

ZINZINO



Year-End Report 2023

This is Zinzino

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

A brief history

- 2007** – Zinzino AB is launched. The company's principal business is to own and develop companies in direct sales and related activities.
- 2009** – Zinzino Nordic AB is acquired, partly through a 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 obtains control over 97% of the votes and 92% of the capital of Zinzino Nordic AB. By the reporting date, the ownership share had increased to 93% of capital.
- 2010** – Zinzino shares are listed for trading on the Aktietorget stock market.
- 2011** – The Group was expanded with companies in Estonia and Lithuania.
- 2012** – Companies were started in Latvia and Iceland.
- 2013** – A company is launched in the USA.
- 2014** – The Group further expands with companies in Poland and the Netherlands. In the same year, Zinzino AB acquires BioActive Foods AS and 85% of shares in Faun Pharma AS. This year, Zinzino AB is also listed for trading on Nasdaq OMX First North.
- 2015** – A company is launched in Canada and the ownership share in Faun Pharma AS is increased to 98.8%.
- 2016** – A subsidiary is launched in Germany. Sales are launched in all countries in the EU.
- 2017** – Sales in Switzerland are launched.
- 2018** – New subsidiaries in Romania and Italy.
- 2019** – New subsidiaries in Australia and India.
- 2020** – Acquisition of VMA Life in Singapore. Zinzino moves up to the premier segment of the Nasdaq First North Premier Growth Market.
- 2021** – Sales launch in South Africa.
- 2022** – Acquisition of Enhazz IP AG and Enhazz Global AG.
- 2023** – Sales launch in Turkey and Mexico.



Zinzino Year-End Report 2023

October – December

- Total revenue amounted to SEK 527.9 (429.3) million, corresponding to a growth of 23% (7%)
- Gross profit amounted to SEK 202.0 (149,8) million and the gross profit margin was 38.3% (34.9%)
- EBITDA amounted to SEK 71.3 (40.8) million and the EBITDA margin was 13.5% (9.5%)
- Cash flow from operating activities totalled SEK 30.4 (7.7) million
- Several establishment processes initiated in South America
- Launch of new customer loyalty programme and Express Start tool for Zinzino distributors
- Change of Certified Adviser to Carnegie Investment Bank AB (publ.)

January – December

- Total revenue amounted to SEK 1,766.4 (1,443.1) million, corresponding to a growth of 22% (5%)
- Gross profit amounted to SEK 648.0 (465.5) million and the gross profit margin was 36.7% (32.3%)
- EBITDA amounted to SEK 240.6 (112.1) million and the EBITDA margin was 13.6% (7.8%)
- Cash flow from operating activities totalled SEK 246.1 (42.9) million
- For the financial year 2023, Zinzino's Board of Directors proposes a dividend to shareholders of SEK 3.00 (1.75) per share equivalent of a total SEK 102.7 (59.3) million prior to any potential until the Annual General Meeting
- Liquid assets on the balance sheet date were SEK 321.2 (161.9) million

Events after the Report Period

- A strategic partnership was entered in Europe with the North American direct sales company ACN, which in connection with the agreement invested in 149,468 Zinzino B shares for SEK 10.4 million via a directed new issue.

Our best year – record profitable growth

We are very pleased with 2023 and the concluding fourth quarter. The quarter generated record high profitability combined with growth of 23% compared to the previous year.

Total revenues for the past year amounted to SEK 1,776 million and this was combined with a very strong EBITDA margin of 13.6%, giving us our best overall year ever. Profitability in the last quarter of the year was as strong as earlier in the year, largely due to the economies of scale achieved when combining growth and streamlining operations. The crowning glory is that we can propose to the meeting an increased dividend to SEK 3 per share, which is almost a doubling from the SEK 1.75 we distributed last year. It makes me very happy that we can give our shareholders such a good return on their shares and I hope that we will be able to maintain and develop this dividend level.

