

# ZINZINO

+5% Total revenue  
8% EBITDA  
SEK 1.75 Proposed  
share dividend

Year-End Report | 2022

# This is Zinzino

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

## A brief history

- 2007 – Zinzino AB 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. As of the reporting date, 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 – The company was started in the U.S.A.
- 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. This was also the year when Zinzino AB was listed for trading on Nasdaq OMX First North.
- 2015 – A company was started in Canada and the ownership share in Faun Pharma AS was increased to 98.8%.
- 2016 – A subsidiary was started in Germany. Sales were launched in all countries in the EU.
- 2017 – Sales in Switzerland were launched.
- 2018 – New subsidiaries in Romania and Italy.
- 2019 – New subsidiaries in Australia and India.
- 2020 – Acquisition of VMA Life in Singapore. Zinzino moves up to the premier segment of the Nasdaq First North Premier Growth Market.
- 2021 – Sales start in South Africa.
- 2022 – Acquisition of Enhazz IP AG and Enhazz Global AG.



# Zinzino

## Year-End Report | 2022

### October – December

- Total revenue amounted to SEK 429.3 (401.2) million, corresponding to a growth of 7% (18%).
- Gross profit amounted to SEK 149.8 (113.7) million and the gross profit margin was 34.9% (28.3%).
- EBITDA amounted to SEK 40.8 (26.4) million and the EBITDA margin was 9.5% (6.6%).
- Cash flow from operating activities totalled SEK 7.7 (59.5) million.
- Efficiency improvement process initiated with the aim of increasing the profitability of the Group.

### January – December

- Total revenue amounted to SEK 1,443.1 (1,370.6) million, corresponding to a growth of 5% (20%).
- Gross profit amounted to SEK 465.5 (427.5) million and the gross profit margin was 32.3% (31.2%).
- EBITDA amounted to SEK 112.1 (137.6) million and the EBITDA margin was 7.8% (10.0%).
- Cash flow from operating activities totalled SEK 42.9 (153.5) million.
- For the financial year 2022, the Board of Directors proposes a dividend to shareholders of SEK 1.75 (2.00) per share.
- Liquid assets on the balance sheet date were SEK 161.9 (235.7) million.

# Growth and strong profitability

## in the fourth quarter



Dag Bergheim Pettersen, CEO, Zinzino

### **Growth and strong profitability**

We are very pleased that this past quarter's revenues increased by 7% compared to the fourth quarter of last year, combined with improved profitability. Revenues for the full year 2022 increased by 5% compared to the previous year, with a steady increase in profitability.

Total revenue for the quarter was SEK 429 million and the EBITDA margin was 9.5%, which is a good improvement compared to the quarter of the previous year when the figures were SEK 401 million and 6.6% respectively. We both met and exceeded our financial target now that our total revenues for the full year 2022 amounted to SEK 1,443 million in combination with an EBITDA margin of 7.8%. We achieved this despite high inflation and great uncertainty around the world. This also enables that the board can propose that we once again can distribute money to our shareholders. Our suggestion will be a share dividend of SEK 1.75 (2.00) which I believe is a great statement of our strength during the prevailing conditions in our surrounding world.

### **On the right path**

Our world is in a state of great change, but we are responding in a way that I think will allow us to emerge better than the rest of the market. It is also good that our strategy and work efforts are bearing fruit in the form of increased growth combined with maintained profitability.

We are in the midst of a recession and facing continued tough times marked by energy shortages, increased raw material prices, rising interest rates combined with various other negative signals and events. We are offsetting our increased costs by working on efficiency improvements at all levels. We are continuously working on simplification and improvement. My mantra is simply "Less is more".

### **Acquisitions and countercyclical growth**

When the world is in a negative economic situation with high levels of financial concern, new opportunities arise for us. We have noticed a large increase in companies in our industry looking for new owners or some form of collaboration. We are constantly looking for investment opportunities in the form of acquisitions that can give us increased distribution power and increased sales, but also access to new products and other



Hanzz+Heidii

opportunities. We have completed four acquisitions in the last 7–8 years and all acquired companies are now fully integrated into Zinzino's business model and systems. With these acquisitions, we have identified and extracted synergies in all areas of the Group.

We are counter-cyclical and, in my view, to some extent independent of economical cycles. In short, when the world is as turbulent as it is now, it is easier for us to engage more distributors who are looking for extra income and who will therefore sell our products. Then, when the economy picks up again, it will be harder for us to attract new distributors, but it will also be a bit easier to increase our customer base. We will be less dependent on external factors such as the world economy and inflation. Instead, we will be more dependent on ourselves and what we can influence on all possible levels. That's why we believe in further growth and make it an important area of focus. Growth brings economies of scale and increased profitability, which in turn enables us to further develop our company, launch new products, devote increased resources to marketing and establish ourselves in more markets.



### Outlook 2023

We believe 2023 will be successful for Zinzino. We plan to open new markets during the year but also to increase our focus on our key existing markets and improve at every stage. To simplify and improve by focusing on fewer projects and instead increasing efficiency and quality. To do fewer things but simply better.

In 2023, we intend to launch services and solutions that both support sales growth and increase profitability. I expect at least 10% sales growth for the full year 2023 combined with strong profitability. Anything less is not acceptable in my eyes.

### Dag Bergheim Pettersen

CEO Zinzino

*Inspire Change in Life*

# Financial Summary (SEK million)

Key group figures	01/10/2022	01/10/2021	01/01/2022	01/01/2021
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Total revenue	429.3	401.2	1,443.1	1,370.6
Net turnover	400.6	372.6	1,356.0	1,288.5
Sales growth	7%	18%	5%	20%
Gross profit	149.8	113.7	465.5	427.5
Gross profit margin	34.9%	28.3%	32.3%	31.2%
Operating profit before depreciation and amortisation	40.8	26.4	112.1	137.6
Operating margin before depreciation and amortisation	9.5%	6.6%	7.8%	10.0%
Operating profit	34.8	20.8	87.0	116.0
Operating margin	8.1%	5.2%	6.0%	8.5%
Profit/loss before tax	38.0	20.5	89.2	114.9
Net profit	28.2	14.5	68.5	89.7
Net margin	6.6%	3.6%	4.7%	6.5%
Net earnings per share after tax before dilution, SEK	0.83	0.43	2.01	2.57
Net earnings per share after tax at full dilution, SEK	0.82	0.41	1.97	2.46
Cash flow from operating activities	7.7	59.5	42.9	153.5
Cash and cash equivalents	161.9	235.7	161.9	235.7
Equity/assets ratio	24.6%	25.1%	24.6%	25.1%
Equity per share before dilution, SEK	4.74	4.50	4.75	4.52
Number of issued shares on average for the period	33,817,551	33,696,682	33,731,333	33,551,514
Average number of issued shares for the period with full dilution	34,251,451	35,100,145	34,307,847	35,092,535

## Zinzino's outlook and financial goals for 2023

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

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



# Significant events

## during and after the fourth quarter of 2022



Annual Event, Avicii Arena Stockholm 2022

### Successful Event in Avicii Arena – first since 2019

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

### Sales launch of HANZZ+HEIDI

After preparatory work in the second and third quarter of 2022, sales of the exclusive HANZZ+HEIDI skincare range started on 10 October in the company's webshop. Eight of these products are for women, one is specifically for men and one is unisex. All the natural, active ingredients are produced completely vegan and are free from substances that have a negative impact on the environment. Sales of the new skincare range have initially been very good and total revenues for HANZZ + HEIDI in the fourth quarter of 2022 amounted to SEK 14.5 million.

