



Annual Report

2023

ZINZINO

This is Zinzino

Zinzino is a global direct sales company from Scandinavia specialising in test-based, personalised dietary supplements and scientific skincare. 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 skincare 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

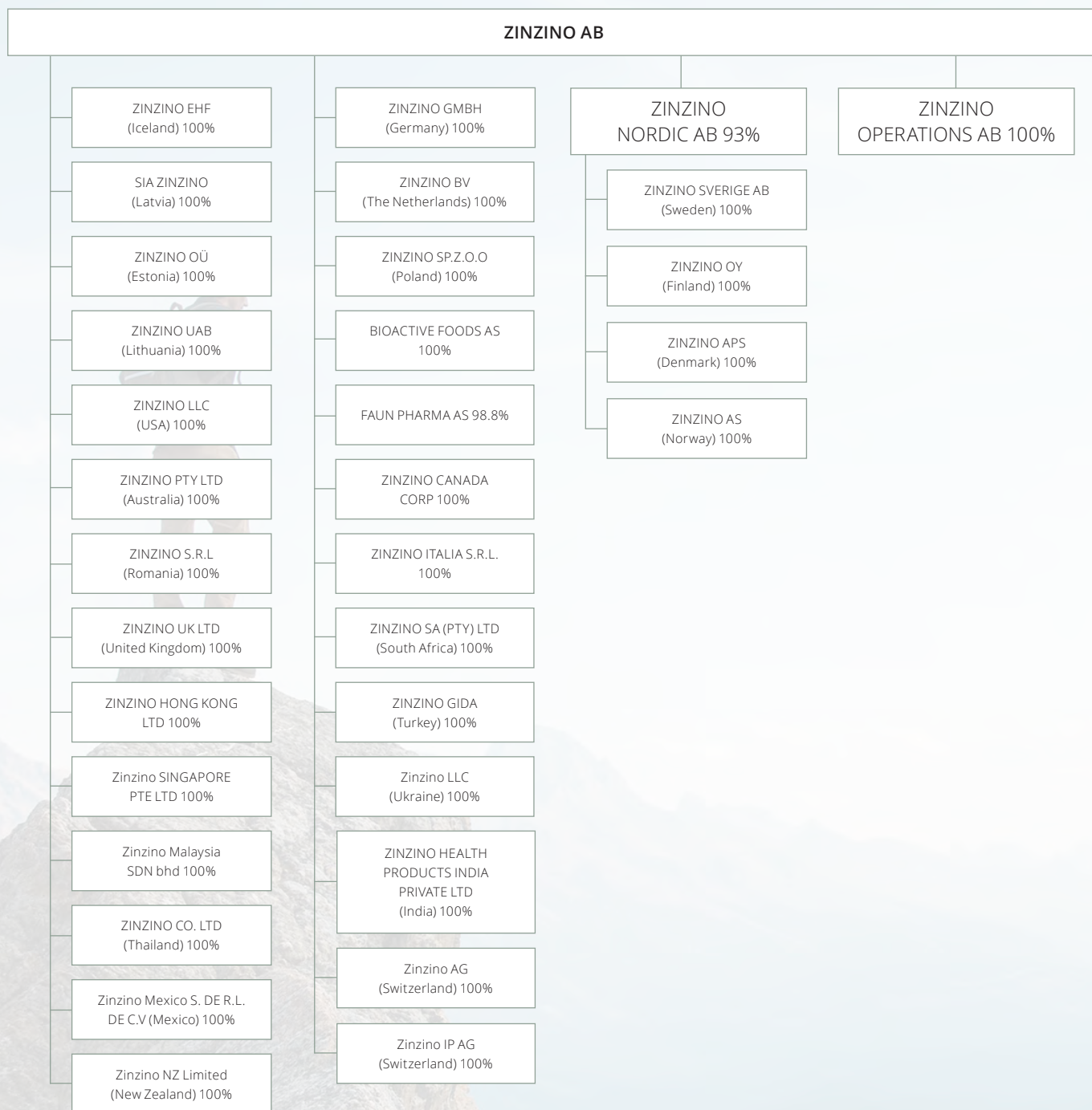
- 2007 Zinzino AB was started. The company's principal business is to own and develop companies in direct sales and related activities.
- 2009 Zinzino Nordic AB is acquired, partly through a non-cash share issue to the owners of Zinzino Nordic AB and partly through a subscription in the preferential rights issue that Zinzino Nordic AB carried out in December. Through this, Zinzino AB obtained control over 97% of the votes and 92% of the capital of Zinzino Nordic AB. By the reporting date, the ownership share had increased to 93% of capital.
- 2010 Zinzino shares were listed for trading on the Aktietorget stock market.
- 2011 The group was expanded with companies in Estonia and Lithuania.
- 2012 Companies were started in Latvia and Iceland.
- 2013 The company was started in the U.S.A.
- 2014 The Group is further expanded by companies in Poland and the Netherlands. In the same year, Zinzino AB acquired BioActive Foods AS and 85% of shares in Faun Pharma AS. This was also the year when Zinzino AB was listed for trading on Nasdaq OMX First North.
- 2015 A company 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 are launched in all countries in the EU.
- 2017 Launch of sales in Switzerland.
- 2018 New subsidiaries in Romania and Italy.
- 2019 New subsidiaries in Australia and India.
- 2020 Acquisition of VMA Life in Singapore and Zinzino moves up to the premier segment of the Nasdaq First North Growth Market.
- 2021 Sales start in South Africa.
- 2022 Acquisition of Enhazz IP AG and Enhazz Global AG.
- 2023 Sales launch in Turkey and Mexico.

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Group structure



Financial Summary (SEK million)

Key group figures	2023	2022	2021	2020	2019
Total revenue	1,766.4	1,443.1	1,370.6	1,138.6	770.6
Net sales	1,674.8	1,356.0	1,288.5	1,074.4	710.8
Sales growth	22%	5%	20%	48%	34%
Gross profit	648.0	465.5	427.5	348.6	232.3
Gross profit margin	36.7%	32.3%	31.2%	30.6%	30.1%
Operating profit before depreciation and amortisation	240.6	112.1	137.6	108.5	33.5
Operating margin before depreciation and amortisation	13.6%	7.8%	10.0%	9.5%	4.4%
Adjusted operating profit before depreciation and amortisation	240.6	112.1	137.6	86.3	33.5
Adjusted operating margin before depreciation and amortisation	13.6%	7.8%	10.0%	7.6%	4.4%
Operating profit	208.8	87.0	116.0	86.6	14.8
Operating margin	11.80%	6.0%	8.5%	7.6%	1.9%
Profit/loss before tax	210.0	89.2	114.9	85.0	13.9
Net profit	164.0	68.5	89.7	66.3	11.3
Net margin	9.3%	4.7%	6.5%	5.8%	1.5%
Net earnings per share after tax before dilution, SEK	4.83	2.01	2.57	1.96	0.33
Net earnings per share after tax at full dilution, SEK	4.73	1.97	2.46	1.88	0.32
Cash flow from operating activities	246.1	42.9	153.5	97.3	71.3
Cash and cash equivalents	321.2	161.9	235.7	143.2	76.8
Equity/assets ratio	31.3%	24.6%	25.1%	19.6%	13.1%
Equity per share before dilution, SEK	7.78	4.75	4.52	2.88	1.24
Number of issued shares on average for the period	33,885,937	33,731,333	33,551,514	32,860,203	32,580,025
Average number of issued shares for the period with full dilution	34,612,867	34,307,847	35,092,535	34,300,203	32,846,326

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



Dag Bergheim Pettersen, CEO, Zinzino

2023 – a year that will go down in history with record profitable growth for Zinzino

This year's growth of 22% combined with record-high profitability is naturally very satisfying. Total revenues for the past year amounted to SEK 1,766 million and this was combined with a strong EBITDA margin of 13.6%, giving us our overall best year ever. Profitability during the year increased compared to 2022 largely due to the economies of scale achieved when combining growth and streamlining operations. The crowning glory is that we can propose to the Annual General Meeting an increased dividend of SEK 3.00 per share, which is almost double the SEK 1.75 per share we paid out last year. I am very pleased to be able to give our shareholders such a good return on their shares, and I hope that we will be able to maintain and develop this level of dividend.

Vision and ambition

We have a clear vision where we want to inspire a change in the world, where Zinzino contributes by raising awareness of preventive health and test-based, functional dietary supplements based on a healthy lifestyle.

We are a company with the ambition to build a strong brand in direct sales and preventive health, with products whose effectiveness can be tested and backed up by scientific studies. We dream of our company becoming a global market leader in our segment and we believe we can grow by an average of 20% annually going forward. We have high ambitions, and while our targets are realistic in my view, I can understand if the world outside our sphere might think we are a bit crazy. We know that it is up to us to prove ourselves and that a lot of work will be required to achieve our dreams.

Creating value for our shareholders

Every year, we create a clear strategy with improvement points that we will achieve during the year. In 2023, we aimed to implement several strategic milestones:

- We successfully launched two major markets, Turkey and Mexico, which contributed to growth during the year.
- We have invested a lot of time for development, capital and resources in our digital marketplace, webshop and other digital tools, which in turn contributed to growth and improved profitability during the year.
- All successful companies invest in brand building, and in 2023 we upgraded our brand expression and invested heavily in various digital platforms, increased exposure on social media with film and marketing. In addition, we have invested a lot of time and money in product development, studies and new tests that we will benefit from in the coming years.
- We are a test-based and science-driven company and now have the world's largest database of fat analyses and Omega-3. This gives us a unique insight and knowledge, which in turn gives us the opportunity to develop even better products and further research new tests for preventive health. Our database of analyses is currently 1.3 million tests and this is invaluable to those of us who understand and can use the content.

All of the above strategic investments were made in 2023 and we expect them to make a strong contribution to growth and increased profitability in the coming years.



Zinzino products

Acquisitions and economies of scale

We have recently noticed a large increase in companies in our industry looking for new owners or some form of collaboration. We have completed four acquisitions in the last few years, and all these companies are now fully integrated into Zinzino's business model and systems. We are working actively to create growth through strategic acquisitions in addition to the more normal organic growth model that we have mastered so well in the past. Combined with the growth strategy, we are working simultaneously to fine-tune synergies and improvements with a focus on economies of scale and profitability. In January 2024, we entered into just such a partnership with ACN, which will bring us additional benefits and generate growth in the coming years.

We will continue to follow our plan and believe in further added growth going forward, resulting in increased economies of scale. This in turn will allow us to further develop our company, enter even more markets, make further investments and carry out more mergers and acquisitions.

Economies of scale can be summarised as increased growth combined with lower costs per increased SEK in sales, which in turn provides better margins. Economies of scale can also be explained by the fact that we have certain costs that are relatively fixed and that are not affected to the same extent when sales increase. We see that the economies of scale that I have mentioned many times already have now fully materialised, which has resulted in strong growth and high sales volumes in our most profitable markets, which in turn gives us the greatly improved profit margins that we now see.

Prospects for 2024

We expect a very successful 2024. We will open new markets and launch new products but also focus more on developing our important existing markets. We will focus on simplifying and improving the business by increasing our efficiency and quality. We will focus on preventive health and profitable growth, creating a great company for our shareholders, employees, customers and partners.

"Inspire Change in Life"

Dag Bergheim Pettersen
CEO Zinzino

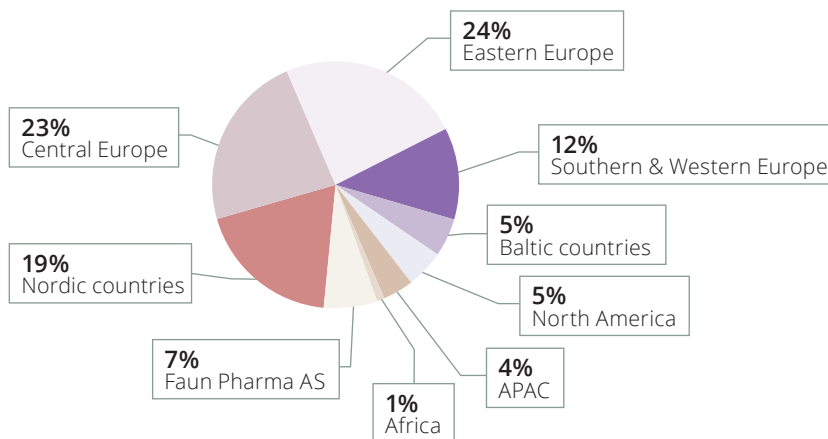
Year in review

– first quarter

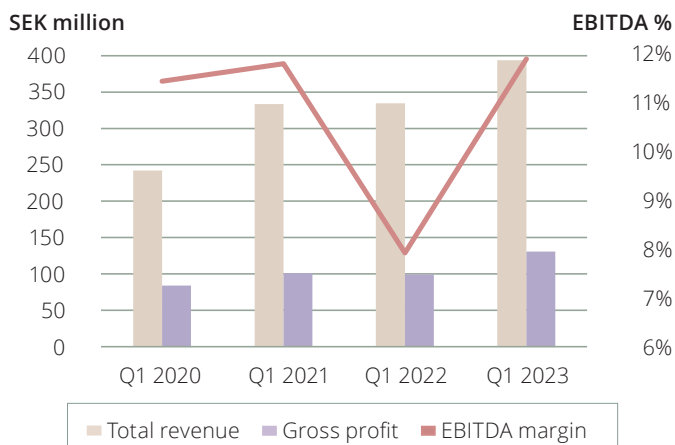
The first quarter of the year started well with high distributor activity and great enthusiasm from sales staff. Revenue increased in most sales regions, but the strongest growth was in the DACH region, mainly driven by the skilful distributors in Germany. In total, revenue for the first quarter of 2023 amounted to SEK 393.7 (334.4) million, which represented a growth of 18%. The EBITDA results amounted to SEK 44.4 (25.8) million and the EBITDA margin to 11.3 (7.7%). The improved EBITDA margin compared with the corresponding period last year was mainly attributable to the good profitability at gross level in combination with the efficiency improvements that resulted from the process implemented and the resulting economies of scale. Overall, this contributed to the company's ability to sustain its external and internal cost base during the quarter, despite being weighed down by the impact of the prevailing macro climate and high inflationary pressures. The quarter also saw the start of sales in Turkey.

Sales SEK 393.7 (334.4) million

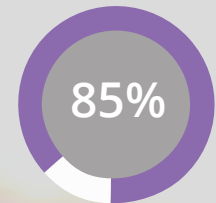
Geographic distribution



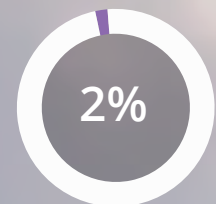
Sales and gross profit



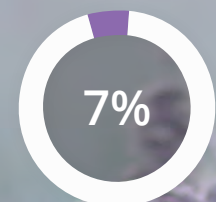
Sales per product area



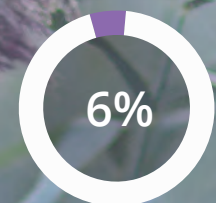
Health
SEK 333.4 (283.3) million



Skincare
SEK 8.5 (3.1) million



Faun
SEK 27.3 (23.1) million



Other revenue
SEK 24.5 (24.9) million

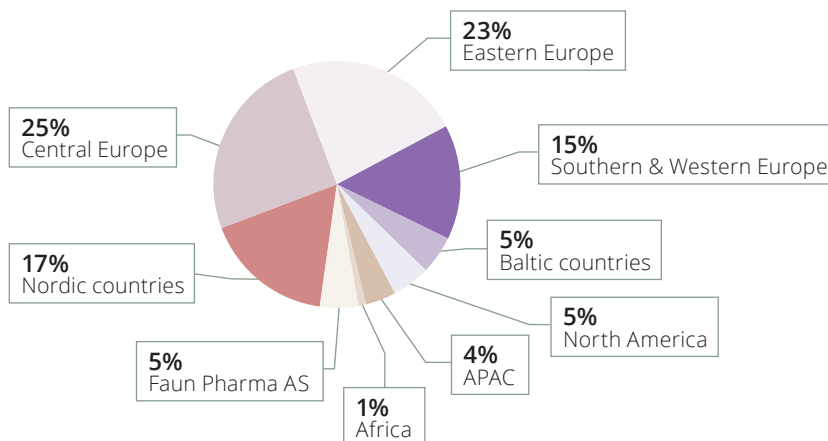
Year in review

– second quarter

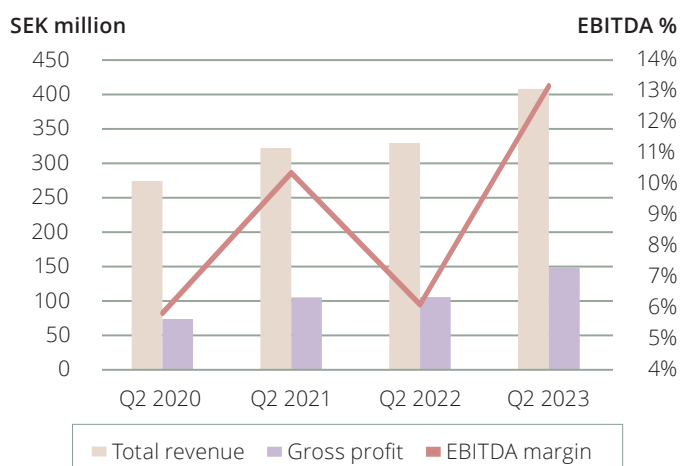
The company experienced further growth in the second quarter of 2023. Total revenue amounted to SEK 407.9 (329.5) million, corresponding to a growth of 24%. EBITDA amounted to SEK 53.7 (20.1) million and the EBITDA margin was 13.2% (6.1%). As before, the favourable development was driven by the DACH region, although most other sales regions also showed growth. Profitability during the quarter was at a record level, which CEO Dag Bergheim Pettersen was pleased to note in the half-year report published at the end of August. The strong development also led the Board to adjust the full-year forecast for expected revenues and profitability upwards. During the second quarter, the establishment project in Mexico was also intensified and the initial delivery problems in Turkey were resolved so that all new distributors and customers received their long-awaited products.

Sales SEK 407.9 (329.5) million

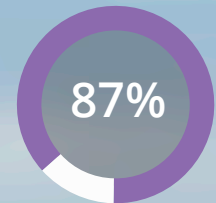
Geographic distribution



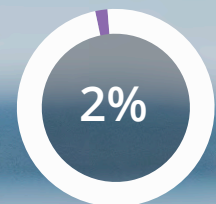
Sales and gross profit



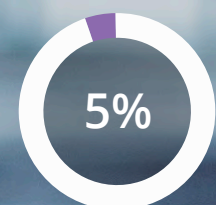
Sales per product area



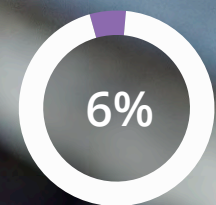
Health
SEK 354.0 (276.4) million



Skincare
SEK 8.3 (8.2) million



Faun
SEK 20.3 (20.5) million



Other revenue
SEK 25.3 (24.4) million

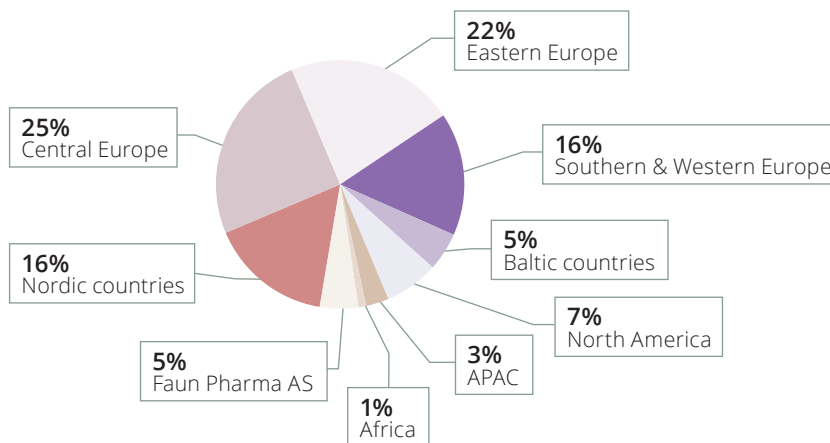
Year in review

– third quarter

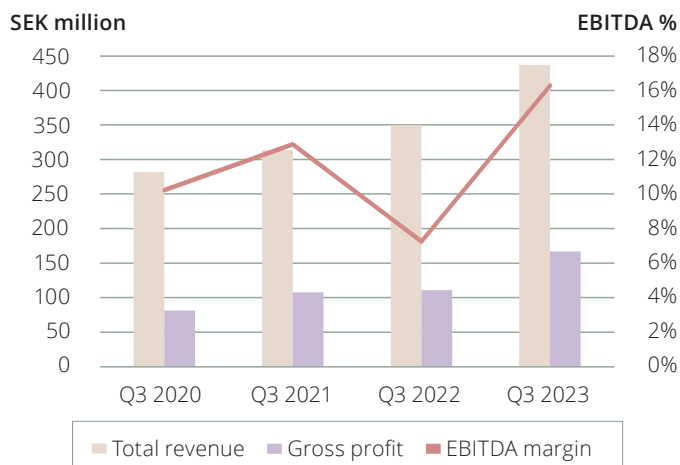
Just after the start of the third quarter of 2023, a major milestone for Zinzino was reached when the 1,000,000th blood test was registered on the company's platform zinzinotest.com, emphasising the potential of BalanceTest also in the broader context of scientific research on diet, health and well-being. In total, revenue for the third quarter amounted to SEK 436.9 (349.9) million, which represented a growth of 25%. The EBITDA results amounted to SEK 71.2 (25.4) million and the EBITDA margin was 16.3% (7.3%), which was again a new record for profitability in a quarter. This follows consistently strong sales performance in most sales regions. On 21 September 2023, another milestone in Zinzino's history was reached with the start of sales in Mexico under its own flag at zinzino.com.

Sales SEK 436.9 (349.9) million

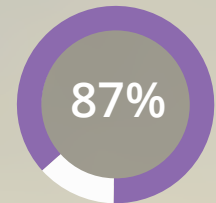
Geographic distribution



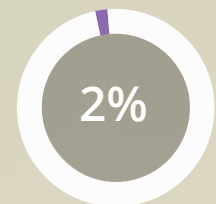
Sales and gross profit



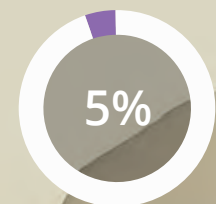
Sales per product area



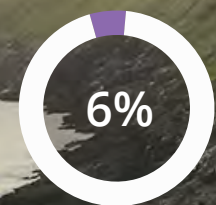
Health
SEK 381.9 (299.0) million



Skincare
SEK 7.5 (6.3) million



Faun
SEK 22.7 (16.4) million



Other revenue
SEK 24.8 (28.2) million

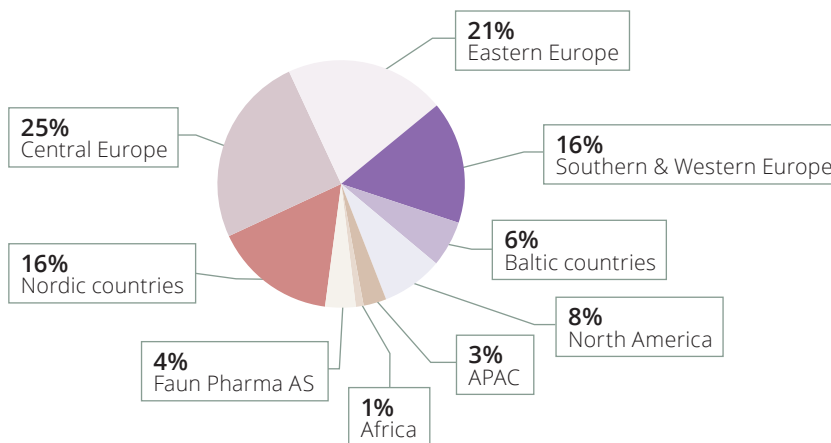
Year in review

– fourth quarter

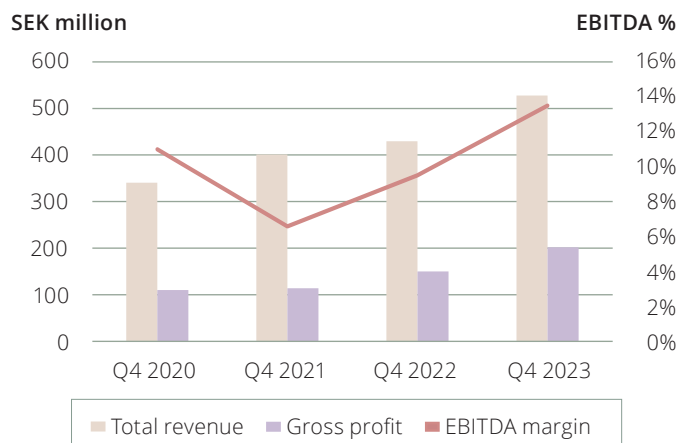
In total, revenue for the fourth quarter of 2023 amounted to SEK 527.9 (429.3) million, which represents a growth of 23% compared to the same period the previous year. As earlier in the year, growth was driven by good performance in most of Zinzino's sales regions. Earnings for the quarter were again strong, with EBITDA totalling SEK 71.3 (40.8) million and an EBITDA margin of 13.5% (9.5%). The favourable earnings trend led the Board of Directors to increase the dividend proposal to the upcoming Annual General Meeting to SEK 3.00 (1.75) per share for the financial year 2023, corresponding to a total of SEK 101.8 (59.3) million before any dilution up to the Annual General Meeting. In addition, during the last quarter of 2023, several establishment processes were initiated in South America and a new customer loyalty programme and an Express Start tool were launched for Zinzino's distributors.