Very strong fourth quarter and full year 2023 – now looking ahead to the future

We are really very pleased with the fourth quarter and full year 2023 in every possible way. Both I and the organisation will soon have put the past year behind us, with only an Annual General Meeting and the publication of the annual report remaining. The focus has now shifted to the new year where we are all gearing up for new tasks and setting the course for everything we will achieve in 2024. We barely have time to stop and enjoy the great results we have achieved together, which I think is rather typical for us. We are constantly pushing forward and are very pleased with all the new things we continue to create.

Acquisitions and economies of scale

We have 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 continue develop our company, enter even more markets, make more 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.

2024

We look forward to a very successful 2024. We will open new markets and launch new products but also focus more on 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



Financial Summary (SEK million)

Key group figures	01/10/2023	01/10/2022	01/01/2023	01/01/2022
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Total revenue	527.9	429.3	1,766.4	1,443.1
Net sales	497.3	400.6	1,674.8	1,356.0
Sales growth	23%	7%	22%	5%
Gross profit	202.0	149.8	648.0	465.5
Gross profit margin	38.3%	34.9%	36.7%	32.3%
Operating profit before depreciation and amortisation	71.3	40.8	240.6	112.1
Operating margin before depreciation and amortisation	13.5%	9.5%	13.6%	7.8%
Operating profit	59.6	34.8	208.8	87.0
Operating margin	11.3%	8.1%	11.8%	6.0%
Profit/loss before tax	59.1	38.0	210.0	89.2
Net profit	44.3	28.2	164.0	68.5
Net margin	8.4%	6.6%	9.3%	4.7%
Net earnings per share after tax before dilution. SEK	1.30	0.83	4.83	2.01
Net earnings per share after tax at full dilution. SEK	1.26	0.82	4.73	1.97
Cash flow from operating activities	30.4	7.7	246.1	42.9
Cash and cash equivalents	321.2	161.9	321.2	161.9
Equity/assets ratio	31.3%	24.6%	31.3%	24.6%
Equity per share before dilution. SEK	7.77	4.74	7.78	4.75
Number of issued shares on average for the period	33,941,596	33,817,551	33,885,937	33,731,333
Average number of shares issued for the period with full dilution	35,217,663	34,251,451	34,612,867	34,307,847

Zinzino's outlook and financial goals

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%. The dividend policy shall be at least 50% of the Group's net profit as long as liquidity and the equity/assets ratio allow.

Significant events during and after the fourth quarter of 2023

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 handbook for new distributors for when they first join and a daily workbook for established distributors. With the manual's step by step instructions how Zinzino's business system works, the tool is hoped to simplify the sales process for the distributors and thereby increase inflow of new customers and distributors. The tool is translated to 28 different languages and available to the company's distributors in all of them sales markets.

Establishment processes initiated in South America

After the successful start of sales in Mexico during the third quarter of 2023, Zinzino initiated several establishment processes in South America during the fourth quarter. 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 that currently handles orders in Turkey and Mexico communicates with external payment platforms. This will also be a key part of future 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 November 30, 2023, Zinzino entered into an agreement with Carnegie Investment Bank AB (publ.) regarding the position as Certified Adviser. This due to the former Certified Adviser, Erik Penser Bank has sold its advisory business to Carnegie Investment Bank.



Express Start





Annual Event 2023



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 now be integrated with Zinzino's existing technical platform. 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 January 2024 and 26 January 2024. Against this background, 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 and profit Q4 2023

Sales Q4

In total, revenue for the fourth quarter of 2023 amounted to SEK 527.9 (429.3) million, which represented a growth of 23% compared to the same period the previous year.

Nordic countries

In the Nordic countries, total revenues decreased by 9% to SEK 82.8 (90.9) million in the fourth quarter of 2023 compared to the same period last year. The Swedish market has developed positively during the period while other markets in the region decreased compared to a strong fourth quarter last year. The addition of new distributors is expected to generate increased revenues in the longer term as it takes time to build new customer bases. Zinzino continuously implements measures to increase new sales in all countries in the Nordic region.

