

ANNUAL REPORT 2014

ZINZINO





ZINZINO

Zinzino AB is a leading direct sales company, represented in Sweden, Norway, Denmark, Finland, Iceland, Lithuania, Latvia, Estonia, Poland, the Netherlands and the USA. Zinzino markets and sells products in two product lines: Zinzino Food, with a focus on long-term health and Zinzino Coffee, consisting of espresso machines, coffee, tea and accessories.

We offer customers products centered around quality, environment, health and a feeling of everyday luxury. Our values are based around high quality, proximity to the customer and a focus on active product development. The products are marketed through direct selling.

Zinzino owns the Norwegian knowledge-based company BioActive Foods AS and the research and production unit Faun Pharma AS. Since 2005, Zinzino is the general agent for the French-Belgian coffeehouse Rombouts & Malongo.

Today, Zinzino has some 90 employees in the Group. The company has its head quarters in Gothenburg, Sweden, an office and a factory in Oslo, Norway, and an office in Florida, USA.



An eventful year!

I am both proud and pleased with our financial performance, but even more important is perhaps the decision and implementation of the investments that will make us better equipped and more effective in the coming years. In the fourth quarter of 2014, we acquired Faun Pharma AS and also 100% of BioActive Foods AS. These investments provide us with an excellent platform for product development and reduction of our materials costs. This in turn gives us competitive advantages, improved margins and secures the operation and future of Zinzino.

Dag Bergheim Pettersen

CEO Zinzino

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ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Friday, May 8 at 1:00 p.m. in the company's premises at Hulda Lindgrens gata 8 in Gothenburg. The Annual Report is available on www.zinzino.com.

REPORT CALENDAR:

Quarterly report Q1
Quarterly report Q2

May 22, 2015
August 31, 2015

BRIEF HISTORY

Zinzino AB began business in autumn 2007. The principal activity of the business is to own and develop companies in direct marketing and related businesses.

In 2009, Zinzino Nordic AB was acquired through both a directed issue in kind to shareholders in Zinzino Nordic AB and through the rights issue Zinzino Nordic AB conducted in December 2009. This gave Zinzino AB control over 97% of votes and 92% of capital in Zinzino Nordic AB. By December 31, 2014, the participating interest had increased to 93% of capital.

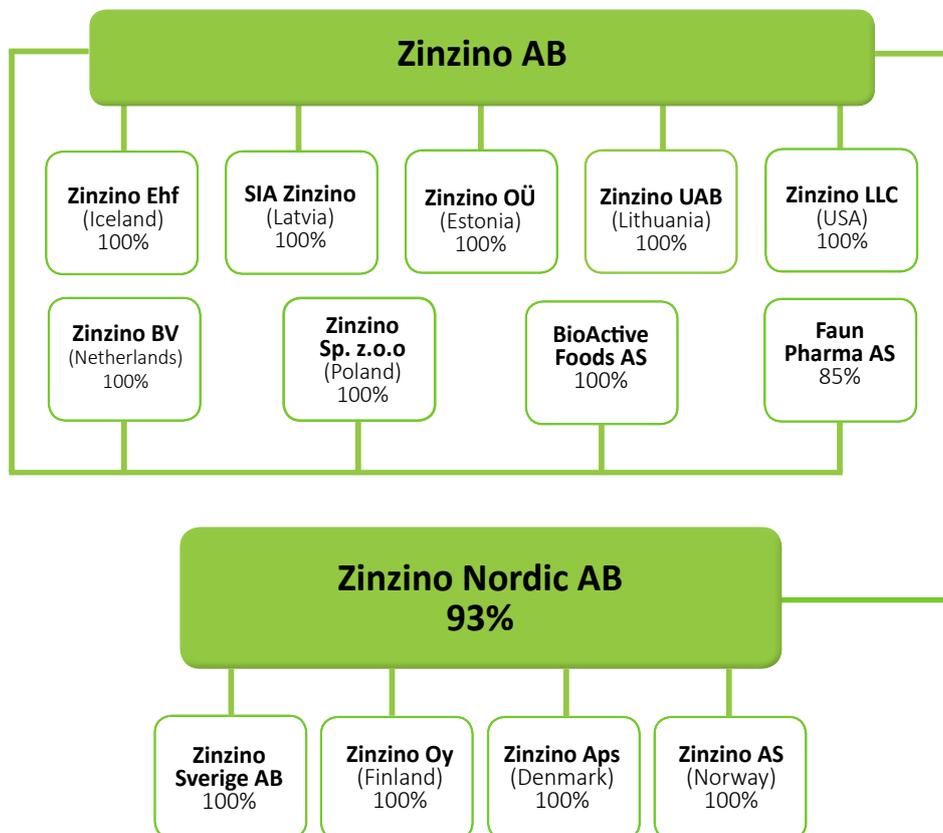
Since December 11, 2014, Zinzino AB has been listed on Nasdaq OMX First North.

Share performance has been very positive, particularly over the past two years.

In 2011, the Group expanded with companies in Estonia and Lithuania. In 2012, companies were also launched in Latvia and Iceland. In 2013, a company was started in the USA with its headquarters in Jupiter, Florida. Unlike previous Group structures, the new subsidiaries are directly owned by Zinzino AB. In 2014, companies were established in Poland and the Netherlands.

In 2014, Zinzino AB acquired the remaining shares in BioActive Foods AS and 85% of the shares in Faun Pharma AS.

CORPORATE STRUCTURE





“We see that our focus on growth, increased customer quota and costs control are the main factors for the improved profitability compared with the previous year.”

GROWTH & ACQUISITIONS

“2014 was another strong year and we kept our promise to the market on growth and profitability. We had a growth of approximately 40% in the last quarter but also the rest of 2014- strong figures which are better than we expected at the beginning of the year. Profitability was also improved with an operating margin that now exceeds 5% of our total revenues of over SEK 350m. We see that our focus on growth, increased customer quota i.e. the number of customers per active distributor and costs control are the main factors for the improved profitability compared with the previous year.

The beginning of 2015 has been very promising. We see that our growth in the first quarter of 2015 exceeds 40%. At the same time, we see an improved gross profit margin through obtained economies of scale in the production, which provides a proportionally lower cost per product sold, just as we promised. We increased our participating interest in Faun Pharma AS to 98.8% in the first quarter of 2015 and are investing in new products, machinery and the organization there. This in turn gives us the opportunity within Zinzino to launch two or three new product concepts in the next six months, which we feel is proof that we are achieving our highly set growth ambitions.

I am both proud of and pleased with our financial performance, but even more important is perhaps the decision and implementation of the investments that will make us better equipped and more effective in the coming years. In the last quarter of 2014, we acquired production capacity of our own through the investment in Faun Pharma AS. In addition, we acquired 100% of BioActive Foods AS, a company we already had a participating interest since

before. These investments provide us with an excellent platform for product development and reduction of our materials costs. This in turn gives us competitive advantages, improved margins and secures the operation and future of Zinzino.

Changing the trading platform to Nasdaq OMX First North is another important step we took in 2014 and a natural step in our strategic plan with regard to international expansion of the company. Today, we are already active in 12 markets. Our goal is to be established in more than 20 markets by 2020. For 2015, our goal is to establish ourselves in both Germany and Canada, two countries with large populations and potential for Zinzino. Both markets will be opened cost effectively with the aid of the existing organizations in Sweden and the USA.

Customer growth and efficiency are deeply anchored in our culture and strategy. With the support of all the investments made in 2014, during 2015 we will actively work towards continued growth in all markets, integration and streamlining of BioActive Foods AS and Faun Pharma AS, establishment in new markets, strengthening of our organization, improved structure in IT, improved margins on sold goods and increased profitability.

Our main focus in 2015 is growth and many new customers. We shall have growth of at least 25% and improved earnings each year during the coming three-year period."

Dag Bergheim Pettersen, CEO of Zinzino

FIGURES AT A GLANCE

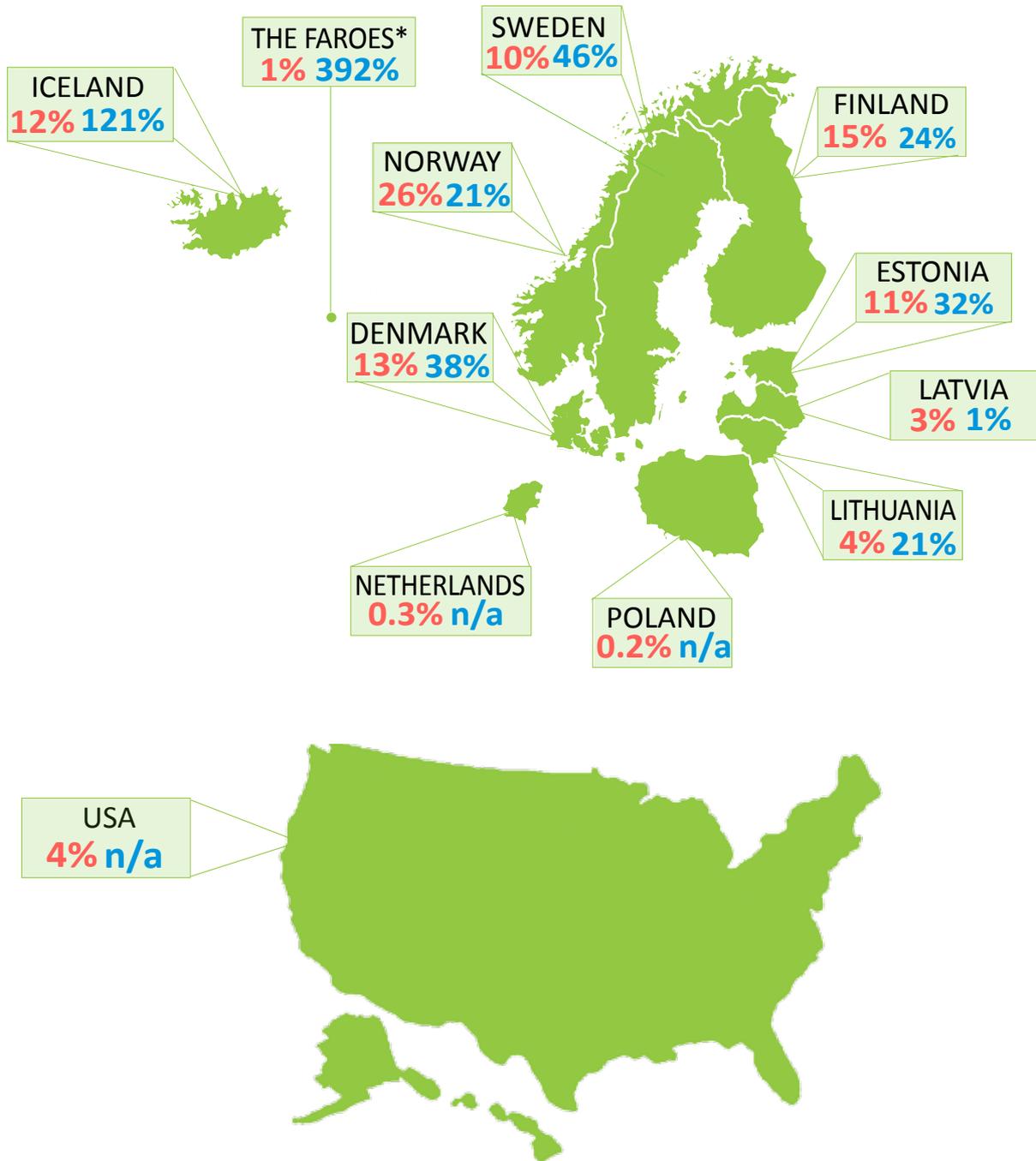
- For 2014, the Group's total income amounted to SEK 357.7m (254.5), corresponding to a growth of 41%.
- Operating profit amounted to SEK 18.6m (10.5). Non-recurring costs of SEK 4.2m were charged to profit. This is following impairment losses on IT platforms of SEK 1.1m, a settlement with former cooperative partners of SEK 2.4m, listing on First North for SEK 0.6m and establishment in Poland and the Netherlands for SEK 0.1m.
- Deferred tax assets on tax loss carryforwards had a positive impact on profit after tax of SEK 14.5m.
- Profit after tax was SEK 32.7m (9.8) representing a net margin of 9.1% (3.9%). The minority interest in this amounts to SEK 2.8m (0.8).
- The Board of Directors proposes dividends of SEK 0.25 (0.10) per share for the past year.
- Cash and cash equivalents amounted to SEK 42.8m (10.9) on the closing date.

FINANCIAL SUMMARY (SEKM)

THE GROUP'S KEY FIGURES	2014	2013
Total income	357.7	254.5
Net sales	321.0	226.3
Sales growth	40.5%	43.7%
Gross profit	102.4	71.0
Gross profit margin	29%	28%
Operating profit before depreciation	21.4	11.2
Operating margin before depreciation	6.0%	4.4%
Operating profit adjusted for non-recurring costs	22.9	10.5
Operating margin adjusted for non-recurring costs	6.4%	4.1%
Operating profit	18.6	10.5
Operating margin	5.2%	4.1%
Profit before tax	18.4	10.4
Net profit	32.7	9.8
of which minority interest	2.8	0.8
Net margin	9.1%	3.9%
Earnings per share before tax (after dilution)	0.63	0.35
Net earnings per share after tax (after dilution)	1.09	0.33
of which minority interest	0.04	0.02
Cash and cash equivalents	42.8	10.9
Solvency	52%	40%
Equity capital per share (after dilution) SEK	2.9	0.8

GEOGRAPHIC DISTRIBUTION & SALES GROWTH BY MARKET

The geographic distribution of sales in 2014 and sales growth compared with the previous year can be broken down as follows on the map:



■ Geographic distribution of sales 2014

■ Sales growth per market versus previous year 2014

* The Faroe Islands are counted as a part of the Danish market in the rest of this report

2014 IN REVIEW

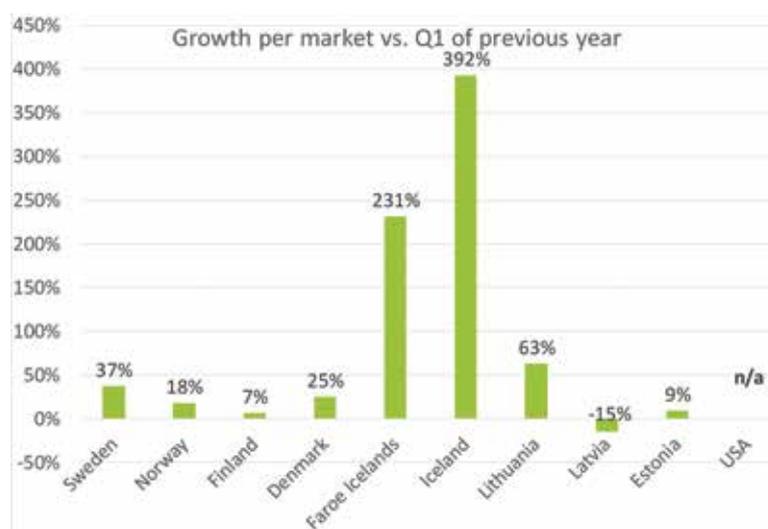
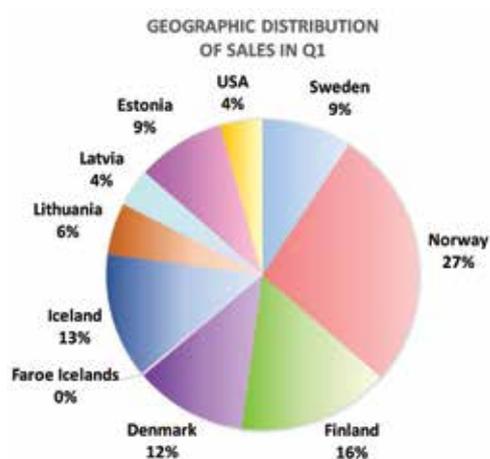
1

FIRST QUARTER

The first quarter was characterized by strong growth and improved earnings over the corresponding period of the previous year. All markets, except Latvia, showed growth in the first quarter. Total income amounted to SEK 75.5m (54.8), corresponding to a growth of 38%. Profit before tax was also higher after the first quarter compared with the preceding year and amounted to SEK 2.9m (0.0).

The percentage spread of sales across the product lines in the first quarter was 59% for Zinzino Food and 41% for Zinzino Coffee. Sales for Food thereby amounted to SEK 41.4m (9.6), corresponding to a growth of 331%. Sales for Coffee amounted to SEK 29.0m (39.4) which is a decrease in sales of 26%.

In the first quarter, the Group registered 11,864 (11,300) new customers. The sales force was increased by 2,916 (2,700) new distributors.



2

SECOND QUARTER

All markets reported growth in the second quarter and total income amounted to SEK 79.6m (53.3). Total growth was 49% for the whole Group compared with the previous year. Profit before tax amounted to SEK 3.6m (1.3).

The percentage spread of sales across the product lines during the second quarter was 44% for Zinzino Coffee and 56% for Zinzino Food. Sales for Coffee amounted to SEK 31.5m (31.3), which was an increase of 1%. Sales for Food amounted to SEK 40.3m (15.3), corresponding to a growth of 163%.

In the second quarter, the Group gained 14,154 (8,566) new customers. The sales force grew by 2,669 (1,845) new distributors.

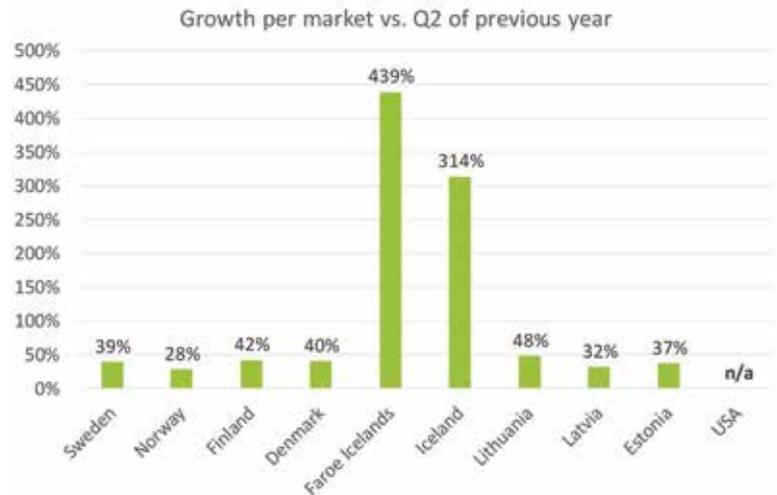
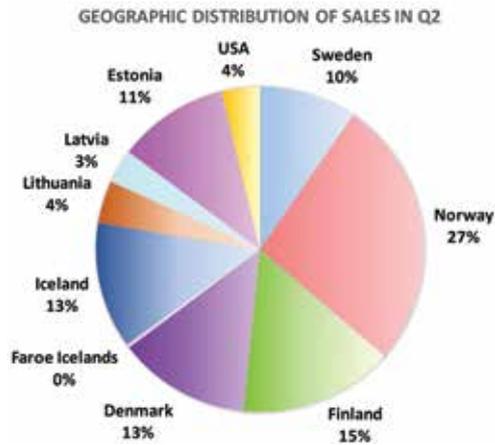
In June, a new product was launched in Zinzino Food- BalanceOil Capsules. BalanceOil Capsules are BalanceOil packed in capsules. The product adjusts the fatty acid balance as effectively as Zinzino's other Balance products.