### Efficiency improvement process initiated

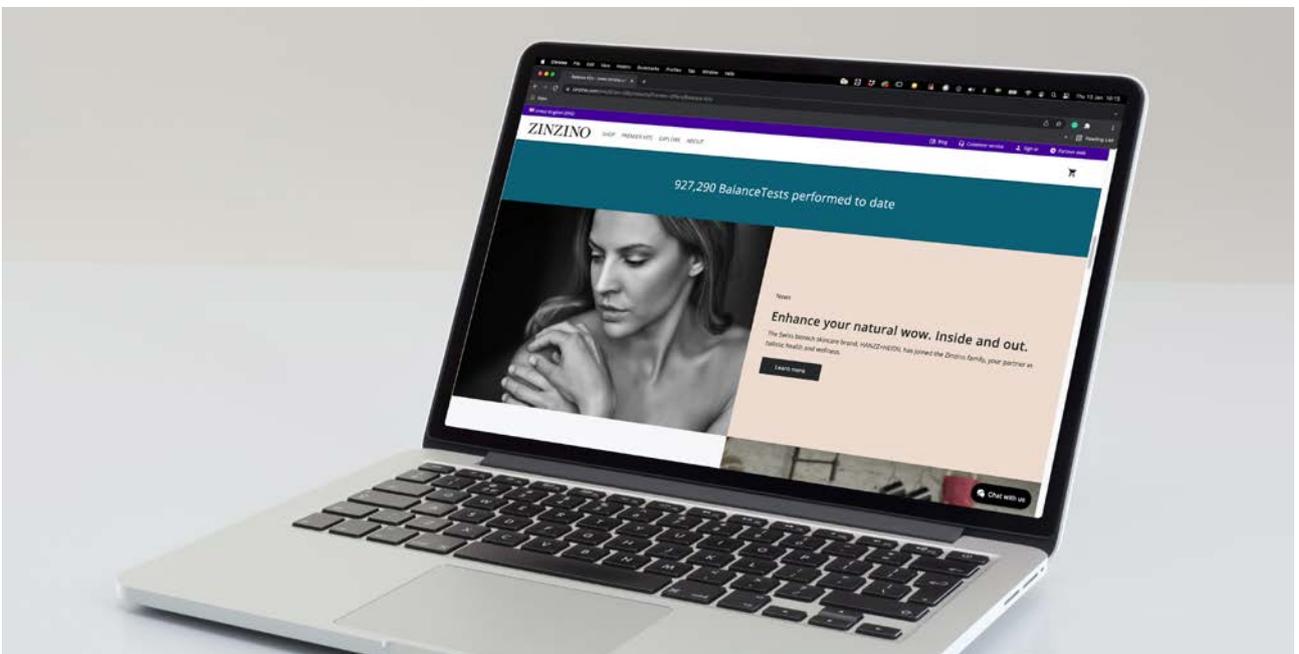
During the fourth quarter, Zinzino initiated a global transformation process with the aim of creating an even more efficient organisation, well equipped for the future in a shaky environment. Over the course of the work, several projects and processes were identified and discontinued as they generated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

### Focus on new digital distributor tools

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

### Establishment in Turkey

During the quarter, Zinzino continued to work on the establishment processes in the majority of markets around the world. During the quarter, resources were fully allocated to the establishment project in Turkey, a complex project requiring a high degree of local adaptation for regulatory reasons. The focus during the quarter has been on adapting the website, implementing local payment solutions and meeting reporting requirements. The preliminary sales launch in Turkey is expected in the first or second quarter of 2023. At the same time, establishment processes are also 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. In the second half of 2022, Zinzino developed a new payment engine that communicates with an external payment platform that meets these requirements, which will be a key element in future market launches.



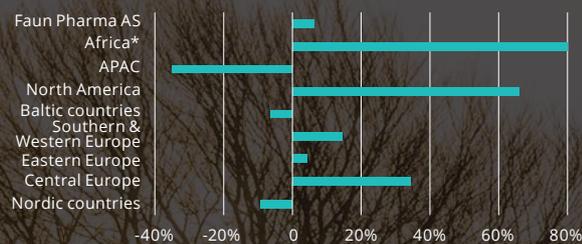
# 2022 | Q4

## Sales and profit

### Sales Q4

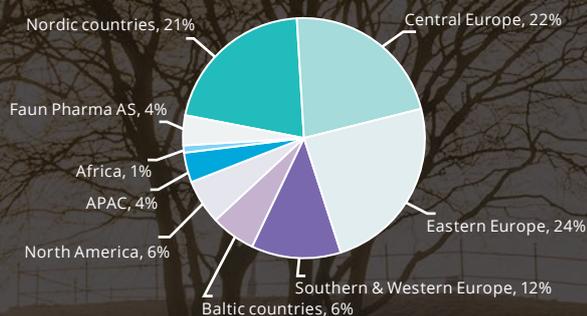
In total, revenue for the fourth quarter of 2022 amounted to SEK 429.3 (401.2) million, which represented a growth of 7% compared to the same period the previous year.

### Growth per region Q4 2022 vs Q4 2021



\*Africa, 246%

### Sales per region Q4



### 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, UK, Belgium, Ireland, Luxembourg, Malta, Slovenia

#### NORTH AMERICA

Canada, USA

#### APAC

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

#### AFRICA

South Africa

### Nordic countries

In the Nordic countries, total revenues decreased by 8% to SEK 90.9 (98.9) million in the fourth quarter of 2022 compared to the same period last year. This follows a decline in customer base revenues despite high underlying distributor activity in Sweden, Norway and Denmark. Underlying activity was at a higher level in the last quarter of 2022 compared to the rest of the year and growth of new partners was at a level not seen since 2021. The trend and the addition of new distributors will generate increased revenues in the longer term as it takes time to build new customer bases. Zinzino is implementing a number of measures to increase new sales in all countries in the Nordic region.

Faun Pharma AS, the Group's subsidiary and manufacturing unit, increased external production in the fourth quarter by 6% to SEK 16.0 (15.1) million compared to the corresponding period last year. The increase in revenue was mainly due to high order placement from new customers following the manufacturing unit's certification according to Food Safety System Certification FSSC 22000.