Faun Pharma AS, the Group's subsidiary and manufacturing unit, increased external production in the fourth quarter of 2023 by 18% to SEK 18.8 (16.0) million compared to the corresponding period last year.

Overall, total revenues in the Nordic countries, Zinzino and Faun combined, accounted for 20% (25%) of the Group's total revenues in the fourth quarter of 2023.

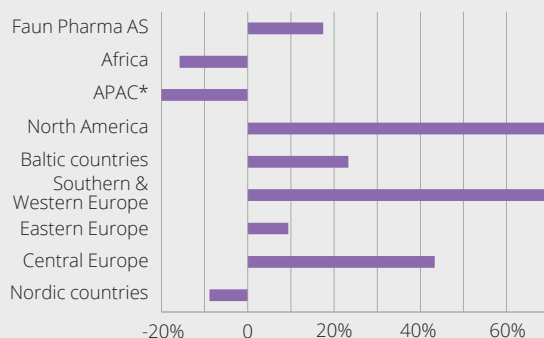
Baltic countries

In the Baltic countries, revenues increased by 23% to SEK 31.2 (25.3) million in the fourth quarter of 2023 compared to the same period last year. As before, sales growth during the quarter was mainly driven by the Lithuanian market, with the highest share of the region's revenue and which has had consistently high distributor activity for a long period. Latvia and Estonia also performed well during the fourth quarter with increased distributor activity and new sales. The head office continues to support the local sales organisations in the relatively mature markets of the region. Overall, the region accounted for 6% (6%) of the Group's total revenues in the fourth quarter of 2023.

Central Europe

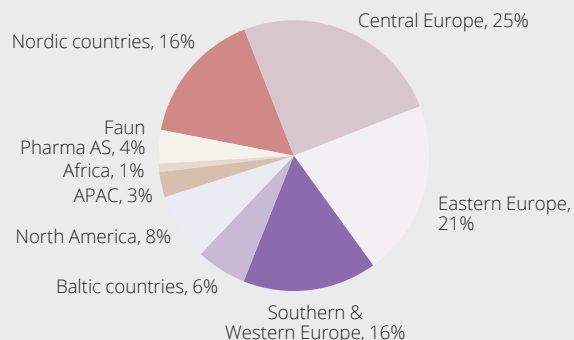
In the fourth quarter of 2023, total revenue increased by 43% compared to the corresponding period last year to SEK 135.2 (94.3) million. The very strong growth in the region continued in Germany, Austria and Switzerland in the fourth quarter of 2023, as before, driven by the efficient and intertwined distributor organisations in the region. Synergy effects in the distribution chain from the acquisition of Enhazz also greatly contributed to the strong performance. The DACH region thus consolidated its position as the fastest-growing region in absolute terms through high activity among both existing and new distributors. In addition, subscription revenue from the large and fast-growing customer base was very high. In total, the region accounted for 25% (22%) of the Group's total revenue in the fourth quarter of 2023.

Growth per region Q4 2023 vs Q4 2022



* APAC -22%

Sales per region Q4 2023



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, USA, Mexico

APAC

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

Africa

South Africa



Eastern Europe

Total revenue in the region increased by 9% compared to the corresponding period last year and amounted to SEK 113,1 (103,4) million. This follows continued strong performance in Poland, Romania, the Czech Republic and Slovakia with high distributor activity and many new distributors and customers. Subscription revenues also increased during the quarter. In Hungary, revenues decreased compared to the corresponding period last year following reduced distributor activity and subscription base. Zinzino carries out several revenue-stimulating activities in the region such as regional events to increase activity among distributors. Overall, the region accounted for 21% (24%) of the Group's total revenues in the fourth quarter of 2023.