Sales SEK 527.9 (429.3) million

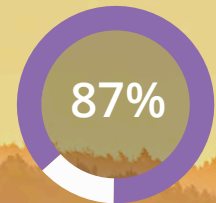
Geographic distribution



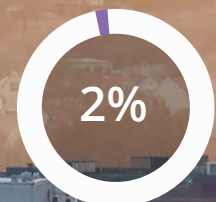
Sales and gross profit



Sales per product area



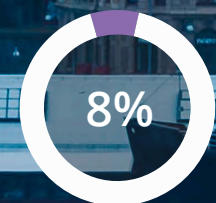
Health
SEK 458.9 (355.3) million



Skincare
SEK 9.2 (17.8) million



Faun
SEK 18.0 (15.6) million

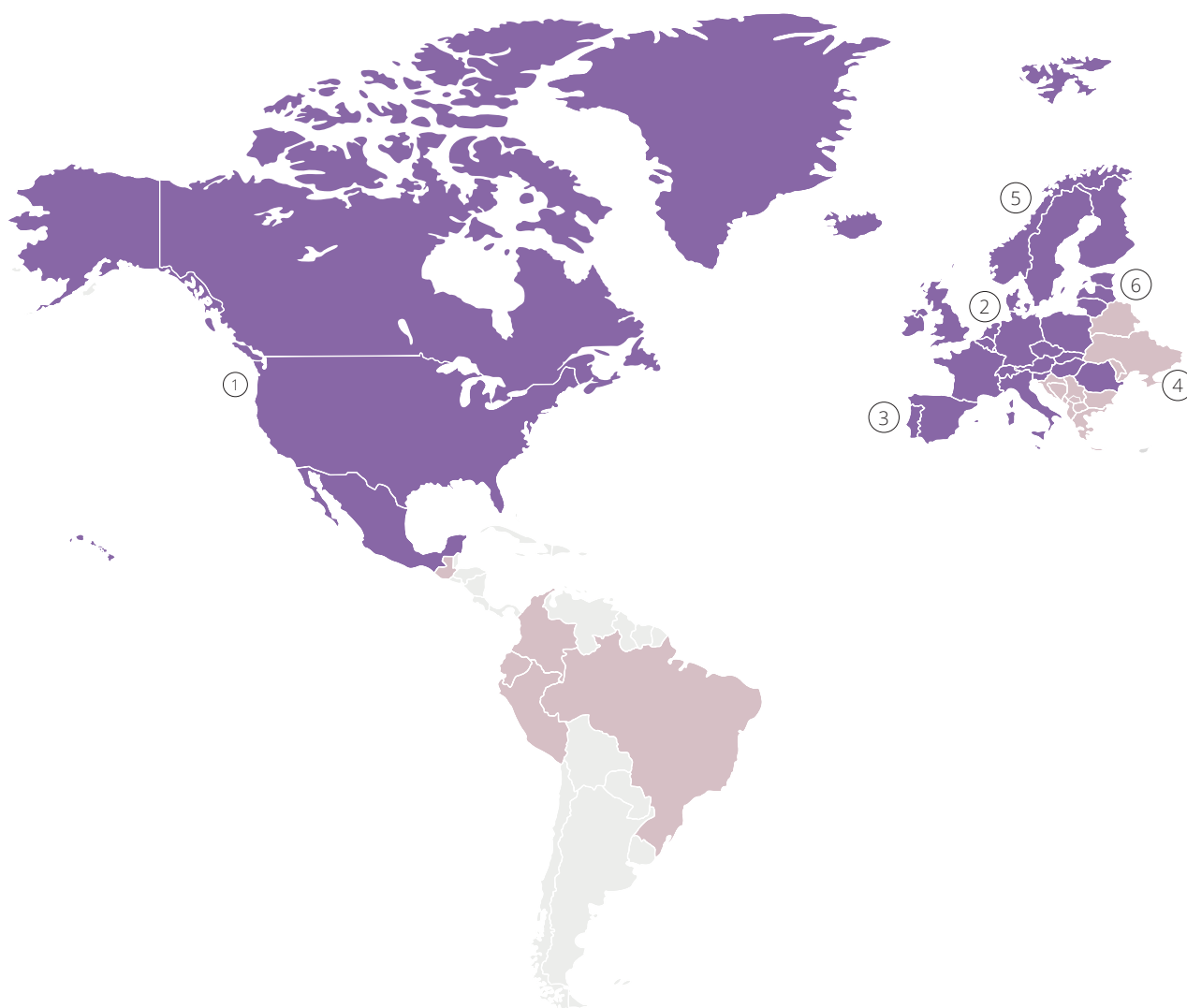


Other revenue
SEK 41.8 (40.6) million

Geographic distribution and growth per region

The geographical distribution of sales in North America and Europe in 2023 and sales growth compared to previous years are shown in the chart below.

- Open markets
- Undergoing opening process

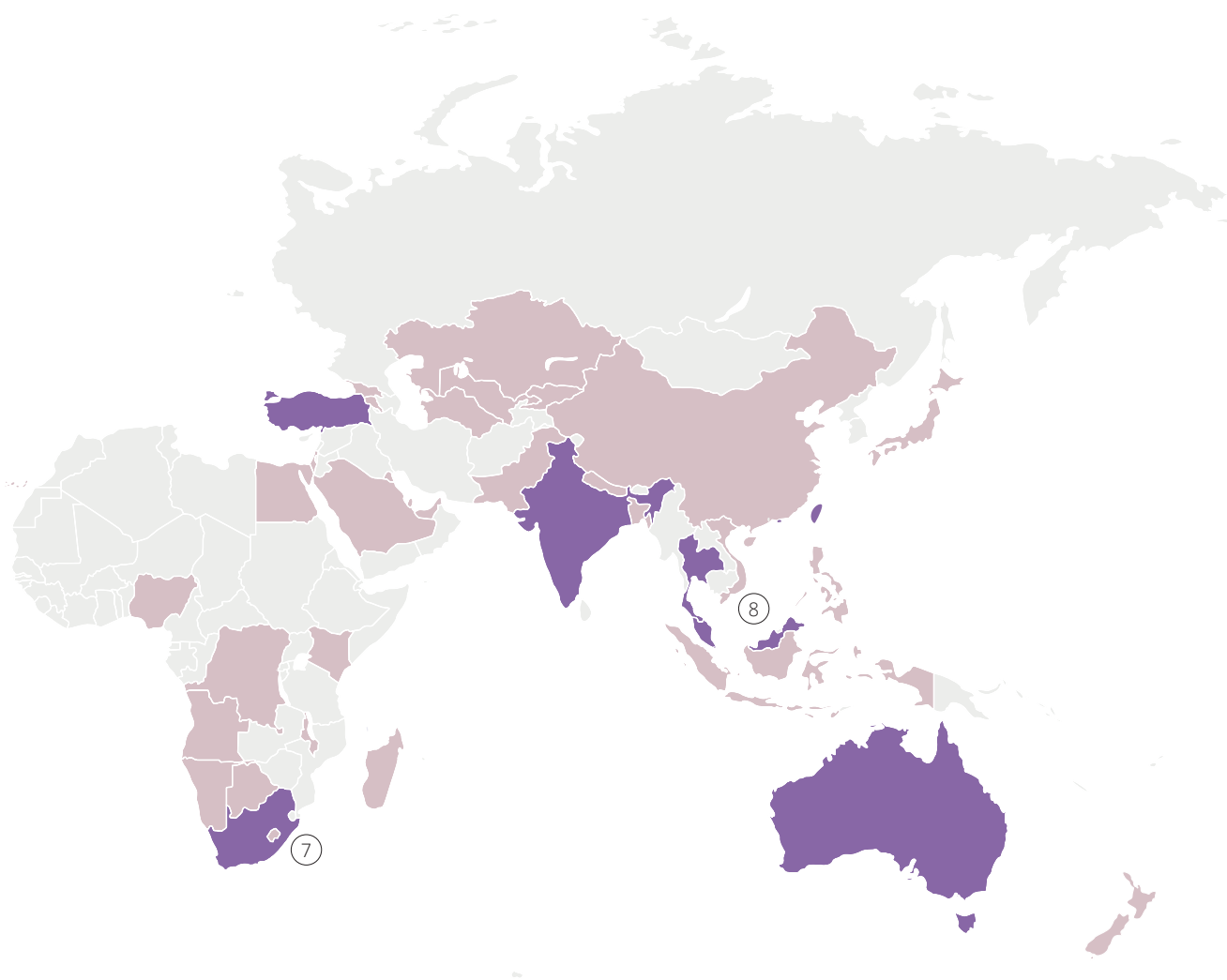


①	②	③	④	⑤	⑥
North America	Central Europe	Southern and Western Europe	Eastern Europe	Nordic countries	Baltic countries
Share 6%	Share 25%	Share 15%	Share 22%	Share 22%	Share 6%
Growth 43%	Growth 51%	Growth 61%	Growth 16%	Growth -3%	Growth 26%

Geographic distribution and growth per region

The geographical distribution of sales in Africa and APAC in 2023 and sales growth compared to the previous year are shown on the chart below.

- Open markets
- Undergoing opening process



⑦

Africa

Share 1%
Growth 32%

⑧

APAC

Share 3%
Growth 27%

Sales by region

Nordic countries

In the Nordic countries, total revenues decreased by 8% to SEK 299.9 (326.6) million compared to the previous year. Despite the downturn, the underlying growth of new distributors and customers in 2023 has been at a higher level than last year but has not yet reached levels that offset the loss of subscription revenue from the aging customer and distributor base. If the trend and rejuvenation of the customer base continues, the decline will be reversed even if the process in the region takes longer than expected.

Faun Pharma AS, the Group's subsidiary and manufacturing unit, increased external production following increased sales, mainly linked to the company's FSC 22000 certification. As a result, external sales increased by 17% in 2023 to SEK 90.1 (77.3) million compared to last year.

Overall, total revenues in the Nordic countries, Zinzino and Faun combined, accounted for 22% (28%) of the Group's total revenues in 2023.

SEK million	
Growth compared to the prior year	-3%
Share of Zinzino's total sales	22%
Net sales	379.1
Other revenue	10.9
Total revenue	390.0
Health	67%
Skincare	3%
Other	7%
Zinzino Faun	23%



Gothenburg, Sweden

Baltic countries

Revenue in the Baltics in 2023 increased by 26% compared to the previous year and amounted to SEK 98.0 (77.9) million, following growth in all countries in the region during the year. Within the region, the number of new distributors and customers increased as well as sales generated through the existing subscription base. Lithuania accounted for the largest share of the region's revenue in 2023 following consistently high distributor activity and strong growth during the year. In Estonia, growth and activity among distributors increased to a level not seen for several years, while growth in Latvia was slightly lower but still at a stable level during the year. Together, the region accounted for 6% (6%) of the Group's total revenue in 2023.

SEK million

Growth compared to the prior year	26%
Share of Zinzino's total sales	6%
Net sales	93.7
Other revenue	4.3

Total revenue	98.0
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Health	89%
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Skincare	3%
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Other	8%
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Riga, Latvia

North America

In North America, revenue in 2023 increased by 43% compared to the previous year and totalled SEK 110.5 (77.2) million. The favourable performance can mainly be attributed to the US and the newly emerging Mexican market. In the US, distributor activity increased during the year with the addition of many new distributors while also increasing subscription revenues from the existing customer base. The Mexican market achieved official market status in the third quarter of 2023 and the number of distributors and customers increased rapidly and high recurring sales volumes have been achieved in a short time. Overall, the above combined with favourable currency developments contributed to the North American market accounting for 6% (5%) of the Group's total revenue in 2023.

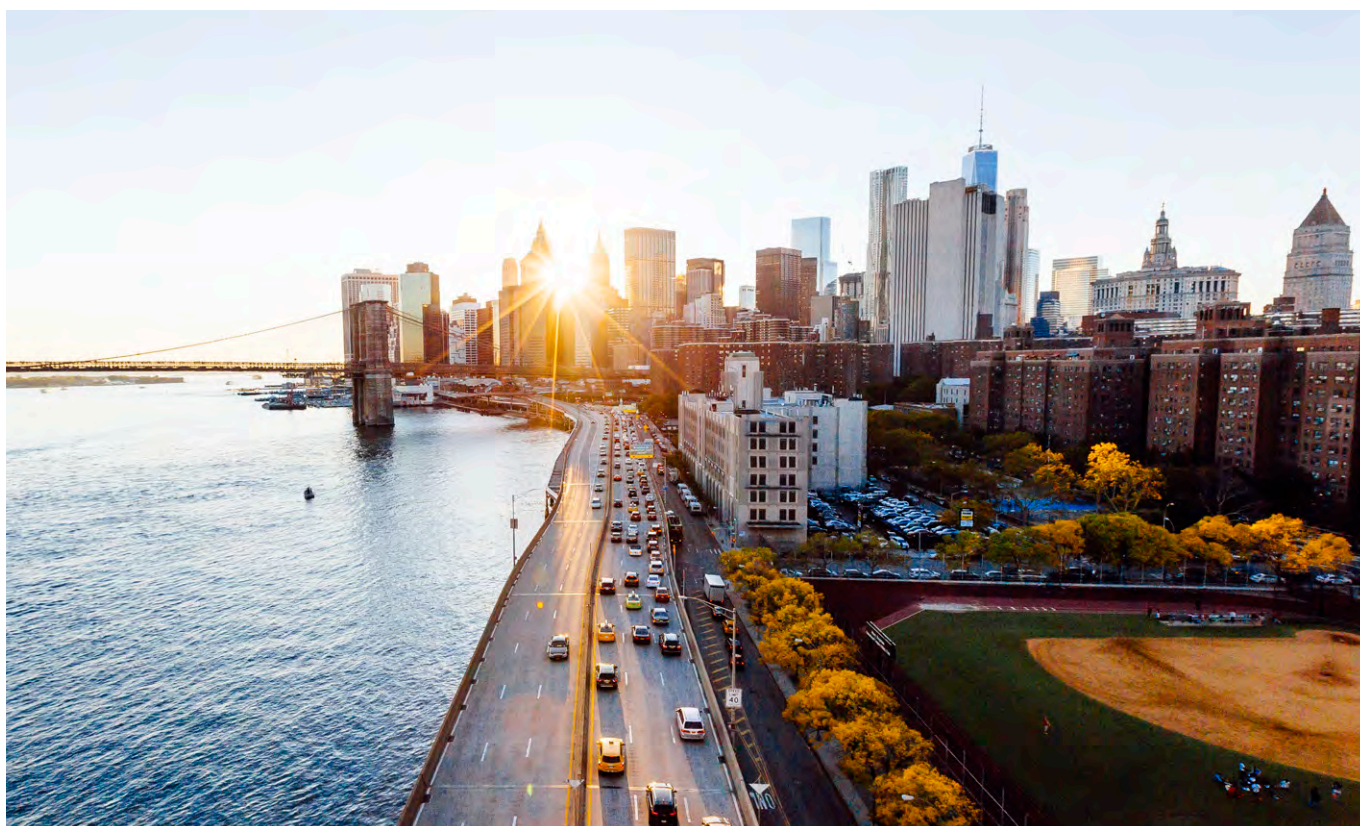
SEK million

Growth compared to the prior year	43%
Share of Zinzino's total sales	6%
Net sales	97.8
Other revenue	12.6
Total revenue	110.5

Health	87%
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Skincare	1%
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Other	12%
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New York, USA

Eastern Europe

The region's revenue in 2023 increased by 16% compared to the previous year and amounted to SEK 394.3 (341.2) million, mainly driven by the strong sales performance in the Czech Republic and Poland where the distributors are working actively to build and nurture the growing customer base. At the same time, sales also increased in Slovakia, Romania and Bulgaria where revenues increased from both customers and distributors. The important Hungarian market increased the inflow of new customers during the year while distributor activity decreased slightly. Zinzino is working actively to stimulate distributor activity in Hungary and the other markets in the large Eastern European region, which is important in terms of sales. The region together accounted for 22% (24%) of the Group's total revenue in 2023.

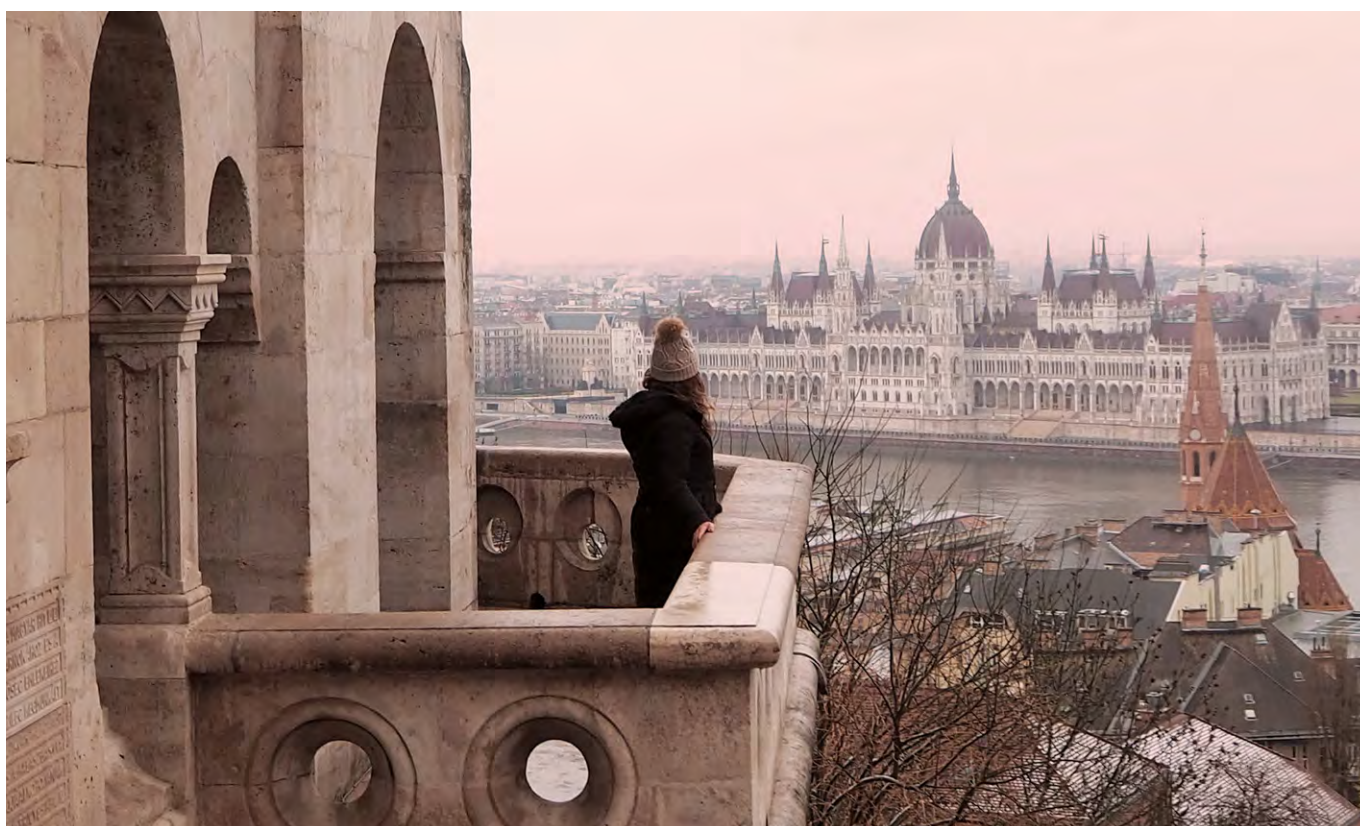
SEK million

Growth compared to the prior year	16%
Share of Zinzino's total sales	22%
Net sales	374.5
Other revenue	19.8
Total revenue	394.3

Health	94%
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Skincare	1%
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Other	5%
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Budapest, Hungary

Central Europe

Revenue in the DACH region in 2023 increased by 51% compared with the previous year and amounted to SEK 438.3 (290.8) million, which corresponded to 25% (20%) of the total revenue in the Group during the year. This follows very strong performance in Germany, Austria and Switzerland, where the large customer bases continue to grow through well-executed work by the experienced distributors in the region who have been joined by new, quickly growing sales organisations through the acquisition of Enhazz in 2022. Overall, the DACH region has consolidated its position as the most profitable and growing region in the Group in 2023.

SEK million

Growth compared to the prior year	51%
Share of Zinzino's total sales	25%
Net sales	408.3
Other revenue	30.0
Total revenue	438.3

Health 91%

Skincare 2%

Other 7%



Cologne, Germany

Southern & Western Europe

The region's revenues in 2023 increased by 61% compared to the previous year and amounted to SEK 265.7 (164.6) million. The strong performance was mainly attributable to the Netherlands, which together with the UK, Spain, Greece and the newly launched Turkish market accounted for the majority of the region's total revenue, although most of the other countries in the region also showed a solid performance in 2023. The region is still in the process of being built and the local sales managers are actively working with the various distributor organisations to build the customer bases and thereby increase the important subscription revenues. Together, the region accounted for 15% (11%) of the Group's total revenue in 2023.

SEK million

Growth compared to the prior year	61
Share of Zinzino's total sales	15%
Net sales	252.4
Other revenue	13.3
Total revenue	265.7

Health	92%
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Skincare	2%
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Other	5%
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Amsterdam, Netherlands

APAC

Total revenues in the APAC region decreased by 27% in 2023 compared to last year and amounted to SEK 56.4 (77.5) million. This follows strong performance in Hong Kong and to some extent Australia during the year, but less favourable performance in other countries. The APAC region has had a more volatile sales performance than other regions since its start, largely due to severe and varying COVID-related restrictions, which slowed down the development and build-up of the distribution organisations. In addition, the region's distributors have generally had a differentiated strategy to build their customer base, resulting in a slightly more variable sales performance than other regions. Zinzino intends to revise the strategy for the APAC region in 2024 and re-launch several markets in 2024. Together, the region accounted for 3% (5%) of the Group's total revenue in 2023.

SEK million

Growth compared to the prior year	-27%
Share of Zinzino's total sales	3%
Net sales	55.9
Other revenue	0.5
Total revenue	56.4

Health	98%
---------------	------------

Skincare	1%
-----------------	-----------

Other	1%
--------------	-----------



Singapore

Africa

South Africa is Zinzino's first local establishment on the African continent. During 2023, there has been a continued focus on building the local distributor organisation and its associated customer base. Activity among distributors was high during the past year, which mainly resulted in an increase in customer subscription revenues. In total, revenue in 2023 increased by 32% to SEK 13.2 (10.0) million for South Africa including the revenue for the other countries in the region which, as before, are handled via Zinzino's global webshop in anticipation of the markets opening under their own local flag. This corresponded to the region accounting for 1% (1%) of the Group's total revenue in 2023.

