

# ZINZINO



ANNUAL REPORT **2021**



# THIS IS ZINZINO

Zinzino is a global D2C company from Scandinavia specialising in bio-marker-based personalised dietary supplements and health technology. Zinzino is a limited liability company and its shares are listed on Nasdaq First North Growth Market. The company's test-based and scientifically proven supplements are available in more than 100 markets worldwide. Zinzino owns the Norwegian research and production units BioActive Foods AS and Faun Pharma AS. The company's head office is located in Gothenburg, Sweden, with additional offices in Finland, Latvia, Norway, USA, Australia, Hong Kong, Malaysia and India.

## A BRIEF HISTORY

- 2007 – Zinzino AB was started. The company's principal business is to own and develop companies in direct sales and related activities.
- 2009 – Zinzino Nordic AB was acquired partly through a directed non-cash share issue to the owners of Zinzino Nordic AB and partly through a subscription in the preferential rights issue that Zinzino Nordic AB carried out in December. Through this, Zinzino AB obtained control over 97% of the votes and 92% of the capital of Zinzino Nordic AB. By 31 December 2021, participating interest had increased to 93% of capital.
- 2010 – Zinzino shares were listed for trading on the Aktietorget stock market.
- 2011 – The group was expanded with companies in Estonia and Lithuania.
- 2012 – Companies were started in Latvia and Iceland.
- 2013 – A company was started in the US.
- 2014 – The group was further expanded by companies in Poland and the Netherlands. In the same year, Zinzino AB acquired BioActive Foods AS and 85% of the shares in Faun Pharma AS. Zinzino AB was listed for trading on Nasdaq OMX First North.
- 2015 – A company was started in Canada and the ownership share in Faun Pharma AS was increased to 98.8%.
- 2016 – A subsidiary was started in Germany. Sales were launched in all of the EU countries.
- 2017 – Sales were launched in Switzerland.
- 2018 – New subsidiaries in Romania and Italy.
- 2019 – New subsidiaries in Australia and India.
- 2020 – Acquisition of VMA Life in Singapore. Zinzino AB moves up to the premier segment of the Nasdaq First North Premier Growth Market.
- 2021 – Sales were launched in South Africa.





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# GROUP STRUCTURE

## ZINZINO AB





# FINANCIAL SUMMARY (SEK million)

Key group figures	2021	2020	2019	2018	2017
Total revenue	1,370.6	1,138.6	770.6	576.6	540.3
Net sales	1,288.5	1,074.4	710.8	532.9	495.1
Sales growth	20%	48%	34%	7%	13%
Gross profit	427.5	348.6	232.3	182.8	159.8
Gross profit margin	31.2%	30.6%	30.1%	31.7%	29.6%
Operating profit before depreciation and amortisation	137.6	108.5	33.5	23.7	11.1
Operating margin before depreciation and amortisation	10.0%	9.5%	4.4%	4.1%	2.1%
Adjusted operating profit before depreciation and amortisation	137.6	86.3	33.5	23.7	11.1
Adjusted operating margin before depreciation and amortisation	10.0%	7.6%	4.4%	4.1%	2.1%
Operating profit	116.0	86.6	14.8	6.4	1.0
Operating margin	8.5%	7.6%	1.9%	1.1%	0.2%
Profit/loss before tax	114.9	85.0	13.9	5.7	0.8
Net profit	89.7	66.3	11.3	4.7	-0.8
Net margin	6.5%	5.8%	1.5%	0.8%	-0.2%
Net earnings per share after tax before dilution, SEK	2.57	1.96	0.33	0.13	neg
Net earnings per share after tax at full dilution, SEK	2.46	1.88	0.32	0.13	neg
Cash flow from operating activities	153.5	97.3	71.3	29.8	25.3
Cash and cash equivalents	235.7	143.2	76.8	45.5	48.4
Equity/assets ratio	25.1%	19.6%	13.1%	19.5%	44.4%
Equity per share before dilution, SEK	4.52	2.88	1.24	1.55	2.47
Number of issued shares on average for the period	33,551,514	32,860,203	32,580,025	32,580,025	32,580,025
Average number of issued shares for the period with full dilution	35,092,535	34,300,203	32,846,326	32,580,025	34,081,395

Information regarding 2017 is based on earlier accounting principles. For the full year 2020, gross profit, operating profit before and after depreciation/amortisation are affected by SEK 22.2 million through changed accounting as a result of changed terms for distributor remuneration. Net profit was affected by SEK 17.4 million.



# OUR BEST YEAR EVER, **20% GROWTH COMBINED WITH STRONG PROFITABILITY**



*"The full year 2021 delivered 20% year-on-year growth and a full 10% in EBITDA"*

Dag Bergheim Pettersen, CEO, Zinzino

2021 was Zinzino's best year in our 15-year history. Our growth continues, combined with strong profitability, which is fully in line with Zinzino's strategic plan for the coming years.

The full year 2021 delivered 20% growth over the previous year and a full 10% in EBITDA, fully in line with our upwardly revised forecasts we submitted during the year. It also means that we can propose a dividend of a full SEK 2 per share to the upcoming Annual General Meeting, which I think sends a really strong message. We are of course very pleased with the continued good performance and we look forward to the future.

## **FOCUS ON GROWTH**

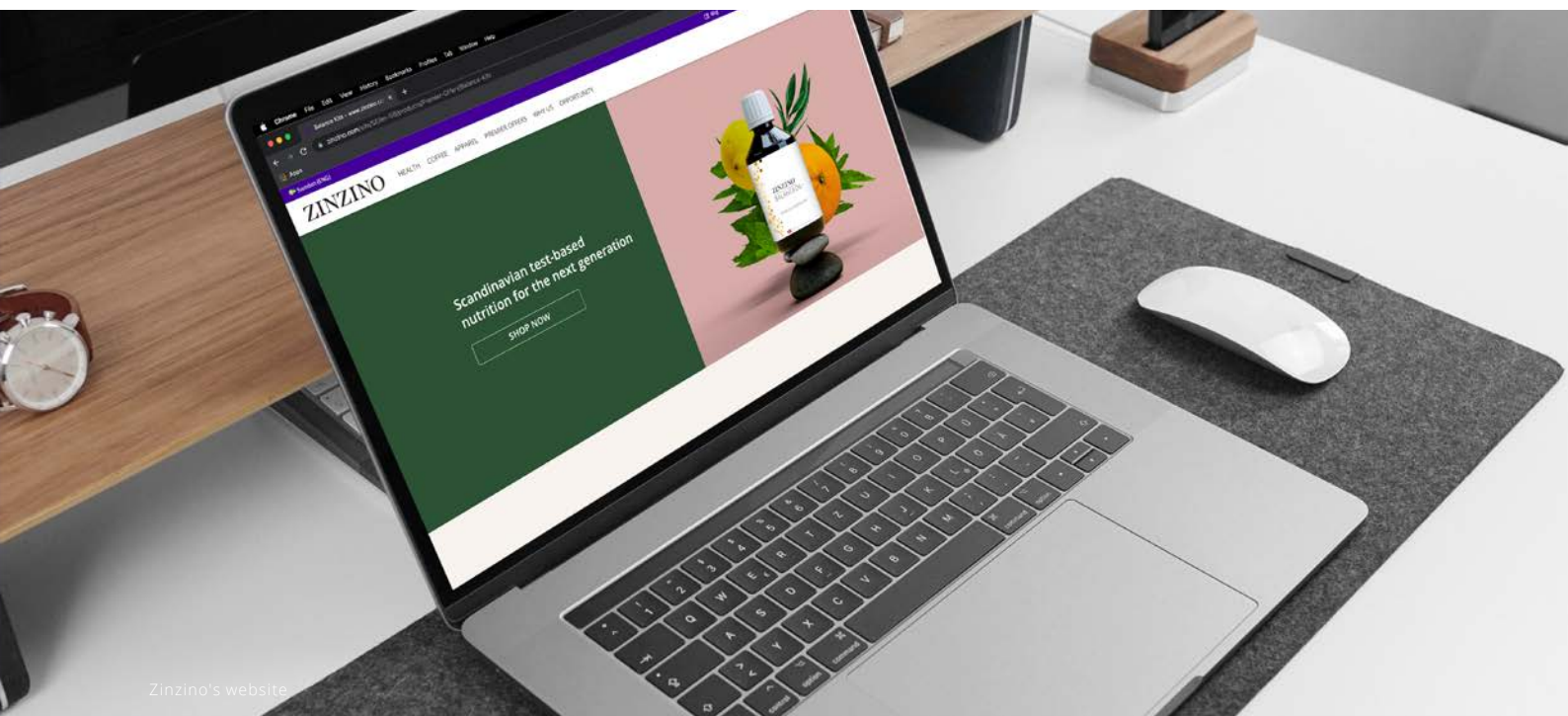
We are a growth company with the objective of increasing our revenues by an average of at least 20% annually in the coming years. Although we have had a slightly flatter growth curve the last six months compared to last year, we have focused on growth for new and existing markets and launched some exciting new products. We have succeeded in stimulating our distributor activity and worked on the underlying growth going forward while maintaining a good and scalable level of profitability.

We have gradually opened up more markets in recent years. The latest addition is South Africa, which started sales in November with full market status in Zinzino. In total, including all the market launches we've made in the past year, we have sales operations in 40 markets around the world, plus a global webshop for an additional 65 countries. We have a long-term establishment strategy that is both balanced and sustainable. At the same time, we are very focused on our existing markets, developing them and creating growth there as well.

Zinzino has a strong brand, which we are continuing to build, in test-based supplements and we are developing high quality products in our own production unit. During the year, we launched an innovative dietary supplement with ZinoGene+, our new Vitamin D Test and a magnesium and vitamin D product we call ZinoShine+.

Extensive studies at a global level show that people all over the world are very committed to their health. This has become a global trend, not least because of the pandemic. This gives us a strong belief in the future as safe and sustainable solutions in preventive health care are increasingly in demand.





Zinzino's website

## **DIGITALISATION AND E-COMMERCE**

Digitalisation and the increase in online shopping are also a growing global trend that we are greatly benefiting from, which we are seeing in our sales growth and healthy profitability. Zinzino has already invested and will continue to invest significant capital and resources in e-commerce.

Our vision is to inspire people all over the world to improve their lives. A stated milestone is reaching 1 million customers by 2025, which we believe we will reach sooner as we already have over 400,000 customers in our customer register. It's a constant balancing act of working towards our long-term visions and clear goals and doing a good job on a daily basis.

Our strategy is clear to everyone involved with Zinzino; employees, distributors and suppliers alike. We work with a structured and process-oriented approach with the aim of implementing all our strategic plans. The plans for this year and the next are to open in more strategic markets, launch a number of new products and develop our e-commerce. We are also looking for potential companies to acquire or invest in to strengthen our global growth. Profitable growth is one of our most important strategic goals and what really inspires all of us who work with Zinzino.

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



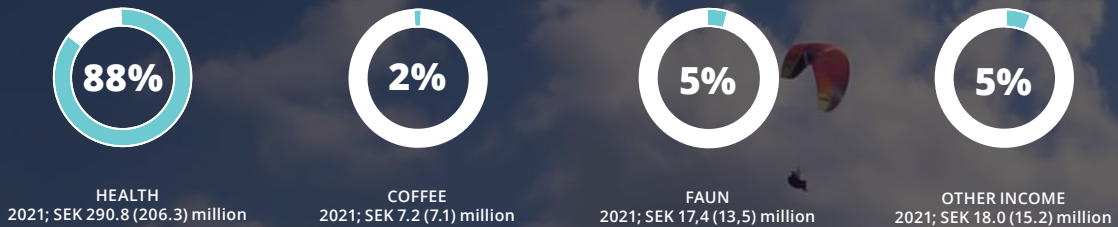
# THE PAST YEAR 2021

## Q1

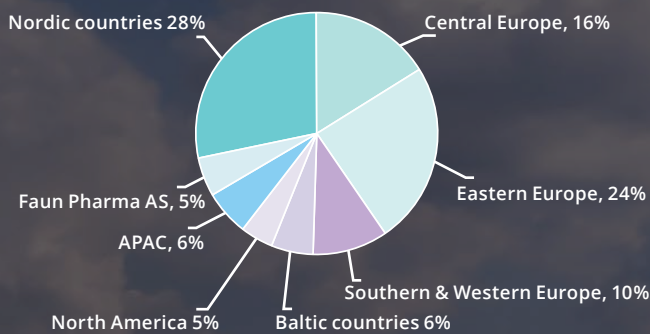
The year started with strong sales growth of 38%, with total revenues increasing to SEK 333.4 (242.1) million. Despite the continuing turbulence in the world due to the Covid-19 pandemic, several markets continued to show high levels of distributor activity, mainly through digital events. Zinzino continues to support both the mature Nordic markets and the new markets in Asia with continued support and training to maintain and accelerate sales growth and build local sales organisations.

Sales  
SEK million **333.4** (242.1)

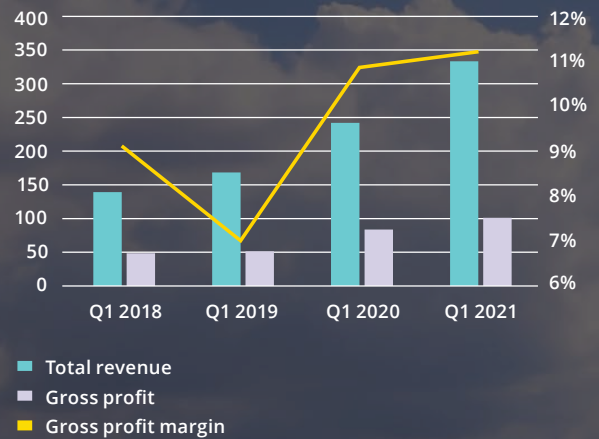
### Revenues



### Geographic distribution of sales



### Sales and Gross Profit

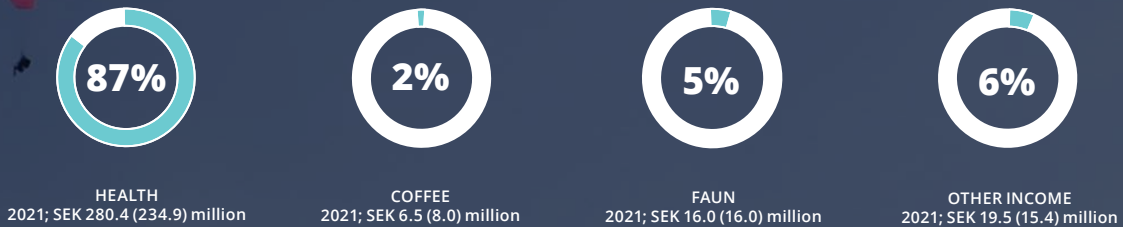


# Q2

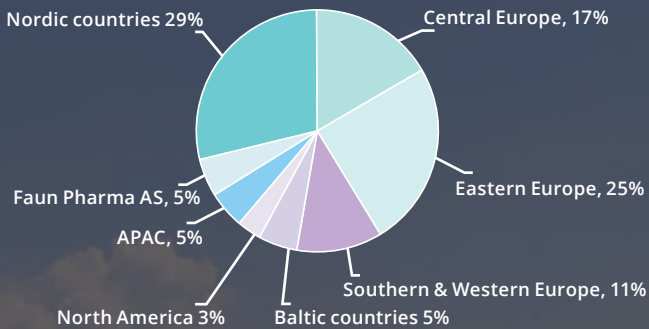
During the second quarter, sales continued to show stable growth and total revenues increased by 18% to SEK 322.4 (274.3) million. EBITDA increased to SEK 33.4 (16.0) million, which meant that the Board adjusted the expected EBITDA margin for the full year upwards by two percentage points. During the quarter, Zinzino continued to work on the establishment processes on Asian markets that have become available through the acquisition of VMA Life in 2020. Malaysia achieved full market status during the quarter and India also started sales during the quarter, a demanding project that Zinzino's establishment team has been working diligently on for several years. At the beginning of the quarter, Zinzino launched the new products BalanceOil+ Premium and ZinoGene+.

Sales  
SEK million **322.4** (274.3)

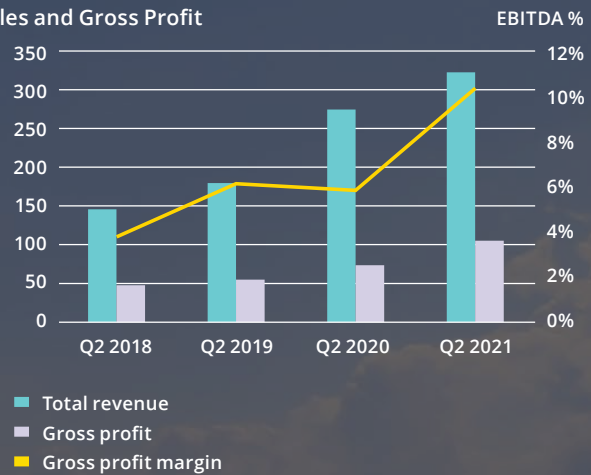
## Revenues



## Geographic distribution of sales



## Sales and Gross Profit





# Q3

During the third quarter, revenues increased by 11% to SEK 313.6 (281.8) million, which is a slightly weaker growth than anticipated but with continued good margins. EBITDA amounted to 12.9% (10.2%) compared to the same period last year, which resulted in the Board of Directors further adjusting the expected EBITDA margin for the full year upwards by one percentage point. In September 2021, Taiwan achieved full market status and sales started on the local market. This was a clear objective with the strategic acquisition of VMA Life carried out in 2020. Through this establishment, Zinzino is now present in more than 100 different markets.

Sales  
SEK million **313.6** (281.8)

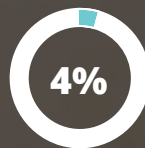
## Revenues



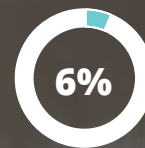
HEALTH  
2021; SEK 276.7 (245.0) million



COFFEE  
2021; SEK 5.8 (7.8) million

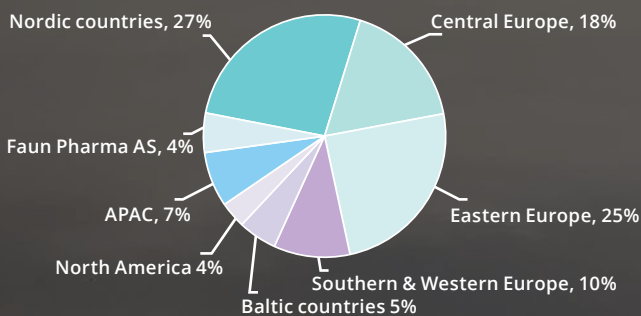


FAUN  
2021; SEK 13.9 (12.8) million

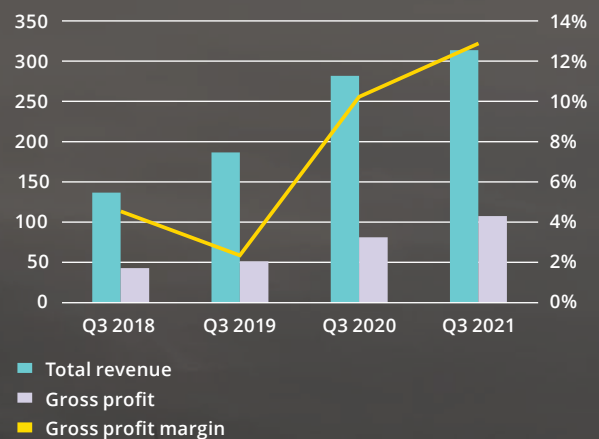


OTHER INCOME  
2021; SEK 17.2 (16.2) million

## Geographic distribution of sales



## Sales and Gross Profit



# Q4

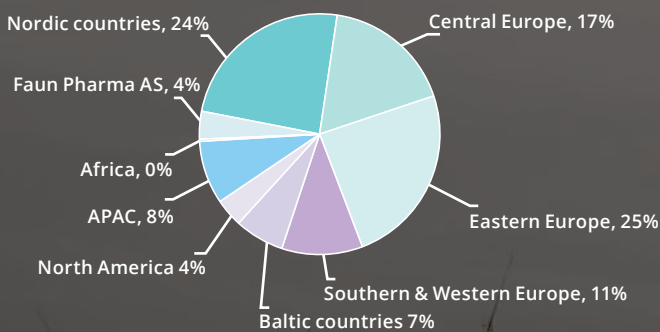
The year ended with steady sales growth of 18% where the in terms of sales successful Black Friday promotion slightly reduced the profit margins entirely as planned. Total revenue increased to SEK 401.2 (340.4) million. During the quarter, a new testing concept for vitamin D was launched with the introduction of the new products Vitamin D Test and ZinoShine+. In addition, the quarter saw the start of sales in South Africa, which after several years of start-up work has now become Zinzino's first local establishment on the African continent.

Sales  
SEK million **401.2** (340.4)

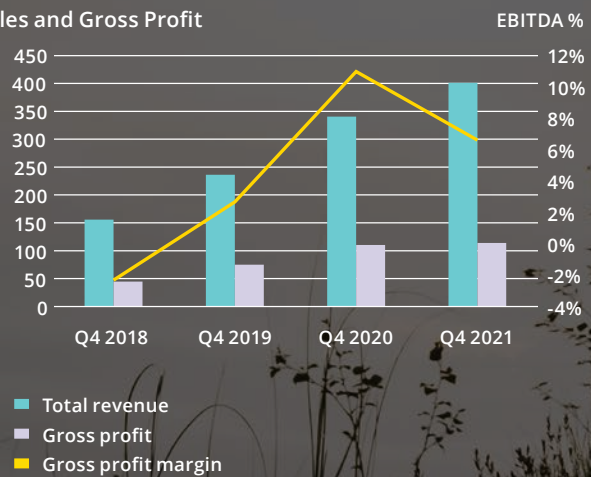
## Revenues



## Geographic distribution of sales



## Sales and Gross Profit

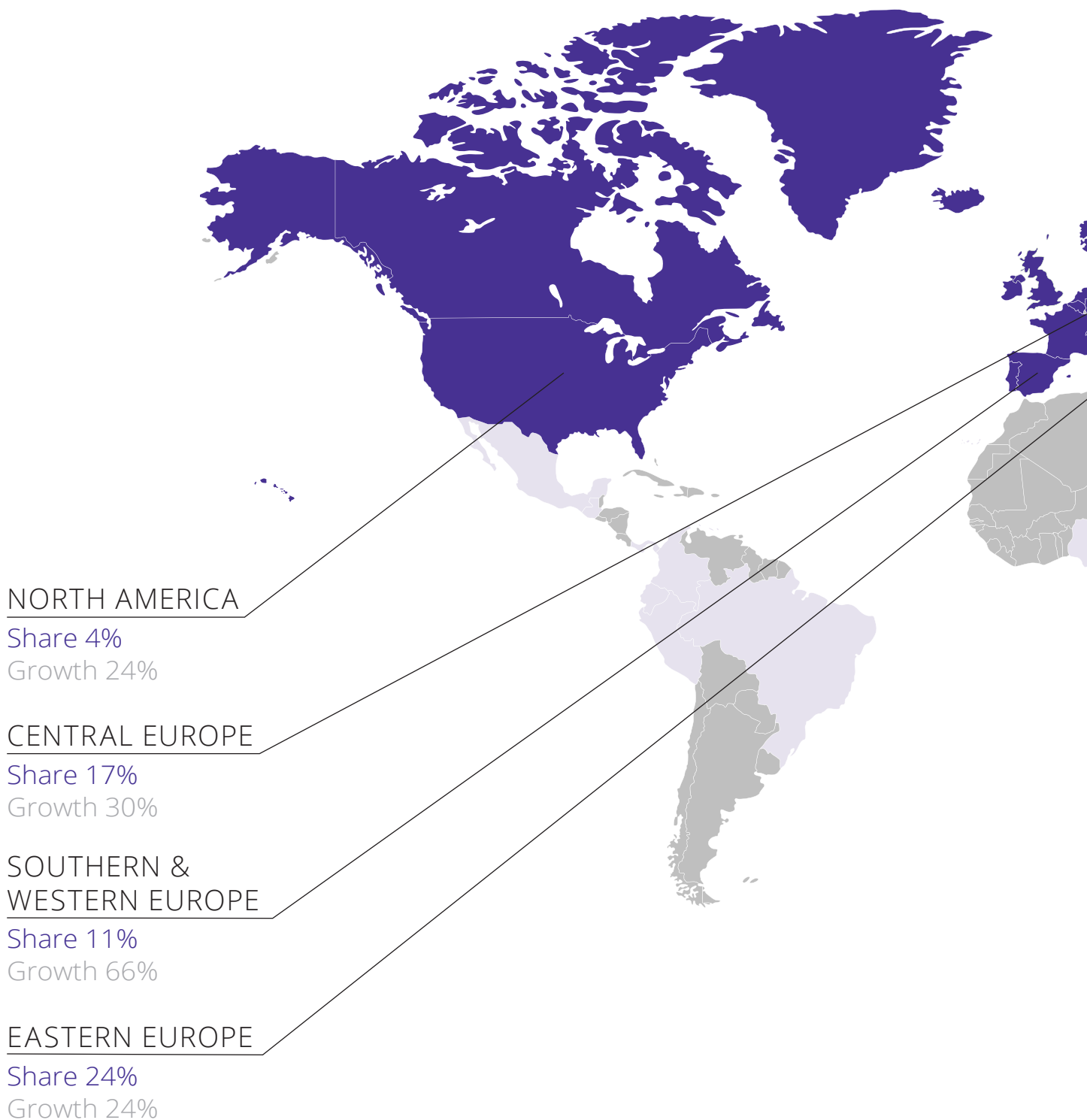




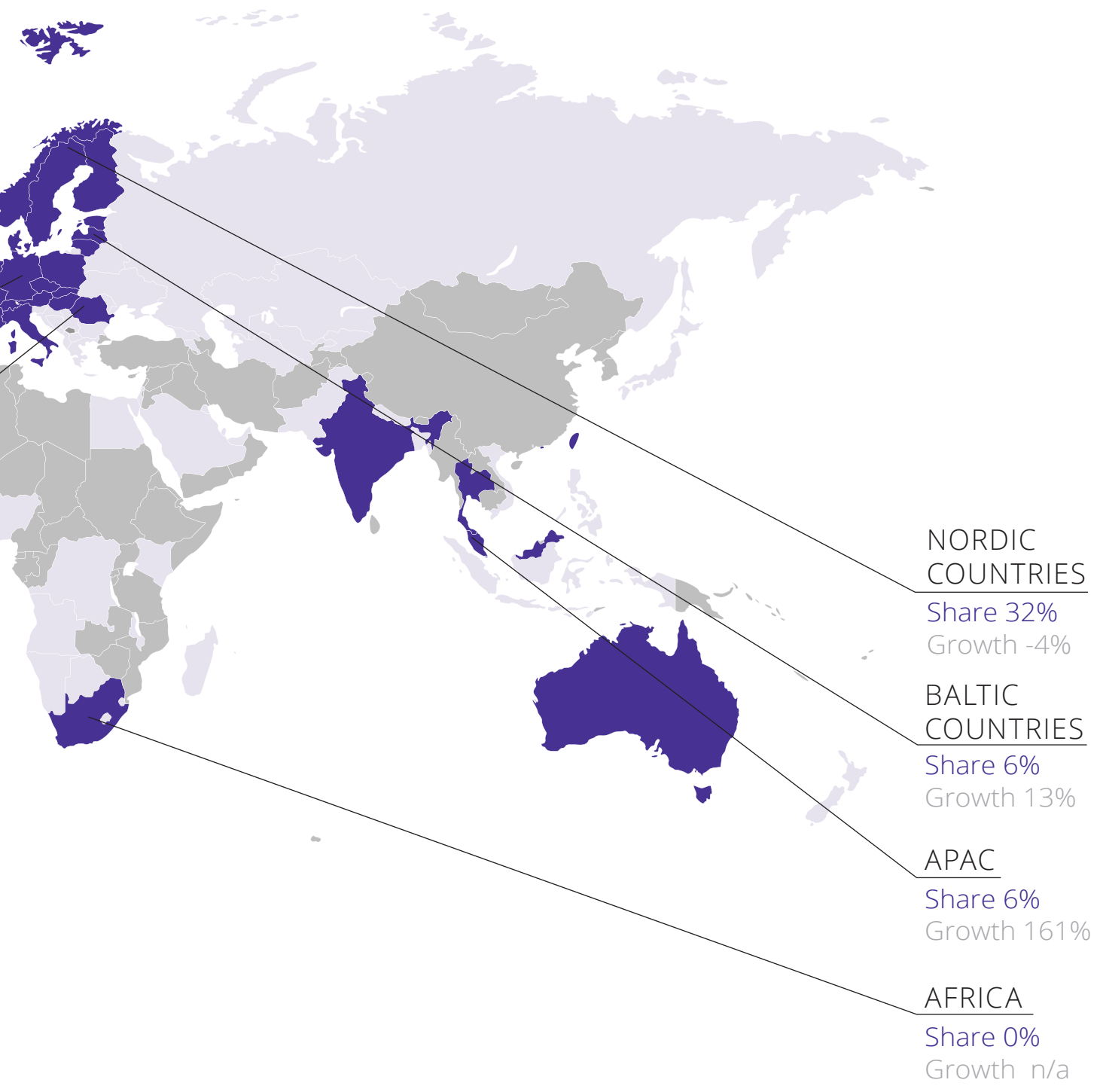
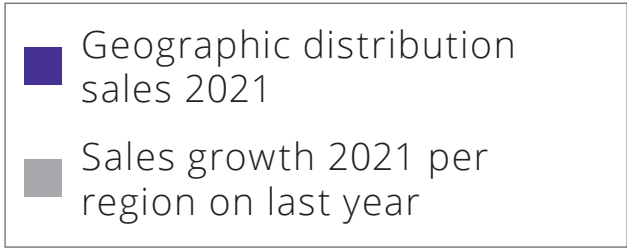
# GEOGRAPHIC DISTRIBUTION & SALES GROWTH PER REGION

The geographic distribution of sales in 2021 and sales growth compared to the previous year appear in the following chart.