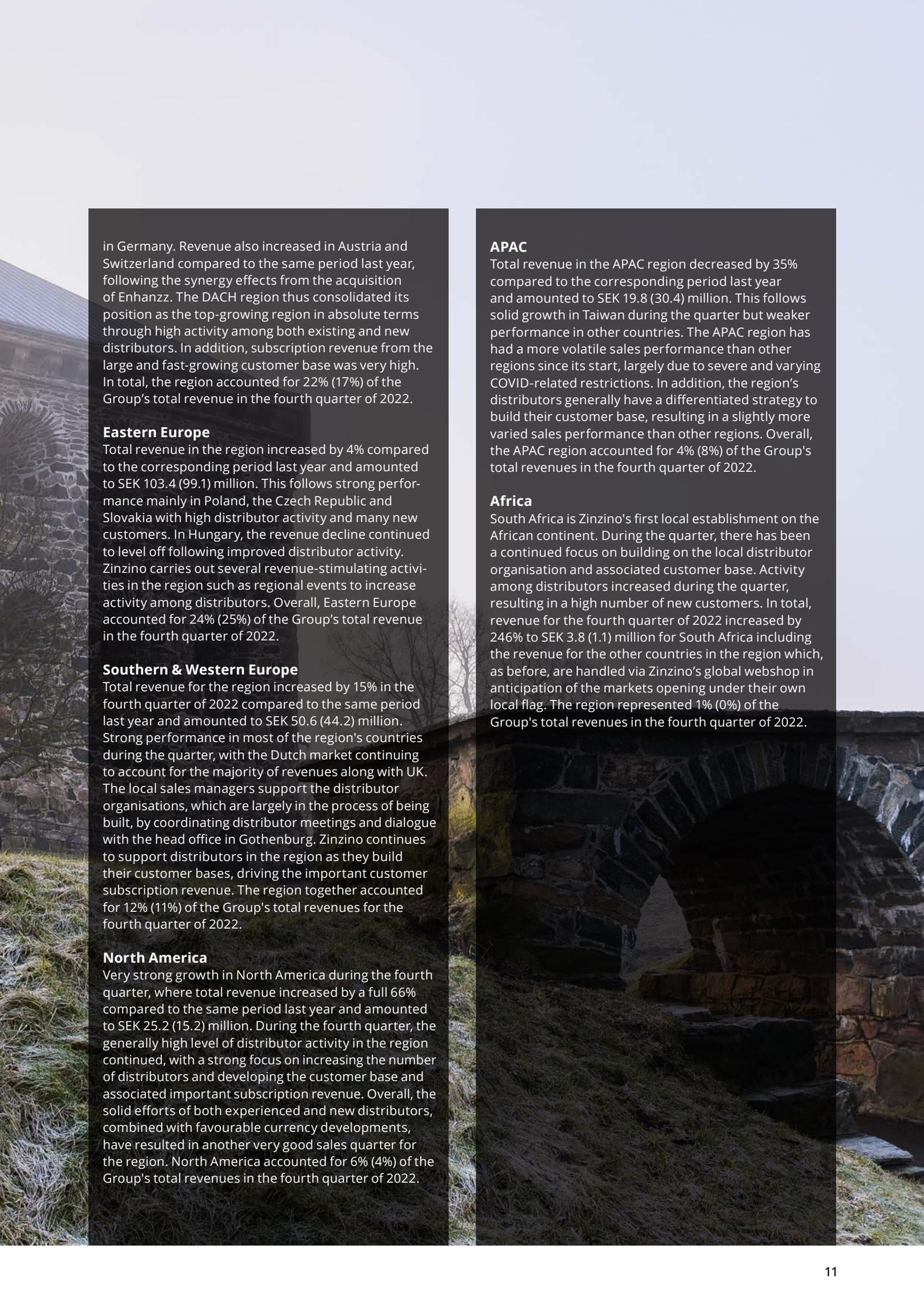
Overall, total revenues in the Nordic countries, Zinzino and Faun combined, accounted for 25% (28%) of the Group's total revenues in the fourth quarter of 2022.

### Baltic countries

In the Baltic countries, revenues decreased by 6% to SEK 25.3 (27.0) million in the fourth quarter of 2022 compared to the same period last year. The Lithuanian market, which drove the region's sales growth in 2022, had a slightly weaker quarter following a decline in new sales. However, the trend appears to be temporary as sales picked up again at the start of 2023. Continued slightly negative performance in Estonia during the quarter with reduced distributor activity and new sales. In Latvia, the inflow of new customers and distributors decreased, but revenues were supported by high subscription sales from the large existing customer base. Latvia is greatly affected by the conflict between Russia and Ukraine as the distributor organisations between the countries have been closely intertwined. The head office continues to support the local sales organisations in the relatively mature markets of the region. Overall, the Baltic countries accounted for 6% (7%) of the Group's total revenues in the fourth quarter of 2022.

### Central Europe

In the fourth quarter of 2022, total revenue increased by 34% compared to the corresponding period last year to SEK 94.3 (70.2) million. The strong growth in the region continued in the fourth quarter of 2022, mainly driven by the efficient distributor organisations



in Germany. Revenue also increased in Austria and Switzerland compared to the same period last year, following the synergy effects from the acquisition of Enhazz. The DACH region thus consolidated its position as the top-growing region in absolute terms through high activity among both existing and new distributors. In addition, subscription revenue from the large and fast-growing customer base was very high. In total, the region accounted for 22% (17%) of the Group's total revenue in the fourth quarter of 2022.

### **Eastern Europe**

Total revenue in the region increased by 4% compared to the corresponding period last year and amounted to SEK 103.4 (99.1) million. This follows strong performance mainly in Poland, the Czech Republic and Slovakia with high distributor activity and many new customers. In Hungary, the revenue decline continued to level off following improved distributor activity. Zinzino carries out several revenue-stimulating activities in the region such as regional events to increase activity among distributors. Overall, Eastern Europe accounted for 24% (25%) of the Group's total revenue in the fourth quarter of 2022.

### **Southern & Western Europe**

Total revenue for the region increased by 15% in the fourth quarter of 2022 compared to the same period last year and amounted to SEK 50.6 (44.2) million. Strong performance in most of the region's countries during the quarter, with the Dutch market continuing to account for the majority of revenues along with UK. The local sales managers support the distributor organisations, which are largely in the process of being built, by coordinating distributor meetings and dialogue with the head office in Gothenburg. Zinzino continues to support distributors in the region as they build their customer bases, driving the important customer subscription revenue. The region together accounted for 12% (11%) of the Group's total revenues for the fourth quarter of 2022.

### **North America**

Very strong growth in North America during the fourth quarter, where total revenue increased by a full 66% compared to the same period last year and amounted to SEK 25.2 (15.2) million. During the fourth quarter, the generally high level of distributor activity in the region continued, with a strong focus on increasing the number of distributors and developing the customer base and associated important subscription revenue. Overall, the solid efforts of both experienced and new distributors, combined with favourable currency developments, have resulted in another very good sales quarter for the region. North America accounted for 6% (4%) of the Group's total revenues in the fourth quarter of 2022.

### **APAC**

Total revenue in the APAC region decreased by 35% compared to the corresponding period last year and amounted to SEK 19.8 (30.4) million. This follows solid growth in Taiwan during the quarter but weaker performance in other countries. The APAC region has had a more volatile sales performance than other regions since its start, largely due to severe and varying COVID-related restrictions. In addition, the region's distributors generally have a differentiated strategy to build their customer base, resulting in a slightly more varied sales performance than other regions. Overall, the APAC region accounted for 4% (8%) of the Group's total revenues in the fourth quarter of 2022.

### **Africa**

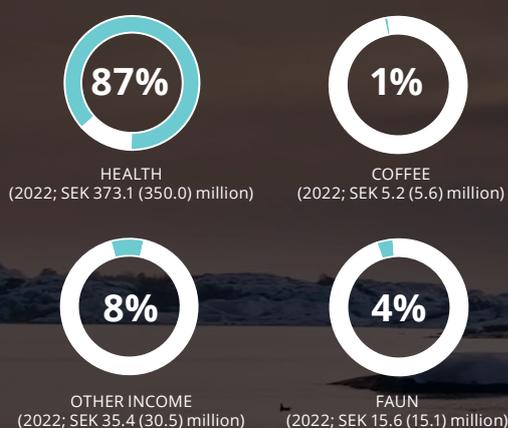
South Africa is Zinzino's first local establishment on the African continent. During the quarter, there has been a continued focus on building on the local distributor organisation and associated customer base. Activity among distributors increased during the quarter, resulting in a high number of new customers. In total, revenue for the fourth quarter of 2022 increased by 246% to SEK 3.8 (1.1) million for South Africa including the revenue for the other countries in the region which, as before, are handled via Zinzino's global webshop in anticipation of the markets opening under their own local flag. The region represented 1% (0%) of the Group's total revenues in the fourth quarter of 2022.