To increase interest in the company among institutional investors who cannot trade on Aktietorget according to its own regulations and to increase the credibility of the share's exchange among US customers and distributors, Zinzino's Board of Directors decided to apply to change listing from Aktietorget to Nasdaq OMX First North. Erik Penser Bankaktiebolag served as the company's certified adviser during the application process for listing on First North. Setterwalls in Gothenburg served as the legal adviser in the process. The objective was to make the listing change during 2014.

In the second quarter, the establishment of subsidiaries commenced in both Poland and the Netherlands. Because Zinzino had previously conducted establishments in similar markets, there was already a lot of knowledge in the area in the company. This, combined with Zinzino being able to re-use several technical solutions from earlier establishments, meant that the processes proceeded efficiently and according to plan. The preliminary beginning of sales was therefore set as early as September 2014.

A new dividend policy was applied for the first time at the Annual General Meeting on May 16 where a resolution was passed on a dividend of SEK 0.10 per share for a total of SEK 2.8m to the shareholders. This is the first time in the company's history that profits were distributed to shareholders.

At the same AGM, Torben Lundberg was elected to Zinzino's Board of Directors. Torben, who is a citizen of Denmark, has extensive experience of strategic IT work, which adds another dimension to Zinzino's Board and fits very well in the system-based business environment that Zinzino operates in. In connection with this, Björn Flintberg was thanked for his service after much appreciated Board work for Zinzino for several years.



3

THIRD QUARTER

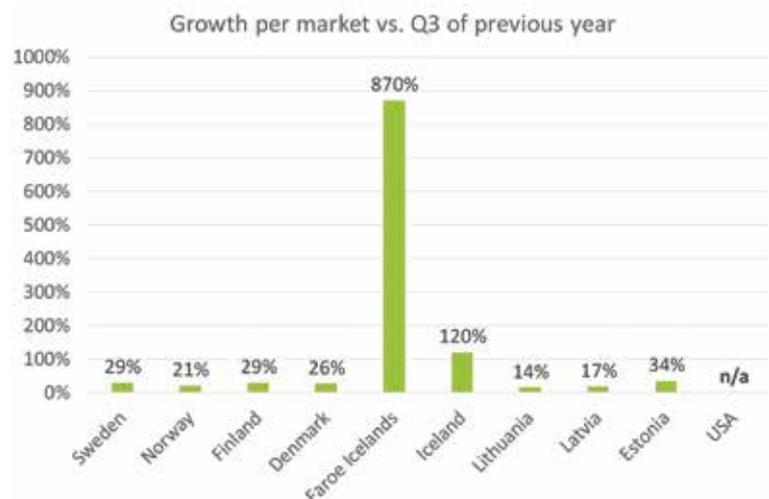
All of Zinzino's markets reported growth in the third quarter compared with the previous year. Total income amounted to SEK 87.6m (64.3), representing sales growth of 36% for the Group compared with the year before. Profit before tax amounted to SEK 6.7m (4.0).

The percentage spread of sales across the product lines during the third quarter was 36% for Zinzino Coffee and 64% for Zinzino Food. Sales for Coffee totaled SEK 27.9m (33.2), representing a decrease of 16%. Sales for Food amounted to SEK 50.3m (24.1), corresponding to a growth of 109%.

Zinzino's concept was launched in Poland and the Netherlands with sales beginning in September. Zinzino Food's product range was initially launched on the markets. As with previous establishments this was done through local sales companies assisted by customer support from headquarters in Gothenburg, e.g. via local language customer services. The establishment processes in Poland and the Netherlands were resource and cost-effective and completed in a short amount of time.

During the quarter, the Group received an infusion of external capital from share subscriptions through warrants issued in 2010. During the period, SEK 8.5m was raised which meant that SEK 12m was supplied to the company during 2014.

In the third quarter, the Group gained 13,444 (11,159) new customers. The sales force grew by 3,047 (2,761) new distributors.



4

FOURTH QUARTER

Total income amounted to SEK 115.0m (82.1) in the fourth quarter, representing sales growth of 40% for the Group compared with the year before. Profit before tax amounted to SEK 5.2m (5.0). Non-recurring costs of SEK 3.1m (0.0) were charged to profit.

The percentage spread of sales across the product lines during the fourth quarter was 28% for Zinzino Coffee and 72% for Zinzino Food. Sales for Coffee totaled SEK 26.5m (37.0), representing a decrease of 31%. Sales for Food amounted to SEK 67.3m (36.4), corresponding to growth of 87%. In addition to this, Faun Pharma AS' net income attributable to Zinzino in November-December was SEK 4.6m.

In the fourth quarter, the Group gained 22,738 (17,165) new customers. The sales force grew by 2,468 (3,057) new distributors.

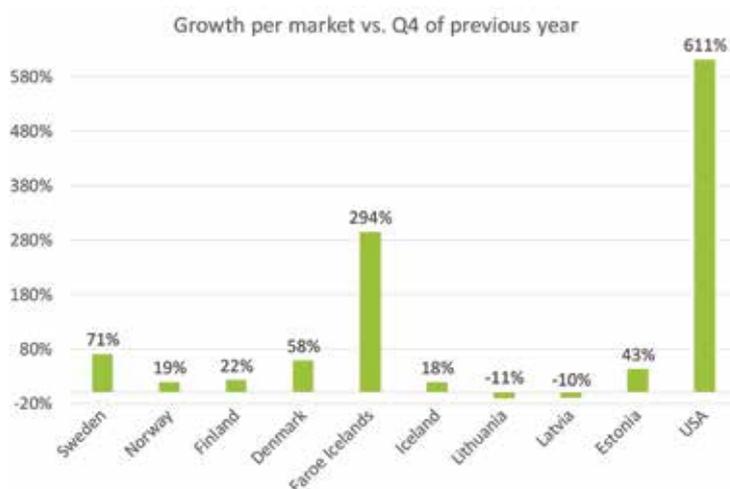
With a SEK 10m investment, Zinzino acquired 85% of the shares in the Norwegian production company Faun Pharma AS in October. The company makes products in the cosmetics, health and dietary supplements sector. Through this investment, Zinzino gains access to a modern production and product development facility which provides Zinzino an added dimension with self-managed research and a broader product range. The investment is expected to strengthen Zinzino's competitiveness and brand.

Zinzino was listed for trading on Nasdaq OMX First North on December 11, 2014 and the list was changed from Aktietorget. Erik Penser Bankaktiebolag was appointed the Certified Adviser.

In December, Zinzino AB acquired the remaining 90% of BioActive Foods AS. In conjunction with Zinzino, the company has developed and created Zinzino's Balance products through its own research. This acquisition, together with the acquisition of Faun Pharma AS earlier in the year, meant that Zinzino gained control over the entire chain from tests to production and sales of the products in the Zinzino Food product line.

Zinzino is beginning the process of replacing its IT system for the business with an industry-adapted US business system from Exigo Office Inc. The system change provides the sales force with new, more effective tools that will promote growth. The system is flexible, scalable for expansion in new countries, cost-effective in operation and more suitable for Zinzino's international operations. The change entails new investments of SEK 2m. In addition to this, the change entails the disposal and impairment of the existing IT platforms. This meant that the fourth quarter was charged with the impairment losses on intangible assets in an amount of SEK 1.1m.

October saw the launch by Zinzino of the new product BalanceXtender. The product is designed to protect, preserve and renew cells and tissues. BalanceXtender is, moreover, a perfect complement to BalanceOil – it extends the function and concept of "being in balance" with every part of the body. Moreover, a new flavor of BalanceOil was launched. By combining orange, lemon and mint, flavor essences from raw materials are eliminated, which is expected to make the product even more competitive in the market for omega-3 products.



SIGNIFICANT EVENTS AFTER YEAR-END

- In March 2015, Zinzino AB acquired another 13.8% of the share capital in Faun Pharma AS and since owns 98.8% of the share capital in the company. Through the transaction, Zinzino strengthened its ownership in the company and gained full control over the company and its production. Zinzino AB obtained the broader ownership in the company through a cash payment of NOK 1.52m.
- The company showed strong growth in the first quarter of 2015. Total income amounted to SEK 106.2m (75.5) representing a growth of 41%.

ZINZINO IS LISTED FOR TRADE ON NASDAQ OMX FIRST NORTH



Source: Nasdaq

December 11, 2014

Times Square, New York City

OUR PRODUCT LINES



ZINZINO FOOD

Our Zinzino Food product line focuses on long-term health. Zinzino BalanceOil contains a unique combination of fish and olive oil that adjusts the fatty acid balance in the body. A simple blood test for home use reveals your balance values.



ZINZINO COFFEE

At Zinzino, we love coffee and with Zinzino Coffee you can easily make your own latte, espresso or cappuccino. With accessories such as cups, glasses, confectionery and milk frothers, you can create a complete café experience right in your own home.



WHAT DO OUR CUSTOMERS THINK?

“For me, it’s important to achieve balance easily”

Yoga enthusiast Tanja Grunwald from Denmark has been a Balance customer with Zinzino since October 2014. She is very interested in health and conscientiously eats a fiber-rich diet, avoids sugar and drinks a lot of water.

“I take Zinzino’s BalanceOil to balance my body methodically. For me, it’s important to achieve balance easily. I take the oil every morning, then I don’t need to think any more about it. My favorite product is BalanceOil with a vanilla taste.

Before I began taking the oil, I tested by values with Zinzino’s BalanceTest. The results showed that I was unbalanced, but I wasn’t surprised because I used to have a number of bad habits. I’ve also understood that seemingly healthy people have also had bad results on the test.

Now I try to eat more fish that contains omega-3, which I was missing. I have also taken the products for more than 120 days and am eagerly awaiting my second test results. I think Zinzino’s Balance products have given me the results I want and a better self-awareness regarding my health.”

Customer - Zinzino Balance



Tanja Grunwald, 47, Casting Director

“A rich, tasty coffee is exactly what I like”

Fredrik Borg from Sweden works as a mechanical engineer and in his free time likes to go for a run when time allows. Around a year ago, Fredrik was introduced to Zinzino’s coffee by two of his friends and he has been a satisfied coffee customer ever since.

“I like Zinzino’s coffee because of its full, aromatic flavor, which my earlier coffee didn’t have in the same way. Using my espresso machine, I can easily make a cup of espresso with a perfect cream that is guaranteed to be good.

I usually drink the Italian Style and La Grande Reserve espressos. Two major reasons why I like Zinzino’s coffee is because of the broad assortment of coffee and the possibility to choose Fairtrade labeled products. My favorite Zinzino Fairtrade coffee is Haiti Guatemala Espresso.

Another thing I like about being a Zinzino customer is the concept of having my own home café with a coffee subscription. I no longer have to worry about buying coffee at the store. Instead, the coffee comes to me every month without me having to do anything. It’s worry free and easy and the coffee is high class cup after cup, every day.”

Customer - Zinzino Coffee



Fredrik Borg, 33, Mechanical engineer

BALANCE PRODUCTS



QUALITY + SYNERGY = RESULTS

BalanceOil is more than just fish oil. Our researchers have developed the product to really provide results. This includes selecting the species of fish with attention to the content of EPA and DHA (bio-active omega-3 essential fatty acids), then synergistically combining this with a special, high-quality high-polyphenol olive oil. Our formula means that BalanceOil and BalanceShare help you adjust your omega 6:3 ratio when you follow the recommended daily dose. Our statistics show that most people achieve balance (near a 3:1 ratio) within 120 days.

FISH OIL

The fish oil we use in our products is made of sardines, anchovies and mackerel. It is made by the company Lysi, which is one of Iceland's leading manufacturers of fish oil. Lysi meets all regulatory requirements for production and follows good manufacturing practice (GMP) for food products and pharmaceuticals. Our products are free of genetically modified organisms (GMOs).

HIGH-QUALITY OLIVE OIL

We use extra-virgin olive oil from Spain. The olive oil is cold pressed, which means that a minimal amount of heat is used when the oil is pressed out of the olives. With this method, the oil retains the nutrients normally lost during heating, solvent extraction and refining of the oil.

PROOF OF BALANCE WITHIN 120 DAYS

Our publicly accredited laboratories in the Nordic region have analyzed more than 85,000 tests by spring 2015. The average omega 6:3 ratio for individuals not taking an omega-3 supplement was 12:1 in Europe and 25:1 in the USA. Individuals who said they were taking an omega-3 supplement had a balance value of 7:1 in Europe and 12:1 in the USA. Of the people who used BalanceOil as recommended for 120 days, the average balance ratio was closer to 3:1. These results show that the average omega 6:3 ratio was markedly improved by using BalanceOil.

Source: BioActive Foods AS, Oslo, Norway



Are you in balance?

Zinzino's BalanceTest can give you the answer. We offer a unique test that lets you know your balance values. Zinzino BalanceTest is a blood test for home use that takes less than a minute. Our publicly accredited laboratories in the Nordic region analyze the test, which identifies fatty acids in your blood with 98% certainty. You will find out your percentage level of omega-3 and your omega 6:3 ratio. You will also receive a report to increase your health and dietary awareness.

BalanceXtender

- THE DAILY NUTRITION PROGRAM

At Zinzino, it is our conviction that BalanceXtender together with BalanceOil, BalanceShake or BalanceOil Capsules is the ultimate combination to strengthen the immune system and counteract aging.



What is BalanceXtender?

BalanceXtender is Zinzino's latest product launch in the Zinzino Food product line. The product is designed to protect, preserve and renew cells and tissues. It is the perfect complement to BalanceOil for offering a complete, expanded, micro- and phyto-based nutrition support program. It extends the function and concept of "being in balance" to every part of the body.

BalanceXtender contains vitamins, minerals, antioxidants, active nutrients and metabolic cofactors. To recreate the full effect of BalanceXtender, you would need to buy up to 23 regular nutritional supplements.





Ola Eide

BioActive Foods AS, CEO

“To succeed commercially, having a skilled sales partner is fundamental”

BioActive Foods AS, led by Ola Eide, developed, researched and created Zinzino’s Balance products together with Zinzino. Ola has a genuine interest in people’s health and gladly shares his personal experience in the research that has become his favorite topic and inspired many people to find balance.

In December 2014, Zinzino AB acquired the remaining 90% of BioActive Foods AS and has since been the sole owner of the company. BioActive Foods AS was founded in February 2011 with the goal of commercializing a self-developed health concept by making dietary changes to restore the balance between the vital, polyunsaturated fatty acid groups omega-6 and omega-3 in the body within 120 days. This is in line with official recommendations from the Nordic Council of Ministers (Nordic Nutrition Recommendations, 2005).

Ola’s interest in the balance of the fatty acids omega-6 and omega-3 began in 2007 during a meeting with the professors Bruno Berra and Angela M. Rizzo at the University of Milan, Italy. They had recently used the DBS technique (the precursor of Zinzino’s blood test) to study the effect of changing the balance between omega-6 and omega-3 in children with ADHD and elderly depression patients.

"After coming home, we decided to use similar technology to test the effect of changing the balance between omega-6 and omega-3 in highly trained soccer players of the Lillestrøm Sports Club (LSK). The results were positive," says Ola.

After the LSK study, Ola was invited by Dr. Artemis P. Simopoulos to participate in a conference in Olympia, Greece in October 2010, where a number of experts from around the world had gathered to discuss the significance of the growing imbalance between omega-6 and omega-3 worldwide.

"It was in Olympia that I understood for the first time that this was a global issue that over time could affect the quality of life of regular people. I therefore decided to devote the rest of my professional life to this issue," says Ola.

BioActive Foods AS has its strength in biochemical innovation and food safety, which is always their “first ingredient”. But to succeed commercially, having a skilled sales partner is fundamental.

"Through Zinzino, I encountered direct selling in practice for the first time. Direct communication between customer and distributor promotes messages that are difficult to convey through traditional advertising and commercials. Without these kinds of sales, BioActive Foods AS probably could not have developed so quickly," says Ola.

Zinzino became the main customer over night and quickly absorbed almost all of BioActive Food’s sales volume at the same time that the balance products became increasingly more important products in Zinzino’s product portfolio.

"Zinzino is an expansive business that time and again has kept its promises, which I think is very uncommon from what I’ve seen in my career. The future is bright and I am looking forward to continuing to work on the balance between omega-6 and omega-3 many years in the future."

ACQUISITION OF FAUN PHARMA AS

Faun Pharma AS was founded in 2001 and is a well-reputed contract producer for known brands in cosmetics, health and nutritional supplements. Through a SEK 10m investment, Zinzino acquired 85% of the shares in the Norwegian production company in October. In March 2015, Zinzino acquired an additional 13.8% and thereby owns 98.8% of Faun Pharma AS.

In the modern production facilities in Vestby, Norway, Faun Pharma AS conducts efficient production of tablets, capsules, powder mixtures, liquid products and creams. Everything is produced according to stringent quality requirements and international production standards. The research department consists of highly educated staff with extensive research experience with product development as the main focus.

With a strong majority interest in Faun Pharma AS, Zinzino gains excellent possibilities to efficiently research, develop and produce new high-quality products.

The acquisition is expected to provide Zinzino considerable synergies on the cost side and better margins. It is also expected to strongly increase Zinzino's competitiveness and brand. In conjunction with the acquisition of BioActive Foods AS in December 2014, Zinzino now controls the entire chain from research and development to sales and customer care.

Faun Pharma AS' total income for 2014 amounted to SEK 36.7m with a net loss of SEK 6.1m. The acquisition affected the Group's accounts in 2014 with income of SEK 4.4m and a loss of SEK 2.5m.



FAUN PHARMA'S PRODUCT CATEGORIES:

Powder products

Dietary supplements in powder form are increasingly popular. In particular, Faun Pharma AS notes growing demand in sports nutrition, meal replacements and so-called "super-food"- food with claimed health benefits.



Liquid products

Faun Pharma AS has its own mixed and product line for liquid products. Here, liquid dietary supplements, oils and energy drinks are made, among other products.



Cosmetics

Faun Pharma AS produces cosmetic creams. They have a number of high-quality recipes developed in-house, which their customers are free to use or develop in cooperation with the product development team.



Tablets and capsules

Compression of powders into tablets is an extensive area where Faun Pharma AS is proud to have necessary cutting-edge expertise and technology.





WE BELIEVE IN THE WHOLE COFFEE EXPERIENCE

WE LOVE COFFEE

Coffee is a drink loved by countless people the world over. Here at Zinzino, we not only think that coffee should taste fantastic and maintain the highest quality, we also believe it should be a total experience.

ZINZINO COFFEE

Our goal is to take coffee to a whole new level. And this is exactly what we will accomplish with our Zinzino Coffee product line. The basic idea is to offer people the chance to create their own home café with the best products on the market.

QUALITY

In addition to our professional and easy-to-use machines, we also sell accompanying coffee pods from the French suppliers Rombouts and Malongo – known for their passion and precision. Our product range also includes Fairtrade coffee, which helps to ensure proper working conditions, consideration of the environment and quality.

With Zinzino Coffee you can easily make your own latte, espresso or cappuccino. With accessories such as cups, glasses, confectionery and milk frothers, you can create a complete café experience right in your own home.

ZINZINO

Zinzino works continuously with environmental initiatives and is affiliated with Elreturen, which recycles and disposes of old espresso machines in a safe and reliable manner. Zinzino is also a member of the Fair Trade Federation in Scandinavia. At Zinzino, we have chosen to cooperate specifically with Rombouts & Malongo because they have an active ethics policy and an explicit strategy to work primarily with Fairtrade growers.



