to, of which 40,000 by the Board Chair and 20,000 by the other members of the Board, fully in accordance with the resolution of the General Meeting. The options premium has been set at an estimated market value through Black & Scholes calculations on all subscription dates.

If all the warrants issued as of 31/12/2022 are exercised for subscription of 3,217,867 shares, the share capital dilution will be approximately 9.6%.

## Dividend policy and proposed dividend

The Group's dividend policy states that Zinzino shall distribute at least 50% of the Group's net profit provided the equity/assets ratio and liquidity so permit. The favourable profitability in 2022 has created flexibility for dividends in 2023. The Board of Directors will therefore propose a dividend of SEK 1.75 (2.00) per share to the Annual General Meeting for 2023.

## Policy on information disclosure and share trading by insiders

Zinzino follows Swedish Financial Supervisory Authority's directive regarding correct presentation of information. The company publishes information about the company which could affect the share price and for a logbook for any financial report or press release where the information could be considered as affecting the share price and where the requirements for postponement of publication are met. The logbook is a list of people who are employed or have assignments for the company and who have access to inside information relating to the company in the present case. This can involve insiders, but also other persons who have received insider information.

People with management positions in Zinzino and people or legal entities which are closely associated with them have an obligation to inform Zinzino and the Swedish Financial Supervisory Authority of every transaction related to changes in their holdings of Zinzino shares when the total amount reaches the equivalent of EUR 5,000 during a calendar year, in conformity with the European Parliament's and Council's regulations on market abuse. Furthermore, a 30-day stock-trading ban exists for all persons in an insider position ahead of sensitive quarterly reporting.

# Management report

The Board of Directors and CEO of Zinzino AB (publ.), 556733-1045, hereby submit this annual report and consolidated financial statements for financial year 01/01/2022 to 31/12/2022.

The profit and financial position for the Group and the parent company for the year are reported in the management report and in subsequent income statements, a statement of comprehensive profit/loss, balance sheets, statements of changes in equity and cash flow statements, with accompanying notes and comments. The consolidated income statements and balance sheets will be presented for approval by the Annual General Meeting on 31 May 2023.

## Ownership and history

The company's business was started in the autumn of 2007. The company's principal business is to own and develop companies in direct marketing and related activities.

The Group includes the following wholly owned companies: Zinzino Operations AB, Zinzino OÜ (Estonia), Zinzino UAB (Lithuania), SIA Zinzino (Latvia), Zinzino Ehf (Iceland), Zinzino LLC (US), Zinzino SP. Z.o.o. (Poland), Zinzino BV (Netherlands), Zinzino Canada Corp, Zinzino S.RL (Romania), Zinzino Health Products India Private Ltd, Zinzino PTY (Australia), Zinzino U.K Ltd, Zinzino SA Pty (South Africa) and the Norwegian Bioactive Foods AS. Through the acquisition of VMA Life in 2020, Zinzino Singapore Ltd, Zinzino Thailand co. Ltd, Zinzino Malaysia SDN BHD, VMA Life Network (Malaysia) and Zinzino Hong Kong were added. On 5 April 2022, Zinzino acquired Enhazz IP AG, including the IP rights to its HANZZ+HEIDII and YU brands. In addition, Enhazz Global AG was acquired along with its distributor organisation and inventory.

During the period 2018-2022, the following subsidiaries were established in which no activities were carried out as of the balance sheet date: Zinzino Ukraine, Zinzino Russia, Zinzino Mexico S. DE R.L. DE C.V. and Zinzino Gida (Turkey).

Zinzino also owns 98.8% and has full control of the Norwegian production company Faun Pharma AS. This company was acquired in two stages in 2015 and 2016.

In 2009, Zinzino Nordic AB was acquired, partly through a directed non-cash share issue to the owners of Zinzino Nordic AB and partly through a subscription in the preferential rights issue that Zinzino Nordic AB carried out in December 2009. Through this, Zinzino AB obtained control over 97% of the votes and 92% of the capital of Zinzino Nordic AB. As of 31/12/2022, the ownership share in Zinzino Nordic was 93% of the capital and 98% of the votes. Zinzino Nordic AB was previously the Group's operating company, but the operations have gradually been transferred to

Zinzino Operations AB during 2021 and the beginning of 2022. As of 31/12/2022, Zinzino Nordic AB is essentially a dormant company in the Group.

Zinzino Nordic owns 100% of the companies Zinzino Sverige AB, Zinzino OY (Finland), Zinzino AS (Norway) and Zinzino ApS (Denmark), as well as the dormant Swedish subsidiaries PG Two AB and 2Think AB.

For a complete consolidated overview see page 4 of this report.

## Financial overview

### Revenues

Total revenues during the business year increased by 5% to SEK 1,443.1 (1,370.6) million. The profit after financial items was SEK 89.2 (114.9) million.

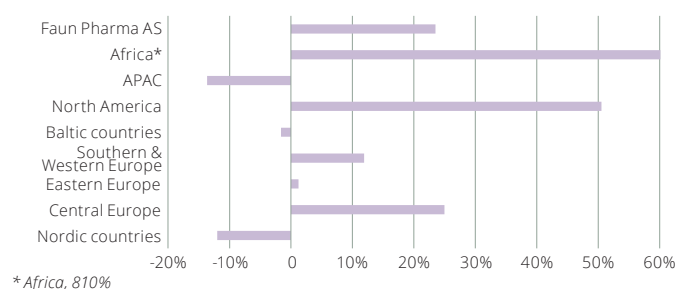
### Sales per product area 2022

The Zinzino Health product area increased by 4% in 2022 compared to the corresponding period last year and amounted to SEK 1,249.0 (1,197.8) million, accounting for 87% (87%) of total revenue. The Zinzino Coffee product area decreased by 18% to SEK 20.7 (25.2) million, corresponding to 1% (2%) of total revenue. External sales from Faun Pharma AS increased by 24% to SEK 75.7 (61.1) million, corresponding to 5% (5%) of total revenue. Other revenues amounted to SEK 97.7 (85.0) million, representing the remaining 7% (6%) of revenues for 2022.

Net sales amounted to SEK 1,356.0 (1,288.5) million and were broken down by Zinzino Health, Zinzino Coffee, the production unit Faun Pharma's sales to external customers and revenue from Event/other services. Other operating revenues mainly concerned freight revenue related to product sales and amounted to SEK 83.7 (80.6) million. Capitalised work amounted to SEK 3.4 (1.5) million.



## Sales growth broken down by region



### Nordic countries

In the Nordic countries, total revenues decreased by 12% to SEK 326.6 (369.8) million compared to last year. The decrease was mainly attributable to fewer customer subscriptions in Sweden, Norway, Denmark and to some extent Finland. The region has had challenges with new sales and a decline in the number of active distributors for a long period. In order to reverse the trend, Zinzino has carried out a large number of activities over the past year to stimulate the distributors in the important Nordic region. Among other things, two major international events were held during the year, one in Oslo and one in Stockholm, where the majority of the visiting distributors came from the Nordic region. These efforts have resulted in an increase in underlying distributor activity in the latter part of the year with strong growth in new distributors which will generate increased growth in the longer term. The effects of this should be seen in the first and second quarters of 2023.

Faun Pharma AS, the Group's subsidiary and manufacturing unit, increased external production in 2022 following increased sales linked to the company's FSSC 22000 certification. As a result, external sales increased by 24% during the year to SEK 77.3 (62.6) million compared to the same period last year.

Total revenues in the Nordic countries, Zinzino and Faun combined, amounted to SEK 403.9 (432.4) million, representing 28% (32%) of the Group's total revenues in 2022.

### Baltic countries

Revenues in the Baltic countries in 2022 decreased by 2% compared to the previous year and amounted to SEK 77.9 (79.2) million. This follows a varied performance among the region's countries during the year. There was a consistently strong performance in Lithuania with high distributor activity, an increasing customer base and a good inflow of new distributors. At the same time, sales in Latvia declined, largely due to the effects of the war between Russia and Ukraine, as distributors between the countries have been closely intertwined. However, the decline in new sales was offset by a high proportion of subscription sales from the large existing customer base. In Estonia, the trend was consistently worse during the year, although the situation improved to some extent in the second half of 2022. In total, the region accounted for 6% (6%) of total revenue in 2022.

### North America

The North American region is the region with the highest percentage growth in 2022. Revenue in the region increased by a full 51% during the year compared to last year and amounted to SEK 77.2 (51.3) million. Behind the positive performance are several factors such as high distributor activity and strong new customer growth, synergies with the APAC region that attracted new customer groups and favourable currency development. In total, the region accounted for 5% (4%) of total revenue in 2022.

### Eastern Europe

Revenues in Eastern Europe in 2022 increased by 1% compared to last year and amounted to SEK 341.2 (337.1) million. This follows consistently strong performance with good underlying growth in the Czech Republic, Slovakia and Poland while new sales and distributor activity declined slightly in Hungary during the year. A strong focus from the head office, together with the region's local sales manager, is supporting the Hungarian sales organisations in order to increase distributor activity and new sales in the important Hungarian market, which continues to be a major contributor to the region's total revenues. In total, the region accounted for 24% (24%) of total revenue in 2022.

### Central Europe

In the DACH region, revenues increased by 25% in 2022 compared to last year and amounted to SEK 290.8 (232.7) million. This followed consistently strong performance with high underlying growth in the region during the year, mainly driven by the interlinked distributor organisations based in Germany, by far the Group's best-selling market during the year. The distributors and customers in the region are characterised by a strong interest in health as evidenced by the high recurring subscription revenues from the large customer base. The acquisition of Enhazz earlier in 2022 has created synergy effects, further accelerating the growth rate in the region in the last quarter. In total, the region accounted for 20% (17%) of total revenue in 2022.

### Southern & Western Europe

The region's revenues increased by 12% in 2022 compared to last year and amounted to SEK 164.6 (147.1) million. This follows strong performance mainly in the Netherlands, characterised by skilled distributors with a strong customer focus, and Spain, where distributors increased activity and new sales in 2022 compared to the previous year. Several emerging countries in the region, such as Slovenia, France and Ireland, also showed good performance with an increased number of distributors and customers. At the same time, revenues decreased slightly in the UK and Italy following slightly lower distributor activity and reduced new sales compared to the previous year. The region together accounted for 11% (11%) of the Group's total revenue in 2022.

## APAC

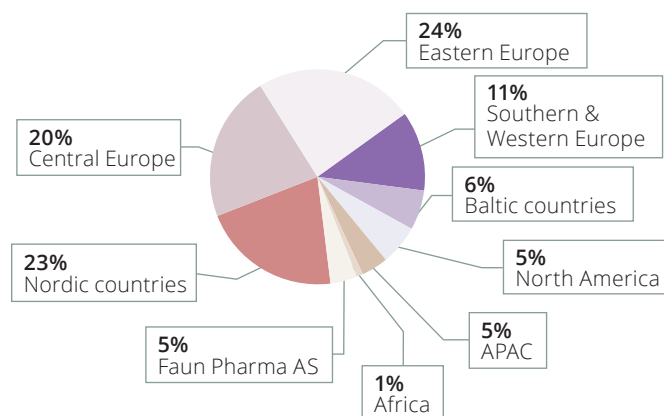
Total revenues in the APAC region decreased by 14% in 2022 compared to last year and amounted to 77.5 (89.7) million. Overall, there was a very volatile performance among the region's countries during the year, due in large part to severe and varying restrictions due to Covid-19. In addition, the region's distributors have generally pursued a differentiated strategy to build their customer base, which has resulted in a slightly more varied sales performance than other regions. In this situation with severe restrictions, distributors have worked closely with Zinzino employees with a focus on educating new distributors on the Zinzino business model and the benefits of the product themselves. Among the countries in the region, Taiwan and the Philippines have had the best sales performance during the year, with a strong inflow of mainly new distributors. At the same time, Hong Kong continued to be constrained by ongoing restrictions due to Covid-19, which slowed growth in the country. The closely linked Australian market was also affected, where lower distributor activity also slowed growth. Zinzino continues to support the building of local sales organisations through the regional offices in Hong Kong, Singapore and Kuala Lumpur. Together, the region accounted for 5% (6%) of the Group's total revenue in 2022.

## Africa

South Africa is Zinzino's first local establishment on the African continent. The focus in 2022 has been to build on the local distributor organisation and associated customer base. During the year, revenues amounted to SEK 10.0 (1.1) million, corresponding to 810% growth compared to the previous year. Sales for the African region continue to include revenues for other countries in the region which, as before, are handled through Zinzino's global webshop. Together, the region accounted for 1% (0%) of the Group's total revenue in 2022.

## Sales by region

The Nordic countries continued to account for most of the company's revenues, even though the share fell to 28% (32%) of total sales during the past year. The second largest region during the year was Eastern Europe, which accounted for 24% (24%) of total sales, followed by Central Europe with 20% (17%) and then Southern and Western Europe with 11% (11%). Of the remaining sales, the Baltic countries accounted for 6% (6%), APAC for 5% (6%), North America 5% (4%) and Africa 1% (0%).



## 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

### North America

Canada, USA

### APAC

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

### Africa

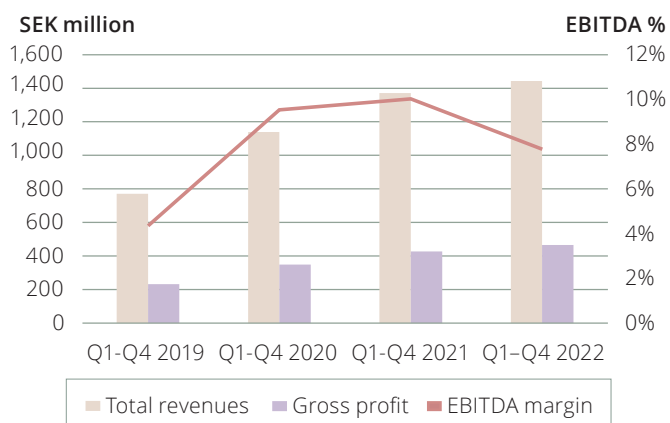
South Africa

## Costs and profit

Gross profit for 2022 amounted to SEK 465.5 (427.5) million and the gross profit margin to 32.3% (31.2%). The past year has been characterised by inflation and resource shortages, which have driven up the cost of raw materials, while freight prices have also soared. To offset the impact of the cost increases, Zinzino has implemented incremental price adjustments to distributors and customers during the year. In addition, some adjustments have been made to the remuneration model for the company's global distributors, also with a view to strengthening the gross margin. Overall, the measures implemented have significantly contributed to an even stronger gross profit during the year compared to the previous year.

The Group's operating profit before depreciation/amortisation amounted to SEK 112.1 (137.6) million and the EBITDA margin to 7.8% (10.0%). The decline in the EBITDA margin was mainly due to increased organisational costs compared to last year, incurred in line with the strategic expansion. This, combined with the effects of high inflation, has generally pushed up the external cost base during the year. In order to counter the cost increases, which had an impact at all levels, the company initiated an efficiency improvement process in the autumn, reviewing all internal and external costs.

Operating profit amounted to SEK 87.0 (116.0) million and the operating margin to 6.0% (8.5%). Profit before tax amounted to SEK 89.2 (114.9) million and net profit to SEK 68.5 (89.7) million.



## Inventories

The Group's total inventories on the balance sheet date amounted to SEK 184.8 (158.7) million, with the company having generally increased its inventory levels in recent years to secure 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 161.9 (235.7) million. Cash flow from operating activities totalled SEK 42.9 (153.5) million. The group's equity/assets ratio was 25% (25%). Equity in the Group at the end of the period amounted to SEK 160.4 (151.7) million, corresponding to SEK 4.75 (4.52) per share. The Board considers that cash and cash equivalents remain at a satisfactory level.

## Significant events during the year

### Impact of the conflict between Russia and Ukraine on the business

For 2022, Zinzino intended to establish itself in both Ukraine and Russia, but the tragic war led to Zinzino suspending its establishment work in Russia. At the same time, measures were taken to financially support the existing distributors in Ukraine. The war also affected revenues at Zinzino, where most of the revenues from the global webshop had previously come mainly from Russia. Overall, the war resulted in a loss of revenue of about SEK 2 million per month, which hampered sales growth during the past year.

### Several new official markets launched during the year

During the year, Zinzino continued to work on the establishment processes in a large number of markets around the world. In February, Belgium and Ireland were granted full market status with adapted marketing materials and country-specific websites. The next launch that took place was Singapore, which on 7 April officially started sales via the company acquired through VMA Life in 2020. At the same time during the past year, establishment processes were under way in the Philippines, Turkey, Mexico and Serbia. Establishing a presence in these markets also requires the development of payment solutions and local reporting systems that are compatible with and certified for each market. Their development has been a key part of the expansion process during the year. 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.

### Acquisition of Enhazz IP AG and Enhazz Global AG

On 5 April 2022, Zinzino acquired Enhazz IP AG, including the IP rights to its HANZZ+HEIDII and YU brands. In addition, Enhazz Global AG was acquired along with its distributor organisation and inventory. The business, which had a turnover of around EUR 3 million in 2021, is expected to generate strong growth through the synergies created by the joint networks. Gross margins in the business were good and profitability is therefore expected to grow very well by utilising Zinzino's existing technical platform and organisation.

Upon entry, Zinzino paid a fixed purchase price of EUR 1 million, divided between 75% cash and 25% newly issued Zinzino shares. In addition, contingent consideration will be added based on the sales performance generated by the acquired distributor organisation during the period 2022–2027. The total additional consideration is estimated at EUR 2.5 million, but could reach a maximum of EUR 6 million, to be settled 100% with newly issued Zinzino shares. The cash component of the purchase price is financed from own cash. The company was consolidated from the date of acquisition. Performance has been very good in terms of the synergies between the new distributor organisation and Zinzino's existing product line during the rest of 2022 and has been a strong contributor to the great performance in the DACH region.

### **Launch of the new CMS platform**

Zinzino is continuously working to update and improve the digital tools for the company's distributors. As part of this, a new platform for Zinzino's website was implemented in autumn 2022. The header, footer, menus and all pages were replaced and given a new, improved design. The update also enabled the information on each country's website to be easily adapted to local needs. At the same time, the internal update function was improved, which in turn enabled the material to be easily replaced or updated in an efficient way so that new content is launched at a faster pace. The improvement also resulted in fewer resources being required to update the website than the previous solution.

### **Business model and marketing strategy**

The core of Zinzino's business is marketing and sales. The company's network of independent distributors and sales organisations markets Zinzino's products and services to the consumer, while much of the company's own marketing is directed at developing and providing the sellers with the tools they need.

Marketing consists primarily of providing product information, promotional material, basic training material and an effective flow of information via the web, social media and e-mail. In 2022, major efforts as described on pages 25-26 of the annual report have been undertaken with a strong focus on the digital environment to develop the tools for Zinzino's sales organisation. The process continues into 2023.

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 contacts 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 Asia. The establishment model follows the same concept for the various markets with customisation of websites and marketing materials in the local languages. Through the launch of the global webshop, Zinzino also covers a total of 100 different countries around the world. This approach reduces the pressure on the organisation to open full-scale markets requiring large internal resources, which can now be fully allocated to the ongoing establishment projects.

The company's management also maintains a close dialogue with the so-called Leadership Council, which consists of representatives from the sales network. In 2022, the weekly digital meetings implemented during the pandemic outbreak continued as a frequent and popular form of dialogue between the parties.

An important part of Zinzino's strategy is also the internal product development. The health sector product development expertise acquired by the company through the acquisition of Bioactive Foods AS and Faun Pharma AS allows the company to focus on internal product development to a much greater extent than before. This means that the company is less dependent on its suppliers to design attractive products for the company's salesforce. Through effective product development, Zinzino launched the products BalanceOil Tutti Frutti and the blood sugar test HBA1C during the year.

### **Organisation and efficiency**

During the second half of 2022, an efficiency improvement process was carried out, which also affected the organisation in terms of optimising the workforce. Several departments and global offices were affected, with the head office in Gothenburg, which has the largest number of employees, being affected the most and downsizing was undertaken in all departments. The workforce around the world was reviewed and reduced. In the APAC region, the office in Adelaide, Australia was completely closed down and the local customer support in Thailand was moved to Malaysia. With this move, other local functions were also eliminated.

The number of employees in the Group at the end of the year totalled 207 (224) people, of which 121 (138) were women. In addition, 17 (19) people were active within the Group via consulting agreements, of which 5 (5) were women. The reduction in staff is related to the efficiency improvement and cost-savings programme carried out by the company.

### **Sustainability Report**

The Group has a developed sustainability strategy and vision and has prepared a sustainability report in accordance with the Annual Accounts Act. See our stand-alone sustainability report including the auditor's opinion on the statutory sustainability report on pages 35-50.

### **Zinzino's outlook and financial goals for 2023**

The Zinzino Board of Directors forecasts that the expected revenues for the full year 2023 will amount to between SEK 1,500 and 1,600 (1,440) million combined with an expected EBITDA margin of at least 7%. At the same time, the Board notes that 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.