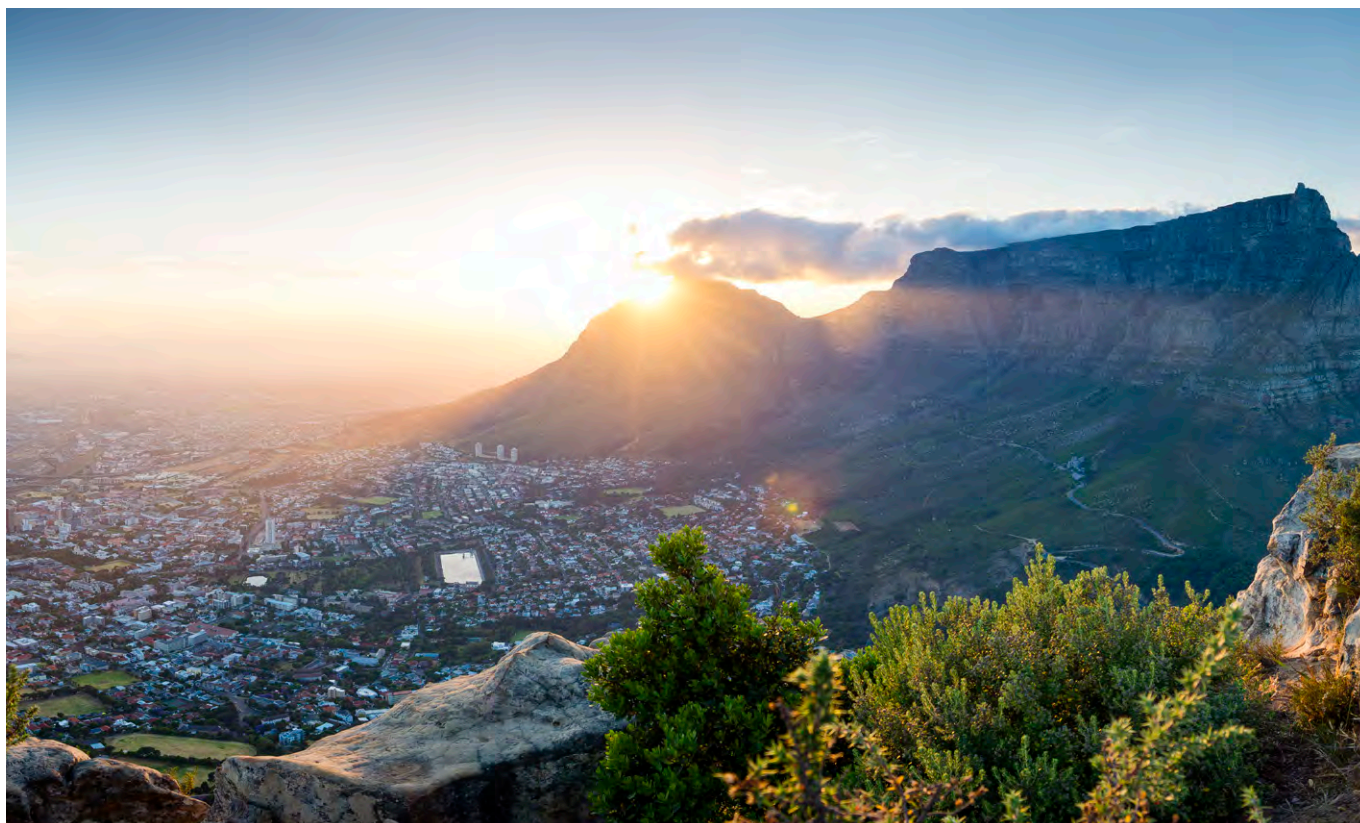
SEK million

Growth compared to the prior year	32%
Share of Zinzino's total sales	1%
Net sales	13.1
Other revenue	0.1
Total revenue	13.2

Health	98%
---------------	------------

Skincare	1%
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Other	1%
--------------	-----------



Cape Town, South Africa

Sales by region

– a comparison between regions (SEK million)

	Nordic countries	Baltic countries	North America	Eastern Europe
Net sales	379.0	93.7	97.8	374.5
Other revenue	10.9	4.3	12.6	19.8
Health share	67%	89%	87%	94%
Skincare share	3%	3%	1%	1%
Other shares	7%	8%	12%	5%
Faun share	23%	n/a	n/a	n/a
Growth compared to the prior year	-3%	26%	43%	16%
Share of the Group's total sales	22%	6%	6%	22%
	Central Europe	Southern & Western Europe	APAC	Africa
Net sales	408.3	252.4	55.9	13.1
Other revenue	30.0	13.3	0.5	0.1
Health share	91%	92%	98%	98%
Skincare share	2%	2%	1%	1%
Other shares	7%	5%	1%	1%
Faun share	n/a	n/a	n/a	n/a
Growth compared to the prior year	51%	61	-27%	32%
Share of the Group's total sales	25%	15%	3%	1%
			Total revenue	1,766.4

Significant events during the year



Zinzino opens up for sales in Turkey

Sales launch in Turkey

On 7 March 2023, Turkey was opened for registration of new distributors via the website zinzino.com adapted for Turkey. The launch of sales was long-awaited as it had been delayed after a complicated establishment process involving a high degree of local adaptation for regulatory reasons. From the start, the newly added Turkish distributors have had access to local marketing material and the local customised payment solution as the first market through the newly developed external payment engine that was added at the end of 2022. The launch was very successful with high distributor activity from the start. Initial delivery problems linked to complicated customs clearance processes delayed the project further and meant that no revenue could be recognised from the new market during the first quarter of 2023. During the second quarter, the initial problems associated with the deliveries were resolved, resulting in all orders from the first quarter being delivered to the recipients and added to the Group's revenues for the second quarter of 2023.



Continued strong focus on new digital distribution tools

Strong focus on new, digital distributor tools

During the year, the process of developing new tools for the company's distributors has continued. One of these tools is a new checkout solution focusing on increased user-friendliness and a general simplification of the process. During the year, the solution became available to the company's customers in large parts of Europe. In addition, the "Shared cart" function enables distributors to pack complete orders and send them ready for payment to future new distributors or customers, thus further facilitating the sales process. The solutions will gradually be launched for other markets during 2024. In addition to the checkout solution, the Zinzino Blog has been updated and moved to the new website. In the blog, visitors can read posts about health and lifestyle, reports from the company's brand ambassadors and other news.

Ongoing efficiency improvement process

During autumn 2022, 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 has continued in 2023.



Mexico is launched in 2023

Start of sales in Mexico under the local flag

On 21 September 2023, sales were launched in Mexico under its own flag on zinzino.com. According to the WFDSA report, Mexico is by revenue one of the top 10 direct sales markets, and the largest among Spanish-speaking countries. Direct sales is the largest non-shop-based channel for

Mexican consumers and a natural strategy for entrepreneurs looking to establish a valuable source of additional income. Given the market analysis, Zinzino placed considerable focus during the preparatory work on establishing a broad network of contacts among potential distributors. In addition, a local sales manager and an operational consultant with good local knowledge of the Mexican market have been contracted. A successful establishment in Mexico requires the development of local payment solutions that are adapted to Mexican consumer behaviour. Thanks to Zinzino's new payment engine and the cooperation with suppliers that provide local payment solutions in Mexico, Zinzino believes that it can meet the local payment solutions from the start, which is important for a successful market launch.

Upwardly adjusted additional consideration for Enhazz acquisition

On 5 April 2022, Zinzino acquired Enhazz IP AG, including the IP rights to its HANZZ+HEIDI and YU brands. In addition, Enhazz Global AG was acquired with the associated distributor organisation. The synergies created by the combined networks since the time of acquisition have made a strong contribution to the good sales growth in the DACH region during the past year. For this reason, the company is now revising the additional consideration upward, which at the time of acquisition was estimated to amount to EUR 2.5 million, instead to EUR 3.8 million as the sales growth generated by the acquired distributor organisation during the period 2023-2027 is expected to exceed the original forecast. The additional consideration shall continue to be 100% settled with newly issued Zinzino shares. The additional consideration for the period 2022-2027 may amount to a maximum of EUR 6 million, whereby further adjustments may be made at a later date depending on the continued growth.



1,000,000 tests have now been performed on zinzinotest.com

1,000,000th test performed at zinzinotest.com

Just after the start of the third quarter of 2023, a milestone was reached in Zinzino's history when the 1,000,000th test was performed on zinzinotest.com. Zinzino's Balance product concept is based on the customer anonymously submitting a blood test, BalanceTest, to the independent laboratory Vitas in Oslo, Norway. The test takes just a few minutes to perform and the results are available at zinzinotest.com within three weeks. The test provides the customer with accurate measurements of 11 fatty acid levels in the blood. In addition to an important insight into the Omega-6:3 balance in the body, the report also reveals the Omega-3 index, protective value, cell membrane fluidity and mental strength. In addition, individualised recommendations are given on how to achieve a better life balance through diet and exercise. The product concept has been very important for the growth of the company and today accounts for about 80% of the Group's revenues.

Launch of new customer loyalty programme and Express Start for distributors

During the fourth quarter, Zinzino introduced a new customer loyalty programme for its customers. The purpose of the loyalty programme is to extend the length of customer subscriptions and thereby increase the important recurring subscription revenues in the longer term. In addition, during Zinzino's annual event, a new important tool for the company's distributors was introduced: Express Start. This comprehensive compendium spans 216 pages and serves as both a manual for new distributors for when they first join and a daily workbook for established distributors. With the manual's step-by-step instructions on how Zinzino's business system works, the tool is expected to simplify the sales pitch process for distributors and thereby increase the inflow of new customers and distributors. The tool is translated into 28 different languages and is available to the company's distributors in all sales markets.



Zinzino introduces a new customer loyalty programme and a new tool; Express Start for distributors

Establishment processes initiated in several countries in South America

Following the successful start of sales in Mexico in September 2023, the company initiated establishment processes in several countries in South America shortly afterwards. This is because, since the start, sales performance has been very good in the Mexican market and broad contact networks with distributors in the region have been established. Most of these distributors have good relations and contacts in South America, which has been successful in previous establishments in new regions. In addition, the local sales management in Mexico has extensive experience in expanding and selling in South America. Initially, Zinzino will focus on establishing itself in Colombia with an estimated start of sales under its local flag on zinzino.com during the first half of 2024. At the same time, establishment processes are underway in Peru, Dominican Republic, Bolivia and Ecuador. The new payment engine, which currently handles orders in Turkey and Mexico, communicates with external payment platforms, which will also be a central part of the upcoming market launches as it is compatible with most local payment solutions in South America. Establishment processes are already underway in the Philippines and Serbia, among others.

Change of Certified Adviser to Carnegie Investment Bank AB (publ.)

On 30 November 2023, Zinzino concluded an agreement with Carnegie Investment Bank AB (publ.) concerning the service as Certified Adviser, as the previous Certified Adviser, Erik Penser Bank, sold its advisory business to Carnegie Investment Bank.

Significant events after the end of the financial year

Strategic partnership in Europe with North American direct sales company ACN

In January 2024, Zinzino entered into a strategic agreement to partner with the North American company ACN, a direct sales company of telecommunications, energy and essential services for homes and businesses. They have decided to phase out their distributor-led sales operations in Europe and the agreement between the companies includes Zinzino taking over the rights to ACN's European distributor database free of charge. This will be integrated with Zinzino's existing technology platform in the future. The strategic partnership for Europe is expected to generate growth through the synergies arising from the joint networks. In conjunction with the agreement, ACN has, via the holding company Manna Holdings LLC, invested in 149,468 Zinzino B shares for SEK 10.4 million in Zinzino via a directed rights issue of B shares. The rights issue was approved by Zinzino's Board of Directors based on the issue authorisation granted by the Annual General Meeting on 31 May 2023. The subscription price in the directed issue was set at SEK 69.73 per new share, corresponding to the volume-weighted average price of Zinzino's shares on Nasdaq First North Premier Growth Market between 22/01/2024 and 26/01/2024. In view of this, it was the Board of Directors' assessment that the subscription price reflected the prevailing demand and market conditions and was thus to be considered as market-based. The directed issue increases the number of B shares in the company by 149,468 to a total of 28,977,672. The total number of shares after the increase amounted to 34,091,064. The dilution amounted to 0.4%, calculated on the total number of shares in the company upon completion of the directed issue. Zinzino's share capital increases through the directed issue by SEK 14,947 to SEK 3,409,106.



Sales talkshow during Zinzino's 2023 Annual Event



Employees at Faun Pharma AS

The previous year at Faun Pharma AS

– Zinzino's production unit in Norway

Faun Pharma AS is Zinzino's production unit, located in Vestby, south of Oslo. Faun manufactures and packages tablets, capsules and powder products, and fills olive oil products. In addition to producing products sold within the Group, the subsidiary is engaged in product development of dietary supplements, health food and sports nutrition. In addition, Faun acts as a contract manufacturer for several external customers. The company is located in Vestby, south of Oslo. Faun is certified according to ISO 9001 and FSSC 22000.

Total external revenues for Faun thus amounted to SEK 90.1 (77.3) million for 2023, corresponding to a growth of 17% compared to the previous year. This accounted for about 56% (51%) of the production unit's total turnover. The remaining 44% (49%) turnover was internal sales to the Zinzino company, making it by far Faun's largest customer during the past year. Internal production in 2023 amounted to SEK 69.9 (71.5) million, which corresponds to a decrease of 2% compared to the previous year.

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 Group's other companies is a top priority. We have strengthened product development resources in Faun which allows us to better support Zinzino in the development of new products and we work closely with Zinzino's product team. The increased development resources also contribute to a more efficient and environmentally-friendly production by optimising the production processes for selected existing products.

Much of the activity in 2023 has been linked to reformulations of existing products. This is due to ingredients that have been difficult to obtain, have increased sharply in price or changed regulatory requirements on the maximum allowed amounts in a recipe. In total, we worked on 77 reformulations during the year. Unpredictable supply and increased prices of raw and packaging materials have also been challenging in 2023. A lot of resources are used to ensure the access to necessary ingredients at the desired time. With constant changes, planning is demanding, but high flexibility and good responsiveness from the entire organisation have ensured a high delivery rate to our customers.

Faun has made several investments in its machinery with the aim of increasing its capacity for the production of tablets and capsules. As part of this, a new tablet coating machine was acquired in the previous year and has strongly contributed to the increased efficiency in 2023. The machinery ensures that Faun can deliver in accordance with increased demand both from Zinzino and external customers.



assessment. SSAFE is a global non-profit membership organisation working to strengthen food safety and improve human, plant and animal health and well-being. To read more about Zinzino's sustainability efforts, see pages 33–49 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.

In 2023, we received many visitors from Zinzino. We very much appreciate being able to showcase the company and warmly welcome new guests to a tour of Faun in 2024!

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

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

In 2023, we achieved the following improvements, among others:

- Two of our key customers have switched to more sustainable product packaging (bioplastic/recycled plastic).
- The total amount of waste has been reduced 3% (26%)
- The share of source-separated waste has increased to a total of 65% (54%) (EU requirements >50%)
- The amount of residual waste has decreased by 8 tonnes, which is a decrease of 27% compared to the previous year

Faun is subject to the Freedom of Information Act and we work closely with our suppliers and partners to achieve good policies and improvements. Faun disassociates itself from suppliers, customers or other partners who do not respect individuals' human rights, or actively prevent them from being respected. All suppliers are registered and authorised before they are used. The approval process includes checking suppliers' compliance with the UN Sustainable Development Goals. Suppliers of goods are risk assessed and evaluated using the SSAFE food vulnerability



Valborg Godal Vold, MD Faun Pharma AS

It started with a good cup of coffee....



Zinzino = Inspire Change in Life

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

2005

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

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

2006



Office in Sweden's second largest city

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

2007

Preparing to establish more markets

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

2008



A good year for good coffee

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

2009

By popular demand, anyone can now invest in our company

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

2010



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

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

2011

A balanced year!

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

2012

BioActive Foods AS



Across the sea and to the stars

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

2013



The bell rings at NASDAQ!

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

2014

One of the 25 largest and most traded companies

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



Thank you very much! A million times over!

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

2015

Increased growth and focus on e-commerce

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



Investing in digital development

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

2016

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 partnership in the North American market with Life Leadership



2017

Expanding globally

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

2018

New testing concept for vitamin D

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



2019

Continued expansion

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

2020

One million tests performed

- Zinzino opens for sales in Turkey and Mexico.
- 1,000,000th test performed at zinzino.com



2021

The journey to 1 million customers continues

2022

2023

2024

Interview with Ján Sztruhár

Zinzino came into my life just when I needed it the most! Here I am able to leverage all the knowledge and experience I have accumulated over the last three decades.

You have been working in direct sales for 30 years. How and when did Zinzino become a point of interest to you?

I heard about Zinzino in May 2017. One of my friends, a doctor, recommended Zinzino and said it was just the right company for me. At that time, I was in the midst of expanding with a company from California. The company was doing well in Hungary, and I had quite a sizable network of partners under me and at that point, I wasn't in a position to make a change. I always have the principle that I won't leave anything before I achieve what I set out to accomplish. At this point, I was on my way to great success at the US company but there were still a few ranks to go before I reached what I had originally planned. By the summer of 2018 I reached a high rank and started earning very decent money. Just when I thought I was at the peak, that everything was fine, things that I didn't expect started happening.

I live by the principle I'll never stay working in a company that doesn't let me thrive and puts various obstacles in my way. For this reason and seeing that the company I was working for had taken a different direction, I started thinking about how I could move on. If I were alone, there wouldn't be any problem but the thought of leaving behind a lot of good people who trusted me was much harder. As a leader, I had partners who believed in both me and the company and I always spoke positively about the company to them. It was difficult for me to explain after several years of collaboration why the company was behaving differently from what it had promised before.

What I know about myself is that when I break a negative pattern and put all my focus on something completely different, I usually achieve my goals. Not by chance, in October 2018, my sponsor from the old days brought me all the way to Oslo, where I had the opportunity to meet with the owner Örjan Saele and the Zinzino Group CEO Dag Pettersen. On the day of our visit, Hilde, Örjan's wife, had just given birth to a beautiful baby girl named Sara. I guess it's a twist of fate that, with nearly 30 years of experience in the MLM industry, I found myself sitting across from these two gentlemen along with my friend and sponsor, discussing exactly the future I desired at that time. I was fascinated by both their personalities and the history of the company and felt that this meeting would put to rest any of my doubts. A few days after we returned home from Oslo, I made the definitive decision. I settled matters with my previous company and registered with Zinzino and began my new journey.



Ján Sztruhár

Tell us about your transition into becoming a Partner at Zinzino. What was different, challenging, exciting...?

Becoming a Partner at Zinzino was not difficult at all, on the contrary, it was very simple. The big challenge was leaving so many good partners at the other company because they didn't see what I saw or understood what I was trying to explain to them. I couldn't visualise what would happen to us in 2-3 years if we didn't leave and move on. Today I can say that I was right. Together with those who came with me then, we are today in the best and most secure place I have experienced during my long career in this industry. At Zinzino, I found new motivation, new energy to set even bigger goals than ever before.

In 2018, there were only two or three people with the rank of President at Zinzino and I set a goal to be among the top ten direct sellers in the world. I set myself a huge challenge, which then helped me put everything into cooperation – time, energy and money. The effort has truly paid off. Today, I don't regret travelling so much and spending so much time away from my family, because I have already achieved what I wanted, and no one from Zinzino ever put any obstacles in my way. Everyone, from owners to support staff, helped me as much as they could, and I am so grateful for that.

You set a great example of how to inspire change in life of others, not just your own. Is there anyone or any moment that you are particularly proud of?

The most beautiful moments in a direct seller's life are when they prove to themselves that they are capable of advancing through the ranks and achieving better and better results. Being aware that one has such an influence on their environment, on the people they meet or collaborate with, is a beautiful feeling. An even more beautiful feeling, however, is when my partners and leaders qualify for higher positions. I can praise their excellent



performances in front of the entire team or even others. I'm truly always proud of my team, my leaders, our attitude, cohesion, and all the beautiful moments we've experienced together over these almost 6 years.

What touched me the most emotionally, it almost took my breath away, was when Hilde, Örjan, and Dag called me for a Zoom meeting at the end of 2021 and announced that I had become Partner of the Year at Zinzino. It was such a wonderful feeling that I'll never forget, and I wish each of you to experience something like this. I was also very happy when I became the sixth person in the world to reach the rank of President and even happier when my Partner Jiří Chytil became a President last year.

To succeed in direct sales today, it is important to offer a reliable, validated product. What do you think of our pioneering portfolio of home health tests that prove our dietary supplements work?

Usually, you always stand by what you sell, even if you're not sure about the quality or functionality of your products. If you want to earn a lot of money, you have to sell a lot and if you don't want to sell yourself, you have to build a team. Then you have to convince the team that what you are selling is of high quality, even if you suspect it is not quite true. When we look at the dietary supplement market, we see many companies claiming to have unique products, and sure, several of them may be right. However, most of these products are merely riding a trend and filling a need in the market in terms of demand.

Zinzino's products are not trendy passing fads. They are functional and their impact is measurable and that makes all the difference in the world. In fact, I don't know of any company other than Zinzino that can prove the functionality and relevance of its products by means of a blood sample analysed and evaluated in a world-renowned, independent laboratory. I am very proud of the fact that we can present a product range based on science and concrete evidence, not just our own beliefs and convictions. This is also confirmed by all the positive testimonies from our customers who vouch for the improvement of their health with our products.

You are a big fan of staying active and trying out different sports. When promoting our products, how do you leverage the fact that Zinzino is a sponsor of hundreds of high-performing athletes around the world?

From a young age, I've loved sports. I've never been a professional athlete, but I've always been close to sports. I've learned a lot of useful things from sports, the qualities of professional athletes, we can utilise them very effectively in business life as well.

Professionalism requires a lot of time and training, and in that sense sport and business are very similar. At Zinzino, we offer everything a person needs for a good life. Wellness, money, security and overall freedom. The fact that Zinzino offers products that are highly suitable even for the most demanding jobs, like professional athletes, only reinforces my view that we have an opportunity for all target groups.

Finally, what is your message to all those who are still not fully convinced about the direct sales industry and the business opportunity that Zinzino offers?

For me, it is very important that my work is enjoyable! I love this profession, the teamwork, companionship, what we create together and what we have already achieved. I would advise anyone who is hesitating to start thinking about themselves, their family and the financial security that direct sales can provide. If you have the stamina to spend a few years training, building and maintaining a functioning team, you will see your life change radically for the better.

This business is built on relationships and mutual trust and respect. In direct sales, you never have any employees, and you are always your own boss. I have made many friends at Zinzino, including Örjan and Hilde Saele, as well as the company's CEO, Dag Bergheim Pettersen. I have great friends in my upline, and I have leaders in my team who are also my friends.

Today, I earn enough money to support my family, reach my goals and help others see their wishes come true. I have many different hobbies and have time to devote to them, as well as I exercise at least 4-5 times a week. I like beautiful aesthetic things and most of the time I can also afford to buy them. The Zinzino business has given me everything a person needs for a happy, peaceful life. Plenty of free time, security, and financial independence. At least twice a year, my wife and I, along with my leaders, go on company trips to many beautiful places around the world. I love success and recognition, but what I love the most is acknowledging the successes of others! Now I wish for more people to find everything they're looking for right here at Zinzino, just as I did!

Product groups

Omega supplements

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

Immune supplements

Immune supplement contains products with essential vitamins, minerals and other nutrients that contribute to a well-functioning body. For example, the products support the normal 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 management

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

Gut Health

The Gut Health product group consists of ZinoBiotic+, which contains eight natural dietary fibres that promote a balanced intestinal flora.

Skincare

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

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

Coffee

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



BalanceOil+ is in the Omega supplements product group.



Xtend+ is in the Immune supplements product group.



ZinoBiotic+ is in the Gut Health product group.

Zinzino 2023 Sustainability Report

This sustainability report is divided into two parts. The first part is 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.

About Zinzino

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

Why do we work on sustainability?

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

How do we demonstrate our sustainability efforts?

A business model that is in tune with the times will hold in the long-term. We work with preventive and lasting health in an industry where perseverance and the ability to see the bigger picture are crucial to success. Long-term, visionary innovation is not only timely, it's an ingrained value that has been part of our company's nature since the beginning. We decided from the beginning that we wanted to be a player to be reckoned with and to act as a role model to take our industry and working practices into the future. We therefore made the choice right from the start that signalled a clear position in direct sales.

Our mission since day one has been to become the most customer-oriented direct sales company in the world. We put it into practice by offering a reasonably priced product that is of real benefit to a wide range of the population and by rewarding our external sales force for their work in expanding our base of end customers first and foremost. This is our ultimate contribution to creating sustainable direct sales and promoting the deep relationships, shared interests and values that form the core and engine of our culture. That's why Zinzino's core values are imbued not only with a visionary, customer-centred and long-term focus, but also with the importance of growing through change, building trust and confidence, standing by what we say and practising what we preach. We have made an active choice to always surround ourselves with people who want to do good, not just for themselves. Our goal has always been that the work we do should also benefit the society we live in without putting unnecessary strains on our environment. These core values have created crucial guidelines for the company's positive performance in recent years as one of Europe's fastest growing direct selling companies. These are prerequisites for Zinzino to continue to operate with stable and sustainable growth that strengthens both the company's customer base and reseller channels while establishing a lasting, global presence that currently extends over more than 100 markets.

Sustainability promise

Our sustainability promise:
For a healthier future today

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

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

- Our Scandinavian, natural origin with roots in Norway makes carefully selected, all-natural ingredients an obvious choice for us. We are certified by Friend of the Sea, we were the first on the market to offer vegan Omega-3 and we monitor every detail of the manufacturing process to ensure that all our products are GMP certified and free of toxins and GMOs, sugar, soya and gluten.

Scope and limitations

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

This report is based on Zinzino's own assessment of which parts of its business have a significant impact on society, the economy and the environment. This report therefore 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 on pages 33–49. The sustainability report describes our business model and framework for our sustainability efforts, our approach to social relations and employees, and human rights and anti-corruption.

Sustainability policy & governance documents

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

Liability

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

Dialogue with stakeholders

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

Partners

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

Customers

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

Owner

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

Employees

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

Suppliers

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

Ethical affairs

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

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

Strategy – Focus areas

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

To further strengthen our contribution to a sustainable planet, our strategic plan is to make active financial investments in sustainable funds and companies whose mission is to improve life at sea and on land. We are also evaluating the possibility of financially supporting companies working with sustainable technologies and climate-friendly, CO₂-neutral solutions.





Sustainable consumption and production

Natural ingredients

Our goal is to use natural ingredients wherever possible in our formulations and products. The objective is based equally on widely researched and reported measurable health benefits to the consumer in terms of their health and because of the reduced environmental impact and sustainability of natural versus synthetic ingredients. By adopting a strategy that prioritises natural over synthetic ingredients, we support and encourage farming communities all over the world and therefore promote environmental diversity and lower carbon emissions. A commitment to sustainable agriculture is also a promise to help improve how the future of food production will take shape in the coming years. As the global population increases, food supply practices that are consistent with climate concerns, ethical considerations and the pursuit of health and well-being should be a top priority, and we take these issues seriously. Indeed, they drive the culture of everything we strive to achieve.

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

When it comes to the fish oil we use in our products, we only work with Friend of the Sea certified fishing organisa-

tions, and we also have our own Friend of the Sea certification as an organisation. From the initial catch to the processing and bottling of the fish, we use only the most ethical and sustainable practices.