ROMBOUTS & MALONGO

Europe's most exclusive roasting house

Our coffee supplier is Rombouts, founded in Antwerp, Belgium in 1896. Malongo is its sister company in Nice, France. The Company is still family owned and proud of their traditions and passion for coffee. Their vision is to provide the highest quality coffee, preferably Fairtrade labeled, with a unique taste and from carefully selected suppliers working on small plantations.

They only buy hand-picked beans processed using the wet method, purchasing them on site at the plantation and inspecting every sack before sending them to be slow roasted and packaged. This has helped them earn the honor of supplying the Belgian royal family and prestigious hotels and airports around the world in cities like Paris, New York, Tokyo and Dubai.





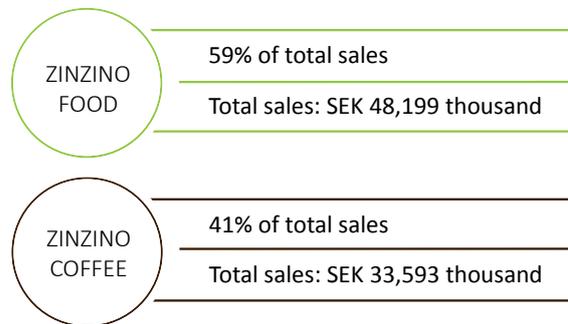
NORWAY

Norway is one of the three markets where Zinzino first began selling its products. Product sales are made through the subsidiary Zinzino AS. Today, Norway is Zinzino's largest market in terms of sales and has been since 2010. It is also the market with the largest number of registered Zinzino distributors. A large part of the ownership of Zinzino is also in Norway, led by majority shareholder Örjan Saele and Saele Invest AS. During the year, 2,221 (2,204) new distributors and 14,018 (11,228) new customers were added on the market, which was the largest growth in both segments in the Group in 2014.

2014 was another successful year in Norway, with stable growth of over 20%. Profitability was strong, with earnings of SEK 12.4m before operating expenses, making it the most profitable subsidiary in the Group before intra-Group costs. The Zinzino Food product line accounted for a growing share of total sales as in many of Zinzino's other markets. In 2014, Zinzino Food accounted for 59% (SEK 48.2m) of total sales in Norway. In total, the Norwegian market had sales of SEK 92.6m during the year, corresponding to 26% of the Group's total sales.

SEK THOUSAND

Growth compared to previous year	21%
Percentage of Zinzino's total sales	26%
Net sales	81,792
Other income	10,822
Total direct costs	- 80,208
Earnings before operating expenses	12,406
<i>Profit margin before operating expenses</i>	13.4%



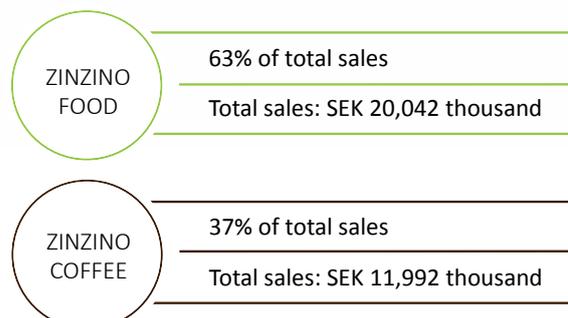
SWEDEN

Sweden is the company's home market and home to its headquarters in Västra Frölunda, Gothenburg. Sweden was also one of the three countries in which the business was first started. After a few weaker years in terms of sales, 2014 was very positive for the Swedish market. Growth during the year reached the strong figure of 46% over the previous year. During the year, 1,023 (691)

new distributors and 6,185 (3,934) new customers were added. The company continues to see huge potential in the Swedish market. Like the other more mature markets, Zinzino Food took a large share of total sales in 2014 and was the dominant product line in terms of sales. In total, the Swedish market had sales of SEK 37.3m, corresponding to 10% of the Group's total income.

SEK THOUSAND

Growth compared to previous year	46%
Percentage of Zinzino's total sales	10%
Net sales*	32,038
Other revenue*	5,247
Total direct costs	-27,762
Earnings before operating expenses	9,523
<i>Profit margin before operating expenses</i>	25.5%



* The figures include net income of SEK 2.2m and other revenues of SEK 1.2m attributable to Zinzino Nordic AB.



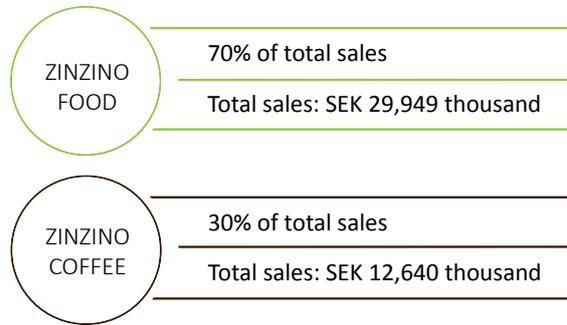
DENMARK

Denmark was one of three original markets where Zinzino first began business. The Danish market has displayed steady, strong growth for several years. In 2014, growth over the previous year reached 38% and with total income of SEK 47.1m, the Danish market contributed 14% of the Group's total income (of which 1% came from the Faroe Islands). As on the other more mature markets, Zinzino Food continued to account for a larger share of sales and amounted to 70% of total sales.

During the year, 1,010 (111) new distributors and 8,319 (5,689) new customers were added. Denmark is a country with stringent requirements on the registration and certification of products in the areas Zinzino's products are in. However, Zinzino devotes considerable resources to remaining on the forefront with product certifications with the Danish authorities. This, combined with a strong sales network, provides Zinzino with a profitable subsidiary in Denmark.

SEK THOUSAND

Growth compared to previous year	38%
Percentage of Zinzino's total sales	14%
Net sales	42,588
Other income	4,493
Total direct costs	-39,643
Earnings before operating expenses	7,438
<i>Profit margin before operating expenses</i>	15.8%



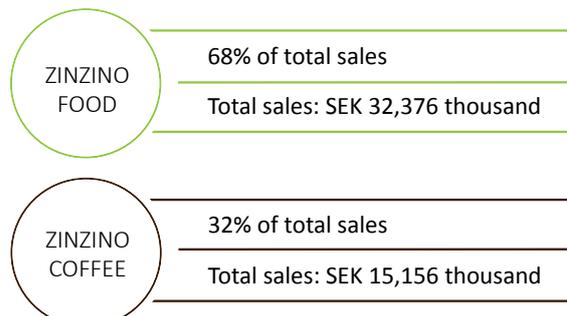
FINLAND

In 2005, Finland became the fourth market Zinzino entered. For a number of years, the market was slow, but growth picked up in 2010. Finland was the market that showed the strongest growth during the period 2011 to 2013. In 2014, growth was 24% and the Finnish market accounted for 15% of the Group's total sales. This makes Finland Zinzino's second largest market. The sales network is committed, energetic and focused, which has provided strong

growth. In 2014, 1,701 (1,661) new distributors and 9,877 (9,889) new customers were added. Even if the number of new customers was somewhat lower in 2014 than the year before, the challenge of a high return percentage decreased substantially in 2014, which is very positive. During the year, a local support office was also opened in Helsinki to further improve service for distributors and customers on the Finnish market.

SEK THOUSAND

Growth compared to previous year	24%
Percentage of Zinzino's total sales	15%
Net sales	47,532
Other income	7,150
Total direct costs	-45,247
Earnings before operating expenses	9,434
<i>Profit margin before operating expenses</i>	17.3%





ICELAND

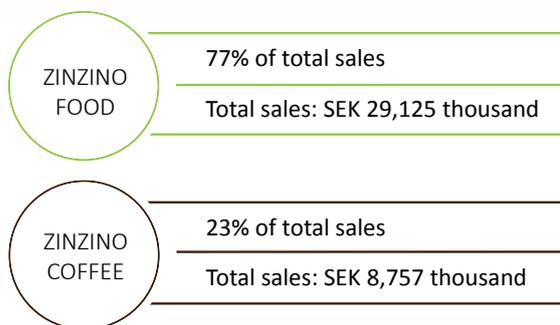


Zinzino's Icelandic market experienced weak or negative growth in its early years with low sales and non-existent profitability- but this was changed dramatically with the launch of Zinzino Food. With the product BalanceShake, the struggling Icelandic sales network received a massive positive response from Icelanders. In 2014, the earlier restrictions on selling BalanceOil in Iceland were revoked,

which proved to be very positive for the market. In 2014, growth over last year reached 121% and Iceland contributed 12%, or SEK 42.5m, to the Group's total sales. The low operating profit was due to low internal margins on BalanceShake, which is the most sold product in Iceland. During the year, 1,299 (1,159) new distributors and 7,264 (4,102) new customers were added.

SEK THOUSAND

Growth compared to previous year	121%
Percentage of Zinzino's total sales	12%
Net sales	37,881
Other income	4,595
Total direct costs	-41,117
Earnings before operating expenses	1,359
<i>Profit margin before operating expenses</i>	3.2%



ESTONIA

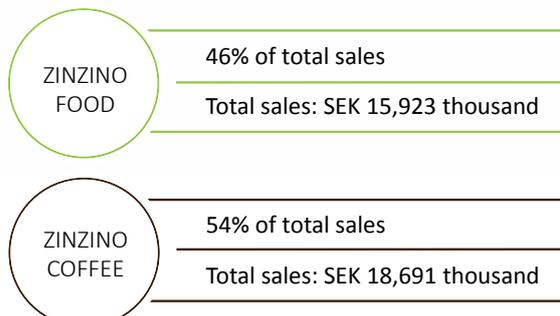


The Estonian subsidiary Zinzino OÜ was founded in 2011 and has had the strongest growth since the beginning of Zinzino's Baltic companies. In 2014, Zinzino OÜ also reported strong growth at 32% over last year. The company contributed 11% of the Group's total income, or SEK 38.0m. Estonia has a strong, structured sales network that also runs its own Zinzino café in Talinn where

sellers meet potential new sellers and customers and treat them to Zinzino's excellent espresso. Like the other Baltic companies, Zinzino OÜ still has Zinzino Coffee as its main product line, even if Zinzino Food has accounted for a growing share of total sales. In 2014, 1,619 (1,801) new distributors and 7,231 (6,161) new customers were added.

SEK THOUSAND

Growth compared to previous year	32%
Percentage of Zinzino's total sales	11%
Net sales	34,614
Other income	3,345
Total direct costs	-32,155
Earnings before operating expenses	5,804
<i>Profit margin before operating expenses</i>	15.3%





LITHUANIA

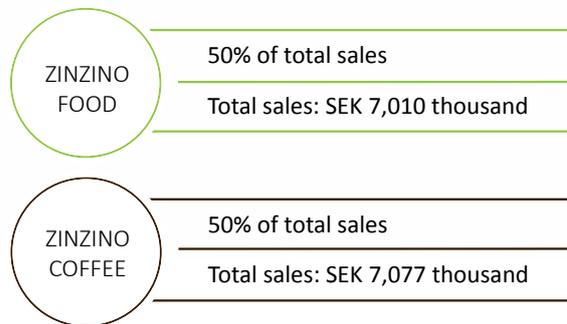


In Lithuania, the subsidiary Zinzino UAB was founded in 2010. The company showed strong growth in 2014, with 21% compared with the previous year. Sales were modest, however, and the market contributed a total of 4% of the Group's total income with SEK 15.3m. The country may have the most charismatic sales leaders in the entire Zinzino sales network and they make major efforts for Zinzino's premiumly priced products combined with the country's

low median incomes compared to Scandinavia. As in the other companies in the Baltic States, Zinzino Coffee continued to be the product line that performed best on the market. Zinzino Food did, however, take a larger share of total sales in 2014 and will probably become the dominant product line in 2015. During the year, 760 (847) new distributors and 3,825 (4,382) new customers were added.

SEK THOUSAND

Growth compared to previous year	21%
Percentage of Zinzino's total sales	4%
Net sales	14,087
Other income	1,200
Total direct costs	-13,917
Earnings before operating expenses	1,371
<i>Profit margin before operating expenses</i>	9.0%



LATVIA

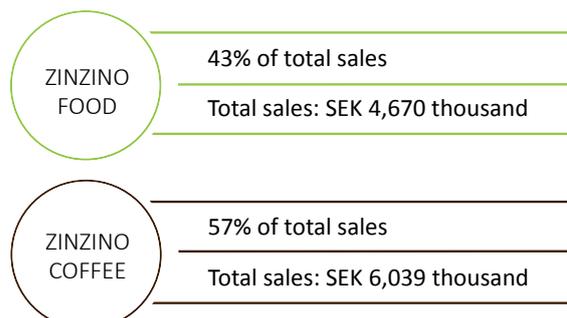


Zinzino SIA in Latvia is the latest European addition to the Zinzino Group. The company was founded in 2011 and sales began in the spring. In 2014, the Latvian market had extremely modest growth over the previous year. As in other Baltic companies, Zinzino Coffee is the dominant product line. As in Lithuania, the structured

sales network does a great job of selling the high-priced premium products in a country with a lower average income than in the Nordic countries. During the year, 351 (535) new distributors and 2,007 (2,807) new customers were added.

SEK THOUSAND

Growth compared to previous year	1%
Percentage of Zinzino's total sales	3%
Net sales	10,710
Other income	1,273
Total direct costs	-11,329
Earnings before operating expenses	654
<i>Profit margin before operating expenses</i>	5.5%





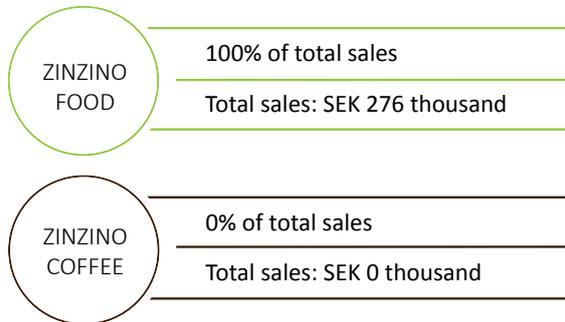
POLAND



Zinzino's subsidiary in Poland was founded in 2014 and sales began in the autumn. Initially, Zinzino has only launched Zinzino Food in Poland. In 2014, sales were very modest for a long time and Zinzino will therefore place major focus on stimulating growth in the company in 2015. In the last few months of 2014, 56 new distributors and 84 new customers were added in Poland.

SEK THOUSAND

Growth compared to previous year	n/a
Percentage of Zinzino's total sales	0%
Net sales	276
Other income	12
Total direct costs	-284
Earnings before operating expenses	3
<i>Profit margin before operating expenses</i>	1.2%



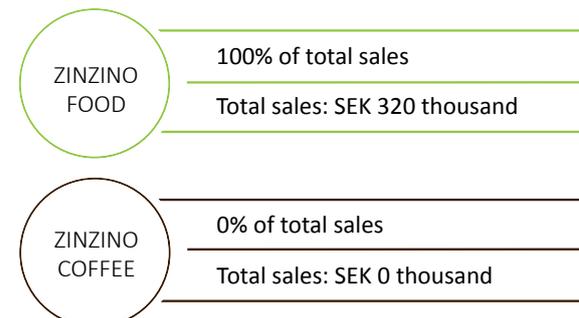
NETHERLANDS



The Dutch subsidiary was also founded in 2014 with sales beginning the same year. Initially, Zinzino has only launched Zinzino Food in the Netherlands. As in Poland, sales were modest in 2014 and here too, Zinzino will place major focus on stimulating growth in 2015. In the Netherlands, 40 distributors and 155 new customers were added in 2014.

SEK THOUSAND

Growth compared to previous year	n/a
Percentage of Zinzino's total sales	0%
Net sales	320
Other income	19
Total direct costs	-294
Earnings before operating expenses	44
<i>Profit margin before operating expenses</i>	13.1%





USA

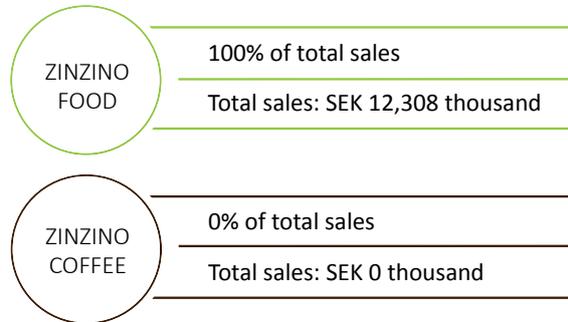


Zinzino LLC, Zinzino's subsidiary in the USA, was founded in 2013 and began sales that December. In the USA, only the Zinzino Food production line is sold. Zinzino has placed both a sales office and a warehouse in the USA to be able to offer the market the best possible service. The sales office is located in Jupiter, Florida, where Zinzino's employees are well equipped to provide customer service and support to our US customers and independent distributors.

At present, the office has two members of support staff and one chief operating officer. Sales growth in the USA was modest in 2014 in terms of the potential on the huge market, but in spite of this, total income amounted SEK 13.1m, corresponding to 4% of the Group's total income. In 2014, 1,020 (354) new distributors and 3,235 (0) new customers were added.

SEK THOUSAND

Growth compared to previous year	n/a
Percentage of Zinzino's total sales	4%
Net sales	12,308
Other income	812
Total direct costs	-9,864
Earnings before operating expenses	3,256
<i>Profit margin before operating expenses</i>	24.8%



NEW MARKETS IN 2015

CANADA & GERMANY



For 2015, Zinzino's goal is to establish business in both Germany and Canada, two countries with large populations and potential for Zinzino. Both markets will be opened cost effectively with the aid of the existing organizations in Sweden and the USA.

SALES BY MARKET

– a comparison between countries (SEK THOUSANDS)

COUNTRY / MARKET	Sweden	Denmark	Norway	Finland	Iceland	Estonia
Net sales	32,038	42,588	81,792	47,532	37,881	34,614
Other income	5,247	4,493	10,822	7,150	4,595	3,345
Profit margin before operating expenses	25.5%	15.8%	13.4%	17.3%	3.2%	15.3%
Coffee	11,992	12,640	33,593	15,156	8,757	18,691
Food	20,042	29,949	48,199	32,376	29,125	15,923
Percentage Coffee	37%	30%	41%	32%	23%	54%
Percentage Food	63%	70%	59%	68%	77%	46%
Growth compared to previous year	46%	38%	21%	24%	121%	32%
Percentage of Group's total sales	10%	14%	26%	15%	12%	11%

COUNTRY / MARKET	Lithuania	Latvia	Poland	Nether-lands	USA	Other (FAUN/BAF)
Net sales	14,087	10,710	276	320	12,308	4,621
Other income	1,200	1,273	12	19	812	
Profit margin before operating expenses	9.0%	5.5%	1.2%	13.1%	24.8%	
Coffee	7,077	6,039	0	0	0	0
Food	7,010	4,670	276	320	12,308	0
Percentage Coffee	50%	57%	0%	0%	0%	
Percentage Food	50%	43%	100%	100%	100%	
Growth compared to previous year	21%	1%	n/a	n/a	n/a	n/a
Percentage of Group's total sales	4%	3%	0%	0%	4%	1%

NEW TASTE



ORANGE LEMON MINT

Zinzino BalanceOil is an all-natural dietary supplement that helps you increase the amount of omega-3 in your body in order to achieve and maintain a balance between the essential omega-6 and omega-3 fatty acids.

WHAT IS DIRECT SELLING?

“Membership in Direkthandels Förening (DF) is a seal of quality for Zinzino as a company”



PERSONAL CONTACT

Direct selling is all about personal contact outside the more traditional sales settings, such as stores. Perhaps the most common form of direct selling takes place through "home parties", in which the direct seller either invites the potential customer into their home or makes a visit to the customer so that the customer can try out their products.