- Open markets
- Undergoing opening process







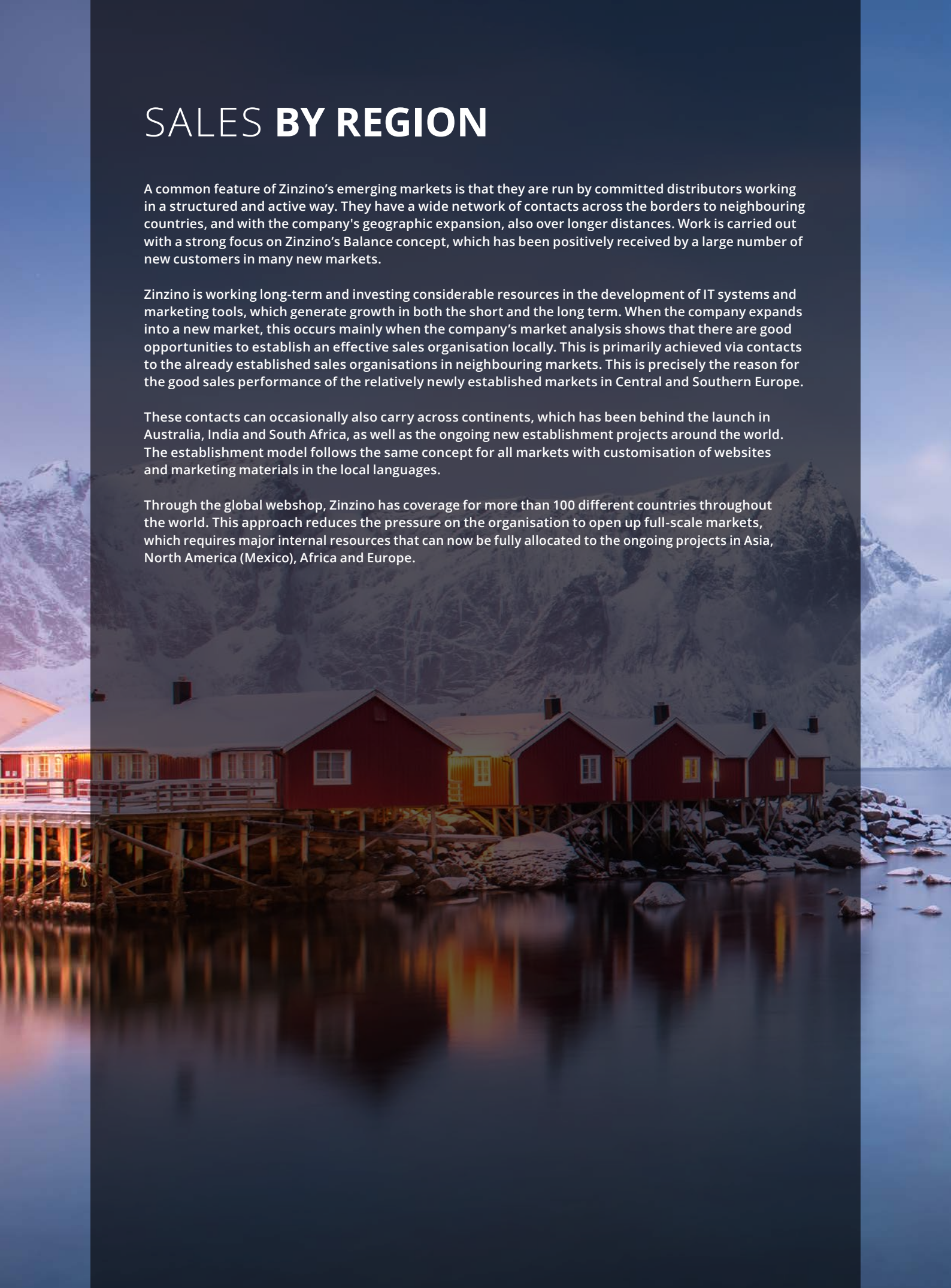
# SALES BY REGION

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

Zinzino is working long-term and investing considerable resources in the development of IT systems and marketing tools, which generate growth in both the short and the long term. When the company expands into a new market, this occurs mainly when the company's market analysis shows that there are good opportunities to establish an effective sales organisation locally. This is primarily achieved via contacts to the already established sales organisations in neighbouring markets. This is precisely the reason for the good sales performance of the relatively newly established markets in Central and Southern Europe.

These contacts can occasionally also carry across continents, which has been behind the launch in Australia, India and South Africa, as well as the ongoing new establishment projects around the world. The establishment model follows the same concept for all markets with customisation of websites and marketing materials in the local languages.

Through the global webshop, Zinzino has coverage for more than 100 different countries throughout the world. This approach reduces the pressure on the organisation to open up full-scale markets, which requires major internal resources that can now be fully allocated to the ongoing projects in Asia, North America (Mexico), Africa and Europe.





# NORDIC COUNTRIES

In the Nordic countries, total revenues decreased by 6% to SEK 369.8 (392.0) million during the year. This follows some sales growth in the Norwegian market. Performance in Denmark and Sweden was weaker and revenues decreased marginally during the year compared to the previous year. The Finnish market has seen a consistently weaker trend in 2021, losing ground compared to 2020. Zinzino has been focusing on the Finnish distributors and has taken steps to re-stimulate growth in the country. As a result, partner activity has increased again and the decline in revenues has slowed. The downturn has continued in Iceland with low distributor activity and a reduced customer base during the year.

Faun Pharma AS, the Group's subsidiary and manufacturing unit, has combined high internal and external production during the year, resulting in external sales increasing by 4% to SEK 62.6 (59.9) million compared to last year.

Total revenues in the Nordic countries, Zinzino and Faun combined, amounted to SEK 432.4 (457.4) million, representing 32% (39%) of the Group's total revenues for the year.

SEK million

Growth compared to the prior year	-4%
Share of Zinzino's total sales	32%
Net sales	397.8
Other revenue	34.6
Total revenue	432.4

ZINZINO HEALTH 73%

ZINZINO COFFEE 5%

ZINZINO OTHER 8%

ZINZINO FAUN 14%

# BALTIC COUNTRIES

The Baltic countries increased total revenues during the year by 13% to SEK 79.2 (70.4) million. The growth was entirely attributable to Lithuania, where distributor activity has been consistently high with a large influx of new customers during the year. In Estonia, the decline stopped completely in the last months of the year, with increased distributor activity as the main underlying cause. On the other hand, there was a slight decline in sales in Latvia, where revenue during the year came mainly from the high proportion of repeat purchases of the company's products by existing customers. The region's total revenues represented 6% (6%) of the Group's total revenues during the year.

SEK million

Growth compared to the prior year	13%
Share of Zinzino's total sales	6%
Net sales	73.9
Other revenue	5.3
Total revenue	79.2

ZINZINO HEALTH 89%

ZINZINO COFFEE 4%

ZINZINO OTHER 7%

# NORTH AMERICA

Revenues in North America increased during the year by another 24% to SEK 51.3 (41.3) million. Overall, the region has shown positive development during the year with good growth, mainly driven by an increase in customer subscriptions and related orders. The underlying growth from the activity of existing and new distributors with an extra emphasis on customer acquisition was the main underlying reason for the good customer subscription performance. Zinzino will continue to adapt its digital platforms to North America, develop the collaboration with Life Leadership and support the distributor organisations to further stimulate the growth rate. North America accounted for 4% (4%) of the Group's total revenues during the year.

SEK million	
Growth compared to the prior year	24%
Share of Zinzino's total sales	4%
Net sales	48.1
Other revenue	3.2
Total revenue	51.3

ZINZINO HEALTH 94%

ZINZINO OTHER 6%

# EASTERN EUROPE

Total revenues in Eastern Europe increased during the year by 24% to SEK 337.1 (272.3) million compared to the same period last year. This was due to consistently strong growth in the region during the year. Growth was mainly driven by the Czech Republic, Slovakia and Poland with an increased customer base and subscription orders following high underlying distributor activity from existing and new distributors. The region together accounted for 24% (24%) of the Group's total revenue during the year.

SEK million	
Growth compared to the prior year	24%
Share of Zinzino's total sales	24%
Net sales	319.6
Other revenue	17.4
Total revenue	337.1

ZINZINO HEALTH 95%

ZINZINO OTHER 5%



# CENTRAL EUROPE

In Central Europe, growth was generally good during the year. The experienced distributor organisation has run its operations with high levels of efficiency and a strong focus on the positive effects of the products. Through the work of the distributors, the region has built a strong customer base with a strong interest in health that continues to grow. During the year, total cumulative revenues increased by 30% compared to last year to SEK 232.7 (179.6) million following generally high activity among distributors. This represented 17% (16%) of the Group's total revenue during the year.

SEK million

Growth compared to the prior year	30%
Share of Zinzino's total sales	17%
Net sales	222.1
Other revenue	10.6
Total revenue	232.7

**ZINZINO HEALTH** 95%

**ZINZINO OTHER** 5%

# SOUTHERN & WESTERN EUROPE

The region performed consistently well during the year with a positive development in all markets. Total revenues during the year increased by 66% to SEK 147.1 (88.8) million. Underlying this good performance was the high level of activity during the year of the growing and increasingly large distributor organisation in the UK and Ireland, where the digital meeting culture has been gradually replaced by face-to-face interactions during the year as pandemic restrictions have slowly eased. The high level of distributor activity has quickly resulted in a large customer base with growing subscription revenues. At the same time, the healthy development has continued in the Netherlands with a large customer base and high growth of new customers driven by the strong distributor organisation. In France, Italy and Spain, the newly appointed local sales managers have stimulated distributor activity and sales growth. At the same time, growth has also picked up in neighbouring markets such as Greece, Cyprus and Slovenia. The region together accounted for 11% (8%) of the Group's total revenues during the year.

SEK million

Growth compared to the prior year	66%
Share of Zinzino's total sales	11%
Net sales	138.1
Other revenue	9.0
Total revenue	147.1

**ZINZINO HEALTH** 94%

**ZINZINO OTHER** 6%



# APAC

The region's total revenue increased during the year by 161% to SEK 89.7 (34.3) million. Consistently high activity among new and existing distributors, but pandemic restrictions and shutdowns have nonetheless slowed sales performance in the region to some extent. At the same time, the establishment team is working intensively to complete all the processes required to open more markets under the Zinzino banner. By the end of the year, Hong Kong, Taiwan and Malaysia had achieved full Zinzino market status and more markets are in the pipeline. As most of the key distributors in Australia have connections in Asia, Zinzino sees great opportunities for synergies between the markets after the opening of sales in the APAC region. APAC accounted for 6% (3%) of the Group's total revenues during the year.

## SEK million

Growth compared to the prior year	161%
Share of Zinzino's total sales	6%
Net sales	87.7
Other revenue	2.0
Total revenue	89.7

ZINZINO HEALTH 98%

ZINZINO OTHER 2%

# AFRICA

Sales started under the local flag in South Africa on 9 November 2021. South Africa is Zinzino's first local establishment on the African continent. Initially, the focus has been to build on the local distributor organisation, which at the start of sales consisted of 285 distributors and a customer base of approximately 3,000 customers. During the year, revenues amounted to SEK 1.1 (0.0) million for the African region including the revenues for the other countries in the region which, as before, are handled via Zinzino's global webshop in anticipation of the markets opening under their own local flags.

## SEK million

Growth compared to the prior year	n/a
Share of Zinzino's total sales	0%
Net sales	1.1
Other revenue	-
Total revenue	1.1

ZINZINO HEALTH 98%

ZINZINO OTHER 2%







# SALES PER REGION

– A COMPARISON BETWEEN REGIONS (SEK MILLIONS)

	<b>Nordic countries</b>	<b>Baltic countries</b>	<b>North America</b>	<b>Eastern Europe</b>
<b>Net sales</b>	397,839	73,942	48,144	319,646
<b>Other revenue</b>	34,554	5,273	3,190	17 436
<b>Health share</b>	73%	89%	94%	95%
<b>Coffee share</b>	5%	4%	-	-
<b>Other share</b>	8%	7%	6%	5%
<b>Faun share</b>	14%	n/a	n/a	n/a
<b>Growth compared to the prior year</b>	-4%	13%	24%	24%
<b>Share of the Group's total sales</b>	32%	6%	4%	24%

	<b>Central Europe</b>	<b>Southern &amp; Western Europe</b>	<b>APAC</b>	<b>Africa</b>
<b>Net sales</b>	222,107	138,114	87,638	1,052
<b>Other revenue</b>	10,640	8,999	2,016	25
<b>Health share</b>	95%	93%	98%	98%
<b>Coffee share</b>	-	-	-	-
<b>Other share</b>	5%	7%	2%	2%
<b>Faun share</b>	n/a	n/a	n/a	n/a
<b>Growth compared to the prior year</b>	30%	66%	161%	n/a
<b>Share of the Group's total sales</b>	17%	11%	6%	0%
<b>Total revenue</b>				<b>1,370.6</b>



# OUR GROWTH CONTINUES



Lions Head, Cape Town, South Africa

## NEW MARKETS IN 2021

### Start of sales in India

The first market launch in 2021 was India, with sales starting on 6 April. It was a complicated project that Zinzino's establishment team has been working on for several years. Logistics for the Indian market are handled from a 3PL warehouse in Mumbai through a partnership with DHL. Other operational activities are handled from New Delhi in collaboration with the head office in Gothenburg and customer support from the regional office in Kuala Lumpur, Malaysia.

### Malaysia and Taiwan achieved full market status

Malaysia achieved full market status with the official start of sales on 3 June 2021 at the local Malaysian company. On 9 September 2021, sales started in Taiwan under the local flag as the province achieved full market status. Both establishments were made possible by the acquisition of VMA Life, which Zinzino carried out in 2020. The starts marked a transition from previously managing sales through the global webshop, which has acted as a bridge for customers and distributors in Malaysia during the ongoing establishment process. The expanded launch gives customers and distributors in both Malaysia and Taiwan access to a locally adapted and translated website, printed marketing materials in the local language, as well as an improved logistics solution and a range of payment options. Both countries are ranked in the top ten in the world for direct sales, making them both very important strategic launches for Zinzino. With the launch in Taiwan and Malaysia, Zinzino is present in more than 100 markets. Zinzino will continue to develop best practices based on the experience gained during previous establishment processes, thus adapting its operations and achieving rapid growth in new markets.

### Sales start in South Africa on 9 November 2021

November saw the start of sales in South Africa, which also marked Zinzino's first establishment on the African continent. After an efficiently completed establishment process, sales under the local flag started on 9 November 2021. This was celebrated with a digital launch event. With the help of an industry consultant, the company built a local organisation which, at

the start of sales, consisted of 285 distributors and a customer base of around 3,000 customers. The logistics are handled like in previous establishments via a 3PL solution, in South Africa via the supplier Expeditors in Johannesburg. Customer support is handled from the headoffice in Gothenburg together with the industry consultant who joined Zinzino as sales manager for South Africa and the entire African continent.

### Several ongoing new establishment processes with planned launch in 2022

During the early part of 2022, Zinzino has continued to work on the establishment processes in a large number of markets around the world. On 3 February 2022, Belgium and Ireland achieved full market status with locally adapted marketing material and payment solutions. The next planned launch will be Singapore via the company acquired through VMA Life in 2020. This will make it the fourth company through VMA Life to achieve full Zinzino market status. The sales launch for Singapore will tentatively be in the second quarter of 2022. In parallel, establishment processes are underway in the Philippines, Mexico and Serbia, among others. Establishing a presence in these markets also requires the development of payment solutions that are compatible and certified for each market. Zinzino is thus working on the development of payment solutions that meet these requirements, which will be a key part of the expansion process for the remainder of 2022. After carrying out several establishment processes in recent years, the company has learned the importance of ensuring thorough preparatory work and adapting to the local conditions in each market. Zinzino will continue to develop best practices based on the experience gained by the company during previous establishment processes, in order to adapt its operations and achieve rapid growth in new markets.

## PRODUCT LAUNCHES

### Launch of Balanceoil+ Premium in April

In April, Zinzino launched the new product BalanceOil+ Premium. The product is a further development of Zinzino's all-natural dietary supplement BalanceOil+ with polyphenols for omega-balance. The new, unique and innovative blend now contains the olive oil R.E.V.O.O (Revolutionary Extra Virgin Olive Oil), which provides a superior supply of polyphenols and several phytonutrients.

BalanceOil+ Premium enables more efficient absorption of nutrients and provides better protection against blood lipids than ever before. In addition, it boosts Omega-3 levels, adjusts your Omega-6:3 ratio and creates good levels of cholesterol, heart and brain levels. Balance Oil+ Premium is made from extra virgin olive oil that has undergone a patented manufacturing process - Zinzino's revolutionary R.E.V.O.O. oil. The oil comes from certified Koroneiki olives which have high levels of polyphenols and oleic acid as well as many phytonutrients, among other things. The polyphenols and the marine fatty acids work together with great synergy, allowing the body to absorb, adjust and maintain Omega-3 levels above the 8% needed to create an Omega-6:3 balance below 3:1.

The average Omega-6:3 ratio for people not taking Omega-3 supplements is 12:1 for Northern Europe, 15:1 for Europe and 25:1 for the USA. This is reflected in the world's largest database of essential fatty acids with over 800,000 tests analysed at the independent laboratory Vitas Analytical Services. After taking BalanceOil+ Premium for 120 days, the average ratio for both Europe and the US is below 3:1.

### Launch of ZinoGene+ in June

In June, Zinzino carried out another product launch when the new and innovative dietary supplement ZinoGene+ was introduced. The accumulation of dysfunctional cells and a decrease in regeneration are part of the ageing process. The speed at which this happens is influenced by the nutritional content of our food. ZinoGene+ has been developed to stimulate DNA synthesis and cell division. The product is based on a complex formula with fucoids, a natural polysaccharide from seaweed, polyphenols, vitamin C and zinc that support DNA synthesis, as well as counteract oxidative stress and cell division.

### Launch of new vitamin D test concept in October

In connection with this year's main digital event in October, Zinzino launched a new product concept for vitamin D with the introduction of the new products Vitamin D Test and ZinoShine+. Vitamin D Test is a dry blood test that anonymously analyses a person's vitamin D status. The analysis is carried out by Vitas Analytical Services - an independent GMP-certified laboratory in Norway that is a world leader in dry blood testing. Based on the results, advice is provided on whether the person should increase, decrease or maintain their vitamin D status. As the absorption of vitamin D from the sun is influenced by both seasonal and individual factors, Zinzino recommends continuous testing of vitamin D status. In order to adjust vitamin D intake based on these tests, Zinzino has developed ZinoShine+. An all-natural dietary supplement containing vegan vitamin D<sub>3</sub> combined with magnesium. The dose of 12.5 mcg vitamin D<sub>3</sub> per tablet allows for an individualised vitamin D intake to maintain optimal vitamin D levels all year round.

## FOCUS ON CONTINUED DEVELOPMENT

### Digital Get Started Presentation

In 2021, Zinzino has continued the process of developing the digital tools for distributors. One of the tools launched was the new Get Started Presentation. The aim of the tool was to create a strong and structured platform and an introduction to the Zinzino concept in order for distributors to get a good start in their business. The presentation is divided into five blocks that help the newly registered distributor to learn the important first steps of how to do business according to the current model. The tool is designed to facilitate digital learning for new distributors where restrictions limit traditional training and coaching, but also where distributors are geographically dispersed in different countries or continents. The Get Started Presentation is available in a wide range of languages.

### Introduction of new e-learning videos

Prior to the summer, a number of e-learning videos were released to enable distributors to deepen their knowledge of Zinzino's various product areas and their benefits. The following videos were released in different languages and with subtitles for the summer and are available on zinzino.tv:

- How to take our tests - BalanceTest & Vitamin D test
- A potential mega-trend
- Learn the products - including the ZinoGene+ launch video and the new concept video for Vitamin D test & ZinoShine+
- Health records
- Welcome to Zinzino
- GoCore App Guide
- Share access on social media on the Zinzino mobile app

### Updated version of the new test site zinzinotest.com

Zinzino's new test site has been further updated and it is now possible to explore the new world map and view BalanceTest statistics from all countries where the test is available. This is a great way to keep track of people's fatty acid profiles across the world. The map shows you the number of tests taken, average Omega-6:3 results for both BalanceTest 1 and BalanceTest 2 when the product has been used for 120 days. There are daily updates to the statistics so that the reader always sees up-to-date data when searching for information.





ZinoGene+



Get Started Presentation

# FAUN PHARMA

## The past year at Faun Pharma AS, Zinzino's production unit in Norway.

In early 2021, a strategy process was implemented at Faun Pharma AS. With the rationale that "Faun should create profitable products that add real value to the customer", it was concluded that Faun's product focus and further development should prioritise the production of tablets and capsules. These are areas where Faun has a high level of expertise and enjoys competitive advantages over other players on the market. Other product areas, mainly the filling of oils and production of powder products, will continue as complementary production as long as it is deemed profitable. A process of changing the product mix from powder to tablet/capsule products has been initiated and will continue in 2022 in collaboration with the production unit's customers.

Total external revenues for Faun for 2021 amounted to SEK 62.6 (59.9) million, representing an increase of 2% compared to the previous year. In addition to being a stable owner, the Zinzino companies are Faun's largest customer. Internal production in 2021 amounted to SEK 99.3 (89.8) million, which represented an 11% increase compared to the previous year and accounted for more than 60% of total production in 2021. Zinzino's expansion goes hand in hand with the development of Faun, where the focus on product development and being a preferred supplier for the other Zinzino companies is a top priority. The new strategy has also resulted in the establishment of exciting new supply agreements with external customers. These are expected to go into production in 2022, which in turn will increase sales to external customers.

A challenge in 2021 has been to anticipate the availability of raw materials and packaging materials. The trend also appears to be persistent in 2022. The purchasing department at Faun has invested considerable resources in coordinating the timely delivery of all necessary ingredients from its suppliers. Fortunately, the great efforts of the purchasing department and the extensive planning and rescheduling of production have meant that it has been able to continue largely as usual despite the challenging conditions.

In 2021, Faun has made several strategic investments in its machinery with the aim of increasing its capacity for the production of tablets and capsules. As part of this, a new encapsulation machine was acquired in the spring of 2021. Due to Covid-19 and the import ban in Norway, it took a long time to get the machine fully installed, but it is now finally in operation.

At the request of existing and potential customers, Faun decided in 2020 to certify its operations according to ISO 22000 v5.1 Food Manufacturing, an internationally recognised standard for food production. In 2021, major efforts were made by the entire organisation to raise the quality level and improve Faun's internal processes. As part of this effort, an upgrade of the production facility's washroom was carried out with a new washing machine for carts and barrels. A successful certification was completed in December and the organisation is now certified according to the Food Safety System Certification FSSC 22000 v.5.1.

Faun aims to annually reduce its environmental impact. In 2021, work began to increase source separation of waste from production, a process that will continue in 2022. Faun is experiencing increased expectations and demands from customers to use sustainable raw materials and packaging where possible. However, the market for this is still relatively new and the prices and MOQ of eco-friendly packaging are still too high for most customers. Faun continues to have a close dialogue with suppliers and monitors developments. To read more about Zinzino's sustainability efforts, see pages 31-41 of the Annual Report.