### **Risks and external factors affecting growth at Zinzino**

The board of directors continuously discusses external risks for Zinzino's expansion. The greatest risks continue to be found within its own organisation's capacity to manage costs during a period of strong growth, to balance resources internally and find high levels of expertise among the distributors during rapid expansion and then effectively manage to transfer knowledge to them. The Board of Directors has also identified the following risks:

#### **Risks related to purchases**

The planning of purchases is a challenge with a high and volatile rate of expansion combined with a limited supply of raw materials. The management is therefore working actively with purchase forecasts and inventory optimisation in order to meet the challenge in an efficient way and to avoid unnecessary capital commitments to inventory or risk insufficient inventory levels.

#### **Risks related to fluctuations in raw materials prices**

Zinzino's product selection is based to a large extent on raw materials such as fish oil, olive oil and coffee. Sharply increasing raw material prices can entail increased costs for Zinzino. Although Zinzino continuously monitors and works to reduce its exposure, a change of the price of one or more essential raw materials could materially affect Zinzino's business, profit and financial position. The diversification of Zinzino's product range which has taken place in recent years has spread Zinzino's risk in relation to price changes on many raw materials.

#### **Risks related to suppliers**

A large part of Zinzino's purchases are made from a small number of suppliers. Zinzino is dependent on these suppliers and on these suppliers being able to produce goods at the pace which Zinzino's turnover requires.

If the collaboration with any of the suppliers, or the rights resulting from such a collaboration, were to cease without Zinzino being able to replace the products with others without increased costs, this could affect Zinzino's turnover and product range for some period of time. Zinzino is also dependent on the quality of the products it purchases being good. If the suppliers are deficient in their undertakings with respect to Zinzino, this can lead to serious negative consequences for Zinzino. In order to continue being a competitive company, Zinzino is also largely dependent on its suppliers' willingness to collaborate in product development or, where possible, to find new alternative collaborators for product development. Inflexibility and unwillingness or difficulty in finding alternative collaborators can impede product development which could affect Zinzino negatively.

Through the acquisitions of Bioactive Foods AS and Faun Pharma, Zinzino has acquired full control of the production chain from the raw material to the finished product, including the further development of products. By doing so, Zinzino has eliminated much of this risk.

#### **Risks related to compliance and establishment in foreign markets**

Establishment in new countries and regions can entail risks that are difficult to predict. Oversight and control to comply with local legislation relating to local taxes, product registrations and consumer legislation in various countries are becoming an ever greater challenge for governance by the headquarters in Gothenburg. In order to prevent these risks, the company works continuously to keep track of changes in the local legislation in the various countries and to maintain collaboration with local lawyers and consultants so as to always strive for 100% compliance in all markets where Zinzino is currently established.

The possibility of finding the right partners for the business can also affect the company's foreign establishment. With Zinzino's operations already established in a number of foreign markets, Zinzino has created well-established procedures and strategies for successful foreign establishments. Establishment on a new market takes place through low-cost investment for the purpose of minimising risk.

#### **Risks related to IT**

When changing the business system a few years ago, this showed how exposed the company is to disruptions in IT operations and how important control of the many IT-intensive processes are. Prioritising IT resources in conjunction with high growth is a challenge for Zinzino but the company is working to optimise and allocate its resources in the best way. Through the expanded IT department, the development processes have been made more efficient, something which is of the utmost importance in connection with the expansion of the business.

### **Risks related to currencies and interest rates**

Zinzino has its revenues in a variety of different currencies, of which NOK, EUR and USD are the largest. At the same time, Zinzino has the largest part of its costs in SEK, NOK, EUR and USD as relates to operating and purchases of goods. Zinzino is thus exposed to currency risks when the different currencies fluctuate. Zinzino does not forward purchase or hedge its currency flows, but instead works actively with currency flow forecasts and currency exchange on favourable occasions. In addition, the amounts of the different currencies on the revenue and expense sides mean that the currency movements often cancel each other out and the currency risk thereby becoming lower.

### **Risks relating to competitors**

Zinzino has identified two types of competitors as those which may primarily have a negative effect on Zinzino's business: one is other direct sales companies which create a risk that Zinzino's partners and/or employees may choose to join them instead of Zinzino and the other is other companies which compete with products that are the same as or similar to Zinzino's products. In addition, the competitors' innovation and product development constitute a risk for Zinzino's business.

The Board of Directors of Zinzino, however, believes that the Zinzino Health product line with BalanceOil, in combination with the blood test as the foremost product together with the Rombouts & Malongo product programmes is sufficient for Zinzino to be able to continue to be a competitive and attractive company. In addition to this, Zinzino currently has very efficient in-house product development which continuously produces attractive new products in health for Zinzino's partners and customers. Beyond this, the company is working with attractive compensation plans and is offering part ownership or other types of incentive programmes in order to ensure that Zinzino's distributors and employees do not choose to join other direct sales companies instead of Zinzino.

### **Risks related to unexpected events in the outside world**

The global outbreak of the Covid-19 virus and its impact on the outside world shows that Zinzino needs to have good adaptability to quickly manage external factors that negatively impact the business. A further example of this is Russia's invasion of Ukraine in the spring of 2022. The Board of Directors believes that Zinzino has handled the crises well with a quick adjustment to the circumstances that have arisen.

### **Parent Company Zinzino AB (publ.)**

The parent company Zinzino AB (publ.) carries out the establishment of new markets, strategic development and supports the research and product development of Bioactive Foods AS. During the year, the activities related to the warehouse in Poland were transferred to the subsidiary Zinzino Operations AB. The parent company's revenue for 2022 amounted to SEK 29.0 (140.5) million, of which SEK 26.5 (111.5) million was intra-group revenue. The profit after financial items was SEK 75.2 (71.1) million. Dividends from subsidiaries increased net financial income/expense to SEK 71.3 (60.7) million, which in turn meant that profit after tax amounted to SEK 75.1 (68.9) million. The parent company's cash and cash equivalents at the end of the year amounted to SEK 1.6 (4.5) million.

# Corporate governance report

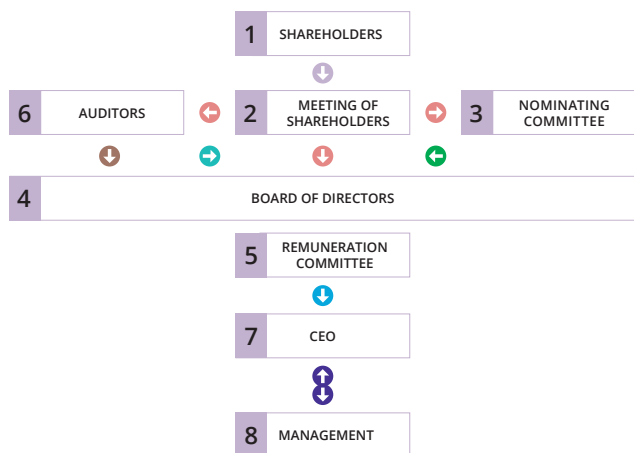
Corporate Governance refers to how rights and obligations are allocated between the company's bodies in accordance with applicable law, rules and processes. Corporate governance deals with the systems for decision making and the structure through which the shareholders directly or indirectly govern the company.

Zinzino AB is a Swedish public limited company based in Gothenburg. Shares have been listed on Nasdaq OMX First North since 11 December 2014. On 16 September 2020, Nasdaq approved the company's application to move the trading of its shares up to the Premier segment of First North.

In a limited company like Zinzino, governance, management and control are distributed among the shareholders, the Board of Directors, the CEO and the company management in accordance with applicable laws, rules and instructions.

Zinzino AB provides here its corporate governance report relating to 2022.

## Corporate governance model



- Votes
- Election
- Information Favourable
- Information
- Proposals to the board of directors, auditor and nominating committee
- Remuneration structure

**External control instruments**  
 Important external control instruments that provide the framework for the company's corporate governance are:

- Swedish Companies Act
- Swedish Annual Accounts Act
- Nasdaq Stockholm regulations
- Swedish Code of Corporate Governance

**Internal control instruments**  
 Important internal control documents are:

- Articles of Association
- Rules of procedure for the Board of Directors
- Instructions for the CEO, Audit Committee, Remuneration Committee and financial reporting
- Policies

## Basis for governance

The basis for the governance is the Articles of Association, the Companies Act, Nasdaq OMX First North Premier's Rules for Issuers, the Swedish Code of Corporate Governance, and other applicable laws and regulations. Since the listing, the company has not had any violations either against Nasdaq OMX First North's issuers regulations or against good practice in the stock market.

## Shares and shareholders

Zinzino AB was listed on Nasdaq OMX First North on 11 December 2014 and moved to the Premium segment of the list on 21 September 2020. Zinzino was originally listed for trading on the Aktietorget stock market (now Spotlight) in 2010. The total number of shares is 33,860,563 of which 5,113,392 are Class A shares (1 vote) and 28,747,171 Class B shares. At the end of the year the company had 4,852 (5,105) owners, excluding some foreign custodial account customers. The largest owners were Örjan Saele with company and family with 47.19% of the votes and 28.30% of the capital and Peter Sörensen with company and family with 25.25% of the votes and 11.47% of the capital. Information for the shareholders is available on zinzino.com.

## Articles of Association

The company's articles of association describe, among other things, the company's operations, the number of board members and auditors, how the annual general meeting is convened, handling of matters during the annual general meeting and where the general meeting is to be held. The articles of association contain no limitations relating to how many votes each shareholder may cast at an annual meeting of shareholders. The currently applicable Articles of Association, which were adopted at the Annual General Meeting on 20 May 2021, are available on zinzino.com.

## Annual General Meeting

It is at the Annual General Meeting, and at any extraordinary meetings of shareholders, where all shareholders can exercise their right to vote and decide on issues which affect the company and its business. The annual meeting of shareholders, which is held within six months after the end of the financial year, makes decisions on confirming of the profit/loss statement and balance sheet, allocation of the year's profit or loss and decisions on dividends, discharge from liability for the board of directors and the CEO. Moreover, the board of directors is elected and the board members' fee is established. The meeting also decides how the nominating committee shall be appointed. In addition, auditors are chosen and the annual meeting of shareholders decides upon their remuneration. Other legally required matters are also dealt with as well as decisions being made on guidelines for remuneration to senior executives. In addition to these things, decisions will be made on other proposals from the board of directors and the shareholders. Notice of the meeting of shareholders shall be made through advertising in the Post- och Inrikes Tidningar [government newspaper and gazette of Sweden] and by keeping the notice available on [www.zinzino.com](http://www.zinzino.com). That notice has been made shall at the same time be announced in Dagens Industri. All of the shareholders who are registered in the share register as of the record date and who have registered their participation on time in conformity with the provisions of the Articles of Association have the right to participate in the meeting and to vote for their shareholdings. Shareholders may be represented by one or more proxies.

## Annual General Meeting 2022

The 2022 Annual General Meeting was held on 31 May in the company's offices at Hulda Mellgrens Gata 5 in Västra Frölunda. The shareholders present at the Annual General Meeting represented 51% of the votes and 39% of the capital. Hans Jacobsson was appointed chair of the meeting. Some of the decisions that the meeting made are the following:

- To approve the income statements and balance sheets of the parent company and the Group.
- To distribute SEK 2.00 per share for the financial year 2021.
- That a total of SEK 980,000 be paid to the Board of Directors, of which SEK 280,000 to the Board Chair, SEK 160,000 to each of the other Board members, SEK 25,000 to the Chair of the Audit Committee and SEK 15,000 to members of the Audit Committee and SEK 10,000 to the Chair of the Remuneration Committee and SEK 10,000 to members of the Remuneration Committee.

- The meeting resolved to re-elect Hans Jacobsson as Board Chair. The meeting resolved to re-elect Board members Staffan Hillberg, Pierre Mårtensson, Ingela Nordenhav and Anna Frick.
- To elect Öhrlings PricewaterhouseCoopers AB as audit firm and Fredrik Göransson as principal auditor.
- To establish, in accordance with the Nominating Committee's proposal, a nominating committee for the 2023 Annual General Meeting.
- To issue 900,000 warrants in accordance with the Board's proposed resolution, whereby the exercise price was set at SEK 56 per warrant.
- To issue 94,316 new Zinzino Class B shares with payment by offsetting of claims to Mr Kenneth Koh
- To issue 63,969 new Zinzino Class B shares with payment by offsetting of claims to Enhanz AG
- To authorise the Board of Directors to decide on preferential issues.
- To authorise the Board of Directors to decide on directed issues of a maximum total of 3,000,000 Class B shares.
- To approve the remuneration report for 2021 presented by the Board of Directors.
- To issue 120,000 warrants to the Board members according to the proposal of the owners Finn Örjan Saele and Saele Invest AS to the Board members whereby the exercise price was set at SEK 56 per warrant.

## Annual General Meeting 2023

Zinzino AB (publ)'s Annual General Meeting will be held on 31 May 2023 at the company's offices at Hulda Mellgrens gata 5 in Västra Frölunda. For further information on the 2023 annual general meeting, please refer to the company's homepage [www.zinzino.com](http://www.zinzino.com).

## Nominating committee

The Nominating Committee of Zinzino has the task of presenting proposals on the number of members of the Board of Directors, election of members of the Board of Directors including the Board Chair, remuneration to the members of the Board of Directors, making proposals for the process of appointing a new nominating committee and in general following the provisions of the Swedish Code of Corporate Governance.



## The Nominating Committee Process

By 31 October, the board chair shall convene the largest shareholders of the company. If any of these waive their right to appoint a member to the nominating committee, the next shareholder/owner group shall be provided the opportunity in order of proportion to appoint a member to the nominating committee.

The composition of the nominating committee shall be published no later than six months before the annual general meeting.

The Board Chair convenes the first meeting of the Nominating Committee. However, the chairman of the board of directors shall not be appointed chairman of the nominating committee.

If it becomes known that any of the shareholders who appointed a member of the nominating committee as a result of changes in the shareholder's ownership or as a result of changes in other shareholders' holdings no longer belongs to the largest shareholders, the member appointed by the shareholder, if the nominating committee so decides, will resign and be replaced by a new member appointed by the shareholder who at the time is the largest registered shareholder who has not already appointed a member of the nominating committee. If the registered ownership conditions are otherwise substantially changed prior to the completion of the nominating committee's assignment, if the nominating committee so decides, a change in the composition of the nominating committee must be made in accordance with the principles stated above.

The nominating committee's term of office extends until a new nominating committee is appointed.

The chairman of the board of directors annually presents an evaluation of the board of director's work during the year to the nominating committee, which forms the basis for the nominating committee's work together with the requirements in the Swedish Code of Corporate Governance and the company-specific requirements at Zinzino.

The nominating committee's tasks include:

- Evaluating the composition and work of the board of directors.
- Making nominations to the annual meeting regarding election of members of the board of directors and of the chairman of the board of directors.
- Nominating the external auditors.
- Putting forward proposals relating to remuneration for the board of directors and auditor.

In accordance with the above principles, the Nominating Committee consists of the following three members until the next Annual General Meeting on 31 May 2023:

## Work of the Nominating Committee

The chair of the Nominating Committee is Magnus Götenfelt, and the convenor of the Nominating Committee is Hans Jacobsson.

The nominating committee has had two meetings as well as a number of email and phone contacts. The Nominating Committee's complete proposals and reasons for the 2023 Annual General Meeting will be presented on [www.zinzino.com](http://www.zinzino.com) well in advance of the Annual General Meeting. Shareholders who want to present proposals to the Nominating Committee can do so via e-mail to [aktier@zinzino.com](mailto:aktier@zinzino.com) or by post to the company's headquarters. In order for the Nominating Committee to be able to take account of incoming views in its proposals to the Annual General Meeting, the proposals to the Nominating Committee must have been submitted at latest one month before the Annual General Meeting.

A fee of SEK 12,000 each has been paid to Magnus Götenfelt and Cecilia Halldner for their work prior to the 2023 Annual General Meeting.

Members	Appointed by	Independent *	Vote share 31/12/2022
Magnus Götenfelt (chair)	Saele Invest & Consulting AS	Yes/yes	47.19%
Cecilia Halldner	Cashflow Holding ApS	Yes/yes	25.25%
Hans Jacobsson	Zinzino AB Board of Directors	Yes/yes	0.35%

\* Independent in relation to the company and its management/to the company's largest shareholder in terms of votes.

## **The Board of Directors**

The Board of Directors is responsible for Zinzino AB's organisation and management. The board of directors must provide effective support for and control of the management's work. The board of directors has adopted rules of procedure which contain rules and guidelines for its work. The rules of procedure govern, among other things, the number of regular meetings of the board of directors, which matters must be dealt with at ordinary meetings of the board of directors, and the duties incumbent upon the chair of the board of directors. The current rules of procedure and the CEO's instructions were adopted at the constitutive board meeting on 20 May 2021 and were left unchanged at this year's constitutive board meeting on 31 May 2022. The board of directors must, in accordance with the articles of association, consist of at least three and at most ten members and at most ten deputies. At the Annual General Meeting on 31 May 2022, it was established that the Board of Directors is to have five members elected at the meeting, without deputies. At the Annual General Meeting on 31 May 2022, until the time for the annual meeting which will take place on 31 May 2023, the members of the Board of Directors, Hans Jacobsson, Staffan Hillberg, Pierre Mårtensson, Ingela Nordenhav and Anna Frick were re-elected. Hans Jacobsson was re-elected as the new chairman.

More information on the Board of Directors is presented on page 71. The group's chief executive officer, Dag Bergheim Pettersen, participates in all meetings of the Board of Directors to present reports. The same applies to the group's CFO, Fredrik Nielsen, and the group's Chief Controller, Henrik Hammargren. Other employees of the Group participate at times in the meetings of the Board of Directors to present reports on specific questions.

## **The independence of the board of directors in relation to the company and the company's management**

At Zinzino, the number of board of directors members elected at the annual meeting who are independent of the company is 100% of the members. The number of board of directors members elected at the annual meeting of shareholders who are independent of the company's largest owner is also 100%. Two members of the Board of Directors are women, but in accordance with the Code, the Nominating Committee intends to strive for a more even gender distribution on the Board.

## **The Board of Directors' work and responsibility**

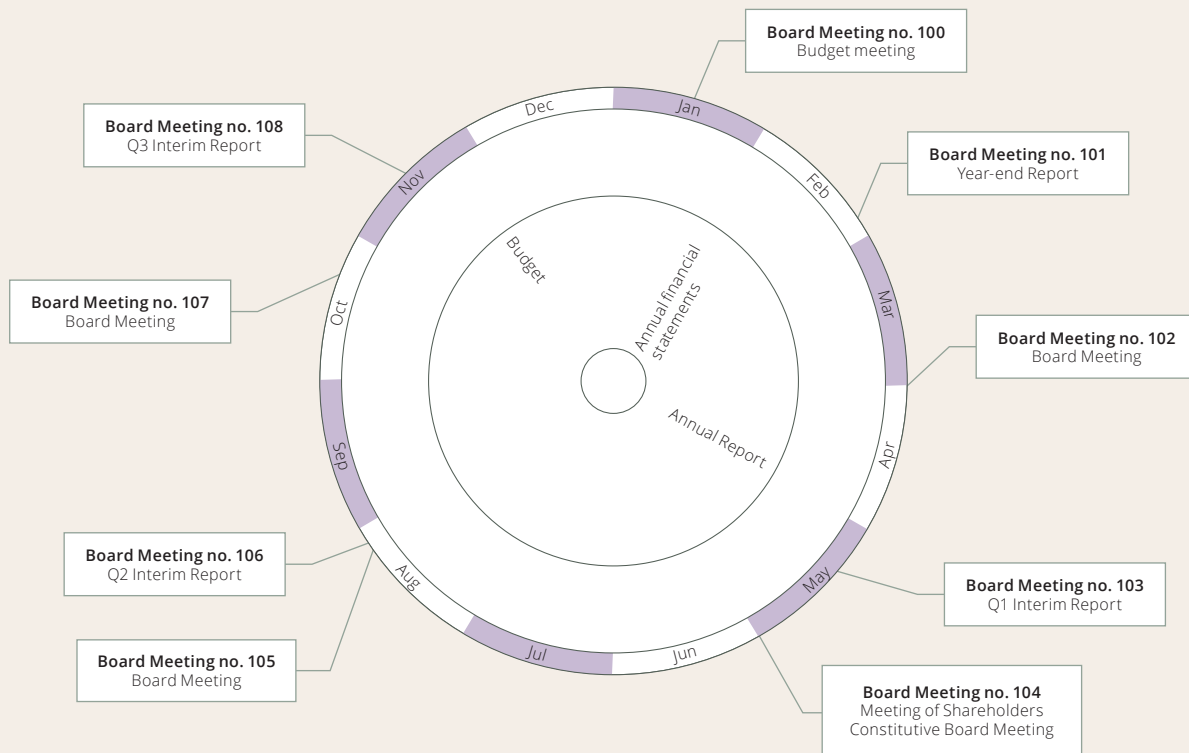
The board of directors determines the company's goals, strategies, budget and business plan. The Board of Directors is responsible for the company's organisation and management and shall ensure the quality of financial reporting and internal control. In addition, the board of directors shall consider and approve financial reports and establish important policies and regulatory systems. The board of directors shall also take major decisions outside the current administration such as investments and changes. The Board of Directors shall monitor the business based on goals and guidelines. The work is governed by the Swedish Companies Act, the Articles of Association, the Code and the board of directors' rules of procedure.