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

Faun Pharma AS – Zinzino's own production unit

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

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

In 2023, Faun achieved the following improvements, including:

- Two key customers have switched to more sustainable product packaging (bioplastic/recycled plastic).
- The total amount of waste has been reduced by 3% (26)%.
- The share of source-separated waste has increased to a total of 65% (54%) (EU requirements >50%).
- The amount of residual waste has decreased by 8 tonnes, which is a decrease of 27% compared to the previous year.

Products and product development

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

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

We provide the Balance Test, a test that quantifies an individual's blood lipid profile, reveals the status of their essential Omega-3 levels, and then provides a unique Omega-3 product that measurably corrects any observed deficiencies within approximately 120 days (on average, as observed in our database of over 1,000,000 independently and anonymously analysed samples). In addition to this range of DBS tests, we offer the Vitamin D DBS test, which provides clinically and research relevant and accurate data on a person's vitamin D status. Vitamin D deficiencies are associated with multiple aspects of immune system impairments, and by enabling personalised insight, we place people in a position to make informed decisions that directly impact their health outcomes. The latest in our current list of analysis options is our HbA1c test, which we launched in 2022. This blood sugar analysis offers a proactive step to counter the global pandemic of type 2 diabetes, as well as other associated diseases such as obesity and metabolic syndrome. Currently, there are over 430 million people worldwide living with type 2 diabetes, and an estimated 38% of all US adults are pre-diabetic. By 2030, current epidemiological estimates predict that over 650 million people will be living with a type 2 diagnosis. Type 2 diabetes is a lifestyle disease and is completely preventable in the vast majority of cases. Our belief is that by allowing people to assess their blood sugar levels, we can help them to prevent it, completely reverse

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

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

Coffee capsules

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

Biodegradable – reusing resources

Coffee is for many a must in their daily morning routine. No-one is indifferent to a cup of coffee, and it is a beloved drink across the world. The Nordic countries top the list in terms of coffee consumption per day, with Finns being the biggest drinkers at over 3.5 cups of black gold per day, and more than 400 billion cups of coffee are consumed worldwide every year.

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

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

Plastic production packaging (PET)

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

Recyclable plastic packaging

In modern society, plastic is an important material and in Sweden alone we use over 1.6 million tonnes of plastic every year according to the Swedish Environmental Protection Agency, and the use of plastic is increasing every

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

We carefully research and always endeavour to use recycled plastic to the extent possible. When manufacturing packaging specifically for food, it is important that substances from the plastic are not transferred to and spoil the food. There are currently several types of plastic materials that can be used for this purpose.

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

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

Why plastic and not glass?

To conclude whether a material is good or bad for the environment, you need to look at its entire life cycle. When comparing glass and plastic, glass has many positive characteristics, but despite its favourable qualities, glass is often worse for the environment than plastic. Especially when it comes to food packaging.

Glass has a more energy-intensive manufacturing process, requiring large amounts of energy and water. Glass weighs a lot in direct comparison to similarly sized plastics for, e.g., shipping, which directly increases its carbon footprint by increasing CO₂ emissions.

It is also difficult to pack efficiently for shipping, so more shipments are required. Finally, even if it is possible to recycle glass, a lot of energy is required for the recycling process itself, and in particular more energy is required when compared directly to plastics.

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

Marketing and digitalised tools

Well-designed marketing materials are important to Zinzino. Used effectively, marketing materials have a significant impact on Zinzino's profits through increased brand awareness, improved customer engagement and increased sales. Also, communicating the benefits of Zinzino's products and as a competitive advantage through, for example, a well-designed brochure or website helps Zinzino to communicate its unique value proposition and differentiate Zinzino from potential competitors.

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

While both printed and digital marketing materials serve different purposes, we aim to reduce our climate footprint also in terms of marketing materials. In 2022, we changed our strategy to focus more on our digital tools to work more resource-efficiently for the environment, as well as for our finances and employees. We continue to strive for a long-term approach in order to increase the lifespan of all printed material by not printing material with information that can quickly become outdated, after which the printed material must be discarded. To avoid discarding material, we have introduced QR codes on the printed material in 2023. This gives us many benefits through quick access to our websites where current and possibly updated information is available. This reduces the environmental impact by reducing the use of resources both in terms of printed material as well as staff and finances.

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

Eco-friendly printing materials

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

95% of all printed marketing material is produced by our Swedish suppliers as we see that Swedish printers are generally better at working with sustainability. Our largest supplier by far has a solid environmental approach and a good degree of maturity where they have worked actively

with sustainability since 2011. The remaining 5% consists of printed material where there is an acute shortage or where, for other reasons, we cannot wait for material to be sent from the head office. This means that some printing can be done locally. This happens, for example, in the United States, where the printers we use also work with sustainability and environmental issues in terms of environmentally friendly printing, paper and energy efficiency.

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

Global differences in work practices

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

Transport

The combustion of fossil fuels is the largest contributor to the greenhouse effect in the world and shipping has a major impact on the climate through its greenhouse gas emissions. Globally, the shipping sector accounts for 13% of all greenhouse gas emissions. Zinzino is working hard to reduce our carbon footprint in terms of transport. In 2023, Zinzino reduced CO₂ per package sent in the Nordics and Baltics by 29% compared to the previous year.

Deliveries every two months – no unnecessary shipping

Every month we send around 80,000 packages around Europe, Asia, North and South America. In order to facilitate both our customers and our planet, we have created a subscription model for our products. In order for our products to do their job in the body, the dosage is based on use over a period of at least 6 months. During this period, each customer receives a delivery every two months with a refill of products. In this way, we reduce our environmental footprint through sustainable consumption where we reduce waste and minimise the number of transport deliveries and

thus also freight costs. However, an individual customer can choose to have all products for the period delivered at the same time, which risks affecting our climate footprint as individual deliveries can then become heavier depending on what the customer buys and thus cause some increased environmental impact. On the other hand, the use of resources is reduced during this period.

In 2022, we started sending products as "Varubrev" in Sweden with Postnord and our Swedish customers now receive their deliveries directly to their mailboxes. In 2023, "varubrev" deliveries have also been introduced in Norway. In addition to being a good service, it has a lower environmental impact. The shipment is sent together with Postnord's or Bring's regular postal service, which means that we reduce the number of deliveries, and that the car-dependent customer no longer needs to go to a package collection point but can instead leave the car behind.

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

Transport providers

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

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

3PL Centre

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

No standard for measuring climate footprint

One difficulty in measuring and monitoring Zinzino's climate footprint for shipping is that we use a number of different carriers around the world. There is currently no common standard for calculating, for example, CO₂-emissions. Our carriers have chosen different ways of calculating based on the models available on the market, which makes it difficult for us to monitor Zinzino's climate footprint. The different

The table below shows CO₂ per package for the Nordics and Baltics

Market	Supplier	Type of delivery	Number of packages in 2023	Kg CO ₂ 2023	Average kg CO ₂ 2023	Number of packages 2022	Kg CO ₂ 2022	Average kg CO ₂ 2022	Change CO ₂ per package
SE	PostNord	Package	39,148	2,583	0,066	81,557	5,088	0.062	6%
SE	PostNord	Varubrev	47,909	1,512	0.032	12,056	380	0.032	0%
NO, DK, FI, IS	Bring	Package	101,930	22,570	0.221	134,839	36,130	0.268	-18%
NO	Bring	Varubrev	26,167	332	0.013	28,576	371	0.013	0%
EE, LT, LV	Bring	Package	61,218	32,220	0.526	58,649	52,960	0.903	-42%
Total	-	-	276,372	59,218	0.214	315,677	94,930	0.301	-29%

models used by carriers to measure climate footprints in the Nordic and Baltic countries have been harmonised to some extent. A study shows that CO₂ per package shipped in the Nordic and Baltic countries will decrease by 11% (n/a) in 2023 compared to 2022.

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

Sea and marine resources

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

Friend of the Sea certified

The fish oil in BalanceOil+ is normally sourced from small, wild-caught fish such as sardines, anchovies and mackerel in the Pacific Ocean off the coast of Peru. The fish are occasionally sourced from the Atlantic Ocean off the coast of Morocco. As a major producer of Omega-3 supplements, we take great responsibility to implement ethical and sustainable fishing practices, and the Friend of the Sea certificate ensures that this commitment is upheld. This is the leading global certification standard for products that respect and protect the marine environment. By choosing

BalanceOil+, you are contributing to a balanced marine ecosystem with a certified and sustainable source of small, wild-caught fish. The criteria for sustainable nutraceutical products require carefully controlled origin of fish oil and fishmeal ingredients, traceability and social responsibility. We have been a certified member of Friend of the Sea since 2018. This membership enables us to provide third-party assurance to our partners and customers worldwide and to demonstrate that all our suppliers fulfil the current criteria.

Independently certified for purity, potency and freshness

The pure fish oil in our BalanceOil+ comes from Icelandic Lysi Hf, the world's leading fish oil producer, GMP and ISO certified for its advanced oil refining processes. Lysi carries out regular heavy metal and raw material analyses to comply with strict EU rules and keep the fish oil as pure as possible, with levels of toxic content well below any set limits. In accordance with the BalanceOil+ formula, Lysi adds extra virgin olive oil and mixed tocopherols to naturally slow down oxidation in the oil and extend its shelf life.

Sustainable fishing

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

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

Vegan society

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

Energy

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

Hydropower – a natural cycle

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

Zinzino is primarily a service company with offices in Sweden and a number of smaller offices around the world. Our energy consumption consists mainly of heating and operating electricity, i.e., electricity for operating ventilation, lighting, office equipment, etc. Our total energy consumption contributes to the total global energy requirement and to reduce our environmental impact, we use almost exclusively hydropower as an energy source. Neither do we use any coal or gas power plants and use heat recovery in our ventilation system.

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

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



Good employment conditions

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

Full employment

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

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

Sustainable employees

Zinzino offers a workplace that provides the conditions for a sustainable working life and actively minimises the risks of ill-health. A job is a big part of our lives and as such has a

major impact on our well-being. At Zinzino, we want every working day to be a good day at work. A good physical and psychosocial work environment is an important and fundamental factor for satisfied and thriving employees and a prerequisite for both employees and companies to perform at their best.

Our employees are our most important resource and in order for them to have the capacity to deliver over the long term, good health is key to creating a healthy working life. Investing in our employees' health is therefore an obvious way to ensure sustainable employees. We offer health-related activities, the opportunity to exercise during lunch breaks at our own facilities or other fitness activities that create opportunities for good health among our employees. Our initiatives deliver results through high motivation and low sick leave. Sick leave in 2023 stood at 3%, which is the same level as the previous year.

Inspire change in life

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

Sustainable employer

A good and pleasant work environment is a prerequisite for us to be a competitive employer, to retain employees and to attract new ones. We also strive to provide a work environment that is so good that every employee thrives, can and wants to develop in their work and thus contribute to the development of the business.

eNPS 41

In 2023, Zinzino conducted its first global employee survey. eNPS, which stands for Employee Net Promoter Score, measures how employees perceive their workplace. It provides a measure of how likely employees are to recommend their employer as a place to work. In practical terms, eNPS shows the percentage of employees who are ambassadors for the company. Often, ambassadors are also the most engaged employees, and with high engagement comes job satisfaction.

What is a good eNPS?

An eNPS score above 0 is considered acceptable, an eNPS above 20 is very good and above 50 is extremely good. Zinzino's eNPS score for 2023 was 41. A good eNPS is a prerequisite for retaining engaged employees and attracting new ones. Using a globally established key performance indicator like eNPS has many advantages as it simplifies comparison and benchmarking with other organisations. However, despite being a global standard, eNPS is not a complete tool for getting feedback on the entire employee experience. Therefore, it was supplemented with other questions to find out what drives engagement and to identify areas for improvement to improve the work environment and increase employee engagement.

Identified areas for improvement

We identified what our employees consider to be important and acted on it. In order to create a sense of community and belonging in the workplace, we have organised more social events in the office where our employees have been given the opportunity to be involved in the planning and in the actual execution.

To further strengthen the sense of belonging and to meet, exchange experiences and ideas, we introduced a weekly breakfast in the office in the autumn of 2023, where our employees are given the opportunity to meet and talk to each other in a relaxed setting. By offering a common time and place for conversations and discussions, we want to increase the effectiveness of our internal communication and improve understanding, communication and collaboration between different departments and teams.

As a company, we believe in face-to-face interactions with colleagues. We believe that meeting in the office develops the culture and atmosphere and creates a collaborative working environment. In the office, everyone also has access to the office resources and equipment they need. However, the pandemic we now have left behind has changed the rules of the game for working and the workplace in general. Flexibility when it comes to working from home continues to be in demand among both existing employees and candidates in recruitment processes. Flexibility is the new normal.

We have therefore endeavoured to make work-from-home opportunities equal for everyone working in the same office, even though conditions may differ in our offices around the world. We still have the aim of working in the office for the majority of working hours, while we have clarified guidelines for working from home. These guidelines set out work practices and expectations for employees when working remotely. By clearly communicating these guidelines and supporting our employees, we have created a working environment where working from home is as flexible for everyone and as acceptable as working in the office.

On the job training

Keeping up with the world of work requires constant learning. The pace of change is fast, and it will force us to constantly learn and relearn. This is crucial not only for organisations and businesses, but for the continued livelihood, health and well-being of every individual.

Kaizen is one of Zinzino's core values and can be described as an ongoing cycle of continuous development. Kaizen is a business culture as well as a working methodology that we use to constantly evaluate, improve and change for the better.

In 2023, several new sales promotions were launched. In the Customer Service department, where most of Zinzino's employees are located, training is provided every month to ensure that they always have the latest knowledge about products, promotions, etc. Another area of training that is growing is AI, where employees have been trained in various stages. In both marketing and IT, training takes place on a continuous basis and research is ongoing in the product development department.

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

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

Equality, diversity and inclusiveness

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

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

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

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

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

Our goal is to achieve as equal a gender distribution in the organisation as possible. Today the organisation consists of 58% (61%) women and 42% (39%) men with an average age of 41 years (42 years). Of all managers with subordinate staff, 37% (37%) are women and 63% (63%) are men. Management consists of 38% (38%) women and 63% (63%) men, the Board of Directors 40% women and 60% men.

Nationalities: 38 (34)

Languages: 43 (30)

Staff turnover: 10% (10%*)

(*including non-voluntary terminations)

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



So far, 1,100 children have been sponsored through our programme, and our goal is to help more than 3,000 children in the next three years!

Health and well-being

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

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

Health organisations around the world have been actively assessing the impact of the Covid-19 pandemic, both from a health and a health systems perspective. In the wake of this analysis, important and learning outcomes have been found:

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

The simple fact is that people must become more responsible for their own health status. For people to do so, proactive preventive health strategies are key. It is in this area that Zinzino sees its true place and position from where we can make our single best

contribution to global sustainability: improved health, health accountability and thus reduced costs and dependency on existing and future services.

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

Respect for human rights

Fairtrade

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

The production company Faun Pharma AS is located in Norway and is subject to the Norwegian Freedom of Information Act. They work closely with suppliers and partners to achieve good measures and improvements. Faun Pharma disassociates itself from suppliers, customers or other partners who do not respect individuals' human rights, or actively prevent them from being respected. All of Faun Pharma's suppliers are registered and approved before they are used. The approval procedure includes

verification of suppliers' compliance with the UN's sustainability goals. Suppliers of goods are risk assessed and evaluated using the SSAFE food vulnerability assessment. SSAFE is a global non-profit membership organisation working to strengthen food safety and improve human, plant and animal health and well-being.

The fundraising foundation Zinzino Foundation

We believe that everyone deserves a chance for a better life, and we want to contribute in our own way. This is at the heart of our vision - Inspire Change in Life. "Kaizen" is an ancient term for continuous improvement and a core value that ensures we put our vision into action and give something back to people around the world. Together with the charitable organisation Glocal Aid, the Zinzino Foundation works to make a positive difference in the lives of Indian children through education.

Zinzino gives back

We want to make a positive difference in children's lives all over the world. Zinzino, through its fundraising Zinzino Foundation, supports aid organisations such as Glocal Aid with the aim of helping boys and girls lift themselves out of poverty through education.

Zinzino Foundation 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 the Zinzino Foundation are partnering with these three primary schools to provide sponsored education to children and young people. Without this sponsorship, these children would not be able to go to school. We are very happy and proud to help finance this very important work.

In 2023, 1,100 children received sponsorships through our programme. Scan the QR code on the next page and watch the video about the Zinzino Foundation and Glocal Aid's work in Karwi, India!



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

2012	Stopping female genital mutilation among the Maasai people in Kenya.	2018	620 students sponsored to go to school in Karwi U.P.I and in Kukrah, Bihar, India
2013	A local microfinance project in Kenya to expand local businesses where women can build farms and help their children in school with food and medicine	2019	620 students sponsored to go to school in Karwi, U.P.I and in Kukrah, Bihar, India
2014	Continued support of the project in Kenya	2020	620 students sponsored to go to school in Karwi, U.P.I and in Kukrah, Bihar, India
2015	Development of a school for children and young people, Karwi U.P.I, India	2021	1,000 students sponsored to go to school in Karwi U.P.I and in Kukrah, Bihar, and Birpara, West Bengal, India
2016	295 students sponsored to go to school, Karwi U.P.I, India	2022	985 students sponsored to go to school in Karwi, U.P.I and in Kukrah, Bihar, and Birpara, West Bengal, India
2017	405 students sponsored to go to school, Karwi U.P.I, India. Development of a primary school in Kukrah, Bihar, India	2023	1,100 students sponsored to go to school in Karwi, U.P.I and in Kukrah, Bihar, and Birpara, West Bengal, India



Ethical affairs

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

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

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

Whistleblowing

Whistleblowing is about every Zinzino employee being able to inform management of any irregularities. The aim is to detect serious misconduct at the workplace. We comply with the EU Whistleblowing Directive and Swedish legislation, therefore we have introduced an external whistleblowing system, Visslan. Employees, consultants and other partners can report observations related to unethical or illegal misconduct via this external whistleblowing tool, where reporting observations can be done completely anonymously. The service is completely external to Zinzino and fulfils the highest security requirements regarding encryption, data security and protection of whistleblower's anonymity.

No cases of whistleblowing were received in 2023.

Transparency

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



Risks related to sustainability

Sustainability risk management is an integral part of the Group's risk management process and the sustainability perspective is considered in relation to the risk analysis as a whole. In addition, sustainability risks are specifically evaluated, covering all areas: environment, human rights, labour law 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 55–61) or, where applicable, the respective sections below.

Operational environmental risks

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

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

We buy raw materials and finished products mainly from suppliers in Europe as well as in Asia. There is always a risk that the supplier will not be able to deliver ordered quan-

ties 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 for both Zinzino as a 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 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 2023 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

Business and human rights go hand in hand. Zinzino has employees around the world and each of them is valued in the same way. We see diversity as a strength for the individual as well as for the development of the business. 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.

Our suppliers are mainly located in the EU, and they also comply with the EU human rights framework. There is a risk that they, in turn, have subcontractors outside the EU that do not comply with UN goals. We constantly monitor our suppliers and how they operate to ensure that we meet the requirements. 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



Auditor's report

on the statutory sustainability report

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

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2023 on pages 33–49 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

Opinion

A statutory sustainability report has been prepared.

Gothenburg, 26 April 2024

BDO Göteborg AB

Katarina Eklund

Authorized Public Accountant

Direct sales – a way of working that is changing the way we live

Personalised shopping experiences are the backbone of direct sales. Today, the business model is paving the way for how products are sold – by people to people. Today's social media sales boom is built entirely on lessons learnt and insights gained from decades of direct sales success. Our distributors are entrepreneurs who build their businesses by mastering word-of-mouth, one new friend at a time. Direct sales is relationship marketing at its best, and now a strategy used by companies in all sectors to gain more loyal customers and build stronger brands. Everyone wants to benefit from the opportunity to bypass the retail sector and let an external sales force become brand ambassadors by personally recommending products to family, friends and acquaintances.

The path to a better life is not the same for everyone

Today's consumers don't want a sales pitch. They want to be validated, to recognise themselves, to find someone they can trust for good advice. This is especially true when it comes to big decisions about personal health. Direct sales fits like a glove into the steady interest in a healthier lifestyle. The path to a better life is not the same for everyone. We need guidance and health plans tailored to our bodies, our everyday lives. Zinzino offers not only individual consultation and targeted solutions. Our Partners also provide written proof that the new health routine is doing its job. Such knowledge not only empowers, it also brings peace of mind. We have science on our side. What our products offer is unrivalled in direct sales and our business model gives us the means to spread the word.

Always putting the customer first

Zinzino has been pioneering the new generation of sustainable direct sales for almost two decades. We believe in leading by example and want to do what we can to take the direct sales industry into the future, countering misunderstandings, promoting long-term stability and profitability, compliance and best practices. From day one, our founders Hilde and Ørjan Sæle have made it their mission to reintroduce the customer-centric focus in direct sales with a solid product that addresses a real need and the tools to prove it. Today, more than 85% of Zinzino's sales are direct to end customers and we are best-in-class in our industry on a global scale. We are listed on the Nasdaq stock exchange and have enjoyed steady organic growth since the start. Our independent Partners can always choose to earn their money in one of two ways: by marketing our products to their personal customers and by introducing new entrepreneurs to the business opportunity. The choice is theirs and both options are extremely rewarding.

Contributing to a better world

There are no quick wins, and we always think long-term. Our goal is to create a healthier way of life for everyone. Inspiring change in life is at the core of Zinzino's vision. Our global community of entrepreneurs, visionaries and trailblazers is held together by a shared passion for long-term business success and a better life, empowered with tools that can literally change lives. Most dietary supplements available today have no independent validation to prove that the product fulfils the claimed health benefits. Our independent Partners have the exclusive right to market our range of scientifically proven dietary supplements and health tests that put an end to the guessing game and address a need that affects 97% of the population.

As a direct sales and relationship marketing distributor, your word means everything and is, by its very nature, a critical factor in your success. To prove that we as a company keep our promise to put our vision into practice, Zinzino continuously gives back to communities all over the world. Together with the charitable organisation Global Aid, the Zinzino Foundation aims to transform the lives of Indian children with projects that empower them through education.

Proud member of direct sales associations

We are affiliated with local direct sales organisations (DSAs) all over the world, including Direktförsäljning Sverige. The main mission of DSAs is to protect the consumer, promote good business ethics and build a good reputation both for direct sales as a form of distribution and for those engaged in it. The association also promotes awareness and application of the industry's code of ethics and encourages sellers and distributors to do the same. Zinzino is a member of the national direct selling associations in Norway, Finland, Denmark, Estonia, Latvia, Lithuania and the Netherlands. Zinzino complies with the rules for direct selling associations in all newly launched markets, and we are currently trial members in Germany, Switzerland, Poland and the US.

For more information visit directsellingsweden.se





Ownership and share performance

Five reasons to invest in Zinzino:

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

Zinzino is a leading direct sales company currently operating in Europe, North America, Asia and Australia and has initiated establishment processes in several countries in South America and Asia. 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, as evidenced by the acquisitions of VMA Life in Asia, Enhanzz AG in Switzerland/Germany and the partnership with ACN, all of which have been carried out in recent years.

2. Help improve the health of the world

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

3. Product development at the leading edge

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

4. Strong market position and distribution

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

5. Attractive cash flow enables increased stock 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 31/12/2023

Owner	Number of A shares	Number of B shares	Total number of shares	Percent of votes	Percent of capital
Örjan and Hilde Saele through company and family	3,123,397	6,811,694	9,935,091	47.58%	29.27%
Peter Sörensen through company and family	1,809,995	2,442,854	4,252,849	25.69%	12.53%
Other owners	180,000	19,573,656	19,753,656	26.73%	58.20%
Total	5,113,392	28,828,204	33,941,596	100.00%	100.00%

Price development Zinzino B shares (SEK) 01/01/2023 – 31/12/2023



In 2023, a total of 5,960,155 (4,132,659) shares were traded in 21,995 (12,915) trades.

The year's first trade closed at SEK 26.65 and the year's last at SEK 59.60.

The year's top price was reached on 20/12/2023 at a value of SEK 63.0. The lowest price was SEK 24.8 which was reached on 10/01/2023.

Ownership and share performance

Zinzino AB has been listed on Nasdaq OMX First North since 11 December 2014. This meant a move from the Aktietorget exchange where Zinzino had been listed for trading since 2010. On 21 September 2020, Zinzino moved up to the OMX 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 59.60 (25.85) which means a market value for Zinzino AB's listed shares as of 31/12/2023 amounted to SEK 2,032 (743) million.

In 2023, a total of 5,960,155 (4,132,659) shares were traded in 21,995 (12,915) trades. At the end of the year, the company had 5,367 (4,852) shareholders, excluding some foreign custodial account customers.

Share capital

As of 31/12/2023, the share capital was divided among 33,941,596 shares, of which 5,113,392 are A shares (1 vote) and 28,828,204 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 Omx First North Premier Growth Market, www.nasdaqomxnordic.com, with ISIN code SE0002480442.

Options programme and dividend policy

Options programme

As of the reporting date, the company has six outstanding option programmes that are largely aimed at the external distributor organisation in the Group, but also with some allotment to employees of the company. The options premium has been set at an estimated market value through Black & Scholes calculations on all subscription dates.