### Sales per product area Q4

The Zinzino Health product area increased in the fourth quarter of 2022 by 7% to SEK 373.1 (350.0) million and represented 87% (87%) of total revenue. The Zinzino Coffee product area decreased by 8% to SEK 5.2 (5.6) million, corresponding to 1% (1%) of total revenue. External sales in Faun Pharma AS increased by 4% compared to the corresponding period last year following high external production during the quarter and amounted to SEK 15.6 (15.1) million, corresponding to 4% (4%) of total revenue. Other revenue amounted to SEK 35.4 (30.5) million, which corresponded to the remaining 8% (8%) of revenue for the fourth quarter of 2022.

Sales  
SEK million **429.3** (401.2)

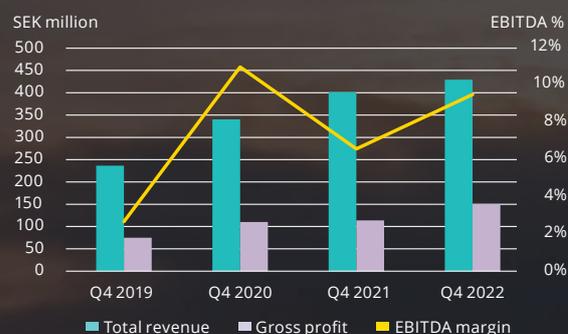
### Sales per product area Q4



### Results and financial position Q4

#### Results

Gross profit for the fourth quarter of 2022 amounted to SEK 149.8 (113.7 million) and the gross profit margin was 34.9% (28.3%). During the year, Zinzino has made incremental price adjustments to its distributors and customers. At the same time, the remuneration model for the global distributors has been reworked, which has contributed to a stabilisation of the gross margin despite increased costs for raw materials and transports. In the fourth quarter, the impact of the measures implemented has contributed to a significant improvement in the gross profit margin compared to the same period last year.



The Group's operating profit before depreciation/ amortisation amounted to SEK 40.8 (26.4) million and the EBITDA margin was 9.5% (6.6%). The improved EBITDA margin compared to the same period last year was mainly attributable to the strong profitability at gross level. This contributed to the company's ability to sustain its external and internal cost base during the quarter, despite being weighed down by the impact of the current macro climate and high inflationary pressures. In addition, during the quarter the company held a fruitful but cost-intensive Annual Event in Stockholm for the company's distributors. In order to counter the cost increases, which had an impact at all levels, the company initiated an efficiency improvement process in the fourth quarter, reviewing all internal and external costs.

Operating profit amounted to SEK 34.8 (20.8) million and the operating margin was 8.1% (5.2%). Profit before tax amounted to SEK 38.0 (20.5) million and net profit to SEK 28.2 (14.5) million.

#### Depreciation/amortisation

Depreciation and amortisation for the quarter were charged to the profit for the period in the amount of SEK 6.0 (5.6) million, of which SEK 0.9 (0.6) million was the depreciation of tangible fixed assets and SEK 5.1 (5.0) million was the amortisation of intangible fixed assets. Of this, SEK 3.6 (3.7) million is depreciation of right of use assets in accordance with IFRS 16 and SEK 0.2 (0.2) million is amortisation of licences attributable to the acquisition of VMA Life.



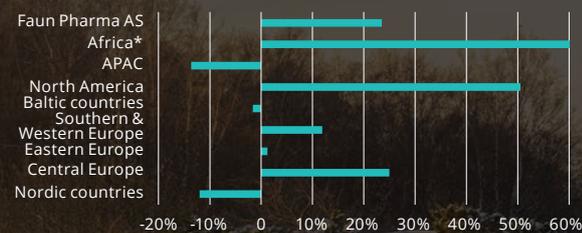
# 2022 | Q1-Q4

## Sales and profits

### Sales Q1-Q4

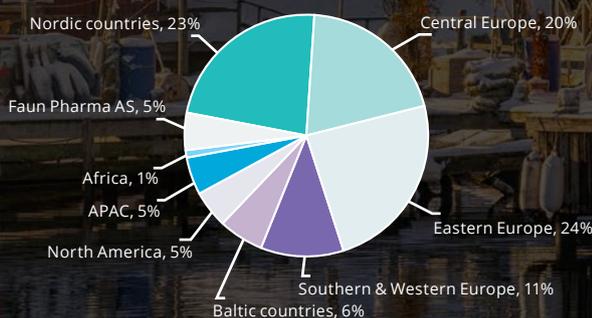
In total, revenue in 2022 amounted to SEK 1,443.1 (1,370.6) million which represented a growth of 5% compared to the previous year.

### Growth per region Q1-Q4 2022 vs Q1-Q4 2021



\*Africa, 810%

### Sales per region Q1-Q4



### 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, UK, Belgium, Ireland, Luxembourg, Malta, Slovenia

#### NORTH AMERICA

Canada, USA

#### APAC

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

#### AFRICA

South Africa

### Nordic countries

In the Nordic countries, total revenues decreased by 12% to SEK 326.6 (369.9) million compared to last year. The decrease was mainly attributable to fewer customer subscriptions in Sweden, Norway, Denmark and to some extent Finland. The region has had challenges with new sales and a decline in the number of active distributors for a long period. In order to reverse the trend, Zinzino has carried out a large number of activities over the past year to stimulate the distributors in the important Nordic region. Among other things, two major international events were held during the year, one in Oslo and one in Stockholm, where the majority of the visiting distributors came from the Nordic region. These efforts have resulted in an increase in underlying distributor activity in the latter part of the year with strong growth in new distributors which will generate increased growth in the longer term. The effects of this should be seen in the first and second quarters of 2023.

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

Overall, total revenue in the Nordic countries, for Zinzino and Faun combined, accounted for 28% (32%) of the Group's total revenue in 2022.

### Baltic countries

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

### Central Europe

In the DACH region, revenue increased by 25% in 2022 compared to last year and amounted to SEK 290.8 (232.7) million. This followed consistently strong per-

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

### **Eastern Europe**

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

### **Southern & Western Europe**

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

### **North America**

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

### **APAC**

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

### **Africa**

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

### Sales per product area 2022

The Zinzino Health product area increased by 4% in Q1-Q4 2022 compared to the corresponding period last year and amounted to SEK 1,249.0 (1,197.8) million, accounting for 87% (87%) of total revenue. The Zinzino Coffee product area decreased by 18% to SEK 20.7 (25.2) million, corresponding to 1% (2%) of total revenue. External sales from Faun Pharma AS increased by 21% to SEK 75.7 (62.6) million, corresponding to 5% (5%) of total revenue. Other revenues amounted to SEK 97.7 (85.0) million, representing the remaining 7% (6%) of revenues for 2022.

Sales  
SEK million **1,443.1** (1,370.6)

### Sales per product area Q1-Q4



### Growth strategy

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

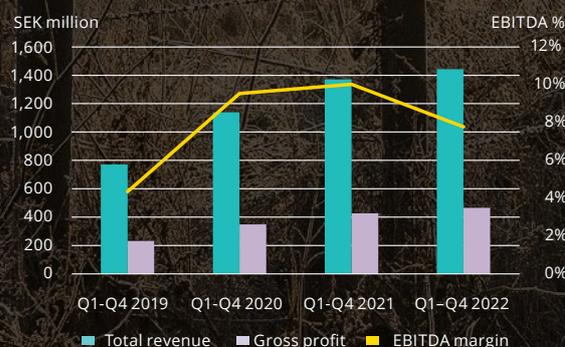
Zinzino is working long-term and investing considerable resources in the development of IT systems and marketing tools, which generate growth in both the short and the long term. When the company implements an expansion into a new market, this occurs mainly when the company's market analysis shows that there are good opportunities to establish

an effective sales organisation locally. This is primarily achieved via contacts to the already-established sales organisations in neighbouring markets. This is precisely the reason for the good sales performance in the company's newly established markets. These contacts can occasionally also carry across continents, which has been behind the launch in Australia and India and the ongoing new establishment project in Asia. The establishment model follows the same concept for the various markets with customisation of websites and marketing materials in the local languages. Through the global webshop, Zinzino covers a total of over 100 different countries around the world. This approach reduces the pressure on the organisation to open full-scale markets, which requires large internal resources that can now be fully allocated to the ongoing projects around the world.