At Zinzino, direct sellers are called "independent partners". In addition to recommending the product to potential customers, partners in Zinzino can also build up their own sales organization along with other direct sellers and thus build up their own business.

Zinzino also offers entrepreneurs an exciting business opportunity with sales, marketing, and personal development at the center. Education and training for the work is organized by a network of independent partners in conjunction with the company. Zinzino also wants the independent partners who decide to accept this business offer to feel that they are working in a vibrant, friendly network where they are well cared for and receive support and guidance from experienced independent partners. The private network is the backbone of this type of business, but Zinzino always stands behind it, providing support and driving it forward.

Independent partners benefit from an established brand, advanced products and a system for training and marketing along with other independent partners in the network. The company gets dedicated marketers and our independent partners gain access to exclusive products of very high quality without needing to purchase large inventories. Zinzino offers business opportunities for different people with different lifestyles at different stages of their life. Zinzino independent partners enjoy great flexibility and choose their own working hours and intensity. Zinzino supplies the tools and the opportunities for independent partners to create their own success according to personal ambitions, lifestyle and goals. The possibilities are endless!

ZINZINO – PROUD MEMBERS OF DIREKTHANDELNS FÖRENING (DF)

Zinzino is a member of the Swedish national trade association of direct selling companies, Direkthandels Förening (DF), and has worked actively for an open and honest direct selling industry for many years. Zinzino is a member of the national trade associations of direct selling companies in Sweden, Norway, Finland, Denmark, Estonia, Latvia and Lithuania. Zinzino will apply to the trade associations of direct selling companies in all new markets being opened up and is currently a probationary member in the USA, Poland and the Netherlands.

As one of few direct selling companies, Zinzino works with both traditional customer structures and with a sales network of independent partners who are interested in the business opportunities Zinzino offers. Zinzino provides personal, close contacts between sellers and customers, and continuously evaluates and improves its offering to meet customer demands. Quality and fairness are at the heart of all Zinzino products.

Membership in Direkthandels Förening (DF) is a seal of quality for Zinzino as a company. DF's primary task is to protect the consumer, to promote good business practices, and to foster a good reputation for direct selling as a distribution medium and for its practitioners. They also work to promote awareness and application of sector codes of conduct, and to ensure that sellers and distributors are well trained. DF is the consultative body for all legislation that affects direct selling.

DIRECT SELLING ACCOUNTS FOR BILLIONS IN SALES

The direct selling sector is strong both in Sweden and worldwide. DF is a member of the Federation of European Direct Selling Associations (FEDSA). FEDSA represents 25 European national direct selling associations and – directly or indirectly – through its associated corporate members, more than 1,000 direct selling companies with a total annual revenue of more than EUR 20 billion and with more than seven million direct sellers. Of these, nearly six million are women. Global industry revenue in 2011 was as much as USD 153,727 million with over 91 million active direct sellers.

HEADQUARTERS IN GOTHENBURG



A STIMULATING WORKPLACE

The headquarters are located in Västra Frölunda outside of Gothenburg, Sweden. The bright and pleasant office on Hulda Lindgrens Gata is a hub of activity. Here, all of the employees work in different areas to together deliver the absolute best to our customers and sellers. It is a vibrant work environment where every day is unique – a result of the company’s booming growth.

It is exciting to work at Zinzino’s headquarters. It is a young, expansive and dynamic workplace that provides great space for fun challenges and personal development. Each employee is important, and we all help one another to continually maintain the high quality that permeates our entire business.

Today, some 60 employees work at the headquarters, which are home to management and operational functions. Our biggest department is Support and Customer Service, which answers questions and provides support to our sellers and customers daily by phone and e-mail. The languages of each and every one of our markets is represented in Zinzino’s Support and Customer Service, ensuring that we can always assist customers and sellers in the best possible way. Our diverse origins also help create a very rewarding and intriguing environment for colleagues to socialize and learn from each other’s experiences and knowledge.

Support and Customer Service is the department most affected by growth. This has led to steady growth in the number of Support and Customer Service workers during the year. We also strengthened our Sales, Accounting and Marketing departments. We expect to continue hiring more employees as we expand into new markets in 2015.

“New recruits to Zinzino in Gothenburg join an exciting, dynamic environment with constant renewal and a strong entrepreneurial spirit. Zinzino takes very good care of its employees and actively works to develop the individual in his or her work.”

- Oskar Lingman, Market Communications Officer since January 2015

CSR

CORPORATE
SOCIAL
RESPONSIBILITY



Our vision is to be the "most customer friendly direct sales company in the world". We have made considerable progress, but to reach the goal, we work strategically with our guiding principles- high quality, being close to the customer and focusing on active product development. As a leading direct selling company, we have a great responsibility to our surroundings to integrate social, ethical, financial and environmental aspects in all we do and stand for. We have divided our Corporate Social Responsibility (CSR) work into three main tracks- our employees and surroundings, our products and our environment.

OUR EMPLOYEES AND SURROUNDINGS

We are an international company that strives for diversity, openness and no discrimination at any level. At our headquarters in Gothenburg, Sweden, some ten different nationalities work providing customer service and support to our surroundings in different languages. We have a familiar, personal and close interaction with each other, our customers, distributors and suppliers and "live" our personnel handbook every day. As a company, we are steadily growing and it is our utmost ambition to create an open, welcoming work environment that attracts both new employees and external contacts.

In spring 2015, our "Zinzino Health Club" was launched. The club was created for all employees and has the goal of encouraging better health and good living- both at work and privately. Membership is free as are the various group activities that are arranged, ranging from exercise sessions to participation in various running events. The members also get a specially prepared kit with exercise clothes. The objective of Zinzino Health Club is both for team building by doing things together and to improve health and reduce sickness absences. Our ambition is also to invite our distributors to the club to offer health promotion on the long term.





Zinzino has a very large Support and Service department. We are just as personable and familiar with our surroundings as we are internally and we constantly strive to evaluate and improve our offering according to what customers demand. Quality and fairness should be at the core of Zinzino's products and we often go one step further. It is extremely important for us that our products do what we promise. For example, we have a money-back guarantee on our Balance products. This means that if a customer is already in balance before using our products, he or she can get his or her money back. For Zinzino, customer satisfaction is of the utmost importance and by offering personal solutions, we build long-term trust.

For Zinzino, it has always been a given to be member of the national trade associations for direct selling companies that exist on the markets in which we are active. We thereby make a commitment for both the company and our distributors to comply with the ethical rules prepared by the associations. The ethical rules set forth what sales methods may be used, how and with whom a sales contact can be made, what information and documentation should be turned over and how potential disputes are handled. The ethical rules exist to make the consumer feel safe and satisfied in his or her contact with direct selling. It is also our responsibility to train our distributors so that they follow the ethical rules. Our goal is to create good, long-term relationships with our surrounding world, which we do by letting honesty, openness, responsibility and security to permeate our business.

ZINZINO FOUNDATION

Zinzino Foundation was established three years ago in Norway. A fund, which through our distributors' annual leadership meetings ("Zinzino Leadership School"), has the sole aim of contributing to and supporting various development assistance projects that are run and financed by the Norwegian state (Norad). The majority of the projects are financed through Norad and initiated and developed through the Pentecostal Foreign Mission of Norway (PYM). PYM is a Christian organization that has missions in Africa, Asia, Latin America and Europe. When Zinzino's distributors donate NOK 100,000 to a project, Norad provides NOK 900,000 so that the total is always NOK 1m.

In recent years, the following projects have each received NOK 1m:

2012- Stopping female genital mutilation among the Maasai in Kenya.

2013 - A local microfinance project in Kenya to increase the local companies where women can build up farming and help their children to school with food and medicine.

2014 – Continued support of the project in Kenya.

OUR PRODUCTS

For our coffee and tea products, we have chosen to cooperate with Rombouts & Malongo, which was the first coffee roasting house to begin cooperation with Fairtrade (1992). The roasting house is located in Nice, France and is ISO1400 environmentally certified. All coffee and tea sorts are ecological, six also have the Fairtrade label. Fairtrade is an independent product label that provides conditions for growers and employees in emerging markets to improve their working and living conditions. Rombouts & Malongo's overall ecological philosophy guarantees that the whole chain, from harvest to packaging, is handled environmentally correct. Zinzino is also a member of the Fair Trade Federation in Scandinavia.

For the Balance products, we have chosen to cooperate with Icelandic Lysi ehf. They produce our BalanceOil that contains a unique combination of fish oil and olive oil. The company Lysi ehf has a strict environmental policy that means minimizing all potential negative effects on the environment and only using fish oil from approved fish populations that are not on the IUCN list of threatened species.

OUR ENVIRONMENT – TRANSPORT AND RECYCLING

Every month, we send around 30,000 package throughout Europe. We are aware that such a large delivery operation entails an environmental impact connected with the transports. We therefore engage Posten and Bring for our deliveries. They are the Nordic region's largest logistics and postal providers and actively work to reduce environmental impact and emissions.

We are especially proud of our improved environmentally friendly coffee pods. The use of coffee pods has grown like wildfire since coffee makers for home use have been increasingly more common. In most cases, the pods are made of metal or plastic – materials that burden the environment. Even if our pods previously consisted of an environmentally correct pod that could be composted, a plastic part that had to be sorted remained. We are now going a step further and conducting a major phase out and transitioning to entirely bio-degradable material. Today, 10% of our pods are made of unbleached natural paper. No glue or chemicals are used and they can therefore be composted with regular household waste. Within one year, we will have gone entirely over to bio-degradable materials in our pods.

Our responsibility as producers of electronics for the collection of worn-out products is fulfilled by us being affiliated with Elkretsen in Sweden, Elreturen in Norway and Denmark and Elker in Finland.





BOARD OF DIRECTORS



HANS JACOBSSON
CHAIRMAN
Born: 1967

MBA. CEO of Rootfruit Scandinavia AB. Formerly served as Finance and Supply Chain Director for General Mills Scandinavia AB, Partner in CR&T Ventures (venture capital company in Buresfären) and Investment Manager in Investment AB Bure.

Has extensive experience in mergers and acquisitions, IPOs and structural transactions. Also has extensive expertise in food and consumer products.

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

Number of shares: 414,215 Class B shares and 45,000 options, privately and through the company



STAFFAN HILLBERG
BOARD MEMBER
Born: 1964

Studied Electrical Engineering at Chalmers University of Technology and has an MBA from INSEAD. CEO of Wood & Hill Investment AB and CEO of portfolio company Heliospectra AB. Has extensive experience from international operational positions and from the financial sector.

Formerly CEO of Yield AB and Scandinavian Financial Management AB, formerly Managing Partner in MVI, partner in CR&T Ventures AB (venture capital company in Buresfären), CEO of AppGate AB, CEO of Bonnier Online, Head of Bonnier Medialab, Product Manager for Apple Computer Inc. in France and the USA.

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

Number of shares: 238,983 Class B shares and 45,000 options



CECILIA HALLDNER
BOARD MEMBER
Born: 1951

MBA. Cecilia has extensive experience in business development and launches for international corporate brands on the Nordic market, including Astra Zeneca, Beiersdorf, Ecco and BeO.

Cecilia also has many years of experience in operational management, including serving as CEO of the Orkla Group, and in entrepreneurship as CEO of European Last Minute Ticket AB, a mobile marketing company. Is currently Regional Manager for Sensus Study Association in the Östergötland/Norra Småland region.

Cecilia Halldner has been a member of the Board of Directors since 2007.

Number of shares: 45,000 Class B shares



TORBEN LUNDBERG
BOARD MEMBER
Born: 1973

Studied Mechanical engineering and Corporate finance (HD). Executive Director and CIO for Local World Media.

Former Executive Director and Group CIO for Mecom Group Plc.

Number of shares: 15,000 Class B shares.

MANAGEMENT



DAG BERGHEIM PETERSEN
CEO

Born: 1970

Senior positions at El-giganten and Alcatel, and served as Senior Vice President of TeliaSonera subsidiary NetCom. Dag has extensive experience in strategic leadership in growth companies and has served as the CEO of Zinzino since 2012.

NUMBER OF SHARES: 180,000 Class B shares + 1,460,000 warrants



CARIN ANDERSSON
COO EUROPE

Born: 1975

Carin Andersson has solid, extensive experience in the direct selling sector and customer service spanning 13 years, providing her with great expertise in assisting customers and sellers in sector-related issues.

She joined Zinzino in 2004, having previously worked at PGOne AB, which has since been acquired by the Zinzino Group.

NUMBER OF SHARES: 36,082 Class B shares



HELENA BYSTRÖM
LOGISTICS MANAGER

Born: 1975

Helena Byström holds a Master of Science in Industrial Engineering and Management and has worked with logistics since 2001 at various companies, including Flextronics, Sonoform and Volvo Trucks. She joined Zinzino in August 2013.

NUMBER OF SHARES: 5,000 Class B shares



LINA RYDH
CCO

Born: 1978

Lina Rydh has extensive experience of customer service and sales. She held various positions over the years, most recently as the store manager for the telecom companies STC Mobileelektronik and Aircall. Lina joined Zinzino in 2010.

NUMBER OF SHARES: 5,000 Class B shares



MICHAEL PERRY
COO USA

Born: 1953

Michael Perry has extensive experience in senior positions at a number of different companies. He has an MBA and has served in positions such as Sales Manager, Chief Operating Officer and CEO. He has vast experience with direct selling. Michael joined Zinzino LLC in March 2013 as COO for the American market.

NUMBER OF SHARES: 0



FREDRIK NIELSEN
CFO

BORN: 1977

Fredrik Nielsen holds an MBA and has vast experience in senior positions in financial management. Came to Zinzino in 2009, and before that he was CFO for Gymnasium AB.

NUMBER OF SHARES: 15,000 Class B shares + 30,000 warrants



JAKOB SPIJKER
BUSINESS DEVELOPMENT

BORN: 1968

Jakob Spijker has held various positions in logistics, transport and warehousing, both in Sweden and in the Netherlands. He joined Zinzino in 2012. Before this, he was Head of Logistics at Mediatec Solutions AB.

NUMBER OF SHARES: 15,000 Class B shares



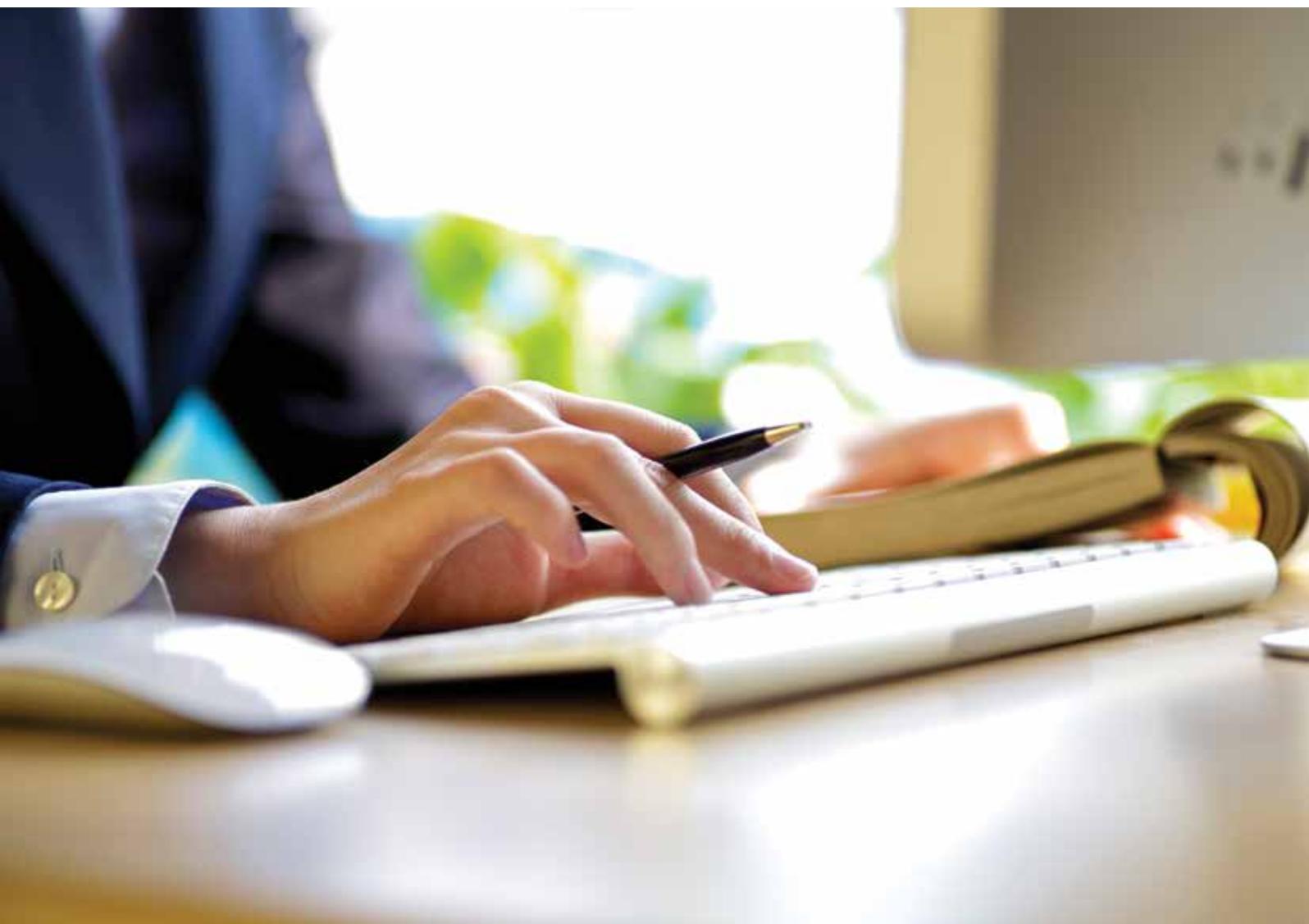
MIKAELA WAHLBRO
CMO

BORN: 1984

Mikaela Wahlbro holds a B.A. in Media and Communications from Karlstad University and has also completed studies at Halmstad University and Stockholm University. Mikaela has been employed at Zinzino since 2010.

NUMBER OF SHARES: 15,000 Class B shares

FINANCIAL INFORMATION



CORPORATE GOVERNANCE REPORT

Corporate governance refers to how rights and obligations are distributed between the company bodies in accordance with current laws, rules and processes. Corporate governance is about systems for decision making and the structure through which the shareholders govern the company, directly or indirectly.

Zinzino AB is a Swedish public limited liability company listed on Nasdaq OMX First North in Stockholm. Zinzino AB hereby submits its corporate governance report for 2014.

CODE OF CONDUCT

The company has no statutory obligation to apply the Swedish Code of Corporate Governance as the company is not of a size requiring application of the Code. The company has nonetheless established a remuneration committee, an audit committee and a nomination committee.

EXTERNAL REGULATIONS

- ▶ Swedish Companies Act
- ▶ Swedish and international accounting law
- ▶ Nasdaq OMX First North's Rule Book for Issuers
- ▶ Statements by the Swedish Securities Council

INTERNAL REGULATIONS

- ▶ Articles of Association
- ▶ Formal work plan of the Board of Directors
- ▶ Terms of reference issued by the Board to the CEO
- ▶ Authorization rules

DIVISION OF RESPONSIBILITY

The shareholders exercise their influence over Zinzino AB at the Annual General Meeting and other General Meetings. The General Meeting is the company's highest decision-making body. The Board of Directors and CEO bear the responsibility for the company's organization and management of the company's affairs in accordance with the Swedish Companies Act, other laws and regulations, First North's Rule Book for Issuers, the Articles of Association and the Board's internal steering instruments.