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

The second options program 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 options programme.

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

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

Two new options programmes were approved at the company's Annual General Meeting on 31/05/2023. The first covers 500,000 warrants at an exercise price of SEK 76.50 per B share expiring on 31/05/2028 and is aimed at key persons in the external distributor organisation. As of the reporting date, no warrants have been subscribed for or exercised for share subscription within the framework of this options programme. The second options programme covers 500,000 warrants at an exercise price of SEK 63 per B share and expires 31/05/2026. The programme is aimed at Group and sales management as well as key employees in Zinzino AB and as of the reporting date 178,000 warrants have been subscribed for.

If all the warrants issued as of 31/12/2023 are exercised for subscription of 3,414,617 shares, the share capital dilution will be approximately 10%.

Dividend policy and proposed dividend

The Group's dividend policy states that Zinzino shall distribute at least 50% of the Group's net profit provided the equity/assets ratio and liquidity so permit. The favourable profitability in 2023 has created flexibility for share dividends in 2023. The Board of Directors will therefore propose a dividend of SEK 3.00 (1.75) per share to the Annual General Meeting for 2024.

Policy on information disclosure and share trading by insiders

Zinzino follows Swedish Financial Supervisory Authority's directive regarding correct presentation of information. The company publishes information about the company which could affect the share price and holds 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 5,000 euros 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 01/01/2023 to 31/12/2023.

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 27 May 2024.

Ownership and history

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

The Group includes the following wholly owned companies: Zinzino Operations AB, Zinzino OÜ (Estonia), Zinzino UAB (Lithuania), SIA Zinzino (Latvia), Zinzino Ehf (Iceland), Zinzino LLC (US), Zinzino SP. Z.o.o. (Poland), Zinzino BV (Netherlands), Zinzino Canada Corp, Zinzino S.RL (Romania), Zinzino Health Products India Private Ltd, Zinzino PTY (Australia), Zinzino U.K Ltd, Zinzino SA Pty (South Africa) and the Norwegian Bioactive Foods AS. Through the acquisition of VMA Life in 2020, Zinzino Singapore Ltd, Zinzino Thailand co. Ltd, Zinzino Malaysia SDN BHD, VMA life Network (Malaysia), Zinzino Hong Kong, Zinzino Mexico S. DE R.L. DE C.V. and Zinzino Gida (Turkey) were added.

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

During the period 2018-2023, the following subsidiaries were established in which no activities were carried out as of the closing date: Zinzino Ukraine, Zinzino Russia.

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

In 2009, Zinzino Nordic AB was acquired, partly through a directed non-cash share issue to the owners of Zinzino Nordic AB and partly through a subscription in the preferential rights issue that Zinzino Nordic AB carried out in December 2009. Through this, Zinzino AB obtained control over 97% of the votes and 92% of the capital of Zinzino Nordic AB. As of 31/12/2023, the ownership share in Zinzino Nordic was 93% of the capital and 98% of the votes. Zinzino Nordic AB was previously the Group's operating compa-

ny, but the operations have gradually been transferred to Zinzino Operations AB during 2021 and 2022. As of the balance sheet date 31/12/2023, Zinzino Nordic AB is essentially a dormant company in the Group.

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

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

Financial overview

Revenues

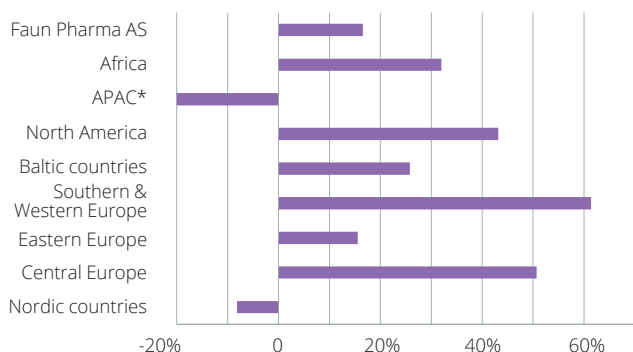
Total revenues during the financial year increased by 22% to SEK 1,766.4 (1,443.1) million. The profit after financial items was SEK 210.0 (89.2) million.

Sales per product segment 2023

The Zinzino Health product area increased by 26% in 2023 compared to the corresponding period last year and amounted to SEK 1,528.2 (1,216.7) million, accounting for 86% (85%) of total revenue. The Skincare product area increased by 4% to SEK 33.4 (32.3) million, representing 2% (2%) of total revenue. External sales in Faun Pharma AS increased by 17% compared to the corresponding period last year and amounted to SEK 88.3 (75.7) million, corresponding to 5% (5%) of total revenue. Other revenue, including coffee sales, amounted to SEK 116.5 (118.4) million, which corresponded to the remaining 7% (8%) of revenue for the past year.

Net sales amounted to SEK 1,674.8 (1,356.0) million and were broken down by Zinzino Health, Zinzino Skincare, the production unit Faun Pharma's sales to external customers and revenue from Coffee/Event/other services. Other operating revenues mainly concerned freight revenue related to product sales and amounted to SEK 83.7 (80.6) million. Other operating revenues include settlement of contingent consideration related to the acquisition of VMA in 2020 of SEK 3.5 (5.2) million in accordance with IFRS 3. Capitalised work amounted to SEK 2.1 (3.4) million.

Sales growth broken down by region



* APAC -27%

Nordic countries

In the Nordic countries, total revenues decreased by 8% to SEK 299.9 (326.6) million compared to last year. Despite the downturn, the underlying growth of new distributors and customers in 2023 has been at a higher level than last year but has not yet reached levels that offset the loss of subscription revenue from the aging customer and distributor base. If the trend and rejuvenation of the customer base continues, the decline will be reversed even if the process in the region takes longer than expected.

Faun Pharma AS, the Group's subsidiary and manufacturing unit, increased external production following increased sales, mainly linked to the company's FSC 22000 certification. As a result, external sales increased by 17% in 2023 to SEK 90.1 (77.3) million compared to last year.

Overall, total revenues in the Nordic countries, Zinzino and Faun combined, accounted for 22% (28%) of the Group's total revenues in 2023.

Baltic countries

Revenue in the Baltics in 2023 increased by 26% compared to the previous year and amounted to SEK 98.0 (77.9) million, following growth in all countries in the region during the year. Within the region, the number of new distributors and customers increased as well as sales generated through the existing subscription base. Lithuania accounted for the largest share of the region's revenue in 2023 following consistently high distributor activity and strong growth during the year. In Estonia, growth and activity among distributors increased to a level not seen for several years, while growth in Latvia was slightly lower but still at a stable level during the year. Together, the region accounted for 6% (6%) of the Group's total revenue in 2023.

North America

In North America, revenue in 2023 increased by 43% compared to the previous year and totalled SEK 110.5 (77.2) million. The favourable performance can mainly be attributed to the US and the newly emerging Mexican market. In the US, distributor activity increased during the year with the addition of many new distributors while also increasing subscription revenues from the existing customer base. The Mexican market achieved official market status in the third quarter of 2023 and the number of distributors and customers increased rapidly and high recurring sales volumes have been achieved in a short time. Overall, the above combined with favourable currency developments contributed to the North American market accounting for 6% (5%) of the Group's total revenue in 2023.

Eastern Europe

The region's revenue in 2023 increased by 16% compared to the previous year and amounted to SEK 394.3 (341.2) million, mainly driven by the strong sales performance in the Czech Republic and Poland where the distributors are working actively to build and nurture the growing customer base. At the same time, sales also increased in Slovakia, Romania and Bulgaria where revenues increased from both customers and distributors. The important Hungarian market increased the inflow of new customers during the year while distributor activity decreased slightly. Zinzino is working actively to stimulate distributor activity in Hungary and the other markets in the large Eastern European region, which is important in terms of sales. The region together accounted for 22% (24%) of the Group's total revenue in 2023.

Central Europe

Revenue in the DACH region in 2023 increased by 51% compared with the previous year and amounted to SEK 438.3 (290.8) million, which corresponded to 25% (20%) of the total revenue in the Group during the year. This follows very strong performance in Germany, Austria and Switzerland, where the large customer bases continue to grow through well-executed work by the experienced distributors in the region who have been joined by new, quickly growing sales organisations through the acquisition of Enhazz in 2022. Overall, the DACH region has consolidated its position as the most profitable and growing region in the Group in 2023.

Southern & Western Europe

The region's revenues in 2023 increased by 61% compared to the previous year and amounted to SEK 265.7 (164.6) million. The strong performance was mainly attributable to the Netherlands, which together with the UK, Spain, Greece and the newly launched Turkish market accounted for the

majority of the region's total revenue, although most of the other countries in the region also showed a solid performance in 2023. The region is still in the process of being built and the local sales managers are actively working with the various distributor organisations to build the customer bases and thereby increase the important subscription revenues. Together, the region accounted for 15% (11%) of the Group's total revenue in 2023.

APAC

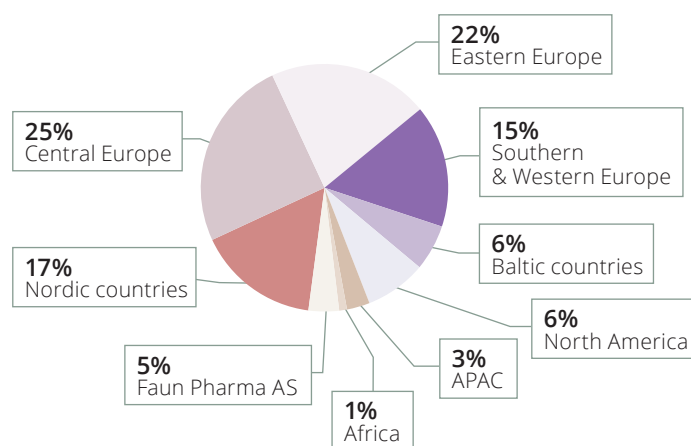
Total revenues in the APAC region decreased by 27% in 2023 compared to last year and amounted to SEK 56.4 (77.5) million. This follows strong performance in Hong Kong and to some extent Australia during the year, but less favourable performance in other countries. The APAC region has had a more volatile sales performance than other regions since its start, largely due to severe and varying COVID-related restrictions, which slowed down the development and build-up of the distribution organisations. In addition, the region's distributors have generally had a differentiated strategy to build their customer base, resulting in a slightly more variable sales performance than other regions. Zinzino intends to revise the strategy for the APAC region in 2024 and re-launch several markets in 2024. Together, the region accounted for 3% (5%) of the Group's total revenue in 2023.

Africa

South Africa is Zinzino's first local establishment on the African continent. During 2023, there has been a continued focus on building on the local distributor organisation and its associated customer base. Activity among distributors was high during the past year, which mainly resulted in an increase in customer subscription revenues. In total, revenue in 2023 increased by 32% to SEK 13.2 (10.0) million for South Africa including the revenue for the other countries in the region which, as before, are handled via Zinzino's global webshop in anticipation of the markets opening under their own local flag. This corresponded to the region accounting for 1% (1%) of the Group's total revenue in 2023.

Sales by region

In 2023, Central Europe took over as the region with the largest share of the company's revenue with a share of 25% (20%) of total sales. The Nordic region, which has previously accounted for the largest share of the company's revenue, accounted for 22% (28%) of the company's revenue, with Eastern Europe also accounting for 22% (24%) of the company's revenue in the past year. This was followed by Southern and Western Europe with 15% (11%), the Baltics with 6% (6%), North America with 6% (5%), APAC with 3% (5%) and Africa with 1% (1%).



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, Belgium, Ireland, Luxembourg, Malta, Slovenia, Turkey

North America

Canada, US, Mexico

APAC

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

Africa

South Africa

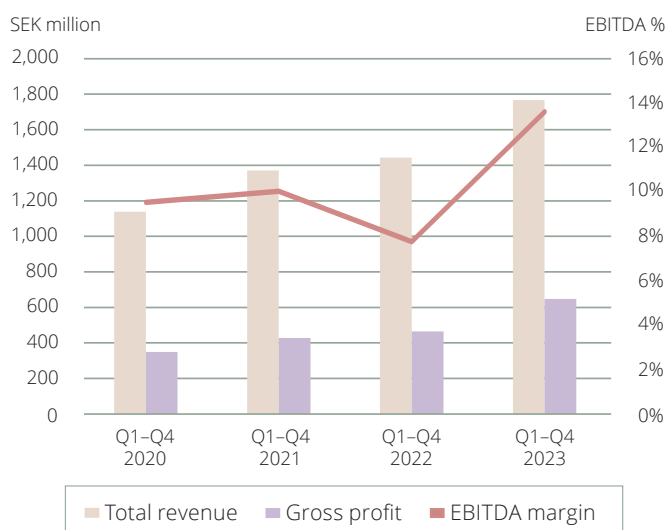
Costs and profit

Gross profit for 2023 totalled SEK 648.0 (465.5) million and the gross profit margin was 36.7% (32.3%). Zinzino has for a long time implemented incremental price adjustments towards its distributors and customers. At the same time, the geographical sales mix has changed, with an increasing share of sales in markets with good profit margins. In addition, the remuneration model for the global distributors has been reworked, which overall has contributed to a stabilisation of the gross margin despite increased costs for raw materials and transport. In 2023, the impact of the measures implemented has contributed to a significant improvement in the gross profit margin compared to the same period last year.

The Group's operating profit before depreciation/amortisation amounted to SEK 240.6 (112.1) million and the EBITDA margin was 13.6% (7.8%). The items include items affecting comparability of SEK -14.8 (0) million attributable to the upward revision of the additional consideration linked to the acquisition of Enhazz in 2022, after revenues in Zinzino Health increased more than expected in the DACH region attributable to the acquired distributor organisation during the past year. The improved EBITDA margin compared with the corresponding period last year was mainly attributable to the good profitability at gross level in combination with the efficiency improvements that resulted from the process implemented and the resulting economies of scale. Overall, this contributed to the company's ability to sustain its external and internal cost base, despite being weighed down by the impact of the current macro climate and high inflationary pressures.

Operating profit for 2023 totalled SEK 208.8 (87.0) million and the operating margin was 11.8% (6.0%). Operating profit was charged with a write-down of SEK 4.9 (0.0) million relating to the value of the Hanzz + Heiidii brand following weak sales performance in the product line attributable to the brand during the past year.

Profit before tax amounted to SEK 210.0 (89.2) million and net profit to SEK 164.0 (68.5) million.



Inventories

The Group's total inventories on the balance sheet date amounted to SEK 195.0 (184.8) million, where the company generally has higher inventory levels to ensure deliveries. At the same time, the company has increased the number of external warehouses in line with its strategic expansion to meet increased demand and reduce lead times in the delivery process.

Financial position

On the balance sheet date, cash totalled SEK 321.2 (161.9) million. Cash flow from operating activities for the full year 2023 totalled SEK 246.1 (42.9) million. The Group's equity/assets ratio was 31% (25%). Group equity at the end of the period amounted to SEK 263.8 (160.4) million, corresponding to SEK 7.78 (4.75) per share. The Board of Directors is of the opinion that cash and cash equivalents and the equity/assets ratio are at a satisfactory level in relation to the proposed dividend.

Significant events during the year

Sales launch in Turkey

Zinzino opened Turkey on 7 March 2023 for registration of new distributors via the website zinzino.com adapted for Turkey. The launch of sales was long-awaited as it had been delayed after a complicated establishment process involving a high degree of local adaptation for regulatory reasons. From the start, the newly added Turkish distributors have had access to local marketing material and the local customised payment solution as the first market through the newly developed external payment engine that was added at the end of 2022. The launch was very successful with high distributor activity from the start. Initial delivery problems linked to complicated customs clearance processes delayed the project and meant that no revenue could be recognised from the new market during the first quarter of 2023. During the second quarter, the initial problems associated with the deliveries were resolved, resulting in all orders from the first quarter being delivered to the recipients and added to the Group's revenues for the second quarter of 2023.

Start of sales in Mexico under the local flag

On 21 September 2023, sales were launched in Mexico under its own flag at zinzino.com. According to the WFDSA report, Mexico is one of the top 10 direct sales markets by revenue, and the largest among Spanish-speaking countries. Direct sales is the largest non-shop-based channel for Mexican consumers and a natural strategy for entrepreneurs looking to establish a valuable source of additional income. Given the market analysis, Zinzino placed considerable focus during the preparatory work on establishing a broad network of contacts among potential distributors. In addition, a local sales manager and an operational consultant with

good local knowledge of the Mexican market have been contracted. A successful establishment in Mexico requires the development of local payment solutions that are adapted to Mexican consumer behaviour. Thanks to Zinzino's new payment engine and the cooperation with suppliers that provide local payment solutions in Mexico, Zinzino believes that it can meet the local payment solutions from the start, which is important for a successful market launch.

1,000,000th test performed at zinzinotest.com

Just after the start of the third quarter of 2023, a milestone was reached in Zinzino's history when the 1,000,000th test was performed on zinzinotest.com. Zinzino's Balance product concept is based on the customer anonymously submitting a blood test, BalanceTest, to the independent laboratory Vitas in Oslo, Norway. The test takes just a few minutes to perform and the results are available at zinzinotest.com within three weeks. The test provides the customer with accurate measurements of 11 fatty acid levels in the blood. In addition to an important insight into the Omega-6:3 balance in the body, the report also reveals the Omega-3 index, protective value, cell membrane fluidity and mental strength. Furthermore, individual recommendations are given on how better balance in life through diet and exercise can be achieved. The product concept has been very important for the growth of the company and today accounts for about 80% of the Group's revenues.

Upwardly adjusted additional consideration for Enhazz acquisition

On 5 April 2022, Zinzino acquired Enhazz IP AG, including the IP rights to its HANZZ+HEIDI and YU brands. In addition, Enhazz Global AG was acquired with the associated distributor organisation. The synergies that have emerged in the common networks since the time of the acquisition have made a strong contribution to the favourable sales trend in the DACH region over the past year. For this reason, the company is now revising the additional consideration upward, which at the time of acquisition was estimated to amount to EUR 2.5 million, instead to EUR 3.8 million as the sales growth generated by the acquired distributor organisation during the period 2023-2027 is expected to exceed the original forecast. The additional consideration shall continue to be 100% settled with newly issued Zinzino shares. The additional consideration for the period 2022-2027 may amount to a maximum of EUR 6 million, whereby further adjustments may be made at a later date depending on the continued growth.

Change of Certified Adviser to Carnegie Investment Bank AB (publ.)

On 30 November 2023, Zinzino concluded an agreement with Carnegie Investment Bank AB (publ.) concerning the service as Certified Adviser. This is because the previous Certified Adviser, Erik Penser Bank, sold its advisory business to Carnegie Investment Bank.

Significant events after the balance sheet date

Strategic partnership in Europe with North American direct sales company ACN

In January 2024, Zinzino entered into a strategic agreement to partner with the US company ACN, a direct sales company of telecommunications, energy and essential services for homes and businesses. They have decided to phase out their distributor-led sales operations in Europe and the agreement between the companies includes Zinzino taking over the rights to ACN's European distributor database free of charge. This will be integrated with Zinzino's existing technology platform in the future. The strategic partnership for Europe is expected to generate growth through the synergies arising from the joint networks.

In conjunction with the agreement, ACN has, via the holding company Manna Holdings LLC, invested in 149,468 Zinzino B shares for SEK 10.4 million in Zinzino via a directed rights issue of B shares. The rights issue was approved by Zinzino's Board of Directors based on the issue authorisation granted by the Annual General Meeting on 31 May 2023. The subscription price in the directed issue was set at SEK 69.73 per new share, corresponding to the volume-weighted average price of Zinzino's shares on Nasdaq First North Premier Growth Market between 22/01/2024 and 26/01/2024. In view of this, it was the Board of Directors' assessment that the subscription price reflected the prevailing demand and market conditions and was thus to be considered as market-based. The directed issue increases the number of B shares in the company by 149,468 to a total of 28,977,672. The total number of shares after the increase amounted to 34,091,064. The dilution amounted to 0.4%, calculated on the total number of shares in the company upon completion of the directed issue. Zinzino's share capital increases through the directed issue by SEK 14,947 to SEK 3,409,106.

Business model and marketing strategy

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

Marketing consists primarily of providing product information, promotional material, basic training material and an effective flow of information via the web, social media and e-mail. In 2023, major efforts as described on pages 23–25 of the annual report have been undertaken with a strong focus on the digital environment to develop the tools for Zinzino's sales organisation. The process continues into 2024.

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. Zinzino's growth strategy also includes acquisitions and partnerships with other companies to add growth and distribution organisations in strategically important regions. This is precisely the reason for the favourable sales performance in Central Europe and in the newly established markets of Mexico and Turkey. 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. This approach reduces the pressure on the organisation to open full-scale markets requiring large internal resources, which can now be fully allocated to the ongoing establishment projects.

The company's management also maintains a close dialogue with the so-called Leadership Council, which consists of representatives from the distributors network. In 2023, the weekly digital meetings implemented during the pandemic outbreak continued as a frequent and popular form of dialogue between the parties.

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

Organisation and efficiency

During autumn of 2022, a change and efficiency improvement process was initiated, which also affected the organisation in terms of optimising the workforce. The process has continued in 2023. The purpose of the process has been to phase out processes with lower returns and invest more in those that are expected to generate more revenue. For this reason, a new chief operating officer for the French market was contracted in the fourth quarter of 2023. In the last quarter of 2023, the IT department was also expanded with two additional specialists and the establishment team with a project manager. In addition, a process is underway to establish an additional customer service centre in Poland to support the important markets in Central and Eastern Europe. The number of employees in the Group at the end of the year totalled 221 (207) people, of which 131 (121) were women. In addition, 21 (17) people worked at the Group via consulting agreements, of which 8 (5) were women.

Zinzino's outlook and financial goals for 2024–2026

The average growth in sales at Zinzino for the period 2024–2026 shall be a minimum of 20% and operating margin before depreciation/amortisation shall increase to over 10% during the period. The dividend policy shall be at least 50% of the Group's net profit as long as liquidity and the equity/assets ratio allow.

Risks and external factors affecting growth at Zinzino

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

Risks related to purchases

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

Risks related to fluctuations in raw materials prices

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

Risks related to suppliers

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

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

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

Risks related to compliance and establishment in foreign markets

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

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

Risks related to IT

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

Risks related to currencies and 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 often cancel each other out and the currency risk thereby becoming lower.

Risks relating to competitors

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

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

Risks related to unexpected events in the outside world

The global outbreak of the Covid-19 virus and conflicts between other countries in the world show that Zinzino needs to have good adaptability to quickly manage external factors that negatively impact the business. The Board of Directors believes that Zinzino has handled the crises well with a quick adjustment to the circumstances that have arisen.

Parent company Zinzino AB (publ.)

The parent company Zinzino AB (publ.) carries out the establishment of new markets, strategic development and supports the research and product development of Bioactive Foods AS. The parent company's revenue for the full year 2023 totalled SEK 24.2 (29.0) million, of which SEK 22.0 (26.5) million was intra-group revenue. In addition, the company received share dividends from subsidiaries totalling SEK 189.6 (71.3) million, which increased profit after financial items to SEK 190.9 (75.2) million. Profit after tax totalled SEK 190.8 (75.1) million. The parent company's cash and cash equivalents at the end of the period amounted to SEK 8.1 (1.6) million.

Corporate governance report

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

Zinzino AB is a Swedish public limited company based in Gothenburg. Shares have been listed on Nasdaq OMX First North since 11 December 2014. On 16 September 2021, 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.

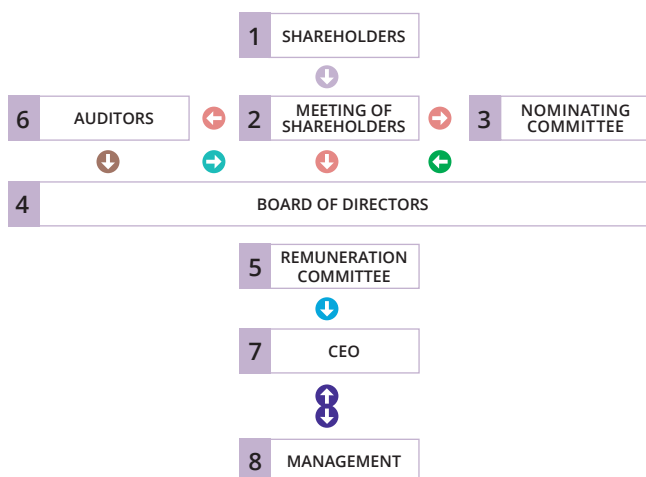
Zinzino AB provides here its corporate governance report relating to 2023.

nance, and other applicable laws and regulations. Since the listing, the company has not had any violations either against Nasdaq OMX First North's issuers regulations or against good practice in the stock market.

Shares and shareholders

Zinzino AB was listed on Nasdaq OMX First North on 11 December 2014 and moved to the Premium segment of the list on 21 September 2020. Zinzino was originally listed for trading on the Aktietorget stock market (now Spotlight) in 2010. The total number of shares is 33,941,596 of which 5,113,392 are A shares (1 vote) and 28,828,596 B shares. At the end of the year the company had 5,367 (4,852) owners, excluding some foreign custody account customers. The largest owners were Örjan Saele with company and family with 47.58% of the votes and 29.27% of the capital and Peter Sörensen with company and family with 25.69% of the votes and 12.53% of the capital. Information for shareholders can be found on the company's website zinzino.com.