Southern & Western Europe

Total revenue for the region increased by 69% in the fourth quarter of 2023 compared to the same period last year and amounted to SEK 85.5 (50.6) million. Strong performance in virtually all countries in the region, with the largest share of revenue coming from the Netherlands, which continued to increase its customer base, while distributor activity increased significantly in the UK and Spain. The newly launched Turkish market also contributed to the region's strong performance with high distributor activity, which in a short time has built an impressive distributor organisation and customer subscription base. In Greece and Cyprus, a new distributor cluster has emerged and driven sales growth, which accelerated in the fourth quarter. The local sales managers support the distributor organisations, which are largely in the process of being built, by coordinating distributor meetings and dialogue with the head office in Gothenburg. Zinzino continues to support distributors in the region as they build their customer bases, driving the important customer subscription revenue. Overall, the region accounted for 16% (12%) of the Group's total revenues in the fourth quarter of 2023.

North America

In North America, revenue increased by 69% compared to the fourth quarter last year and amounted to SEK 42.7 (25.2) million. The strong performance during the quarter was mainly driven by the newly added distributors in Mexico, who in a short time have built solid sales organisations. The high level of interest and activity among distributors has built on the North American region in a very short time. Overall, the solid efforts of both experienced and new distributors in the US, Mexico and Canada, combined with favourable currency developments, have resulted in another good sales quarter for the region. North America accounted for 8% (6%) of the Group's total revenues in the fourth quarter of 2023.

APAC

Total revenue in the APAC region decreased by 22% compared to the corresponding period last year and amounted to SEK 15.4 (19.8) million. This follows generally weak performance in the region during the quarter with the exception of Hong Kong, which increased sales against a weaker fourth quarter last year. Zinzino continues to support the local sales offices and distributor organisations in the region but with a differentiated and cost-effective strategy in order to allocate more resources and capital towards the profitable European markets. Overall, the APAC region accounted for 3% (4%) of the Group's total revenues in the fourth quarter of 2023.

Africa

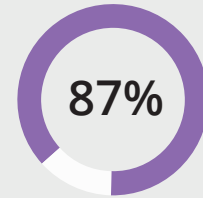
South Africa is Zinzino's first local establishment on the African continent. During the quarter, there has been a continued focus on building on the local distributor organisation and associated customer base. During the fourth quarter, the region's subscription sales from the existing customer base increased while the trend of reduced distributor activity continued, resulting in a slowdown in the inflow of new customers and distributors. Overall, this meant that the total revenue in the region for the fourth quarter of 2023 decreased by 16% to SEK 3.2 (3.8) million, which includes the revenue for the other countries in the region that, as before, is handled via Zinzino's global webshop pending the opening of the markets under their local flag. This represented 1% (1%) of the Group's total revenues in the fourth quarter of 2023.

Sales per product area

The Zinzino Health product area increased in the fourth quarter of 2023 by 29% to SEK 458.9 (355.3) million and represented 87% (83%) of total revenue. The Skincare product area decreased by 48% to SEK 9.2 (17.8) million, which corresponded to 2% (4%) of total revenue. External sales in Faun Pharma AS increased by 15% compared to the corresponding period last year and amounted to SEK 18.0 (15.6) million, corresponding to 3% (4%) of total revenue. Other revenue, including coffee sales, amounted to SEK 41.8 (40.6) million, which corresponded to the remaining 8% (9%) of revenue for the fourth quarter of 2023. The above-mentioned other revenue includes impairment of contingent consideration linked to the acquisition of VMA 2020 of SEK 3.5 (5.2) million in accordance with IFRS 3.