### Results and financial position 2022

#### Results

Gross profit for Q1-Q4 2022 amounted to SEK 465.5 (427.5) million and the gross profit margin was 32.3% (31.2%). The past year has been characterised by inflation and resource shortages, which have driven up the cost of raw materials, while freight prices have also soared. To offset the impact of the cost increases, Zinzino has implemented incremental price adjustments to distributors and customers during the year. In addition, some adjustments have been made to the remuneration model for the company's global distributors, also with a view to strengthening the gross margin. Overall, the measures implemented have significantly contributed to an even stronger gross profit during the year compared to the previous year.



The Group's operating profit before depreciation/amortisation amounted to SEK 112.1 (137.6) million and the EBITDA margin was 7.8% (10.0%). The decline in the EBITDA margin was mainly due to increased organisa-

tional costs compared to last year, incurred in line with the strategic expansion. This, combined with the effects of high inflation, has generally pushed up the external cost base during the year. In order to counter the cost increases, which had an impact at all levels, the company initiated an efficiency improvement process in the autumn, reviewing all internal and external costs.

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

### **Inventories**

The Group's total inventories on the balance sheet date amounted to SEK 184.8 (158.7) million, with the company having generally increased its inventory levels in recent years to secure deliveries. At the same time, the company has increased the number of external warehouses in line with its strategic expansion to meet increased demand and reduce lead times in the delivery process.

### **Financial position**

On the balance sheet date, cash totalled SEK 161.9 (235.7) million. Cash flow from operating activities in Q1-Q4 2022 amounted to SEK 42.9 (153.5) million. The Group's equity/assets ratio was 24% (25%). Equity in the Group at the end of the period amounted to SEK 160.4 (151.7) million, corresponding to SEK 4.75 (4.52) per share. The Board considers that cash and cash equivalents remain at a satisfactory level.

### **The Organisation**

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

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

### **Parent company**

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

### **Significant risks and uncertainties in operations**

The company's greatest risks lie in its own organisation's ability to manage costs during global expansion in combination with purchases and access to raw materials in the event of high inflation and the uncertain world situation. In addition, there are risks with complex IT systems managing sales and currency risks as Zinzino has both revenues and costs in a number of different currencies. There are also risks related to compliance with local regulations when establishing in new markets. The global outbreak of Covid-19 and the conflict between Russia and Ukraine also point to major risks due to unexpected events in the rest of the world that have a potentially major impact on the company. For an in-depth description of risks and other uncertainty factors, please refer to the annual report for 2021, which is available via the company website: <https://zinzinowebstorage.blob.core.windows.net/reports/Zinzino-Arsredovisning-2021.pdf>. Compared to the 2021 annual report published on 03/05/2022, no new risks have been identified.

### **Number of outstanding shares**

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

## OPTIONS PROGRAMME

The company, as of the reporting date, has five outstanding options programmes. Four of the programmes are largely aimed at the external distributor organisation in the Group, but also with some allotment to employees of the company. The first option programme comprises 800,000 warrants at an exercise price of SEK 18 per B share that expires on 31/05/2024, of which 50,000 have been subscribed for by the Group's management team. Other warrants in the programme have been subscribed by the company's external distributors. As of the reporting date, 366,100 warrants have already been exercised for share subscription within the framework of this option programme.

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

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

Two new options programmes were approved at the company's Annual General Meeting on 31/05/2022. The first comprises 900,000 warrants at an exercise price of SEK 56 per B share that expires on 31/05/2027, of which 90,000 have been subscribed for by the Group's management team and 165,000 by key employees. The second options programme covers 120,000 warrants at an exercise price of SEK 56 per B share which expires 31/05/2027. The programme is aimed exclusively at the Board of Directors of Zinzino AB and as of the reporting date 100,000 warrants have been subscribed to, of which 40,000 by the Board Chair and 20,000 by the other members of the Board, fully in accordance with the resolution of the General Meeting.

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

## Year-End report | 2022

### **Accounting principles**

The consolidated financial statements for Zinzino have been prepared in accordance with the Annual Accounts Act, RFR 1 Supplementary accounting rules for groups, and International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. The interim report has been prepared in accordance with IAS 34, Interim Reporting and the Annual Accounts Act. Unless specifically stated otherwise, all amounts are reported in SEK thousands (SEK thousands). Information in brackets refers to the comparison period. For a complete description of the Group's accounting principles, see the company's annual report for 2021 on the company's website.

### **Annual General Meeting**

The 2023 Annual General Meeting will be held at the company's premises at Hulda Mellgrens gata 5 in Västra Frölunda on 31 May at 13.30. Shareholders may contact Zinzino regarding proposals to the Annual General Meeting via [shares@zinzino.com](mailto:shares@zinzino.com) or by mail to Zinzino AB, Hulda Mellgrens gata 5, 421 31 Västra Frölunda no later than 1 April 2023. The nominating committee's proposals for board members, the board's fees and auditors are presented in the notice of the annual general meeting and at [www.zinzino.com](http://www.zinzino.com). In conjunction with this, proposals to the general meeting regarding guidelines for remuneration to senior executives, other proposed resolutions, and all other related information for the upcoming annual general meeting will be published on the website [www.zinzino.com](http://www.zinzino.com) and, where applicable, in the notice of the general meeting.

### **Proposed dividend**

For the financial year 2022, the Board of Directors proposes a dividend to shareholders of SEK 1.75 (2.00) per share.

### **Report calendar**

Annual Report 2022 to be published 28/04/2023  
Interim report Q1 2023 to be published 12/05/2023  
Interim report Q2 2023 to be published 31/08/2023  
Interim report Q3 2023 to be published 16/11/2023  
Year-End report 2023 to be published 27/02/2024  
Annual Report 2023 to be published 26/04/2024