Ensuring skilled employees is critical to Faun's ability to deliver high quality products. Both in terms of food safety and efficiency in Faun's many production lines, it is important to have a stable and well-trained workforce. There have been restrictions on attendance at external meetings and courses in recent years due to the Covid-19 pandemic, but internal training has been carried out in several areas such as food safety, HSE and internal production processes. Several operators have passed the theoretical part for the certificate in production technology.

Zinzino as well as Faun must constantly keep moving and keep an eye on developments. Working on continuous improvement of processes and optimisation of production in relation to changing needs will always be important for a manufacturing company, so also for Faun. The implementation of the strategy from 2021 will continue in 2022 and involves further development and adaptation to new product mix in our production.

After a long period of restricted visitors' access, we are now very pleased to once again welcome Zinzino distributors to visit Faun for a tour at Faun - welcome!



**Valborg Godal Vold**  
MD FAUN  
Faun Pharma AS





Faun employee



Zinzino Protect+

# IT BEGAN WITH A GOOD CUP OF COFFEE...



## ZINZINO = INSPIRE CHANGE IN LIFE

- An agreement is signed with Rombouts which means that Zinzino will become the exclusive distributor in northern European markets.
- In May, Zinzino launches the 123 Spresso machine, manufactured by the French-Belgian coffee house.
- The Norwegian and Swedish markets are the first to open. The Danish market opens in the autumn of 2005.

2005

## FIRST WE TOOK SWEDEN AND NORWAY - THEN WE TOOK FINLAND AND THE FAROE ISLANDS

- The Finnish market launches in 2006 and becomes our fourth Zinzino country.
- While the Faroe Islands technically belong to Denmark, they are opened as a separate market in the autumn of 2006.

2006

## AN OFFICE IN SWEDEN'S SECOND LARGEST CITY

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

2007

## PREPARING TO ESTABLISH MORE MARKETS

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

2008

## A GOOD YEAR FOR GOOD COFFEE

- In September 2009, we officially open in Iceland as our sixth market.
- Zinzino launches the first semi-automatic machine, which is also the first one with Zinzino's name on it.
- The fully automatic SoPod machine is launched together with the Zinzino machine.

2009

## DUE TO PUBLIC DEMAND, ANYONE CAN NOW INVEST IN OUR COMPANY

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

2010

## A NEW PART OF EUROPE AND A NEW CEO. AT THE SAME TIME

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

2011

## A BALANCED YEAR!

- Zinzino buys 6% of the Norwegian company BioActive Foods AS and gains exclusivity to market their products and concepts. This marks the beginning of a new era and Zinzino sets out on its journey towards becoming a wellness and health company.
- Zinzino's Balance concept is born.

2012

## ACROSS THE SEA AND TO THE STARS

- We open for pre-launch in the US and Zinzino's Balance concept. Sales start and an office is opened in Jupiter, Florida, where our US customer service team is based.
- An incredible growth year. In the fourth quarter, we witness growth of over 100%.

2013



AKTIE TORGET



BioActive Foods AS





# ...THE JOURNEY TO 1 MILLION CUSTOMERS CONTINUES

2022

## OUR JOURNEY CONTINUES...

2021

### NEW TESTING CONCEPT FOR VITAMIN D

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



2020

### EXPANDING GLOBALLY

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



2019

### FIRST FINANCIAL REPORT ACCORDING TO IFRS

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



2018

### INVESTING IN DIGITAL DEVELOPMENT

- Zinzino launches in Hungary and Romania as separate markets after amazing sales development in the region.
- Zinzino's brand book is launched.
- Zinzino's digital journey continues and, in order to achieve success with this, the company invests increased resources into digital development by more than 100%.



2017

### INCREASED GROWTH AND FOCUS ON E-COMMERCE

- Zinzino Balance Oil Vegan is introduced – a new product in the Zinzino Health segment.
- Zinzino Viva is launched – a new product in the Zinzino Health segment.
- Launch of the Go Core education app.
- New payment solutions for Germany via GiroPay and SEPA Direct Debit.
- Zinzino welcomes Geir Smoland as new CEO of Faun Pharma.



2016

### THANKS! 100,000 TIMES!

- Faun Pharma AS becomes ISO 9001:2008 certified (a quality certification that ensures high-quality goods are produced), which opens up new sales channels.
- Zinzino opens for sales of Zinzino Health products in Germany and Poland.
- Zinzino expands and opens for pre-launch in all EU countries.
- Zinzino Skin Serum with 24-hour youth formula is launched.
- We reach an important milestone – 100,000 customers!



2015

### ONE OF THE 25 LARGEST AND MOST TRADED COMPANIES

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



2014

### THE BELL RINGS AT NASDAQ!

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



# INTERVIEW WITH ANDRIUS AUGULIS

***“Every day starts with one thought, how can I help my customers or partners to understand the balance concept, so they really will use it in it’s full spectrum and in long term, not just one or two products.”***

## **What did you do before Zinzino?**

Before Zinzino I was a CEO and owner of different companies in a variety of fields such as advertising, accounting, print house etc. I have also been active within radio and at some point also had a Santa Claus agency, where we were renting Santa Clause actors with clothes during Christmas all over Lithuania. I would therefore say that I was a universal entrepreneur working in different areas and several countries such as Lithuania, UK, Poland and Latvia.

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

I started my journey at Zinzino in 2011 and my start was actually quite funny in a way. One of my good friends called me and said “You know we have a business which is the second largest commodity market in the world after oil”, and at that time Zinzino was mainly selling coffee and I was not even drinking coffee at that time. I had to ask myself what would be the worst and best thing that could happen if I joined Zinzino. Well, the worst – it would be only myself that had to use the products I bought, and the best, I will go through all the troubles and become a President.

The biggest WHY in Zinzino for me is a lifestyle I can afford for me and my family. I would say I was unconsciously looking for this lifestyle after I read a great book by Timothy Ferris, “4 hour work week”. Even though I was quite a successful entrepreneur, I was not satisfied with the time I was able to give to my family, where the balance between work and life was not good enough since it was not easy to manage time, money, health and family while being CEO of a bunch of companies.

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

My family was influenced in the best possible way, because I now have much more time to spend with them and even though I occasionally have to work on weekends or even on holidays, your overall possibilities and overall feeling when you really reach stability of your business changes your perspective on how you are able to take holidays whenever you want. You just decide where and when you want to go, and then you do. Since our business model is so automated, I am using it at full capacity, resulting in that even during the turbulent times we can enjoy a healthy, stable financial situation. .

## **How much time do you put into working with Zinzino?**

When I started in Zinzino I spent the first three years looking into Zinzinos business as a hobby and it was like 10-15 hours a week. After I entered into full time mode, I've for the last 6-7 years spent about 40 to 50 hours per week. When you have your own business (and Zinzino is your own business), you have to put much more work and effort into it during the beginning, but then, when the system starts to work, when the customers buy products and when the number of customers is really high, you can have a bit of relaxation and the time you need to spend

declines significantly. I would therefore say, right now I'm spending less time on the direct activities but I am still involved with the indirect activities like team trainings. At this time my main activities are planning for the week, including a lot of motivation for the team as well as personal meetings. I think helping other partners to succeed is what I mostly do on a daily basis and is what I will continue to do in the future.

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

Before joining I was reading the compensation plan and I asked myself if it really was possible to earn that amount of money and still have enough time for my family, leisure and all of those trips we have? This was something different for me, coming from CEO and ownership of companies, I know how difficult this balance is to achieve. So, my biggest breakthrough was that I could really be the owner of the business and at the same time avoid all the headache it usually causes since everything is already taken care of and you don't have to think about the shipping, invoicing, payments etc. All this is such a huge relive and the help Zinzino offers makes your business grow easily and you can expect such benefits by leveraging all those factors.







Andrius speaks on stage during Director Trip 2022

### **What can you tell people who are not yet convinced to start a career with Zinzino?**

For those people I always have the questions “Where will you be in five years?”, “Will you still do the same activities that you do today?” and I would tell them to ask themselves what kind of economy, health, physical, mental or family situation you will have if you continue to do the same thing for the next five years to come. Of all the people I have asked, 95% don’t know where they will be in five years, and when I ask them where they would like to be, they really have to think and answer this question for themselves. If their answer is to be in a better shape, financial situation and career wise position in life, the question is then if they will continue to do the same or if they will do Zinzino business instead. They need to consider where the bigger chances to succeed lies, and not only succeed business wise, but succeed with all the new goals of life. I think it is important to see Zinzino as a powerful engine which can lead you to all of your dreams and hopes, because possibilities within Zinzino are limitless! Whether they decide to go with the Zinzino engine or their own is eventually up to them, but I really do believe that Zinzino was, is and will be the best opportunity for both me as well for others.

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

Every day starts with one thought, how can I help my customers or partners to understand the balance concept, so they really will use it in it’s full spectrum and in long term, not just one or two products. My biggest challenge is to inspire and educate more people to fully understand how important the Zinzino balance concept really is. Then of course, by being a leader and in front of the field, I have different hurdles I need to pass each day and motivating people to take responsibility for their own decisions is what I think is my most important task on a daily basis.

### **Is it true that you also are a shareholder in the company?**

Yes, of course! From the very beginning I was buying small amounts of stocks of 100, 200, 300 stocks consistently every week. I’m really proud of this, because in Zinzino even though you are not working as a partner or if you are a customer or not, you can still be one of the investors, buy stocks and get really good dividends. If you look at today’s price and what dividends we are planning to pay out, in my opinion, everyone should be a stockholder in Zinzino. For those who are skeptical, I always mention the case of Apple and ask you to imagine it is 2001 and you could have a possibility to be a shareholder of Apple for

a fraction of today’s price. I believe Zinzino today is the equivalent of Apple in 2001, and if you are not a shareholder and you know that Zinzino will be like Apple in 2010, you are missing a really great opportunity! My suggestion is for everyone to have at least a couple of hundreds or thousands of shares by purchasing some every week or every month and invest in the company, which I believe will become one of the biggest in the world in the upcoming 10 years.

### **How does the current situation in Ukraine affect you since you live so close by?**

It was really a tragedy for me because I have partners who are doctors and who actually are buried in Mariupol hospital yard, in the same hospital where they worked. I know that this war will end some day and I do believe that those responsible will be punished, at the same time there’s always some kind of balance in life as Zinzino says. This balance in life, I believe that after bad things, really good things will come. I do trust that in the future this unbalanced world will give Ukraine great possibilities to finally end the war and to start a great and prosperous new beginning. Most probably I cannot do anything about the war itself, but I can support people from Ukraine in Lithuania, which I do.

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

Sometimes you go through life and an opportunity finds your door and you think what to do with this kind of opportunity. You can tell yourself to wait for another one and the door closes for now. In my opinion, Zinzino is currently and will always be a great opportunity for thousands of people around the world, who are interested in changing people’s life by helping them become healthier, more responsible for their own decisions and also improve their financial position in life. No matter when you start, now or in 10 years time, Zinzino will still be the same great opportunity which can be used by anyone to be healthier, wealthier and more prosperous during the upcoming 10, 20 or 30 years. I will leave you with an old proverb by asking you when the best time to plant a tree is? The answer is always 20 year ago, but the second best answer is NOW! Don’t wait and join Zinzino, as a customer, partner or investor, or the best option, don’t pick only one, become all three of them!

# PRODUCTGROUPS



Zinc products

## BALANCE

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

## IMMUNE SUPPLEMENT

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

## WEIGHT CONTROL

Zinzino's Weight Control is perfect for those who want to lose weight, build muscle or get a balanced intestinal flora. The products are high in protein and fibre, providing a long-lasting feeling of fullness, while being low in sugar. By combining the products according to your needs, you have a better chance of achieving your goals.

## SKINCARE

The product group consists of Zinzino's Skin Serum in the sizes 30 ml, 50 ml and 10x5 ml. Skin Serum is an advanced skin care product that protects, repairs and rebuilds your skin's extracellular matrix, ECM, which is found in both the epidermis and the skin (dermis) and makes it firm and elastic. Skin Serum is a 24-hour formula for the face and neck. It moisturises and evens out the skin and improves its elasticity and resilience. It reduces fine lines and the appearance of wrinkles.

## BEVERAGES

Zinzino coffee features products made from the finest Arabica and Robusta beans to produce the very best flavour. The coffee machines are high quality and make espresso just the way you want it. Insert your favourite pod and press the button, the machine will brew an espresso with the perfect cream for your taste. This product group also offers a range of espresso accessories.



# ZINZINO SUSTAINABILITY REPORT 2021

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

## **A SUSTAINABLE BUSINESS APPROACH IS IN OUR NATURE**

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

## **LEADING BY GOOD EXAMPLE AND SETTING A NEW INDUSTRY STANDARD**

Zinzino operates with a visionary and inclusive mindset characterised by fairness, transparency and a customer-centric, long-term focus. This has been key to the company's positive development in recent years. As one of Europe's fastest-growing direct sales companies, these values and guidelines have been essential for Zinzino to operate with stable and sustainable growth, strengthening the company's customer and partner base and establishing a lasting global presence that currently spans over 100 markets. Maintaining a long-term perspective is an ingrained value in Zinzino's culture, shaping the way the company operates, and is what Zinzino brings to the direct sales industry and the world at large. The company always strives to be surrounded by people who want to invest for the long term and who want to do good, not just for themselves. Zinzino's goal is for the work it does to benefit the society in which we live and for our environment not to be unnecessarily affected by the global footprint the company makes. This is a major responsibility that feels natural for Zinzino, especially given the company's Scandinavian, close-to-nature origins. The natural power of the Nordic countries permeates Zinzino's DNA, our core values and all the ways we do business.

– Zinzino has a clearly defined goal to become a world leader in preventive health, an effort based exclusively on long-term investments to change lives for the better.

– Since its inception, Zinzino has advocated open and honest business practices. The company's shares are listed on the Nasdaq First North Premier Growth Market, which also requires total transparency in everything it does. For us, moving forward is the only sustainable path.

– Zinzino has a visionary, strategic focus that allows us to both anticipate and drive trends in the test-based, personalised nutrition sector. Our range of scientifically proven, all-natural supplements consistently breaks new ground in the field and the products are always sold at reasonable retail prices.

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

## **SCOPE AND LIMITATIONS**

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

This report is based on Zinzino's own assessment of which parts of its business have a significant impact on society, the economy and the environment. This report therefore presents our overall sustainability efforts in our two business segments Zinzino and Faun and includes all active companies within the Group as detailed on page 4. The Board of Directors is responsible for the Sustainability Statement and the Sustainability Report, which is included in the Annual Report in accordance with the Annual Accounts Act.

## **SUSTAINABILITY POLICY AND GOVERNANCE DOCUMENT**

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

## **RESPONSIBILITY**

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

## IALOGUE WITH STAKEHOLDERS

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

### Partners

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

### Customers

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

### Owner

Zinzino's shareholders who invest in our mission, vision and ability to drive personal health into the future.

### Employees

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

### Suppliers

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

## ETHICAL AFFAIRS

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

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

In 2022, Zinzino will implement an external whistleblower service for our employees, distributors and others involved in our business to report suspected deviations from the Business Ethics Guidelines and Code of Conduct.

## STRATEGY AND SUMMARY OF FOCUS AREAS

Zinzino has decided to focus on 6 of the 17 targeted UN Goals as strategic focus areas for its sustainability efforts. Some of these goals are either already in place or will be very easy to fully implement (such as good health and well-being, gender equality, decent work conditions and economic growth). To strengthen our contribution to a sustainable planet, in the future we will make active financial investments in sustainable funds and companies whose mission is to improve life at sea and on land. We are also evaluating the possibility of financially supporting companies working with sustainable technologies and climate-friendly, CO2-neutral solutions.







### GOOD HEALTH AND WELL-BEING

Zinzino's vision is to inspire change in life with a business model that empowers people to take ownership of both their own well-being and their financial future by starting their own business in partnership with Zinzino. We help people of all ages around the world to achieve better health and prosperity. Our ambition is to become a world leader in preventive health by offering long-term solutions that ensure lasting results on an individual level. When people feel good, they perform well at work. Good health is the key to doing well in the long run. We believe in investing in the health of our employees as it leads to higher motivation and less sick absence, which benefits both employees and the company. Being an attractive employer that offers a healthy and thriving work environment is an extremely important part of our mission to recruit highly qualified professionals to our teams. A corporate culture of a sustainable environment, creativity and innovation is a top priority for us and we want to offer excellent benefits with a clear focus on the well-being of all employees. This is also why we have been able to sustain our growth in attracting, retaining and helping our highly qualified employees to grow and develop.

Our test-based nutrition strategy, with a wide range of tailored supplements and a growing portfolio of blood tests, provides people with the facts and tools to make informed decisions about their long-term, personal health. Our business model allows people of all ages, regardless of gender or education level, to build their own business with little risk in a dynamic and reliable market for both consumers and distributors. It costs nothing to become a Zinzino Independent Partner and you can climb the ranks and reach our highest income level without making any financial investment of your own. Our company supports a healthy lifestyle for all employees within the organisation and offers lunchtime workouts on our own premises as well as gym memberships and other fitness activities.

To build our community, we always strive to spend time with our co-workers in social settings outside of work. Every year we celebrate our successes together through various events. This strong sense of belonging has also helped us through the pandemic where we managed to make a seamless transition to keeping in touch with co-workers, partners and customers across the globe through digital meetings, conferences and events.

We always give our employees creative space to grow and explore new ways. We benefit from all our employees' differences, skills and experiences as we believe that diversity goes hand in hand with an inclusive mindset where creativity and innovation thrive.





**GOOD EDUCATION FOR ALL**

Education is a fundamental human right. Yet an estimated 774 million people worldwide are still unable to read and write, two-thirds of whom are women<sup>1</sup>. Zinzino supports aid organisations like Glocal Aid to help boys and girls lift themselves out of poverty through education. We want to make a positive difference in children's lives all over the world.

Zinzino has supported three schools in recent years: one in the village of Karwi, Uttar Pradesh, the second in the village of Kukrah, Bihar, and the third in the village of Birpara in West Bengal. By offering a scholarship, Glocal Aid and Zinzino are partnering with these three primary schools to provide sponsored education to children and young people. Without this sponsorship, these children would not be able to go to school. We are very happy and proud to help finance this very important work. So far, 1,000 children have been sponsored through our programme, and our goal is to help more than 3,000 children in the next three years!

<sup>1</sup>Globalamalen.se







### GENDER EQUALITY

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

Zinzino is an international company where our diversity is one of the first things you notice when you visit our Swedish headquarters where our Customer Service employees support 23 different languages. Almost all our employees bring at least two languages on board. Globally, Zinzino's employees represent a total of 40 different nationalities and at our headquarters alone as many as 23 nationalities and a full 55% of all employees at our headquarters in Sweden have a nationality other than Swedish.

Our basic approach is the equal value of all people. We actively promote diversity, including gender equality, and our efforts begin at the start of a recruitment process. The recruitment and selection process is our main tool to ensure that all applicants are valued according to their skills, i.e. formal qualifications, practical experience and personal qualities. In all recruitment, qualifications and not gender must be a amount, no one may be discriminated, and all recruitments should take these values into account.

At Zinzino, everyone must be respected. We strive to be an inclusive employer where the skills and potential of all employees are utilised. We see differences as a strength and a way to achieve and develop the organisation's goals and commitments. We believe that everyone should have equal opportunities and rights in the workplace regardless of gender, other identity, ethnicity, religion or other beliefs, disability, sexual orientation or age.

Zinzino is committed to providing a safe environment for all employees free from discrimination on any basis and from harassment at work, including sexual harassment. The Gender Equality Policy and the Non-Discrimination Policy are based on Zinzino's values and should serve as a governance document on issues of gender equality and all forms of discrimination. In addition to all Zinzino employees, the Discrimination Act and this policy also cover job applicants, temporary workers/trainees, employees and contractors. Our differences are a source of strength and help us to develop our organisation, achieve goals and meet commitments. We believe that everyone has equal opportunities and rights in the workplace, regardless of gender, age, identity, ethnicity, religion or belief, disability or sexual orientation. Everyone at Zinzino is obliged to perform their work in a respectful manner. We provide a safe environment for all employees, free from discrimination and harassment of any kind in the workplace.

Today, the organisation consists of 59% women and 41% men. Of all managers with subordinate staff, 47% are women and 53% are men, and our goal is to maintain this even and equal gender distribution. It is Zinzino's multicultural business climate that is our hallmark as well as our success factor.





### DECENT WORK CONDITIONS AND FINANCIAL GROWTH

Being an attractive employer is important to us because we want highly qualified individuals to join our teams. The great culture we have is part of being an attractive employer, as are good working conditions, really good benefits and caring for the well-being of all employees and fostering their personal development. This is the key to continuing the growth we have enjoyed in attracting, retaining and developing our highly qualified employees.

A good and pleasant work environment is essential for us to be competitive with our employees and for the new qualified employees we want to recruit in the future. Our aim is therefore to be an attractive and responsible employer for every member of our workforce as well as to attract new professional employees. We also strive to provide a work environment that is so good that every employee thrives, can and wants to develop in their work and thus contribute to the development of the business. Developing one's skills is also crucial for the continued livelihood, health and well-being of each individual.

We want every day at work to be a good day at work. A good physical and psychosocial work environment is an important and fundamental factor for satisfied and thriving employees and a prerequisite for both employees and companies to perform at their best. Zinzino shall therefore offer a workplace that provides the conditions for a sustainable working life and which actively minimises the risks of ill-health.

### SUSTAINABLE EMPLOYEES

A job is a big part of our lives and has a major impact on our well-being. Our employees are our most important resource and in order for our employees to have the capacity to deliver over the long term, good health is key to creating a healthy working life with sustainable employees. When people feel healthy, they perform well. Investing in the health of our employees with high motivation and low sick absence is therefore an important matter, an investment that provides direct benefits for both the individual and the company. By investing in health-related activities, offering the opportunity to exercise during lunch breaks at our own facilities or other fitness activities, we create opportunities for good health among our employees, which makes them more effective and benefits their health.

### A HIGHER PURPOSE MAKES FOR A SUSTAINABLE EMPLOYER

Today, young talent in particular is increasingly looking for a job or a company with a higher purpose than simply offering a job. Young people want to be part of something bigger than themselves, they want to serve a higher purpose and feel that their job makes a real difference. Young talent cares about society, the environment, the climate and gender equality. For many young people, working with something they are interested in and that gives them a sense of purpose is a key factor in choosing a place to work. Zinzino's vision of inspiring health and well-being

is timely and is a sustainable vision for people in general, but also for our employees.

In autumn 2021, we launched a recruitment platform and career site with a user-friendly design to attract new talent, spread our message and show who we are as an employer. Through this system, we have also created the opportunity to offer a smooth recruitment process for candidates as well as for recruitment managers. The system also helps to ensure that the recruitment process looks the same for everyone in order to avoid any form of discrimination during an ongoing process.

### TOGETHER

"We work together, laugh together, cry together and develop together". The opportunity to socialise with one's coworkers in pleasant settings outside work is also important for job satisfaction. For Zinzino, this is one of our foundations, one of our core values. Every year we celebrate successes together and also together with our partners. Despite the ongoing pandemic, we managed to create opportunities for digital events with more than 5,000 participants in the autumn of 2021. During the pandemic, we worked hard to create digital meeting formats to keep our employees updated and engaged despite the lack of physical interaction. This has also helped employees around the world to participate in meetings and briefings, providing a greater sense of belonging, no matter where in the world the employee was located.

### FAIRTRADE - FAIR WORKING CONDITIONS

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



**SUSTAINABLE CONSUMPTION AND PRODUCTION**

To maintain the balance in our bodies, we must respect the balance of the planet and its resources. We choose our suppliers for ingredients, packaging, printing and logistics with the utmost care. Our subscription model is set up to alleviate and facilitate both our customers and the planet. All our products are sold to be used for a period of at least 6 months so that they can do their job in your body. To minimise shipping costs and reduce our environmental footprint, customers can choose to either receive all products at once or deliveries every two months.

Zinzino always strives to use sustainable, natural ingredients whenever possible which is an essential part of the way we work. Our clear focus on sustainability is part of the purchasing programme linked to our company's suppliers. We use hydroelectric power as our energy source almost exclusively and we have no coal or gas power plants and use heat recovery in our ventilation system.

**COMPOSTABLE COFFEE PODS**

Zinzino's coffee assortment comes from the Rombouts coffee roastery, an ancient roastery founded in Antwerp, Belgium, back in 1896. Rombouts is continually working to minimise its environmental impact and to produce more sustainable and ethical products. Our assortment includes Rombouts coffee pods which are naturally biodegradable. The coffee capsules can therefore be composted, which also makes them climate smart. Coffee grounds contain a lot of nutrients and can be mixed into the soil with other compost to provide a nutritional supplement to various plants.

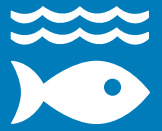
**RECYCLED PLASTIC**

Zinzino uses plastic bottles (PET) for packaging as the production and transport of glass requires more energy and is therefore not a better option from an environmental perspective. Plastic bottles are also a safer option during transport and for stabilising the contents of the product. We are actively looking into the use of recycled plastics wherever possible. Our main supplier LYSI Hf in Iceland is a proud co-founder of Pure North Recycling, a project that aims to inspire Icelandic companies to recycle plastic and reduce their carbon footprint. These recycling methods are completely unique and all plastic is recycled into plastic pallets using only geothermal and other environmentally friendly energy.

**TRANSPORT**

Every month we send around 80,000 packages around Europe, Asia, North and South America. We use PostNord, Deutsche Post, UPS, Bring, GLS, DHL and Posti, among others, for our deliveries. They are some of the world's largest logistics and postal operators, actively working to reduce their environmental impact by reducing emissions. All of these carriers are working, among other things, to reduce emissions through the use of environmentally friendly vehicles and optimised route planning.





### SEA AND MARINE RESOURCES

As a leading manufacturer of Omega-3 supplements, Zinzino takes great responsibility for maintaining sustainable fishing practices. Our BalanceOil+ is a range of Polyphenol Omega supplements manufactured by LYSI Hf, one of Iceland's leading fish oil producers. The fish oil is harvested from sustainable fishing in approved areas and is primarily derived from short-lived, wild-caught, small pelagic fish, such as sardines, anchovies and mackerel. The oil undergoes a refining process to remove any environmental contaminants and is free of heavy metals, PCBs and other toxins. We check every detail of the manufacturing process to ensure that all our products are GMP certified and free of toxins, GMOs, as well as sugar, soy and gluten. Vegan options are also an integral part of our assortment. LYSI Hf meets all regulatory quality requirements for food and medical products and is GMP certified for food and pharmaceutical products. The fish oil in BalanceOil+ complies with strict EU rules on environmental contamination, EFSA and FDA regulations and other stringent regulations around the world. BalanceOil+ Vegan with marine microalgae is the first bio-alternative to traditional fish oils on the market today, certified by The Vegan Society.