SHAREHOLDERS

Zinzino AB was listed on Nasdaq OMX First North on December 11, 2014. This meant a listing change from Aktietorget where Zinzino AB had been listed for trade since 2010. There are 29,950,687 shares in total, of which 5,113,392 are Class A shares (1 vote) and 24,395,295 Class B shares. At year-end, the company had 1,585 shareholders, excluding foreign custody customers. The largest shareholder was Örjan Saele with company and family with 55.96% of the votes and 32.63% of the capital, and Peter Sörensen with company with 24.21% of the votes and 14.14% of the capital. Information to the shareholders is available on Zinzino's website: www.zinzino.se.

ARTICLES OF ASSOCIATION

The company's Articles of Association describe the company's business, the number of Board members and auditors, how the AGM should be convened, handling of AGM agenda items

and where the AGM will be held. The Articles of Association contain no limitations as to how many votes each shareholder can exercise at an AGM. The currently applicable Articles of Association, which was adopted by the AGM on May 9, 2011, is available on the company website: www.zinzino.se.

ANNUAL GENERAL MEETING

It is at the Annual General Meeting and Extraordinary General Meetings that all shareholders can exercise their voting rights and pass resolutions on matters concerning the company and its operations. The AGM, which is held within six months of the end of the fiscal year, passes resolutions on adoption of the income statement and balance sheet, appropriation of the profit or loss for the year and issuance of dividends, and discharge from liability for the Board and CEO. In addition, the Board is elected and Board fees are set. Auditors are also elected and the AGM passes a resolution on their remuneration. Other statutory matters are also addressed and resolutions passed regarding guidelines for remuneration of senior executives. In addition to this, resolutions are passed regarding other proposals by the Board and shareholders. All shareholders who are registered in the share register on the record day and registered their intention to participate on time according to the stipulations of the Articles of Association have the right to participate in the Meeting and vote for their holdings of shares. Shareholders may be represented by one or more proxies.

2014 ANNUAL GENERAL MEETING

The ordinary 2014 Annual General Meeting was held on May 16, 2014. The AGM was attended by shareholders, personally or by proxy, representing 79% of the votes and 43% of the capital. Hans Jacobsson was elected to chair the Meeting. Some of the resolutions the AGM passed were as follows:

- The Annual General Meeting resolved on the re-election of Board members Staffan Hillberg and Cecilia Halldner and Torben Lundberg was elected as a new Board member. Hans Jacobsson was re-elected as the Chairman of the Board.
- The AGM resolved in accordance with the Board proposal to issue 600,000 warrants. The right to subscribe for new warrants, in deviation from the shareholders' preferential rights, went solely to Zinzino Nordic AB, which in turn received the right to assign the warrants to senior executives in the company.
- The AGM resolved in accordance with the Board proposal to authorize the Board for the period until the next AGM to decide on rights issues of Class B shares, convertibles and/or warrants on one or more occasions. The Board may make decisions regarding a rights issue with or without provisions for offsetting or other terms.
- The AGM resolved in accordance with the Board proposal to authorize the Board to make decisions during the period until the next AGM, on one or more occasions, regarding new issues at market conditions of Class B shares, convertibles and/or warrants deviating

from the shareholders' preferential rights with or without provisions regarding subscription in kind and/or offsetting or other conditions. The Board may not, however, make decisions meaning that more than 3,000,000 Class B shares will be added.

2015 ANNUAL GENERAL MEETING

The Annual General Meeting of Zinzino AB (publ) will be held on May 8 in the company's premises at Hulda Lindgrens gata 8 in Gothenburg, Sweden. For further information on the 2015 Annual General Meeting, please refer to the company website www.zinzino.se

NOMINATION COMMITTEE

The Nomination Committee of Zinzino has the task of presenting proposals on the number of Board members, the election of Board members including the Chairman of the Board, remuneration of Board members, the process for the appointment of a new Nomination Committee and otherwise follows what applies in the Swedish Code of Corporate Governance. The Nomination Committee shall be appointed by the ordinary AGM and shall appoint a chairperson for the committee from within its ranks. The Nomination Committee for the 2015 AGM consists of committee chairman Örjan Saele with a total of 55.96% of the votes (including related parties) and Peter Sörensen with family with 24.21% of the votes and Hans Jacobsson, Chairman of the Board of Zinzino AB and convener of the Nomination Committee with own holdings of 0.66% of the votes. The Nomination Committee represents a participating interest at year-end of 80.83% of the votes in the company.

The tasks of the Nomination Committee include:

- Evaluating the composition and work of the Board of Directors.
- Presenting nominations to the AGM on the election of Board members and the Chairman of the Board.
- Nominating the external auditors.
- Presenting proposals on the remuneration of the Board and auditors.

The Nomination Committee held four meetings and a number of e-mail and phone contacts and also a number of meetings with potential candidates for seats on the Board. An important source of information for the Nomination Committee's work is the Board evaluation conducted annually. The Nomination Committee seeks nominations that together with the existing Board members have the possibility of forming a Board with a suitable composition of expertise. The Nomination Committee receives information from the Chairman of the Board and the CEO on the company's future strategic direction. Based on the information, the Nomination Committee assesses the competencies needed in the Board as a whole and evaluates the competencies of the current Board members.

The Nomination Committee's complete proposal and justifications for the 2015 AGM will be presented on the company website www.zinzino.se well in advance of the AGM.

Shareholders who want to present proposals to the Nomination Committee can do so by e-mail to aktier@zinzino.com or by postal service to the company's headquarters. In order for the Nomination Committee to have the possibility of considering opinions received in its proposals to the AGM, the suggestions to the Nomination Committee must be submitted no later than one month before the AGM.

BOARD OF DIRECTORS AND ITS WORK

The Board of Directors is responsible for Zinzino AB's organization and management. The Board should provide effective support for and control of the work of management. The Board has adopted a formal work plan that contains rules and guidelines for its work. The formal work plan regulates the number of ordinary Board meetings, what matters will be addressed at ordinary Board meetings and the obligations of the Chairman of the Board. The members of the Board are elected annually by the AGM for the time until the next ordinary AGM has been held. Zinzino AB's Board consists of three members elected by the AGM and no deputy members. The CEO is not a member of the Board. Cecilia Halldner was first elected into Zinzino Nordic AB in 2006, i.e. before the purchase of the company from Zinzino AB. She became a Board member in Zinzino AB in connection with its founding in 2007. Hans Jacobsson and Staffan Hillberg have also been on the Board of Zinzino AB since the company was founded. At the 2014 AGM, Board members Staffan Hillberg and Cecilia Halldner were re-elected, and Torben Lundberg was elected as a new Board member. Hans Jacobsson was re-elected as the Chairman in 2014. The Board of Directors is presented in further detail on page 29. The Group's CEO Dag Bergheim Pettersen participates as the presenter in all Board meetings. The same applies for Group CFO, Fredrik Nielsen. Other officers in the Group participate in the Board meetings over time as presenters in specific issues. In accordance with the Swedish Code of Corporate Governance, 100% of the AGM-elected Board members are independent relative to the company. Of AGM-elected Board members, 100% are independent relative to the company's major shareholders. The Nomination Committee has the task of proposing additional Board members so that the company fulfills the Swedish Code of Corporate Governance for listed companies. Its rules for listed companies requires the majority of the AGM-elected Board members to be independent relative to the company and company management, and that at least two of them are independent relative to the company's major shareholders.

BOARD MEETINGS

In 2014, the Board of Directors held eight recorded meetings, of which one was by phone and one was by circulation. During the year, the Board of Directors devoted special attention to strategic, financial issues and issues concerning acquisitions, internal control and major investments. Attendance of the Board members was nearly 100% as only Board member Staffan Hillberg missed one of the meetings.

INFORMATION TO THE BOARD

The work of the Board follows the formal work plan and the Board receives information from management in the form of operating reports in accordance with the terms of reference issued by the Board to the CEO. The company's auditors reports their findings from the audit of the financial statements and their assessment of the company's internal procedures and control to the Board.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors uses formal work plans and instructions for its and the CEO's work with the aim of achieving effective handling of the operation's risks. The responsibility for maintaining an effective control environment and internal control regarding the financial reporting is delegated to the CEO. For external communication, there are guidelines that ensure that correct information is distributed to the market.

AUDIT COMMITTEE

The Audit Committee's task is to especially monitor and follow up issues concerning the company's internal control, accounting principles, risk management, financial reporting and audit. In addition, the Audit Committee shall prepare matters for the election of auditors, remuneration of auditors and secure a qualified, independent audit of the company. The Audit Committee consists of Board member Cecilia Halldner and Chairman of the Board Hans Jacobsson. The Group's auditors and the Group's CFO are presenters for the Audit Committee.

REMUNERATION COMMITTEE

The Remuneration Committee has the main task of being responsible for salaries, pension benefits, bonus programs and other benefits for the CEO and senior executives. The committee shall also address and give advice regarding long-term incentive programs. The current Remuneration Committee consists of Board Chairman Hans Jacobsson and Staffan Hillberg.

EXECUTIVE MANAGEMENT

Group management is led by the Chief Executive Officer (CEO) and consists of six managers. Information on the Group executive management is available on page 30 in this Annual Report.

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer (CEO) is responsible for the operating management of the company and the Group being done according to the Board's guidelines and instructions. The CEO leads the Group's work and makes decisions in consultation with the rest of management.

REMUNERATION

Board fees are determined by the Annual General Meeting. A Remuneration Committee appointed from within the Board shall prepare guidelines for salaries and other terms of employment for the CEO and other senior executives and submit proposals to the Board for decisions in such matters. The Board of Directors decides on the salary and other benefits for the CEO. The CEO decides on salaries and other benefits for other senior executives in accordance with the Board's guidelines. Other senior executives are six individuals who together with the CEO make up Group management. Zinzino AB shall offer market-based and competitive terms with the aim of making it possible to attract and keep skilled senior executives. The compensation is comprised of fixed base salary, variable remuneration calculated according to targets set in advance, other benefits, pension and financial instruments in the form of warrants. The distribution between fixed and variable remuneration should be in proportion to the executive's responsibilities and powers. For the CEO and other senior executives, the variable compensation amounts to a maximum of 50% (CEO) and 8.3% (other Group management) of fixed salary. Pension conditions shall be

defined-contribution pension solutions. The period of notice by the company shall not exceed six months. During the period of notice of a maximum of six months, full salary and employment benefits are payable. Decisions on share- and share price-based incentive programs are made by the AGM. In individual cases and if special reason exists, the Board may deviate from the aforementioned guidelines.

AUDIT

Magnus Götenfelt from PriceWaterhouseCoopers (PWC) AB is the auditor. Magnus Götenfelt is an Authorized Public Accountant and has been the auditor for Zinzino since 2007. He has other assignments, including Christian Berner Tech Trade AB, Stampen AB and Schenker AB. The audit of the year-end closing is done in January-February. The audit of the Annual Report is done in March and April. In connection with the company's interim reports, reviews are also conducted. In addition, an audit is also continuously conducted during the year of internal procedures and control systems, which are reported to the Group's CEO, CFO and Board. In addition to the audit assignment, Zinzino AB used PwC AB for consulting assignments in accounting issues, tax issues and in connection with acquisitions.

INTERNAL AUDIT

During the fiscal year, the Group did not have a separate internal audit function. Part of the Board and the CFO have also devoted special attention to these issues.

INVESTOR RELATIONS

The company's CEO is responsible for contacts with the shareholders. Zinzino AB provides the shareholders information through the annual report, year-end report, interim reports and press releases as well as the company website. In addition, the company has participated in a few public investor meetings arranged by Aktiespararna and Aktietorget.

& OWNERSHIP SHARE PERFORMANCE

Since December 11, 2014, Zinzino AB has been listed on Nasdaq OMX First North. This meant a listing change from Aktietorget where Zinzino AB had been listed for trade since 2010.

At the closing date, the share price was SEK 23.00 which entailed a market value of Zinzino AB at December 31, 2014 of SEK 688.9m.

In 2014, 6,166,150 (4,583,656) shares were traded, distributed over 8,141 (3,674) trades. At year-end, the company had 1,585 shareholders, excluding foreign custody customers.

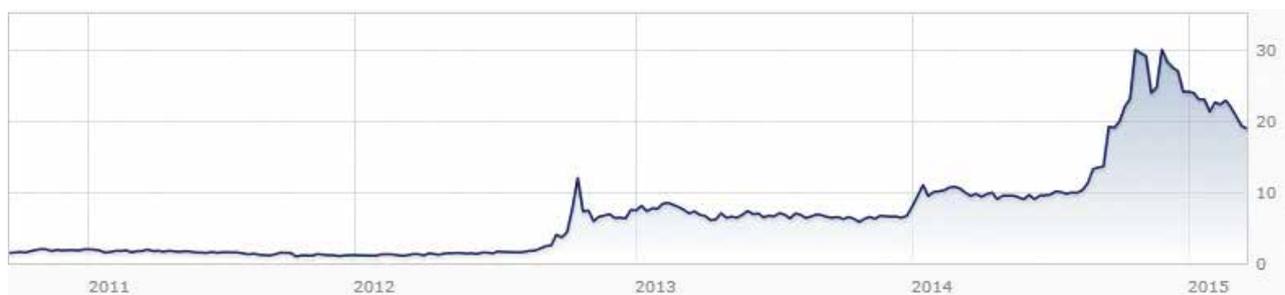
SHARE CAPITAL

At December 31, 2014, the share capital was distributed between 29,508,687 shares, of which 5,113,392 were Class A shares (1 vote) and 24,395,295 Class B shares (0.1 vote). The share's nominal value is SEK 0.10. The company's Class B share is traded on Nasdaq OMX First North, www.nasdaqomxnordic.com, with ISIN code SE0002480442. The share capital after the end of the year has been further increased through the non-cash issue in connection with the acquisition of BioActive Foods AS. A total of 897,255 Class B shares were issued and the share capital was thereby increased by SEK 89,725.50 to a total of SEK 3,040,594.20.

Largest shareholdings as of December 31, 2014:

Owner	Number of Class A shares	Number of Class B shares	Percentage of votes	Percentage of capital
Örjan Saele via company and family	3,123,397	6,266,328	49.65%	31.82%
Peter Sörensen via company	1,809,995	2,019,805	26.64%	12.98%
Other shareholders	180,000	16,109,162	23.71%	55.20%
Total	5,113,392	24,395,295	100%	100%

SHARE PRICE DEVELOPMENT SINCE START OF TRADING (SEK)



In 2014, 6,166,150 (4,583,656) shares were traded, distributed over 8,141 (3,674) trades. The first trade of the year ended up at SEK 6.60 and the year's last trade reached SEK 23.00. The year's peak was on October 31, 2014 with a trade at SEK 33.40. The low of SEK 6.20 came on January 3, 2014.

OPTION PLAN

Zinzino has issued warrants on two occasions:

At the end of 2012, Zinzino implemented an option plan in which 2,100,000 warrants were issued to key people in Group management and the sales network. The reason for the deviation from the shareholder's preferential rights was that the company deemed it important to create lasting incentives for executives considered essential to the company's future growth. The Board determined that a plan for warrants that did not burden the company's liquidity would be the most beneficial for the company and the company's shareholders.

Holders of call options after the aforementioned issue are entitled, between 1 August 2012 and 1 November 2016, to make cash purchases for new shares, each share with a quota value of SEK 0.10 according to a subscription price of SEK 2 per share. As of December 31, 2014, 20,000 warrants had been used to subscribe for shares.

The Annual General Meeting on May 16, 2014, resolved to issue a maximum of 600,000 warrants. The right to exercise the subscription warrants, with the exception of the shareholders' preferential rights, was only given to Zinzino's subsidiary, Zinzino Nordic AB (Corp. ID No. 556646-5893). Zinzino Nordic AB is entitled to transfer the subscription warrants to senior executives at Zinzino. The reason for the deviation from the shareholders' preferential right is to create incentives for Zinzino's senior executives, primarily in the USA but also in Europe to a certain extent, to work toward Zinzino's positive development. All of the subscription warrants have been exercised. Each subscription warrant gives the owner the right to subscribe to a new Class B share in the Company, each with a quota value of SEK 0.10 per share at a subscription price of SEK 16 per share. Share subscription is available until May 31, 2019. As of December 31, 2014, none of the warrants had been exercised to subscribe for shares.

If all the warrants are used for the new subscription of 2,680,000 shares, dilution of the share capital will amount to approximately 9%.

DIVIDEND POLICY AND PROPOSED DIVIDEND

Zinzino's dividend policy states that 30% of net profit shall be paid to the shareholders as dividends as long as the equity/assets ratio and liquidity permit it. For 2014, net profit amounted to SEK 32.7m. The profit includes the effect of deferred tax assets on loss carryforwards, which impacted earnings positively by SEK 14.5m. After adjustment for the positive tax effect, a net profit of SEK 18.2m remains. The Board of Directors proposes that the AGM approve a dividend of SEK 0.25 per issued share for the 2014 financial year. In total, SEK 6.7m is proposed to be paid to the shareholders, which corresponds to 42% of adjusted net profit as per the above.

REPORTED HOLDINGS OF INSIDERS AT YEAR-END

Name	Position	Share	Share	2014	2013
Örjan Saele	Others with inside holdings	ZZA	ZZA	3,123,397	4,123,391
Örjan Saele		ZZB	ZZB	6,266,328	4,712,761
Peter Sörensen	Others with inside holdings	ZZA	ZZA	1,809,995	1,809,995
Peter Sörensen		ZZB	ZZB	1,766,755	2,019,805
Hans Jacobsson	Chairman	ZZB	ZZB	414,215	424,215
Hans Jacobsson		ZZ TO	ZZ TO	45,000	45,000
Cecilia Halldner	Board Member	ZZB	ZZB	45,000	30,000
Staffan Hillberg	Board Member	ZZB	ZZB	238,983	234,656
Staffan Hillberg		ZZ TO	ZZ TO	45,000	45,000
Torben Lundberg	Board Member	ZZB	ZZB	15,000	0
Dag Pettersen	Managing Director	ZZB	ZZB	180,000	180,000
Dag Pettersen		ZZ TO	ZZ TO	1,460,000	1,460,000
Carin Andersson	Management	ZZB	ZZB	36,082	21,082
Fredrik Nielsen	Management	ZZB	ZZB	15,000	0
Fredrik Nielsen		ZZ TO	ZZ TO	30,000	30,000
Helena Byström	Management	ZZB	ZZB	5,000	0
Jakob Spijker	Management	ZZB	ZZB	15,000	0
Lina Rydh	Management	ZZB	ZZB	5,000	0
Mikaela Wahlbro	Management	ZZB	ZZB	15,000	0

DIRECTORS' REPORT

The Board of Directors and CEO of Zinzino AB, 556733-1045, hereby submit this Annual Report and consolidated financial statements for the fiscal year January 1, 2014 to December 31, 2014.

OWNERSHIP AND HISTORY

Business activities commenced in autumn 2007. The principal activity of the business is to own and develop companies in direct marketing and related businesses.

In 2009, Zinzino Nordic AB was acquired through both a directed issue in kind to shareholders in Zinzino Nordic AB and through the rights issue Zinzino Nordic AB conducted in December 2009. This gave Zinzino AB control over 97% of votes and 92% of capital in Zinzino Nordic AB. As of December 31, 2014, ownership in Zinzino Nordic AB totalled 93% of the capital and 97% of the votes.