The board of directors shall hold a constitutive meeting annually after the annual general meeting. At the constitutive board meeting, among other things, the company's signatories must be established and the Board of Directors' rules of procedure reviewed and adopted. The board meetings normally deal with the company's financial situation and issues of major importance to the company. The CEO reports on business plans and strategic issues on a continuous basis. According to the board of directors' rules of procedure, the board has a quorum when at least three members are present.

## **Diversity policy**

Zinzino, through the Nominating Committee, applies rule 4.1 of the Swedish Corporate Governance Code as its diversity policy when preparing proposals on the election of members of the Board of Directors. The rule means that the Board shall have a composition that is appropriate to the company's business, stage of development and other circumstances, with diversity and breadth in terms of the skills, experience and background of the members elected at the Annual General Meeting. Efforts shall be made to achieve gender balance. The aim of the diversity policy is to ensure that the Board is sufficiently diverse in terms of gender, age, nationality, as well as experience and professional background.

## Financial year 2022



### Board of Directors Meetings

In 2022, the board of directors held 9 minuted meetings. The attendance frequency of the board members is shown in the table below. Each meeting followed an agenda and decision material was sent to the board of directors prior to each board meeting. The CEO, CFO and certain other senior executives of the company attended board meetings to present matters.

The Board carries out an annual evaluation of its work with a view to developing the Board's working methods and effectiveness. Evaluation of the Board's work was carried out in February-March 2023. As in previous years, the evaluation of the work in 2022 was also based on a survey. In addition, the Nominating Committee has conducted individual interviews with the members. The results and an analysis of them have been presented to the Board, followed by a discussion and identification of focus areas for continued work. It may further be noted that the Nominating Committee has reviewed the report in its entirety as well as the conclusions of the Board. The board of directors' evaluation of the CEO Dag Bergheim Pettersen was also carried out in March 2023.

### Members' attendance at the Board of Directors' meetings

Hans Jacobsson	Chair	9 out of 9
Staffan Hillberg	Member	9 out of 9
Pierre Mårtensson	Member	7 out of 9
Ingela Nordenhav	Member	8 out of 9
Anna Frick	Member	9 out of 9

## Remuneration to Board members

Remuneration and other benefits to the Board and the Board Chair are decided by the company's shareholders at the General Meeting. At the Annual General Meeting on 31 May 2022, it was resolved to pay SEK 280,000 to Hans Jacobsson who was elected Board Chair and SEK 160,000 to other Board members Staffan Hillberg, Pierre Mårtensson, Ingela Nordenhav and Anna Frick. In addition, committee fees of SEK 25,000 were paid to the Chair of the Audit Committee, Hans Jacobsson, and SEK 15,000 to a member of the Audit Committee, Ingela Nordenhav, as well as SEK 10,000 to the Chair of the Remuneration Committee, Staffan Hillberg, and SEK 10,000 to a member of the Remuneration Committee, Pierre Mårtensson. During the 2022 financial year, total remuneration to the Board of Directors amounted to SEK 985,000 and was distributed in accordance with the table on page 102.

## Information for the board of directors

The board of directors' work follows the rules of procedure and the board of directors receives information from the management in the form of business activity reports in accordance with the CEO's instruction. The company's auditors report their observations from their review of the financial statements and their assessment of the company's internal procedures and controls to the Board of Directors.

## The Board Committee

### Remuneration Committee

In accordance with the Code, the members of the Remuneration Committee must be independent in relation to the company and its management. The remuneration committee of the board of directors shall continuously evaluate the remuneration to the management based on prevailing market conditions. The current Remuneration Committee consists of the Board members, Staffan Hillberg and Pierre Mårtensson both of whom are considered independent in relation to the company and its management. The members of the remuneration committee are appointed annually by the board of directors. The remuneration committee's main tasks are to (a) prepare and propose decisions regarding remuneration and other terms of employment for the company's senior executives, (b) monitor and evaluate remuneration structures, remuneration levels and programmes for various remuneration programmes for senior executives and (c) monitor and evaluate the outcome of variable remuneration and the company's compliance with the remuneration guidelines adopted by the meeting of shareholders. After the 2022 Annual General Meeting, the Remuneration Committee has had two meetings up to the reporting date.

## Meetings of the Remuneration Committee

Staffan Hillberg	2 out of 2
Pierre Mårtensson	2 out of 2

## The audit committee

Zinzino's Audit Committee consists of the Board Chair Hans Jacobsson (chair) and Ingela Nordenhav. Both members of the Audit Committee are independent in relation to the company, its management and its major shareholders. The work of the audit committee is governed by specific instructions adopted by the board of directors as part of its rules of procedure. The audit committee is responsible for ensuring the quality of financial reporting and the effectiveness of internal control and risk management in relation to financial reporting. In brief, without prejudice to the other responsibilities and duties of the board of directors, the audit committee shall meet with the company's auditors on an ongoing basis to obtain information on the focus and scope of the audit. The company's auditor shall be invited to attend the meetings of the audit committee. The Audit Committee shall meet at least twice per financial year. At least once a year, a meeting shall be held when no member of the management is present. Minutes shall be kept of meetings of the audit committee. The audit committee shall inform the board of directors of what has been discussed in the committee. The Committee has held three meetings up to the reporting date, two of which were attended by representatives of the company management.

## Meetings of the Audit Committee

Hans Jacobsson	3 out of 3
Ingela Nordenhav	3 out of 3

## Auditing

Zinzino's elected auditors are Öhrlings Pricewaterhouse-Coopers AB (PwC) with Fredrik Göransson as the principal auditor. Fredrik Göransson is an authorised public accountant and has been Zinzino's auditor since the annual meeting of shareholders in 2018. Fredrik has auditor appointments at Bufab AB (publ) and PowerCell Sweden AB (publ), among others.

The audit of the year's financial statements is carried out in January–February. The audit of the year's annual report is carried out in March and April. As part of the audit, an evaluation of internal procedures and control systems is carried out on an ongoing basis during the year. The conclusions of the audit are reported to the group's CEO, CFO and board. In addition to the audit assignment, Zinzino has used PwC AB for advice on accounting and tax matters.

## CEO and company management

The board of directors appoints the CEO. The CEO leads the company, manages the ongoing administration and is responsible for ensuring that the board of directors receives the information required for its commitments. The CEO is not a member of the board of directors. The CEO presents reports to the board of directors and participates in meetings, except when the CEO himself is being evaluated, when the board of directors meets the auditor without the company management or if the board of directors so decides. The division of responsibilities between the Board of Directors and the CEO is described in a written CEO instruction that is subject to annual revision. The CEO appoints members of the management team. The management team is to conduct business operations and monitor developments. At the beginning of 2022, the management team consisted of Dag Bergheim Pettersen (CEO), Fredrik Nielsen (CFO), Henrik Hammargren (HBC), Jakob Spijker (COO), Daniel Vennerstrand (CTO), Gabriele Helmer (CMO) Dr Colin Robertsson (CPM), Lars Dahlberg (SDN), Linda Johnsson (CHR) och Katriin Laanep (Head of Support).

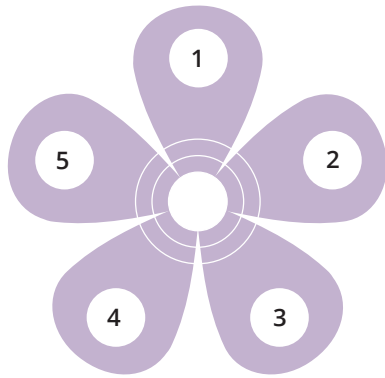
## Remuneration

The remuneration of the board of directors is decided by the annual meeting of shareholders. A remuneration committee appointed from within the board of directors shall prepare guidelines relating to salaries and other employment conditions for the chief executive officer and other senior executives and submit proposals to the board of directors for decisions on such questions. The board of directors decides on the salary and other remuneration of the CEO and variable remuneration of other senior executives. The CEO will make decisions on salaries and other remuneration to other senior executives in accordance with the guidelines of the Remuneration Committee and Board of Directors. Other senior executives refer to seven persons who together with the CEO constitute the Group management. The current guidelines for remuneration of senior executives can be found in Note 8 on pages 101-105 of the 2022 annual report. The company's remuneration report for the 2022 financial year is published on [zinzino.com](http://zinzino.com) as a basis for the resolution of the Annual General Meeting on 31 May 2023.

Compensation and other benefits 2022	Base salary/ Board fees	Variable remunera- tion	Other remunera- tion	Other benefits	Pension costs	Total
Board Chair – Hans Jacobsson	315	-	-	-	-	315
Board Member – Staffan Hillberg	170	-	-	-	-	170
Board Member – Pierre Mårtensson	165	-	-	-	-	165
Board Member – Ingela Nordenhav	175	-	-	-	-	175
Board Member – Anna Frick	160	-	-	-	-	160
CEO – Dag Bergheim Pettersen	2,835	1,380	82	136	309	4,742
Other senior executives (9 persons)	10,130	746	506	670	1,946	14,017
<b>Total</b>	<b>13,950</b>	<b>2,126</b>	<b>588</b>	<b>826</b>	<b>2,255</b>	<b>19,745</b>

## Internal Control, Risk Management and Investor Relations

According to the Companies Act and the Code, the Board of Directors is required to ensure that Zinzino has satisfactory internal controls to keep informed of Zinzino's internal control system and to assess how well the system works. Zinzino's work with internal control can be divided into the control environment, risk assessment, control activities, information as well as communication and follow-up. The board of directors will use the rules of procedure and instructions for its own and the chief executive officer's work for the purpose of effectively managing the risks of the business. The responsibility for maintaining an effective control environment and internal control relating to financial reporting is delegated to the chief executive officer. For external communication there are guidelines which ensure that correct information is distributed to the market. In conjunction with the issuance of reports, the board of directors always meets at an ordinary meeting or by telephone and before publication formally approves the proposed report which the management has produced.



- |                        |                                  |
|------------------------|----------------------------------|
| 1. Control environment | 2. Risk assessment               |
| 3. Control activities  | 4. Information and communication |
| 5. Follow-up           |                                  |

### Control environment

The control environment is the basis for internal control. Zinzino's control environment includes sound values, integrity, competencies, leadership philosophy, organisational structure, responsibilities and authorities. Zinzino's internal work rules, instructions, policies, guidelines and manuals guide employees. Zinzino ensures clear roles and responsibilities for the efficient management of business risks through, among other things, the rules of procedure of the Board of Directors, the instructions of the Audit Committee and the instructions for the CEO. The CEO reports regularly to the board, including between board meetings. In day-to-day operations, the CEO is responsible for the system of internal controls necessary to create a control environment to manage material risks. Zinzino also has guidelines and policies regarding financial management and monitoring and communication issues. Frameworks exist for credit and currency management.

### Control activities

Control activities have the primary objective of preventing, detecting and correcting errors in financial reporting based on an established system. Zinzino performs monthly detailed monitoring of various activities at the account level in order to analyse discrepancies and detect material errors in the financial statements. Zinzino also performs monthly analysis of the consolidated balance sheet assets and liabilities. Zinzino has an audit committee which contributes to enhanced control of the Group's financial reporting and the company's internal procedures.

### Risk assessment

The board of directors has the ultimate responsibility for the risk assessment and annually assesses risks and seeks to achieve a high level of awareness of risks among employees. Identified risk areas are primarily financial reporting, operational risks and legal risks. For information on the main operational and legal risks identified by the company, see the management report pages 56-62.

Zinzino conducts ongoing risk assessments to identify potential sources of error in financial reporting. Risks of material misstatement of the financial statements may arise from the recognition and measurement of assets, liabilities, income and expenses or from deviations from disclosure requirements. Zinzino's risk assessment of financial reporting aims to identify and evaluate the most significant risks.

### Information and communication

Zinzino has been listed since 2010 (at the time on the Aktietorget stock market) and has long experience in financial external communication. Zinzino has an organisation and procedures to ensure that the financial reporting is accurate. The work is guided by internal control documents that define who should do what to ensure that the right information reaches interested parties correctly. Zinzino has an information policy to ensure good quality of external and internal information and that it meets the stock market's requirements for disclosure. The purpose is to convey information externally and internally in a trustworthy manner so that Zinzino's knowledge and confidence is maintained and developed. The control document contains procedures for press releases, financial reports, meetings, issues, website, registration of insiders, management of logbook and so on. All reports and press releases are published simultaneously with the publication on Zinzino's website.

### Follow-up

The board continuously evaluates the information provided by company management, which includes both financial information and significant internal control issues. The Board of Directors and the audit committee continuously monitor the effectiveness of internal control, which, in addition to continuous updating in the event of deviations, is done, among other things, by ensuring that measures are taken in response to the proposed measures that may have emerged from external audits. The audit committee deals specifically with the issue of internal control.

### Internal Audit

Zinzino did not have a separate internal audit function during the financial year. The audit committee and the CFO have paid particular attention to these issues. The board of directors annually evaluates the need to set up an internal audit function.

# Board of Directors



## Hans Jacobsson

Chair

Born: 1967

Hans Jacobsson holds a Master of Business Administration. Works as chair of the Thinc Collective. Former CEO of Rootfruit Scandinavia AB, finance and logistics director for General Mills Scandinavia AB, Partner in CR&T Ventures (a risk capital company in the Bure-sphere) and Investment Manager in Investment AB Bure. He has extensive experience in mergers and acquisitions, IPOs and structural transactions. In addition he has comprehensive competence in food and consumer products.

Hans Jacobsson has been a member of the Board of Directors since 2007 and has served as Board Chair since 2009.

Number of shares: 277 167 Class B shares

Number of warrants 66,900

Independent in relation to major shareholders: Yes

Independent in relation to the company and its

management: Yes



## Staffan Hillberg

Member

Born: 1964

Staffan Hillberg studied electrotechnology at Chalmers and has an MBA from INSEAD. Staffan is CEO of Wood & Hill Investment AB. Has extensive experience from international operational positions and the financial sector. Former CEO of Heliospectra AB and Yield AB, former Managing Partner of MVI, partner in CR&T Ventures AB (a risk capital company in the Bure-sphere), CEO of AppGate AB, CEO of Bonnier Online, chief of Bonnier Medialab, product chief for Apple Computer Inc in France and the United States.

Staffan Hillberg has been a member of the company's Board of Directors since 2007.

Number of shares: 156 324 Class B shares

Number of warrants 30,000

Independent in relation to major shareholders: Yes

Independent in relation to the company and its

management: Yes



## Pierre Mårtensson

Member

Born: 1972

Pierre Mårtensson has a Master of Business Administration from the Norwegian School of Management and has extensive and successful experience in growing companies internationally. Through his company, The Scale Factory, Pierre is currently working to commercialise businesses into the Asian markets, in addition to his role as Venture Partner for the Venture Capital company Antler. Previously, Pierre has held senior positions in a number of global companies such as Managing Director in China for the direct sales company Oriflame; EVP Asia for the cosmetics company, Pixi Beauty; SVP & Head of Expansion for the advertising technology company Tapad; and Managing Director Singapore and South Africa for Lux International.

Pierre Mårtensson has been a member of the company's board of directors since 2015.

Number of shares: 30 000 Class B shares

Number of warrants 35,000

Independent in relation to major shareholders: Yes

Independent in relation to the company and its

management: Yes



## Ingela Nordenhav

Member

Born: 1972

Ingela has an engineering degree from Chalmers University of Technology and has a long career at Volvo behind her. Her most recent position was as Global Marketing Manager at Volvo Trucks where, among other things, she led the company's transformation journey in image and digitalisation. She has previous experience in product development, quality, sales and aftermarket and has lived and worked abroad in both the Netherlands and the US. Ingela has extensive experience in strategic company management and global work. She currently runs her own consulting firm in combination with board appointments in both listed and owner-managed companies.

Ingela Nordenhav has been a member of the company's board of directors since 2019.

Number of shares: 0 Class B shares

Number of warrants 5,000

Independent in relation to major shareholders: Yes

Independent in relation to the company and its

management: Yes



## Anna Frick

Member

Born: 1968

Anna Frick has a Master of Business Administration from the Stockholm School of Economics. Anna has worked in communications and digital transformation and currently sits on the Board of Fortnox AB (publ), Cell Impact AB (publ), Leo Vegas AB (publ), Lohilo Foods AB (publ), Odd Molly International AB (publ), Svea Ekonomi AB, Above Agency AB and the War Child Foundation, among others.

Anna Frick has been a member of the company's Board of Directors since 2021.

Number of shares: 0 Class B shares

Number of warrants 20,000

Independent in relation to major shareholders: Yes

Independent in relation to the company and its

management: Yes

# Group management



## Dag Bergheim Pettersen

CEO

Born: 1970

Dag Bergheim Pettersen has an engineering degree from the University of Oslo and has held senior positions at Elgiganten, Alcatel and as Senior Vice President of TeliaSonera's subsidiary NetCom. Dag has extensive experience in strategic leadership in growing companies and has been employed as CEO of Zinzino since 2012.

Number of shares: 1,330,376 Class B shares  
Number of warrants: 20,000



## Jakob Spijker

COO Europe

Born: 1968

Jakob Spijker has a background in logistics in both his home country, the Netherlands, as well as in Sweden. He has been employed at Zinzino since 2012. Jakob's role as COO also includes business development and global logistics responsibilities.

Number of shares: 15,111 Class B shares  
Number of warrants: 20,000



## Gabriele Helmer

CMO

Born: 1977

Gabriele Helmer holds a Master's in Business Administration and International Marketing. Since 2001 she has worked in various marketing positions at international companies such as Lufthansa, Beiersdorf, General Mills and Specsavers. Gabriele also has experience in the advertising industry and has previously been a board member of Zinzino. Employed at Zinzino since 2019.

Number of shares: 30 053 Class B shares  
Number of warrants 20,000



## Fredrik Nielsen

CFO

Born: 1977

Fredrik Nielsen holds a Master of Business Administration degree and has broad experience in senior positions in the field of finance. Employed at Zinzino since 2009, before that he was chief financial officer at Gymnasium Sportcenter AB.

Number of shares: 58,000 Class B shares  
Number of warrants: 20,000



## Henrik Hammargren

CSCO & Head of Business Control

Born: 1980

Henrik Hammargren holds a Master of Business Administration and Management and since 2006 has worked as a controller in senior positions at a number of companies, including Autoliv, Elanders and Resia. Employed at Zinzino since November 2018.

Number of shares: 35,000 B shares  
Number of warrants 20,000



# Group management



**Katriin Laneep**  
Head of Support  
Born: 1973

Katriin has many years of experience in customer service and more than 10 years of experience in the direct sales industry. She joined Zinzino 2012 as a support employee and then advanced to both Director Support and Leader Council Support. Most recently, she has worked as head of Partner Support before she was promoted to Head of Support.

Number of shares: 3,333 Class B shares  
Number of warrants: 6,667



**Daniel Vennerstrand**  
CTO  
Born: 1976

Daniel Vennerstrand holds a Master's in Computer Engineering and has worked with systems development and management of software development in product companies since 2001. Daniel comes most recently from Intermail where he worked as development manager. Employed at Zinzino since April 2018.

Number of shares: 27,000 Class B shares  
Number of warrants: 20,000



**Lars Dahlberg**  
Sales Director Nordic Region  
Born: 1967

Lars Dahlberg has 25 years of experience in the direct sales industry as a partner in the field and in international management roles of various kinds. The clients have been American, European and Chinese companies. His experience and expertise in the industry is a great asset for Zinzino's future development.

Number of shares: 5,240 Class B shares  
Number of warrants: 20,000



**Linda Johnsson**  
HR Manager  
Born: 1975

Linda Johnsson has a Bachelor's degree (BA) in Human Resources with many years of experience in strategic work, business development, leadership, HR and sustainability in various management positions. Linda has worked in both Swedish and international companies such as Lionbrige, Entrematic (ASSA ABLOY Entrance Systems) Latour Investment AB and most recently as Group HR Manager of Ligula Hospitality Group. Employed at Zinzino since June 2021.

Number of shares: 0 Class B shares  
Number of warrants: 10,000



**Dr Colin Robertson**  
CPO  
Born: 1972

Dr Colin Robertson has a BSc, MSc and PhD in sports science, exercise and nutrition and exercise physiology and is also a registered nutritionist. He has studied at the University of Oxford, Liverpool John Moores University, Liverpool University, the University of Chester and the University of Glamorgan. Colin has spent the last 30 years working in high performance sport, as a clinical exercise physiologist and as a research coordinator for both national and international health strategies. He has been widely published and has presented at leading global scientific and medical conferences, as well as giving a TED Talk. Colin started at Zinzino in 2020 as a Scientific Research Specialist and assumed the role of Chief Product Officer in 2022.