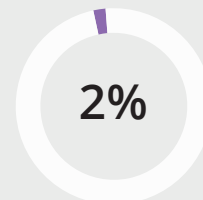
Sales
SEK million **527.9** (429.3)

Sales per product area Q4 2023



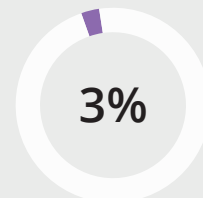
Health

SEK 458.9 (355.3) million



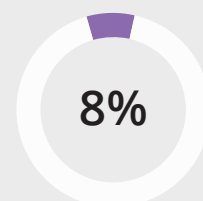
Skincare

SEK 9,2 (17.8) million



Faun

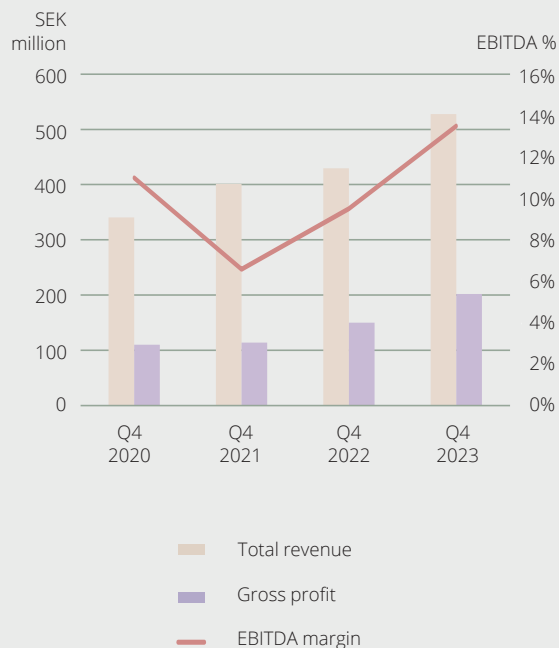
SEK 18.0 (15.6) million



Other revenue

SEK 41.8 (40.6) million

Results and financial position Q4 2023



Results and financial position Q4 2023

Results

Gross profit for the fourth quarter of 2023 amounted to SEK 202.0 (149.8) million and the gross profit margin to 38.3% (34.9%). Behind the margin improvement were the effects of the incremental price adjustments, changes in the geographical mix and adjustments in the remuneration model for distributors.

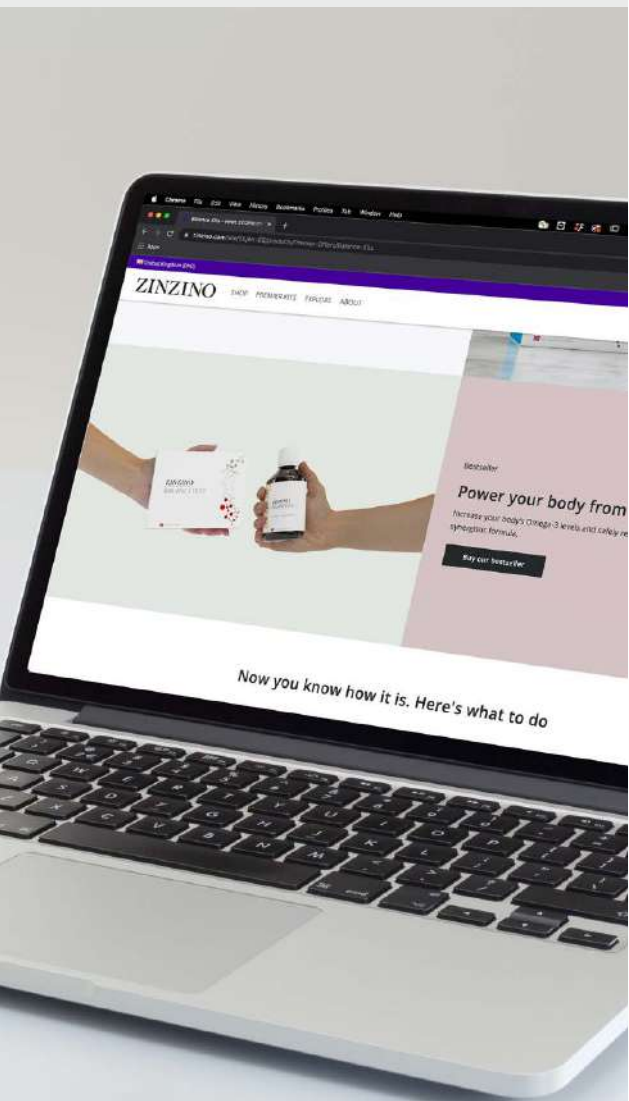
The Group's operating profit before depreciation/amortisation amounted to SEK 71.3 (40.8) million and the EBITDA margin was 13.5% (9.5%). The items include items affecting comparability of SEK -4.4 (0) million attributable to the upward revision of additional consideration linked to the acquisition of Enhazz in 2022. This follows a further increase in sales growth within Zinzino Health in the DACH region during the past quarter, which was attributable to efforts from the acquired distributor organisation.