### FRIEND OF THE SEA

Zinzino has been a certified member of Friend of the Sea since 2018. Friend of the Sea is a leading global certification standard for sustainable seafood products and services that respect and protect the marine environment.

Around the world, millions of people rely on fishing as an important source of food and also for their economic livelihood where the alternative can be poverty and hunger. Our oceans are threatened by unsustainable fishing practices and overfishing and our access to marine resources. A sustainable fishing industry is therefore essential to protecting the ocean and marine environment for future generations.

Friend of the Sea aims to promote a sustainable fishing industry through the certification of sustainable fishing practices, fishing that respects the ocean environment and sustainable fleet management. Sustainable fishing means leaving enough fish in the sea, protecting their habitats and securing the future of the people who depend on fishing for their livelihoods. A Friend of the Sea certification gives the public an assurance that the fish products come from fishing that is managed responsibly and sustainably.

The criteria for sustainable nutraceutical products require carefully controlled origin of fish oil and fish-meal ingredients, traceability and social responsibility. This membership enables Zinzino to provide third-party assurance to the company's partners and customers worldwide and is proof that all suppliers meet the current criteria.

Zinzino also contributes to other environmentally sustainable efforts to reduce plastic and toxins in the ocean. As part of this effort, the Board is exploring a strategic investment plan in companies that provide carbon-neutral, technological solutions that improve the state of the ocean.



**FLEXIBLE BUSINESS MODEL**

Becoming "your own boss" through your own business is a dream that many people have. Zinzino's business model gives people an opportunity to earn an income outside of traditional employment as the business model allows people of all ages, regardless of gender or education level, to build their own business with little risk in a dynamic and reliable market for both consumers and distributors. It costs nothing to become a Zinzino distributor and you can climb the ranks and influence your level of remuneration without making any financial investment of your own.

We have high growth ambitions and aim to reach one million customers by 2025 and 20 million customers by 2035. We currently operate in over 100 markets worldwide with a focus on further global expansion, all through sustainable growth. We believe that our collective efforts to serve a higher purpose contribute to a more sustainable future. Our global sales force of wellness consultants are all passionate about the opportunity to lead the way to a healthier lifestyle and a better life for all. This drive is also important for attracting a younger generation who want a company to reflect their own values and personal beliefs. Today's young people want to feel that their work is making a real difference, both now and in the future, and this is where Zinzino's brand promise to bring the world back into balance, one person at a time, is very timely.

During the worst years of the pandemic, 2020-2021, Zinzino continued to maintain sustainable growth coupled with strong profitability on a global scale and the number of employees grew significantly. The current number of global employees is approximately 220, spread across 19 countries. We are very proud of our growth trajectory while maintaining a strong and healthy economic position that allows us to offer exceptional working conditions for all employees. Zinzino always complies with the rules, regulations and ethical codes of conduct established by the authorities in each country in which we operate. When we launch a new market, our ambition is also always to become a member of the local direct sales industry association in that country.





### **RISKS RELATED TO SUSTAINABILITY**

Sustainability risk management is an integral part of the Group's risk management process and the sustainability perspective is considered in relation to the risk analysis as a whole. In addition, sustainability risks are specifically evaluated, covering all areas; environment, human rights, labour and anti-corruption. The results of the assessed risks are managed according to the regular risk management process and were also included in the development of the company's sustainability strategy. Zinzino's identified sustainability risks are listed below, for other business risks please refer to the Management Report (see pages 50-55) or, where applicable, the respective sections below.

### **OPERATIONAL ENVIRONMENTAL RISKS**

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

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

The consequences may also affect the supply and cost of renewable fuels, which in turn may affect our transports. We buy raw materials and finished products mainly from suppliers in Europe and Asia. There is always a risk that the supplier will not be able to deliver ordered quantities on time due to physical or environmental impacts and disasters caused by climate change. This can lead to shortages of raw materials, production disruptions, capacity shortages, increased prices and, in the long run, other unexpected events, which in turn can negatively affect our supply capacity and the relationship with our customers. Good or bad harvests and, in the worst case, climate disasters affect the pricing of some of the raw materials we buy. Lack of controls in the event of a climate disaster also increases the risk of poor food safety, e.g. poor controls can lead to contamination, cases of allergic reactions or various types of damage.

### **RISKS RELATED TO CLIMATE CHANGE**

Climate change poses a major risk to humanity from a global perspective. The ability to secure raw materials and finished products also in the event of weather-related or other physical conditions caused by climate change can affect operations and profitability. From Zinzino's perspective, climate change primarily poses the risk of damage to the ocean environment, which may affect the availability of raw materials, leading to negative consequences not only for the company but also for all those using the products. Zinzino assesses these risks as potentially increasing in the long term.

In addition, environmental policy decisions may affect Zinzino, not least in the form of increased taxes or necessary investments. Insufficient efforts to analyse climate risks may lead to unforeseen increases in operating costs. Zinzino is actively working to prioritise environmental aspects in all parts of its operations, with a focus on the ocean environment and sustainable sourcing of raw materials, to monitor legislative and regulatory developments and, in the future, to invest in measures to improve the ocean environment.

### **BREACH OF CODE OF CONDUCT**

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

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

As of the reporting date, no violations regarding corruption have been noted. In the distributor chain, a few ethical rule violations occurred in 2021 where additional resources on information and training were directed to increase the relevant distributors' knowledge in this area. Significant resources are continuously invested in training new distributors in the company's ethical regulations.

### **RESPECT FOR HUMAN RIGHTS**

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

Do you have questions about our sustainability work? Contact us at [sustainability@zinzino.com](mailto:sustainability@zinzino.com)





# AUDITOR'S OPINION

## REGARDING THE STATUTORY SUSTAINABILITY REPORT

To the meeting of shareholders in Zinzino AB, Org. No. 556733-1045

### **Mandate and responsibilities**

The Board of Directors is responsible for the sustainability report for the year 2021 on pages 31-40 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

### **Focus and scope of the audit**

Our audit was conducted in accordance with FAR recommendation RevR 12 Auditor's opinion on the statutory sustainability report. This means that our audit of the sustainability report has a different focus and a significantly smaller scope compared to the focus and scope of an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this audit provides a reasonable basis for our opinion.

### **Opinion**

A sustainability report has been prepared.

Gothenburg 3 May 2022.  
Öhrlings PricewaterhouseCoopers AB

**Fredrik Göransson**  
Authorized Public Accountant

# CORPORATE SOCIAL RESPONSIBILITY

***“So far, 1,000 children have been sponsored through our programme, and our goal is to help more than 3,000 children in the next three years!”***

## **OUR EMPLOYEES AND OUR ENVIRONMENT**

Zinzino is an international business which strives to be multifaceted, open and non-discriminatory at all levels. Our head office in Gothenburg currently employs around twenty different nationalities. We have a personal close community with each other, our customers, distributors and suppliers and we live our employment handbook in everyday life.

## **GIVING BACK**

We want to make a positive difference in children's lives all over the world. Zinzino supports aid organisations like Glocal Aid to help boys and girls lift themselves out of poverty through education.

Zinzino has supported three schools in recent years: one in the village of Karwi, Uttar Pradesh, the second in the village of Kukrah, Bihar, and the third in the village of Birpara in West Bengal. By offering a scholarship, Glocal Aid and Zinzino are partnering with these three primary schools to provide sponsored education to children and young people. Without this sponsorship, these children would not be able to go to school. We are very happy and proud to help finance this very important work.

So far, 1,000 children have been sponsored through our programme, and our goal is to help more than 3,000 children in the next three years! Scan the QR code on the next page and watch the video about Zinzino and Glocal Aid's work in Karwi, India!

## **OUR PRODUCTS**

For our balance products, we have chosen to collaborate with the Icelandic company LÝSI Hf. They produce our BalanceOil+ which contains a unique combination of fish oil and olive oil. LÝSI Hf. has a strict environmental policy that includes the use of fish oil only from non-endangered fish stocks and is also approved by the IUCN.

Zinzino is a member of the Fairtrade Alliance in Scandinavia. Fairtrade is an independent product label that creates conditions for farmers and workers in developing countries to improve their working and living conditions.

For our coffee products, we have chosen to partner with Rombouts and Malongo, which was the first coffee roaster to start a partnership with Fairtrade (1992). The roasting plant in Nice, France, is ISO1400 environmentally certified.

## **OUR ENVIRONMENT - TRANSPORT AND RECYCLING**

Every month we send around 80,000 packages around Europe, Asia, North and South America. We use PostNord, Deutsche Post, UPS, Bring, GLS, DHL and Posti, among others, for our deliveries. They are some of the world's largest logistics and postal operators, actively working to reduce environmental impact by reducing emissions. All of these carriers are working, among other things, to reduce emissions through the use of environmentally friendly vehicles and optimised route planning.

We are particularly proud of our improved environmentally friendly coffee pods. The use of coffee capsules has grown exponentially since home coffee machines have become more common. In most cases the capsules are made of metal or plastic, materials which burden the environment. Our pods consist of an environmentally friendly pod that can be put in the compost. We comply with our responsibility as a producer of electronics for collection of used-up products by being affiliated with Elkretsen Sweden, Elreturen in Norway and Denmark and Elker in Finland.

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## **IN RECENT YEARS THE FOLLOWING PROJECTS HAVE RECEIVED SEK ONE MILLION EACH:**

**2012** - Stopping female genital cutting among the Maasai people in Kenya.

**2013** - A local microfinance project in Kenya to expand local businesses where women can build farms and help their children in school with food and medicine.

**2014** - Continued support of the project in Kenya

**2015** - Development of a school for children and young people, Karwi U.P.I, India

**2016** - 295 students sponsored to go to school, Karwi U.P.I, India

**2017** - 405 students sponsored to go to school, Karwi U.P.I, India  
Development of a primary school in Kukurah, Bihar, India

**2018** - 620 students sponsored to go to school in Karwi U.P.I and in Kukrah, Bihar, India

**2019** - 620 students sponsored to go to school in Karwi U.P.I and in Kukrah, Bihar, India

**2020** - 620 students sponsored to go to school in Karwi U.P.I and in Kukrah, Bihar, India

**2021** - 1,000 students sponsored to go to school in Karwi U.P.I and in Kukrah, Bihar, and Birpara, West Bengal, India





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

# WHY DIRECT SALES?

## **DIRECT SALES IS SHAPING THE FUTURE OF SHOPPING**

There's no business model quite like direct sales, which has always been about people. A company is only as strong as its relationships. For almost 200 years, dedicated direct sales reps have built their businesses from the ground up, through the power of personal connections. This customer first approach is the foundation of the Zinzino success story and at the core of our mission to drive the personal health and wellness space.

## **DRIVING PERSONALIZED CUSTOMER EXPERIENCES**

The first direct selling company launched over a century ago. Today, direct sales is a dynamic and rapidly expanding industry with a global revenue of \$185 billion (2021) and 125 million independent distributors around the world. In our socially driven world, consumers crave connection, validation, and have no tolerance for faceless corporations with inauthentic messaging. 92% trust advice from friends and family over any other type of advertising. Building personal relationships by finding out what matters to the other person before presenting a customized solution is at the core of direct selling. Today, it has become the go-to method across all industries.

## **SHOWING THE WAY TO A BETTER LIFE**

Our modern diet is not as nutritious as it used to be, and supplements are staples of a modern lifestyle. Better health has become a personal matter, a growing, global trend, closely linked to nutrition and exercise with individual diet plans and personal trainers. The direct selling way of working with individual consultations and customized solutions fits this transition like a glove.

## **WITH WELLNESS CONSULTANTS OUT IN THE FIELD**

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

## **DRIVING THE CUSTOMER FIRST APPROACH IN DIRECT SALES**

At Zinzino, we believe in leading by example and want to do our part in taking the direct sales industry into the future. Our founders Hilde and Ørjan Sæle have made it their mission to reclaim the customer-centric approach in direct selling and our company will always reward customer turnover. More than 85% of our sales are made directly to our end customers (in the US the required level is 51%). This approach is directly reflected in our mission statement to inspire health and wealth for our customers, family and friends by being the most customer-friendly direct sales company in the world. We believe this is making us best in class in our industry on a global level.

## **PROUD MEMBER OF DIRECT SALES ASSOCIATIONS**

We are affiliated with local direct sales associations around the world, including Direct Selling Sweden and work actively to drive an open and honest way of conducting business in this industry. Zinzino is a member of the Swedish direct sales association Direct Selling Sweden and has for many years worked actively for an open and honest direct sales sector. Zinzino is also a member of the national direct sales associations in Norway, Finland, Denmark, Estonia, Latvia, Lithuania and the Netherlands. Zinzino applies to the direct sales associations in all new markets that open and is currently a trial member in the US, Germany, Switzerland and Poland.

To be a member of Direct Selling Sweden is a mark of quality for Zinzino as a company. The association's principal tasks are to protect the consumer, to work for good business ethics, and to work for a good reputation both for direct sales as a form of distribution and for those engaged in it. They will also promote awareness and application of the industry's ethical rules and encourage sellers and distributors to do the same. DSS is the reference organisation for all legislation which affects direct trading.

## **COMMITTED TO CONTRIBUTE TO A BETTER WORLD**

We always want to do our part towards creating a better, more sustainable way of living for all. This mindset is at the heart of our vision to inspire change in life and to ensure we put our vision into practice and give back to communities across the globe. Together with the Glocal Aid charity, the Zinzino Foundation is dedicated to creating a positive impact in the lives of Indian children with programs that empower them through education.







# FINANCIAL INFORMATION

# OWNERSHIP & SHARE PERFORMANCE

## FIVE REASONS TO INVEST IN ZINZINO:

### 1. WITH CLEAR STRATEGY AND A BUSINESS MODEL WHICH GENERATES GROWTH

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

### 2. HELP IMPROVE THE HEALTH OF THE WORLD

Our product concept is to give health back to the world. Our goal is to get the best out of people with enthusiasm, encouragement and a great deal of energy. We are the most customer-focused direct sales company in the world. Our most important product concept, Balance, is showing continued good growth and we currently have over 800,000 test results, based on our blood tests in our database. We are the company that has done the most fat analyses in the world.

### 3. PRODUCT DEVELOPMENT AT THE LEADING EDGE

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

### 4. STRONG MARKET POSITION AND DISTRIBUTION

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

### 5. ATTRACTIVE CASH FLOW ENABLES INCREASED SHARE DIVIDENDS AND GIVES A GOOD DIRECT RETURN

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

## LARGEST SHAREHOLDINGS AS OF 31/12/2021

Owner	Number of A shares	Number of B shares	Total number of shares	Percent of votes	Percent of capital
Örjan and Hilde Saele via company and family	3,123,397	6,446,439	9,569,836	47.26%	28.40%
Peter Sörensen via company	1,809,995	2,073,909	3,883,904	25.31%	11.52%
Other owners	180,000	20,068,538	20,248,538	27.43%	60.08%
Total	5,113,392	28,588,886	33,702,278	100.00%	100.00%

## PRICE DEVELOPMENT ZINZINO CLASS B SHARES (SEK) 01/01/2021 – 31/12/2021



In 2021, a total of 7,894,725 (18,710,247) shares were traded in 43,986 (57,901) trades.

The year's first trade closed at SEK 76 and the year's last at SEK 57.

The year's top price was reached on 11/01/2021 with a trade at SEK 91.8. The lowest price was SEK 49.8 which was reached on 06/10/2021.



### **OWNERSHIP AND SHARE PERFORMANCE**

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

As of the balance sheet date, the share price was SEK 57.0 (76.0) which means a market value for Zinzino AB's listed Class B

shares as of 31/12/2021 amounted to SEK 1,630 (2,123) million. In 2021, a total of 7,894,725 (18,710,247) shares were traded in 43,986 (57,901) trades. At the end of the year, the company had 5,105 (5,245) shareholders, excluding some foreign custodial account customers.

### **SHARE CAPITAL**

As of 31/12/2021, the share capital was divided among 33,702,278 shares, of which 5,113,392 are Class A shares (one vote) and 28,588,886 are Class B shares (0.1 vote). The share's quota value is SEK 0.10. The company's Class B shares are traded on Nasdaq First North Premier Growth Market, [nasdaqomxnordic.com](https://www.nasdaqomxnordic.com), with ISIN code SE0002480442.





# OPTIONS PROGRAMME & DIVIDEND POLICY



## **OPTIONS PROGRAMME**

The company, as of the report date, has three outstanding options programmes. The first options programme covers 800,000 warrants at an exercise price of SEK 18 which expires on 31/05/2024, of which 366,100 warrants have already been exercised for share subscription as of 31/12/2021.

The second option programme covers 1,000,000 warrants at an exercise price of SEK 45 and expiring on 31/05/2025 of which 36,033 warrants have already been exercised for share subscription as of 31/12/2021. A third option programme was approved at the company's Annual General Meeting on 20/05/2021 covering 800,000 warrants at an exercise price of SEK 140 expiring 31/05/2026.

If all the options outstanding on 31/12/2021 are exercised for new subscriptions of 2,197,867 shares, the share capital dilution will be approximately 6.5%.

## **DIVIDEND POLICY AND PROPOSED DIVIDEND**

The Group's dividend policy states that Zinzino shall distribute at least 50% of the Group's net profit provided the equity/assets ratio and liquidity so permit. The solid profitability in 2021 combined with a strong increase in positive cash flow from operating activities has allowed for an increased share dividend in 2022. The Board of Directors will therefore propose a dividend of SEK 2.00 (1.25) per share to the annual general meeting for 2022.

## **INSIDERS (MARKET ABUSE)**

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

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

# MANAGEMENT REPORT

The Board of Directors and CEO of Zinzino AB, 556733-1045, hereby submit this annual report and consolidated financial statements for financial year 01/01/2021 to 31/12/2021.

The profit and financial position for the Group and the parent company for the year are reported in the management report and in subsequent income statements, a statement of comprehensive profit/loss, balance sheets, statements of changes in equity and cash flow statements, with accompanying notes and comments. The consolidated income statements and balance sheets will be presented for approval by the Annual General Meeting on 31 May 2022.

## OWNERSHIP AND HISTORY

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

In 2009, Zinzino Nordic AB was acquired, partly through a directed non-cash share issue to the owners of Zinzino Nordic AB and partly through a subscription in the preferential rights issue that Zinzino Nordic AB carried out in December 2009. Through this, Zinzino AB obtained control over 97% of the votes and 92% of the capital of Zinzino Nordic AB. As of 31/12/2021, the ownership share in Zinzino Nordic was 93% of the capital and 98% of the votes.

In addition to Zinzino Nordic AB, the following previously wholly-owned companies are included in the group: Zinzino Operations AB, Zinzino OÜ in Estonia, Zinzino UAB in Lithuania, SIA Zinzino in Latvia, Zinzino Ehf in Iceland, Zinzino LLC in the US, Zinzino Sp. z o.o. in Polen, Zinzino BV in the Netherlands, Zinzino Canada Corp in Canada, Zinzino SRL in Romania, Zinzino Health Products India Private Ltd, Zinzino PTY in Australia, Zinzino U.K Ltd, Zinzino SA Pty in South Africa and the Norwegian Bioactive Foods AS.

Through the acquisition of VMA Life in 2020, Zinzino Singapore Ltd, Zinzino Thailand co. Ltd, Zinzino Malaysia SDN BHD, VMA Life Network (Malaysia) and Zinzino Hong Kong were added. During the period 2018-2021, the following subsidiaries were established in which no activities were carried out as of the balance sheet date: Zinzino Ukraine, Zinzino Russia, Zinzino Mexico S. DE R.L. DE C.V. and Zinzino Gida in Turkey. Zinzino also owns 98.8% and has full control of the Norwegian production company Faun Pharma AS. This company was acquired in two stages in 2015 and 2016. Zinzino Nordic owns 100% of the companies Zinzino Sverige AB, Zinzino OY (Finland), Zinzino AS (Norway) and Zinzino ApS (Denmark), as well as the dormant Swedish subsidiaries PG Two AB and 2Think AB.

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

## FINANCIAL OVERVIEW

### Revenues

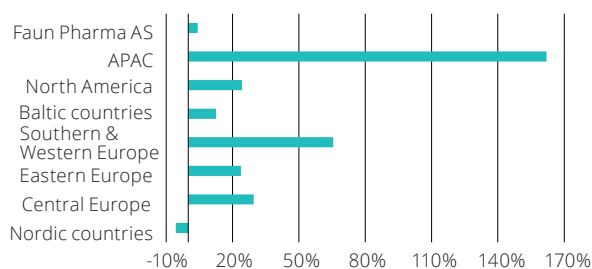
Total revenues during the business year increased by 20% to SEK 1,370.6 (1,138.6) million. The profit after financial items was SEK 114.9 (85.0) million.

The Zinzino Health product segment increased by 22% to SEK 1,197.8 (981.3) million and represented 87% (86%) of total revenue. The Zinzino Coffee product area decreased by 18% to SEK 25.2 (30.8) million, which corresponded to 2% (3%) of

total revenue. External sales from Faun Pharma AS increased by 4% to SEK 62.6 (59.9) million, corresponding to 5% (5%) of total revenue. Other revenue amounted to SEK 85.0 (66.6) million, which corresponded to the remaining 6% (6%) of the total revenues for 2021.

Net sales amounted to SEK 1,288.5 (1,074.4) million and were broken down by Zinzino Health, Zinzino Coffee, the production unit Faun Pharma's sales to external customers and revenue from Events/other services. Other income mainly concerned freight revenue related to product sales and amounted to SEK 80.6 (63.7) million. Capitalised work amounted to SEK 1.5 (0.5) million.

### Growth per region 2021 vs 2020



### Nordic countries

In the Nordic countries, total revenues decreased by 6% to SEK 369.8 (392.0) million in 2021 compared to the same period last year. This follows some sales growth in the Norwegian market. Performance in Denmark and Sweden was weaker and revenues decreased marginally during the year compared to the previous year. The Finnish market has seen a consistently weaker trend in 2021, losing ground compared to 2020. Zinzino has been focusing on the Finnish distributors and has taken steps to re-stimulate growth in the country. As a result, partner activity has picked up again and the decline in revenues has slowed in recent months. The downturn has continued in Iceland with low distributor activity and a reduced customer base during the year.

Faun Pharma AS, the Group's subsidiary and manufacturing unit, has combined high internal production with continued growth in external production during the year, resulting in external sales increasing by 4% to SEK 62.6 (59.9) million compared to the corresponding period last year. Total revenues in the Nordic countries, Zinzino and Faun combined, amounted to SEK 432.4 (457.4) million, representing 32% (39%) of the Group's total revenues.

### Baltic countries

The Baltic countries increased total revenues during the year by 13% to SEK 79.2 (70.4) million. The growth was entirely attributable to Lithuania, where distributor activity has been consistently high with a large influx of new customers during the year. In Estonia, the decline stopped completely in the last months of the year, with increased distributor activity as the main underlying cause. On the other hand, there was a slight decline in sales in Latvia,



where revenue during the year came mainly from the high proportion of repeat purchases of the company's products by existing customers. The region's total revenues represented 6% (6%) of the Group's total revenues during the year.

### Central Europe

In Central Europe, growth was generally good during the year. The experienced distributor organisations have run their operations with high levels of efficiency and a strong focus on the positive effects of the products. Through the work of the distributors, the region has built a strong customer base with a strong interest in health that continues to grow. During the year, cumulative revenues increased by 30% compared to last year to SEK 232.7 (179.6) million following generally high activity among distributors. This represented 17% (16%) of the Group's total revenues during the year.

### Eastern Europe

Total cumulative revenues in Eastern Europe increased during the year by 24% to SEK 337.1 (272.3) million compared to the same period last year. This was due to consistently strong growth in the region during the year. Growth was mainly driven by the Czech Republic, Slovakia and Poland with an increased customer base and subscription orders following high underlying distributor activity from existing and new distributors. The region together accounted for 24% (24%) of the Group's total revenues during the year.

### Southern & Western Europe

The region performed consistently well during the year, with all markets developing positively. Total revenue during the year increased by 66% to SEK 147.1 (88.8) million. Behind this good performance was the high level of activity during the year in the growing and increasingly large distributor organisation in the UK/Ireland, where the digital meeting culture has been gradually replaced by face-to-face interactions during the year as pandemic restrictions have slowly eased. The high level of distributor activity quickly resulted in a large customer base with growing subscription revenues. At the same time, the healthy performance has continued in the Netherlands with a large customer base and high growth of new customers driven by the strong distributor organisation. In France, Italy and Spain, the newly appointed local sales managers have stimulated distributor activity and sales growth. At the same time, growth has also picked up in neighbouring markets such as Greece, Cyprus and Slovenia. The region together accounted for 11% (8%) of the Group's total revenues during the year.

### North America

Revenues in North America increased during the year by another 24% to SEK 51.3 (41.3) million. The region has shown positive development during the year with good growth, mainly driven by an increase in customer subscriptions and related orders. The underlying growth from the activity of existing and new distributors with an extra emphasis on attracting new customers was the main underlying reason for the good customer subscription performance. Zinzino will continue to adapt its digital platforms to North America, develop the collaboration with Life Leadership and support the distributor organisations to further stimulate the growth rate. North America accounted for 4% (4%) of the Group's total revenues during the year.

### APAC

The region's revenue increased during the year by 161% to SEK 89.7 (34.3) million. Consistently high activity among new and existing distributors, but restrictions and shutdowns due to the pandemic slowed sales in the region. As most of the key distri-

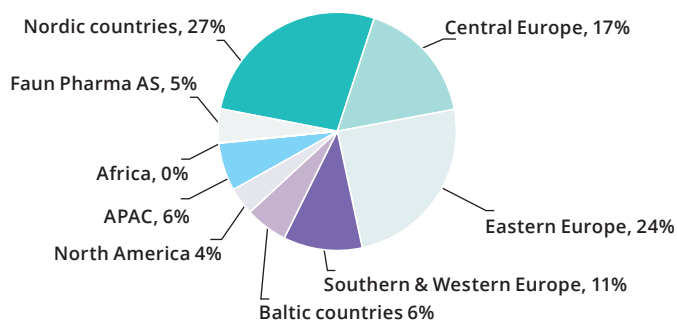
butors in Australia have connections in Asia, Zinzino sees great opportunities for synergies between the markets after the opening of sales in the APAC region. APAC accounted for 6% (3%) of the Group's total revenues during the year.