Number of shares: 0 B shares  
Number of warrants: 20,000

# Sales management



## Steve Morley

Sales Director United Kingdom & Ireland  
Born: 1972

Steve has been in the industry for 30 years, working in corporate for Amway, Nu Skin and Tiens in senior European roles. Since 2012, Steve has had his own direct sales consultancy company in Asia, working to help companies launch in Asia. Steve had many offers to work back in Europe, but only Zinzino appealed to him.

Number of shares: 0  
Number of warrants: 0



## Carmelo D'Anzi

Sales Director Italy & Spain  
Born: 1956

Carmelo D'Anzi has been employed at Zinzino since March 2021. Carmelo has 18 years of experience in direct sales, having worked in both the US and Europe for some of the top companies in the industry. He believes that the role of sales director is an important part of the success of a company in a country. Carmelo brings a wealth of experience in sales, relationships, mentoring future leaders, management and knowledge of global expansion. Carmelo is a former professional football player, was elected to the New England Football Hall of Fame and speaks four languages.

Number of shares: 0 Class B shares  
Number of warrants 20,000



## Kirsten Pearse

Sales Director Africa  
Born: 1982

Kirsten Pearse joined Zinzino at the end of 2019 to launch the South African market. With nearly two decades of successful experience in building high-performing teams, Kirsten brings with him an understanding of working in large companies, having previously been operations manager for a South African direct sales company. His passion is to see Zinzino's partners achieve success, by realising Zinzino's vision to Inspire Change in Life.

Number of shares: 0 Class B shares  
Number of warrants 0



## Mukesh Malhotra

Sales Director India  
Born: 1973

Mukesh Malhotra has over 24 years of experience in the direct sales industry as a regional sales manager and consultant for health, supplement and skincare companies in India and other countries in Southeast Asia. Mukesh has a degree in Business Management which helps him maintain a balance between family life, career and dealing with challenges and changes that required rapid adaptation to help companies in their growth.

Number of shares: 0 Class B shares  
Number of warrants 0



## Stefan Mühl

Business Development &  
Sales Manager DACH, COB Switzerland  
Born: 1972

Stefan Mühl started at Zinzino in April 2022 in connection with the acquisition of Enhanzz, where he was acting as COO. Stefan has now taken on the role of Business Development Manager to integrate partners from Enhanzz as well as the HANZZ+HEIDII brand into Zinzino's business model and systems. Stefan looks back on 20 years of experience working in large international companies, where his focus for the last 10 years has been the interdisciplinary cooperation between sales and business.

Number of shares: 0 B shares  
Number of warrants 0

# Sales management



## Robert W. Horkings

COO Australia, HK China & Philippines  
Born: 1962

Robert W. Horkings joined Zinzino in March 2019 as the COO for the Australian market. Robert's began working at his first direct sales company in 1998 and started one of the most successful teams in the organisation consisting of over 100,000 active members. Prior to working in direct sales, he was an information technology corporate executive and is highly skilled in new business development, networking and relationship-building.

Number of shares: 0  
Number of warrants: 80,100



## Kenneth Koh

Managing Director Zinzino Asia  
Born: 1959

Kenneth Koh is the founder of VMA Life and was CEO there before the company became part of Zinzino in April 2020. He believes that honesty, creativity and commitment are the most important qualities to achieve success. Kenneth has 20 years of direct sales experience and is also responsible for training distributors using the training programme he designed himself. Kenneth hopes to continue to use his skills and diligence to take Zinzino's distributors in Asia to the next level.

Number of shares: 94 316 B shares  
Number of warrants 0



## Art Jonak

President of North American Operations

Art Jonak has been an integral part of the direct sales industry for more than two decades, both as a salesperson and as an experienced and trusted advisor to corporate teams and sales leaders. He has lived on four continents, visited over 80 countries and spoken at events for over half a million people.

Number of shares: 0  
Number of warrants: 110,000



## Valborg Godal Vold

MD FAUN  
Born: 1962

Valborg Godal Vold holds a Bachelor's degree in Biomedical Science and a Master's degree in Business Economics. She joined Faun in 2020 as production manager and moved into the role of General Manager in 2021. Valborg has more than 25 years of experience in pharmaceutical and biotechnology manufacturing companies and has held senior positions in manufacturing as well as business unit manager and general manager.

Number of shares: 0 Class B shares  
Number of warrants 20,000

# Results and Financial Position

Amounts in SEK thousands	Group		Parent company	
	2022	2021	2022	2021
Net sales	1,356,008	1,288,481	26,970	118,190
Total revenue	1,443,072	1,370,613	29,036	140,481
Operating profit	86,986	115,968	1,325	9,805
Net profit	68,475	89,710	75,106	68,886
Operating margin	6.0%	8.5%	4.6%	7.0%
Net margin	4.7%	6.5%	258.7%	49.0%
Return on equity	42.7%	59.1%	64.1%	65.1%
Balance sheet total	651,253	605,206	165,200	142,984
Equity	160,373	151,718	117,209	105,879
Equity/assets ratio	24.6%	25.1%	70.9%	74.0%

For full key figures, see table on page 5.

## Key figure definitions

Operating margin	Operating profit/Total revenues
Net margin	Net profit/Total revenues
Return on equity	Net profit/Equity
Equity/assets ratio	Equity/Balance sheet total

## Proposal for the allocation of profits (SEK)

The annual meeting has the following at its disposal:

Zinzino AB	SEK
Retained earnings	26,049,755
Profit/loss for the year	75,105,668
<b>Total</b>	<b>101,155,423</b>

The board of directors proposes that the retained earnings be dealt with so that:

Zinzino AB	SEK
A dividend will be paid to the shareholders of SEK	
1.75 per share	59,255,985
To be carried forward	41,899,438
<b>Total</b>	<b>101,155,423</b>

The dividend will be paid 8/06/2023.

The Board believes that the proposed dividend will not prevent the company from meeting its obligations in the short and long term, or prevent it from making necessary investments. The proposed dividend can thus be justified with regard to the provisions in Chapter 17 Section 3 para 2-3 of the Companies Act (the precautionary rule).

Regarding the company's reported results for the accounts, the status per closing day, financing and capital management during the year, refer to the accompanying financial statements.

# Group report

– comprehensive profit/loss

Amounts in SEK thousands	Note	Financial year	
		2022	2021
Operating revenues			
Net sales	5	1,356,008	1,288,481
Other operating revenues	6, 10	87,064	82,132
<b>Total</b>		<b>1,443,072</b>	<b>1,370,613</b>
<b>Operating costs</b>			
Raw materials and consumables	17	-276,752	-259,303
Trading costs		-700,807	-683,790
Other external costs	7, 10	-196,962	-154,211
Personnel costs	8	-156,491	-135,739
Depreciation/amortisation and write-downs of tangible and intangible fixed assets	14, 15	-25,074	-21,602
<b>Total</b>		<b>-1,356,086</b>	<b>-1,254,645</b>
<b>Operating profit</b>		<b>86,986</b>	<b>115,968</b>
Financial income	9	4,962	383
Financial costs	9	-2,784	-1,433
<b>Total profit/loss from financial items</b>		<b>2,178</b>	<b>-1,050</b>
<b>Profit/loss before tax</b>		<b>89,164</b>	<b>114,918</b>
Tax on the year's profit	11	-20,689	-25,208
<b>Profit/loss for the year</b>		<b>68,475</b>	<b>89,710</b>
<b>Other comprehensive profit/loss</b>			
Items that may be reclassified to profit/loss for the year			
Currency exchange differences upon conversion of foreign subsidiaries		7,882	5,029
<b>Other comprehensive profit/loss for the year, after tax</b>		<b>7,882</b>	<b>5,029</b>
<b>Total comprehensive profit/loss for the year</b>		<b>76,357</b>	<b>94,739</b>

# Group report

– comprehensive profit/loss, continued

Profit/loss for the year attributable to	Financial year	
	2022	2021
Parent company shareholders	67,697	86,204
Non-controlling interest	778	3,506
<b>Total</b>	<b>68,475</b>	<b>89,710</b>
<b>Total comprehensive profit/loss for the period attributable to</b>	<b>2022</b>	<b>2021</b>
Parent company shareholders	75,579	91,233
Non-controlling interest	778	3,506
<b>Total</b>	<b>76,357</b>	<b>94,739</b>

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

Amounts in SEK	2022	2021
Earnings per share before dilution	2.01	2.57
Earnings per share after dilution	1.97	2.46

*The notes on pages 88-125 form an integral part of these consolidated financial statements.*

# Consolidated Balance Sheet

Amounts in SEK thousands	Note	31/12/2022	31/12/2021
<b>Assets</b>			
<b>Fixed assets</b>			
<i>Intangible fixed assets</i>			
Goodwill	14	72,830	40,631
Other intangible assets	14	48,064	22,904
<b>Total intangible fixed assets</b>		<b>120,894</b>	<b>63,535</b>
<i>Tangible fixed assets</i>			
Equipment, tools and installations	15	17,222	11,047
<b>Total tangible fixed assets</b>		<b>17,222</b>	<b>11,047</b>
<i>Financial fixed assets</i>			
Right-of-Use Assets	16	46,823	38,063
Other long-term receivables		1,309	1,071
Deferred tax claims	24	4,453	4,023
<b>Total financial fixed assets</b>		<b>52,585</b>	<b>43,157</b>
<b>Total fixed assets</b>		<b>190,701</b>	<b>117,739</b>
<b>Current assets</b>			
<i>Inventories</i>			
Finished goods and goods for resale	17	184,768	158,657
<b>Total inventories</b>		<b>184,768</b>	<b>158,657</b>
<i>Current receivables</i>			
Accounts receivable	19	6,748	6,852
Other receivables	20	59,521	51,098
Pre-paid costs and accrued revenues	21	47,635	35,128
Cash and cash equivalents	22	161,880	235,732
<b>Total short-total receivables</b>		<b>275,784</b>	<b>328,810</b>
<b>Total current assets</b>		<b>460,552</b>	<b>487,467</b>
<b>Total assets</b>		<b>651,253</b>	<b>605,206</b>

# Consolidated Balance Sheet

– continued

Amounts in SEK thousands	Note	31/12/2022	31/12/2021
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	23	3,386	3,370
Other contributed capital		39,300	35,830
Reserves		5,879	-804
Other equity including the year's profit		105,882	104,657
<b>Equity attributable to parent company shareholders</b>		<b>154,447</b>	<b>143,053</b>
Non-controlling interest		5,926	8,665
<b>Total equity</b>		<b>160,373</b>	<b>151,718</b>
<b>Liabilities</b>			
<i>Long-term liabilities</i>			
Deferred tax liability	24	4,706	1,388
Other liabilities	25	32,313	4,515
Leasing liabilities	16	31,412	25,025
<b>Total long-term liabilities</b>		<b>68,431</b>	<b>30,928</b>
<i>Current liabilities</i>			
Accounts payable		35,159	44,251
Tax liabilities		9,969	16,998
Leasing liabilities	16	18,166	13,910
Other current liabilities	26	246,097	238,867
Accrued costs and deferred revenues	27	113,058	108,534
<b>Total current liabilities</b>		<b>422,449</b>	<b>422,560</b>
<b>Total liabilities</b>		<b>490,880</b>	<b>453,488</b>
<b>Total equity and liabilities</b>		<b>651,253</b>	<b>605,206</b>

The notes on pages 88-125 form an integral part of these consolidated financial statements.



# Group report

## – changes in equity

Amounts in SEK thousands	Share capital	Ongoing rights issue	Other contributed capital	Conversion reserves	Retained earnings incl. profit/loss for the year	Total	Non-controlling interest	Total equity
<b>Equity 01/01/2021</b>	<b>3,305</b>	<b>31</b>	<b>27,477</b>	<b>-5,272</b>	<b>61,885</b>	<b>87,426</b>	<b>7,238</b>	<b>94,663</b>
Profit/loss for the year	-	-	-	-	86,204	<b>86,204</b>	3,506	<b>89,710</b>
Other comprehensive profit/loss for the year	-	-	-	4,468	-	<b>4,468</b>	-	<b>4,468</b>
<b>Transactions with shareholders</b>								
Share repurchase	-	-	-	-	-1,412	<b>-1,412</b>	-	<b>-1,412</b>
Change of the minority	-	-	-	-	101	<b>101</b>	-101	-
Rights issue	65	-24	8,346	-	-	<b>8,387</b>	-	<b>8,387</b>
Dividends	-	-	-	-	-42,120	<b>-42,120</b>	-1,978	<b>-44,098</b>
<b>Equity 31/12/2021</b>	<b>3,370</b>	<b>7</b>	<b>35,823</b>	<b>-804</b>	<b>104,658</b>	<b>143,054</b>	<b>8,665</b>	<b>151,718</b>
<b>Equity 01/01/2022</b>	<b>3,370</b>	<b>7</b>	<b>35,823</b>	<b>-804</b>	<b>104,658</b>	<b>143,054</b>	<b>8,665</b>	<b>151,718</b>
Profit/loss for the year	-	-	-	-	67,697	<b>67,697</b>	778	<b>68,475</b>
Other comprehensive profit/loss for the year	-	-	-	6,683	-	<b>6,683</b>	-	<b>6,683</b>
<b>Transactions with shareholders</b>								
Share repurchase	-	-	-	-	-13	<b>-13</b>	-	<b>-13</b>
Change of the minority	-	-	-	-	-29	<b>-29</b>	29	-
Rights issue	16	-7	3,477	-	-	<b>3,486</b>	-	<b>3,486</b>
Issued warrants	-	-	-	-	975	<b>975</b>	-	<b>975</b>
Dividends	-	-	-	-	-67,405	<b>-67,405</b>	-3,546	<b>-70,951</b>
<b>Equity 31/12/2022</b>	<b>3,386</b>	<b>-</b>	<b>39,300</b>	<b>5,879</b>	<b>105,883</b>	<b>154,447</b>	<b>5,926</b>	<b>160,373</b>

# Group report

## – cash flow statement

Amounts in SEK thousands	Note	Financial year	
		2022	2021
<b>Cash flow from operating activities</b>			
Operating profit		86,986	115,968
Adjustment for items which are not included in the cash flow	32	27,239	15,859
Interest received		364	383
Interest paid		-100	-1,432
Income tax paid		-30,039	-20,521
<b>Cash flow from operating activities before changes in operating capital</b>		<b>84,450</b>	<b>110,257</b>
Cash flow from changes in operating capital			
Change in inventories		-26,111	-31,709
Change in operating receivables		-17,492	10,252
Change in operating liabilities		2,010	64,692
<b>Total change in operating capital</b>		<b>-41,593</b>	<b>43,235</b>
<b>Cash flow from operating activities</b>		<b>42,857</b>	<b>153,492</b>
<i>Cash flow from investment activities</i>			
Investments in intangible fixed assets		-16,835	-5,836
Investments in tangible fixed assets		-8,100	-3,838
Investments in financial fixed assets		-10,490	-2,308
<b>Cash flow from investment activities</b>		<b>-35,425</b>	<b>-11,982</b>
<i>Cash flow from financing activities</i>			
Amortisation of leasing liabilities	31	-18,340	-15,263
Issuance of options		975	-
Rights issue		3,486	8,387
Dividends		-67,405	-42,120
<b>Cash flow from financing activities</b>		<b>-81,284</b>	<b>-48,996</b>
<b>Cash flow for the year</b>		<b>-73,852</b>	<b>92,514</b>
<b>Liquid assets at the start of the year</b>		<b>235,732</b>	<b>143,218</b>
<b>Liquid assets at the end of the year</b>	22	<b>161,880</b>	<b>235,732</b>

The notes on pages 88-125 form an integral part of these consolidated financial statements.

# Parent company report

## – income statement

Amounts in SEK thousands	Note	Financial year	
		2022	2021
Net sales	5	26,970	118,190
Other operating revenues	6, 10	2,066	22,291
Goods for resale and other direct costs		-8,218	-103,744
<b>Gross profit</b>		<b>20,818</b>	<b>36,737</b>
Other external costs	7	-18,865	-26,326
Depreciation/amortisation and write-downs of tangible and intangible fixed assets	14, 15	-628	-606
<b>Operating profit</b>		<b>1,325</b>	<b>9,805</b>
Net financial income/expense	9, 10	73,881	61,277
<b>Total profit/loss from financial items</b>		<b>73,881</b>	<b>61,277</b>
<b>Profit/loss before tax</b>		<b>75,205</b>	<b>71,082</b>
Tax on the year's profit	11	-100	-2,196
<b>Profit/loss for the year</b>		<b>75,106</b>	<b>68,886</b>

*The notes on pages 88-125 form an integral part of these consolidated financial statements.*

*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 year.*

# Parent Company Balance Sheet

Amounts in SEK thousands	Note	31/12/2022	31/12/2021
<b>Assets</b>			
<b>Fixed assets</b>			
<i>Intangible fixed assets</i>			
Other intangible assets	14	12,667	4,910
<b>Total intangible fixed assets</b>		<b>12,667</b>	<b>4,910</b>
<i>Tangible fixed assets</i>			
Equipment, tools and installations	15	23	31
<b>Total tangible assets</b>		<b>23</b>	<b>31</b>
<i>Financial fixed assets</i>			
Shares in subsidiaries	12	135,417	104,318
Other long-term receivables		-	11
<b>Total financial fixed assets</b>		<b>135,417</b>	<b>104,329</b>
<b>Total fixed assets</b>		<b>148,107</b>	<b>109,270</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Receivables from group companies		13,458	24,660
Other current receivables	20	1,730	2,252
Pre-paid costs and accrued revenues	21	350	2,331
Cash and cash equivalents	22	1,555	4,471
<b>Total short-total receivables</b>		<b>17,093</b>	<b>33,714</b>
<b>Total current assets</b>		<b>17,093</b>	<b>33,714</b>
<b>Total assets</b>		<b>165,200</b>	<b>142,984</b>

The notes on pages 88-125 form an integral part of these consolidated financial statements.

# Parent Company Balance Sheet

– continued

Amounts in SEK thousands	Note	31/12/2022	31/12/2021
<b>Equity and Liabilities</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	23	3,386	3,370
Ongoing rights issue		-	7
Fund for development expenditures		12,667	4,910
<b>Total restricted equity</b>		<b>16,053</b>	<b>8,287</b>
<i>Unrestricted equity</i>			
Share premium reserve		48,631	45,154
Retained earnings (including profit/loss for the year)		52,525	52,438
<b>Total unrestricted equity</b>		<b>101,156</b>	<b>97,592</b>
<b>Total equity</b>		<b>117,209</b>	<b>105,879</b>
<b>Liabilities</b>			
<i>Long-term liabilities</i>			
Liabilities to group companies		-	15,476
Other long-term liabilities	25	25,960	4,070
<b>Total long-term liabilities</b>		<b>25,960</b>	<b>19,546</b>
<i>Current liabilities</i>			
Accounts payable		1,551	5,570
Liabilities to group companies		16,426	2,512
Tax liabilities		-	1,727
Other current liabilities	26	3,233	6,332
Accrued costs and deferred revenues	27	821	1,418
<b>Total current liabilities</b>		<b>22,031</b>	<b>17,559</b>
<b>Total liabilities</b>		<b>47,991</b>	<b>37,105</b>
<b>Total equity and liabilities</b>		<b>165,200</b>	<b>142,984</b>

The notes on pages 88-125 form an integral part of these consolidated financial statements.