In addition to Zinzino Nordic AB, the following wholly-owned companies are part of the Group: Zinzino OÜ in Estonia, Zinzino UAB in Lithuania, SIA Zinzino in Latvia, Zinzino Ehf in Iceland, Zinzino LLC in Jupiter, Florida, USA and the companies that were established in 2014, Zinzino BV in the Netherlands and Zinzino Sp. Z o o in Poland. In addition to this, the remaining 90% of the shares in the research company BioActive Foods AS were also acquired, making it a wholly-owned subsidiary, and 85% of the share capital in the production company Faun Pharma AS in 2014.

Zinzino Nordic AB 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, Poxian AB and 2Think AB.

INFORMATION ON GROUP OPERATIONS

Net sales for the Group totaled SEK 318.8m (226.3), with earnings after financial items totaling SEK 18.4m (10.4). This represents revenue growth of 41% and a 77% improvement in profit.

Net sales were divided between two product lines, Zinzino Food and Zinzino Coffee and external sales by the new subsidiary Faun Pharma AS. In 2014, sales of Zinzino Coffee were SEK 114.0m (140.9) and sales of Zinzino Food were SEK 200.2 (85.4). In addition to this, Faun Pharma AS had SEK 4.6m in sales in the final two months, which is included in the consolidated income statement.

Zinzino is a sales company that uses independent distributors who market and sell products on commission through direct selling. In 2014, Zinzino signed contracts with 11,100 (10,363) new distributors and 62,200 (48,190) new customers.

The geographic distribution of sales in 2014: Sweden 10%, Norway 26%, Finland 15%, Denmark 14%, Iceland 12%, Lithuania 4%, Latvia 3%, Estonia 11% and the USA 4%. Sales growth per market in 2014 compared with previous year: Iceland 121%, Sweden 46%, Denmark 38%, Estonia 32%, Finland 24%, Norway 21%, Lithuania 21%, Latvia 1% and Poland and Netherlands combined 1%.

Market analysis shows that Norway remains the strongest market, with total income of SEK 92.6m (77.6). Besides the newly established USA with total sales of SEK 13.1m (0.5), the fastest growth is still in

Iceland with sales of SEK 42.5m (19.2). Strong growth was also in Sweden with sales of SEK 37.3m (25.5), Denmark SEK 47.1m (34.0), Finland SEK 54.6m (44.4), Estonia SEK 37.9m (28.7) and Lithuania SEK 15.3m (13.1). All markets show growth over last year as Latvia had sales totaling SEK 11.9m (11.8) in 2014. The newly established companies in the Netherlands and Poland had combined sales of SEK 0.6m in the final months of the year. Faun Pharma AS had sales of SEK 4.6m in November and December.

EVENTS DURING THE YEAR

Establishment in the Netherlands and Poland

During the year, subsidiaries were formed in Poland and the Netherlands Sales began around September. Initially, only Zinzino Food's product line was launched in these markets. As in earlier establishments, they were conducted supported by headquarters in Gothenburg, which provided local language customer service. The establishment processes were resource- and cost-efficient and were implemented in a very short time. What remains is the work of helping the distributors effectively establish sales in the markets. During the final months of the year, the companies had combined sales of SEK 0.6m in total.

Listing change from Aktietorget to Nasdaq OMX First North

Zinzino was listed for trading on Nasdaq OMX First North on December 11, 2014 and the list was changed from Aktietorget. Erik Penser Fondkommission served as the Certified Adviser for Zinzino. The listing process has resulted in non-recurring costs of SEK 0.6m which are charged to the fourth quarter.

Acquisition of 85% of the shares in Faun Pharma AS

With a SEK 10m investment, Zinzino acquired 85% of the shares in the Norwegian production company Faun Pharma AS in October. The company makes products in the cosmetics, health and dietary supplements sector. With this investment, Zinzino gains access to a modern production and product development facility which affords Zinzino yet another dimension to its activity. Faun Pharma AB moved its plant to new premises in Vestby, Norway just three years ago. The facility and machinery are in a new condition, providing Zinzino with the means to efficiently research, develop and produce new products of high quality. The investment is expected to generate a strong increase in Zinzino's competitiveness and brand. The investment has resulted in a goodwill value amounting to SEK 10m. In 2015, Zinzino purchased another 13.8% of Faun Pharma AS and now owns 98.8% of the company.

Acquisition of remaining shares in Bioactive Foods AS

In December, Zinzino AB acquired the remaining 90% of BioActive Foods AS. The company is a Norwegian knowledge-based company with extensive experience of product development in health and dietary supplements. Together with Zinzino, the company developed, researched and created Zinzino's Balance products. Together with the acquisition of 85% of Faun Pharma AS earlier this year, Zinzino now controls the entire chain from testing to production and sales of the unique products in the production line Zinzino Food.

Increased ownership in BioActive Foods AS ensures access to products, research expertise and production of goods within Zinzino Food. The deal will create positive synergies throughout the entire

chain from production to end user. In the long run, Zinzino also expects that ownership of BioActive Foods AS will generate lower purchasing prices, which will be beneficial for higher gross profit margins and thereby a stronger net profit.

Zinzino paid for the acquisition of BioActive Foods through a combination of cash and newly issued shares in Zinzino. The number of newly-issued shares in Zinzino related to the acquisition amounts to 897,255, representing a dilution of 3.2%. The investment has resulted in a goodwill value amounting to SEK 40m.

Change of IT system

During the year, the Group worked intensively on replacing its IT system for the business with an industry-adapted US business system from Exigo Office Inc. The system provides the sales force with new, more effective tools that will promote growth. The system is flexible, scalable for expansion in new countries, cost-effective in operation and entirely adapted to Zinzino's international operations. The change entails new investments of SEK 2m. In addition to this, the change entails the disposal and impairment of the existing IT platforms. This meant that the 2014 financial year was charged with the impairment losses on intangible assets in an amount of SEK 1.1m.

Continued streamlining of Logistics

In 2013, Zinzino moved its entire warehouse operations to Katoen Natie, a global logistics provider with facilities in Europe, the Far East, North and South America and Africa. The facilities which currently handle Zinzino's products are located in Trollhättan, Sweden and in Norfolk, USA. The relocation of Zinzino's warehouse operations, which include inbound deliveries, warehousing, order management, packing and outbound deliveries to Katoen Natie has created greater flexibility and efficiency. New investments in effective management solutions at Katoen Natie in 2015 mean that the Group achieves further positive effects from the collaboration. Through Katoen Natie's logistics expertise, resources and development potential Zinzino can reduce its logistics costs without compromising quality.

Product line development

During the year, Zinzino put major focus on the new product line, Zinzino Food. Through the business acquisitions described above, Zinzino gained control over the entire chain from research, product development and the blood testing process to the end product at the customer. Through its own production, economies of scale are achieved, which generate better gross profit margins. During the year, the company worked intensively with Bioactive Foods AS on product development and launched Zinzino BalanceOil Orange/Lemon/min and the supplemental product BalanceXtender. BalanceXtender is designed to protect, preserve and renew our cells and tissues and is intended as a complement to BalanceOil.

In the Zinzino Food product line, BalanceOil is the clear top seller on most of Zinzino's markets. When 2014 is summed up, sales of the product line amount to SEK 200.2m (85.4), representing 64% (37) of total product sales.

Zinzino Coffee remained an important part of Zinzino

Zinzino's home café concept, which previously was the Group's only product line, has been known as "Zinzino Coffee" since late 2012.

The product line's main products are coffee of very high quality comfortably packaged in coffee pods together with easy-to-use and quality espresso machines. Together with the other Zinzino Coffee products, such as milk frothers and confectionery, the customer can create a café experience right in his/her own kitchen. Today, Zinzino

offers its customers a number of different espresso machines in different price ranges and 24 different varieties of coffee and tea. The range also includes several Fairtrade- labeled products, such as coffee, tea and sugar.

The secret to Zinzino Coffee's success is both quality products and the unique concept of enabling customers to take out a coffee subscription. When a customer takes out a subscription, he/she can purchase an espresso machine at a discount price. The coffee is simply and conveniently delivered to the customer's home every other month.

In 2014, sales stagnated and decreased, which is not in line with the company's strategy. In 2014, sales of Zinzino Coffee were SEK 114.0m (140.9). This corresponds to 36% of total product sales.

To increase growth in Zinzino Coffee, new espresso machines will be developed and launched combined with a coffee range that is contemporary and thereby continues to build up the Zinzino brand in the home café market. The continued increasing trend of home café in combination with Zinzino's concept creates opportunities to win significant market shares within the segment.

Continued customer focus

Zinzino focused on increasing customer satisfaction in 2014 as in earlier years. Further investments were made in the company's customer and sales support through skills development of the staff and further resource strengthening. This resulted in a substantially higher level of service, which generated more active customers and reduced the number of customers lost. The distributors' bonus system also underwent an overhaul with the aim of generating more customers. The impact has been positive and the number of active customers is increasing steadily.

Business model and marketing strategy

The core of Zinzino's business is marketing and sales. The company's network of independent distributors and sales teams markets the products and services to the consumer, while much of the company's own marketing is directed at developing attractive offers to customers and offering distributors the information and knowledge they need to be able to do their job out in the field. Marketing consists primarily of providing product information, promotional materials, basic training materials and effective and attractive information over the web, social media and e-mail.

Company management maintains an active dialog with the "leader council" made up of representatives from the sales network. This has proven to be highly appreciated by both sides and the dialog has proven to be a recipe for success.

Zinzino's product and sales department works continually with new and exciting projects in collaboration with Rombouts & Malongo and Bio-Active Food's product development team. By keeping product development at the forefront, Zinzino strengthens its position on the market.

Organization and efficiency

During the year, Zinzino pursued efforts to streamline its business systems and procedures to better handle the increased sales in a stable and satisfactory manner.

The organization has been strengthened with additional resources in practically all departments at the headquarters in Gothenburg. In 2014, a local office was also opened in Helsinki, Finland where Zinzino now has one employee on site to facilitate the expansion on the Finnish market.

Significant events after the end of the financial year

In February 2015, another 13.8% of Faun Pharma was acquired, meaning that Zinzino strengthened its ownership and influence and thereby gained full control over the company.

There was a good start to 2015 with total income for the first quarter preliminarily reaching SEK 106.2m (75.5), or a growth of 41%.

Financial forecast for 2015

In 2015, main focus will be on growth and increasing the customer base. New establishments will be made in Canada and Germany. The Board's financial forecast for 2015 is that total income will exceed SEK 440m. The net margin will exceed 4%.

Financial position

By the end of 2014, the Group had equity of SEK 86.3m (22.9), cash and cash equivalents of SEK 42.8m (10.9) and an equity/assets ratio of 52.09% (40.28). Capital tied up in inventory increased to SEK 30.8m (28.4). In relation to the higher sales, the capital tied up in inventory decreased per SEK in sales and the Board judges that the total capital tied up in inventory at year-end was at a good level for the business.

Depreciation, amortization and impairment

For 2014, total depreciation, amortization and impairment amounted to SEK 2,821 thousand (735). This is SEK 452 thousand (249) in depreciation on tangible assets, SEK 743 thousand (486) in amortization on intangible assets, SEK 492 thousand (0) in goodwill and SEK 1,134 thousand in impairment of IT systems.

Risks and external factors affecting growth in Zinzino

The Board continuously conducts risk analyses for Zinzino's expansion. The greatest risks remain in the organization's ability to manage costs during strong growth. In addition to this, the Board identifies the following risks:

Risks related to purchasing

The planning of purchases is a challenge during rapid expansion. Management is therefore actively working with purchase forecasts and inventory optimization to meet the challenge effectively and avoid tying up capital in inventory unnecessarily.

Risks related to fluctuations in raw material prices

Zinzino's product line is based to a large extent on raw materials such as fish oil, olive oil and coffee. Sharply increased prices on raw materials can result in increased costs for Zinzino. Even if Zinzino were to continuously monitor and work to reduce its exposure, a pricing change in one or more key raw materials can severely impact Zinzino's business, profit/loss, and financial position. The diversification of Zinzino's product line that took place in the past two years has spread Zinzino's risk in relation to price fluctuations on several raw materials beyond just coffee.

Risks related to suppliers

Approximately 95% of Zinzino's purchases are made from a few suppliers. Zinzino is dependent on these suppliers being able to produce goods at a rate required by Zinzino's sales. If the partnership with any of the suppliers or the rights as resulting from that partnership, should cease without the ability for Zinzino to replace the products with new ones, this could have a temporary effect Zinzino's sales and product assortment. Zinzino is also dependent on the quality of the products that they purchase being good. If suppliers do not live up to their commitments to Zinzino, this can have major negative consequences for Zinzino. In order to continue being a competitive company, Zinzino is still largely dependent on

their suppliers' product development capacity or, if possible, finding alternative partnerships for product development. Difficulties finding alternative partnerships can inhibit product development, which can affect Zinzino negatively.

Through the acquisitions of BioActive Foods AS and Faun Pharma AS, Zinzino has obtained full control of the production chain from raw material to finished product, as well as further development of Zinzino Food and thereby eliminated a large part of the risk.

Risk related to getting established on new foreign markets

Zinzino's business is growing sharply through the establishment of operations in new markets. Getting established in new countries and regions may involve risks that are difficult to predict.

In addition to this, the possibility of finding the right partners and distributors for the business can influence establishment on new markets. Since Zinzino's business is already established in a number of foreign markets, Zinzino has already created well-established procedures and strategies for getting successfully established overseas. Establishment on a new market takes place at a low cost to minimize risk.

Risks related to IT

Prioritizing IT resources during periods of high growth is a challenge for Zinzino, but Zinzino is working on optimizing and allocating resources in the best possible way. Zinzino's existing IT system has been considered to be undersized for Zinzino's future sales. For this reason, Zinzino is currently replacing its IT system with a business system that is better suited to Zinzino's business and needs. Changing business systems always involves a risk, particularly in light of the fact that IT support is important to the business.

Risks related to currencies

Zinzino has income streams in a host of different currencies, of which NOK and EUR, are the largest. Simultaneously, Zinzino has the majority of their costs in SEK, NOK and EUR in terms of operating costs and purchasing goods. Zinzino is thereby exposed to currency risks when the various currencies fluctuate. Zinzino does not hedge its foreign currency cash flow or use forward contracts, but instead actively works with foreign currency flow projections and exchanges its foreign currency at advantageous points in time. In addition, the number of different currencies on the income and cost side mean that fluctuations in the currency values cancel each other out and the currency risk is therefore lower.

Risks related to competitors

Zinzino has identified two types of competitors who can primarily affect Zinzino's business negatively: other direct sales companies that Zinzino's distributors and/or employees may potentially decide to join instead of Zinzino, and other companies that compete with the same or similar products as Zinzino. Furthermore, the innovation and product development by competitors also poses a risk to Zinzino's business.

The Board of Directors for Zinzino however, has decided that access to Rombouts & Malongo's product line, combined with the new Zinzino Food product line with the special concept of omega-3 products in combination with a blood test, is sufficient to ensure that Zinzino remains a competitive and attractive company. In order to ensure that Zinzino's distributors and employees do not decide to join other direct sales companies, Zinzino is working on offering partial ownership/incentive programs and attractive compensation plans.

FINANCIAL POSITION AND PERFORMANCE

Amounts in SEK thousand	Group		Parent Company	
	2014	2013	2014	2013
Net sales	318,762	226,308	0	0
Total income	357,730	254,531	0	0
Profit/loss after financial items	18,448	10,377	-2,291	-621
Net profit	32,739	9,823	-980	-621
Operating margin	5.16%	4.10%	neg	neg
Profit margin	9.15%	3.50%	neg	neg
Return on equity	37.94%	42.93%	neg	neg
Balance sheet total	165,633	56,807	82,241	22,465
Solvency	52.09%	40.28%	63.23%	95.75%

DEFINITIONS OF KEY RATIOS:

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

PROPOSED APPROPRIATION OF PROFITS (SEK)

The Annual General Meeting has the following at its disposal:

Zinzino AB	SEK
Retained earnings	18,802,577
Profit/loss for the year	-980,314
SEK	17,822,263

The Board proposes that the retained earnings be utilized as follows:

Zinzino AB	SEK
SEK 0.25 per share distributed to the shareholders	7,625,006
Carry forward	10,197,257
Total	17,822,263

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 thereby be justified considering that stated in Chapter 17 Section 3 § 2-3 of the Companies Act (prudence rule).

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

INCOME STATEMENT

CLASSIFIED BY NATURE OF EXPENSE	Note	Group		Parent Company	
		1/1/2014 12/31/2014	1/1/2013 12/31/2013	1/1/2014 12/31/2014	1/1/2013 12/31/2013
Amounts in SEK thousand					
Net sales	5.6	318,762	226,308	-	-
Other revenue	7	38,968	28,222	-	-
Total income		357,730	254,531	0	0
Operating expenses					
Merchandise		-91,077	-69,999	-	-
Direct costs relating to goods sold		-164,217	-113,577	-	-
Other external expenses	8.9	-50,057	-35,166	-2,299	-621
Personnel costs	10	-30,844	-23,556	-	-
Depreciation, amortization and impairment	11	-2,821	-735	-	-
Other operating expenses	7	-120	-1,028	-	-
Total expenses		-339,137	-244,060	-2,299	-621
OPERATING PROFIT/LOSS		18,593	10,470	-2,299	-621
Profit/loss from financial investments					
Interest income		149	48	7	-
Interest expenses		-295	-141	-	-
Total financial items		-146	-93	7	0
PROFIT/LOSS AFTER FINANCIAL ITEMS		18,448	10,377	-2,291	-621
PROFIT/LOSS BEFORE TAX		18,448	10,377	-2,291	-621
Tax on profit/loss for the year	12	14,291	-554	1,311	-
PROFIT/LOSS FOR THE YEAR		32,739	9,823	-980	-621
Attributable to:					
Parent Company shareholders		29,942	9,027		
Minority interest		2,797	796		

BALANCE SHEET

Amounts in SEK thousand	Note	Group		Parent Company	
		12/31/2014	12/31/2013	12/31/2014	12/31/2013
ASSETS					
FIXED ASSETS					
Intangible assets	13				
Goodwill		50,650	-	-	-
Intangible assets		5,182	3,498	-	-
Total intangible assets		55,832	3,498	-	-
Tangible assets					
Equipment, tools, fixtures and fittings	14	1,964	977	-	-
Total tangible assets		1,964	977	-	-
Financial assets					
Participations in subsidiaries	15	-	-	79,522	18,768
Deferred tax assets	16	14,570	-	1,311	-
Other investments held as fixed assets		-	3,616	-	3,617
Other long-term receivables		312	-	-	-
Total financial assets		14,882	3,616	80,833	22,385
TOTAL FIXED ASSETS		72,677	8,091	80,833	22,385
CURRENT ASSETS					
Inventories, etc.					
Finished goods and merchandise		30,408	24,638	-	-
Advances to suppliers		351	3,777	-	-
Total inventories		30,759	28,415	-	-
Current receivables					
Accounts receivable		2,806	683	-	-
Other receivables		8,678	3,047	252	15
Prepaid expenses and accrued income	17	7,294	5,042	200	-
Tax assets		646	605	-	-
Total current receivables		19,425	9,377	452	15
Cash and bank balances		42,771	10,923	956	65
TOTAL CURRENT ASSETS		92,955	48,716	1,408	80
TOTAL ASSETS		165,633	56,807	82,241	22,465