Corporate governance model



<ul style="list-style-type: none"> ● Votes ● Election ● Information Favourable ● Information ● Proposals to the Board of Directors, auditor and Nominating Committee ● Remuneration structure 	<p>External control instruments Important external control instruments that provide the framework for the company's corporate governance are:</p> <ul style="list-style-type: none"> • Swedish Companies Act • Swedish Annual Accounts Act • Nasdaq Stockholm regulations • Swedish Code of Corporate Governance <p>Internal control instruments Important internal control documents are:</p> <ul style="list-style-type: none"> • Articles of Association • Rules of procedure for the Board of Directors • Instructions for the CEO, Audit Committee, Remuneration Committee and financial reporting • Policies
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Basis for governance

The basis for the governance is the Articles of Association, the Companies Act, Nasdaq OMX First North Premier's Rules for Issuers, the Swedish Code of Corporate Governance,

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.

Annual General Meeting

It is at the annual meeting of shareholders, and at any extra meetings of shareholders, where all shareholders can exercise their right to vote and decide on issues which affect the company and its business. The annual meeting of shareholders, which is held within six months after the end of the financial year, makes decisions on confirming of the profit/loss statement and balance sheet, allocation of the year's profit or loss and decisions on dividends, discharge from liability for the Board of Directors and the CEO. Moreover, the Board of Directors is elected and the Board members' fee is established. The meeting also decides how the nominating committee shall be appointed. In addition, auditors are chosen and the annual meeting of shareholders decides upon their remuneration. Other legally required matters are also dealt with as well as decisions being made on guidelines for remuneration to senior executives. In addition to these things, decisions will be made on other proposals from the Board of Directors and

the shareholders. Notice of the meeting of shareholders shall be made through advertising in the Post- och Inrikes Tidningar [government newspaper and gazette of Sweden] and by keeping the notice available on 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 meeting's date and who have timely registered their participation 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 2023

The 2023 Annual General Meeting was held on 31 May in the company's offices at Hulda Mellgrens Gata 5 in Västra Frölunda. The shareholders present at the Annual General Meeting represented 47% of the votes and 38% 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 1.75 per share for the financial year 2022.
- to elect Hans Jacobsson as Board Chair and Staffan Hillberg, Pierre Mårtensson, Ingela Nordenhav and Anna Frick as other Board members.
- That Board fees shall amount to a total of SEK 1,095,000, of which SEK 300,000 shall be paid to the Board Chair, SEK 170,000 to each of the other Board members, SEK 50,000 to the Chair of the Audit Committee and SEK 25,000 to a member of the Audit Committee, and SEK 20,000 to the Chair of the Remuneration Committee and SEK 15,000 to a member of the Remuneration Committee.
- to elect BDO Göteborg AB as the auditing firm and Katarina Eklund as the auditor in charge.
- to adopt policies for the Nomination Committee for the 2024 Annual General Meeting in accordance with the Nomination Committee's proposal.
- to issue 500,000 warrants to key persons in the external sales organisation in accordance with the Board's proposed resolution.
- to issue 500,000 warrants to employees and others in accordance with the Board's proposal.
- to issue 20,188 new Zinzino B shares with payment by offsetting of claims to Kenneth Koh.
- to issue 57,595 new Zinzino B shares with payment by offsetting of claims to Enhazz AG.
- to authorise the Board of Directors to decide on preferential issues.
- to authorise the Board of Directors to decide on directed issues of a maximum total of 3,000,000 B shares.
- to approve the remuneration report for 2022 presented by the Board of Directors.

Annual General Meeting 2024

Zinzino AB (publ)'s Annual General Meeting will be held on 27 May 2024 at the company's offices at Hulda Mellgrens gata 5 in Gothenburg. For further information on the 2024 Annual General Meeting, please refer to the company's website 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 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 chairman of the Board of Directors convenes the first meeting of the nominating committee. However, the chairman of the Board of Directors shall not be appointed chairman of the nominating committee.

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

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

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

The nominating committee's tasks include:

- Evaluating the composition and work of the Board of Directors.
- Making nominations to the 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 policies, the Nominating Committee consists of the following three members until the next Annual General Meeting on 27 May 2024:

Nomination Committee for the 2024 Annual General Meeting

Members	Appointed by	Independent *	Vote share 31/12/2023
Magnus Götenfelt (chair)	Saele Invest & Consulting AS	Yes/yes	47.58%
Cecilia Halldner	Cashflow Holding ApS	Yes/yes	25.69%
Hans Jacobsson	Zinzino AB Board of Directors	Yes/yes	0.35%

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

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 2024 Annual General Meeting will be presented on the company's website zinzino.com well in advance of the Annual General Meeting. Shareholders who want to present proposals to the Nominating Committee can do so via e-mail to aktier@zinzino.com 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 16,500 each has been paid to Magnus Götenfelt and Cecilia Halldner for their work prior to the 2024 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 in May 2021 and were left

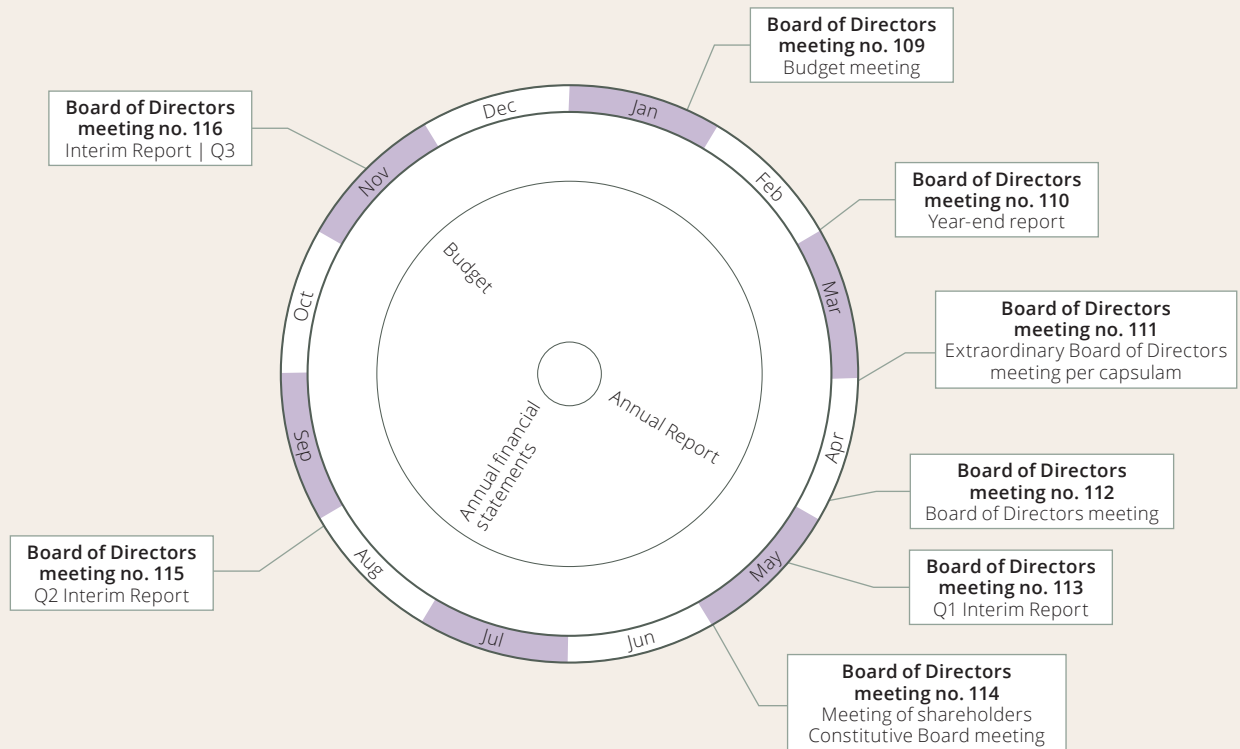
unchanged at this year's constitutive board meeting on 31 May 2023. The Board of Directors must, in accordance with the articles of association, consist of at least three and at most ten members and at most ten deputies. At the Annual General Meeting on 31 May 2023, it was approved that the Board of Directors is to have five members elected at the meeting, without deputies. At the Annual General Meeting on 31 May 2023, until the time of the next Annual General Meeting which will take place on 27 May 2024, the members of the Board of Directors, Hans Jacobsson, Staffan Hillberg, Pierre Mårtensson, Ingela Nordenhav and Anna Frick were re-elected. Hans Jacobsson was re-elected as the new chairman.

More information on the Board of Directors is presented on page 69. The Group's chief executive officer (CEO), Dag Bergheim Pettersen, participates in all meetings of the Board of Directors to present reports. The same is true of the group's CFO, Fredrik Nielsen. Other employees of the group participate at times in the meetings of the Board of Directors to present reports on specific questions.

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

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

Closing year 2023



The Board of Directors' work and responsibility

The board of directors determines the company's goals, strategies, budget and business plan. The board of directors is responsible for the company's organisation and management and shall ensure the quality of financial reporting and internal control. In addition, the board of directors shall consider and approve financial reports and establish important policies and regulatory systems. The board of directors shall also take major decisions outside the current administration such as investments and changes. The board of directors shall monitor operations 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 of Directors' meetings normally deal with the company's financial situation and issues of major importance to the Company. The CEO reports on business plans and strategic issues on a continuous basis. According to the Board of Directors' rules of procedure, the Board has a quorum when at least three members are present.

Diversity policy

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

Board of Directors Meetings

In 2023, the Board of Directors held 8 minutes meetings. The attendance frequency of the Board members is shown in the table below. Each meeting followed an agenda and decision material was sent to the Board of Directors prior to each board meeting. The CEO, CFO and certain other senior executives of the company attended board meetings to present matters.

The Board carries out an annual evaluation of its work with a view to developing the Board's working methods and effectiveness. Evaluation of the Board's work was carried out in February–March 2024. As in previous years, the evaluation of the work in 2023 was also based on a survey. In addition, the Nominating Committee 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 2024.

Members' attendance at the Board of Directors' meetings

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

Remuneration to Board members

Remuneration and other benefits to the Board and the Board Chair are decided by the company's shareholders at the General Meeting. At the Annual General Meeting on 31 May 2023, it was resolved to pay SEK 300,000 to Hans Jacobsson who was elected Board Chair and SEK 170,000 to other Board members Staffan Hillberg, Pierre Mårtensson, Ingela Nordenhav and Anna Frick. In addition, committee fees of SEK 50,000 were paid to the Chair of the Audit Committee, Hans Jacobsson, and SEK 25,000 to a member of the Audit Committee, Ingela Nordenhav, and SEK 20,000 to the Chair of the Remuneration Committee, Staffan Hillberg, and SEK 10,000 to a member of the Remuneration Committee, Pierre Mårtensson. During the 2023 financial year, total remuneration to the Board of Directors amounted to SEK 1,043,000 and was distributed in accordance with the table on page 100.

Information for the Board of Directors

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

The Board Committee

Remuneration Committee

In accordance with the Code, the members of the remuneration committee must be independent in relation to the company and its management. The remuneration committee of the Board of Directors shall continuously evaluate the remuneration to the management based on prevailing market conditions. The current Remuneration Committee consists of the Board members, Staffan Hillberg and Pierre Mårtensson, both of whom are considered independent in relation to the company and its management. The members of the remuneration committee are appointed annually by the Board of Directors. The remuneration committee's main tasks are to (a) prepare and propose decisions regarding remuneration and other terms of employment for the company's senior executives, (b) monitor and evaluate remuneration structures, remuneration levels and programmes for various remuneration programmes for senior executives and (c) monitor and evaluate the outcome of variable remuneration and the company's compliance with the remuneration guidelines adopted by the meeting of shareholders. After the 2023 Annual General Meeting, the Remuneration Committee has had two meetings up to the reporting date.

Meetings of the Remuneration Committee

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

The audit committee

Zinzino's Audit Committee consists of the Board Chair Hans Jacobsson (chair) and Ingela Nordenhav. Both members of the Audit Committee are independent in relation to the company, its company 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 three times per financial year. At least once a year, a meeting shall be held when no member of the management is present. Minutes shall be kept of meetings of the audit committee. The Audit Committee shall inform the Board of Directors of what has been discussed in the committee. Up to the reporting date, the committee has held two meetings.

Meetings of the Audit Committee

Hans Jacobsson	2 out of 2
Ingela Nordenhav	2 out of 2

Auditing

Zinzino's elected auditors are BDO Göteborg AB (BDO) with Katarina Eklund as auditor in charge. Katarina Eklund is an authorised public accountant and has been Zinzino's auditor since the Annual General Meeting in 2023. Katarina Eklund has audit engagements at, among others, Amhult 2 AB (publ.) and Forsman & Bodenfors AB.

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, on an ongoing basis during the year, an evaluation of internal procedures and control systems is carried out. The conclusions of the audit are reported to the group's CEO, CFO and the Board. In addition to the audit engagement, Zinzino has used BDO AB for advice on accounting and tax matters.

CEO and company management

The Board of Directors appoints the CEO. The CEO leads the company, manages the ongoing administration and is responsible for ensuring that the Board of Directors receives the information required for its commitments. The CEO is not a member of the Board of Directors. The CEO presents reports to the Board of Directors and participates in meetings, except when the CEO himself is being evaluated, when the Board of Directors meets the auditor without the company management or if the Board of Directors so decides. The division of responsibilities between the Board of Directors and the CEO is described in a written CEO instruction that is subject to annual revision. The CEO

appoints members of the management team. The management team is to conduct business operations and monitor developments. At the beginning of 2023, the management team consisted of Dag Bergheim Pettersen (CEO), Fredrik Nielsen (CFO), Henrik Hammargren (CSCO), Jakob Spijker (COO), Daniel Vennerstrand (CTO), Gabriele Helmer (CMO), Dr Colin Robertsson (CPO), Lars Dahlberg (Vice President Nordic), Linda Johnsson (CHRO) and Katriin Laanep (CSO).

Remuneration

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

The current guidelines for remuneration of senior executives can be found in Note 8 on pages 101–102 of the 2023 annual report. The company's remuneration report for the 2023 financial year is published on zinzino.com as a basis for resolutions of the Annual General Meeting on 27 May 2024.

Remuneration and other benefits 2023	Base salary/ Board fees	Variable remuneration	Other remuneration	Other benefits	Pension costs	Total
Board Chair - Hans Jacobsson	335	-	-	-	-	335
Board Member - Staffan Hillberg	182	-	-	-	-	182
Board Member - Pierre Mårtensson	173	-	-	-	-	173
Board Member - Ingela Nordenhav	187	-	-	-	-	187
Board Member - Anna Frick	166	-	-	-	-	166
CEO - Dag Bergheim Pettersen	2,988	1,470	96	259	334	5,147
Other senior executives (9 persons)	10,645	831	144	693	2,127	14,441
Total	14,676	2,301	240	952	2,462	20,631

Internal Control, Risk Management and Investor Relations

According to the Companies Act and the Code, the Board of Directors is required to ensure that Zinzino has satisfactory internal controls to keep informed of Zinzino's internal control system and to assess how well the system works. Zinzino's work with internal control can be divided into the control environment, risk assessment, control activities, information as well as communication and follow-up. The Board of Directors will use the rules of procedure and instructions for its own and the chief executive officer's

work for the purpose of effectively managing the risks of the business. The responsibility for maintaining an effective control environment and internal control relating to financial reporting is delegated to the chief executive officer. For external communication there are guidelines which ensure that correct information is distributed to the market. In conjunction with the issuance of reports, the Board of Directors always meets at an ordinary meeting or by telephone and before publication formally approves the proposed report which the management has produced.



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 material risks. Zinzino also has guidelines and policies regarding financial management and monitoring and communication issues. Frameworks exist for credit and currency management.

Control activities

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

Risk assessment

The Board of Directors has the ultimate responsibility for the risk assessment and annually assesses risks and seeks to achieve a high level of awareness of risks among employees. Identified risk areas are primarily financial reporting, operational risks and legal risks. For information on the main operational and legal risks identified by the company, see the management report pages 55–61.

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

Information and communication

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

Follow-up

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

Internal Audit

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

Board of Directors



Hans Jacobsson

Chair

Born: 1967

Hans Jacobsson holds a Master of Business Administration. In addition to his role as Board Chair of Zinzino, Hans also serves as Board Chair of the following Spotlight Stock Market and First North listed companies: Thinc Collective, Lohilo Foods, Tura Group and Gosol Energy Group. Previous professional experience includes CFO of Thinc Collective, CEO of Rootfruit Scandinavia AB, Finance and Logistics Director of General Mills Scandinavia AB, Partner in CR&T Ventures (venture capital company in the Bure sphere) and Investment Manager in Investment AB Bure. He has extensive experience in mergers and acquisitions, IPOs and structural transactions. In addition he has comprehensive competence in food and consumer products.

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

Number of shares: 274,942 B shares

Number of warrants: 66,900

Independent in relation to major shareholders: Yes

Independent in relation to the company and its management: Yes



Staffan Hillberg

Member

Born: 1964

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

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

Number of shares: 145,183 B shares

Number of warrants: 30,000

Independent in relation to major shareholders: Yes

Independent in relation to the company and its management: Yes



Pierre Mårtensson

Member

Born: 1972

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

Number of warrants: 35,000

Independent in relation to major shareholders: Yes

Independent in relation to the company and its management: Yes



Ingela Nordenhav

Member

Born: 1972

Ingela Nordenhav has an engineering degree from Chalmers University of Technology and has a long career at Volvo behind her. She was, among other things, Global Marketing Manager at Volvo Trucks where she led the company's transformation journey in image and digitalisation. She has previous experience in product development, quality, sales and aftermarket and has lived and worked abroad in the Netherlands and the US. Ingela has extensive experience in strategic company management and global work. She currently runs a consultancy firm and holds board positions as Chair and member in both listed and private companies.

Ingela Nordenhav has been a member of the company's Board of Directors since 2019.

Number of shares: 0

Number of warrants: 5,000

Independent in relation to major shareholders: Yes

Independent in relation to the company and its management: Yes



Anna Frick

Member

Born: 1968

Anna Frick has a Master of Business Administration from the Stockholm School of Economics. Anna has worked with communication and digital transformation and has board experience from Nordnet AB (publ.), Leo Vegas AB and A3 Allmänna IT- och Telekom AB, among others. Other current board positions include Fortnox AB (publ.), Medhelp Care AB (publ.) and Svea Bank AB.

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

Number of shares: 0

Number of warrants: 20,000

Independent in relation to major shareholders: Yes

Independent in relation to the company and its management: Yes

Group management



Dag Bergheim Pettersen
CEO, Chief Executive Officer
Born: 1970

Dag Bergheim Pettersen has a Master of Business Administration from Oslo University and has held management positions at Elgiganten, Alcatel and as senior vice president at Telia Sonera'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 B shares
Number of warrants: 120,000



Jakob Spijker
COO, Chief Operation Officer
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: 10,666 B shares
Number of warrants: 20,000



Gabriele Helmer
CMO, Chief Marketing Officer
Born: 1977

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

Number of shares: 30,937 B shares
Number of warrants: 20,000



Fredrik Nielsen
CFO, Chief Financial Officer
Born: 1977

Fredrik Nielsen holds a Master of Business Administration 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 B shares
Number of warrants: 20,000



Henrik Hammargren
CSCO, Chief Supply Chain Officer
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: 20,000

Group management



Katriin Laneep

CSO, Chief Support Officer

Born: 1973

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

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



Daniel Vennerstrand

CTO, Chief Technical Officer

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 B shares
Number of warrants: 20,000



Lars Dahlberg

Vice President Nordic

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 B shares
Number of warrants: 40,000



Linda Johnsson

CHRO, Chief Human Resources Officer

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
Number of warrants: 10,000



Dr Colin Robertson

CPO, Chief Product Officer

Born: 1972

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

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

Sales management & Faun Pharma



Valborg Godal Vold
MD Faun Pharma

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
Number of warrants: 20,000



Stefan Mühl
Vice President DACH

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

Number of shares: 0
Number of warrants: 0



Steve Morley
Vice President UK & Ireland

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

Number of shares: 0
Number of warrants: 0



Tomasz Stanislawski
Vice President East Europe

Tomasz Stanislawski has over 25 years of experience in direct sales and network marketing in the field of 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. Tomasz holds a Master's degree in Commerce from Warsaw School of Economics, and speaks three languages: English, Russian and Polish.

Number of shares: 9,500 B shares
Number of warrants: 10,000



Carmelo D'Anzi
Vice President Italy & Spain

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 and was elected to the New England Football Hall of Fame and speaks four languages.

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

Sales management



Art Jonak
Vice President North America

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

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



Miguel A. Beas
Vice President Latin America

Miguel A. Beas is originally from Spain with a solid background in law and has been part of the network marketing industry for almost 30 years. Throughout his career, he has mainly managed sales from leadership roles where he is driven by a passion to inspire change through personalised dietary supplements, based on the principle of evidence-based testing rather than guesswork. Thanks to Zinzino's product range and welcoming community, he has found an outlet for both his vibrant energy and deep dedication. Miguel is also the author of three books and speaks four languages.

Number of shares: 0
Number of warrants: 30,000



Kenneth Koh
Vice President East Asia

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 program 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: 65,679 B shares
Number of warrants: 0



Robert W. Horkings
Vice President Australia, New Zealand & Philippines

Robert W. Horkings joined Zinzino in March 2019 as the COO for the Australian market. Robert started working at his first direct sales company in 1998, creating one of the most successful teams within the organisation consisting of over 100,000 active members. Prior to 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

Results and Financial Position

Amounts in SEK thousands	Group		Parent company	
	2023	2022	2023	2022
Net sales	1,674,812	1,356,008	23,899	26,970
Total revenue	1,766,377	1,443,072	24,241	29,036
Operating profit	208,833	86,986	3,106	1,325
Net profit	164,003	68,475	190,813	75,106
Operating margin	11,8%	6,0%	12,8%	4,6%
Net margin	9,3%	4,7%	787,2%	258,7%
Return on equity	62,2%	42,7%	75,9%	64,1%
Balance sheet total	842,135	651,253	292,215	165,200
Equity	263,800	160,373	251,458	117,209
Equity/assets ratio	31,3%	24,6%	86,1%	70,9%

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	37,657,367
Profit/loss for the year	190,813,171
Total	228,470,538

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 3.00 per share	101,824,788
Will be carried forward	126,645,750
Total	228,470,538

The dividend will be paid on 06/03/2024.

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

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

Group report

– comprehensive profit/loss

Amounts in SEK thousands	Note	Financial year	
		2023	2022
Operating revenues			
Net sales	5	1,674,812	1,356,008
Other operating revenues	6	91,565	87,064
Total		1,766,377	1,443,072
Operating costs			
Raw materials and consumables	17	-335,610	-276,752
Trading costs		-782,719	-700,807
Other external costs	7, 10	-252,253	-196,962
Personnel costs	8	-155,164	-156,491
Depreciation/amortisation and write-downs of tangible and intangible fixed assets	14, 15	-31,798	-25,074
Total		-1,557,544	-1,356,086
Operating profit		208,833	86,986
Financial income	9	5,059	4,962
Financial costs	9	-3,885	-2,784
Total profit/loss from financial items		1,174	2,178
Profit/loss before tax		210,007	89,164
Tax on the year's profit	11	-46,004	-20,689
Profit/loss for the year		164,003	68,475
Other comprehensive profit/loss			
Items that may be reclassified to profit/loss for the year			
Currency exchange differences upon conversion of foreign subsidiaries		-3,417	7,882
Other comprehensive profit/loss for the year, after tax		-3,417	7,882
Total comprehensive profit/loss for the year		160,586	76,357

Group report

– comprehensive profit/loss, continued

Profit/loss for the year attributable to	Financial year	
	2023	2022
Parent company shareholders	163,735	67,697
Non-controlling interest	268	778
Total	164,003	68,475
Total comprehensive profit/loss for the period attributable to	2023	2022
Parent company shareholders	160,318	75,579
Non-controlling interest	268	778
Total	160,586	76,357

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

Amounts in SEK	2023	2022
Earnings per share before dilution	4.83	2.01
Earnings per share after dilution	4.73	1.97

The notes on pages 86–121 form an integral part of these consolidated financial statements.