# Parent company report

## – changes in equity

Amounts in SEK thousands	Restricted equity			Unrestricted equity		Total equity
	Share capital	Ongoing rights issue	Fund for development expenditures	Share premium reserve	Retained earnings incl. profit/loss for the year	
<b>Equity 01/01/2021</b>	<b>3,305</b>	<b>31</b>	<b>1,886</b>	<b>36,808</b>	<b>28,696</b>	<b>70,726</b>
Profit/loss for the year	-	-	-	-	68,886	<b>68,886</b>
Capitalisation of development costs	-	-	3,623	-	-3,623	-
Release following amortisation of development costs for the year	-	-	-599	-	599	-
Rights issue	65	-24	-	8,346	-	<b>8,387</b>
Dividends	-	-	-	-	-42,120	<b>-42,120</b>
<b>Equity 31/12/2021</b>	<b>3,370</b>	<b>7</b>	<b>4,910</b>	<b>45,154</b>	<b>52,438</b>	<b>105,879</b>
<b>Equity 01/01/2022</b>	<b>3,370</b>	<b>7</b>	<b>4,910</b>	<b>45,154</b>	<b>52,438</b>	<b>105,879</b>
Profit/loss for the period	-	-	-	-	75,106	<b>75,106</b>
Capitalisation of development costs	-	-	8,377	-	-8,377	-
Release following amortisation of development costs for the year	-	-	-620	-	620	-
Rights issue	16	-7	-	3,477	-	<b>3,486</b>
Issued warrants	-	-	-	-	143	<b>143</b>
Dividends	-	-	-	-	-67,405	<b>-67,405</b>
<b>Equity 31/12/2022</b>	<b>3,386</b>	<b>-</b>	<b>12,667</b>	<b>48,631</b>	<b>52,525</b>	<b>117,209</b>

# Parent company report

## – cash flow statement

Amounts in SEK thousands	Note	Financial year	
		2022	2021
<i>Cash flow from operating activities</i>			
Operating profit		1,325	9,805
Adjustment for items which are not included in the cash flow	32	912	-723
Interest received		-	565
Interest paid		636	-3
Income tax paid		-1,916	-5,536
<b>Cash flow from operating activities before changes in operating capital</b>		<b>957</b>	<b>4,108</b>
<i>Cash flow from changes in operating capital</i>			
Change in current receivables		13,795	-46
Change in current liabilities		51,500	32,282
<b>Total change in operating capital</b>		<b>65,295</b>	<b>32,236</b>
<b>Cash flow from operating activities</b>		<b>66,251</b>	<b>36,344</b>
<i>Cash flow from investment activities</i>			
Investments in intangible fixed assets		-7,533	-3,107
Investments in tangible fixed assets		-	-38
Investments in financial fixed assets		-10,505	-4,321
<b>Cash flow from investment activities</b>		<b>-18,038</b>	<b>-7,466</b>
<i>Cash flow from financing activities</i>			
Issuance of options		143	-
Rights issue		3,486	8,387
Dividends received from Group companies		12,647	2,235
Dividend paid to the parent company's shareholders		-67,405	-42,120
<b>Cash flow from financing activities</b>		<b>-51,129</b>	<b>-31,498</b>
<b>CASH FLOW FOR THE YEAR</b>		<b>-2,916</b>	<b>-2,620</b>
<b>Liquid assets at the start of the year</b>		<b>4,471</b>	<b>7,091</b>
<b>Liquid assets at the end of the year</b>	22	<b>1,555</b>	<b>4,471</b>

The notes on pages 88-125 form an integral part of these consolidated financial statements.

# Notes

## Note 1

### General information

Zinzino AB (publ) ("Zinzino"), org. no. 556733-1045 is a parent company registered in Sweden and based in Gothenburg with the address Hulda Mellgrens Gata 5, 421 32 Västra Frölunda, Sweden. It is a limited liability company with shares listed on the Nasdaq First North Premier Growth Market.

Unless specifically stated otherwise, all amounts are reported in SEK thousands. Information in brackets refers to the comparison year.

## Note 2

### Summary of important accounting principles

The main accounting principles applied when preparing the consolidated financial statements are set out below. These principles have been consistently applied to all periods presented, unless otherwise specified.

#### Note 2.1

##### Basis for preparation of the report

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.

These consolidated financial statements have been prepared using the cost method. Historic financial information has been converted from 1 January 2018, which is the date of transition to IFRS accounting.

Preparing reports in accordance with IFRS requires the application of a number of significant estimates for accounting purposes. In addition, the management is also required to make certain assessments when applying the Group's accounting principles. The areas that involve a high level of assessment which are complex or those areas where the assumptions and estimates are of material importance for the consolidated financial statements are set out in this note.

The parent company applies RFR 2, Accounting for legal persons and the Annual Accounts Act. The application of RFR 2 means that in the interim report for the legal person, the parent company applies all IFRS and statements adopted by the EU as far as possible within the framework of the Annual Accounts Act, the Pension Obligations Vesting Act and with regard to the relationship between accounting and taxation.

At the same time as making the transition to accounting in accordance with IFRS in the consolidated financial statements, the parent company has made a transition to apply RFR 2. The transition from previously applied accounting

principles to RFR 2 has not had any effects on the income statement and balance sheet, equity or cash flow for the parent company.

Preparing reports in accordance with RFR 2 requires the application of a number of significant estimates for accounting purposes. In addition, the management is also required to make certain assessments when applying the parent company's accounting principles.

The areas that involve a high level of assessment, which are complex or those areas where the assumptions and estimates are of material importance for the annual report are set out in this note.

##### 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 parent company applies different accounting principles to the group in the cases specified below:

##### Formats

The income statement and balance sheet follow the format of the Annual Accounts Act. The statement of changes in equity also follows the group's format but must include the columns specified in the Annual Accounts Act. In addition, this means that there is a difference in terms compared to the consolidated financial statements, mainly regarding financial income and expenses and equity.



## Shares in subsidiaries

Shares in subsidiaries are reported at acquisition value less any write-downs. The acquisition value includes acquisition-related costs and any additional consideration. When there is an indication that shares in subsidiaries have reduced in value, a calculation of the recoverable value is made. If this is lower than the carrying value, a write-down is carried out. Write-downs are reported in the item "Profit/loss from shares in group companies".

## Financial instruments

IFRS 9 is not applied at the parent company where instead the sections set out in RFR 2 (IFRS 9 Financial Instruments, p. 3-10) are applied. Financial instruments are valued at acquisition value. In subsequent periods, financial assets acquired with the intention of being held in the short term will be reported according to the lowest value principle at the lower of acquisition value and market value.

When calculating the net sales value of receivables recognised as current assets, the principles for impairment testing and loss-risk provisions in IFRS 9 are applied. For a receivable that is reported at amortised cost at Group level, this means that the loss-risk provision that is recognised in the Group in accordance with IFRS 9 should also be included in the parent company.

### Note 2.1.1

#### **New and amended standards published but not yet in force**

None of the IFRS or IFRIC interpretations published but not yet in force is expected to have a material impact on the Group.

### Note 2.2

#### **Consolidated financial statements**

### Note 2.2.1

#### **Basic accounting principles**

##### **Subsidiaries**

Subsidiaries are all companies over which the group has controlling influence. The Group controls a company when it is exposed to, or has the right to, variable returns from its holding in the company and is able to influence the return through its influence in the company. Subsidiaries are included in the consolidated financial statements from the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements from the date on which the controlling influence ceases.

The cost method is used for accounting for the Group's business combinations. The purchase price for the acquisition of a subsidiary is the fair value of the assets transferred,

liabilities that the Group incurs to previous owners of the acquired company and the shares issued by the Group. The purchase price also includes the fair value of all liabilities that result from an agreement on contingent consideration. Identifiable acquired assets and liabilities assumed in a business combination are initially valued at fair values on the acquisition date. For each acquisition, i.e., acquisition by acquisition, the Group determines whether non-controlling holding in the acquired entity is reported at fair value or at the holding's proportional share in the carrying value of the identifiable net assets of the acquired entity.

Acquisition-related costs are expensed when they arise and are reported in the item "Other operating expenses" in the consolidated statement of comprehensive profit/loss.

Goodwill is initially valued as the amount by which the total purchase price and any fair value for non-controlling interests on the acquisition date exceed the fair value of identifiable acquired net assets. If the consideration is less than the fair value of the acquired company's net assets, the difference is reported directly in profit/loss for the period.

Intra-group transactions, balance sheet items, income and expenses on transactions between group companies are eliminated. Gains and losses resulting from intra-group transactions that are reported in assets are also eliminated. The accounting principles for subsidiaries have been changed, where appropriate, to ensure consistent application of the Group's principles.

### Note 2.3

#### **Segment reporting**

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 adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) to assess the business segment profit/loss.

## Note 2.4

### Translation of foreign currency

#### Note 2.4.1

##### Functional currency and reporting currency

The different entities in the Group have the local currency as the functional currency, where the local currency is defined as the currency used in the primary economic environment where the respective entity is mainly active. The consolidated financial statements use Swedish kronor (SEK), which is the parent company's functional currency and the group's reporting currency.

#### Note 2.4.2

##### Transactions and balance sheet items

Transactions in foreign currency are translated to the functional currency at the exchange rates that apply on the transaction date. Exchange rate gains and losses arising from the payment of such transactions and the translation of monetary assets and liabilities in foreign currency at the exchange rate on the balance sheet date are reported in the operating profit of the statement of comprehensive profit/loss. Foreign exchange gains and losses related to loans and liquid assets are recognised in the statement of comprehensive profit/loss as financial income or expenses. All other foreign exchange gains and losses are reported in the item "External operating expenses" and "Other income" in the statement of comprehensive profit/loss.

#### Note 2.4.3

##### Translation of foreign group companies

The profit/loss and financial position of all Group companies that have a functional currency that is different from the reporting currency are translated into the Group's reporting currency. Assets and liabilities for each of the balance sheets are translated from the functional currency of the foreign operation to the group's reporting currency, Swedish kronor, at the exchange rate on the balance sheet date. Revenue and expenses for each of the income statements are translated into Swedish kronor at the average rate at the time of each transaction. Translation differences arising from currency translation of foreign operations are reported in other comprehensive profit/loss. Accumulated gains and losses are reported in profit/loss for the period when the foreign operation is sold in whole or in part.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of these operations and are translated at the rate on the balance sheet date.

## Note 2.5

### Revenue recognition

The group's principles for reporting revenue from contracts with customers are shown below.

#### Note 2.5.1

##### Sales of goods

The group manufactures and sells goods within the two business segments Zinzino and Faun. Zinzino is the main business in the Group and has two product areas: The Health product group includes Omega supplement, Immune supplement, Skincare, Weight management, Gut health. The product group Coffee includes espresso machines, coffee, teas and accessories. The business segment Zinzino also includes other revenues that are consistent with the sales above and comprise freight revenues, event revenues and reminder fees. All sales within the business segment Zinzino are made via direct sales. This means that Zinzino does not have any resellers or intermediaries but sells directly to the end customer. Sales are also made to the Group's independent distributors according to the same model.

Net sales have, where appropriate, been reduced by the value of discounts and goods returned. Revenue from sales is recognised when the control of the goods is transferred and there are no unfulfilled commitments that can affect the customer's approval of the goods. Delivery is made when the goods have been transported to the specific location, the risks of obsolete or lost goods have been transferred to the customer and the customer has either accepted the goods in accordance with the contract, the time-period for objections to the contract has expired or the group has objective evidence to show that all acceptance criteria have been met. No financing component is deemed to exist at the time of sale. The goods are often sold with volume discounts based on accumulated sales over a 12-month period. Revenue from the sale of the goods is reported based on the price in the agreement, less calculated volume discounts. Historical data is used to estimate the expected value of the discounts and revenue is reported only to the extent that it is very likely that a significant reversal will not occur. A liability (which is included in the item Accrued costs and deferred revenues) is reported for expected volume discounts in relation to sales up to the balance sheet date. A receivable is recognised when the goods have been delivered, as this is the time when the compensation becomes unconditional (i.e. only the passage of time is required for payment to be made). Revenue from the sale of freight and other revenue is reported according to the same principle.

The parent company's reported net sales refer to revenues from the sale of services to subsidiaries in the group and are reported in the period in which the services are delivered.

The same principle applies to the Faun business segment, sales are recognised when the control of the goods is transferred to the customer and on the other conditions as above.

## Note 2.5.2

### **Interest revenues**

Interest revenues are recognised with the application of the effective interest method.

## Note 2.6

### **Leasing**

The group leases premises, vehicles, product equipment, telephone switchboard and office supplies. The leases are reported as rights of use and an equivalent liability on the date on which the leased asset is available for use by the group. Each leasing payment is divided between the amortisation of the debt and the financial cost. The financial cost must be distributed over the lease period so that each accounting period is charged with an amount equal to a fixed interest rate for the liability in each period. The right of use is depreciated on a linear basis over the shorter of the asset's useful life and the duration of the lease.

Assets and liabilities arising from leases are initially reported at present value.

Lease liabilities include the present value of the following lease payments:

- Fixed fees
- Variable lease fees based on an index

Lease payments are discounted at the marginal loan rate of 5%.

Assets with rights of use are valued at cost and include the following:

- The initial valuation of the lease liability
- Payments made at or before the time when the leased asset is made available to the lessee

Leases of lesser value are expensed on a linear basis in the statement of comprehensive profit/loss.

### **Options to renew or terminate leases**

The majority of the Group's leases related to properties include options to renew the lease. Terms used to maximise flexibility in managing leases. In order to optimise the leasing costs during the lease period regarding the rental of machinery, the group guarantees the residual value.

## Note 2.7

### **Employee benefits**

## Note 2.7.1

### **Current benefits**

Liabilities for salaries and remuneration, including non-monetary benefits and paid absences, which are expected to be settled within 12 months after the end of the accounting year, are reported as current liabilities at the undiscounted amount expected to be paid when the liabilities are settled. The cost is recognised as the services are performed by the employees. The liability is recognised as an obligation related to employee benefits in the statement of financial position.

## Note 2.7.2

### **Post-employment benefits**

The group companies only have defined contribution pension plans. A defined contribution pension plan is a pension plan where the group pays fixed fees to a separate legal entity. The Group does not have any legal or constructive obligations to pay any additional fees if this legal entity does not have sufficient assets to pay all employee benefits associated with the employee's service during current or previous periods. The fees are recognised as an expense in the profit/loss for the period as they are earned by the employee providing services to the company during the period.

## Note 2.8

### **Current and deferred income tax**

The tax expense for the period includes current and deferred tax. Tax is recognised in the statement of comprehensive profit/loss, except when the tax relates to items recognised in other comprehensive profit/loss or directly in equity. In such cases, the tax is also recognised in other comprehensive profit/loss and equity. Current tax is calculated on the taxable profit for the period according to the applicable tax rate. The current tax expense is calculated on the basis of the fiscal rules approved or effectively approved on the balance sheet date in the countries in which the parent company and its subsidiaries operate and generate taxable income. The management regularly evaluates the claims made in tax returns in respect of situations where the applicable taxation rules are subject to interpretation. When the management deems it appropriate, it makes provisions for amounts likely to be paid to the tax authorities.

Deferred tax is reported on all temporary differences arising between the tax value of assets and liabilities and their reported amounts in the consolidated financial statements. However, deferred tax liability is not recognised if it arises as a result of the initial recognition of goodwill. Deferred tax is also not recognised if it arises as a result of a transaction which constitutes the initial recognition of an asset or liability that is not a business combination and which, at the time of the transaction, does not affect the reported or taxable profit/loss. Deferred income tax is calculated on the basis of tax rates (and tax laws) that have been decided or announced at the balance sheet date and are expected to apply when the affected deferred tax asset is realised or the deferred liability is settled.

Deferred tax assets are recognised to the extent that it is probable that there will be future tax surpluses available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax assets and liabilities and when the deferred tax assets and liabilities relate to taxes charged by the same tax authority and relate to either the same tax entity or different tax entities, where there is an intention to settle the balances through net payments.

## Note 2.9

### Intangible assets

#### Note 2.9.1

##### Goodwill

Goodwill arises when subsidiaries are acquired and refers to the amount of the purchase price, any non-controlling interest in the acquired company and the fair value on the acquisition date of the previous equity interest in the acquired company which exceeds the fair value of identifiable acquired net assets. If the amount is less than the fair value of the acquired subsidiary's net assets, in the event of an acquisition at a low price, the difference is recognised directly in the statement of comprehensive profit/loss.

In order to test the need for write-downs, goodwill acquired in a business combination is allocated to cash-generating entities or groups of cash-generating entities that are expected to benefit from synergies from the acquisition. Each entity or group of entities to which goodwill has been allocated corresponds to the lowest level of the group on which the goodwill in question is monitored in the internal control. Goodwill is monitored at the business segment level.

Goodwill is tested for impairment annually or more frequently if events or changes in conditions indicate a possible impairment. The carrying value of the cash-generating entity to which the goodwill is attributed is compared to the recoverable value, which is the higher of the value in use and the fair value less the selling expenses. Any impairment is recognised immediately as an expense and is not reversed.

#### Note 2.9.2

##### Other intangible assets

Other intangible assets consist of the sub-items software, licences and patents. The accounting policies for these sub-items are shown below.

##### Capitalised expenditure for development work

Costs for maintenance are expensed when they arise. Development costs that are directly attributable to software development controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically possible to finalise them so that they can be used,
- the company's intention is to finalise them and to use or sell them,
- there are conditions to use or sell them, it can be shown how they generate probable future economic benefits,
- adequate technical, financial and other resources to complete the development and to use or sell them are available, and
- the expenditure related to them during their development can be measured reliably.

Directly attributable expenses that are capitalised as part of development work include expenditure on employees and external consultants.

Other development costs which do not meet these criteria are expensed when they arise. Development costs that were previously expensed are not reported as assets in the subsequent period.

Capitalised development costs are reported as intangible assets and amortised from the time when the asset is ready for use.

##### Patents

Patents acquired separately are reported at cost. Patents have a definite useful life and are reported at acquisition value less accumulated amortisation and write-downs. The estimated useful life amounts to 5 years, which corresponds to the estimated time they will generate cash flow.

##### Software

Software that was acquired separately is reported at acquisition value. The software is recognised in subsequent periods at cost less accumulated amortisation and write-downs. The estimated useful life amounts to 3-5 years, which corresponds to the estimated time they will generate cash flow.

##### Licences

The licences recognised in the Group arose from the acquisition of subsidiaries where direct sales licences are a requirement to sell the Group's products. The licences are identified by company and amounts are incurred where the consideration for the acquired companies exceeds the fair value of the identifiable net assets acquired. The licences have a definite useful life, and the value is continuously reduced by accumulated amortisation and write-downs. Estimated useful life is 10 years.

### Useful lives of the Group's intangible assets

Capitalised expenditure for development work	5 years
Patent	5 years
Software	5 years
Licences	10 years
Trade marks	10 years

### Note 2.10

#### Tangible fixed assets

Tangible fixed assets are reported at acquisition value less depreciation and any write-downs. The acquisition value includes expenditure directly attributable to the acquisition of the asset and putting it into place and into a condition to be used in accordance with the purpose of the acquisition.

Additional expenditure is added to the carrying value of the asset or is recognised as a separate asset, as appropriate, only when it is probable that the future financial benefits to the Group associated with the asset and the acquisition value of the asset can be measured reliably. The acquisition value of a replaced part is removed from the balance sheet. All other forms of repairs and maintenance are recognised as expenses in the statement of comprehensive profit/loss during the period in which they arise.

Depreciation of assets, in order to allocate their acquisition value down to the estimated residual value over the estimated useful life. For tangible fixed assets held under financial leases, depreciation is carried out over the shorter of the useful life or leasing period.

#### The useful life periods are as follows:

Equipment, tools and installations	5 years
------------------------------------	---------

The residual and useful lives of the assets are tested at the end of each reporting period and adjusted as necessary.

See the accounting principles for leasing above for the amortisation periods for rights-of-use assets. The carrying value of an asset is immediately written down to its recoverable amount if the carrying value of the asset exceeds its estimated recoverable amount.

Gains and losses on the disposal of a tangible fixed asset are determined by comparing the sales revenue and the carrying amount and are recognised in the items "Other operating revenues" and "Other operating expenses" in the statement of comprehensive profit/loss.

### Note 2.11

#### Write-downs of non-financial assets

Intangible assets that have an indefinite useful life (goodwill) or intangible assets that are not ready for use (capitalised expenditure for development work) are not amortised but

are tested annually for the need for any write-downs. Assets that are amortised are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

A write-down is done by the amount that the asset's carrying value exceeds its recoverable value. The recoverable value is the higher of the asset's fair value less the selling costs and its value in use. When assessing the need for write-downs, assets are grouped at the lowest levels where there are essentially independent cash flows (cash-generating entities). For assets (other than goodwill) that have previously been written down at every balance sheet date, there should be a review of whether a reversal should be made.

### Note 2.12

#### Financial instruments

#### Note 2.12.1

##### Initial recognition

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual terms of the instrument. The purchase and sale of financial assets are reported on the trade date, the date on which the group commits to buy or sell the asset.

Financial instruments are reported at the time of initial recognition at fair value plus transaction costs directly attributable to the acquisition or issuance of the financial asset or financial liability, such as fees and commissions.

#### Note 2.12.2

##### Classification

The group classifies its financial assets and liabilities in the amortised cost category.

##### Financial assets at amortised cost

The classification of investments in debt instruments depends on the Group's business model for managing financial assets and the contractual terms for the cash flows of the assets. The group only reclassifies debt instruments in cases where the group's business model for the instruments changes.

Assets held for the purpose of collecting contractual cash flows and where these cash flows are only capital amounts and interest are valued at amortised cost. The carrying amount of these assets is adjusted with any expected credit losses reported (see write-down below). Interest revenue from these financial assets is reported using the effective interest method and is included in financial income.

The group's financial assets that are valued at amortised cost are comprised of the items other long-term receivables, customer receivables, other receivables, accrued revenue and cash and cash equivalents.

### **Financial liabilities at amortised cost**

The Group's financial liabilities are classified as subsequently valued at amortised cost using the effective interest method. Financial liabilities consist of long-term and current lease liabilities, other long-term liabilities, accounts payable and current liabilities.

#### Note 2.12.3

##### **Reversal of financial instruments**

###### **Reversal of financial assets**

Financial assets, or a part of them, are removed from the statement of financial position when the contractual rights to receive cash flows from the assets have expired or have been transferred and either (i) the Group transfers essentially all risks and benefits associated with ownership or (ii) the Group does not transfer or retains essentially all the risks and benefits associated with ownership and the Group has not retained control of the asset.