### Africa

Sales started under the local flag in South Africa on 9 November 2021. South Africa is Zinzino's first local establishment on the African continent. Initially, the focus has been to build on the local distributor organisation, which at the start of sales consisted of 285 distributors and a customer base of approximately 3,000 customers. During the year, revenues amounted to SEK 1.1 (0.0) million for the African region including the revenues for the other countries in the region which, as before, are handled via Zinzino's global webshop in anticipation of the markets opening under their own local flags.

### Sales by region

The Nordic countries continued to account for the majority of the company's revenues, even though the share fell to 32% (39%) of total sales during the past year. The second largest region during the year was Eastern Europe, which accounted for 24% (24%) of total sales, followed by Central Europe with 17% (16%) and then Southern and Western Europe with 11% (8%). Of the remaining sales, the Baltic countries accounted for 6% (6%), APAC for 6% (3%) and North America for 4% (4%).



### COUNTRIES IN REGIONS:

#### Nordic countries

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

#### Baltic countries

Estonia, Latvia, Lithuania

#### Central Europe

Austria, Germany, Switzerland

#### Eastern Europe

Czech Republic, Slovakia, Hungary, Poland, Romania

#### Southern & Western Europe

Cyprus, France, Greece, Italy, Netherlands, Spain, United Kingdom

#### North America

Canada, USA

#### APAC

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

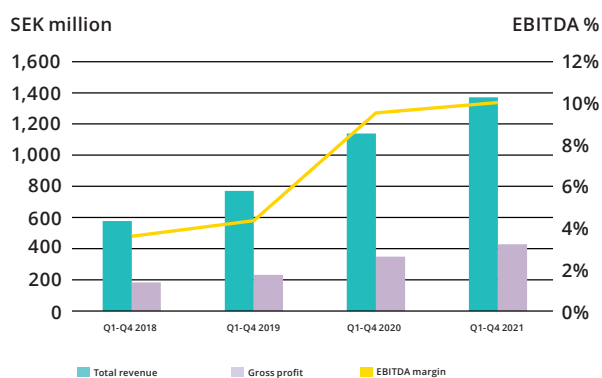
#### Africa

South Africa

## Costs and profit

Gross profit in 2021 amounted to SEK 427.5 (348.6) million and gross profit margin to 31.2% (30.6%). Gross profitability improved progressively during the year through price adjustments and changes in the remuneration model for distributors, although a temporary increase in costs related to this year's Black Friday promotion dampened the impact somewhat. Internal production was also streamlined during the year. Overall, the measures resulted in an overall margin improvement on cost of goods sold.

Adjusted gross profit amounted to SEK 427.5 (326.4) million and the adjusted gross margin to 31.2% (28.7%). The adjustment related to the one-off effect of the change in terms of the distributor remuneration in 2020. The positive effect of the change in accounting amounted to SEK 22.2 million and occurred in the first quarter of 2020.



Operating profit before depreciation/amortisation amounted to SEK 137.6 (108.5) million. The group's EBITDA margin was 10.0% (9.5%). Adjusted operating profit before depreciation/amortisation amounted to SEK 137.6 (86.3) million and the adjusted EBITDA margin to 10.0% (7.6%). The margin improvement is achieved through the economies of scale created by consistently improved efficiencies in IT systems, logistics and the organisation as a whole.

Operating profit amounted to SEK 116.0 (86.6) million and the operating margin was 8.5% (7.6%). Adjusted operating profit amounted to SEK 116.0 (64.4) million and the adjusted operating margin to 8.5% (5.7%). Profit before tax totalled SEK 114.9 (85.0) million and net profit was SEK 89.7 (66.3) million. Adjusted profit before tax amounted to SEK 114.9 (62.8) million and adjusted net profit to SEK 89.7 (48.9) million.

## Depreciation/amortisation

For 2021, total depreciation/amortisation and write-downs were SEK 21,602 (21,958) thousand. These are divided into SEK 2,041 (1,102) thousand in tangible fixed assets, SEK 19,560 (20,856) thousand in intangible fixed assets. Of these, SEK 14,636 (12,716) thousand constituted depreciation of right-of-use assets in accordance with IFRS 16.

## Inventories

The Group's total inventories on the balance sheet date amounted to SEK 158.7 (126.9) million, where the company generally has higher inventory levels to ensure deliveries. At the same time, the company has built up inventory levels in the APAC region as well as in India and South Africa to ensure efficient deliveries to the rapidly growing demand in the respective regions.

## Financial position

As of 31/12/2021, the Group had equity of SEK 151.7 (94.7) million, corresponding to SEK 4.52 (2.88) per share (before dilution). On the balance sheet date, cash totalled SEK 235.7 (143.2) million. The Group's equity/assets ratio was 25% (20%). Cash flow for the year amounted to SEK 153.5 (97.3) million. The assessment of the board of directors is that the company's balance sheet is strong without any interest-bearing liabilities and that liquid assets are at a satisfactory level. The Board of Directors' assessment is that the Group's positive cash flow from operating activities will secure the liquidity in the Group for the foreseeable future and will also make possible an increased dividend for the past financial year subject to decisions at the annual meeting of shareholders. For 2021, the Board of Directors proposes a dividend to shareholders of SEK 2.0 per share.

## SIGNIFICANT EVENTS DURING THE YEAR

### Start of sales in India

The first new market to be launched in 2021 was India, with sales starting on 6 April, a complex project that Zinzino's establishment team has been working on for several years before the start of sales. Logistics for the Indian market are handled from a 3PL warehouse in Mumbai through a partnership with DHL. Other operational activities are managed from New Delhi in collaboration with the head office in Gothenburg and customer support from the regional office in Kuala Lumpur, Malaysia.

### Launch of BalanceOil+ Premium

In April, Zinzino launched the new product BalanceOil+ Premium. The product is a further development of Zinzino's all-natural dietary supplement BalanceOil+ with polyphenols for omega-balance. The new blend contains the olive oil R.E.V.O.O (Revolutionary Extra Virgin Olive Oil), which provides a superior supply of polyphenols and several phytonutrients. BalanceOil+ Premium enables a more efficient absorption of nutrients and provides better protection of blood lipids as well as adjusting the Omega-6:3 ratio and creates good levels for cholesterol, the heart and brain. The polyphenols and marine fatty acids in the oil enable the body to more easily absorb, adjust and maintain Omega-3 levels above the 8% needed to create an Omega-6:3 balance below 3:1.

### Malaysia and Taiwan achieved full market status

Malaysia achieved full market status with the official start of sales on 3 June 2021 at the local Malaysian company. On 9 September 2021, sales started in Taiwan under the local flag as the province achieved full market status. Both establishments were made possible by the acquisition of VMA Life, which Zinzino completed in 2020. The starts marked a transition from previously managing sales through the global webshop, which has acted as a bridge for customers and distributors during the establishment process. The expanded launch gives customers and distributors in both Malaysia and Taiwan access to a locally adapted and translated website, printed marketing material in the local language, as well as an improved logistics solution and several different payment options.

### Launch of ZinoGene+

In June, Zinzino carried out another product launch when the dietary supplement ZinoGene+ was introduced. The accumulation of dysfunctional cells and a decrease in regeneration are part of the ageing process. The speed at which this happens is influenced by the nutritional content of our food. ZinoGene+ has been developed to stimulate DNA synthesis and cell division. The product is based on a complex formula with fucoids, a natural polysaccharide from seaweed, polyphenols, vitamin C



and zinc that supports DNA synthesis, as well as counteracts oxidative stress and cell division.

### **Launch of new vitamin D test concept in October**

In connection with this year's main digital event in October, Zinzino launched a new product concept for vitamin D with the introduction of the new products Vitamin D Test and ZinoShine+. Vitamin D Test is a dry blood test that anonymously analyses a person's vitamin D status. The analysis is carried out by Vitas Analytical Services - an independent GMP-certified laboratory in Norway that is a world leader in dry blood testing. Based on the results, advice is provided on whether the person should increase, decrease or maintain their vitamin D status. In order to adjust vitamin D intake based on these tests, Zinzino has developed ZinoShine+. An all-natural dietary supplement containing vegan vitamin D<sub>3</sub> combined with magnesium.

### **Sales start in South Africa**

November saw the start of sales in South Africa, which also meant that Zinzino's first establishment on the African continent was now a reality. After an efficiently implemented establishment process, sales under the local flag in South Africa started on 9 November 2021, which was celebrated via a simultaneous digital launch event. With the help of an industry consultant, a local organisation has been built up which, at the start of sales, consisted of 285 distributors and a customer base of around 3,000 customers. The logistics are handled like in previous establishments via a 3PL solution, in South Africa via the supplier Expeditors in Johannesburg. Customer support is handled from the head office in Gothenburg together with the industry consultant who joined Zinzino as sales manager for South Africa and the entire African continent.

## **SIGNIFICANT EVENTS AFTER REPORTING DATE**

### **Several ongoing new establishment processes with planned launch in 2022**

During the beginning of 2022, Zinzino has continued to work on the establishment processes in a large number of markets around the world. On 3 February 2022, Belgium and Ireland were granted full market status with locally adapted marketing material and payment solutions. The next planned launch will be Singapore via the company acquired through VMA Life in 2020. This will make it the fourth VMA Life company to achieve full Zinzino market status. The sales launch for Singapore will tentatively be in the second quarter of 2022. In parallel, establishment processes are underway in the Philippines, Mexico and Serbia, among others. Establishing a presence in these markets also requires the development of payment solutions that are compatible and certified for each market. Zinzino is thus working on the development of payment solutions that meet these requirements, which will be a key part of the expansion process for the remainder of 2022. After carrying out several establishment processes in recent years, the company has learned the importance of ensuring thorough preparatory work and adapting to the local conditions in each market. Zinzino will continue to develop best practices based on the experience gained by the company during previous establishment processes, in order to adapt its operations and achieve rapid growth in new markets.

## **BUSINESS MODEL AND MARKETING STRATEGY**

The core of Zinzino's business is marketing and sales. The company's network of independent distributors and sales organisations markets Zinzino's products and services to the consumer, while much of the company's own marketing is directed

at developing and providing the sellers with the tools they need. Marketing consists primarily of providing product information, promotional material, basic training material and an effective flow of information via the web, social media and e-mail. Major efforts have been made in 2021 with a strong focus on the digital environment to develop the tools for Zinzino's sales organisation. The process continues into 2022.

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

The company's management also maintains a close dialogue with the so-called "leadership council" made up of representatives from the sales network, which is highly appreciated by both sides and the dialogue constantly proves to be a recipe for success. In 2021, the dialogue has continued to be adapted to the current external situation and managed via weekly digital meetings. The adaptation has worked very well and the dialogue has been more frequent and fruitful during the past year than in previous years.

An important part of Zinzino's strategy is also the internal product development. The health sector product development expertise acquired by the company through the acquisition of Bioactive Foods AS and Faun Pharma AS allows the company to focus on internal product development to a much greater extent than before. This means that the company is less dependent on its suppliers to design attractive products for the company's salesforce. Through effective product development, Zinzino launched the products BalanceOil Premium+, ZinzinoGene+ during the year. In addition, the brand new testing concept for vitamin D was launched with the introduction of the new products Vitamin D Test and ZinoShine+.

### **Organisation and efficiency**

During the year, Zinzino continued to strengthen the organisation to handle the rapid sales growth and global expansion. The Marketing and IT departments were expanded to more effectively manage the digital media/platforms with a strong focus on social media and the web experience linked to it. The company's events team was reinforced to manage future digital and physical events more efficiently. Four different sales managers have been contracted to support the sales organisations in the Nordic countries, France, Southern Europe and South Africa. In addition, the logistics and customer/partner support teams have been further strengthened.

Otherwise, Zinzino has continued to focus on the health and well-being of its employees during the ongoing pandemic. In the resulting situation, Zinzino has taken measures to limit the spread according to instructions from the relevant authorities. In addition, Zinzino has prepared and taken measures to secure critical processes for the business, such as the handling of orders, support and commission payments to distributors in the event of any increased restrictions on operations. Zinzino has also developed and coordinated a plan to safely guide employees back to the offices as restrictions are lifted.

The number of employees in the Group at the end of the year totalled 212 (187) people, of which 131 (116) are women. In addition, 19 (17) people worked at the Group via consulting agreements, of which 5 (5) were women.

## SUSTAINABILITY REPORT

The Group has a developed sustainability strategy and vision and has prepared a sustainability report in accordance with the Annual Accounts Act. See our stand-alone sustainability report including the auditor's opinion on the statutory sustainability report on pages 31-41.

## 2022 FORECAST AND FINANCIAL GOALS

The Zinzino Board of Directors forecasts that the total revenue will exceed SEK 1,500 (1,371) million. The operating margin before depreciation/amortisation is estimated to exceed 7%.

The average growth in sales at Zinzino for the period 2022–2025 shall be a minimum of 20% and operating margin before depreciation/amortisation shall increase to over 9%. The dividend policy shall be at least 50% of the Group's net profit as long as liquidity and the equity/assets ratio allow.

## RISKS AND EXTERNAL FACTORS AFFECTING GROWTH AT ZINZINO

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

### Risks related to purchases

The planning of purchases is a challenge during rapid expansion. The management is therefore working actively with purchase forecasts and inventory optimisation in order to meet the challenge in an efficient way and to avoid unnecessary capital commitments to inventory.

### Risks related to fluctuations in raw materials prices

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

### Risks related to suppliers

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

suppliers, or the rights resulting from such a collaboration, were to cease without Zinzino being able to replace the products with others without increased costs, this could affect Zinzino's turnover and product range for some period of time. Zinzino is also dependent on the quality of the products it purchases being good. Failure by suppliers to meet their commitments to Zinzino could have significant negative consequences for Zinzino. In order to continue being a competitive company, Zinzino is also largely dependent on its suppliers' willingness to collaborate in product development or, where possible, to find new alternative collaborators for product development. Inflexibility and unwillingness or difficulty in finding alternative collaborators can impede product development which could negatively affect Zinzino. Through the acquisitions of Bioactive Foods AS and Faun Pharma, Zinzino has acquired full control of the production chain from the raw material to the finished product and also of the further development of Zinzino Health and has thereby eliminated a large part of the risk.

### Risk-related compliance and establishment in foreign markets

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

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

### Risks related to IT

Changing business systems in 2015 shows how exposed the company is to interference in its IT operations and how important control of the many IT-intensive processes is. For that reason the company has continued to expand its internal IT function with more employees during the year. Prioritising IT resources in conjunction with high growth is a challenge but Zinzino is working to optimise and allocate its resources in the best way. The expanded IT department has made development processes more efficient, which is crucial in the context of business expansion.

### Risks related to currencies and the interest rate situation

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



work ever more actively with cash management in order to minimise interest costs.

### **Risks relating to competitors**

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

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

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

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

### **PARENT COMPANY ZINZINO AB (PUBL.)**

The parent company Zinzino AB (publ.) carries out establishment of new markets, strategic development and supports the research and product development of Bioactive Foods AS. In addition, the external warehouse in Poland is managed by the company with associated sales within Europe. The total revenues of the parent company in the financial year 2021 amounted to SEK 140.5 (84.2) million, of which SEK 111.5 (61.9) million were intra-group revenues. Adjusted operating profit amounted to SEK 9.8 (21.6) million. The increase in costs is mainly due to the addition during the year of distribution of goods in Europe combined with an increased focus on new market establishment around the world. Dividends from subsidiaries increased net financial income/expense to SEK 60.7 (29.3) million, which in turn led to an increase in profit after tax to SEK 68.9 (45.8) million.

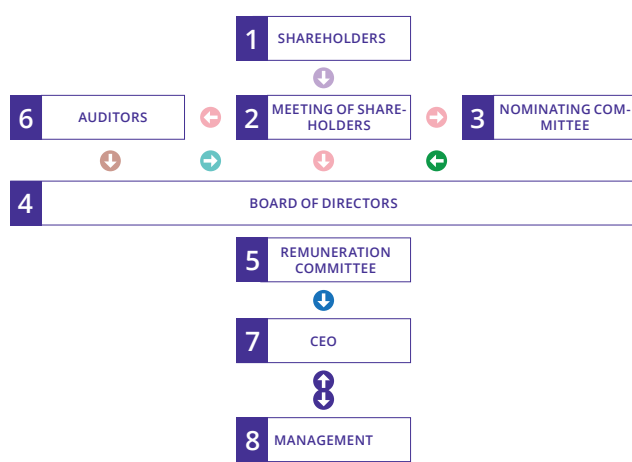
# CORPORATE GOVERNANCE REPORT

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

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

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

Zinzino AB provides here its corporate governance report relating to 2021.



<ul style="list-style-type: none"> <li>● Votes</li> <li>● Election</li> <li>● Information Favourable</li> <li>● Information</li> <li>● Proposals to the board of directors, auditor and nominating committee</li> <li>● Remuneration structure</li> </ul>	<p><b>External control instruments</b> Important external control instruments that provide the framework for the company's corporate governance are:</p> <ul style="list-style-type: none"> <li>• Swedish Companies Act</li> <li>• Swedish Annual Accounts Act</li> <li>• Nasdaq Stockholm regulations</li> <li>• Swedish Code of Corporate Governance</li> </ul> <p><b>Internal control instruments</b> Important internal control documents are:</p> <ul style="list-style-type: none"> <li>• Articles of Association</li> <li>• Rules of procedure for the board of directors</li> <li>• Instructions for the CEO, audit committee, remuneration committee and financial reporting</li> <li>• Policies</li> </ul>
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## BASIS FOR GOVERNANCE

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

## SHARES AND SHAREHOLDERS

Zinzino AB was listed on Nasdaq First North on 11 December 2014 and moved to the Premier segment of the list where trading commenced on 21 September 2020.

Zinzino was originally listed for trading on the Aktietorget stock market (now Spotlight) in 2010. The total number of shares is 33,702,278 of which 5,113,392 are Class A shares (1 vote) and 28,588,886 Class B shares. At the end of the year the company had 5,105 (5,245) owners, excluding some foreign custodial account customers. The largest owners were Örjan Saele with company and family with 47.26% of the votes and 28.40% of the capital and Peter Sörensen with company with 25.31% of the votes and 11.52% of the capital. Information for the shareholders is available on Zinzino's website zinzino.com.

## ARTICLES OF ASSOCIATION

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

## THE ANNUAL MEETING OF SHAREHOLDERS

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



## ANNUAL GENERAL MEETING 2021

The 2021 Annual General Meeting took place on Thursday 20 May without any in-person attendance. Instead, the voting procedure took place via postal voting and the digital solution [poströsta.se](https://postrosta.se). The Annual General Meeting was attended by shareholders digitally represented corresponding to 51% of the votes and 39% of the capital. Hans Jacobsson was appointed chair of the meeting.

### Some of the decisions that the meeting made are the following:

- To approve the income statements and balance sheets of the parent company and the Group.
- To distribute SEK 1.25 per share for the 2020 financial year through an ordinary dividend of SEK 1.00 per share and an additional dividend of SEK 0.25 per share at the same dividend payment date.
- To grant the Board of Directors and the CEO discharge from liability.
- That Board fees shall amount to a total of SEK 980 000, of which SEK 280,000 shall be paid to the Chair, SEK 160,000 to each of the other Board members, SEK 25,000 to the Chair of the Audit Committee and SEK 15 000 to a member of the Audit Committee, and SEK 10,000 to the Chair of the Remuneration Committee and SEK 10,000 to a member of the Remuneration Committee.
- The meeting resolved to re-elect Hans Jacobsson as Board Chair. The meeting resolved to re-elect Board members Staffan Hillberg, Pierre Mårtensson and Ingela Nordenhav. In addition, Anna Frick was elected as a new ordinary member of the Board.
- To elect Öhrlings PricewaterhouseCoopers AB as audit firm and Fredrik Göransson as principal auditor.
- To establish, in accordance with the Nominating Committee's proposal, a nominating committee for the 2022 Annual General Meeting.
- To issue 800,000 warrants in accordance with the Board's proposed resolution, whereby the exercise price was set at SEK 140 per warrant.
- To authorise the Board of Directors to decide on preferential issues.
- To authorise the Board of Directors to decide on directed issues of a maximum total of 3,000,000 Class B shares,
- To approve the proposed guidelines for remuneration of senior executives of the company.
- To approve the amendment of the Articles of Association in accordance with the proposal of the Board of Directors.

## ANNUAL GENERAL MEETING 2022

The Annual General Meeting of Zinzino AB (publ)'s will be held on 31 May 2022 at the company's offices at Hulda Mellgrens gata 5 in Gothenburg. For further information on the 2022 Annual General Meeting, please refer to the company's website [zinzino.com](https://zinzino.com).

## NOMINATING COMMITTEE

The nominating committee of Zinzino has the task of presenting proposals for the number of members of the board of directors, election of members of the board of directors including the board chair, remuneration to the members of the board of directors, making proposals for the process of appointing a new nominating committee and in general following the provisions of the Swedish Code of Corporate Governance. The Nominating Committee strives for diversity and gender equality on the Board. This is evaluated annually while future Board candidates with relevant experience are continuously sought. The proposed composition of the Board is considered to more than meet the requirements of expertise and experience in view of the company's business

and future development. The proposed composition also meets the requirements for board independence, sufficient stock market experience and expertise in accounting and auditing.

### The Nominating Committee Process

- By 31 October, the Board Chair shall convene the largest shareholders of the company. If any of these waive their right to appoint a member to the Nominating Committee, the next shareholder/owner group shall be provided the opportunity in order of proportion to appoint a member to the Nominating Committee.
- The composition of the Nominating Committee shall be published no later than six months before the Annual General Meeting.
- The Board Chair convenes the first meeting of the Nominating Committee. However, the Board Chair shall not be appointed Chair of the Nominating Committee.
- If it becomes known that any of the shareholders who appointed a member of the Nominating Committee as a result of changes in the shareholder's ownership or as a result of changes in other shareholders' ownership no longer belongs to the largest shareholders, the member appointed by the shareholder, if the Nominating Committee so decides, shall resign and be replaced by a new member appointed by the shareholder who at the time is the largest registered shareholder who has not already appointed a member of the Nominating Committee. If the registered ownership conditions are otherwise substantially changed prior to the completion of the Nominating Committee's assignment, if the Nominating Committee so decides, a change in the composition of the Nominating Committee shall be made in accordance with the principles stated above.
- The Nominating Committee's term of office extends until a new Nominating Committee is appointed.
- The Board Chair annually presents an evaluation of the Board of Director's work during the year to the Nominating Committee, which forms the basis for the Nominating Committee's work together with the requirements in the Swedish Code of Corporate Governance and the company-specific requirements at Zinzino.

### The nominating committee's tasks include:

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

In accordance with the above principles, the Nominating Committee consists of the following three members until the next Annual General Meeting on 31 May 2022:

Members	Appointed by	Independent *	Vote share 31/12/2021
Magnus Götenfelt (chair)	Saele invest AS	Yes/Yes	47.26%
Cecilia Halldner	Cashflow Holding ApS	Yes/Yes	25.31%
Hans Jacobsson	Zinzino AB Board of Directors	Yes/Yes	0.35%

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

### The Nominating Committee's work

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

The Nominating Committee has had two meetings as well as a number of email and phone contacts. The Nominating Committee's complete proposals and reasons for the 2022 Annual General Meeting will be presented on the company's website [zinzino.com](http://zinzino.com) well in advance of the annual meeting. Shareholders who want to present proposals to the Nominating Committee can do so via e-mail to [aktier@zinzino.com](mailto:aktier@zinzino.com) or by post to the company's headquarters. In order for the Nominating Committee to be able to take account of incoming views in its proposals to the Annual General Meeting, the proposals to the Nominating Committee must have been submitted at latest one month before the Annual General Meeting.

A fee of SEK 15,750 each has been paid to Magnus Götenfelt and Cecilia Halldner for their work prior to the 2022 Annual General Meeting.

### THE BOARD OF DIRECTORS

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

More information on the Board of Directors is presented on pages 62-63. The Group's chief executive officer (CEO), Dag Bergheim Pettersen, participates in all meetings of the Board of Directors to present reports. The same applies to the Group's CFO, Fredrik Nielsen, and the Group's Chief Controller, Henrik Hammargren. Other employees of the group participate

at times in the meetings of the board of directors to present reports on specific questions.

### The independence of the Board of Directors in relation to the company and the company's management

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

### THE BOARD OF DIRECTORS' WORK AND RESPONSIBILITY

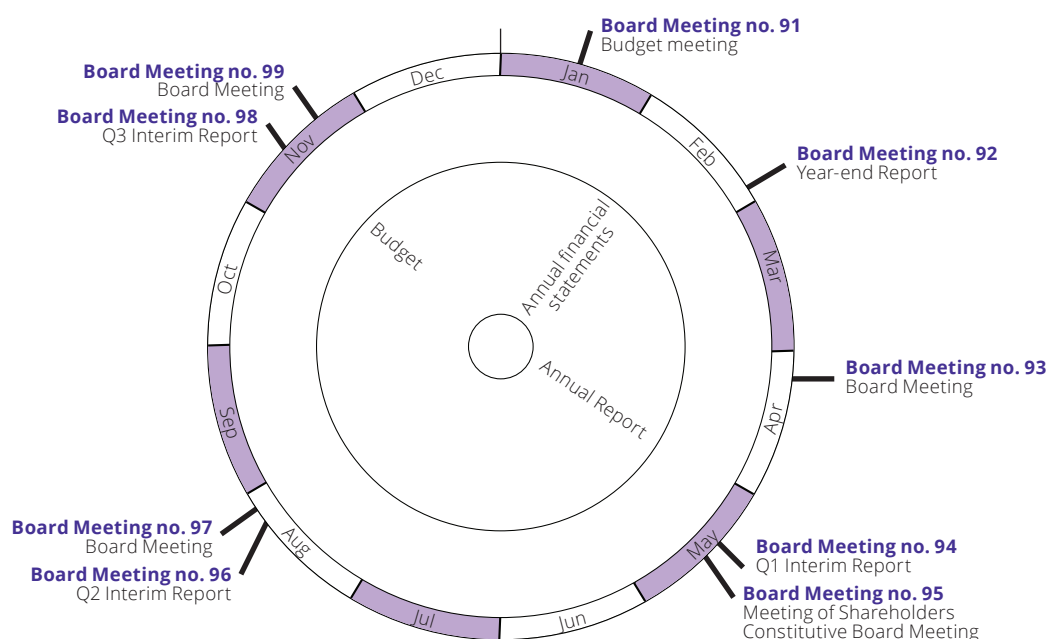
The Board of Directors determines the company's goals, strategies, budget and business plan. The board of directors is responsible for the company's organisation and management and shall ensure the quality of financial reporting and internal control. In addition, the board of directors shall consider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

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

### Diversity policy

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





### Board of Directors Meetings

The Board has held 9 minuted meetings in 2021 and the frequency of attendance of the Board members is shown below. Each meeting followed an agenda and decision material was sent to the board of directors prior to each board meeting. The CEO, CFO and certain other senior executives of the company attended board meetings to present matters.