Consolidated Balance Sheet

Amounts in SEK thousands	Note	31/12/2023	31/12/2022
Assets			
Fixed assets			
<i>Intangible fixed assets</i>			
Goodwill	14	70,999	72,830
Other intangible assets	14	48,015	48,064
Total intangible fixed assets		119,014	120,894
<i>Tangible fixed assets</i>			
Equipment, tools and installations	15	15,327	17,222
Total tangible fixed assets		15,327	17,222
<i>Financial fixed assets</i>			
Right-of-Use Assets	16	51,049	46,823
Other long-term receivables		1,253	1,309
Deferred tax assets	24	4,075	4,453
Total financial fixed assets		56,377	52,585
Total fixed assets		190,718	190,701
Current assets			
<i>Inventories</i>			
Finished goods and goods for resale	17	194,977	184,768
Total inventories		194,977	184,768
<i>Current receivables</i>			
Accounts receivable	19	8,574	6,748
Other receivables	20	67,445	59,521
Pre-paid costs and accrued revenues	21	59,185	47,635
Cash and cash equivalents	22	321,236	161,880
Total short-total receivables		456,440	275,784
Total current assets		651,417	460,552
Total assets		842,135	651,253

Consolidated Balance Sheet

– continued

Amounts in SEK thousands	Note	31/12/2023	31/12/2022
Equity and Liabilities			
Equity			
Share capital	23	3,394	3,386
Other contributed capital		41,807	39,300
Reserves		2,462	5,879
Other equity including the year's profit		212,305	105,882
Equity attributable to parent company shareholders		259,968	154,447
Non-controlling interest		3,832	5,926
Total equity		263,800	160,373
Liabilities			
<i>Long-term liabilities</i>			
Deferred tax liability	24	3,412	4,706
Other liabilities	25	34,773	32,313
Leasing liabilities	16	34,184	31,412
Total long-term liabilities		72,369	68,431
<i>Current liabilities</i>			
Accounts payable		50,356	35,159
Tax liabilities		29,978	9,969
Leasing liabilities	16	19,676	18,166
Other current liabilities	26	268,481	246,097
Accrued costs and deferred revenues	27	137,475	113,058
Total current liabilities		505,966	422,449
Total liabilities		578,335	490,880
Total equity and liabilities		842,135	651,253

The notes on pages 86–121 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
Equity capital 01/01/2022	3,370	7	35,823	-804	104,658	143,054	8,665	151,718
Profit/loss for the year	-	-	-	-	67,697	67,697	778	68,475
Other comprehensive profit/loss for the year	-	-	-	6,683	-	6,683	-	6,683
Transactions with shareholders								
Share repurchase	-	-	-	-	-13	-13	-	-13
Change of the minority	-	-	-	-	-29	-29	29	-
Rights issue	16	-7	3,477	-	-	3,486	-	3,486
Issued warrants	-	-	-	-	975	975	-	975
Dividends	-	-	-	-	-67,405	-67,405	-3,546	-70,951
Equity capital 31/12/2022	3,386	-	39,300	5,879	105,883	154,447	5,926	160,373
Group equity 01/01/2023	3,386	-	39,300	5,879	105,883	154,447	5,926	160,373
Profit/loss for the year	-	-	-	-	163,735	163,735	268	164,003
Other comprehensive profit/loss for the year	-	-	-	-3,417	-	-3,417	-	-3,417
Transactions with shareholders								
Rights issue	8	-	2,507	-	-	2,515	-	2,515
Issued warrants	-	-	-	-	1,944	1,944	-	1,944
Dividends	-	-	-	-	-59,256	-59,256	-2,362	-61,618
Group equity 31/12/2023	3,394	-	41,807	2,462	212,306	259,968	3,832	263,800

Group report

– cash flow statement

Amounts in SEK thousands	Note	Financial year	
		2023	2022
Cash flow from operating activities			
Operating profit		208,833	86,986
Adjustment for items which are not included in the cash flow	32	50,150	27,239
Interest received		3,123	364
Interest paid		-309	-100
Income tax paid		-23,570	-30,039
Cash flow from operating activities before changes in operating capital		238,227	84,450
Cash flow from changes in operating capital			
Change in inventories		-10,209	-26,111
Change in operating receivables		-21,861	-17,492
Change in operating liabilities		39,983	2,010
Total change in operating capital		7,913	-41,593
Cash flow from operating activities		246,140	42,857
<i>Cash flow from investment activities</i>			
Investments in intangible fixed assets		-10,436	-16,835
Investments in tangible fixed assets		-1,348	-8,100
Investments in financial fixed assets		-134	-166
Acquisition of subsidiaries and other financial fixed assets		-	-10,324
Cash flow from investment activities		-11,918	-35,425
<i>Cash flow from financing activities</i>			
Amortisation of leasing liabilities		-20,069	-18,340
Issuance of options		1,944	975
Rights issue		2,515	3,486
Dividends		-59,256	-67,405
Cash flow from financing activities		-74,866	-81,284
CASH FLOW FOR THE YEAR		159,356	-73,852
Liquid assets at the start of the year		161,880	235,732
Liquid assets at the end of the year	22	321,236	161,880

The notes on pages 86–121 form an integral part of these consolidated financial statements.

Parent company report

– income statement

Amounts in SEK thousands	Note	Financial year	
		2023	2022
Net sales	5	23,899	26,970
Other operating revenues	6	342	2,066
Goods for resale and other direct costs		-	-8,218
Gross profit		24,241	20,818
Other external costs	7	-20,291	-18,865
Depreciation/amortisation and write-downs of tangible and intangible fixed assets	14, 15	-844	-628
Operating profit		3,106	1,325
Net financial income/expense	9, 10	187,743	73,881
Total profit/loss from financial items		187,743	73,881
Profit/loss before tax		190,849	75,205
Tax on the year's profit	11	-36	-100
Profit/loss for the year		190,813	75,106

The notes on pages 86–121 form an integral part of these consolidated financial statements.

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

Parent Company Balance Sheet

Amounts in SEK thousands	Note	31/12/2023	31/12/2022
Assets			
Fixed assets			
<i>Intangible fixed assets</i>			
Other intangible assets	14	19,594	12,667
Total intangible fixed assets		19,594	12,667
<i>Tangible fixed assets</i>			
Equipment, tools and installations	15	16	23
Total tangible assets		16	23
<i>Financial fixed assets</i>			
Shares in Group companies	12	146,716	135,417
Total financial fixed assets		146,716	135,417
Total fixed assets		166,326	148,107
Current assets			
<i>Current receivables</i>			
Receivables from group companies		116,208	13,458
Other current receivables	20	1,189	1,730
Pre-paid costs and accrued revenues	21	437	350
Cash and cash equivalents	22	8,055	1,555
Total short-total receivables		125,889	17,093
Total current assets		125,889	17,093
Total assets		292,215	165,200

The notes on pages 86–121 form an integral part of these consolidated financial statements.

Parent Company Balance Sheet

– continued

Amounts in SEK thousands	Note	31/12/2023	31/12/2022
Equity and Liabilities			
Equity			
<i>Restricted equity</i>			
Share capital	23	3,394	3,386
Fund for development expenditures		19,594	12,667
Total restricted equity		22,988	16,053
<i>Unrestricted equity</i>			
Share premium reserve		51,138	48,631
Retained earnings (including profit/loss for the year)		177,332	52,525
Total unrestricted equity		228,470	101,156
Total equity		251,458	117,209
Liabilities			
<i>Long-term liabilities</i>			
Other long-term liabilities	25	26,809	25,960
Total long-term liabilities		26,809	25,960
<i>Current liabilities</i>			
Accounts payable		1,414	1,551
Liabilities to group companies		2,309	16,426
Other current liabilities	26	9,332	3,233
Accrued costs and deferred revenues	27	893	821
Total current liabilities		13,948	22,031
Total liabilities		40,757	47,991
Total equity and liabilities		292,215	165,200

The notes on pages 86–121 form an integral part of these consolidated financial statements.

Parent company report

– changes in equity

Amounts in SEK thousands	Restricted equity			Unrestricted equity		Total equity
	Share capital	Ongoing rights issue	Fund for development expenditures	Share premium reserve	Retained earnings incl. profit/loss for the year	
Equity capital 01/01/2022	3,370	7	4,910	45,154	52,438	105,879
Profit/loss for the year	-	-	-	-	75,106	75,106
Capitalisation of development costs	-	-	8,377	-	-8,377	-
Release following amortisation of development costs for the year	-	-	-620	-	620	-
Rights issue	16	-7	-	3,477	-	3,486
Issued warrants	-	-	-	-	143	143
Dividends	-	-	-	-	-67,405	-67,405
Equity capital 31/12/2022	3,386	-	12,667	48,631	52,525	117,209
Group equity 01/01/2023	3,386	-	12,667	48,631	52,525	117,209
Profit/loss for the year	-	-	-	-	190,813	190,813
Capitalisation of development costs	-	-	7,331	-	-7,331	-
Release following amortisation of development costs for the year	-	-	-404	-	404	-
Rights issue	8	-	-	2,507	-	2,515
Issued warrants	-	-	-	-	177	177
Dividends	-	-	-	-	-59,256	-59,256
Group equity 31/12/2023	3,394	-	19,594	51,138	177,332	251,458

Parent company report

– cash flow statement

Amounts in SEK thousands	Note	Financial year	
		2023	2022
<i>Cash flow from operating activities</i>			
Operating profit		3,106	1,325
Adjustment for items which are not included in the cash flow	32	745	912
Interest received		1,069	-
Interest paid		-	636
Income tax paid		-99	-1,916
Cash flow from operating activities before changes in operating capital		4,821	957
<i>Cash flow from changes in operating capital</i>			
Change in current receivables		74,921	13,795
Change in current liabilities		-22,258	51,500
Total change in operating capital		52,663	65,295
Cash flow from operating activities		57,484	66,251
<i>Cash flow from investment activities</i>			
Investments in intangible fixed assets		-7,331	-7,533
Investments in financial fixed assets		-	-13
Acquisition of subsidiaries and other financial fixed assets		-	-10,492
Cash flow from investment activities		-7,331	-18,038
<i>Cash flow from financing activities</i>			
Issuance of options		177	143
Rights issue		2,515	3,486
Dividends received from Group companies		12,911	12,647
Dividend paid to the parent company's shareholders		-59,256	-67,405
Cash flow from financing activities		-43,653	-51,129
CASH FLOW FOR THE YEAR		6,500	-2,916
Liquid assets at the start of the year		1,555	4,471
Liquid assets at the end of the year	22	8,055	1,555

The notes on pages 86–121 form an integral part of these consolidated financial statements.

Notes

Note 1

General information

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

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

Note 2

Summary of important accounting principles

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

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.

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.

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.

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.

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.

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 different accounting principles to the group in the cases specified below:

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.

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.

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

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

New and amended standards published

For the financial year, Zinzino AB adopted amendments to IAS 1 Disclosure of Significant Accounting Policies effective from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, the disclosures of accounting policies presented in the financial statements are affected. The Group focuses on describing entity-specific information. Other new and amended standards have not had a material impact on the consolidated financial statements and disclosures.

New and amended standards published but not yet in force

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

Note 2.2

Consolidated financial statements

Note 2.2.1

Basic accounting principles

Subsidiaries

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

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

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

Note 2.3

Segment reporting

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

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

Note 2.4

Translation of foreign currency

Note 2.4.1

Functional currency and reporting currency

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

Note 2.4.2

Transactions and balance sheet items

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

Note 2.4.3

Translation of foreign group companies

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

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

Note 2.4.3.1

Restatement of hyperinflationary countries

For subsidiaries based in countries classified as hyperinflationary, restatement is performed in the Group in accordance with IAS 29. Restatement is made at each

balance sheet date according to the general price index of the significant non-monetary assets of the company. The Group has been operating in Turkey since the end of Q2 2023 and Turkey has been classified as a hyperinflationary economy since 2022. The consumer price index for Turkey, which has been used for restatement, is published by the Turkish Statistical Institute and amounted to 1,859.38 as of 31 December 2023. There were no significant restatement effects in the Group for the period. There are no comparative figures to translate.

Note 2.5

Revenue recognition

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

Note 2.5.1

Sales of goods

The Group manufactures and sells goods within the two business segments Zinzino and Faun. Zinzino is the main business in the Group and has two product areas: The Health product group includes Omega supplement, Immune supplement, Skincare, Weight management, Gut health. The product group Coffee includes espresso machines, coffee, teas and accessories. The business segment Zinzino also includes other revenues that are consistent with the sales above and comprise freight revenues, event revenues and reminder fees. All sales within the business segment Zinzino are made via direct sales. This means that Zinzino does not have any 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 2.5.1.1

Sale of goods - Customer Loyalty Programme

By being a loyal subscription customer of Zinzino, customers can earn bonus points that can be used for future purchases. At each balance sheet date, revenue is reduced by points earned and a contract liability is recognised in the Group and included in Other liabilities. The revenue allocated to bonus points is recognised in the income statement when the bonus points are redeemed.

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 amortised 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.

Leasing liabilities include the present value of the following leasing payments:

- Fixed fees
- Variable lease fees based on an index

Lease payments are discounted at the marginal loan rate of 6%.

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 adopted or announced at the balance sheet date and are expected to apply when the affected deferred tax asset is realised, or the deferred tax 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 write-down is recognised immediately as a cost 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 financial 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 life periods of the group's intangible assets

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

Note 2.10

Tangible fixed assets

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

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

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

The useful life periods are as follows:

Equipment, tools and installations	5 years
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The residual and useful lives of the assets are tested at the end of each reporting period and adjusted as necessary.

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

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

Note 2.11

Write-downs of non-financial assets

Intangible assets that have an indefinite useful life (goodwill) or intangible assets that are not ready for use (capitalised expenditure for development work) are not amortised but are tested annually for the need for any write-downs. Assets that are amortised are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

A write-down is made 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 consist of long-term and current lease liabilities, other long-term liabilities, accounts payable and current liabilities.

Financial assets at fair value

The Group also has financial liabilities that are measured at fair value, i.e. discounted to present value and valued at the rate on the balance sheet date. These financial liabilities consist mainly of long-term and current liabilities related to additional considerations.

Note 2.12.3

Reversal of financial instruments

Reversal of financial assets

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

Reversal of financial liabilities

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

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

Note 2.12.4

Settlement of financial instruments

Financial assets and liabilities are only offset and accounted for with a net amount in the statement of financial position when there is a legal right to offset the amounts reported and an intention to settle them by a net amount or at the

same time to realise the asset and settle the debt. The legal right may not depend on future events and it must be legally binding on the company and the counterparty in both the normal business and in cases of suspension of payments, insolvency or bankruptcy.

Note 2.12.5

Write-downs of financial assets

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

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

Note 2.13

Inventories

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

Note 2.14

Accounts receivable

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

Note 2.15

Cash and cash equivalents

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

Note 2.16

Share capital

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

Note 2.17

Accounts payable

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

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

Note 2.18

Cash flow analysis

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

Note 2.19

Earnings per share

(i) earnings per share before dilution

Earnings per share before dilution are calculated by dividing:

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

(ii) earnings per share after dilution

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

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

Note 2.20

Dividends

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

Note 2.21

Significant estimates and assessments

The Group's company management makes estimates and assumptions about the future when preparing the financial statements. Estimates and assessments are continually evaluated by company management and are based on historical experience and expectations of future events. The areas where estimates and assessments are significant to

the Group and which may affect the income statement and balance sheet if they change are described below:

Leases

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

Inventory obsolescence

Company management monitors product expiry dates and assesses the circulation of the company's products. Based on this, company management assesses the need for impairment in each stock. See further information on inventories in note 2.13 Inventories and in note 17 Inventories.

Customer Loyalty Programme

By being a loyal subscription customer of Zinzino, customers can earn bonus points that can be utilised on future purchases. This is recognised as a contract liability in the consolidated financial statements. The amount of the contract liability of earned points is based on the probability of the points being utilised. Management assesses the probability based on past experience. Management analyses the actual utilisation rate on an ongoing basis and the contract liability is adjusted as necessary.

Contingent consideration for the acquisition of subsidiaries

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

Goodwill

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

Note 3

Financial risk management

Financial risk factors

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

The group strives to minimise potential adverse effects on the 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 Operations AB and the parent company Zinzino AB.

Management of capital risk

The Group's objectives with regard to its capital structure are to safeguard its ability to continue as a going concern, to continue to generate returns for shareholders and to maintain an optimal capital structure to minimise the cost of capital. Management monitors the company's equity/assets ratio on an ongoing basis and the Group's policy is to maintain a strong capital base to maintain the investors, creditors and the markets confidence and to sustain the future development of the business.

(a) Market risk

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

Transaction exposure

Transaction exposure arises mainly in the purchase of goods, primarily in USD, EUR, DKK and NOK, and in transactions between Zinzino Operations AB 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.

Net currency flows

SEK thousands	2023	2022
CHF	28,126	16,724
DKK	35,565	25,179
EUR	430,673	277,065
NOK	-89,311	-78,811
USD	-109,436	-80,888
GBP	23,656	16,566
HKD	3,756	6,068
Other	24,397	-1,623

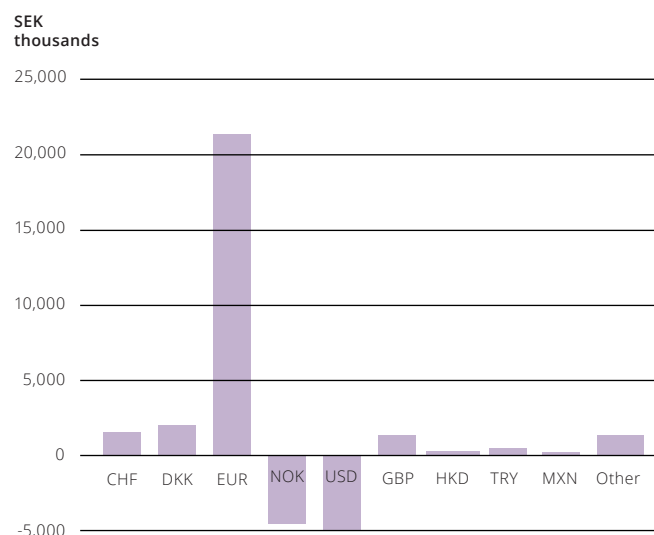
Currency exposure and risk are significantly reduced by the fact that purchases and sales in foreign currency can be largely netted against each other.

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 2023 would have been SEK 17,371 (9,014) 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 2023, 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



Note 3

– continued

(b) Credit risk

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

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

(c) Liquidity risk

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

(d) Refinancing risk

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

As of 31 December 2023	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Carrying value	Contractual cash flows
<i>Financial liabilities</i>							
Leasing liabilities	-	106	3,335	50,418	-	53,859	59,478
Accounts payable	50,356	-	-	-	-	50,356	50,356
Other liabilities	231,563	16,266	9,123	25,650	-	282,602	282,602
Accrued costs	24,121	-	-	-	-	24,121	24,121
Total	306,040	16,372	12,458	76,068	-	419,938	416,557

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

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 EBITDA in the assessment of business segment earnings. The main segment of the business "Zinzino" is divided mainly into the product areas of Health, Skincare and Other revenues.

The Health product group includes Omega supplement, Immune supplement, Weight management, Gut health. The product area Skincare includes Skin serum and products from the acquired brand HANZZ+HEIDII. Other net sales

consist mainly of event sales and the coffee range. The other revenue consists mainly of freight and reminder fees. All sales are made via www.zinzino.com with the help of the company's independent sales organisation, which goes under the names of distributors or partners.

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

Segment revenues and earnings

Total revenues and EBITDA is the result metric reported to the strategic steering group at Zinzino. For earnings after operating profit, please refer to the consolidated income statement. For the geographical breakdown of sales see Note 5. For the geographical breakdown of tangible and financial fixed assets, see Notes 14 and 15. An analysis of the group's revenues and earnings for the two reporting operating segments is set out below:

- Zinzino
- Faun Pharma AS

Jan-Dec 2023	Zinzino	Faun	Group elimination revenue Faun	Total Group
Net sales	1,586,538	158,126	-69,852	1,674,812
Other revenue	87,810	1,633	-	89,443
Own work capitalised	2,122	-	-	2,122
Goods for resale and other direct costs	-1,079,209	-108,972	69,852	-1,118,329
Gross profit	597,261	50,787	-	648,048
External operating expenses	-242,292	-9,961	-	-252,253
Personnel costs	-125,405	-29,759	-	-155,164
EBITDA	229,564	11,067	-	240,631
Depreciation/amortisation	-27,001	-4,797	-	-31,798
Operating profit	202,563	6,270	-	208,833

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

Note 5

Net sales

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

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

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

The company's contractual receivables are specified in Note 21 and amount to SEK 25,495 (23,269) thousand.

The company's contract liabilities total SEK 66,650 (49,550) thousand and relate to customer loyalty programmes for SEK 7,889 (0) thousand as specified in Note 26 and prepaid income amounting to SEK 58,761 (49,550) thousand as specified in Note 27.

Breakdown of net sales by country	Group		Parent company	
	2023	2022	2023	2022
Sweden	97,207	100,790	21,000	22,150
Norway	163,748	153,778	962	771
Germany	275,398	183,779	-	-
Hungary	103,364	111,484	-	481
Czech Republic	134,721	110,243	-	828
USA	71,276	67,391	-	-
Denmark	62,244	64,593	-	-
Switzerland	64,620	67,391	-	-
All other countries	702,234	496,560	1,937	2,740
Total	1,674,812	1,356,008	23,899	26,970

Breakdown of net sales by product area	Group		Parent company	
	2023	2022	2023	2022
Health	1,528,223	1,216,701	1,937	2,440
Faun	88,275	75,742	-	-
Skincare	33,428	32,263	-	-
Events, coffee and other services	24,886	31,302	21,962	24,530
Total	1,674,812	1,356,008	23,899	26,970

Note 6

Other operating revenues

Other operating revenues	Group		Parent company	
	2023	2022	2023	2022
Freight revenue	76,529	67,100	-	2,064
Service and reminder fees	2,071	4,588	-	-
Reversal of additional consideration	3,515	5,219	-	-
Capitalisation own work	2,122	3,364	-	-
Other revenue	7,328	6,793	342	2
Total	91,565	87,064	342	2,066

Note 7

Remuneration to auditors

Öhrlings PricewaterhouseCoopers AB	Group		Parent company	
	2023	2022	2023	2022
Audit assignment	482	1,954	-	872
Other services	71	15	-	15
Total	553	1,969	-	887

BDO Göteborg AB				
	Group		Parent company	
	2023	2022	2023	2022
Audit assignment	1,096	-	630	-
Other services	11	-	11	-
Total	1,107	-	641	-

Other audit firms	302	147	-	-
Total	302	147	-	-

Note 8

Employee benefits

Employee benefits	Group		Parent company	
	2023	2022	2023	2022
Salaries and other remuneration	112,816	114,607	-	-
Social security contributions	27,770	28,515	-	-
Pension costs – defined contribution plans	9,911	9,338	-	-
Total	150,497	152,460	-	-

Salaries and other remuneration as well as social security contributions	2023			2022		
	Salaries and other remuneration	Social security costs (of which pension costs)		Salaries and other remuneration	Social security costs (of which pension costs)	
<i>Parent company</i>						
Board members, CEOs and other senior executives	-	-	-	-	-	-
Other employees	-	-	-	-	-	-
<i>Group company</i>						
Board members, CEOs and other senior executives	18,169	7,209	(2,462)	17,325	6,927	(2,255)
Of which bonuses	2,301	450	(-)	2,126	429	(-)
Other employees	94,647	20,561	(7,449)	97,283	21,588	(7,083)
Group total	112,816	27,770	(9,911)	114,607	28,515	(9,338)

Average number of employees by geographical breakdown per country	2023		2022	
	Average number	Of which men	Average number	Of which men
<i>Parent company</i>				
Sweden	-	-	-	-
<i>Group companies</i>				
Sweden	133	43	143	54
Norway	47	28	43	24
Finland	3	-	3	-
Latvia	9	6	10	6
Germany	-	-	2	2
England	1	1	1	1
Switzerland	4	3	3	2
USA	2	-	4	-
India	1	1	1	1
Malaysia	7	3	8	4
Singapore	2	1	3	2
Hong Kong	1	1	1	1
Taiwan	3	1	3	1
Australia	1	-	3	1
Thailand	2	1	6	3
Turkey	2	1	-	-
Group total	218	90	234	102

Note 8

– continued

Gender distribution in the Group (including subsidiaries) for board members and other senior executives	2023		2022	
	Number on the balance sheet date	Of which men	Number on the balance sheet date	Of which men
<i>Parent company</i>				-
Members of the Board of Directors	5	3	5	3
CEOs and other senior executives	10	7	10	7
Parent company total	15	10	15	10

<i>Group companies</i>				
Members of the Board of Directors	69	63	65	59
CEOs and other senior executives	12	8	17	11
Group total	81	71	82	70

Remuneration and other benefits 2023	Base salary/ Board fees	Variable remuneration	Other remuneration	Other benefits	Pension costs	Total
Board Chair – Hans Jacobsson	335	-	-	-	-	335
Board Member – Staffan Hillberg	182	-	-	-	-	182
Board Member – Pierre Mårtensson	173	-	-	-	-	173
Board Member – Ingela Nordenhav	187	-	-	-	-	187
Board Member – Anna Frick	166	-	-	-	-	166
CEO – Dag Bergheim Pettersen	2,988	1,470	96	259	334	5,147
Other senior executives (9 persons)	10,645	831	144	693	2,127	14,441
Total	14,676	2,301	240	952	2,462	20,631

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

Note 8

– continued

Current guidelines for remuneration of senior executives as follows:

Scope of the guidelines. etc.

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

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

The successful implementation of the Company's business strategy and the safeguarding of the Company's long-term interests requires the Company to be able to recruit and retain qualified employees. Zinzino strives to become the leading direct sales company in the world. To achieve this, the company is working to grow sales and create additional profitability in its various markets. It is key for Zinzino to create incentives among senior executives for commitment, forward thinking and activities that drive sales and profitability while strengthening the Zinzino brand in a sustainable manner. Senior executive remuneration must ensure that the company is able to recruit and retain qualified employees and that management has the right focus and is encouraged to adopt the correct behaviours. The forms of remuneration should be market-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.

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

The total remuneration of senior executives must be in line with market conditions and consist of a base salary (fixed cash remuneration), variable cash remuneration, 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 compensation 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.