BALANCE SHEET

Amounts in SEK thousand	Note	Group		Parent Company	
		12/31/2014	12/31/2013	12/31/2014	12/31/2013
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	2,951	2,708	2,951	2,708
Other contributed capital		33,935	-	56,406	22,471
Other equity including profit/loss for the year		45,343	18,905	-7,357	-3,668
Equity attributable to Parent Company shareholders		82,229	21,613	52,000	21,511
Minority interest		4,065	1,268	-	-
TOTAL EQUITY		86,294	22,881	52,000	21,511
LIABILITIES					
Long-term liabilities					
Long-term liabilities to Group companies		-	-	12,452	-
Other long-term liabilities		5,156	277	277	277
Total long-term liabilities		5,156	277	12,729	277
Current liabilities					
Bank overdraft facilities	19	-	400	-	-
Accounts payable		12,334	6,208	5	20
Liabilities to Group companies		-	-	7,010	582
Tax liability		152	-	-	-
Other liabilities	20	46,823	18,539	10,368	36
Accrued expenses and deferred income	21	14,874	8,501	129	40
Total current liabilities		74,183	33,649	17,512	677
TOTAL LIABILITIES		79,339	33,926	30,242	954
TOTAL EQUITY AND LIABILITIES		165,633	56,807	82,242	22,465
Pledged assets	22	6,649	6,500	NONE	NONE
Contingent liabilities		NONE	NONE	NONE	NONE

STATEMENT OF CHANGES IN EQUITY

GROUP'S EQUITY	Note	Share capital	Other contributed capital	Revaluation reserve	Acc. exch. rate diff.	Retained earnings, etc.	Total	Minority interest	Total equity
Amounts in SEK thousand									
Equity 1/1/2013		2,708				9,676	12,384	472	12,856
Profit/loss for the year						9,027	9,027	796	9,823
Exchange rate differences in translation of foreign subsidiaries						202	202		202
EQUITY 12/31/2013		2,708	0	0		18,703	21,613	1,268	22,880

Profit/loss for the year						29,942	29,942	2,797	32,740
Share subscription on warrants	16	243	12,400			12,643	12,643		12,643
Acquisition of BioActive Foods AS			21,534				21,534		21,534
Dividend to shareholders						-2,708	-2,708		-2,708
Exchange rate differences in translation of foreign subsidiaries					-795		-795		-795
EQUITY 12/31/2014		2,951	33,935	0	-593	45,937	82,229	4,065	86,294

PARENT COMPANY'S EQUITY	Note	Share capital	Other contributed capital	Revaluation reserve	Acc. exch. rate diff.	Retained earnings, etc.	Total	Minority interest	Total equity
Amounts in SEK thousand									
Equity 1/1/2013		2,708	22,471			-3,047	22,132		22,132
Profit/loss for the year						-621	-621		-621
EQUITY 12/31/2013		2,708	22,471	0	0	-3,668	21,511	0	21,511
Profit/loss for the year						-980	-980		-980
Increase in share capital through share subscription due to warrants	16	243	12,400				12,643		12,643
Acquisition of BioActive Foods AS			21,534				21,534		21,534
Dividend to shareholders						-2,708	-2,708		-2,708
EQUITY 12/31/2014		2,951	56,406	0	0	-7,357	52,000	0	52,000

CASH FLOW STATEMENT

Amounts in SEK thousand	Note	Group		Parent Company	
		1/1/2014 12/31/2014	1/1/2013 12/31/2013	1/1/2014 12/31/2014	1/1/2013 12/31/2013
Operating activities					
Operating profit		18,593	10,470	-2,299	-621
Depreciation / Amortization		2,821	735	-	-
		21,414	11,205	-2,299	-621
Interest received		148	48	7	-
Interest paid		-295	-141	-	-
Tax paid		-247	-554	-	-
Cash flow from operating activities before changes in working capital		21,020	10,558	-2,292	-621
Cash flow from changes in working capital					
Increase(-) / Decrease(+) in inventory		-2,344	-13,008	-	-
Increase(-) / Decrease(+) of current receivables		-10,048	-809	-437	434
Increase(-) / Decrease(+) in short-term liabilities		40,534	-565	16,835	455
Cash flow from operating activities		49,162	-3,824	14,106	268
Investing activities					
Acquisitions of intangible assets		-561	-11	-	-
Acquisitions of subsidiaries	4	-52,132	-1,534	-57,137	-271
Purchases of tangible assets		-1,439	-383	-	-
Cash flow from investing activities		-54,132	-1,928	-57,137	-271
Financing activities					
Borrowings		4,879	-	12,453	-
Non-cash issue		21,534	-	21,534	-
Dividend paid to Parent Company shareholders		-2,708	-	-2,708	-
Subscription shares on warrants issued		12,643	-	12,643	-
Cash flow from financing activities		36,348	0	43,922	0
CASH FLOW FOR THE YEAR		31,378	-5,752	891	-3
Cash and cash equivalents at the start of the year		10,923	16,473	65	68
Exchange rate differences in cash and cash equivalents		469	-202	-	-
Cash and cash equivalents at year-end		42,770	10,923	956	65
Change in cash and cash equivalents		31,378	-5,752	891	-3

NOTES

NOTE 1 SIGNIFICANT ACCOUNTING AND VALUATION PRINCIPLES

GENERAL

Zinzino AB (publ), with corporate identity number 556733-1045 is a Swedish registered limited liability company with registered offices in Gothenburg, Sweden. The consolidated financial statements for the financial year January 1 to December 31 consist of the Parent Company and its Swedish and foreign subsidiaries.

FINANCIAL YEAR

The financial statements comprise financial information for the Zinzino Group for the period January 1 to December 31.

BUSINESS

The Group's business primarily comprises

- ▶ sales of coffee, coffee machines and accessories
- ▶ sales of functional food
- ▶ research and development of functional food
- ▶ production of functional food

ACCOUNTING PRINCIPLES

As of the 2014 financial year, the Annual Report and consolidated financial statements are prepared with application of the Annual Accounts Act and the Swedish Accounting Standards Board's general guidelines BFNAR 2012:1 *Annual accounts and consolidated accounts (K3)*. The Annual Accounts Act and the Swedish Accounting Standard Board's general guidelines were previously applied except for BFNAR 2008:1 (K2) and BFNAR 2012:1 (K3). The transition has been done in accordance with the regulations in K3's chapter 35, which means that the comparative figures for 2013 have been recalculated and that the recalculated figures are presented in all financial statements and notes. The effects of the transition are shown in Note 2.

Below is a compilation of important accounting principles.

REVENUE AND EXPENSE RECOGNITION

Net sales

Net sales are revenues from the delivery of goods less discounts and the like, excluding value added tax and after elimination of intra-Group sales. Sales of goods are recognized when a Group unit has delivered the good to the customer, the financial benefits and risks associated with the good have been transferred to the customer.

Other revenue

Revenue attributable to freight income of goods to customers, reminder fees paid by customers and currency gains are viewed as other revenue.

Merchandise

Costs for merchandise also include shipping costs of goods sold such as customs duties, excise duties and packaging for shipment of goods.

Direct costs relating to goods sold

Direct costs that affect goods sold are related to shipping costs and commission for the sellers.

Other external expenses

Costs that pertain to the normal business, but cannot be attributed to any other item in the income statement.

Personnel costs

Costs directly related to the company's employees such as salaries, benefits, pension expenses, social security contributions and training.

Depreciation and amortization

Depreciation of tangible and amortization of intangible assets are reported in the same item.

Impairment

Impairment of intangible and tangible assets is recognized when an impairment exists after impairment testing.

Interest

Interest income is recognized as it is earned. Interest expenses are recognized as they arise.

Income tax

The Group's tax expenses or tax income comprises current tax, changes in deferred tax and tax attributable to share in profits in associated companies.

Current tax is the tax payable on the taxable profit for a period in accordance with tax regulations in each country. Deferred tax is calculated based on taxable and deductible temporary differences between reported and tax values of assets and liabilities. Loss carryforwards are only taken into account to the extent that it is probable that the loss carryforward can be utilized in the foreseeable future.

Valuation of all tax liabilities/assets are measured at nominal amounts and in accordance with applicable tax regulations and tax rates.

PRINCIPLES FOR VALUATION OF ASSETS AND LIABILITIES

Assets and liabilities are recognized at the amount whereby they were acquired or arose, unless otherwise stated

Goodwill

Goodwill arises in the acquisition of subsidiaries and represents the amount with which the total compensation paid together exceeds the fair value of the net identifiable assets and liabilities. Goodwill is amortized straight-line over ten years.

Intangible and tangible assets

Fixed assets are valued at acquisition cost less accumulated depreciation/amortization. Depreciation/amortization is applied systematically over an asset's expected useful life as listed below:

Equipment, tools, fixtures and fittings	20% per year
Intangible assets	20% per year

Deferred tax assets

According to K3, deferred tax assets shall be recognized on their own line in the balance sheet. Deferred tax is the tax effect that arises due to an income or expense being recognized in one year in the financial statements, but being included in the tax filing for another year. Tax loss carryforwards used in future filings are recognized in this item.

Other investments held as fixed assets

Long-term receivables that do not pertain to associated or Group companies are recognized in this item.

Participations in subsidiaries

The Parent Company's participations in subsidiaries are recognized in this item.

Inventories, etc.

Goods acquired for resale to subsidiaries and advance payments for goods not yet delivered. Inventories are valued according to the lowest value principle and FIFO (first in, first out) method. This means that inventories are stated at acquisition cost under the FIFO method or at fair value, whichever is lower.

Accounts receivable

The receivables that arise as a result of sales to external customers.

Receivables from Group companies

The Parent Company's receivables from Group companies.

Other receivables

This includes e.g. VAT assets, advances to employees and credits with card companies.

Prepaid expenses and accrued income

Prepaid expenses that during the financial year constitute expenses for subsequent financial years. Accrued income is income during the year that is income in future years.

Cash and bank balances

Cash balances and balances on bank accounts are recognized here. Holdings in foreign bank accounts are recognized at the closing day rate.

Share capital

Share capital is the Parent Company's share capital registered with the Swedish Companies Registration Office. Capital contributed in a not-yet registered new share issue and issue amounts in excess of the quotient value are recognized in Other contributed capital.

Profit or loss brought forward and profit/loss for the year

Pertain to accumulated earnings from previous years and the year's profit or loss.

Minority interest

The part of equity attributable to the Group's minority.

Other long-term liabilities

Pertain to the Parent Company's liabilities, option liability for earlier issues.

Long-term liabilities to Group companies

The Parent Company's long-term liabilities to Group companies.

Accounts payable

Liabilities attributable to purchases from external suppliers.

Current liabilities to Group companies

The Parent Company's current liabilities to Group companies.

Bank overdraft facilities

Utilized component of granted bank overdraft facilities.

Other liabilities

VAT liabilities, liabilities for staff salaries and commission liabilities are recognized here.

Accrued expenses and deferred income

Costs relating to the financial year, but that will be settled in later years are addressed as accrued expenses. Income invoiced during the financial year, but where the performance will be done in a later year is handled as deferred income.

Consolidated financial statements

Zinzino AB prepares consolidated financial statements. The companies that Zinzino AB holds a majority of the shares in are classified as subsidiaries and consolidated in the consolidated financial statements. Information on subsidiaries is available in Note 13.

Subsidiaries in other countries prepare their annual accounts in foreign currencies. In consolidation, the items are translated in the balance sheets and income statements at the closing day rate and spot rate of exchange from when the transaction occurred, respectively. The currency differences that arise are recognized in accumulated exchange rate differences in the Group's equity. Transactions between Group companies are eliminated in their entirety.

NOTE 2 EFFECTS OF A TRANSITION TO K3

This is the first Annual Report and consolidated financial statements for Zinzino AB that have been prepared according to the Swedish Financial Accounting Board's general guidelines BFNAR 2012:1 *Annual accounts and consolidated accounts, (K3)*. The accounting principles presented in Note 1 have been applied when the consolidated financial statements were prepared as per December 31, 2014 and for comparative information presented as per December 31, 2013, and in preparation of the report on the period's opening financial position (opening balance sheet) on January 1, 2013 (Group's time for the transition to K3).

The transition to K3 is presented in accordance with Chapter 35, Initial application of this general guideline. In a transition to K3, an opening balance sheet is prepared in which K3's accounting and valuation principles are applied retroactively. When the Group's opening balance sheet was prepared as per K3, amounts reported in earlier annual reports were adjusted in accordance with the Swedish Accounting Standards Board's general guidelines. An explanation for how the transition from earlier accounting principles affected the Group's position is presented in the tables that follow below and in the notes that belong to them.

The following changes in accounting principles and transition provisions affect the Group:

* The items included in equity are no longer divided into restricted and non-restricted equity, but rather the items in Share capital, *Other contributed capital* and *Other equity including profit or loss of the year*. Presentation of equity in the consolidated balance sheet is adjusted to the classification prescribed in K3.

* Accumulated exchange rate differences in the translation of the foreign subsidiaries' balance sheet are zeroed in the opening balance sheet under K3 (35.26).

The balance sheet as per December 31, 2013 for the Group and the Parent Company have been prepared in accordance with K3 and the following pages.

GROUP

Amounts in SEK thousand	Closing balance 2013 as per earlier principles	Adjustments made in the opening balance sheet 2013	Adjustments for items to be reported as per K3 under 2013	Closing balance 2013 as per K3 rules
ASSETS				
FIXED ASSETS				
Intangible assets				
Intangible assets	3,498			3,498
Total intangible assets	3,498			3,498
Tangible assets				
Equipment, tools, fixtures and fittings	977			977
Total fixed assets	977			977
Financial assets				
Other investments held as fixed assets	3,616			3,616
Participations in subsidiaries	-			-
Total financial assets	3,616			3,616
TOTAL FIXED ASSETS	8,091			8,091
CURRENT ASSETS				
Inventories, etc.				
Finished goods and merchandise	24,638			24,638
Advances to suppliers	3,777			3,777
Total inventories	28,415			28,415
Current receivables				
Accounts receivable	683			683
Receivables from Group companies	-			-
Other receivables	3,047			3,047
Prepaid expenses and accrued income	5,042			5,042
Tax assets	605			605
Total current receivables	9,377			9,377
Cash and bank balances	10,923			10,923
TOTAL CURRENT ASSETS	48,716			48,716
TOTAL ASSETS	56,807			56,807

GROUP

Amounts in SEK thousand	Closing balance 2013 as per earlier principles	Adjustments made in the opening balance sheet 2013	Adjustments for items to be reported as per K3 under 2013	Closing balance 2013 as per K3 rules
EQUITY				
Share capital	2,708			2,708
Retained earnings/accumulated loss				
Non-restricted reserves/retained earnings	9,878	-5,076	-4,802	0
Profit/loss for the year	9,027	-4,600	-4,427	0
Total retained earnings/accumulated loss	18,905			0
TOTAL EQUITY	21,613			-
Other contributed capital	-			-
Other equity including profit/loss for the year		9,676	9,229	18,905
Equity attributable to Parent Company shareholders	-	0	0	21,613
Minority interest	1,268			1,268
TOTAL MINORITY INTEREST	1,268			-
TOTAL EQUITY				22,881
LIABILITIES				
Long-term liabilities				
Other long-term liabilities	277			277
Total long-term liabilities	277			277
Current liabilities				
Accounts payable	6,208			6,208
Liabilities to Group companies	-			-
Bank overdraft facilities	400			400
Other liabilities	18,539			18,539
Accrued expenses and deferred income	8,501			8,501
Total current liabilities	33,649			33,649
TOTAL LIABILITIES	33,926			33,926
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	56,807			56,807

a) Under the K3 rules, equity is not divided up into restricted and non-restricted equity. This entails a conversion of equity where capital previously recognized as *non-restricted reserves/retained earnings* and *profit/loss for the year* are converted to *Other equity including profit or loss*.

PARENT COMPANY

Amounts in SEK thousand	Closing balance 2013 as per earlier principles	Adjustments made in the opening balance sheet 2013	Adjustments for items to be reported as per K3 under 2013	Closing balance 2013 as per K3 rules
ASSETS				
FIXED ASSETS				
Intangible assets				
Intangible assets	-			-
Total intangible assets	-			-
Tangible assets				
Equipment, tools, fixtures and fittings	-			-
Total fixed assets	-			-
Financial assets				
Other investments held as fixed assets	3,617			3,617
Participations in subsidiaries	18,768			18,768
Total financial assets	22,385			22,385
TOTAL FIXED ASSETS	22,385			22,385
CURRENT ASSETS				
Inventories, etc.				
Finished goods and merchandise	-			-
Advances to suppliers	-			-
Total inventories	-			-
Current receivables				
Accounts receivable	-			-
Receivables from Group companies	-			-
Other receivables	15			15
Prepaid expenses and accrued income	-			-
Tax assets	-			-
Total current receivables	15			15
Cash-in-hand and on deposit	65			65
TOTAL CURRENT ASSETS	80			80
TOTAL ASSETS	22,465			22,465

PARENT COMPANY

Amounts in SEK thousand		Closing balance 2013 as per earlier principles	Adjustments made in the opening balance sheet 2013	Adjustments for items to be reported as per K3 under 2013	Closing balance 2013 as per K3 rules
EQUITY					
Share capital		2,708			2,708
Retained earnings/accumulated loss	a)				
Non-restricted reserves/retained earnings		19,424	-22,471	3,047	0
Profit/loss for the year		-621	621		0
Total retained earnings/accumulated loss		18,803			0
Other contributed capital	b)		22,471		22,471
Other equity including profit/loss for the year	a)		-621	-3,047	-3,668
TOTAL EQUITY		21,511	0	0	21,511
LIABILITIES					
Long-term liabilities					
Other long-term liabilities		277			277
Total long-term liabilities		277			277
Current liabilities					
Accounts payable		20			20
Liabilities to Group companies		582			582
Bank overdraft facilities		-			-
Other liabilities		36			36
Accrued expenses and deferred income		40			40
Total current liabilities		677			677
TOTAL LIABILITIES		954			954
TOTAL EQUITY AND LIABILITIES		22,465			22,465

a) Under the K3 rules, equity is not divided up into restricted and non-restricted equity. This entails a conversion of equity where capital previously recognized as *non-restricted reserves/retained earnings* and *profit/loss for the year* are converted to *Other equity including profit or loss*.

b) In non-restricted reserves, a share premium reserve was included that has been converted to Other contributed capital under the K3 rules.

NOTE 3 ESTIMATES AND ASSESSMENTS

The following estimates and assessments have been made:

* In assessing whether or not the Group's leases are finance or operating leases, the assessment has been made based on the agreement's structure. The agreement regarding premises rent was assessed as an operating lease as the Group does not bear any risk after the contract has expired. The leases for office equipment and the phone exchange are assessed as operating leases as the equipment can be returned after the term of them has expired. The Group's leases for vehicles are considered to be finance leases since the Group bears the risk for the residual value. As the value of these contracts is deemed to be of minor value, they remain as operational. The differences between residual value and the value the vehicles have at acquisition is deemed to be very low and thereby the risk for the Group is formed as leases.

NOTE 4 ACQUISITION OF SUBSIDIARIES

Acquisition of Faun Pharma AS

Zinzino AB acquired 85% of the share capital in Faun Pharma AS on October 28, 2014. The acquisition is a part of Zinzino's strategy regarding margin improvements and product development.