The Board carries out an annual evaluation of its work with a view to developing the Board's working methods and effectiveness. Evaluation of the Board's work was carried out in February-March 2022. As in previous years, the evaluation of the work in 2021 was also based on a survey. In addition, the Chair of the Board has conducted individual interviews with the members. The results and an analysis thereof have been presented to the Board, followed by discussion and identification of focus areas for continued work. It may further be noted that the Nominating Committee has reviewed the report in its entirety as well as the conclusions of the Board. The Board of Directors' evaluation of the CEO Dag Bergheim Pettersen was also carried out in March 2022.

### Members' attendance at the board of directors' meetings

Hans Jacobsson	board chair	9 of 9
Staffan Hillberg	member	9 of 9
Pierre Mårtensson	member	9 of 9
Ingela Nordenhav	member	9 of 9
Anna Frick	member	5 of 5

### REMUNERATION TO BOARD MEMBERS

Remuneration and other benefits to the Board and the Board Chair are decided by the company's shareholders at the meeting of shareholders. At the Annual General Meeting on 20 May 2021, it was resolved to pay SEK 280,000 to Hans Jacobsson who was elected Board Chair and SEK 160,000 to other Board members Staffan Hillberg, Pierre Mårtensson, Ingela Nordenhav and

Anna Frick. In addition, committee fees of SEK 25,000 were paid to the Chair of the Audit Committee, Hans Jacobsson, and SEK 15,000 to a member of the Audit Committee, Ingela Nordenhav, and SEK 10,000 to the Chair of the Remuneration Committee, Hans Jacobsson, and SEK 10,000 to a member of the Remuneration Committee, Staffan Hillberg. During the 2021 financial year, total remuneration to the Board of Directors amounted to SEK 785,000 and was distributed in accordance with the table on page 60.

### Information for the board of directors

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

### THE BOARD COMMITTEE

#### Remuneration Committee

In accordance with the Code, the members of the remuneration committee must be independent in relation to the company and its management. The remuneration committee of the board of directors shall continuously evaluate the remuneration to the management based on prevailing market conditions. The current remuneration committee consists of the board chair, Hans Jacobsson, and Staffan Hillberg both of whom are considered independent in relation to the company and its management. The members of the remuneration committee are appointed annually by the board of directors. The Remuneration Committee's main tasks are to (a) prepare and propose decisions regarding remuneration and other terms of employment for the company's senior executives, (b) monitor and evaluate remuneration structures, remuneration levels and various remuneration

programmes for senior executives and (c) monitor and evaluate the outcome of variable remuneration and the company's compliance with the remuneration guidelines adopted by the meeting of shareholders. After the 2021 Annual General Meeting, the Remuneration Committee has had two meetings up to the reporting date.

#### Meetings of the Remuneration Committee

Hans Jacobsson	board chair	2 of 2
Staffan Hillberg	member	2 of 2

#### THE AUDIT COMMITTEE

Zinzino's Audit Committee consists of the Board Chair Hans Jacobsson and Ingela Nordenhav. Both members of the Audit Committee are independent in relation to the company, its management and its major shareholders. The work of the audit committee is governed by specific instructions adopted by the board of directors as part of its rules of procedure. The Audit Committee is responsible for ensuring the quality of financial reporting and the effectiveness of internal control and risk management in relation to financial reporting. In brief, without prejudice to the other responsibilities and duties of the Board of Directors, the Audit Committee shall meet with the company's auditors on an ongoing basis to obtain information on the focus and scope of the audit. The company's auditor shall be invited to attend the meetings of the audit committee. The Audit Committee shall meet at least twice per financial year. Minutes shall be kept of meetings of the audit committee. The Audit Committee shall inform the Board of Directors of what has been discussed in the committee. Up to the reporting date, the committee has held two meetings.

#### Meetings of the Audit Committee

Hans Jacobsson	board chair	2 of 2
Ingela Nordenhav	member	2 of 2

#### AUDITING

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

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

#### CEO AND BUSINESS MANAGEMENT

The board of directors appoints the CEO. The CEO leads the company, manages the ongoing administration and is responsible for ensuring that the board of directors receives the information required for its commitments. The CEO is not a member of the Board of Directors. The CEO presents reports to the Board of Directors and participates in meetings, except when the CEO himself is being evaluated, when the Board of Directors meets the auditor without the company management or if the Board of Directors so decides. The division of responsibilities between the Board of Directors and the CEO is described in a written CEO instruction that is subject to annual revision. The CEO appoints members of the management team. The management team is responsible for managing business activities and monitoring performance. At the beginning of 2021, the management team consisted of Dag Bergheim Pettersen (CEO), Fredrik Nielsen (CFO), Henrik Hammargren (HBC), Jakob Spijker (COO), Daniel Vennerstrand (CTO), Gabriele Helmer (CMO) Henrik Schultz (CPM), Lars Dahlberg (SDN) and Katriin Laanep (Head of Support). During the year, Linda Johnsson (HR) joined the management team.

#### REMUNERATION

The remuneration of the board of directors is decided by the annual meeting of shareholders. A Remuneration Committee appointed from within the Board of Directors shall prepare guidelines relating to salaries and other employment conditions for the CEO and other senior executives and submit proposals to the Board of Directors for decisions on such questions. The Board of Directors decides on the salary and other remuneration of the CEO and variable remuneration of other senior executives. The CEO will make decisions on salaries and other remuneration to other senior executives in accordance with the guidelines of the Remuneration Committee and Board of Directors. Other executives refer to nine persons who together with the CEO constitute the Group management.

### REPORT ON REMUNERATION TO THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES 2021

Remuneration and other benefits 2021	Base salary/ Board fees	Variable remuneration	Other benefits	Pension costs	Consultant fees	Total
Board Chair - Hans Jacobsson	263	-	-	-	-	263
Board Member - Staffan Hillberg	144	-	-	-	-	144
Board Member - Pierre Mårtensson	138	-	-	-	-	138
Board Member - Ingela Nordenhav	147	-	-	-	-	147
Board Member - Anna Frick*	93	-	-	-	-	93
CEO - Dag Bergheim Pettersen	2,500	1,046	111	317	-	3,974
Other senior executives (9 persons)**	8,142	613	566	1,642	-	10,963
<b>TOTAL</b>	<b>11,427</b>	<b>1,659</b>	<b>677</b>	<b>1,959</b>	<b>-</b>	<b>15,722</b>

\* not included in the full year 2021

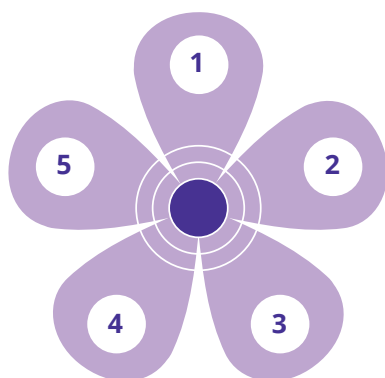
\*\* of which one not included in the full year 2021



The current guidelines for remuneration of senior executives can be found in note 8 on pages 94-95 of the 2021 Annual Report. The company's remuneration report for the financial year 2021 is published on zinzino.com as a basis for the resolution of the Annual General Meeting on 31 May 2022.

## INTERNAL CONTROL, RISK MANAGEMENT AND INVESTOR RELATIONS

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



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

### CONTROL ENVIRONMENT

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

### CONTROL ACTIVITIES

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

### RISK ASSESSMENT

The board of directors has the ultimate responsibility for the risk assessment and annually assesses risks and seeks to achieve a high level of awareness of risks among employees. Identified risk areas are primarily financial reporting, operational risks and legal risks. For information on the main operational and legal risks identified by the company, see the management report pages 50-55.

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

### INFORMATION AND COMMUNICATION

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

### FOLLOW-UP

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

### INTERNAL AUDIT

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

# BOARD OF DIRECTORS



## HANS JACOBSSON

Chair

Born: 1967

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

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

Number of shares: 280,137 Class B shares  
Independent in relation to major shareholders: Yes  
Independent in relation to the company and its management: Yes

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## STAFFAN HILLBERG

Member

Born: 1964

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

Staffan Hillberg has been a member of the company's board of directors since 2007.

Number of shares: 202,824 Class B shares  
Independent in relation to major shareholders: Yes  
Independent in relation to the company and its management: Yes

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## PIERRE MÅRTENSSON

Member

Born: 1972

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

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

Number of shares: 30,000 Class B shares  
Independent in relation to major shareholders: Yes  
Independent in relation to the company and its management: Yes





## **INGELA NORDENHAV**

Member

Born: 1972

Ingela has an engineering degree from Chalmers University of Technology and has a long career at Volvo Cars and Trucks behind her. Her most recent position was as global marketing manager at Volvo Trucks where, among other things, she was in charge of image and digitalisation development. She has previous experience in both product development, quality, sales and aftermarket. She has lived and worked abroad on two occasions, in the Netherlands and the United States. Ingela has extensive experience in global work, strategic business management and business development. She has a broad cross-functional understanding with her main expertise in customer experience, marketing and brand development. Since the beginning of the year, she has operated her own consulting company with an emphasis on strategic marketing.

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

Number of shares: 0 Class B shares

Independent in relation to major shareholders: Yes

Independent in relation to the company and its management: Yes

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## **ANNA FRICK**

Member

Born: 1968

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

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

Number of shares: 0 Class B shares

Independent in relation to major shareholders: Yes

Independent in relation to the company and its management: Yes

# GROUP MANAGEMENT



## DAG BERGHEIM PETERSEN

CEO  
Born: 1970

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

Number of shares: 1,330,376 Class B shares  
Number of warrants: 10,000



## JAKOB SPIJKER

COO Europe  
Born: 1968

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

Number of shares: 15,111 Class B shares  
Number of warrants: 10,000



## GABRIELE HELMER

CMO  
Born: 1977

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

Number of shares: 36,000 Class B shares  
Number of warrants: 10,000



## FREDRIK NIELSEN

CFO  
Born: 1977

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

Number of shares: 58,000 Class B shares  
Number of warrants: 10,000



## HENRIK HAMMARGREN

Head of Business Control  
Born: 1980

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

Number of shares: 35,000 B shares  
Number of warrants: 10,000



## KATRIIN LANEEP

Head of Support  
Born: 1973

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

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





**DANIEL VENNERSTRAND**

CTO  
Born: 1976

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

Number of shares: 27,000 Class B shares  
Number of warrants: 10,000



**HENRIK SCHULTZ**

CPO  
Born: 1961

Henrik Schultz has worked for many years in management positions for various international and commercial companies. He has a good foundation in that he has a Master of Business Administration degree and has held positions such as sales chief, marketing chief and CEO. Henrik joined Zinzino in 2007 and most recently comes from Libro Gruppen AB.

Number of shares: 74,490 Class B shares  
Number of warrants: 0



**LINDA JOHNSSON**

HR Manager  
Born: 1975

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

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



**LARS DAHLBERG**

Sales Director Nordic Region  
Born: 1967

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

Number of shares: 5,240 Class B shares  
Number of warrants: 0

# SALES MANAGEMENT



**ANDREA BLESSING**  
Sales Manager DACH  
Born: 1964

Andrea Blessing holds a Master's degree in Business Economics. He has over 30 years of experience in coaching people and teams as well as high performance business in professional sports. Andrea has worked in the field of direct sales for over 25 years both in the field and in management. He was successfully in charge of the DACH region for two companies before Zinzino. Andrea is very results-oriented but likes to have fun at the same time. He has been employed at Zinzino since 2018.

Number of shares: 2,500 Class B shares  
Number of warrants: 7,500



**STEVE MORLEY**  
Sales Director United Kingdom & Ireland  
Born: 1972

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

Number of shares: 0  
Number of warrants: 0



**TOMASZ STANISLAWSKI**  
Sales Director EEB  
Born: 1963

When Tomasz Stanislowski joined Zinzino, he brought with him over 25 years of experience in direct sales and network marketing in the field of the health wellness and consumer products. His professional career includes working for several leading companies, such as Herbalife, Vision International, PartyLite, Vemma, ForeverGreen and most recently Vabo-N. Tomasz's extensive professional experience includes development and growth of operations, sales, marketing, business development, social media and international expansion. Along with his experience in direct selling, Tomasz earned a Master's in Trade from the Warsaw School of Economics and speaks three languages: English, Russian and Polish.

Number of shares: 15,491 Class B shares  
Number of warrants: 10,000



**CARMELO D'ANZI**  
Sales Director Italy & Spain  
Born: 1956

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

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



**KIRSTEN PEARSE**  
Sales Director Africa  
Born: 1982

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

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



**ROBERT W. HORKINGS**  
COO Australia, HK China & Philippines  
Born: 1962

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

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





**KENNETH KOH**  
 Managing Director Zinzino Asia  
 Born: 1959

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

Number of shares: 0 B shares  
 Number of warrants 0



**ART JONAK**  
 President of North American Operations

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

Number of shares: 0  
 Number of warrants: 100,000



**MUKESH MALHOTRA**  
 Sales Director India  
 Born: 1973

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

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



**VALBORG GODAL VOLD**  
 MD FAUN  
 Born: 1962

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

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

# RESULTS AND FINANCIAL POSITION

Amounts in SEK thousands	Group		Parent company	
	2021	2020	2021	2020
Net sales	1,288,481	1,074,448	118,190	73,766
Total revenue	1,370,613	1,138,646	140,481	84,189
Operating profit	115,968	86,578	9,805	21,603
Net profit	89,710	66,326	68,886	45,828
Operating margin	8.5%	7.6%	7.0%	25.7%
Net margin	6.5%	5.8%	49.0%	54.4%
Return on equity	59.1%	70.1%	65.1%	64.8%
Balance sheet total	605,206	483,393	142,984	130,184
Equity	151,718	94,663	105,879	70,726
Equity/assets ratio	25.1%	19.6%	74.0%	54.3%

For full key figures, see table on page 5.

## KEY FIGURE DEFINITIONS

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

## PROPOSAL FOR THE ALLOCATION OF PROFITS (SEK)

The annual meeting has the following at its disposal:

Zinzino AB	SEK
Retained earnings	28,706,307
Profit/loss for the year	68,885,902
Total	97,592,209

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

Zinzino AB	SEK
A dividend will be paid to the shareholders of SEK 2.00 per share	67,404,556
Will be carried forward	30,187,653
Total	97,592,209

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

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





# GROUP REPORT

## COMPREHENSIVE PROFIT/LOSS

Amounts in SEK thousands	Note	Financial year	
		2021	2020
<b>Operating revenues</b>			
Net sales	5	1,288,481	1,074,448
Other operating revenues	6, 10	82,132	64,198
<b>Total</b>		<b>1,370,613</b>	<b>1,138,646</b>
<b>Operating costs</b>			
Raw materials and consumables	16	-259,303	-226,995
Trading costs		-683,790	-563,096
Other external costs	7	-154,211	-134,926
Personnel costs	8	-135,739	-105,093
Depreciation/amortisation and write-downs of tangible and intangible fixed assets	13, 14	-21,602	-21,958
<b>Total</b>		<b>-1,254,645</b>	<b>-1,052,068</b>
<b>OPERATING PROFIT</b>		<b>115,968</b>	<b>86,578</b>
Financial income	9	383	91
Financial costs	9	-1,433	-1,654
<b>Financial items - net</b>		<b>-1,050</b>	<b>-1,563</b>
<b>PROFIT/LOSS BEFORE TAX</b>		<b>114,918</b>	<b>85,015</b>
Income tax	11	-25,208	-18,689
<b>PROFIT/LOSS FOR THE YEAR</b>		<b>89,710</b>	<b>66,326</b>
<b>OTHER COMPREHENSIVE PROFIT/LOSS</b>			
<b>Items that may be reclassified to profit/loss for the year</b>			
Currency exchange differences upon conversion of foreign subsidiaries		5,029	-5,546
<b>Other comprehensive profit/loss for the year, after tax</b>		<b>5,029</b>	<b>-5,546</b>
<b>TOTAL COMPREHENSIVE PROFIT/LOSS FOR THE YEAR</b>		<b>94,739</b>	<b>60,780</b>

The notes on pages 82-109 form an integral part of these consolidated financial statements.

Profit/loss for the period attributable to:	2021	2020
Parent company shareholders	86,204	64,477
Non-controlling interest	3,506	1,849
<b>TOTAL</b>	<b>89,710</b>	<b>66,326</b>

Total comprehensive profit/loss for the period attributable to:	2021	2020
Parent company shareholders	91,233	58,931
Non-controlling interest	3,506	1,849
<b>TOTAL</b>	<b>94,739</b>	<b>60,780</b>

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

Amounts in SEK	2021	2020
Earnings per share before dilution	2.57	1.96
Earnings per share after dilution	2.46	1.88



# GROUP BALANCE SHEET

Amounts in SEK thousands	Note	31/12/2021	31/12/2020
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Goodwill	13	40,631	36,593
Other intangible assets	13	22,904	19,225
<b>Total intangible fixed assets</b>		<b>63,535</b>	<b>55,818</b>
<b>Tangible fixed assets</b>			
Equipment, tools and installations	14	11,047	6,831
<b>Total tangible fixed assets</b>		<b>11,047</b>	<b>6,831</b>
<b>Financial fixed assets</b>			
Right-of-Use Assets	15	38,063	43,553
Other long-term receivables		1,071	175
Deferred tax claims	23	4,023	3,523
<b>Total financial fixed assets</b>		<b>43,157</b>	<b>47,251</b>
<b>Total fixed assets</b>		<b>117,739</b>	<b>109,900</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b>			
Finished goods and goods for resale	16	158,657	126,948
<b>Total inventories</b>		<b>158,657</b>	<b>126,948</b>
<b>Current receivables</b>			
Accounts receivable	18	6,852	8,371
Other receivables	19	51,098	58,165
Pre-paid costs and accrued revenues	20	35,128	36,791
Cash and cash equivalents	21	235,732	143,218
<b>Total short-total receivables</b>		<b>328,810</b>	<b>246,545</b>
<b>Total current assets</b>		<b>487,467</b>	<b>373,493</b>
<b>TOTAL ASSETS</b>		<b>605,206</b>	<b>483,393</b>

# GROUP BALANCE SHEET

## CONTINUED

Amounts in SEK thousands	Note	31/12/2021	31/12/2020
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	22	3,370	3,305
Other contributed capital		35,830	27,507
Reserves		-804	-5,272
Other equity including the year's profit		104,657	61,885
<b>Equity attributable to parent company shareholders</b>		<b>143,053</b>	<b>87,425</b>
Non-controlling interest		8,665	7,238
<b>Total equity</b>		<b>151,718</b>	<b>94,663</b>
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Deferred tax liability	23	1,388	-
Other liabilities	24	4,515	5,329
Leasing liabilities	15	25,025	34,012
<b>Total long-term liabilities</b>		<b>30,928</b>	<b>39,341</b>
<b>Current liabilities</b>			
Accounts payable		44,251	54,686
Tax liabilities		16,998	12,311
Leasing liabilities	15	13,910	10,119
Other current liabilities	25	238,867	163,007
Accrued costs and deferred revenues	26	108,534	109,266
<b>Total current liabilities</b>		<b>422,560</b>	<b>349,389</b>
<b>Total liabilities</b>		<b>453,488</b>	<b>388,730</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>605,206</b>	<b>483,393</b>

The notes on pages 82-109 form an integral part of these consolidated financial statements.



# GROUP REPORT

## CHANGES IN EQUITY

Amounts in SEK thousands	Share capital	Ongoing rights issue	Other contributed capital	Conversion reserves	Retained earnings incl. profit/loss for the year	Total	Non-controlling interest	Total equity
<b>Opening balance 01/01/2020</b>	<b>3,258</b>	-	<b>12,804</b>	<b>1,434</b>	<b>15,520</b>	<b>33,017</b>	<b>7,271</b>	<b>40,287</b>
Profit/loss for the year	-	-	-	-	64,477	<b>64,477</b>	1,849	<b>66,326</b>
Other comprehensive profit/loss for the year	-	-	-	-6,707	-	<b>-6,707</b>	-	<b>-6,707</b>
<b>Transactions with shareholders</b>								
Share repurchase	-	-	-	-	-669	<b>-669</b>	-	<b>-669</b>
Change of the minority	-	-	-	-	1,882	<b>1,882</b>	-1,882	-
Rights issue	47	31	14,673	-	-	<b>14,751</b>	-	<b>14,751</b>
Issued warrants	-	-	-	-	3,662	<b>3,662</b>	-	<b>3,662</b>
Dividends	-	-	-	-	-22,987	<b>-22,987</b>	-	<b>-22,987</b>
<b>Closing balance 31/12/2020</b>	<b>3,305</b>	<b>31</b>	<b>27,477</b>	<b>-5,272</b>	<b>61,885</b>	<b>87,426</b>	<b>7,238</b>	<b>94,663</b>
<b>Opening balance 01/01/2021</b>	<b>3,305</b>	<b>31</b>	<b>27,477</b>	<b>-5,272</b>	<b>61,885</b>	<b>87,426</b>	<b>7,238</b>	<b>94,663</b>
Profit/loss for the year	-	-	-	-	86,204	<b>86,204</b>	3,506	<b>89,710</b>
Other comprehensive profit/loss for the year	-	-	-	4,468	-	<b>4,468</b>	-	<b>4,468</b>
<b>Transactions with shareholders</b>								
Share repurchase	-	-	-	-	-1,412	<b>-1,412</b>	-	<b>-1,412</b>
Change of the minority	-	-	-	-	101	<b>101</b>	-101	-
Rights issue	65	-24	8,346	-	-	<b>8,387</b>	-	<b>8,387</b>
Dividends	-	-	-	-	-42,120	<b>-42,120</b>	-1,978	<b>-44,098</b>
<b>Closing balance 31/12/2021</b>	<b>3,370</b>	<b>7</b>	<b>35,823</b>	<b>-804</b>	<b>104,658</b>	<b>143,053</b>	<b>8,665</b>	<b>151,718</b>

# GROUP REPORT

## CASH FLOW STATEMENT

Amounts in SEK thousands	Note	Financial year	
		2021	2020
<b>Cash flow from operating activities</b>			
Operating profit		115,968	86,578
Adjustment for items which are not included in the cash flow	31	15,859	24,637
Interest received		383	91
Interest paid		-1,432	-1,654
Income tax paid		-20,521	-4,314
<b>Cash flow from operating activities before changes in operating capital</b>		<b>110,257</b>	<b>105,338</b>
<b>Cash flow from changes in operating capital</b>			
Change in inventories		-31,709	-36,560
Change in operating receivables		10,252	-70,259
Change in operating liabilities		64,692	98,793
<b>Total change in operating capital</b>		<b>43,235</b>	<b>-8,026</b>
<b>Cash flow from operating activities</b>		<b>153,492</b>	<b>97,312</b>
<b>Cash flow from investment activities</b>			
Investments in intangible fixed assets		-5,836	-2,321
Investments in financial fixed assets		-2,308	-4,502
Investments in tangible fixed assets		-3,838	-2,561
<b>Cash flow from investment activities</b>		<b>-11,982</b>	<b>-9,384</b>
<b>Cash flow from financing activities</b>			
Amortisation of leasing liabilities		-15,263	-13,424
Issuance of options		-	2,140
Rights issue		8,387	12,724
Dividends		-42,120	-22,987
<b>Cash flow from financing activities</b>		<b>-48,996</b>	<b>-21,547</b>
<b>CASH FLOW FOR THE YEAR</b>		<b>92,514</b>	<b>66,381</b>
<b>Liquid assets at the start of the year</b>		<b>143,218</b>	<b>76,837</b>
<b>Liquid assets at the end of the year</b>		<b>235,732</b>	<b>143,218</b>

The notes on pages 82-109 form an integral part of these consolidated financial statements.