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 initiated in the autumn of 2022 and the resulting economies of scale.

Operating profit amounted to 59.6 (34.8) million and the operating margin was 11.3% (8.1%). Profit before tax amounted to SEK 59.1 (38.0) million and net profit amounted to SEK 44.3 (28.2) million.

Depreciation/amortisation and write-downs

Depreciation/amortisation and impairment for the quarter have been charged to the profit for the period in the amount of SEK 11.8 (6.0) million, of which SEK 0.9 (0.9) million relates to depreciation of tangible fixed assets and SEK 10.9 (5.1) million relates to amortisation of intangible fixed assets. Of this, SEK 4.5 (3.6) million is amortisation of right-of-use assets in accordance with IFRS 16. In addition to planned depreciation/amortisation, impairment of SEK 4.9 (0.0) million is also included relating to the value of the Hanzz + Heidii brand after a weak sales trend in skincare attributable to the brand during the past year.



Sales and profits

Q1–Q4 2023

Sales Q1–Q4

Total revenues in 2023 amounted to SEK 1,766.4 (1,443.1) million, which corresponds to a growth of 22% compared to the corresponding period last year.

Nordic countries

In the Nordic countries, total revenue decreased by 8% to SEK 299.9 (326.6) million for the full year 2023 compared to the same period last year. Despite the downturn, the underlying growth of new distributors and customers in 2023 has been at a higher level than in the corresponding period 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 FSSC 22000 certification. As a result, external sales increased by 17% for the full year 2023 to SEK 90.1 (77.3) million compared to the corresponding period last year.

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

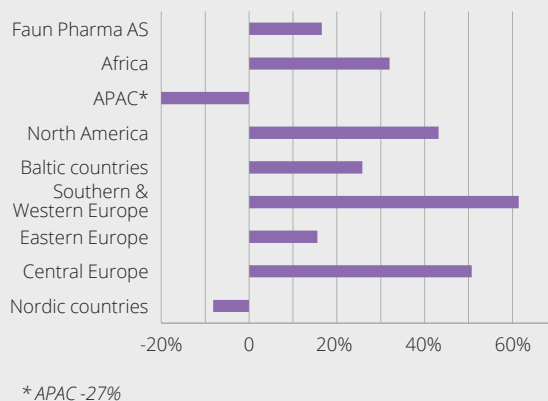
Baltic countries

Revenue in the Baltics for the full year 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 was slightly lower but still at a stable level during the year in Latvia. The region together accounted for 6% (6%) of the Group's total revenues for the full year 2023.

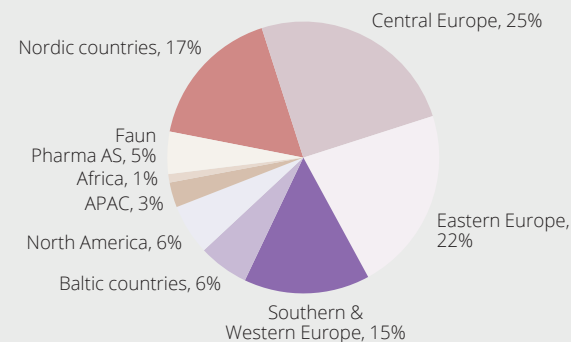
Central Europe

Revenue in the DACH region for the full year 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 over the past year.