# Group report

## Summary of financial position

Amounts in SEK thousands	01/10/2022 31/12/2022	01/10/2021 31/12/2021	01/01/2022 31/12/2022	01/01/2021 31/12/2021
Net turnover	400,571	372,571	1,356,008	1,288,481
Other revenue	28,278	27,905	83,700	80,635
Own work capitalised	461	757	3,364	1,497
Goods for resale and other direct costs	-279,487	-287,484	-977,559	-943,093
<b>Gross profit</b>	<b>149,823</b>	<b>113,749</b>	<b>465,513</b>	<b>427,520</b>
External operating expenses	-64,796	-48,441	-196,962	-154,211
Personnel costs	-44,208	-38,861	-156,491	-135,739
Depreciation/amortisation	-6,008	-5,603	-25,074	-21,602
<b>Operating profit</b>	<b>34,811</b>	<b>20,844</b>	<b>86,986</b>	<b>115,968</b>
Net financial income/expense	3,212	-330	2,178	-1,050
Tax	-9,864	-6,014	-20,689	-25,208
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>28,159</b>	<b>14,500</b>	<b>68,475</b>	<b>89,710</b>
<b>OTHER COMPREHENSIVE PROFIT/LOSS</b>				
<b>Items that may be reclassified to profit/loss for the period</b>				
Currency exchange differences upon conversion of foreign subsidiaries	2,731	2,386	7,882	5,029
<b>Other comprehensive profit/loss for the period</b>	<b>2,731</b>	<b>2,386</b>	<b>7,882</b>	<b>5,029</b>
<b>TOTAL COMPREHENSIVE PROFIT/LOSS FOR THE PERIOD</b>	<b>30,890</b>	<b>16,886</b>	<b>76,357</b>	<b>94,739</b>
<b>Profit/loss for the period attributable to:</b>				
Parent company shareholders	28,204	14,335	67,697	86,204
Non-controlling interest	-45	165	778	3,506
<b>TOTAL</b>	<b>28,159</b>	<b>14,500</b>	<b>68,475</b>	<b>89,710</b>
<b>Total comprehensive profit/loss for the period attributable to:</b>				
Parent company shareholders	30,935	16,721	75,578	91,233
Non-controlling interest	-45	165	778	3,506
<b>TOTAL</b>	<b>30,890</b>	<b>16,886</b>	<b>76,357</b>	<b>94,739</b>
<b>Earnings per share, calculated on the profit/loss for the period attributable to the parent company's shareholders</b>				
<b>Amounts in SEK</b>				
Earnings per share before dilution	0.83	0.43	2.01	2.57
Earnings per share after dilution	0.82	0.41	1.97	2.46

# Group report

## Summary of financial position

Amounts in SEK thousands	31/12/2022	31/12/2021
<b>Fixed assets</b>		
Goodwill	72,830	40,631
Other intangible fixed assets	48,064	22,904
Equipment, tools and installations	17,222	11,047
Right-of-Use Assets	46,823	38,063
Financial fixed assets	5,762	5,094
<b>Total fixed assets</b>	<b>190,701</b>	<b>117,739</b>
<b>Current assets</b>		
Inventories	184,768	158,657
Current receivables	66,269	57,950
Pre-paid costs and accrued revenues	47,635	35,128
Cash and bank balances	161,880	235,732
<b>Total current assets</b>	<b>460,552</b>	<b>487,467</b>
<b>TOTAL ASSETS</b>	<b>651,253</b>	<b>605,206</b>
<b>Equity</b>		
Share capital	3,386	3,370
Other contributed capital	39,300	35,830
Retained earnings including profit/loss for the period	117,687	112,518
<b>Total equity</b>	<b>160,373</b>	<b>151,718</b>
<b>Long-term liabilities</b>		
Leasing liabilities	31,412	25,025
Deferred tax liability	4,706	1,387
Other long-term liabilities	32,313	4,516
<b>Total long-term liabilities</b>	<b>68,431</b>	<b>30,928</b>
<b>Current liabilities</b>		
Accounts payable	35,159	44,251
Tax liabilities	9,969	16,998
Leasing liabilities	18,166	13,910
Other current liabilities	246,097	238,867
Accrued costs and deferred revenues	113,058	108,534
<b>Total current liabilities</b>	<b>422,449</b>	<b>422,560</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>651,253</b>	<b>605,206</b>

# Group report

## Summary of changes in equity

Amounts in SEK thousands	Share capital	Ongoing rights issue	Other contributed capital	Trans- lation reserves	Retained earnings including profit/loss for the period	Total	Non- controlling interest	Total Equity
<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 period	-	-	-	-	86,204	<b>86,204</b>	3,506	<b>89,710</b>
Other comprehensive profit/loss for the period	-	-	-	4,468	-	<b>4,468</b>	-	<b>4,468</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>
Issued warrants	-	-	-	-	-	-	-	-
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>143,054</b>	<b>8,665</b>	<b>151,718</b>
<b>Opening balance 01/01/2022</b>	<b>3,370</b>	<b>7</b>	<b>35,823</b>	<b>-804</b>	<b>104,658</b>	<b>143,054</b>	<b>8,665</b>	<b>151,718</b>
Profit/loss for the period	-	-	-	-	67,697	<b>67,697</b>	778	<b>68,475</b>
Other comprehensive profit/loss for the period	-	-	-	6,683	-	<b>6,683</b>	-	<b>6,683</b>
Share repurchase	-	-	-	-	-13	<b>-13</b>	-	<b>-13</b>
Change of the minority	-	-	-	-	-29	<b>-29</b>	29	-
Rights issue	16	-7	3,477	-	-	<b>3,486</b>	-	<b>3,486</b>
Issued warrants	-	-	-	-	975	<b>975</b>	-	<b>975</b>
Dividends	-	-	-	-	-67,405	<b>-67,405</b>	-3,546	<b>-70,951</b>
<b>Closing balance 31/12/2022</b>	<b>3,386</b>	<b>-</b>	<b>39,300</b>	<b>5,879</b>	<b>105,883</b>	<b>154,447</b>	<b>5,926</b>	<b>160,373</b>

# Group report

## Summary of cash flows

Amounts in SEK thousands	01/10/2022 31/12/2022	01/10/2021 31/12/2021	01/01/2022 31/12/2022	01/01/2021 31/12/2021
<b>Operating activities</b>				
Profit/loss before financial items	34,811	20,844	86,986	115,968
Depreciation and amortisation/write-downs	6,008	5,603	25,074	21,602
Currency fluctuations	4,116	-2,685	2,165	-5,743
<b>Total</b>	<b>44,935</b>	<b>23,762</b>	<b>114,225</b>	<b>131,827</b>
Interest received	124	64	364	383
Interest paid	-	-393	-100	-1,432
Tax paid	-6,692	-5,283	-30,039	-20,521
<b>Total</b>	<b>-6,568</b>	<b>-5,612</b>	<b>-29,775</b>	<b>-21,570</b>
<b>Cash flow from operating activities before changes in operating capital</b>	<b>38,367</b>	<b>18,150</b>	<b>84,450</b>	<b>110,257</b>
<b>Cash flow from changes in operating capital</b>				
Change in inventories	3,497	11,408	-26,111	-31,709
Change in current receivables	1,590	-6,126	-17,492	10,252
Change in current liabilities	-35,790	36,076	2,010	64,692
<b>Total</b>	<b>-30,703</b>	<b>41,358</b>	<b>-41,593</b>	<b>43,235</b>
<b>Cash flow from operating activities</b>	<b>7,664</b>	<b>59,508</b>	<b>42,857</b>	<b>153,492</b>
<b>Investment activity</b>				
Investments in intangible fixed assets	-3,514	-1,973	-16,835	-5,836
Investments in tangible fixed assets	-1,046	-852	-8,100	-3,838
Investments in financial fixed assets	-153	-80	-10,490	-2,308
<b>Cash flow from investment activities</b>	<b>-4,713</b>	<b>-2,905</b>	<b>-35,425</b>	<b>-11,982</b>
<b>Financing activities</b>				
Amortisation of lease liabilities attributable to lease agreements	-4,895	-4,022	-18,340	-15,263
Issuance of options	140	-	975	-
Rights issue	-	225	3,486	8,387
Dividends	-	-	-67,405	-42,120
<b>Cash flow from financing activities</b>	<b>-4,755</b>	<b>-3,797</b>	<b>-81,284</b>	<b>-48,996</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-1,804</b>	<b>52,806</b>	<b>-73,852</b>	<b>92,514</b>
<b>Cash and cash equivalents at start of period</b>	<b>163,684</b>	<b>182,926</b>	<b>235,732</b>	<b>143,218</b>
<b>Cash and cash equivalents at end of period</b>	<b>161,880</b>	<b>235,732</b>	<b>161,880</b>	<b>235,732</b>