###### **Reversal of financial liabilities**

Financial liabilities are removed from the statement of financial position when the obligations have been settled, cancelled or otherwise terminated. The difference between the carrying value of a financial liability (or part of a financial liability) that has been extinguished or transferred to another party and the consideration paid, including any transferred assets that are not cash or liabilities that have been assumed are reported in the statement of comprehensive profit/loss.

Where the terms of a financial liability are renegotiated, and not derecognised from the statement of financial position, a gain or loss is reported in the statement of comprehensive profit/loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

#### Note 2.12.4

##### **Settlement of financial instruments**

Financial assets and liabilities are only offset and accounted for with a net amount in the statement of financial position when there is a legal right to offset the amounts reported and an intention to settle them by a net amount or at the same time to realise the asset and settle the debt. The legal right may not depend on future events and it must be legally binding on the company and the counterparty in both the normal business and in cases of suspension of payments, insolvency or bankruptcy.

#### Note 2.12.5

##### **Write-downs of financial assets**

Assets carried at amortised cost the Group assesses the future expected credit losses associated with assets carried at amortised cost. The Group reports a credit reserve for such expected credit losses at each reporting date.

For account receivables, the group applies the simplified approach to the credit reserve, i.e. the reserve will correspond to the expected loss over the entire life of the account receivable. To measure the expected credit losses, account receivables have been grouped based on allocated credit risk properties and overdue days. The group uses forward-looking variables for expected loan losses. Expected credit losses are reported in the consolidated statement of comprehensive profit/loss in the item "Other external expenses".

#### Note 2.13

##### **Inventories**

The acquisition value of inventories is calculated by applying the first in, first out (FIFO) method and includes expenses incurred in the acquisition of inventory assets and to get them to their current location and in their current state

#### Note 2.14

##### **Accounts receivable**

Accounts receivable are amounts attributable to customers in respect of goods or services sold which are carried out in the operating activities. Accounts receivable are classified as current assets. Accounts receivable are initially reported at the transaction price. The Group holds accounts receivable for the purpose of collecting contractual cash flows so they are valued at the subsequent accounting dates at amortised acquisition value applying the effective interest method.

#### Note 2.15

##### **Cash and cash equivalents**

Cash and cash equivalents include both the statement of financial position and the statement of cash flows, cash and bank balances.

#### Note 2.16

##### **Share capital**

Ordinary shares are classified as equity. Transaction costs directly attributable to the issuance of new ordinary shares are recognised, net after tax, in equity as a deduction from the proceeds of the issue.

## Note 2.17

### **Accounts payable**

Accounts payable are financial instruments and relate to obligations to pay for goods and services that have been acquired in the operating activities from suppliers. Accounts payable are classified as current liabilities if they fall due within one year. If not, they are reported as long-term liabilities.

Liabilities are initially recognised at fair value and subsequently at amortised acquisition value using the effective interest method.

## Note 2.18

### **Cash flow analysis**

The cash flow statement is prepared using the indirect method. The reported cash flow only includes transactions that involve cash payments.

## Note 2.19

### **Earnings per share**

(i) earnings per share before dilution

Earnings per share before dilution are calculated by dividing:

- Earnings attributable to the parent company's shareholders
- By a weighted average number of outstanding ordinary shares during the period.

(ii) earnings per share after dilution

To calculate earnings per share after dilution, the amounts used to calculate earnings per share before dilution are adjusted by taking into account:

- The effect, after tax, of dividends and interest expenses on potential ordinary shares, and
- The weighted average of the additional ordinary shares that would have been outstanding in the event of a conversion of all potential ordinary shares.

## Note 2.20

### **Dividends**

The dividend to parent company shareholders is recognised as a liability in the Group's financial statements in the period when the dividend is approved by the parent company's shareholders.

## Note 2.21

### **Significant estimates and assessments**

The Group's company management makes estimates and assumptions about the future when preparing the financial statements. Estimates and assessments are continually evaluated by company management and are based on

historical experience and expectations of future events. The areas where estimates and assessments are significant to the Group and which may affect the income statement and balance sheet if they change are described below:

#### *Leases*

The company has a number of leases that are classified as right-of-use assets in the Group. The leases are discounted at the time of acquisition and the company uses an interest rate per contract that is assessed on the basis of market interest rates. On an ongoing basis, assessments are made regarding the extension of current leases and current interest rates. Read more about right-of-use assets in Note 2.6 Leases and Note 16 Leases.

#### *Inventory obsolescence*

The company management monitors product expiration dates and assesses the mobility of the company's products. Based on this, the company management assesses the need for impairment in each inventory. See further information on inventories in note 2.13 Inventories and in note 17 Inventories.

#### *Contingent consideration for the acquisition of Group companies*

In connection with the acquisition of Group companies, additional consideration is agreed to, which is realised based on the fulfilment of sales in the Group after the acquisition date. The agreed additional consideration is based on agreed established sales targets and falls due within a period of 0–5 years. When determining the acquisition analysis, company management estimates the expected future sales that form the basis of the additional consideration. On an ongoing basis, company management monitors sales and adjusts the liability as necessary. The liabilities are recognised at amortised cost and the long-term liabilities are discounted using an interest rate assessed on the basis of market interest rates.

#### *Goodwill*

The company's recognised goodwill has arisen in connection with the acquisition of Group companies. The original goodwill values are determined in the acquisition analysis after the surplus value created by the purchase price exceeding the fair value of identifiable net assets has been allocated to the consolidated surplus and deficit values of acquired assets. Goodwill is tested for impairment at least annually. Read more about this in Note 2.9.1 Goodwill and in Note 14 Intangible assets.

## Note 3

### Financial risk management

#### Financial risk factors

Through its operations, the group is exposed to a variety of financial risks such as various market risks, credit risk, liquidity risk and refinancing risk.

The Group strives to minimise potential adverse effects on the consolidated financial results. The objective of the group's financial operations is to:

- ensure that the Group can fulfil its payment obligations;
- manage financial risks;
- ensure access to the necessary funding; and
- optimise the group's net financial income/expense.

The group's risk management is managed by a central finance department that identifies, evaluates and hedges financial risks in close cooperation with the group's operating units.

Responsibility for managing the Group's financial transactions and risks is centralised in Zinzino Operations AB and the parent company Zinzino AB.

#### (a) Market risk

Currency risk is the risk of fluctuations in the value of a financial instrument due to changes in exchange rates. This risk is related to changes in expected and contracted payment flows (transaction exposure) and revaluation of assets and liabilities in foreign currency (translation exposure). Zinzino is a global company with sales in approximately 100 markets. This means that the company is affected by fluctuations in exchange rates. The goal is to minimise the impact of these changes where practicable. The biggest impact is changes in EUR, USD, DKK and NOK.

#### Transaction exposure

Transaction exposure arises mainly in the purchase of goods, primarily in USD, EUR, DKK and NOK, and in transactions between Zinzino Operations and the Group's sales companies and local VAT registrations in other countries. These, in turn, sell the products to their customers in the local market, usually in the local currency. In some countries, there may be transaction exposure due to sales to external customers in other currencies than the local one. Currency exposure and risk are significantly reduced by the fact that purchases and sales in foreign currency can be largely netted against each other.

#### Net currency flows SEK thousands

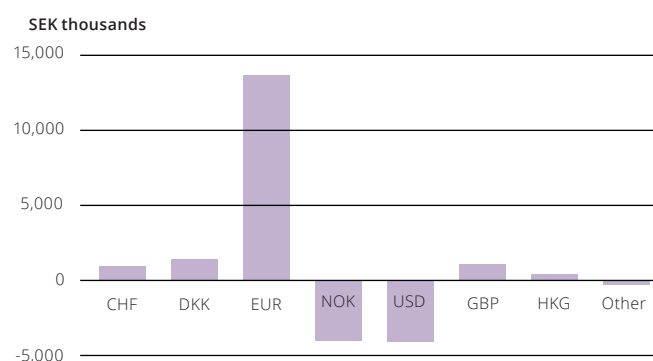
	2022	2021
CHF	16,724	11,753
DKK	25,179	33,931
EUR	277,065	273,657
NOK	-78,811	-92,490
USD	-80,888	-76,643
GBP	16,566	15,777
HKD	6,068	26,521
Other	-1,623	10,146

If the Swedish krona had weakened/strengthened by 5% in relation to other currencies, with all other variables constant, the recalculated profit before tax for the financial year 2022 would be SEK 9,014 (10,132) thousand lower/higher as a result of the consolidated net flows in foreign currency. No hedging of net flows occurs.

#### Translation exposure

The consolidated financial statements are also affected by translation effects when translating assets and liabilities in foreign currency at the closing date. In 2022, these translation effects did not have any significant impact on the consolidated earnings.

#### Effect of transaction exposure on operating profit of a 5% weaker SEK.





## Note 3

– continued

### (b) Credit risk

Credit risk is managed at group level, with the exception of credit risk regarding outstanding accounts receivable. Zinzino's business model is based on prepayments, which eliminates credit risk related to accounts receivable.

The accounts receivable in the group are allocated entirely to the production unit Faun Pharma, which is responsible for monitoring and analysing the credit risk for each new customer. Individual risk limits are determined based on internal or external credit assessments in accordance with the limits set by the board of directors. The use of credit limits is regularly monitored by the Group's central finance department. No credit limits were exceeded during the reporting period and management does not expect any losses as a result of non-payment by these counterparties. The group's calculation of expected loan losses on accounts receivable come to insignificant amounts and thus no adjustment has been made in the accounts.

### (c) Liquidity risk

Through careful liquidity management, the Group ensures that sufficient cash is available to meet the needs of operating activities. Management follows rolling forecasts for the group's liquidity reserve (including unutilised credit facilities) and cash and cash equivalents based on expected cash flows. The analysis is performed by the group's central finance department. The group's good cash flow combined with the lack of liabilities to credit institutions and unutilised credit facilities of SEK 15 million will ensure the group's liquidity for a long time to come.

### (d) Refinancing risk

Refinancing risk is defined as the risk of difficulties arising in refinancing the group, that financing cannot be obtained, or that it can only be obtained at increased costs. The risk is limited by the group's good cash flow from operating activities and liquid reserves.

As of 31 December 2022	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Reported value	Contractual cash flows
<i>Financial liabilities</i>							
Leasing liabilities	54	241	9,097	23,450	16,735	49,578	54,090
Accounts payable	35,159	-	-	-	-	35,159	35,159
Other liabilities	224,696	3,080	9,230	22,507	-	259,513	259,513
Accrued costs	23,283	-	-	-	-	23,283	23,283
<b>Total</b>	<b>283,192</b>	<b>3,321</b>	<b>18,327</b>	<b>45,957</b>	<b>16,735</b>	<b>367,533</b>	<b>372,044</b>

As of 31 December 2021	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Reported value	Contractual cash flows
<i>Financial liabilities</i>							
Leasing liabilities	70	3,354	764	34,747	-	38,935	40,538
Accounts payable	44,251	-	-	-	-	44,251	44,251
Other liabilities	202,008	6,332	2,035	2,035	-	212,410	212,410
Accrued costs	21,500	-	-	-	-	21,500	21,500
<b>Total</b>	<b>267,829</b>	<b>9,686</b>	<b>2,799</b>	<b>36,782</b>	<b>-</b>	<b>317,096</b>	<b>318,699</b>

## Note 4

### 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 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 group Health includes Omega supplement, Immune supplement, Skincare, Weight Management and

Gut Health. The product group Coffee includes espresso machines, coffee, teas and accessories. The other revenue consists mainly of freight and reminder fees. All sales are made via [www.zinzino.com](http://www.zinzino.com) with the help of the company's independent sales organisation, which goes under the names of distributors or partners.

The second segment refers to the Norwegian production unit Faun Pharma AS, known as "Faun", which carries out production and sales to external customers not under Zinzino's standard sales concept. Sales from Faun comprise exclusively contract production of food supplements to different customers.

#### Segment revenues and earnings

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

- Zinzino
- Faun Pharma AS

Jan-Dec 2022	Zinzino	Faun	Group elimination	Total Group
Net sales	1,280,266	147,271	-71,529	1,356,008
Other revenue	82,107	1,593	-	83,700
Own work capitalised	3,364	-	-	3,364
Goods for resale and other direct costs	-946,846	-102,242	71,529	-977,559
<b>Gross profit</b>	<b>418,891</b>	<b>46,622</b>	<b>-</b>	<b>465,513</b>
External operating expenses	-188,767	-8,195	-	-196,962
Personnel costs	-126,984	-29,507	-	-156,491
<b>EBITDA</b>	<b>103,140</b>	<b>8,920</b>	<b>-</b>	<b>112,060</b>
Depreciation/amortisation	-19,433	-5,641	-	-25,074
<b>Operating profit</b>	<b>83,707</b>	<b>3,279</b>	<b>-</b>	<b>86,986</b>
Jan-Dec 2021	Zinzino	Faun	Group elimination	Total Group
Net sales	1,227,344	161,604	-100,467	1,288,481
Other revenue	79,216	1,419	-	80,635
Own work capitalised	1,497	-	-	1,497
Goods for resale and other direct costs	-931,838	-111,722	100,467	-943,093
<b>Gross profit</b>	<b>376,219</b>	<b>51,301</b>	<b>-</b>	<b>427,520</b>
External operating expenses	-146,323	-7,888	-	-154,211
Personnel costs	-108,724	-27,015	-	-135,739
<b>EBITDA</b>	<b>121,172</b>	<b>16,398</b>	<b>-</b>	<b>137,570</b>
Depreciation/amortisation	-16,506	-5,096	-	-21,602
<b>Operating profit</b>	<b>104,666</b>	<b>11,302</b>	<b>-</b>	<b>115,968</b>

## Note 5

### Net sales

Net sales are broken down by country, based on where the customers are located.

Sales are recognised as revenue when control of the goods is transferred, which occurs when the risk is transferred according to the applicable delivery terms.

All contracts have an original expected term of no more than one year. In accordance with the rules in IFRS 15, no disclosure has been made of the transaction price for these unfulfilled obligations.

The company's contractual receivables are specified in Note 21 and amount to SEK 23,269 (22,266) thousand.

The company's contractual liabilities are specified in Note 27 and amount to SEK 49,550 (45,626) thousand.

Breakdown of net sales by country	Group		Parent company	
	2022	2021	2022	2021
Sweden	100,790	127,286	22,150	69,101
Norway	153,778	145,132	771	832
Germany	183,779	127,128	-	-
Hungary	111,484	121,118	481	6,770
Czech Republic	110,243	92,322	828	9,264
USA	67,391	38,864	-	-
Denmark	64,593	75,328	-	-
All other countries	563,951	561,302	2,740	32,223
<b>Total</b>	<b>1,356,008</b>	<b>1,288,481</b>	<b>26,970</b>	<b>118,190</b>
Breakdown of net sales by product area	2022	2021	2022	2021
Health	1,248,964	1,197,856	2,440	27,047
Coffee	20,713	25,168	-	-
Faun	75,742	61,137	-	-
Events and other services	10,589	4,320	24,530	91,143
<b>Total</b>	<b>1,356,008</b>	<b>1,288,481</b>	<b>26,970</b>	<b>118,190</b>

## Note 6

### Other operating revenues

Other operating revenues	Group		Parent company	
	2022	2021	2022	2021
Freight revenue	67,100	67,005	2,064	21,362
Service and reminder fees	4,588	2,798	-	4
Reversal of additional consideration	5,219	-	-	-
Capitalisation own work	3,364	1,497	-	-
Currency exchange rate profits	-	6,357	-	721
Other revenue	6,793	4,475	2	204
<b>Total</b>	<b>87,064</b>	<b>82,132</b>	<b>2,066</b>	<b>22,291</b>

## Note 7

### Remuneration to auditors

Remuneration to auditors	Group		Parent company	
	2022	2021	2022	2021
<i>Öhrlings PricewaterhouseCoopers AB</i>				
Audit assignment	1,954	1,405	872	772
Other services	15	35	15	35
<b>Total</b>	<b>1,969</b>	<b>1,440</b>	<b>887</b>	<b>807</b>
Other audit firms	147	153	-	-
<b>Total</b>	<b>147</b>	<b>153</b>	<b>-</b>	<b>-</b>

## Note 8

### Employee benefits

Employee benefits	Group		Parent company	
	2022	2021	2022	2021
Salaries and other remuneration	114,607	99,905	-	-
Social security contributions	28,515	25,098	-	-
Pension costs - defined contribution plans	9,338	7,882	-	-
<b>Total</b>	<b>152,460</b>	<b>132,885</b>	<b>-</b>	<b>-</b>

Salaries and other remuneration as well as social security contributions	2022			2021		
	Salaries and other remuneration	Social security costs (of which pension costs)		Salaries and other remuneration	Social security costs (of which pension costs)	
<i>Parent company</i>						
Board members, CEOs and other senior executives	-	-	-	-	-	-
Other employees	-	-	-	-	-	-
<i>Group company</i>						
Board members, CEOs and other senior executives	17,325	6,927	(2,255)	13,626	5,605	(1,958)
Of which bonuses	2,126	429	(-)	1,578	316	(-)
Other employees	97,283	21,588	(7,083)	86,279	27,374	(5,924)
<b>Group total</b>	<b>114,608</b>	<b>28,515</b>	<b>(9,338)</b>	<b>99,905</b>	<b>32,980</b>	<b>(7,882)</b>

Average number of employees by geographical breakdown per country	2022		2021	
	Average number	Of which men	Average number	Of which men
<i>Parent company</i>				
Sweden	-	-	-	-
<i>Group companies</i>				
Sweden	143	54	129	40
Norway	43	24	44	23
Finland	3	-	3	-
Latvia	10	6	5	2
Germany	2	2	1	1
England	1	1	1	1
Switzerland	3	2	-	-
USA	4	-	4	-
India	1	1	2	2
Malaysia	8	4	11	6
Singapore	3	2	3	2
Hong Kong	1	1	1	1
Taiwan	3	1	3	1
Australia	3	1	3	1
Thailand	6	3	2	1
<b>Group total</b>	<b>234</b>	<b>102</b>	<b>212</b>	<b>81</b>

## Note 8

– continued

Gender distribution in the Group (including subsidiaries) for board members and other senior executives	2022		2021	
	Number on the balance sheet date	Of which men	Number on the balance sheet date	Of which men
<i>Parent company</i>				
Members of the board of directors	5	3	5	3
CEOs and other senior executives	10	7	10	7
<b>Parent company total</b>	<b>15</b>	<b>10</b>	<b>15</b>	<b>10</b>
<i>Group companies</i>				
Members of the board of directors	65	59	62	56
CEOs and other senior executives	17	11	16	12
<b>Group total</b>	<b>82</b>	<b>70</b>	<b>78</b>	<b>68</b>

Compensation and other benefits 2022	Base salary/ Board fees	Variable remuneration	Other remuneration	Other benefits	Pension costs	Total
Board Chair – Hans Jacobsson	315	-	-	-	-	315
Board Member – Staffan Hillberg	170	-	-	-	-	170
Board Member – Pierre Mårtensson	165	-	-	-	-	165
Board Member – Ingela Nordenhav	175	-	-	-	-	175
Board Member – Anna Frick	160	-	-	-	-	160
CEO – Dag Bergheim Pettersen	2,835	1,380	82	136	309	4,742
Other senior executives (9 persons)	10,130	746	506	670	1,946	14,017
<b>Total</b>	<b>13,950</b>	<b>2,126</b>	<b>588</b>	<b>826</b>	<b>2,255</b>	<b>19,745</b>

Remuneration and other benefits 2021	Base salary/ Board fees	Variable remuneration	Other remuneration	Other benefits	Pension costs	Total
Board Chair – Hans Jacobsson	263	-	-	-	-	263
Board Member – Staffan Hillberg	144	-	-	-	-	144
Board Member – Pierre Mårtensson	138	-	-	-	-	138
Board Member – Ingela Nordenhav	147	-	-	-	-	147
Board Member – Anna Frick*	93	-	-	-	-	93
CEO – Dag Bergheim Pettersen	2,500	1,046	8	111	317	3,982
Other senior executives (9 persons)**	8,142	613	73	566	1,642	11,035
<b>Total</b>	<b>11,427</b>	<b>1,659</b>	<b>81</b>	<b>677</b>	<b>1,959</b>	<b>15,802</b>

\* not included in the full year 2021

\*\* of which one not included in the full year 2021

## Note 8

– continued

Current guidelines for remuneration of senior executives as follows:

### **Scope of the guidelines. etc.**

These guidelines cover the persons who, during the period of validity of the guidelines, are members of the Group management of Zinzino AB (publ), hereinafter collectively referred to as "senior executives". The guidelines have been applied to remuneration agreed and changes made to remuneration already agreed, after the guidelines were adopted by the 2021 Annual General Meeting. The guidelines do not apply to remuneration approved by the Annual General Meeting. The guidelines shall apply indefinitely, but at the latest until the 2025 annual general meeting.