# PARENT COMPANY

## INCOME STATEMENT

Amounts in SEK thousands	Note	Financial year	
		2021	2020
Net sales	5	118,190	73,766
Other operating revenues	6, 10	22,291	10,423
Goods for resale and other direct costs		-103,744	-43,768
<b>Gross profit</b>		<b>36,737</b>	<b>40,421</b>
Other external costs	7	-26,326	-18,397
Depreciation/amortisation and write-downs of tangible and intangible fixed assets	13, 14	-606	-421
<b>Operating profit</b>		<b>9,805</b>	<b>21,603</b>
Net financial income/expense	9, 10	61,277	29,292
<b>Total profit/loss from financial items</b>		<b>61,277</b>	<b>29,292</b>
<b>PROFIT/LOSS BEFORE TAX</b>		<b>71,082</b>	<b>50,895</b>
Tax on the year's profit	11	-2,196	-5,067
<b>PROFIT/LOSS FOR THE YEAR</b>		<b>68,886</b>	<b>45,828</b>

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

*The notes on pages 82-109 form an integral part of these consolidated financial statements.*



# PARENT COMPANY BALANCE SHEET

Amounts in SEK thousands	Note	31/12/2021	31/12/2020
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Other intangible assets	13	4,910	1,886
<b>Total intangible fixed assets</b>		<b>4,910</b>	<b>1,886</b>
<b>Tangible fixed assets</b>			
Equipment, tools and installations	14	31	-
<b>Total intangible assets</b>		<b>31</b>	<b>-</b>
<b>Financial fixed assets</b>			
Shares in subsidiaries	12	104,318	100,009
Other long-term receivables		11	-
<b>Total financial fixed assets</b>		<b>104,329</b>	<b>100,009</b>
<b>Total fixed assets</b>		<b>109,270</b>	<b>101,895</b>
<b>CURRENT ASSETS</b>			
<b>Current receivables</b>			
Receivables from group companies		24,660	18,199
Other current receivables	19	2,252	57
Pre-paid costs and accrued revenues	20	2,331	2,942
Cash and cash equivalents	21	4,471	7,091
<b>Total short-total receivables</b>		<b>33,714</b>	<b>28,289</b>
<b>Total current assets</b>		<b>33,714</b>	<b>28,289</b>
<b>TOTAL ASSETS</b>		<b>142,984</b>	<b>130,184</b>

# PARENT COMPANY BALANCE SHEET

## CONTINUED

Amounts in SEK thousands	Note	31/12/2021	31/12/2020
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Restricted equity</b>			
Share capital	22	3,370	3,305
Ongoing rights issue		7	31
Fund for development expenditures		4,910	1,886
<b>Total restricted equity</b>		<b>8,287</b>	<b>5,222</b>
<b>Unrestricted equity</b>			
Share premium reserve		45,154	36,808
Retained earnings (including profit/loss for the year)		52,438	28,696
<b>Total unrestricted equity</b>		<b>97,592</b>	<b>65,504</b>
<b>Total equity</b>		<b>105,879</b>	<b>70,726</b>
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Liabilities to group companies		15,476	15,476
Other long-term liabilities	24	4,070	4,913
<b>Total long-term liabilities</b>		<b>19,546</b>	<b>20,389</b>
<b>Current liabilities</b>			
Accounts payable		5,570	5,122
Liabilities to group companies		2,512	22,265
Tax liabilities		1,727	5,067
Other current liabilities	25	6,332	5,744
Accrued costs and deferred revenues	26	1,418	871
<b>Total current liabilities</b>		<b>17,559</b>	<b>39,069</b>
<b>Total liabilities</b>		<b>37,105</b>	<b>59,458</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>142,984</b>	<b>130,184</b>



# PARENT COMPANY REPORT

## CHANGES IN EQUITY

Amounts in SEK thousands	Restricted equity			Unrestricted equity		Total equity
	Share capital	Ongoing rights issue	Fund for development expenditures	Share premi- um reserve	Retained earnings incl. profit/loss for the year	
<b>Opening balance 01/01/2020</b>	<b>3,258</b>	<b>-</b>	<b>1,129</b>	<b>22,138</b>	<b>2,734</b>	<b>29,260</b>
Profit/loss for the year	-	-	-	-	45,828	<b>45,828</b>
Internally generated intangible assets	-	-	757	-	-757	-
Rights issue	47	31	-	14,670	-	<b>14,748</b>
Issued warrants	-	-	-	-	3,878	<b>3,878</b>
Dividends	-	-	-	-	-22,987	<b>-22,987</b>
<b>Closing balance 31/12/2020</b>	<b>3,305</b>	<b>31</b>	<b>1,886</b>	<b>36,808</b>	<b>28,696</b>	<b>70,726</b>
<b>Opening balance 01/01/2021</b>	<b>3,305</b>	<b>31</b>	<b>1,886</b>	<b>36,808</b>	<b>28,696</b>	<b>70,726</b>
Profit/loss for the year	-	-	-	-	68,886	<b>68,886</b>
Internally generated intangible assets	-	-	3,024	-	-3,024	-
Rights issue	65	-24	-	8,346	-	<b>8,387</b>
Dividends	-	-	-	-	-42,120	<b>-42,120</b>
<b>Closing balance 31/12/2021</b>	<b>3,370</b>	<b>7</b>	<b>4,910</b>	<b>45,154</b>	<b>52,438</b>	<b>105,879</b>

# PARENT COMPANY REPORT

## CASH FLOW STATEMENT

Amounts in SEK thousands	Note	Financial year	
		2021	2020
<b>Cash flow from operating activities</b>			
Operating profit		9,805	21,603
Adjustment for items which are not included in the cash flow	31	-723	-529
Interest received		565	23
Interest paid		-3	-2
Income tax paid		-5,536	-
<b>Cash flow from operating activities before changes in operating capital</b>		<b>4,108</b>	<b>21,095</b>
<b>Cash flow from changes in operating capital</b>			
Change in current receivables		-46	-2,029
Change in current liabilities		32,282	2,523
<b>Total change in operating capital</b>		<b>32,236</b>	<b>494</b>
<b>Cash flow from operating activities</b>		<b>36,344</b>	<b>21,589</b>
<b>Cash flow from investment activities</b>			
Investments in intangible fixed assets		-3,107	-1,179
Investments in financial fixed assets		-4,321	-5,237
Investments in tangible fixed assets		-38	-
<b>Cash flow from investment activities</b>		<b>-7,466</b>	<b>-6,416</b>
<b>Cash flow from financing activities</b>			
Issuance of options		-	8
Rights issue		8,387	12,724
Dividends received from Group companies		2,235	-
Dividend paid to the parent company's shareholders		-42,120	-22,987
<b>Cash flow from financing activities</b>		<b>-31,498</b>	<b>-10,255</b>
<b>CASH FLOW FOR THE YEAR</b>		<b>-2,620</b>	<b>4,918</b>
<b>Liquid assets at the start of the year</b>		<b>7,091</b>	<b>2,173</b>
<b>Liquid assets at the end of the year</b>		<b>4,471</b>	<b>7,091</b>





# NOTES

## NOTE 1 GENERAL INFORMATION

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Zinzino AB (publ) organisation no. 556733-1045 is a parent company registered in Sweden and based in Gothenburg with the address Hulda Mellgrens Gata 5, 421 32 Västra Frölunda, Sweden.

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

## NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING PRINCIPLES

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

### NOTE 2.1

#### Basis for preparation of the report

The consolidated financial statements for Zinzino have been prepared in accordance with the Annual Accounts Act, RFR 1 Supplementary accounting rules for groups, and International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRS IC) as adopted by the EU.

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

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

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

At the same time as making the transition to accounting in accordance with IFRS in the consolidated financial statements, the parent company has made a transition to apply RFR 2. The transition from previously applied accounting principles to RFR 2 has not had any effects on the income statement and balance sheet, equity or cash flow for the parent company.

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

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

#### Items affecting comparability

Items affecting comparability are reported separately in the financial statements when this is necessary to explain the group's results. "Items affecting comparability" means significant revenue or expense items that are reported separately due to the significance of their nature or amount.

The parent company applies different accounting principles to the Group in the cases specified below:

#### Formats

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

#### Shares in subsidiaries

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

#### Financial instruments

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

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



### **NOTE 2.1.1**

#### **New and amended standards and interpretations that have entered into force in 2021 and 2022 and those that have been published but have not yet entered into force**

No new standards have entered into force in 2021 and no future standards are expected in 2022. During the year, IFRS IC clarified its interpretations of the definitions in IAS 38 Intangible Assets for the "cloud computing arrangement costs" i.e. costs for configuration or customisation of software in a cloud-based solution. The Group has reviewed the capitalised intangible assets based on these interpretations and concluded that there is no material impact on the financial statements. For future investments and capitalisations, the Group will continue to evaluate based on these interpretations and ensure that the Group will have control over the capitalised assets.

Changes in other applicable standards are currently not considered to have a material impact on the Group's financial statements.

### **NOTE 2.2**

#### **Consolidated financial statements**

##### **NOTE 2.2.1**

#### **Basic accounting principles**

##### **Subsidiaries**

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

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

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

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

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

### **NOTE 2.3**

#### **Segment reporting**

A business segment is part of a company which carries out business activities from which it can obtain revenue and incur costs, the contribution of which is regularly reviewed by the company's highest executive decision-maker, and for which there is independent financial information. The company's reporting of business segments is in line with the internal reporting to the highest executive decision-maker. The highest executive decision-maker is the position that assesses the earnings of the business segment and decides on the allocation of resources. The CEO is the highest executive decision-maker together with the Group CFO and the controller manager.

Together they form the strategic steering group of Zinzino. The strategic steering group assesses the operations based on the two business segments Zinzino and Faun. The steering group mainly uses adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) to assess the business segment profit/loss.

### **NOTE 2.4**

#### **Translation of foreign currency**

##### **NOTE 2.4.1**

#### **Functional currency and reporting currency**

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

##### **NOTE 2.4.2**

#### **Transactions and balance sheet items**

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

##### **NOTE 2.4.3**

#### **Translation of foreign group companies**

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

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

## NOTE 2.5

### Revenue recognition

The Group's principles for reporting income from contracts with customers are shown below.

#### NOTE 2.5.1

##### Sales of goods

The group manufactures and sells goods within the two business segments Zinzino and Faun. Zinzino is the main business of the Group which in turn has two product areas: Zinzino Health with the product groups Balance, Weight control, Immune Supplements and Skin Care as well as Beverages in which Zinzino's coffee products are included.

The business segment Zinzino also includes other revenues that are consistent with the sales above and comprise freight revenues, event revenues and reminder fees. All sales within the business segment Zinzino are made via direct sales. This means that Zinzino does not have any dealers or intermediaries but sells directly to the end customer. Sales are also made to the Group's independent distributors according to the same model.

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

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

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

#### NOTE 2.5.2

##### Interest revenues

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

#### NOTE 2.6

##### Leasing

The group leases premises, vehicles, product equipment, telephone switchboard and office supplies. The leases are reported as rights of use and an equivalent liability on the date on which the leased asset is available for use by the group.

Each leasing payment is divided between the amortisation of the debt and the financial cost. The financial cost must be distributed over the leasing period so that each accounting period is charged with an amount equal to a fixed interest rate for the liability in each period. The right of use is depreciated on a linear basis over the shorter of the asset's useful life and the duration of the lease.

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

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

- fixed fees
- variable leasing fees based on an index

Lease payments are discounted at the marginal loan rate of 2.75%.

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

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

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

##### Options to renew or terminate leases

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

#### NOTE 2.7

##### Employee benefits

###### NOTE 2.7.1

##### Current benefits

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

###### NOTE 2.7.2

##### Post-employment benefits

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



## **NOTE 2.8**

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

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

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

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

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

## **NOTE 2.9**

### **Intangible assets**

#### **NOTE 2.9.1**

##### **Goodwill**

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

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

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

#### **NOTE 2.9.2**

##### **Other intangible assets**

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

##### **Capitalised expenditure for development work**

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

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

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

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

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

##### **Patents**

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

##### **Software**

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

##### **Licences**

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

### **Useful lives of the group's intangible assets**

Capitalised expenditure for development work 3-5 years  
Patent 5 years  
Software 3-5 years  
Licences 10 years

#### **NOTE 2.10**

##### **Tangible fixed assets**

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

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

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

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

Equipment, tools and installations 5 years

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

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

Gains and losses on the disposal of an item of a tangible fixed asset are determined by comparing the sales revenue and the carrying amount and are recognised in the items "Other operating revenues" and "Other operating costs" in the statement of comprehensive income.

#### **NOTE 2.11**

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

Intangible assets that have an indefinite useful life (goodwill) or intangible assets that are not ready for use (capitalised expenditure for development work) are not amortised but are tested annually for the need for any write-downs. Assets that are amortised are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A write-down is done by the amount that the asset's carrying value exceeds its recoverable value. The recoverable value is the higher of the asset's fair value less the selling costs and its value in use. When assessing the need for write-downs, assets are grouped at the lowest levels where there are essentially independent cash flows (cash-generating entities). For assets (other than goodwill) that have previously been written down at every balance sheet date, there should be a review of whether a reversal should be made.

#### **NOTE 2.12**

##### **Financial instruments**

#### **NOTE 2.12.1**

##### **Initial recognition**

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

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

#### **NOTE 2.12.2**

##### **Classification**

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

##### **Financial assets at amortised cost**

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

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

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

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

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

#### **NOTE 2.12.3**

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

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

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

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

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



cash or liabilities that have been assumed are reported in the statement of comprehensive profit/loss.

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

#### **NOTE 2.12.4**

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

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

#### **NOTE 2.12.5**

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

Assets recognised at amortised acquisition value The group assesses the future expected loan losses that are linked to assets recognised at amortised acquisition value. The group reports a credit reserve for such expected credit losses at each reporting date. For account receivables, the group applies the simplified approach to the credit reserve, i.e. the reserve will correspond to the expected loss over the entire life of the account receivable. To measure the expected credit losses, account receivables have been grouped based on allocated credit risk properties and overdue days. The group uses forward-looking variables for expected loan losses. Expected credit losses are reported in the group's statement of comprehensive profit/loss in the item "Other external expenses".

#### **NOTE 2.13**

##### **Inventories**

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

#### **NOTE 2.14**

##### **Accounts receivable**

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

#### **NOTE 2.15**

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

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

#### **NOTE 2.16**

##### **Share capital**

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

#### **NOTE 2.17**

##### **Accounts payable**

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

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

#### **NOTE 2.18**

##### **Cash flow analysis**

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

#### **NOTE 2.19**

##### **Earnings per share**

(i) Earnings per share before dilution

Earnings per share before dilution are calculated by dividing:

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

(ii) Earnings per share after dilution

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

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

#### **NOTE 2.20**

##### **Dividends**

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

# NOTE 3

## FINANCIAL RISK MANAGEMENT

### FINANCIAL RISK MANAGEMENT

#### Financial risk factors

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

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

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

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

Responsibility for managing the group's financial transactions and risks is centralised in Zinzino Nordic and the parent company.

#### (a) Market risk

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

#### Transaction exposure

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

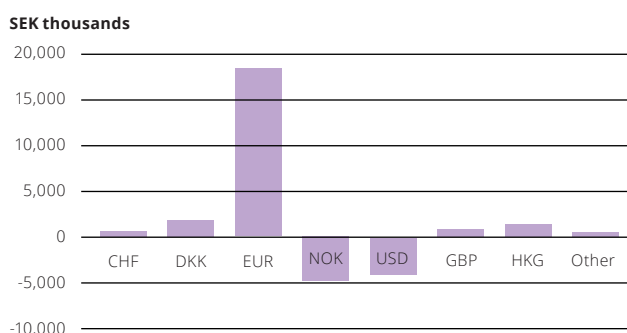
Net currency flows SEK thousands	2021	2020
CHF	11,753	12,065
DKK	33,931	38,504
EUR	273,657	291,219
NOK	-92,490	-121,038
USD	-76,643	-74,827
GBP	15,777	9,197
HKD	26,521	1,833
Other	10,146	18,156

If the Swedish krona had weakened/strengthened by 5% in relation to other currencies, with all other variables constant, the recalculated profit before tax for the financial year 2021 would have been SEK 10,132 (8,755) thousand lower/higher as a result of the Group's net flows in foreign currency. No hedging of net flows occurs.

#### Translation exposure

The consolidated financial statements are also affected by translation effects when translating assets and liabilities in foreign currency at the closing date. In 2021, these translation effects did not have any significant impact on the Group's earnings.

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



**(b) Credit risk**

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

**(c) Liquidity risk**

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

**(d) Refinancing risk**

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

<b>As of 31 December 2021</b>	<b>Less than 3 months</b>	<b>Between 3 months and 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>More than 5 years</b>	<b>Reported value</b>	<b>Contractual cash flows</b>
<b>Financial liabilities</b>							
Leasing liabilities	70	3,354	764	34,747	-	38,935	40,538
Accounts payable	44,251	-	-	-	-	44,251	44,251
Other liabilities	202,008	6,332	2,035	2,035	-	212,410	212,410
Accrued costs	21,500	-	-	-	-	21,500	21,500
<b>Total</b>	<b>267,829</b>	<b>9,686</b>	<b>2,779</b>	<b>36,782</b>	<b>-</b>	<b>317,097</b>	<b>316,317</b>

<b>As of 31 December 2020</b>	<b>Less than 3 months</b>	<b>Between 3 months and 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>More than 5 years</b>	<b>Reported value</b>	<b>Contractual cash flows</b>
<b>Financial liabilities</b>							
Leasing liabilities	-	1,319	7,052	35,760	-	44,131	48,903
Accounts payable	54,686	-	-	-	-	54,686	54,686
Other liabilities	139,218	4,504	2,457	2,457	-	148,636	148,636
Accrued costs	24,441	-	-	-	-	24,441	24,441
<b>Total</b>	<b>218,345</b>	<b>5,823</b>	<b>9,509</b>	<b>38,216</b>	<b>-</b>	<b>271,894</b>	<b>276,666</b>



# NOTE 4

## SEGMENT INFORMATION

### Description of segments and main activities

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

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

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

The second segment refers to the Norwegian production unit Faun Pharma AS, known as "Faun", which carries out production and sales to external customers not under Zinzino's standard sales concept. Sales from Faun comprise exclusively contract production of food supplements to different customers. The largest external customers include Life and Proteinfabrikken AS. In Q3 and Q4 2020, the VMA Life segment included sales from the operations in Singapore, Malaysia, Taiwan and Thailand that were added in connection with the acquisition of VMA Life. In 2021, sales in these countries were included in the Zinzino segment. The comparative figures for 2020 have been recalculated in accordance with the updated segment structure and VMA Life has been allocated to the Zinzino segment.

### Segment revenues and earnings

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

- Zinzino
- Faun Pharma AS

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

Jan-Dec 2021	Zinzino	Faun	Group elimination	Total Group
Net sales	1,227,344	161,604	-100,467	<b>1,288,481</b>
Other revenue	79,216	1,419	-	<b>80,635</b>
Own work capitalised	1,497	-	-	<b>1,497</b>
Goods for resale and other direct costs	-931,838	-111,722	100,467	<b>-943,093</b>
<b>Gross profit</b>	<b>376,219</b>	<b>51,301</b>	-	<b>427,520</b>
External operating expenses	-146,323	-7,888	-	<b>-154,211</b>
Personnel costs	-108,724	-27,015	-	<b>-135,739</b>
<b>EBITDA</b>	<b>121,172</b>	<b>16,398</b>	-	<b>137,570</b>
Depreciation/amortisation	-16,506	-5,096	-	<b>-21,602</b>
<b>Operating profit</b>	<b>104,666</b>	<b>11,302</b>	-	<b>115,968</b>

Jan-Dec 2020	Zinzino	Faun	Group elimination	Total Group
Net sales	1,014,525	149,685	-89,762	<b>1,074,448</b>
Other revenue	63,707	-	-	<b>63,707</b>
Own work capitalised	490	-	-	<b>490</b>
Goods for resale and other direct costs	-775,225	-104,627	89,762	<b>-790,090</b>
<b>Gross profit</b>	<b>303,497</b>	<b>45,058</b>	-	<b>348,555</b>
External operating expenses	-128,031	-6,895	-	<b>-134,926</b>
Personnel costs	-80,659	-24,434	-	<b>-105,093</b>
<b>EBITDA</b>	<b>94,807</b>	<b>13,729</b>	-	<b>108,536</b>
Depreciation/amortisation	-17,082	-4,876	-	<b>-21,958</b>
<b>Operating profit</b>	<b>77,725</b>	<b>8,853</b>	-	<b>86,578</b>

## NOTE 5 NET SALES

Net sales are broken down by country, based on where the customers are located. Net sales are also broken down by product area. Sales are recognised as revenue when control of the goods is transferred, which occurs when the risk is transferred according to the applicable delivery terms. All contracts have an original expected term of no more than one year. The company's contractual receivables are specified in Note 20 and amount to SEK 22,266 (23,256) thousand. The company's contractual liabilities are specified in Note 26 and amount to SEK 45,626 (48,838) thousand.

Breakdown of net sales by country	Group		Parent company	
	2021	2020	2021	2020
Norway	145,132	138,136	832	-
Sweden	127,286	136,149	69,101	51,677
Germany	127,128	107,019	-	-
Hungary	121,118	128,692	6,770	2,479
Czech Republic	92,322	59,275	9,264	4,156
Denmark	75,328	79,541	-	-
Other countries	600,166	425,636	32,223	15,454
<b>TOTAL</b>	<b>1,288,481</b>	<b>1,074,448</b>	<b>118,190</b>	<b>73,766</b>

Breakdown of net sales by product area	Group		Parent company	
	2021	2020	2021	2020
Health	1,197,856	981,389	27,047	11,913
Coffee	25,168	30,762	-	-
Faun	61,137	59,923	-	-
Events and other services	4,320	2,374	91,143	61,853
<b>TOTAL</b>	<b>1,288,481</b>	<b>1,074,448</b>	<b>118,190</b>	<b>73,766</b>

## NOTE 6 OTHER OPERATING REVENUES

Other operating revenues	Group		Parent company	
	2021	2020	2021	2020
Freight revenue	67,005	58,815	21,362	9,969
Service and reminder fees	2,798	2,785	4	4
Reimbursement of establishment costs Australia	-	450	-	450
Capitalisation own work	1,497	490	-	-
Currency exchange rate profits	6,357	-	721	-
Other revenue	4,475	1,658	204	-
<b>TOTAL</b>	<b>82,132</b>	<b>64,198</b>	<b>22,291</b>	<b>10,423</b>

## NOTE 7 REMUNERATION TO AUDITORS

Remuneration to auditors	Group		Parent company	
	2021	2020	2021	2020
<b>Öhrlings PricewaterhouseCoopers AB</b>				
Audit assignment	1,405	1,820	772	971
Other services	35	150	35	150
<b>Other audit firms</b>	153	73	-	-
<b>TOTAL</b>	<b>1,593</b>	<b>2,043</b>	<b>807</b>	<b>1,121</b>

# NOTE 8

## EMPLOYEE BENEFITS

Employee benefits	Group		Parent company	
	2021	2020	2021	2020
Salaries and other remuneration	99,905	81,371	-	-
Social security contributions	25,098	16,734	-	-
Pension costs - defined contribution plans	7,882	4,831	-	-
<b>TOTAL</b>	<b>132,885</b>	<b>102,936</b>	<b>-</b>	<b>-</b>

Salaries and other remuneration as well as social security contributions	2021			2020		
	Salaries and other remuneration	Social security costs (of which pension costs)		Salaries and other remuneration	Social security costs (of which pension costs)	
<i>Parent company</i>						
Board members, CEOs and other senior executives	-	-	-	-	-	-
Other employees	-	-	-	-	-	-
<i>Group companies</i>						
Board members, CEOs and other senior executives	13,626	5,605	(1,958)	10,861	4,496	(1,638)
Of which bonuses	1,578	316	-	1,565	319	-
Other employees	86,279	27,374	(5,924)	70,510	17,069	(3,193)
<b>GROUP TOTAL</b>	<b>99,905</b>	<b>32,980</b>	<b>(7,882)</b>	<b>81,371</b>	<b>21,565</b>	<b>(4,831)</b>

Average number of employees by geographical breakdown per country	2021		2020	
	Average number	Of which men	Average number	Of which men
<i>Parent company</i>				
Sweden	-	-	-	-
<i>Group companies</i>				
Sweden	129	40	106	29
Norway	44	23	47	26
Finland	3	-	2	-
Latvia	5	2	6	3
Germany	1	1	1	1
England	1	1	1	1
USA	4	-	4	-
India	2	2	1	1
Malaysia	11	6	10	5
Singapore	3	2	4	2
Hong Kong	1	1	1	1
Taiwan	3	1	2	1
Australia	3	1	2	1
Thailand	2	1	-	-
<b>GROUP TOTAL</b>	<b>212</b>	<b>81</b>	<b>187</b>	<b>71</b>

Employees in Sweden receive their salaries paid through the subsidiary Zinzino Nordic AB.



Gender distribution in the group (including subsidiaries) for board members and other senior executives	2021		2020	
	Number on the balance sheet date	Of which men	Number on the balance sheet date	Of which men
<i>Parent company</i>				
Members of the board of directors	5	3	4	3
CEOs and other senior executives	10	7	8	6
<b>TOTAL</b>	<b>15</b>	<b>10</b>	<b>12</b>	<b>9</b>
<i>Group companies</i>				
Members of the board of directors	62	56	62	56
CEOs and other senior executives	16	12	15	11
<b>TOTAL</b>	<b>78</b>	<b>68</b>	<b>77</b>	<b>67</b>

Remuneration and other benefits 2021	Base salary/ Board fees	Variable remuneration	Other benefits	Pension costs	Consultant fees	Total
Board Chair - Hans Jacobsson	263	-	-	-	-	263
Board Member - Staffan Hillberg	144	-	-	-	-	144
Board Member - Pierre Mårtensson	138	-	-	-	-	138
Board Member - Ingela Nordenhav	147	-	-	-	-	147
Board Member - Anna Frick*	93	-	-	-	-	93
CEO - Dag Bergheim Pettersen	2,500	1,046	111	317	-	3,974
Other senior executives (9 persons)**	8,142	613	566	1,642	-	10,963
<b>TOTAL</b>	<b>11,427</b>	<b>1,659</b>	<b>677</b>	<b>1,959</b>	<b>-</b>	<b>15,722</b>

\* not included in the full year 2021

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

Remuneration and other benefits 2020	Base salary/ Board fees	Variable remuneration	Other benefits	Pension costs	Consultant fees	Total
Board Chair Hans Jacobsson	190	-	-	-	-	190
Board Member Staffan Hillberg	108	-	-	-	-	108
Board Member Pierre Mårtensson	108	-	-	-	-	108
Board Member Ingela Nordenhav	108	-	-	-	-	108
CEO Dag Bergheim Pettersen	2,096	995	112	340	-	3,543
Other senior executives (7 persons)	6,210	570	413	1,298	-	8,491
<b>TOTAL</b>	<b>8,820</b>	<b>1,565</b>	<b>525</b>	<b>1,638</b>	<b>-</b>	<b>12,548</b>

Other benefits include company cars, urban tolls and fuel.

## **CURRENT GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES AS FOLLOWS:**

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

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

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

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

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

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

### **Fixed remuneration**

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

### **Variable remuneration**

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

### **Annual variable remuneration**

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

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

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

Zinzino is actively engaged in ensuring that the company is managed in the most sustainable, responsible and efficient manner possible and that applicable laws and regulations are complied with. Zinzino also applies internal rules that include a Code of Conduct and various group-wide governance documents (policies, instructions and guidelines) in a number of areas. Variable remuneration shall not be paid and variable remuneration shall be recoverable if senior executives have acted in violation of these rules, principles or the company's Code of Conduct. No variable remuneration shall be paid if profits before tax are negative. The board of directors shall have the possibility, by law or contract, to recover all or part of any variable remuneration paid on an incorrect basis.

### **Other variable remuneration**

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

### **Pension and health insurance**

Pension rights for the CEO shall apply from the age of 65. Pension premiums for the CEO shall not exceed 30% of the fixed base salary and shall be a defined contribution. Variable cash remuneration shall not be pensionable. For other senior executives, the retirement age is also 65 years. The pension agreement stipulates that the pension premium shall amount to a maximum

of 30% of the pensionable salary and be a defined contribution according to ITP2. No pension commitments have been made for Board members who do not have permanent employment in any Group company.

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

#### **Other benefits**

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

#### **Terms of termination**

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

#### **Salary and employment terms for employees**

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

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

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

#### **Derogation from the guidelines**

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

#### **Other**

The guidelines provide for a level of remuneration that is broadly consistent with the 2021 financial year.

Details of remuneration etc. to senior executives in the 2021 financial year are shown on page 93 (part of Note 8 to the 2021 Annual Report), including any previously approved remuneration that has not yet become payable.