SEK THOUSAND

Compensation

Cash payment	9,919
Compensation transferred	9,919

Carrying amounts, identifiable assets and assumed liabilities:

Fixed assets	992
Tangible assets	922
Current assets	10,815
Inventories, etc.	6,776
Accounts receivable and other current receivables	3,648
Cash and cash equivalents	391
Long-term liabilities	-6,539
Loans	-6,539
Current liabilities	-4,829
Loans	-2,000
Other current liabilities	-2,829
<i>Net identifiable assets and liabilities</i>	-553
Goodwill	10,472
Total compensation transferred	9,919

Goodwill of SEK 10,472 thousand pertains mainly to the potential of the new production facilities, the workforce and the expected cost synergies in production of products within Zinzino Food. Since the 85% of the share capital in Faun Pharma AS was acquired on October 28, 2014, the report is preliminary and has not yet been concluded. Zinzino AB acquired an additional 13.8% of the share capital in the company at the beginning of March 2015 and since owns 98.8% of Faun Pharma AS.

Acquisition of BioActive Foods AS

Zinzino AB acquired the remaining part of the share capital in BioActive Foods AS on December 8, 2014.

This acquisition is also a part of Zinzino's strategy to improve the profit margin and be on the forefront regarding product development.

SEK THOUSAND

Compensation

Cash payment	14,674
Payment falls due within 12 months	7,982
Issued shares Zinzino AB	21,534
Fair value of earlier holdings	6,013
Compensation transferred	50,203

Carrying amounts, identifiable assets and assumed liabilities:

Fixed assets	3,051
Intangible assets (excl. Goodwill)	3,001
Tangible assets	50
Current assets	15,467
Inventories, etc.	5,164
Accounts receivable and other current receivables	4,851
Cash and cash equivalents	5,452
Current liabilities	-8,691
Other current liabilities	-8,691
Net identifiable assets and liabilities	9,827
Goodwill	40,376
Total compensation transferred	50,203

Goodwill of SEK 40,376 thousand pertained primarily to the products, personnel and the expected cost synergies in production of Zinzino Food's product line. Since BioActive Foods AS was acquired on December 8, 2014, the report of the business acquisition is preliminary and has not yet been concluded.

NOTE 5 NET SALES DISTRIBUTION OVER BUSINESS SEGMENTS AND GEOGRAPHIC MARKETS

Segmentation is based on the Group's internal reporting structure, which is based on sales per geographic area.

Net sales are distributed into segments as follows:

	Group		Parent Company	
	2014	2013	2014	2013
Zinzino Coffee	114,000	140,900	-	-
Zinzino Balance	200,200	85,405	-	-
Other	4,562	3	-	-
Total	318,762	226,308	-	-

Net sales are distributed into geographic markets as follows:

	Group		Parent Company	
	2014	2013	2014	2013
Nordic region	246,448	176,923	-	-
Europe	60,007	48,900	-	-
USA	12,308	485	-	-
Total	318,762	226,308	-	-

NOTE 6 PURCHASES AND SALES BETWEEN GROUP COMPANIES

Of the year's sales, SEK 0 (0) thousand concerns sales to other Group companies.

Of the year's purchases, SEK 0 (0) thousand concerns purchases from other Group companies.

NOTE 7 EXCHANGE RATE DIFFERENCES

	Group		Parent Company	
	2014	2013	2014	2013
Exchange rate gains	2,803	2,556	-	-
Exchange rate losses	-120	-1,028	-	-
Total	2,683	1,528	-	-

NOTE 8 OPERATING LEASES

	Group		Parent Company	
	2014	2013	2014	2013
Future minimum leasing fees:			-	-
Mature within one year	1,560	1,553	-	-
Mature after one year but within five years	3,167	4,727		
Mature after more than five years	-	-		
Total	4,727	6,279	-	-

Leasing fees expensed during the year

	Group		Parent Company	
	2014	2013	2014	2013
Leasing fees expensed during the year:	3,886	2,444	-	-
Total	3,886	2,444	-	-

The Group's operating leases comprise rent of premises, leasing of office equipment and phone exchange and vehicles. The premises rent agreement runs five year with the possibility for an extension of 36 months at a time. The agreements for leasing of office equipment and the phone exchange run for five years with an automatic extension one year at a time if the agreement is not canceled. The vehicles' leases run for three years with the possibility of buy-out after the lease expires.

In 2014, new leases have been entered into for vehicles and the phone exchange.

In accordance with K3, premises rental is also presented as leasing which means that the minimum leasing fees and expensed leasing fees for 2013 have been adjusted to also include information about premises rent.

NOTE 9 REMUNERATION TO AUDITORS

	Group		Parent Company	
	2014	2013	2014	2013
PricewaterhouseCoopers AB				
Audit assignment	429	447	40	40
Other services	17	-		
PricewaterhouseCoopers AS (NO)				
Audit assignment	54	72	-	-
Other services	58	19		
PricewaterhouseCoopers Aps (DK)				
Audit assignment	12	10	-	-
Other services	61	48	-	-
PricewaterhouseCoopers Oy (FI)				
Audit assignment	59	42	-	-
PricewaterhouseCoopers Ehf (IS)				
Audit work outside of audit assignment	19	6		
Alden Audit OÜ (EST)				
Audit assignment	45	-		
Total	753	626	40	40

NOTE 10 EMPLOYEES AND PERSONNEL COSTS

Salaries and other remuneration	Group		Parent Company	
	2014	2013	2014	2013
Salaries and other remuneration	22,322	17,541	-	-
- of which to Board and CEO	4,105	2,697	-	-
- of which bonuses	500	624	-	-
Social security contributions as per law and agreement	7,289	5,515	-	-
- of which to Board and CEO	287	499	-	-
Of which pension expenses	1,724	946	-	-
- of which to Board and CEO	500	-	-	-
Total	29,611	23,056	-	-

Salaries and other remuneration by country

	Group		Parent Company	
	2014	2013	2014	2013
Sweden				
Salaries and other remuneration	19,139	17,016	-	-
- of which to Board and CEO	1,184	2,238	-	-
Total Sweden	19,139	17,016	-	-
Norway				
Salaries and other remuneration	2,660	459	-	-
- of which to Board and CEO	450	459	-	-
Total Norway	2,660	459	-	-
Lithuania				
Salaries and other remuneration	14	15	-	-
- of which to Board and CEO	-	-	-	-
Total Lithuania	14	15	-	-
Latvia				
Salaries and other remuneration	35	-	-	-
- of which to Board and CEO	-	-	-	-
Total Latvia	35	-	-	-
USA				
Salaries and other remuneration	473	52	-	-
- of which to Board and CEO	-	-	-	-
Total USA	473	52	-	-
Total	22,322	17,541	-	-

Conditions for CEO

The period of notice from the company's side is six months. The period of notice from the CEO's side is six months. The monthly salary is payable in an amount of SEK 132 thousand and pension terms are as per the company's general terms and conditions. Bonus for 2014 to the CEO amounted to SEK 856 thousand. The salary is paid out in Zinzino Nordic AB and Zinzino AS.

Average number of employees

	Group		Parent Company	
	2014	2013	2014	2013
Women	47	38	-	-
Men	15	14	-	-
Average number of employees	62	52	-	-

During the year, 623 (453) private individuals from the sales force received compensation in the form of salary in Sweden. Due to the fact that Zinzino fully lacks the possibility to influence the formulation and scope of their working hours and their possible compensation is only paid out as commission on the sales they generate, a recalculation to the number of full-time employees is not possible.

To them, salary has been paid out in an amount of SEK 787 thousand (511) within the Group.

Gender distribution in company management

	Group		Parent Company	
	2014	2013	2014	2013
Board members	33	24	4	4
- of which women	1	1	1	1
- of which men	32	23	3	3
Managing directors	1	1	1	1
- of which women	-	-	-	-
- of which men	1	1	1	1
Other senior executives	10	6	7	5
- of which women	4	2	4	2
- of which men	6	4	3	3
Total number of women	5	3	5	3
Total number of men	39	28	7	7
Total	44	31	12	10

NOTE 11 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Depreciation according to plan	Group		Parent Company	
	2014	2013	2014	2013
Intangible assets	743	486	-	-
Equipment	452	249	-	-
Goodwill	492	-	-	-
Total depreciation according to plan	1,687	735	-	-
Impairment of intangible assets	1,134	-	-	-
Total depreciation, amortization and impairment	2,821	735	-	-

NOTE 12 TAX

	Group		Parent Company	
	2014	2013	2014	2013
Current tax	-279	-554	-	-
Deferred tax attributable to loss carryforwards	14,570	-	-	-
Total	14,291	-554	-	-

NOTE 13 INTANGIBLE ASSETS

Group	Goodwill	Software	Other intangible assets	Total
Accumulated acquisition values				
Opening balance January 1, 2013	-	2,673	-	2,673
Completed value	-	1,534	-	1,534
Closing balance December 31, 2013	-	4,207	-	4,207
Completed value	-	561	-	561
Acquisition of subsidiaries	51,141	-	3,001	54,142
Closing balance December 31, 2014	51,141	4,768	3,001	58,910
Accumulated depreciation/amortization				
Opening balance January 1, 2013	-	-224	-	-224
Depreciation/amortization for the year	-	-486	-	-486
Closing balance December 31, 2013	0	-710	0	-710
Opening balance January 1, 2014	-	-710	-	-710
Depreciation/amortization for the year	-492	-742	-	-1,234
Depreciation/amortization for the year	-	-1,134	-	-1,134
Closing balance December 31, 2014	-492	-2,586	0	-3,078
Carrying amount December 31, 2013	-	3,498	-	3,498
Carrying amount December 31, 2014	50,650	2,181	3,001	55,832

* Parent Company has no intangible assets

NOTE 14 EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

	Group		Parent Company	
	2014	2013	2014	2013
Opening acquisition value	3,371	2,988	-	-
Acquisitions during year	466	383	-	-
Additions from acquisitions during the year	973	-	-	-
Disposals for the year	-1,580	-	-	-
Closing acquisition value	3,230	3,371	-	-
Opening depreciation/amortization	-2,394	-2,145	-	-
Disposals for the year	1,580	-	-	-
Depreciation/amortization for the year	-452	-249	-	-
Closing accumulated depreciation/amortization	-1,266	-2,394	-	-
Closing planned residual value	1,964	977	-	-

NOTE 15 PARTICIPATIONS IN SUBSIDIARIES

	Parent Company	
	2014	2013
Opening acquisition value	18,768	18,512
Acquisition of shares in Zinzino Nordic AB	623	257
Acquisition Zinzino Sp z o. o.	8	-
Acquisition Faun Pharma AS	9,919	-
Acquisition of BioActive Foods AS	50,203	-
Closing book value	79,522	18,769

Name of subsidiary	Shares in %	Votes in%	CIN	Domicile
Zinzino Nordic AB	93%	97%	556646-5893	Gothenburg
Zinzino OÜ	100%	100%	302606327	Talinn
Zinzino OÜ	100%	100%	12057494	Vilnius
Zinzino SIA	100%	100%	40103529390	Riga
Zinzino Ehf	100%	100%	580511-0660	Reykjavik
Zinzino LLC	100%	100%	90-0992153	Jupiter, FL
Zinzino B.V.	100%	100%	854221712	s-Gravenhage
Zinzino Sp z o. o.	100%	100%	701-04-26-537	Warsaw
Faun Pharma AS	85%	85%	883370112	Vestby
BioActive Foods AS	100%	100%	996740498	Bekkestua

Subsidiaries wholly owned by Zinzino Nordic AB:

Specification of subsidiary	Shares in %	Votes in%	2014 Book value	2013 Book value
Zinzino Sverige AB	100%	100%	100	100
Zinzino ApS	100%	100%	155	155
Zinzino AS	100%	100%	112	112
Zinzino Oy	100%	100%	77	77
Poxian AB	100%	100%	100	100
PGTwo AB	100%	100%	100	100
2 Think AB	100%	100%	93	93
Total			737	737

Subsidiary name	CIN	Domicile
Zinzino Sverige AB	556646-5869	Gothenburg
Zinzino ApS	27266940	Copenhagen
Zinzino AS	986028269	Oslo
Zinzino Oy	1825505-2	Helsinki
Poxian AB	556655-2658	Gothenburg
PGTwo AB	556639-0513	Gothenburg
2 Think AB	556667-3983	Gothenburg

NOTE 16 DEFERRED TAX ASSETS

	Group		Parent Company	
	2014	2013	2014	2013
Attributable to loss carryforwards	14,570	-	1,311	-
Total	14,570	0	1,311	-

NOTE 17 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	2014	2013	2014	2013
Prepaid rent costs	265	512	-	-
Prepaid other expenses	4,586	1,304	37	-
Balance credit cards	2,443	3,226	-	-
Prepaid brand protection	-	-	163	-
Total	7,294	5,042	200	-

NOTE 18 SHARE CAPITAL

Of the company's 29,508,687 total shares, 5,113,392 are Class A shares.

	Event	Change number of shares	Total number of shares	Change share capital	Total share capital
Development of share capital					
2007	Company formation	37,000,000	37,000,000	100,000	100,000
2007	Issue of new shares	37,803,188	74,803,187	102,069	202,069
2008	Share issue	0	0	545,963	748,032
2008	Issue of new shares	12,476,963	87,280,150	124,770	872,802
2009	Issue of new shares	135,022,681	222,302,831	1,350,227	2,223,029
2010	Issue of new shares	48,524,869	270,827,700	485,248	2,708,277
2010	Reverse split	-243,744,930	27,082,770	0	2,708,277
2014	Warrants	2,425,917	29,508,687	242,592	2,950,869

NOTE 19 BANK OVERDRAFT FACILITIES

The bank overdraft facilities granted for the Group amount to SEK 5 (5) million and for the parent company amount to SEK 0 (0). The utilized bank overdraft facilities amount to SEK 0 thousand (400).

NOTE 20 OTHER LIABILITIES

	Group		Parent Company	
	2014	2013	2014	2013
VAT liability	3,929	2,286	-	-
Retaining withholding tax	874	351	-	-
Compulsory social security contributions	890	447	-	-
Commission liabilities	20,543	13,482	-	-
Liabilities shareholders BAF	10,203	-	10,203	-
Liabilities to credit institutions	2,470	-	-	-
Unknown in-payments	2,344	-	-	-
Other liabilities	5,570	1,975	165	36
Total	46,823	18,539	10,368	36

NOTE 21 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	2014	2013	2014	2013
Accrued payroll-related expenses	6,173	3,624	-	-
Accrued commission	5,426	2,390	-	-
Accrued audit	622	434	79	40
Accrued shipping expenses	570	337	-	-
Accrued product expenses	-	1,202	-	-
Accrued IT expenses	495	-	-	-
Accrued rent cost	1,063	-	-	-
Other accrued expenses	525	515	50	-
Total	14,874	8,501	129	40

NOTE 22 RESTRICTED BANK BALANCES

The company has restricted cash amounting to SEK 649,000 (SEK 500,000) relating to bank guarantees to suppliers.

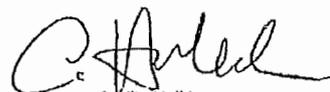
Göteborg den 17 april 2015



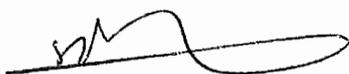
Hans Jacobsson
Styrelseordförande



Torben Lundberg
Styrelseledamot



Cecilia Håldner
Styrelseledamot

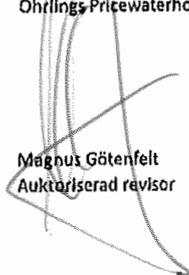


Staffan Hillberg
Styrelseledamot



Dag Berghelm Pettersen
Verkställande direktör

Vår revisionsberättelse har avlämnats den 17 april 2015.
Öhrlings PricewaterhouseCoopers AB



Magnus Götenfelt
Auktoriserad revisor

Revisionsberättelse

Till årsstämman i Zinzino AB, org.nr 556733-1045

Rapport om årsredovisningen och koncernredovisningen

Vi har utfört en revision av årsredovisningen och koncernredovisningen för Zinzino AB för år 2014. Bolagets årsredovisning och koncernredovisning ingår i den tryckta versionen av detta dokument på sidorna 37-64.

Styrelsens och verkställande direktörens ansvar för årsredovisningen och koncernredovisningen

Det är styrelsen och verkställande direktören som har ansvaret för att upprätta en årsredovisning och koncernredovisning som ger en rättvisande bild enligt årsredovisningslagen och för den interna kontroll som styrelsen och verkställande direktören bedömer är nödvändig för att upprätta en årsredovisning och koncernredovisning som inte innehåller väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller på fel.

Revisorns ansvar

Vårt ansvar är att uttala oss om årsredovisningen och koncernredovisningen på grundval av vår revision. Vi har utfört revisionen enligt International Standards on Auditing och god revisionssed i Sverige. Dessa standarder kräver att vi följer yrkesetiska krav samt planerar och utför revisionen för att uppnå rimlig säkerhet att årsredovisningen och koncernredovisningen inte innehåller väsentliga felaktigheter.

En revision innefattar att genom olika åtgärder inhämta revisionsbevis om belopp och annan information i årsredovisningen och koncernredovisningen. Revisorn väljer vilka åtgärder som ska utföras, bland annat genom att bedöma riskerna för väsentliga felaktigheter i årsredovisningen och koncernredovisningen, vare sig dessa beror på oegentligheter eller på fel. Vid denna riskbedömning beaktar revisorn de delar av den interna kontrollen som är relevanta för hur bolaget upprättar årsredovisningen och koncernredovisningen för att ge en rättvisande bild i syfte att utforma granskningsåtgärder som är ändamålsenliga med hänsyn till omständigheterna, men inte i syfte att göra ett uttalande om effektiviteten i bolagets interna kontroll. En revision innefattar också en utvärdering av ändamålsenligheten i de redovisningsprinciper som har använts och av rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen, liksom en utvärdering av den övergripande presentationen i årsredovisningen och koncernredovisningen.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Uttalanden

Enligt vår uppfattning har årsredovisningen och koncernredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av moderbolagets och koncernens finansiella ställning per den 31 december 2014 och av dessas finansiella resultat och kassaflöden för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens och koncernredovisningens övriga delar.

Vi tillstyrker därför att årsstämman fastställer resultaträkningen och balansräkningen för moderbolaget och för koncernen.

Rapport om andra krav enligt lagar och andra författningar

Utöver vår revision av årsredovisningen och koncernredovisningen har vi även utfört en revision av förslaget till dispositioner beträffande bolagets vinst eller förlust samt styrelsens och verkställande direktörens förvaltning för Zinzino AB för år 2014.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust, och det är styrelsen och verkställande direktören som har ansvaret för förvaltningen enligt aktiebolagslagen.

Revisorns ansvar

Vårt ansvar är att med rimlig säkerhet uttala oss om förslaget till dispositioner beträffande bolagets vinst eller förlust och om förvaltningen på grundval av vår revision. Vi har utfört revisionen enligt god revisionssed i Sverige.

Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat styrelsens motiverade yttrande samt ett urval av underlagen för detta för att kunna bedöma om förslaget är förenligt med aktiebolagslagen.

Som underlag för vårt uttalande om ansvarsfrihet har vi utöver vår revision av årsredovisningen och koncernredovisningen granskat väsentliga beslut, åtgärder och förhållanden i bolaget för att kunna bedöma om någon styrelseledamot eller verkställande direktören är ersättningsskyldig mot bolaget. Vi har även granskat om någon styrelseledamot eller verkställande direktören på annat sätt har handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Uttalanden

Vi tillstyrker att årsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Göteborg den 17 april 2015

Öhrlings PricewaterhouseCoopers AB

Magnus Götenfelt
Auktoriserad revisor