Growth per region Q1–Q4 2023 vs Q1–Q4 2022



Sales per region Q1–Q4 2023



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, USA, Mexico

APAC

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

Africa

South Africa



Eastern Europe

The region's revenue for the full year 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 for the full year 2023.

Southern & Western Europe

The region's revenues for the full year 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 region's other countries also performed well 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. The region together accounted for 15% (11%) of the Group's total revenues for the full year 2023.

North America

In North America, revenue in 2023 increased by 43% compared to the same period last year and amounted to SEK 110.5 (77.2) million. The strong performance was mainly driven by the US and the newly launched 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 for the full year 2023.

APAC

Total revenue in the APAC region decreased by 27% for the full year 2023 compared to the corresponding period 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. The region together accounted for 3% (5%) of the Group's total revenues for the full year 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 for the full year 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 during the period.

Sales per product area Q1–Q4

The Zinzino Health product area increased for the full year 2023 by 26% to SEK 1,528.2 (1,216.7) million and represented 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 of 2023. The above-mentioned other revenue includes an impairment of contingent consideration linked to the acquisition of VMA 2020 of SEK 3.5 (5.2) million in accordance with IFRS 3.

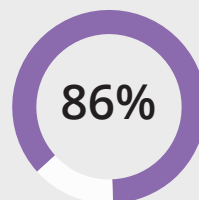
Growth strategy

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

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

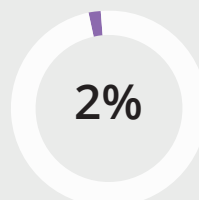
Sales
SEK million **1,766.4** (1,443.1)

Sales per product area Q1–Q4 2023



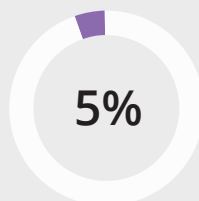
Health

SEK 1,528.2 (1,216.7) million



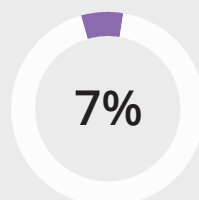
Skincare

SEK 33.4 (32.3) million



Faun

SEK 88.3 (75.7) million



Other revenue

SEK 116.5 (118.4) million

Results and financial position Q1-Q4 2023



Results and financial position Q1-Q4 2023

Results

Gross profit for the full year 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 transports. 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 revaluation of the additional purchase price linked to the acquisition of Enhazz 2022. This follows revenues in the DACH region attributable to the acquired distributor organisation increasing more than expected 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 in full year 2023 totalled SEK 208.8 (87.0) million and the operating margin was 11.8% (6.0%). Operating profit was charged with an impairment of SEK 4.9 (0.0) million relating to the value of the Hanzz + Heidii brand following weak sales performance in skincare 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%). Equity in the Group 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 considers that cash and cash equivalents remain at a satisfactory level in relations to the proposed dividend.



The Organisation

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.

Parent company

The parent company Zinzino AB (publ.) carries out the establishment of new markets, strategic development and supports the research and product development of Bioactive Foods AS. 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.

Significant risks and uncertainties in operations

The company's greatest risks lie in its own organization's ability to manage costs during global expansion in combination with purchases and access to raw materials in the event of high inflation and the uncertain world situation. In addition, there are risks with complex IT systems managing sales and currency risks as Zinzino has both revenues and costs in a number of different currencies. There are also risks related to compliance with local regulations when establishing in new markets. The global outbreak of Covid-19 and the conflict between Russia and Ukraine also point to major risks due to unexpected events in the rest of the world that have a potentially major impact on the company. For an in-depth description of risks and other uncertainty factors, please refer to the annual report for 2022, which is available via the company website: <https://www.zinzino.com/globalassets/media/reports/financial-reports/2023/zinzino-arsredovisning-2022.pdf>. Compared to the 2022 annual report published on 28/04/2023, no new risks have been identified.