### **Promoting Zinzino's business strategy, long-term interests and sustainability**

The successful implementation of the company's business strategy and the safeguarding of the company's long-term interests requires the company to be able to recruit and retain qualified employees. Zinzino strives to become the leading direct sales company in the world. To achieve this, the company is working to grow sales and create additional profitability in its various markets. It is key for Zinzino to create incentives among senior executives for commitment, forward thinking and activities that drive sales and profitability while strengthening the Zinzino brand in a sustainable manner. Senior executive remuneration must ensure that the company is able to recruit and retain qualified employees and that management has the right focus and is encouraged to adopt the correct behaviours. The forms of remuneration should be market- and competitive based on the conditions in the markets in which Zinzino operates and designed to motivate senior executives to do their utmost to create shareholder value. Individual remuneration levels are based on experience, skills, responsibilities and performance and the country in which the executive is employed. These guidelines contribute to the Company's business strategy, long-term interests and sustainability as set out below in relation to variable remuneration criteria and contribute to the Company's ability to retain qualified employees in the long term.

### **Promoting Zinzino's business strategy, long-term interests and sustainability**

The total remuneration of senior executives must be in line with market conditions and consist of a base salary (fixed cash remuneration), variable cash salary, pension benefits and other benefits. In addition - and independently of these guidelines - the General Meeting may resolve on, for example, share and share price related remuneration.

### **Fixed remuneration**

The fixed remuneration, the base salary, shall be based on the individual executive's responsibilities, authorities, skills, experience and performance.

### **Variable remuneration**

The distribution between fixed and variable remuneration shall be proportionate to the responsibilities and powers of the executive. Variable remuneration shall always be limited in advance to a maximum amount and linked to predetermined and measurable criteria, designed to promote the company's growth strategy and long-term value creation.

### **Annual variable remuneration**

For senior executives, the annual variable remuneration (annual bonus) shall be capped at 50% of the fixed annual base salary for the CEO and 8.3% for other senior executives. The variable remuneration shall be based on the targets set by the board of directors. The targets are related to EBITDA results and sales growth. All members of the Group management have the same target for annual variable remuneration in order to promote the interests of the shareholders, the company's values and to jointly strive to achieve the company's business strategy, long-term interests and sustainable development of the company.

### **Determination of the outcome of variable remuneration, etc.**

At the end of the measurement period for the fulfilment of the criteria for the payment of variable cash remuneration, the Board of Directors, acting on a proposal from the Remuneration Committee, shall determine the extent to which the criteria have been fulfilled. In its assessment of the fulfilment of the criteria, the Board of Directors, acting on a proposal from the Remuneration Committee, may grant exceptions to the targets set on the grounds set out in Section 5 below. As regards the achievement of financial targets, the assessment shall be based on the most recently published financial information of the company with any adjustments determined in advance by the Board of Directors when implementing the programme. Variable cash remuneration is paid at the end of the measurement period (annual variable remuneration).

Zinzino is actively engaged in ensuring that the company is managed in the most sustainable, responsible and efficient manner possible and that applicable laws and regulations are complied with. Zinzino also applies internal rules that include a Code of Conduct and various Group-wide governance documents (policies, instructions and guidelines) in a number of areas. Variable remuneration shall not be paid,

## Note 8

### – continued

and variable remuneration shall be recoverable if senior executives have acted in violation of these rules, principles or the company's Code of Conduct. No variable remuneration shall be paid if profits before tax are negative. The Board of Directors shall have the possibility, by law or contract, to recover all or part of any variable remuneration paid on an incorrect basis.

#### Other variable remuneration

Additional variable cash remuneration may be paid in extraordinary circumstances, provided that such extraordinary arrangements are made solely for the purpose of recruiting or retaining executives. Such remuneration may not exceed an amount equal to 100% of the base salary and may not be paid more than once a year per individual. Resolutions on such remuneration shall be adopted by the board of directors acting on a proposal from the Remuneration Committee. In addition to the above variable remuneration, there may be from time to time approved share or share price-related incentive schemes as described above.

#### Pension and health insurance

Pension rights for the CEO shall apply from the age of 65. Pension premiums for the CEO shall not exceed 30% of the fixed base salary and shall be a defined contribution. Variable cash remuneration shall not be pensionable. For other senior executives, the retirement age is also 65 years. The pension agreement stipulates that the pension premium shall amount to a maximum of 30% of the pensionable salary and be a defined contribution according to ITP2. No pension commitments have been made for board members who do not have permanent employment in any group company.

With respect to employment relationships governed by regulations other than Swedish regulations, appropriate adjustments may be made in respect of pension and other benefits to comply with such mandatory regulations or established local practice, whereby the overall purpose of these guidelines shall be met as far as possible.

#### Other benefits

Other benefits, such as a company car, extra medical insurance and occupational health care, shall be paid to the extent that this is deemed to be in line with market conditions for senior executives in equivalent positions in the labour market in which the executive is employed. The total value of these benefits may not exceed 15% of the fixed base salary.

#### Terms of termination

Senior executives shall be employed for an indefinite period. A mutual notice period of 6 months applies between the company and the CEO. In the event of termination by the company, the salary is paid for 6 months even if the CEO is exempted from work. A mutual notice period of 3 months applies between the company and other senior executives.

#### Salary and employment terms for employees

In preparing the Board's proposal for these remuneration guidelines, salaries and terms of employment of the company's employees have been taken into account by providing information on the total remuneration of employees, the components of remuneration and the increase and rate of increase of remuneration over time as part of the decision-making process of the Remuneration Committee and the Board in evaluating the appropriateness of the guidelines and the limitations imposed by them. The development of the gap between the remuneration of senior executives and that of other employees will be reported in the remuneration report to be submitted for the first time in 2022.

#### The decision-making process for determining, reviewing and implementing the guidelines

The Board has already established a Remuneration Committee. The committee's duties include preparing the board's decision on the proposed guidelines for the remuneration of senior executives. These are reviewed annually by the Board and presented for approval at the Annual General Meeting. The guidelines shall remain in force until new guidelines are adopted by the General Meeting, but no later than the Annual General Meeting in 2025. The Remuneration Committee shall also monitor and evaluate variable remuneration plans for senior management, the application of the guidelines for remuneration of senior executives and the current remuneration structures and levels in the Company. The CEO and other members of the company management are not present when the board of directors discusses and decides on remuneration-related issues when they are affected by the issues.



## **Note 8**

– continued

### **Derogation from the guidelines**

The Board of Directors may decide to temporarily derogate from the guidelines in whole or in part if there are special reasons for doing so in an individual case and a derogation is necessary to meet the long-term interests of the company, the sustainable development of the company or to ensure the financial viability of the company. As stated above, the Remuneration Committee's tasks include preparing the board's decisions on remuneration issues, including resolutions on derogation from the guidelines.

### **Other**

The guidelines provide for a level of remuneration that is broadly consistent with the 2022 financial year.

Details of remuneration etc. to senior executives in the 2022 financial year are shown under Note 8 to the annual report, including any previously approved remuneration that has not yet become payable.

## Note 9

### Financial income and financial expenses

Financial income and financial expenses	Group		Parent company	
	2022	2021	2022	2021
Interest revenues	344	383	636	566
Restatement of amortised cost	4,618	-	3,478	-
Interest expenses for leasing liabilities and other financial expenses	-2,784	-1,433	-	-2
Currency fluctuations	-	-	-1,518	-
Dividend Group companies	-	-	12,647	2,261
Anticipated dividend group companies	-	-	58,638	58,452
<b>Total</b>	<b>2,178</b>	<b>-1,050</b>	<b>73,881</b>	<b>61,277</b>

## Note 10

### Exchange rate differences – net

Exchange rate differences have been reported in the statement of comprehensive profit/loss as follows:	Note	Group		Parent company	
		2022	2021	2022	2021
Other operating revenues	6	-	6,357	-	721
Financial items – net	9	-	-	-1,518	-
Other external costs		-2,037	-	-	-
<b>Total</b>		<b>-2,037</b>	<b>6,357</b>	<b>-1,518</b>	<b>721</b>

## Note 11

### Tax on the year's profit

Exchange rate differences have been reported in the statement of comprehensive profit/loss as follows:	Note	Group		Parent company	
		2022	2021	2022	2021
<b>Current tax</b>					
Current tax on profit for the year		-19,020	-24,485	-100	-2,196
Adjustments for previous years		-175	-103	-	-
<b>Total current tax</b>		<b>-19,195</b>	<b>-24,588</b>	<b>-100</b>	<b>-2,196</b>
<b>Deferred tax</b>					
	24				
Incurrence and reversal on acquisition		-666	-	-	-
Origination and reversal of temporary differences		-828	-620	-	-
<b>Total deferred tax</b>		<b>-1,494</b>	<b>-620</b>	<b>-</b>	<b>-</b>
<b>Total tax on the profit for the year</b>		<b>-20,689</b>	<b>-25,208</b>	<b>-100</b>	<b>-2,196</b>

The income tax on the group's profit before tax differs from the theoretical amount that would have been obtained when using the Swedish tax rate for the profit of the consolidated companies as follows:

Financial income and financial expenses	Group		Parent company		
	2022	2021	2022	2021	
<b>Profit/loss before tax</b>	<b>89,164</b>	<b>114,918</b>	<b>75,205</b>	<b>71,081</b>	
Income tax calculated according to tax rate in Sweden 20.6% (20.6%)	-18,368	-23,673	-15,492	-14,643	
<i>Tax effects of:</i>					
Tax attributable to previous years	-175	-103	-	-	
Tax expense of acquired companies	-666	-	-	-	
Non-taxable revenue	716	-	15,401	12,507	
Non-deductible expenses	-1,711	-1,136	-9	-60	
Effect of foreign tax rates	-418	-310	-	-	
Other	-68	14	-	-	
<b>Reported tax cost</b>	<b>-20,689</b>	<b>-25,208</b>	<b>-100</b>	<b>-2,196</b>	

The weighted average tax rate for the group was 23% (22%).

## Note 12

### Shares in subsidiaries

The Group had the following subsidiaries on 31 December 2022:

Name of subsidiary	Share in %	Share of voting rights in %	Org. No.	Headquarters	Book value	
					31/12/2022	31/12/2021
Zinzino Nordic AB	93%	98%	556646-5893	Gothenburg	22,902	22,888
Zinzino Operations AB	100%	100%	556655-2658	Gothenburg	83	83
Zinzino OÜ	100%	100%	12057494	Tallinn	-	-
Zinzino UAB	100%	100%	302606327	Vilnius	26	26
Zinzino SIA	100%	100%	40103529390	Riga	25	25
Zinzino Ehf	100%	100%	580511-0660	Reykjavik	28	28
Zinzino LLC	100%	100%	90-0992153	Jupiter, FL	-	-
Zinzino B.V.	100%	100%	854221712	The Hague	-	-
Zinzino Sp z o. o.	100%	100%	701-04-26-537	Warsaw	8	8
Faun Pharma AS	99%	99%	883370112	Vestby	11,653	11,653
BioActive Foods AS	100%	100%	996740498	Vestby	50,203	50,203
Zinzino Canada Corp	100%	100%	817988520BC0001	Vancouver, BC	-	-
Zinzino GmbH	100%	100%	127/143/40172	Linau am Bodensee	233	233
Zinzino Direct Sales S.R.L.	100%	100%	RO38081630	Bucharest	-	-
Zinzino Italia S.R.L.	100%	100%	PT-194277	Pistoia	104	104
Zinzino India	100%	100%	U74999DL2018FTC341732	New Delhi	2,967	2,967
Zinzino UK Ltd	100%	100%	08601642	Milton Keynes	46	46
Zinzino Pty Ltd	100%	100%	ABN40627905935	Adelaide	-	-
Zinzino Hong Kong Ltd	100%	100%	65356238-000-10-19-8	Hong Kong	100	100
Zinzino Singapore Pte Ltd	100%	100%	200710391K	Singapore	100	100
Zinzino Malyasia SDN BHD	100%	100%	713201-U	Kuala Lumpor	9,739	14,957
Zinzino Thailand CO. Ltd	100%	100%	3108314	Bangkok	777	777
Zinzino Gida	100%	100%	9991133338	Istanbul	120	120
Zinzino LLC	100%	100%	43124037	Kiev	-	-
Zinzino 3NH3NHO	100%	100%	7728467918	Moscow	-	-
Zinzino SA PTY LTD	100%	100%	2020/058004/07	Gauteng	-	-
Zinzino Mexico S. DE R.L. DE C.V	100%	100%	N-2021013616	Mexico City	-	-
Zinzino NZ Limited	100%	100%	8248644	Auckland	-	-
Zinzino AG	100%	100%	334.019.298	Zug	26,303	-
Zinzino IP AG	100%	100%	285.777.204	Zug	10,000	-
<b>Total</b>					<b>135,417</b>	<b>104,318</b>

Subsidiaries wholly owned by Zinzino Nordic AB:

Specification of subsidiary	Share in %	Share of voting rights in %	Org. No.	Headquarters
Zinzino Sverige AB	100%	100%	556646-5869	Gothenburg
Zinzino ApS	100%	100%	27266940	Copenhagen
Zinzino AS	100%	100%	986028269	Oslo
Zinzino Oy	100%	100%	1825505-2	Helsinki
PGTwo AB	100%	100%	556639-0513	Gothenburg
2 Think	100%	100%	556667-3983	Gothenburg

## Note 13

### Acquisition of subsidiaries

On 5 April 2022, the Group acquired all shares in Enhazz IP AG and Enhazz Global AG. The companies were acquired for a total of SEK 36,136 thousand. The acquisition resulted in a surplus value amounting to SEK 31,627 thousand.

The surplus value arising from the acquisition mainly includes the accumulated value of the "HANZZ+HEIDI" trademark, which in the acquisition analysis was valued at SEK 10,000 thousand.

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

<b>Purchase price as at 05/04/2022</b>	<b>SEK thousands</b>
Fixed purchase price	10,325
Contingent consideration	25,811
<b>Total purchase price paid</b>	<b>36,136</b>
<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	<b>SEK thousands</b>
Intangible fixed assets	1,252
Cash and bank balances	4
Inventories	3,775
Other receivables	1,080
Other liabilities	-1,602
<b>Total identifiable net assets</b>	<b>4,509</b>
<b>Consolidated negative surplus values of current assets incl. deferred tax</b>	<b>-2,430</b>
<b>Consolidated values of trademark incl. deferred tax</b>	<b>7,940</b>
<b>Goodwill</b>	<b>26,117</b>

Acquisition-related costs of SEK 168 thousand are included in the item External costs in the consolidated statement of comprehensive income for 2022.

The contingent consideration is calculated at 8% on the sales achieved by the acquired distributor organisation over a five-year period, with a maximum amount of EUR 5 million. In addition, a further 2% on sales achieved may be paid as contingent consideration up to a maximum amount of EUR 2 million within the same five-year period. The contingent consideration can be paid up to a maximum of EUR 6 million and will be settled with newly issued shares after the fixed purchase price paid of EUR 1 million has been deducted. The contingent consideration is estimated at EUR 2.5 million (SEK 25.8 million) to be paid over the five years.

The acquisition has contributed to the growth of the Group's sales. The sales included in the consolidated income statement as of 31/12/2022 and attributable to the acquisition as of 05/04/2022 amount to SEK 24,190 thousand.

## Note 14

### Intangible fixed assets

Goodwill	Group		Parent company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
<b>Opening acquisition value</b>	<b>40,631</b>	<b>36,593</b>	-	-
Through acquisition of Group companies	26,117	-	-	-
Exchange rate difference	6,082	4,038	-	-
<b>Closing accumulated acquisitions</b>	<b>72,830</b>	<b>40,631</b>	-	-
<b>Closing carrying value</b>	<b>72,830</b>	<b>40,631</b>	-	-

Software	Group		Parent company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
<b>Opening acquisition value</b>	<b>38,260</b>	<b>38,260</b>	-	-
Acquisitions during the year	4,083	-	-	-
Reclassifications for the year	2,960	-	-	-
<b>Closing accumulated acquisitions</b>	<b>45,303</b>	<b>38,260</b>	-	-
<b>Opening depreciation and amortisation</b>	<b>-31,308</b>	<b>-27,749</b>	-	-
The year's depreciation	-3,480	-3,559	-	-
<b>Closing accumulated depreciation</b>	<b>-34,788</b>	<b>-31,308</b>	-	-
<b>Closing carrying value</b>	<b>10,515</b>	<b>6,952</b>	-	-

Ongoing development work, software	Group		Parent company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
<b>Opening balance</b>	<b>8,011</b>	-	<b>3,369</b>	-
Expenses incurred during the year	13,612	8,011	8,391	3,369
Reclassifications	-2,960	-	-	-
<b>Closing balance</b>	<b>18,663</b>	<b>8,011</b>	<b>11,760</b>	<b>3,369</b>
<b>Closing carrying value</b>	<b>18,663</b>	<b>8,011</b>	<b>11,760</b>	<b>3,369</b>

Other intangible assets	Group		Parent company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
<b>Opening acquisition value</b>	<b>13,750</b>	<b>13,170</b>	<b>3,115</b>	<b>2,860</b>
Acquisitions during the year	11,409	255	-	255
Exchange rate difference	1,838	325	-	-
<b>Closing accumulated acquisitions</b>	<b>26,997</b>	<b>13,750</b>	<b>3,115</b>	<b>3,115</b>
<b>Opening depreciation and amortisation</b>	<b>-5,809</b>	<b>-4,456</b>	<b>-1,574</b>	<b>-974</b>
The year's depreciation	-2,302	-1,353	-634	-600
<b>Closing accumulated depreciation</b>	<b>-8,111</b>	<b>-5,809</b>	<b>-2,208</b>	<b>-1,574</b>
<b>Closing carrying value</b>	<b>18,886</b>	<b>7,941</b>	<b>907</b>	<b>1,541</b>

## Note 14

– continued

The closing recognised value of goodwill relates to SEK 33,482 thousand for Norway, SEK 29,396 thousand for Switzerland and SEK 9,952 thousand for the countries added in connection with the acquisition of VMA Life in 2020.

The closing recognised value of software is entirely attributable to Sweden.

The closing recognised value of software investments in progress relates entirely to Sweden.

For the other intangible assets, SEK 907 thousand relates to Sweden, SEK 11,821 thousand relates to Switzerland and was added in connection with the acquisition of Enhazz IP AG and Enhazz Global AG and SEK 6,158 thousand relates to the countries added in connection with the acquisition of VMA Life in 2020.

### Impairment testing for goodwill

The CEO monitors goodwill at the group level. The company has made the assessment that the consolidated goodwill is allocated in the amount of SEK 65,930 thousand to the Zinzino business segment and in the amount of SEK 6,900 thousand to the Faun business segment.

The recoverable amount of goodwill has been determined based on calculations of value in use. The CEO has assessed that sales growth, EBITDA margin, discount rate and long-term growth are the most important assumptions in the impairment testing. Calculations of value in use are based on estimated future pre-tax cash flows based on financial budgets approved by the company management and covering a five-year period. The calculation is based on management experience and historical data. The long-term sustainable growth rate has been assessed on the basis of industry forecasts.

For each business segment listed above to which a significant amount of goodwill has been allocated, the significant assumptions, long-term growth rate and discount rate used in calculating value in use are set out below.

### Key assumptions used for calculating value in use in the Zinzino business segment

	31/12/2022	31/12/2021
Pre-tax discount rate*	12.5%	11.5%
Long-term growth rate**	2%	2%

*The cash flows forecast after five years are based on a more conservative growth rate of 2 (2)% per year.*

*A growth rate of 2% is lower than expected growth for the market, which is expected to grow by 10-20% per year.*

*\*Pre-tax discount rate used in the present value calculation of estimated future cash flows.*

*\*\*Weighted average growth rate used to extrapolate cash flows beyond the budget period.*

### Sensitivity analysis for goodwill:

The recoverable value exceeds the carrying values of goodwill with a margin. This also applies to the assumption that:

- the pre-tax discount rate would be 4 (4) percentage points higher,
- the estimated growth rate for extrapolating cash flows beyond the five-year period would be 1 (1) percentage points lower

The most significant assumptions, in addition to the discount rate and long-term growth, are EBITDA margin and sales growth.

A change of these two assumptions, individually, by 1 respectively 4 percentage points would not result in any impairment.

## Note 15

### Tangible fixed assets

Equipment, tools and installations	Group		Parent company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
<b>Opening acquisition value</b>	<b>17,106</b>	<b>11,492</b>	<b>38</b>	<b>-</b>
Acquisitions during the year	8,834	6,257	-	38
Disposals for the year	-3,785	-643	-	-
Conversion differences	234	-	-	-
<b>Closing accumulated acquisitions</b>	<b>22,389</b>	<b>17,106</b>	<b>38</b>	<b>38</b>
<b>Opening depreciation and amortisation</b>	<b>-6,059</b>	<b>-4,661</b>	<b>-7</b>	<b>-</b>
The year's depreciation	-2,869	-2,041	-8	-7
Disposals for the year	3,761	643	-	-
<b>Closing accumulated depreciation</b>	<b>-5,167</b>	<b>-6,059</b>	<b>-15</b>	<b>-7</b>
<b>Closing carrying value</b>	<b>17,222</b>	<b>11,047</b>	<b>23</b>	<b>31</b>

All significant tangible fixed assets in the Group are found in Zinzino Operations AB, Faun Pharma AS and Zinzino LLC.