# Parent company report

## Summary income statement

Amounts in SEK thousands	01/10/2022	01/10/2021	01/01/2022	01/01/2021
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Net turnover	5,771	39,439	26,970	118,190
Other revenue	3	3,860	2,066	22,291
Goods for resale and other direct costs	-10	-32,591	-8,218	-103,744
<b>Gross profit</b>	<b>5,764</b>	<b>10,708</b>	<b>20,818</b>	<b>36,737</b>
External operating expenses	-4,659	-7,038	-18,865	-26,326
Depreciation/amortisation	-157	-157	-628	-606
<b>Operating profit</b>	<b>948</b>	<b>3,513</b>	<b>1,325</b>	<b>9,805</b>
Net financial income/expense	61,689	58,039	73,881	61,277
Tax	-97	-639	-100	-2,196
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>62,540</b>	<b>60,913</b>	<b>75,106</b>	<b>68,886</b>

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

# Parent company report

## Summary of financial position

Amounts in SEK thousands	31/12/2022	31/12/2021
<b>Fixed assets</b>		
Intangible fixed assets	12,667	4,910
Tangible fixed assets	23	31
Financial fixed assets	135,417	104,330
<b>Total fixed assets</b>	<b>148,107</b>	<b>109,271</b>
<b>Current assets</b>		
Current receivables	1,730	2,252
Intra-group receivables	13,458	24,659
Pre-paid costs and accrued revenues	350	2,331
Cash and bank balances	1,555	4,471
<b>Total current assets</b>	<b>17,093</b>	<b>33,713</b>
<b>TOTAL ASSETS</b>	<b>165,200</b>	<b>142,984</b>
<b>Equity</b>		
<i>Restricted equity</i>		
Share capital	3,386	3,370
Ongoing rights issue	-	7
Fund for development expenditures	12,667	4,910
<i>Unrestricted equity</i>		
Share premium reserve	48,631	45,154
Retained earnings including profit/loss for the period	52,525	52,438
<b>Total equity</b>	<b>117,209</b>	<b>105,879</b>
<b>Long-term liabilities</b>		
Long-term liabilities	25,960	4,070
Intra-group long-term liabilities	-	15,476
<b>Total long-term liabilities</b>	<b>25,960</b>	<b>19,546</b>
<b>Current liabilities</b>		
Tax liabilities	-	1,727
Intra-group current liabilities	16,426	2,512
Other current liabilities	4,784	11,902
Accrued costs and deferred revenues	821	1,418
<b>Total current liabilities</b>	<b>22,031</b>	<b>17,559</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>165,200</b>	<b>142,984</b>

# Parent company report

## Summary of changes in equity

Amounts in SEK thousands	Share capital	Ongoing rights issue	Fund for development expenditures	Share premium reserve	Retained earnings including profit/loss for the period	Total Equity
<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 period	-	-	-	-	68,886	<b>68,886</b>
Capitalization of development expenditure	-	-	3,623	-	-3,623	-
Dissolution as a result of this year depreciation of development expenditure	-	-	-599	-	599	-
Rights issue	65	-24	-	8,346	-	<b>8,387</b>
Issued warrants	-	-	-	-	-	-
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>
<b>Opening balance 01/01/2022</b>	<b>3,370</b>	<b>7</b>	<b>4,910</b>	<b>45,154</b>	<b>52,438</b>	<b>105,879</b>
Profit/loss for the period	-	-	-	-	75,106	<b>75,106</b>
Capitalization of development expenditure	-	-	8,377	-	-8,377	-
Dissolution as a result of this year depreciation of development expenditure	-	-	-620	-	620	-
Rights issue	16	-7	-	3,477	-	<b>3,486</b>
Issued warrants	-	-	-	-	143	<b>143</b>
Dividends	-	-	-	-	-67,405	<b>-67,405</b>
<b>Closing balance 31/12/2022</b>	<b>3,386</b>	<b>-</b>	<b>12,667</b>	<b>48,631</b>	<b>52,525</b>	<b>117,209</b>

# Parent company report

## Summary of cash flows

Amounts in SEK thousands	01/10/2022 31/12/2022	01/10/2021 31/12/2021	01/01/2022 31/12/2022	01/01/2021 31/12/2021
<b>Operating activities</b>				
Profit/loss before financial items	948	3,513	1,325	9,805
Depreciation and amortisation/write-downs	157	157	628	606
Currency fluctuations	163	-2,001	284	-1,329
<b>Total</b>	<b>1,268</b>	<b>1,669</b>	<b>2,237</b>	<b>9,082</b>
Interest received	262	110	636	565
Interest paid	-	-1	-	-3
Tax paid	-51	-128	-1,916	-5,536
<b>Total</b>	<b>211</b>	<b>-19</b>	<b>-1,280</b>	<b>-4,974</b>
<b>Cash flow from operating activities before changes in operating capital</b>	<b>1,479</b>	<b>1,650</b>	<b>957</b>	<b>4,108</b>
<b>Cash flow from changes in operating capital</b>				
Change in current receivables	6,843	-2,178	13,794	-46
Change in current liabilities	-11,425	129	51,500	32,282
<b>Cash flow from operating activities</b>	<b>-3,103</b>	<b>-399</b>	<b>66,251</b>	<b>36,344</b>
<b>Investment activity</b>				
Investments in intangible fixed assets	-2,332	-906	-7,533	-3,107
Investments in tangible fixed assets	-	-	-	-38
Investments in financial fixed assets	-	-84	-10,505	-4,321
<b>Cash flow from investment activities</b>	<b>-2,332</b>	<b>-990</b>	<b>-18,038</b>	<b>-7,466</b>
<b>Financing activities</b>				
Issuance of options	37	-	143	-
Rights issue	-	225	3,486	8,387
Dividends received	-	-	12,647	2,235
Dividends	-	-	-67,405	-42,120
<b>Cash flow from financing activities</b>	<b>37</b>	<b>225</b>	<b>-51,129</b>	<b>-31,498</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-5,398</b>	<b>-1,164</b>	<b>-2,916</b>	<b>-2,620</b>
<b>Cash and cash equivalents at start of period</b>	<b>6,953</b>	<b>5,635</b>	<b>4,471</b>	<b>7,091</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,555</b>	<b>4,471</b>	<b>1,555</b>	<b>4,471</b>

# Note 1 Segment information

## Description of segments and main activities

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

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

## 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

Oct-Dec 2022	Zinzino	Faun	Group elimination	Total Group
Net turnover	384,930	41,886	-26,245	<b>400,571</b>
Other revenue	27,853	425	-	<b>28,278</b>
Own work capitalised	461	-	-	<b>461</b>
Goods for resale and other direct costs	-275,828	-29,904	26,245	<b>-279,487</b>
<b>Gross profit</b>	<b>137,416</b>	<b>12,407</b>	-	<b>149,823</b>
External operating expenses	-62,521	-2,275	-	<b>-64,796</b>
Personnel costs	-35,447	-8,761	-	<b>-44,208</b>
<b>EBITDA</b>	<b>39,448</b>	<b>1,371</b>	-	<b>40,819</b>
Depreciation/amortisation	-4,513	-1,495	-	<b>-6,008</b>
<b>Operating profit</b>	<b>34,935</b>	<b>-124</b>	-	<b>34,811</b>