## NOTE 9 FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income and financial expenses	Group		Parent company	
	2021	2020	2021	2020
Interest revenues	383	91	566	23
Interest expenses for leasing liabilities and other financial expenses	-1,433	-1,654	-2	-2
Currency fluctuations	-	-	-	1,275
Dividend Group companies	-	-	2,261	-
Anticipated dividend group companies	-	-	58,452	27,996
<b>TOTAL</b>	<b>-1,050</b>	<b>-1,563</b>	<b>61,277</b>	<b>29,292</b>

## NOTE 10 EXCHANGE RATE DIFFERENCES - NET

Exchange rate differences have been reported in the statement of comprehensive profit/loss as follows:	Note	Group		Parent company	
		2021	2020	2021	2020
Other operating revenues	6	6,357	-	721	-
Financial items - net	9	-	-	-	1,275
External costs		-	4,904	-	-
<b>TOTAL</b>		<b>6,357</b>	<b>4,904</b>	<b>721</b>	<b>1,275</b>

# NOTE 11 INCOME TAX

	Note	Group		Parent company	
		2021	2020	2021	2020
<b>Current tax</b>					
Current tax on profit for the year		-24,485	-14,776	-2,196	-5,067
Adjustments for previous years		-103	-304	-	-
<b>TOTAL CURRENT TAX</b>		<b>-24,588</b>	<b>-15,080</b>	<b>-2,196</b>	<b>-5,067</b>
<b>Deferred tax</b>					
	24				
Origination and reversal of temporary differences		-620	-3,609	-	-
<b>TOTAL DEFERRED TAX</b>		<b>-620</b>	<b>-3,609</b>	<b>-</b>	<b>-</b>
<b>TOTAL INCOME TAX</b>		<b>-25,208</b>	<b>-18,689</b>	<b>-2,196</b>	<b>-5,067</b>

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

	Group		Parent company		
	2021	2020	2021	2020	
<b>Profit/loss before tax</b>	114,918	85,015	71,081	50,895	
Income tax calculated according to tax rate in Sweden (2021: 20.6%, 2020: 21.4%)	-23,673	-18,193	-14,643	-10,892	
<i>Tax effects of:</i>					
Effect of non-valued loss carryforwards	-	590	-	-	
Tax attributable to previous years	-103	-305	-	-	
Tax expense of acquired companies	-	-141	-	-	
Non-taxable revenue	-	-	12,507	5,991	
Non-deductible expenses	-1,136	-400	-60	-166	
Effect of foreign tax rates	-310	-104	-	-	
Other	14	-136	-	-	
<b>INCOME TAX</b>	<b>-25,208</b>	<b>-18,689</b>	<b>-2,196</b>	<b>-5,067</b>	

The weighted average tax rate for the group was 22% (22%). In 2018, it was decided that the corporate tax rate in Sweden should be reduced in two steps. The corporate tax rate was lowered from 22.0 percent to 21.4 percent for the financial year beginning 1 January 2019 or later. In the next step, the corporate tax rate was lowered to 20.6 percent from the financial year beginning 1 January 2021.

# NOTE 12 INVESTMENTS IN SUBSIDIARIES

The Group had the following subsidiaries on 31 December 2021

Name of subsidiary	Share in %	Share of voting rights in %	Org. No.	Headquarters	Book value	
					31/12/2021	31/12/2020
Zinzino Nordic AB	93%	98%	556646-5893	Gothenburg	22,888	21,476
Zinzino OÜ	100%	100%	12057494	Tallinn	-	-
Zinzino UAB	100%	100%	302606327	Vilnius	26	26
Zinzino SIA	100%	100%	40103529390	Riga	25	25
Zinzino Ehf	100%	100%	580511-0660	Reykjavik	28	28
Zinzino LLC	100%	100%	90-0992153	Jupiter, FL	-	-
Zinzino B.V.	100%	100%	854221712	The Hague	-	-
Zinzino Sp z o. o.	100%	100%	701-04-26-537	Warsaw	8	8
Faun Pharma AS	99%	99%	883370112	Vestby	11,653	11,653
BioActive Foods AS	100%	100%	996740498	Vestby	50,203	50,203
Zinzino Canada Corp	100%	100%	817988520BC0001	Vancouver, BC	-	-
Zinzino GmbH	100%	100%	127/143/40172	Linau am Bodensee	233	233
Zinzino Direct Sales S.R.L.	100%	100%	RO38081630	Bucharest	-	-
Zinzino Italia S.R.L.	100%	100%	PT-194277	Pistoia	104	104
Zinzino India	100%	100%	U74999DL2018FTC341732	New Delhi	2,967	70
Zinzino Operations AB	100%	100%	556655-2658	Gothenburg	83	83
Zinzino UK Ltd	100%	100%	08601642	Milton Keynes	46	46
Zinzino Pty Ltd	100%	100%	ABN40627905935	Adelaide	-	-
Zinzino Hong Kong Ltd	100%	100%	65356238-000-10-19-8	Hong Kong	100	100
Zinzino Singapore Pte Ltd	100%	100%	200710391K	Singapore	100	100
Zinzino Malyasia SDN BHD	100%	100%	713201-U	Kuala Lumpor	14,957	14,957
Zinzino Thailand CO. Ltd	100%	100%	3108314	Bangkok	777	777
Zinzino Gida	100%	100%	9991133338	Istanbul	120	120
Zinzino LLC	100%	100%	43124037	Kiev	-	-
Zinzino 3NH3NHO	100%	100%	7728467918	Moscow	-	-
Zinzino SA PTY LTD	100%	100%	2020/058004/07	Gauteng	-	-
<b>Total</b>					<b>104,318</b>	<b>100,009</b>

Subsidiaries wholly owned by Zinzino Nordic AB

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



# NOTE 13

## INTANGIBLE FIXED ASSETS

Goodwill	Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
<b>Opening acquisition value</b>	<b>36,593</b>	<b>33,513</b>	-	-
Acquisitions during the year	-	8,958	-	-
Conversion differences	4,038	-5,878	-	-
<b>Closing accumulated acquisitions</b>	<b>40,631</b>	<b>36,593</b>	-	-
<b>Closing carrying value</b>	<b>40,631</b>	<b>36,593</b>	-	-

Software	Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
<b>Opening acquisition value</b>	<b>38,260</b>	<b>36,627</b>	-	-
Acquisitions during the year	8,011	1,633	3,369	-
<b>Closing accumulated acquisitions</b>	<b>46,271</b>	<b>38,260</b>	<b>3,369</b>	-
<b>Opening depreciation and amortisation</b>	<b>-27,749</b>	<b>-21,292</b>	-	-
The year's depreciation	-3,559	-6,457	-	-
<b>Closing accumulated depreciation</b>	<b>-31,308</b>	<b>-27,749</b>	-	-
<b>Closing carrying value</b>	<b>14,963</b>	<b>10,511</b>	<b>3,369</b>	-

Other intangible assets	Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
<b>Opening acquisition value</b>	<b>13,170</b>	<b>4,807</b>	<b>2,860</b>	<b>1,682</b>
Acquisitions during the year	255	8,978	255	1,178
Conversion differences	325	-615	-	-
<b>Closing accumulated acquisitions</b>	<b>13,750</b>	<b>13,170</b>	<b>3,115</b>	<b>2,860</b>
<b>Opening depreciation and amortisation</b>	<b>-4,456</b>	<b>-3,173</b>	<b>-974</b>	<b>-553</b>
The year's depreciation	-1,353	-1,283	-600	-421
<b>Closing accumulated depreciation</b>	<b>-5,809</b>	<b>-4,456</b>	<b>-1,574</b>	<b>-974</b>
<b>Closing carrying value</b>	<b>7,941</b>	<b>8,714</b>	<b>1,541</b>	<b>1,886</b>

The closing recognised value of goodwill relates to SEK 32,011 thousand for Norway and SEK 8,620 thousand for the countries added in connection with the acquisition of VMA Life in 2020.

### Impairment testing for goodwill

The CEO monitors goodwill at the group level. The company has made the assessment that the Group's goodwill is allocated in the amount of SEK 33,731 thousand to the Zinzino business segment and in the amount of SEK 6,900 thousand to the Faun business segment.

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

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

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

	31/12/2021	31/12/2020
Pre-tax discount rate*	11.5%	11.2%
Long-term growth rate**	2%	2%

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

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

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

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

#### Sensitivity analysis for goodwill:

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

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

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

A change of these two assumptions, individually, by 1 respectively 5 percentage points would not result in any impairment.

## NOTE 14 TANGIBLE FIXED ASSETS

Equipment, tools and installations	Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
<b>Opening acquisition value</b>	<b>11,492</b>	<b>9,973</b>	-	-
Acquisitions during the year	6,257	2,482	38	-
Disposals for the year	-643	-963	-	-
<b>Closing accumulated acquisitions</b>	<b>17,106</b>	<b>11,492</b>	<b>38</b>	-
<b>Opening depreciation and amortisation</b>	<b>-4,661</b>	<b>-4,022</b>	-	-
The year's depreciation	-2,041	-1,602	-7	-
Disposals for the year	643	963	-	-
<b>Closing accumulated depreciation</b>	<b>-6,059</b>	<b>-4,661</b>	<b>-7</b>	-
<b>Closing carrying value</b>	<b>11,047</b>	<b>6,831</b>	<b>31</b>	-

The tangible fixed assets in the group are found in Zinzino Nordic, Faun Pharma, BioActive Foods and Zinzino LLC. Of the tangible fixed assets, SEK 3,207 thousand are from Sweden, SEK 7,558 thousand are from Norway and SEK 282 thousand are from other countries.



# NOTE 15 LEASING

Lease liabilities attributable to leases previously classified as operating leases are recognised in accordance with IFRS 16 from 2019. These liabilities have been valued at the present value of future minimum lease payments. When calculating, the lessee's marginal lending rate has averaged 2.75%.

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

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

## Reported amounts in the balance sheet

The following amounts related to leases are reported in the balance sheet broken down by premises, vehicles and other. Of the total value, SEK 10,472 thousand is derived from Sweden, SEK 13,222 thousand from Norway, SEK 4,666 thousand from the United States and the remainder from the Group's other countries.

Assets with right of use	31/12/2021	31/12/2020
Premises	36,095	40,836
Vehicles	820	1,304
Other	1,148	1,413
<b>TOTAL</b>	<b>38,063</b>	<b>43,553</b>

Leasing liabilities	31/12/2021	31/12/2020
Long term	25,025	34,012
Current	13,910	10,119
<b>TOTAL</b>	<b>38,935</b>	<b>44,131</b>

Leases added and renewed in 2021 have a value of SEK 7,478 thousand, of which SEK 6,914 thousand in the premises category, SEK 343 thousand in the vehicles category and SEK 221 thousand in the other category.

## Reported amounts in the income statement

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

Depreciation on rights of use	31/12/2021	31/12/2020
Premises	13,298	10,780
Vehicles	835	726
Other	503	1,210
<b>TOTAL</b>	<b>14,636</b>	<b>12,716</b>

Interest costs	31/12/2021	31/12/2020
Interest expenses (included in financial expenses)	1,239	1,248

Short-term or low-value leases	31/12/2021	31/12/2020
Expenses attributable to short-term leases (included in external costs)	236	236
Expenses attributable to leases for which the underlying asset is of low value that are not short-term leases (included in external costs)	36	25

No significant variable lease payments that are not included in the leasing liability have been identified. The total cash flow for leases was SEK 16,774 (14,933) thousand.

## NOTE 16 INVENTORIES

The cost of inventories recognised as expense is included in the item raw materials and consumables in the statement of comprehensive profit/loss and amount to SEK 209,803 (169,422) thousand. The value of the Group's stock as of 31/12/2021 is SEK 158,657 (126,984) thousand. Impairment of inventories to the net realisable value amounts to SEK 2,511 (3,522) thousand. The impairment has been reported in the statement of comprehensive profit/loss as raw materials and consumables.

## NOTE 17 FINANCIAL INSTRUMENTS BY CATEGORY

31/12/2020	Financial assets valued at amortised acquisition value	Financial assets at fair value	Total
<b>Assets in the balance sheet</b>			
Long-term receivables	175	-	175
Accounts receivable	8,371	-	8,371
Other receivables	57,535	-	57,535
Cash and cash equivalents	143,218	-	143,218
<b>TOTAL</b>	<b>209,299</b>	<b>-</b>	<b>209,299</b>

31/12/2020	Financial liabilities at amortised acquisition value	Financial liabilities at fair value	Total
<b>Liabilities in the balance sheet</b>			
Accounts payable	54,686	-	54,686
Other liabilities	139,219	9,417	148,636
Accrued costs	24,441	-	24,441
<b>TOTAL</b>	<b>218,346</b>	<b>9,417</b>	<b>227,763</b>

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

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

## NOTE 18 ACCOUNTS RECEIVABLE

Accounts receivable	Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Accounts receivable	6,955	8,466	-	-
Minus: reservation for expected credit losses	-103	-95	-	-
<b>TOTAL</b>	<b>6,852</b>	<b>8,371</b>	<b>-</b>	<b>-</b>
<b>Amounts reported, per currency, for the group accounts receivable are as follows:</b>	<b>31/12/2021</b>	<b>31/12/2020</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
USD	646	-	-	-
NOK	6,206	8,371	-	-
<b>TOTAL</b>	<b>6,852</b>	<b>8,371</b>	<b>-</b>	<b>-</b>

The fair value of accounts receivable corresponds to its carrying value, since the discount effect is not material.

No accounts receivable have been provided as security for any debt.

## NOTE 19 OTHER RECEIVABLES

Other receivables	Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Tax account	288	630	-	-
Credit card sales receivables	26,598	43,737	-	-
VAT claim	16,266	8,078	2,179	-
Advances to suppliers	6,336	4,797	-	-
Other receivables	1,610	923	73	57
<b>TOTAL</b>	<b>51,098</b>	<b>58,165</b>	<b>2,252</b>	<b>57</b>

## NOTE 20 PRE-PAID COSTS AND ACCRUED REVENUES

Pre-paid costs and accrued revenues	Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Pre-paid rental costs	653	507	-	-
Pre-paid cost for sales conference	5,054	5,218	-	-
Prepaid sales expenses	22,266	23,256	-	-
Pre-paid other expenses	7,155	7,810	2,331	2,942
<b>TOTAL</b>	<b>35,128</b>	<b>36,791</b>	<b>2,331</b>	<b>2,942</b>

## NOTE 21 CASH AND CASH EQUIVALENTS

Cash and cash equivalents	Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Bank balances	235,732	143,218	4,471	7,091
<b>TOTAL</b>	<b>235,732</b>	<b>143,218</b>	<b>4,471</b>	<b>7,091</b>



## NOTE 22 SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

Of the company's number of shares, 33,702,278, 5,113,392 constitute Class A shares.

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

## NOTE 23 DEFERRED TAX

Deferred tax claims	Loss carry-forwards	Group		Parent company	
		Other temporary differences	Total	Loss carry-forwards	Total
<b>As of 1 January 2020</b>	3,241	4,448	<b>7,689</b>	-	-
Reported in the statement of comprehensive profit/loss	-718	-3,448	<b>-4,166</b>	-	-
<b>As of 31 December 2020</b>	<b>2,523</b>	<b>1,000</b>	<b>3,523</b>	-	-
Balance sheet reclassification	-	-268	<b>-268</b>	-	-
Reported in the statement of comprehensive profit/loss	-806	1,574	<b>768</b>	-	-
<b>As of 31 December 2021</b>	<b>1,717</b>	<b>2,306</b>	<b>4,023</b>	-	-

Unutilised loss carryforwards for which no deferred tax claims have been reported amount to SEK 0 (2,960) thousand.

Deferred tax liabilities	Group Other temporary differences	Total	Parent company	
			Loss carry-forwards	Total
<b>As of 1 January 2020</b>	-	-	-	-
Reported in the statement of comprehensive profit/loss	-	-	-	-
<b>As of 31 December 2020</b>	-	-	-	-
Reported in the statement of comprehensive profit/loss	-1,388	<b>-1,388</b>	-	-
<b>As of 31 December 2021</b>	<b>-1,388</b>	<b>-1,388</b>	-	-

## NOTE 24 OTHER LONG-TERM LIABILITIES

Other long-term liabilities	Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Additional consideration	4,070	4,913	4,070	4,913
Other long-term liabilities	445	416	-	-
<b>TOTAL</b>	<b>4,515</b>	<b>5,329</b>	<b>4,070</b>	<b>4,913</b>

## NOTE 25 OTHER CURRENT LIABILITIES

Other current liabilities	Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Value added tax liability	24,836	15,553	-	1,156
Personnel withholding tax	2,828	1,897	-	-
Statutory social security contributions	2,864	1,835	-	-
Commission liability	191,975	135,565	-	-
Short-term portion Additional consideration	6,332	4,504	6,332	4,504
Debt to minority interests	3,399	1,478	-	-
Other liabilities	6,633	2,175	-	84
<b>TOTAL</b>	<b>238,867</b>	<b>163,007</b>	<b>6,332</b>	<b>5,744</b>

## NOTE 26 ACCRUED COSTS AND DEFERRED REVENUES

Accrued costs and deferred revenues	Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Accrued discount	11,912	15,356	-	-
Accrued wage-related costs	18,921	11,745	-	-
Accrued commission	21,500	24,441	-	-
Deferred revenues	45,626	48,838	-	-
Other items	10,575	8,886	1,418	871
<b>TOTAL</b>	<b>108,534</b>	<b>109,266</b>	<b>1,418</b>	<b>871</b>

## NOTE 27 SECURITY PROVIDED AND CONTINGENT LIABILITIES

The Group's security provided and contingent liabilities at 31 December 2021 are as follows.

Security provided and contingent liabilities	Group		Parent company	
	2021	2020	2021	2020
Security provided	16,575	15,929	None	None
Contingent liabilities	none	none	15,407	15,407

The Group has floating charges of SEK 15,000 (15,000) thousand and customs guarantees totalling SEK 1,105 (363) thousand. Restricted bank assets are SEK 1,575 (566) thousand and relate to bank guaranties to suppliers.

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

## NOTE 28 TRANSACTIONS WITH RELATED PARTIES

Sales of goods and services	Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Sæle Invest & Consulting AS	-	-	-	-
Oh Happy Day ApS***	-	209	-	209
<b>TOTAL</b>	<b>-</b>	<b>209</b>	<b>-</b>	<b>209</b>

Purchase of goods and services	Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Sæle Invest & Consulting AS*	34,480	32,463	-	-
Oh Happy Day ApS**	6,724	6,067	-	-
<b>TOTAL</b>	<b>41,204</b>	<b>38,530</b>	<b>-</b>	<b>-</b>

Receivables and liabilities at the end of the year as a result of the sale and purchase of goods and services	Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
<i>Receivables from related parties</i>				
Sæle Invest & Consulting AS	-	-	-	-
Oh Happy Day ApS	2,251	2,747	2,251	2,747
<i>Liabilities to related parties</i>				
Sæle Invest & Consulting AS	625	665	-	-
Oh Happy Day ApS	-	-	-	-

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

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

Receivables from related parties are attributable to remuneration for establishment costs and are due 12 months after the date of sale.

Liabilities to related parties are mainly related to commission debt and are due 3 months after the date of purchase.

As of 31/12/2021, the debt to Saele Invest & Consulting AS relating to sales commissions amounts to SEK 625 (665) thousand and to Oh Happy Day ApS to SEK 0 (0) thousand in the Group. All sales commissions paid to related parties with significant influence are calculated on the same commission plan and under the same terms as for all other distributors within Zinzino's global sales organisation.

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

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

Remuneration according to agreement for 75% of the company's establishment costs in Australia 2019/2020 from Oh Happy Day ApS. The receivable from the company as of 31/12/2021 amounts to SEK 2,251 (2,747) thousand.

## NOTE 29 EARNINGS PER SHARE

SEK	2021	2020
Earnings per share before dilution	2.57	1.96
Earnings per share after dilution	2.46	1.88
<b>Earnings metric used in the calculation of earnings per share (SEK thousand)</b>	<b>2021</b>	<b>2020</b>
Earnings attributable to shareholders of the parent company used in the calculation of earnings per share before and after dilution	86,204	64,477
<b>Number of shares:</b>	<b>2021</b>	<b>2020</b>
Weighted average number of ordinary shares in calculating earnings per share before dilution	33,551,514	32,860,203
Weighted average number of ordinary shares in calculating earnings per share after dilution	35,092,535	34,300,203



## NOTE 30 CHANGES IN LIABILITIES PERTAINING TO FINANCING ACTIVITIES

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

Changes in liabilities pertaining to financing activities	Non-cash items				
	01/01/2020	Cash flow	New leases	Currency	31/12/2020
Leasing liabilities	43,817	-13,424	12,312	1,426	44,131
<b>TOTAL</b>	<b>43,817</b>	<b>-13,424</b>	<b>12,312</b>	<b>1,426</b>	<b>44,131</b>

## NOTE 31 ADJUSTMENT FOR ITEMS WHICH ARE NOT INCLUDED IN THE CASH FLOW

Adjustment for items which are not included in the cash flow	Group		Parent company	
	2021	2020	2021	2020
Depreciation/amortisation	21,602	21,958	606	421
Currency fluctuations	-5,743	2,679	-1,329	-950
<b>TOTAL</b>	<b>15,859</b>	<b>24,637</b>	<b>-723</b>	<b>-529</b>

## NOTE 32 OPTIONS PROGRAMME

The company, as of the report date, has three outstanding options programmes. All programmes are largely aimed at the external distributor organisation in the Group, but also with some allotment to employees of the company. The first option programme covers 800,000 warrants at an exercise price of SEK 18, which expires on 31 May 2024, of which 50,000 have been subscribed by the Group's management team. Other warrants in the programme have been subscribed by the company's external distributors. All warrants shall be transferred on market terms at a price (premium) determined on the basis of an estimated market value of the warrants using the Black & Scholes valuation model. As the warrants have been subscribed in different rounds, the new market value has been determined at each subscription date. The parameters used in the valuation calculation are the underlying share price at the time (SEK 18-23), 15% volatility, 2% annual interest rate and remaining maturity in days at the subscription date. In the option programme, 366,100 warrants have already been exercised for share subscription as of 31/12/2021.

The second option programme covers 1,000,000 warrants at an exercise price of SEK 45 that expires on 31 May 2025, of which 220,000 have been subscribed by the Group's management team, 51,000 by key employees and 22,100 by other Group personnel. Other warrants in the programme have been subscribed by the company's external distributors. All warrants shall be transferred on market terms at a price (premium) determined on the basis of an estimated market value of the warrants using the Black & Scholes valuation model. As the warrants have been subscribed in different rounds, the new market value has been determined at each subscription date. The parameters used in the valuation calculation are the underlying share price at the time (SEK 35-50), 20% volatility, 2% annual interest rate and remaining maturity in days at the subscription date. In the option programme, 36,033 warrants have already been exercised for share subscription as of 31/12/2021.

A third option programme was approved at the company's Annual General Meeting on 20 May 2021 covering 800,000 warrants at an exercise price of SEK 140 expiring 31 May 2026 which have not yet been subscribed.

If all the options outstanding on 31/12/2021 are exercised for new subscriptions of 2,197,867 shares, the share capital dilution will be approximately 6.5%.

Shares issued upon subscription pursuant to these terms and conditions shall carry the right to dividends for the first time on the record date for dividend that falls closest after the shares have been registered with the Swedish Companies Registration Office and included in the share register maintained by Euroclear Sweden AB.

## NOTE 33 EVENTS AFTER THE END OF THE REPORTING PERIOD

### Impact of the Ukraine conflict on the business

Prior to 2022, Zinzino's intention was to establish itself in both Ukraine and Russia. However, the tragic war in Ukraine has caused Zinzino to suspend its work in Russia indefinitely. At the same time, steps have been taken to financially assist previously established distributors in Ukraine. The war has also affected revenues at Zinzino, where the majority of revenues from the global webshop were previously attributed to Russia. Overall, the company estimates that the war has resulted in a loss of revenue of approximately SEK 2 million per month, which has hampered sales growth in the first quarter and the beginning of the second quarter of 2022.

### Acquisition of Enhanzz IP AG and Enhanzz Global AG

On 5 April 2022, Zinzino acquired Enhanzz IP AG, including the IP rights to its HANZZ+HEIDI and YU brands. In addition, Enhanzz Global AG was acquired along with its distributor organisation

and inventory. The business, which had a turnover of around EUR 3 million last year, is expected to generate strong growth through the synergies generated by the joint networks. Gross margins in the business are good and profitability will therefore develop very well by utilising Zinzino's existing technical platform and organisation.

Zinzino has, upon entry, paid a fixed purchase price of EUR 1 million, divided between 75% cash and 25% newly issued Zinzino shares. In addition, contingent consideration will be added based on the sales performance generated by the acquired distributor organisation during the period 2022-2027. The total additional consideration is estimated at EUR 2.5 million, but could reach a maximum of EUR 6 million, to be settled 100% with newly issued Zinzino shares. The cash component of the purchase price is financed from own cash.

## NOTE 34 PROPOSAL FOR DISPOSITION OF PROFIT

The annual meeting has the following at its disposal:

Zinzino AB	SEK
Retained earnings	28,706,307
Profit/loss for the year	68,885,902
<b>Total</b>	<b>97,592,209</b>

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

Zinzino AB	SEK
A dividend will be paid to the shareholders of SEK 2.00 per share	67,404,556
Will be carried forward	30,187,653
<b>Total</b>	<b>97,592,209</b>

The consolidated income statements and balance sheets will be submitted to the Annual General Meeting on 31 May 2022 for adoption.

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

The Management Report for the Group and the parent company gives a true and fair view of the development of the Group's and the parent company's business, position and results and describes the principal risks and uncertainties that the parent company and the companies included in the Group face.

# GOTHENBURG 2 MAY 2022

**Hans Jacobsson**  
Board Chair

**Pierre Mårtensson**  
Board Member

**Ingela Nordenhav**  
Board Member

**Staffan Hillberg**  
Board Member

**Anna Frick**  
Board Member

**Dag Bergheim Pettersen**  
Chief Executive Officer

Our auditor's report was submitted on 3 May 2022  
Öhrlings PricewaterhouseCoopers AB

**Fredrik Göransson**  
Authorized Public Accountant









# AUDITOR'S REPORT

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

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### Opinions

We have audited the annual accounts and consolidated accounts of Zinzino AB for the year 2021 except for the corporate governance statement on pages 56-61. The annual accounts and consolidated accounts of the company are included on pages 50-109 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 56-61. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages

1-49. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

### Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error. In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting.

The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/r-evisornsansvar](http://www.revisorsinspektionen.se/r-evisornsansvar). This description is part of the auditor's report.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Zinzino AB for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

### Basis for Opinions

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 56-61 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16. The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg 3 Maj 2022.

Öhrlings PricewaterhouseCoopers AB

**Fredrik Göransson**

Authorized Public Accountant









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