Of the tangible fixed assets, SEK 4,106 thousand relate to Sweden, SEK 12,173 thousand to Norway and SEK 943 thousand distributed among other countries.



## Note 16

### Leasing

In accordance with IFRS 16, the Group recognises lease liabilities attributable to leases that were previously classified as operating leases. These liabilities have been valued at the present value of future minimum lease payments. When calculating, the lessee's marginal lending rate has averaged 5% (2.75%)

*All rights of use are valued at an amount equal to the lease liability adjusted for deferred lease payments relating to the leases. The following relief rules have been applied:*

- The use of a uniform discount rate for a portfolio of leases of a similar nature;
- The reporting of operating leases with a lease term shorter than 12 months is classified as a short-term lease and the leasing payment is excluded from the capitalised leasing calculation under IFRS 16.
- The reporting of low value operating leases is classified as a low value lease and the lease payment is excluded from the capitalised leasing calculation under IFRS 16.
- Exclusion of initial direct costs in the calculation of the right-of-use asset at the date of first implementation
- Historical information has been used in the assessment of the length of a lease where there are options to renew or terminate a contract.

#### Valuation of the leasing liability

Accounting of depreciation of assets with rights of use instead of lease fees has had a positive impact on operating profit of SEK 2.0 (0.6) million. Interest on lease liabilities has had a negative impact on net financial income/expense of SEK 2.7 (1.2) million. Profit before tax was negatively impacted by SEK 0.7 (0.6) million due to IFRS 16. As the main payment is reported as financing activities, cash flow from financing activities decreases with a corresponding increase in cash flow from operating activities. The interest portion of the leasing payment remains cash flow from operating activities and is included in net financial income/expense. The Group recognises a right of use in the balance sheet and a lease liability at the present value of future lease payments.

The leased asset is depreciated on a linear basis over the lease period or over the useful life of the underlying asset if it is considered reasonably certain that the Group will acquire ownership at the end of the lease period. Leasing costs are reported as depreciation in operating profit and interest expense in net financial income/expense. If the lease is considered to include a low value asset or has a lease period that ends within 12 months, these lease payments are recognised as operating expenses in the income statement over the lease period.

#### Reported amounts in the balance sheet

*The following amounts related to leases are reported in the balance sheet broken down by Premises, Vehicles and Other. Of the total asset value, SEK 22,040 thousand relates to Sweden, SEK 9,422 thousand to Norway, SEK 4,436 thousand to the US and the remainder is distributed among the Group's other countries.*

Assets with right of use	31/12/2022	31/12/2021
Premises	45,524	36,095
Vehicles	513	820
Other	786	1,148
<b>Total</b>	<b>46,823</b>	<b>38,063</b>
Leasing liabilities	31/12/2022	31/12/2021
Long term	31,412	25,025
Current	18,166	13,910
<b>Total</b>	<b>49,578</b>	<b>38,935</b>

*Leases added in 2022 have a value of SEK 684 thousand, all of which fall into the category of vehicles.*

*Renewed leases in 2022 have a value of SEK 25,473 thousand, all of which fall into the category of premises.*

## Note 16

– continued

### Reported amounts in the income statement

*The following amounts related to leases are reported in the income statement*

<b>Depreciation on rights of use</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
Premises	15,179	13,299
Vehicles	803	835
Other	359	503
<b>Total</b>	<b>16,341</b>	<b>14,636</b>

<b>Interest costs</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
Interest expenses (included in financial expenses)	2,705	1,239

<b>Short-term or low-value leases</b>	<b>2022</b>	<b>2021</b>
Expenses attributable to short-term leases (included in external costs)	456	236
Expenses attributable to leases for which the underlying asset is of low value that are not short-term leases (included in external costs)	37	36

No significant variable lease payments that are not included in the leasing liability have been identified.

The total cash flow for leases was SEK 21,539 (16,774) thousand.

## Note 17

### Inventories

The cost of inventories recognised as expense is included in the item raw materials and consumables in the statement of comprehensive profit/loss and amount to SEK 228 363 (209 803) thousand.

The value of the Group's stocks as of 31/12/2022 is SEK 184,768 (158,657) thousand.

Impairment of inventories to the net realisable value amounts to SEK 4,750 (2,511) thousand. The impairment has been reported in the statement of comprehensive profit/loss as raw materials and consumables.

## Note 18

### Financial instruments by category

31/12/2021	Financial assets valued at amortised acquisition value	Financial assets at fair value	Total
<b>Assets in the balance sheet</b>			
Long-term receivables	1,071	-	1,071
Accounts receivable	6,852	-	6,852
Other receivables	34,544	-	34,544
Cash and cash equivalents	235,732	-	235,732
<b>Total</b>	<b>278,199</b>	<b>-</b>	<b>278,199</b>

31/12/2021	Financial liabilities at amortised acquisition value	Financial assets at fair value	Total
<b>Liabilities in the balance sheet</b>			
Accounts payable	44,251	-	44,251
Other liabilities	202,008	10,402	212,410
Accrued costs	21,500	-	21,500
<b>Total</b>	<b>267,759</b>	<b>10,402</b>	<b>278,161</b>

31/12/2022	Financial assets valued at amortised acquisition value	Financial assets at fair value	Total
<b>Assets in the balance sheet</b>			
Long-term receivables	1,309	-	1,309
Accounts receivable	6,748	-	6,748
Other receivables	51,557	-	51,557
Cash and cash equivalents	161,880	-	161,880
<b>Total</b>	<b>221,494</b>	<b>-</b>	<b>221,494</b>

31/12/2022	Financial liabilities at amortised acquisition value	Financial assets at fair value	Total
<b>Liabilities in the balance sheet</b>			
Accounts payable	35,159	-	35,159
Other liabilities	224,696	34,817	259,513
Accrued costs	23,283	-	23,283
<b>Total</b>	<b>283,138</b>	<b>34,817</b>	<b>317,955</b>

## Note 19

### Accounts receivable

Accounts receivable	Group		Parent company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Accounts receivable	6,854	6,955	-	-
Reserve for expected credit losses	-106	-103	-	-
<b>Total</b>	<b>6,748</b>	<b>6,852</b>	<b>-</b>	<b>-</b>
<b>Amounts reported, per currency, for the group accounts receivable are as follows:</b>	<b>31/12/2022</b>	<b>31/12/2021</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
SEK	210	-	-	-
EUR	349	-	-	-
USD	353	646	-	-
NOK	5,836	6,206	-	-
<b>Total</b>	<b>6,748</b>	<b>6,852</b>	<b>-</b>	<b>-</b>

*The fair value of accounts receivable corresponds to its carrying value, since the discount effect is not material. No accounts receivable have been provided as security for any debt.*

## Note 20

### Other receivables

Other receivables	Group		Parent company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Tax account	202	288	-	-
Credit card sales receivables	40,381	26,598	-	-
VAT claim	5,103	16,266	-	2,179
Tax claims	2,555	-	89	-
Advances to suppliers	9,623	6,336	-	-
Other receivables	1,657	1,610	1,641	73
<b>Total</b>	<b>59,521</b>	<b>51,098</b>	<b>1,730</b>	<b>2,252</b>

## Note 21

### Pre-paid costs and accrued revenues

Pre-paid costs and accrued revenues	Group		Parent company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Pre-paid rental costs	944	653	-	-
Pre-paid cost for sales conference	15,272	5,054	-	-
Prepaid sales expenses	23,269	22,266	-	-
Pre-paid other expenses	8,149	7,155	350	2,331
<b>Total</b>	<b>47,635</b>	<b>35,128</b>	<b>350</b>	<b>2,331</b>

## Note 22

### Cash and cash equivalents

Cash and cash equivalents	Group		Parent company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Bank balances	161,880	235,732	1,555	4,471
<b>Total</b>	<b>161,880</b>	<b>235,732</b>	<b>1,555</b>	<b>4,471</b>

## Note 23

### Share capital and other contributed capital

*Of the company's number of shares, 33,860,563, 5,113,392 constitute A shares.*

*The development of the share capital*

<b>Year</b>	<b>Event</b>	<b>Change in the number of shares</b>	<b>Total number of shares</b>	<b>Change in the share capital</b>	<b>Total share capital</b>
2007	Formation of company	37,000,000	37,000,000	100,000	100,000
2007	Rights issue	37,803,188	74,803,187	102,069	202,069
2008	Bonus issue	-	-	545,963	748,032
2008	Rights issue	12,476,963	87,280,150	124,770	872,802
2009	Rights issue	135,022,681	222,302,831	1,350,227	2,223,029
2010	Rights issue	48,524,869	270,827,700	485,248	2,708,277
2010	Reverse split	-243,744,930	27,082,770	-	2,708,277
2014	Warrants	2,425,917	29,508,687	242,592	2,950,869
2015	Warrants	1,391,338	30,900,025	139,134	3,090,003
2016	Warrants	150,000	31,050,025	15,000	3,105,003
2016	Warrants	1,530,000	32,580,025	153,000	3,258,003
2020	Warrants	469,620	33,049,645	46,962	3,304,965
2021	Warrants	652,633	33,702,278	65,263	3,370,228
2022	Offset issue	158,285	33,860,563	15,828	3,386,056

## Note 24

### Deferred tax

Deferred tax claims	Group			Parent company	
	Loss carryforwards	Other temporary differences	Total	Loss carryforwards	Total
<b>As of 1 January 2021</b>	<b>2,523</b>	<b>1,000</b>	<b>3,523</b>	-	-
Reported in the statement of comprehensive profit/loss	-806	1,306	500	-	-
<b>As of 31 December 2021</b>	<b>1,717</b>	<b>2,306</b>	<b>4,023</b>	-	-
Reported in the statement of comprehensive profit/loss	-192	622	430	-	-
<b>As of 31 December 2022</b>	<b>1,525</b>	<b>2,928</b>	<b>4,453</b>	-	-

Deferred tax liabilities	Group		Parent company	
	Other temporary differences	Total	Loss carryforwards	Total
<b>As of 1 January 2021</b>	-	-	-	-
Reported in the statement of comprehensive profit/loss	-1,388	-1,388	-	-
<b>As of 31 December 2021</b>	<b>-1,388</b>	<b>-1,388</b>	-	-
Recognised in the balance sheet on acquisition	-2,060	-2,060	-	-
Reported in the statement of comprehensive profit/loss	-1,258	-1,258	-	-
<b>As of 31 December 2022</b>	<b>-4,706</b>	<b>-4,706</b>	-	-

## Note 25

### Other long-term liabilities

Other long-term liabilities	Group		Parent company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Additional consideration	25,960	4,070	25,960	4,070
Debt to minority interests	5,777	-	-	-
Other long-term liabilities	576	445	-	-
<b>Total</b>	<b>32,313</b>	<b>4,515</b>	<b>25,960</b>	<b>4,070</b>

<i>Maturity structure</i>				
	Group		Parent company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Between 1 and 2 years	9,806	2,480	3,453	2,035
Between 2 and 5 years	22,507	2,035	22,507	2,035
<b>Total</b>	<b>32,313</b>	<b>4,515</b>	<b>25,960</b>	<b>4,070</b>

## Note 26

### Other current liabilities

Other current liabilities	Group		Parent company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Value added tax liability	12,404	24,836	154	-
Personnel withholding tax	2,955	2,828	-	-
Statutory social security contributions	2,962	2,864	-	-
Commission liability	217,247	191,975	-	-
Short-term portion Additional consideration	3,080	6,332	3,080	6,332
Debt to minority interests	-	3,399	-	-
Other liabilities	7,449	6,633	-	-
<b>Total</b>	<b>246,097</b>	<b>238,867</b>	<b>3,234</b>	<b>6,332</b>

## Note 27

### Accrued costs and deferred revenues

Accrued costs and deferred revenues	Group		Parent company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Accrued discount	10,727	11,912	-	-
Accrued wage-related costs	21,715	18,921	-	-
Accrued commission	23,283	21,500	-	-
Deferred revenues	49,550	45,626	-	-
Other items	7,783	10,575	821	1,418
<b>Total</b>	<b>113,058</b>	<b>108,534</b>	<b>821</b>	<b>1,418</b>

## Note 28

### Security Provided and Contingent Liabilities

As of 31 December 2022, the Group had contingent liabilities originating from

Security provided and contingent liabilities	Group		Parent company	
	2022	2021	2022	2021
Security provided	31,799	16,575	None	None
Contingent liabilities	None	None	16,556	15,407

The Group has floating charges of SEK 30,000 (15,000) thousand and customs guarantees totalling SEK 1,288 (1,105) thousand. Restricted bank assets are SEK 1,799 (1,575) thousand and relate to bank guarantees to suppliers.

Contingent liabilities in the parent company refer to the guarantee commitments for subsidiaries.



## Note 29

### Transactions with related parties

	Group		Parent company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
<b>Sales of goods and services</b>				
Sæle Invest & Consulting AS	1,566	-	-	-
Prosperity ApS	-	-	-	-
<b>Total</b>	<b>1,566</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Group		Parent company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
<b>Purchase of goods and services</b>				
Sæle Invest & Consulting AS*	34,510	34,480	-	-
Prosperity ApS**	6,011	6,724	-	-
<b>Total</b>	<b>40,521</b>	<b>41,204</b>	<b>-</b>	<b>-</b>

	Group		Parent company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
<b>Receivables and liabilities at the end of the year as a result of the sale and purchase of goods and services</b>				
<i>Receivables from related parties</i>				
Sæle Invest & Consulting AS	-	-	-	-
Prosperity ApS***	1,641	2,251	1,641	2,251
<i>Liabilities to related parties</i>				
Sæle Invest & Consulting AS	628	625	-	-
Prosperity ApS	-	-	-	-

There are no loans to or from related parties within the group.

The Group has no provisions for bad debt receivables attributable to related parties. The Group has also not reported any costs relating to bad debt receivables from related parties during the period. No security has been provided for the receivables.

As of 31/12/2022, the debt to Sæle Invest & Consulting AS relating to sales commissions amounts to SEK 628 (625) thousand and to Prosperity ApS to SEK 0 (0) thousand in the Group. All sales commissions paid to related parties with significant influence are calculated on the same commission plan and under the same terms as for all other distributors within Zinzino's global sales organisation.

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

\*\*\* There is a receivable from Prosperity ApS amounting to SEK 1,641 (2,251) thousand as at 31/12/2022. The receivable relates to a payment according to agreement for 75% of the company's establishment costs in Australia in 2019/2020.

## Note 30

### Earnings per share

SEK	2022	2021
Earnings per share before dilution	2.01	2.57
Earnings per share after dilution	1.97	2.46
<b>Earnings metric used in the calculation of earnings per share (SEK thousand)</b>	<b>2022</b>	<b>2021</b>
Earnings attributable to shareholders of the parent company used in the calculation of earnings per share before and after dilution	67,697	86,204
<b>Number of shares</b>	<b>2022</b>	<b>2021</b>
Weighted average number of ordinary shares in calculating earnings per share before dilution	33,731,333	33,551,514
Weighted average number of ordinary shares in calculating earnings per share after dilution	34,307,847	35,092,535

## Note 31

### Changes in liabilities pertaining to financing activities

Changes in liabilities pertaining to financing activities	01/01/2022	Cash flow	Non-cash items		31/12/2022
			New leases	Currency	
Leasing liabilities	38,935	-18,340	26,157	2,826	49,578
<b>Total</b>	<b>38,935</b>	<b>-18,340</b>	<b>26,157</b>	<b>2,826</b>	<b>49,578</b>

Changes in liabilities pertaining to financing activities	01/01/2021	Cash flow	Non-cash items		31/12/2021
			New leases	Currency	
Leasing liabilities	44,131	-15,263	7,478	2,589	38,935
<b>Total</b>	<b>44,131</b>	<b>-15,263</b>	<b>7,478</b>	<b>2,589</b>	<b>38,935</b>

## Note 32

### Adjustment for items which are not included in the cash flow

Adjustment for items which are not included in the cash flow	Group		Parent company	
	2022	2021	2022	2021
Depreciation/amortisation	25,074	21,602	628	606
Currency fluctuations	2,165	-5,743	284	-1,329
<b>Total</b>	<b>27,239</b>	<b>15,859</b>	<b>912</b>	<b>-723</b>

## Note 33

### Options programme

The company, as of the reporting date, has five outstanding options programmes. Four of the programmes are largely aimed at the external distributor organisation in the Group, but also with some allotment to employees of the company. The first option 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. The options premium has been set at an estimated market value through Black & Scholes calculations on all subscription dates. As of the reporting date, 366,100 warrants have already been exercised for share subscription within the framework of this options programme.

The second option programme comprises 1,000,000 warrants at an exercise price of SEK 45 per 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 for by the company's external distributors. The options premium has been set at an estimated market value through Black & Scholes calculations on all subscription dates. As of the reporting date, 36,033 warrants have already been exercised for share subscription within the framework of this option programme.

A third options programme covers 800,000 warrants at an exercise price of SEK 140 per B share that expires on 31/05/2026. As of the reporting date, no warrants have been subscribed or exercised for share subscription within the framework of this options programme.

Two new options programmes were approved at the company's Annual General Meeting on 31/05/2022. The first 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 Group's management team and 165,000 by key employees. The second options programme covers 120,000 warrants at an exercise price of SEK 56 per B share which expires 31/05/2027. The programme is aimed exclusively at the Board of Directors of Zinzino AB and as of the reporting date 100,000 warrants have been subscribed to, of which 40,000 by the Board Chair and 20,000 by the other members of the Board, fully in accordance with the resolution of the General Meeting. The options premium has been set at an estimated market value through Black & Scholes calculations on all subscription dates.

If all the warrants issued as of 31/12/2022 are exercised for subscription of 3,217,867 shares, the share capital - dilution will be approximately 9.6%.

## Note 34

### Financial metrics not defined in accordance with IFRS

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

## Note 35

### Events after the end of the reporting period

No significant events for the company have occurred after the end of the reporting period as at 31 December 2022.

## Note 36

### Proposal for allocation of profits

The annual meeting has the following at its disposal:

Zinzino AB	SEK
Retained earnings	26,049,755
Profit/loss for the year	75,105,668
<b>Total</b>	<b>101,155,423</b>

The board of directors proposes that the retained earnings be dealt with so that:

Zinzino AB	SEK
A dividend will be paid to the shareholders of SEK	
1.75 per share	59,255,985
To be carried forward	41,899,438
<b>Total</b>	<b>101,155,423</b>

The consolidated income statements and balance sheets will be submitted to the Annual General Meeting on 31/05/2023 for adoption.

The Board of Directors and the CEO ensure that the consolidated financial statements have been prepared in accordance with international accounting standards IFRS as adopted by the EU and give a true and fair view of the Group's position and results. The Annual Report has been prepared in accordance with generally accepted accounting principles and gives a true and fair view of the parent company's position and results.

The management report for the Group and the parent company provides a true and fair view of the performance of the Group's and the parent company's operations, financial position and results, and describes the significant risks and uncertainties that the parent company and the companies included in the Group face.

Gothenburg, 27 April 2023

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**Hans Jacobsson**  
Board Chair

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**Pierre Mårtensson**  
Board Member

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**Ingela Nordenhav**  
Board Member

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**Staffan Hillberg**  
Board Member

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**Anna Frick**  
Board Member

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**Dag Bergheim Pettersen**  
Chief Executive Officer

Our audit report was submitted on 28 April 2023  
Öhrlings PricewaterhouseCoopers AB

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**Fredrik Göransson**  
Certified Public Accountant



# Auditor's report

To the general meeting of the shareholders of Zinzino AB (publ),  
corporate identity number 556733-1045

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Zinzino AB (publ) for the year 2022 excluding the Corporate Governance Report on pages 63-70. The annual accounts and consolidated accounts of the company are included on pages 56-126 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not include the Corporate Governance Report on pages 63-70.

The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and can be found on pages 1-55. The other information also includes the Compensation Report for 2022 that we obtained before the date of this Audit Report. The Board of Directors and the Managing Director are responsible for the other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibility**

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts. A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Zinzino AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### **Basis for Opinions**

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### **Auditor's responsibility**

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.



Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

It is the board that is responsible for the Corporate Governance Report on pages 63-70 and that it is prepared in accordance with the Annual Accounts Act. Our review is in accordance with FAR's statement RevR 16, The auditor's review of the corporate governance report. This means that our review of the corporate governance report has a different focus and a significantly smaller scope compared to the focus and scope of an audit according to International Standards on Auditing and good auditing practice in Sweden. We believe that this review provides us with a sufficient basis for our opinions. A Corporate Governance Report has been prepared. Information in accordance with

ch. 6 Section 6, second paragraph, points 2-6 of the Annual Accounts Act and ch. 7 Section 31, second paragraph, same act, are compatible with the annual report and the other parts of the consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg 28 April 2023

**Öhrlings PricewaterhouseCoopers AB**

**Fredrik Göransson**

Authorised auditor



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