Oct-Dec 2021	Zinzino	Faun	Group elimination	Total Group
Net turnover	358,690	23,610	-9,729	<b>372,571</b>
Other revenue	26,486	1,419	-	<b>27,905</b>
Own work capitalised	757	-	-	<b>757</b>
Goods for resale and other direct costs	-280,224	-16,989	9,729	<b>-287,484</b>
<b>Gross profit</b>	<b>105,709</b>	<b>8,040</b>	-	<b>113,749</b>
External operating expenses	-45,946	-2,495	-	<b>-48,441</b>
Personnel costs	-31,144	-7,717	-	<b>-38,861</b>
<b>EBITDA</b>	<b>28,619</b>	<b>-2,172</b>	-	<b>26,447</b>
Depreciation/amortisation	-4,265	-1,338	-	<b>-5,603</b>
<b>Operating profit</b>	<b>24,354</b>	<b>-3,510</b>	-	<b>20,844</b>

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

<b>Jan-Dec 2021</b>	<b>Zinzino</b>	<b>Faun</b>	<b>Group elimination</b>	<b>Total Group</b>
Net turnover	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>-</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>-</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>-</b>	<b>115,968</b>

## Note 2 Net turnover

### Revenues

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

Goods within Zinzino Health and Zinzino Coffee refer to sales to Zinzino's customers and distributors in the various sales markets through the webshop. The goods are sold mainly through subscriptions which run for a fixed period of 6 months and continue indefinitely until the customer terminates the subscription. All revenues are recognised when the goods are delivered to the customer in accordance with IFRS 15.

For more information regarding the products, see note 2.5.1 in the 2021 annual report regarding the principles of revenue recognition.

External goods Faun refers to goods produced on contract for an external customer. Revenue is recognised when the goods are delivered to the customer in accordance with IFRS 15, see note 2.5.1 in the 2021 annual report on revenue recognition principles.

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

Oct-Dec 2022	Zinzino	Faun	Total Group
Net turnover	384,931	15,640	<b>400,571</b>
<b>Revenue from external customers</b>	<b>384,931</b>	<b>15,640</b>	<b>400,571</b>
Goods within Zinzino Health	373,122	-	<b>373,122</b>
Goods within Zinzino Coffee	5,172	-	<b>5,172</b>
Sales of external goods Faun	-	15,640	<b>15,640</b>
Events and other services	6,637	-	<b>6,637</b>
<b>TOTAL</b>	<b>384,931</b>	<b>15,640</b>	<b>400,571</b>

Oct-Dec 2021	Zinzino	Faun	Total Group
Net turnover	358,690	13,881	<b>372,571</b>
<b>Revenue from external customers</b>	<b>358,690</b>	<b>13,881</b>	<b>372,571</b>
Goods within Zinzino Health	350,005	-	<b>350,005</b>
Goods within Zinzino Coffee	5,603	-	<b>5,603</b>
Sales of external goods Faun	-	13,881	<b>13,881</b>
Events and other services	3,082	-	<b>3,082</b>
<b>TOTAL</b>	<b>358,690</b>	<b>13,881</b>	<b>372,571</b>

<b>Jan-Dec 2022</b>	<b>Zinzino</b>	<b>Faun</b>	<b>Total Group</b>
Net turnover	1,280,266	75,742	<b>1,356,008</b>
<b>Revenue from external customers</b>	<b>1,280,266</b>	<b>75,742</b>	<b>1,356,008</b>
Goods within Zinzino Health	1,248,964	-	<b>1,248,964</b>
Goods within Zinzino Coffee	20,713	-	<b>20,713</b>
Sales of external goods Faun	-	75,742	<b>75,742</b>
Events and other services	10,589	-	<b>10,589</b>
<b>TOTAL</b>	<b>1,280,266</b>	<b>75,742</b>	<b>1,356,008</b>

<b>Jan-Dec 2021</b>	<b>Zinzino</b>	<b>Faun</b>	<b>Total Group</b>
Net turnover	1,227,344	61,137	<b>1,288,481</b>
<b>Revenue from external customers</b>	<b>1,227,344</b>	<b>61,137</b>	<b>1,288,481</b>
Goods within Zinzino Health	1,197,856	-	<b>1,197,856</b>
Goods within Zinzino Coffee	25,168	-	<b>25,168</b>
Sales of external goods Faun	-	61,137	<b>61,137</b>
Events and other services	4,320	-	<b>4,320</b>
<b>TOTAL</b>	<b>1,227,344</b>	<b>61,137</b>	<b>1,288,481</b>

## Note 3 Transactions with related parties

	01/10/2022 31/12/2022	01/10/2021 31/12/2021	01/01/2022 31/12/2022	01/01/2021 31/12/2021
<b>Purchase of goods and services</b>				
Saele Invest & Consulting AS*	10,054	9,244	34,510	34,480
Prosperity ApS**	1,640	1,725	6,011	6,724
<b>TOTAL</b>	<b>11,694</b>	<b>10,969</b>	<b>40,521</b>	<b>41,204</b>
	01/10/2022 31/12/2022	01/10/2021 31/12/2021	01/01/2022 31/12/2022	01/01/2021 31/12/2021
<b>Sales of goods and services</b>				
Saele Invest & Consulting AS	349	-	1,566	-
<b>TOTAL</b>	<b>349</b>	<b>-</b>	<b>1,566</b>	<b>-</b>

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

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

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

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

## Note 4 Earnings per share

SEK	01/10/2022 31/12/2022	01/10/2021 31/12/2021	01/01/2022 31/12/2022	01/01/2021 31/12/2021
Earnings per share before dilution	0.83	0.43	2.01	2.57
Earnings per share after dilution	0.82	0.41	1.97	2.46
<b>Earnings metric used in the calculation of earnings per share</b>				
Earnings attributable to shareholders of the parent company used in the calculation of earnings per share before and after dilution	28,204	14,335	67,697	86,204
<b>Number of shares</b>				
Weighted average number of ordinary shares in calculating earnings per share before dilution	33,817,551	33,696,682	33,731,333	33,551,514
<b>Adjustment for calculation of earnings per share after dilution (of warrants):</b>				
Weighted average number of ordinary shares and potential ordinary shares used as denominator in calculating earnings per share after dilution	34,251,451	35,100,145	34,307,847	35,092,535

## Note 5 Business acquisitions

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On 5 April 2022, the Group acquired all shares in Enhanzz IP AG and Enhanzz Global AG. The companies were acquired for a total of SEK 36,136 thousand.

Goodwill amounted to SEK 31,627 thousand in the acquisition, which has been provisionally capitalised in connection with the acquisition. The goodwill arising from the acquisition mainly includes the accumulated value of the "HANZZ+HEIDI" trademark. The preliminary value of the above-mentioned trademark has been estimated and will be determined before the end of 2022.

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

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

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

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

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

## Note 6 Events after the end of the interim period

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

# Note 7

## Financial metrics not defined in accordance with IFRS

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

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

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

# Gothenburg

## 28 February 2023

The Board of Directors and the CEO certify that the report for the period 1 January–31 December 2022 gives a fair overview of the parent company and Group's operations, position and earnings and describes significant risks and uncertainties faced by the parent company and the companies in the Group.

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

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Gothenburg, 28 February 2023

### ***Hans Jacobsson***

Board Chair

### ***Pierre Mårtensson***

Board Member

### ***Ingela Nordenhav***

Board Member

### ***Staffan Hillberg***

Board Member

### ***Anna Frick***

Board Member

### ***Dag Bergheim Pettersen***

CEO

### **Auditor's audit report**

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