Note 8

– continued

Other variable remuneration

Additional variable cash compensation 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, the remuneration 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 2023 financial year.

Details of remuneration etc. to senior executives in the 2023 financial year are shown under Note 8 to the annual report, including any previously approved remuneration that has not yet become payable.

Note 9

Financial income and financial expenses

Financial income and financial expenses	Group		Parent company	
	2023	2022	2023	2022
Interest revenues	3,123	344	1,069	636
Restatement of amortised cost	2,129	4,618	1,524	3,478
Interest expenses for leasing liabilities and other financial expenses	-4,078	-2,784	-	-
Currency fluctuations	-	-	-4,481	-1,518
Dividend Group companies	-	-	12,911	12,647
Anticipated dividend group companies	-	-	176,720	58,638
Total	1,174	2,178	187,743	73,881

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	
		2023	2022	2023	2022
Financial items – net	9	-	-	-4,481	-1,518
Other external costs		-12,243	-2,037	-	-
Total		-12,243	-2,037	-4,481	-1,518

Note 11

Tax on the year's profit

	Note	Group		Parent company	
		2023	2022	2023	2022
Exchange rate differences have been reported in the statement of comprehensive profit/loss as follows:					
Current tax					
Current tax on profit for the year		-46,768	-19,020	-36	-100
Adjustments for previous years		-152	-175	-	-
Total current tax		-46,920	-19,195	-36	-100
Deferred tax					
	24				
Incurrence and reversal on acquisition		-	-666	-	-
Origination and reversal of temporary differences		916	-828	-	-
Total deferred tax		916	-1,494	-	-
Total tax on the profit for the year		-46,004	-20,689	-36	-100

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	
		2023	2022	2023	2022
Profit/loss before tax		210,007	89,164	190,849	75,205
Income tax calculated according to tax rate in Sweden 20.6% (20.6%)		-43,261	-18,368	-39,315	-15,492
<i>Tax effects of:</i>					
Tax attributable to previous years		-152	-175	-	-
Tax expense of acquired companies		-	-666	-	-
Non-taxable revenue		439	716	39,379	15,401
Non-deductible expenses		-1,839	-1,711	-100	-9
Effect of foreign tax rates		-959	-418	-	-
Other		-232	-68	-	-
Reported tax cost		-46,004	-20,689	-36	-100

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

Note 12

Shares in Group companies

The Group had the following subsidiaries on 31 December 2023:

Name of subsidiary	Share in %	Share of voting rights in %	Org. No.	Headquarters	Book value	
					31/12/2023	31/12/2022
Zinzino Nordic AB	93%	93%	556646-5893	Gothenburg	22,902	22,902
Zinzino Operations AB	100%	100%	556655-2658	Gothenburg	83	83
Zinzino OÜ	100%	100%	12057494	Tallinn	-	-
Zinzino UAB	100%	100%	302606327	Vilnius	26	26
Zinzino SIA	100%	100%	40103529390	Riga	25	25
Zinzino Ehf	100%	100%	580511-0660	Reykjavik	28	28
Zinzino LLC	100%	100%	90-0992153	Jupiter, FL	-	-
Zinzino B.V.	100%	100%	854221712	The Hague	-	-
Zinzino Sp z o. o.	100%	100%	701-04-26-537	Warsaw	8	8
Faun Pharma AS	99%	99%	883370112	Vestby	11,653	11,653
BioActive Foods AS	100%	100%	996740498	Vestby	50,203	50,203
Zinzino Canada Corp	100%	100%	817988520BC0001	Vancouver, BC	-	-
Zinzino GmbH	100%	100%	127/143/40172	Linau am Bodensee	233	233
Zinzino Direct Sales S.R.L.	100%	100%	RO38081630	Bucharest	-	-
Zinzino Italia S.R.L.	100%	100%	PT-194277	Pistoia	104	104
Zinzino India	100%	100%	U74999DL2018FTC341732	New Delhi	2,967	2,967
Zinzino UK Ltd	100%	100%	08601642	Milton Keynes	46	46
Zinzino Pty Ltd	100%	100%	ABN40627905935	Adelaide	-	-
Zinzino Hong Kong Ltd	100%	100%	65356238-000-10-19-8	Hong Kong	100	100
Zinzino Singapore Pte Ltd	100%	100%	200710391K	Singapore	100	100
Zinzino Malyasia SDN BHD	100%	100%	713201-U	Kuala Lumpor	6,225	9,739
Zinzino Thailand CO. Ltd	100%	100%	3108314	Bangkok	777	777
Zinzino Gida	100%	100%	9991133338	Istanbul	120	120
Zinzino LLC	100%	100%	43124037	Kiev	-	-
Zinzino 3NH3NHO	100%	100%	7728467918	Moscow	-	-
Zinzino SA PTY LTD	100%	100%	2020/058004/07	Gauteng	-	-
Zinzino Mexico S. DE R.L. DE C.V	100%	100%	N-2021013616	Mexico City	32	-
Zinzino NZ Limited	100%	100%	8248644	Auckland	-	-
Zinzino AG	100%	100%	334.019.298	Zug	46,084	26,303
Zinzino IP AG	100%	100%	285.777.204	Zug	5,000	10,000
Total					146,716	135,417

Subsidiaries wholly owned by Zinzino Nordic AB

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

Note 13

Acquisition of Group companies

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

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

The table below summarises the finalised acquisition analysis including the consideration paid for the companies and the fair value of the assets acquired and liabilities assumed recognised at the acquisition date.

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

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 consideration paid of EUR 1 million has been deducted. When determining the acquisition analysis, the

contingent consideration was estimated at EUR 2.5 million to be paid over the five years. After the acquisition analysis was finalised, the contingent consideration increased by EUR 1.3 million due to the fact that sales from the acquired distributor organisation have increased more than expected during 2023.

The acquisition has contributed to the growth of the Group's sales. The sales included in the consolidated income statement as of 31/12/2023 and attributable to the acquisition of 05/04/2022 amount to SEK 115,064 (24,190) thousand.

Note 14

Intangible fixed assets

	Group		Parent company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Goodwill				
Opening acquisition value	72,830	40,631	-	-
Through acquisition of Group companies	-	26,117	-	-
Exchange rate difference	-1,831	6,082	-	-
Closing accumulated acquisitions	70,999	72,830	-	-
Closing carrying value	70,999	72,830	-	-

	Group		Parent company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Software				
Opening acquisition value	45,303	38,260	-	-
Acquisitions during the year	-	4,083	-	-
Reclassifications for the year	-	2,960	-	-
Disposals for the year	-2,737	-	-	-
Closing accumulated acquisitions	42,566	45,303	-	-
Opening depreciation and amortisation	-34,788	-31,308	-	-
The year's depreciation	-3,568	-3,480	-	-
Disposals for the year	2,737	-	-	-
Closing accumulated depreciation	-35,619	-34,788	-	-
Closing carrying value	6,947	10,515	-	-

	Group		Parent company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Ongoing development work, software				
Opening balance	18,663	8,011	11,760	3,369
Expenses incurred during the year	10,435	13,612	7,331	8,391
Reclassifications	-	-2,960	-	-
Closing balance	29,098	18,663	19,091	11,760
Closing carrying value	29,098	18,663	19,091	11,760

	Group		Parent company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Other intangible assets				
Opening acquisition value	26,997	13,750	3,115	3,115
Acquisitions during the year	-	11,409	-	-
Exchange rate difference	385	1,838	-	-
Closing accumulated acquisitions	27,382	26,997	3,115	3,115
Opening depreciation and amortisation	-8,111	-5,809	-2,208	-1,574
The year's depreciation	-2,374	-2,302	-404	-634
Write-down for the year	-4,927	-	-	-
Closing accumulated depreciation	-15,412	-8,111	-2,612	-2,208
Closing carrying value	11,970	18,886	503	907

Note 14

– continued

Of the carrying amount of goodwill, SEK 30,240 thousand relates to Norway, SEK 31,197 thousand to Switzerland and SEK 9,562 thousand to the countries added in connection with the acquisition of VMA Life in 2020.

The carrying amount of software is entirely attributable to Sweden.

The carrying amount of software investments in progress relates entirely to Sweden.

For the other intangible assets, SEK 503 thousand relates to Sweden, SEK 6,423 thousand relates to Switzerland and was added in connection with the acquisition of Enhazz IP AG and Enhazz Global AG, and SEK 5,042 thousand relates to the countries added in connection with the acquisition of VMA Life in 2020.

Impairment testing for goodwill

The CEO monitors goodwill at the group level. The company has made the assessment that the consolidated goodwill is allocated in the amount of SEK 64,099 thousand to the

Zinzino business segment and in the amount of SEK 6,900 thousand to the Faun business segment.

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

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

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

	31/12/2023	31/12/2022
Pre-tax discount rate*	14.5%	12.5%
Long-term growth rate**	2%	2%

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

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

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

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

Sensitivity analysis for goodwill:

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

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

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

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

Note 15

Tangible fixed assets

Equipment, tools and installations	Group		Parent company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Opening acquisition value	22,389	17,106	38	38
Acquisitions during the year	1,508	8,834	-	-
Disposals for the year	-669	-3,785	-	-
Conversion differences	76	234	-	-
Closing accumulated acquisitions	23,304	22,389	38	38
Opening depreciation and amortisation	-5,167	-6,059	-15	-7
The year's depreciation	-3,479	-2,869	-7	-8
Disposals for the year	669	3,761	-	-
Closing accumulated depreciation	-7,977	-5,167	-22	-15
Closing carrying value	15,327	17,222	16	23

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

Of the tangible fixed assets, SEK 2,771 thousand relates to Sweden, SEK 10,369 thousand to Norway and SEK 643 thousand to the US and SEK 1,544 thousand are distributed among other countries.

Note 16

Leasing

In accordance with IFRS 16, the Group recognises lease liabilities attributable to leases that were previously classified as operating leases. These liabilities have been valued at the present value of future minimum lease payments. When calculating, the lessee's marginal lending rate has averaged 6% (5%).

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 payment 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 initial implementation
- Historical information has been used in the assessment of the length of a lease where there are options to extend or terminate an agreement.

Valuation of the leasing liability

Recognition of depreciation of right-of-use assets instead of lease payments has had a positive impact on operating profit of SEK 2.6 (2.0) million. Interest on lease liabilities has had a negative impact on net financial income/expense of SEK 3.8 (2.7) million. Profit before tax was negatively impacted by SEK 1.2 (0.7) million due to IFRS 16. As the main payment is reported as financing activities, cash flow from financing activities decreases with a corresponding increase in cash flow from operating activities. The interest portion of the leasing payment remains cash flow from operating activities and is included in net financial income/expense. The group recognises a right of use in the balance sheet and a leasing liability at the present value of future lease payments.

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

Reported amounts in the balance sheet

The following amounts related to leases are reported in the balance sheet broken down by premises, vehicles and other. Of the total asset value, SEK 22,657 thousand relates to Sweden, SEK 9,062 thousand to Norway, SEK 6,043 thousand to the US and the remainder is distributed among the Group's other countries.

Assets with right of use	31/12/2023	31/12/2022
Premises	49,295	45,524
Vehicles	1,126	513
Other	628	786
Total	51,049	46,823
Leasing liabilities	31/12/2023	31/12/2022
Long term	34,184	31,412
Current	19,676	18,166
Total	53,860	49,578

Leases added in 2023 have a value of SEK 2,276 thousand, of which SEK 1,071 thousand in the premises category and SEK 1,206 thousand in the vehicles category.

Renewed leases in 2023 have a value of SEK 20,296 thousand, all of which fall within the premises category.

Note 16

– continued

Reported amounts in the income statement

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

Depreciation on rights of use	31/12/2023	31/12/2022
Premises	16,601	15,179
Vehicles	573	803
Other	278	359
Total	17,452	16,341

Interest costs	31/12/2023	31/12/2022
Interest expenses (included in financial expenses)	3,769	2,705

Short-term or low-value leases	2023	2022
Expenses attributable to short-term leases (included in external costs)	618	456
Expenses attributable to leases for which the underlying asset is of low value that are not short-term leases (included in external costs)	38	37

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

The total cash flow for leases was SEK 20,069 (18,340) million.

Maturities of lease liabilities are reported in Note 3.

Note 17

Inventories

The cost of inventories recognised as expense is included in the item raw materials and consumables in the statement of comprehensive profit/loss and amount to SEK 277,640 (228,363) thousand.

The value of the Group's inventories as of 31/12/2023 is SEK 194,977 (184,768) thousand.

Write-down of inventories to the net realisable value amounts to 8,031 (4,750) thousand. The impairment has been reported in the statement of comprehensive profit/loss as raw materials and consumables.

Note 18

Financial instruments by category

The table below discloses how financial instruments included in the statement of financial position are measured. Financial instruments measured at fair value are adjusted through consolidated profit or loss and are determined using the following three levels.

Level 1: based on prices quoted in an active market for the same instrument

Level 2: based on directly observable market data not included in Level 1

Level 3: based on inputs that are not observable in the market

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

31/12/2022	Financial liabilities at amortised acquisition value	Financial assets at fair value, Level 3	Total
Liabilities in the balance sheet			
Accounts payable	35,159	-	35,159
Other liabilities	224,696	34,817	259,513
Accrued costs	23,283	-	23,283
Total	283,138	34,817	317,955

31/12/2023	Financial assets valued at amortised acquisition value	Financial assets at fair value	Total
Assets in the balance sheet			
Long-term receivables	1,253	-	1,253
Accounts receivable	8,574	-	8,574
Other receivables	57,366	-	57,366
Cash and cash equivalents	321,236	-	321,236
Total	388,429	-	388,429

31/12/2023	Financial liabilities at amortised acquisition value	Financial assets at fair value, Level 3	Total
Liabilities in the balance sheet			
Accounts payable	50,356	-	50,356
Other liabilities	231,563	50,591	282,154
Accrued costs	24,121	-	24,121
Total	306,040	50,591	356,631

Note 19

Accounts receivable

Accounts receivable	Group		Parent company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Accounts receivable	8,674	6,854	-	-
Reserve for expected credit losses	-100	-106	-	-
Total	8,574	6,748	-	-
Amounts reported, per currency, for the group accounts receivable are as follows:	31/12/2023	31/12/2022	31/12/2023	31/12/2022
SEK	-	210	-	-
EUR	55	349	-	-
POL	57	-	-	-
USD	110	353	-	-
NOK	8,352	5,836	-	-
Total	8,574	6,748	-	-

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

Note 20

Other receivables

Other receivables	Group		Parent company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Tax account	1,578	202	-	-
Credit card sales receivables	48,552	40,381	-	-
VAT claim	6,475	5,103	-	-
Tax claims	2,026	2,555	153	89
Advances to suppliers	8,354	9,623	-	-
Other receivables	460	1,657	1,036	1,641
Total	67,445	59,521	1,189	1,730

Note 21

Pre-paid costs and accrued revenues

Pre-paid costs and accrued revenues	Group		Parent company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Pre-paid rental costs	956	944	-	-
Pre-paid cost for sales conference	22,643	15,272	-	-
Prepaid sales expenses	25,495	23,269	-	-
Pre-paid other expenses	10,091	8,149	437	350
Total	59,185	47,635	437	350

Note 22

Cash and cash equivalents

Cash and cash equivalents	Group		Parent company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Bank balances	321,236	161,880	8,055	1,555
Total	321,236	161,880	8,055	1,555

Note 23

Share capital and other contributed capital

Of the company's number of shares, 33,941,596, 5,113,392 constitute 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
2022	Offset issue	158,285	33,860,563	15,828	3,386,056
2023	Warrants	3,250	33,863,813	325	3,386,381
2023	Offset issue	77,783	33,941,596	7,778	3,394,159

Note 24

Deferred tax

Deferred tax assets	Group			Parent company	
	Loss carryforwards	Other temporary differences	Total	Loss carryforwards	Total
As of 1 January 2022	1,717	2,306	4,023	-	-
Reported in the statement of comprehensive profit/loss	-192	622	430	-	-
As of 31 December 2022	1,525	2,928	4,453	-	-
Reported in the statement of comprehensive profit/loss	-555	177	-378	-	-
As of 31 December 2023	970	3,105	4,075	-	-

Deferred tax assets include a net recognised tax asset for Right-of-use assets/Lease liabilities under IFRS 16 of SEK 579 (568) thousand, which is distributed as follows:

	2023	2022		
Tax liability on Right-of-use asset	-10,516,016	-9,645,500		
Tax asset on Lease liability	11,095,131	10,213,056		
Total tax assets	579,115	567,556		

Deferred tax liabilities	Group		Parent company	
	Other temporary differences	Total	Loss carryforwards	Total
As of 1 January 2022	-1,388	-1,388	-	-
Recognised in the balance sheet in connection with acquisitions	-2,060	-2,060	-	-
Reported in the statement of comprehensive profit/loss	-1,258	-1,258	-	-
As of 31 December 2022	-4,706	-4,706	-	-
Reported in the statement of comprehensive profit/loss	1,294	1,294	-	-
As of 31 December 2023	-3,412	-3,412	-	-

Note 25

Other long-term liabilities

Other long-term liabilities	Group		Parent company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Additional consideration	26,809	25,960	26,809	25,960
Debt to minority interests	7,516	5,777	-	-
Other long-term liabilities	448	576	-	-
Total	34,773	32,313	26,809	25,960

Maturity structure

Between 1 and 2 years	9,123	9,806	9,123	3,453
Between 2 and 5 years	25,650	22,507	17,686	22,507
Total	34,773	32,313	26,809	25,960

Note 26

Other current liabilities

Other current liabilities	Group		Parent company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Value added tax liability	14,753	12,404	955	154
Personnel withholding tax	2,850	2,955	-	-
Statutory social security contributions	3,049	2,962	-	-
Commission liability	226,568	217,247	-	-
Short-term portion Additional consideration	8,377	3,080	8,377	3,080
Contract liability customer loyalty programme	7,889	-	-	-
Other liabilities	4,995	7,449	-	-
Total	268,481	246,097	9,332	3,234

Note 27

Accrued costs and deferred revenues

Accrued costs and deferred revenues	Group		Parent company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Accrued discount	23,331	10,727	-	-
Accrued wage-related costs	23,088	21,715	-	-
Accrued commission	24,121	23,283	-	-
Deferred revenues	58,761	49,550	-	-
Other items	8,174	7,783	893	821
Total	137,475	113,058	893	821

Note 28

Security Provided and Contingent Liabilities

Security provided and contingent liabilities	Group		Parent company	
	2023	2022	2023	2022
Security provided	15,692	31,799	None	None
Contingent liabilities	None	None	15,631	16,556

The Group has floating charges of SEK 15,000 (30,000) thousand and customs guarantees totalling SEK 183 (1,288) thousand. Blocked bank funds amount to SEK 692 (1,799) thousand.

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

Note 29

Transactions with related parties

Sales of goods and services	Group		Parent company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Sæle Invest & Consulting AS	342	1,566	-	-
Prosperity ApS	-	-	-	-
Total	342	1,566	-	-

Purchase of goods and services	Group		Parent company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Sæle Invest & Consulting AS*	40,545	34,510	-	-
Prosperity ApS**	6,034	6,011	-	-
Total	46,579	40,521	-	-

Receivables and liabilities at the end of the year as a result of the sale and purchase of goods and services	Group		Parent company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
<i>Receivables from related parties</i>				
Sæle Invest & Consulting AS	-	-	-	-
Prosperity ApS***	1,036	1,641	1,036	1,641
<i>Liabilities to related parties</i>				
Sæle Invest & Consulting AS	794	664	-	-
Prosperity ApS	-	-	-	-

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

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

As of 31 December 2023, the debt to Sæle Invest & Consulting AS relating to sales commissions amounts to SEK 794 (664) 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 according to the same commission plan and under the same terms as for all other distributors within Zinzino's global sales organisation.

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

** Refers to sales commissions to Prosperity ApS, which is controlled by Peter Sørensen and who, through the Cashflow Holding ApS shareholding in Zinzino AB, is defined as a person with significant influence.

*** There is a receivable from Prosperity ApS amounting to SEK 1,036 (1,641) thousand as of 31/12/2023. The receivable relates to a payment according to agreement for 75% of the company's establishment costs in Australia in 2019/2020.

Note 30

Earnings per share

SEK	2023	2022
Earnings per share before dilution	4.83	2.01
Earnings per share after dilution	4.73	1.97
Earnings metric used in the calculation of earnings per share (SEK thousand)	2023	2022
Earnings attributable to shareholders of the parent company used in the calculation of earnings per share before and after dilution	163,735	67,697
Number of shares	2023	2022
Weighted average number of ordinary shares in calculating earnings per share before dilution	33,885,937	33,731,333
Weighted average number of ordinary shares in calculating earnings per share after dilution*	34,612,867	34,307,847

* The dilution effect is mainly due to ongoing option programmes, see Note 33.

Note 31

Changes in liabilities pertaining to financing activities

Changes in liabilities pertaining to financing activities	01/01/2013	Cash inflow	Cash outflow	Non-cash items		31/12/2023
				New and renewed lease contracts	Currency	
Leasing liabilities	49,578	-	-20,069	22,572	1,779	53,860
Total	49,578	-	-20,069	22,572	1,779	53,860

Changes in liabilities pertaining to financing activities	01/01/2022	Cash inflow	Cash outflow	Non-cash items		31/12/2022
				New and renewed lease contracts	Currency	
Leasing liabilities	38,935	-	-18,340	26,157	2,826	49,578
Total	38,935	-	-18,340	26,157	2,826	49,578

Note 32

Adjustment for items which are not included in the cash flow

Adjustment for items which are not included in the cash flow	Group		Parent company	
	2023	2022	2023	2022
Depreciation/amortisation	31,798	25,074	844	628
Currency fluctuations	7,086	2,165	-99	284
Settlement of unfulfilled additional consideration due	-3,515	-	-	-
Increase in future expected additional consideration	14,781	-	-	-
Total	50,150	27,239	745	912

Note 33

Options programme

As of the reporting date, the company has six outstanding option programmes that are largely aimed at the external distributor organisation in the Group, but also with some allotment to employees of the company. The options premium has been set at an estimated market value through Black & Scholes calculations on all subscription dates.

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

The second options program 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 options programme.

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

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

Two new options programmes were approved at the company's Annual General Meeting on 31/05/2023. The first covers 500,000 warrants at an exercise price of SEK 76.50 per B share expiring on 31/05/2028 and is aimed at key persons in the external distributor organisation. As of the reporting date, no warrants have been subscribed for or exercised for share subscription within the framework of this options programme. The second options programme covers 500,000 warrants at an exercise price of SEK 63 per B share and expires 31/05/2026. The programme is aimed at Group and sales management as well as key employees in Zinzino AB and as of the reporting date 158,000 warrants have been subscribed for.

If all the warrants issued as of 31 December 2023 are exercised for subscription of 3,414,617 shares, the share capital dilution will be approximately 10%.

Note 34

Financial metrics not defined in accordance with IFRS

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

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

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

Note 35

Events after the end of the reporting period

In January 2024, Zinzino entered into a strategic agreement to partner with the US company ACN, a direct sales company of telecommunications, energy and essential services for homes and businesses. The agreement between the companies includes Zinzino acquiring the rights to ACN's European distributor database free of charge. In conjunction with the agreement, ACN has, via the holding company Manna Holdings LLC, invested in 149,468 Zinzino B shares for SEK 10.4 million in Zinzino via a directed rights issue of B shares. The rights issue was approved by Zinzino's Board of Directors based on the issue authorisation granted by the Annual General Meeting on 31 May 2023. The subscription price in the directed issue was set at SEK 69.73 per new

share, corresponding to the volume-weighted average price of Zinzino's shares on Nasdaq First North Premier Growth Market between 22/01/2024 and 26/01/2024. In view of this, it was the Board of Directors' assessment that the subscription price reflected the prevailing demand and market conditions and was thus to be considered as market-based. The directed issue increases the number of B shares in the company by 149,468 to a total of 28,977,672. The total number of shares after the increase amounted to 34,091,064. The dilution amounted to 0.4 per cent, calculated on the total number of shares in the company upon completion of the directed issue. Zinzino's share capital increases through the directed issue by SEK 14,947 to SEK 3,409,106.

Note 36

Proposal for allocation of profits

The annual meeting has the following at its disposal:

Zinzino AB	SEK
Retained earnings	37,657,367
Profit/loss for the year	190,813,171
Total	228,470,538

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 3.00 per share	101,824,788
Will be carried forward	126,645,750
Total	228,470,538

The consolidated income statements and balance sheets will be submitted to the Annual General Meeting on 27/05/2024 for adoption.

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

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

Gothenburg, 25 April 2024

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 26 April 2024.
BDO Göteborg AB

Katarina Eklund
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 2023, except for the corporate governance statement on pages 62–68. The annual accounts and consolidated accounts of the company are included on pages 55–122 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2023 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 2023 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 62–68. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for Opinions

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

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

Other matter

The audit of the annual accounts and consolidated accounts for the year 2022 was performed by another auditor who submitted an auditor's report dated 2023-04-28, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

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 1–54. 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.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and

consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Zinzino AB for the year 2023 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent

of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

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

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

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 62-68 has been prepared in accordance with the Annual Accounts Act. Our examination of the corporate governance statement is conducted in accordance with FAR's 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, 26 April 2024

BDO Göteborg AB

Katarina Eklund

Authorized Public Accountant



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