Number of outstanding shares

As of 31 December 2023, the share capital was divided among 33,941,596 shares, of which 5,113,392 are A shares (one 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 First North Premier Growth Market, www.nasdaqomxnordic.com





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 Class 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 May 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%.



Accounting principles

The consolidated financial statements for Zinzino have been prepared in accordance with the Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, and International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. The interim report has been prepared in accordance with IAS 34, Interim Reporting and the Annual Accounts Act. The company has been operating in Turkey since the end of Q2 2023 and Turkey has been classified as a hyperinflationary economy since 2022. The Group applies the standard IAS 29 Accounting in Hyperinflationary Economies. The consumer price index for Turkey, which has been used for currency translation, is published by the Turkish Statistical Institute and amounted to 1,859.38 as of 31 December. There were no significant currency translation effects in the Group for the period. There are no comparative figures to translate. Unless specifically stated otherwise, all amounts are reported in thousands of Swedish kronor (SEK thousands). Information in brackets refers to the comparison period. For a complete description of the Group's accounting principles, see the company's annual report for 2022 on the company's website.

Proposed dividend

For the financial year 2023, the Board of Directors proposes a dividend to shareholders of SEK 3.00 (1.75) per share.

Annual General Meeting

The 2024 Annual General Meeting will be held at Hulda Mellgrens Gata 5 in Västra Frölunda on 27 May at 1:30 pm. Shareholders may contact Zinzino regarding proposals to the Annual General Meeting via shares@zinzino.com or by post to Zinzino AB, Hulda Mellgrens gata 5, 421 31 Västra Frölunda no later than 1 April 2024. The nominating committee's proposals for board members, the board's fees and auditors are presented in the notice of the annual general meeting and on www.zinzino.com. In conjunction with this, proposals to the general meeting regarding guidelines for remuneration to senior executives, other proposed resolutions, and all other related information for the upcoming annual general meeting will be published on the website www.zinzino.com and, where applicable, in the notice of the annual general meeting. For further information on the Annual General Meeting, please refer to the company's website zinzino.com/corporate-governance.

Report calendar

Annual report 2023 will be published 26/04/2024

The interim report for Q1 2024 will be published on 22/05/2024

The interim report for Q2 2024 will be published on 30/08/2024

The interim report for Q3 2024 will be published on 19/11/2024

The year-end report for 2024 will be published on 27/02/2025



Group report

Summary of financial position

Amounts in SEK thousands	01/10/2023 31/12/2023	01/10/2022 31/12/2022	01/01/2023 31/12/2023	01/01/2022 31/12/2022
Net sales	497,343	400,571	1,674,812	1,356,008
Other revenue	30,046	28,278	89,443	83,700
Own work capitalised	531	461	2,122	3,364
Goods for resale and other direct costs	-325,970	-279,487	-1,118,329	-977,559
Gross profit	201,950	149,824	648,048	465,513
External operating expenses	-86,012	-64,796	-252,253	-196,962
Personnel costs	-44,593	-44,208	-155,164	-156,491
Depreciation/amortisation	-11,788	-6,008	-31,798	-25,074
Operating profit	59,557	34,812	208,833	86,986
Net financial income/expense	-498	3,212	1,174	2,178
Tax	-14,757	-9,864	-46,004	-20,689
PROFIT/LOSS FOR THE PERIOD	44,302	28,159	164,003	68,475

OTHER COMPREHENSIVE PROFIT/LOSS

Items that may be reclassified to profit/loss for the period

Currency exchange differences upon conversion of foreign subsidiaries	-2,108	2,731	-3,417	7,882
Other comprehensive profit/loss for the period	-2,108	2,731	-3,417	7,882
TOTAL COMPREHENSIVE PROFIT/LOSS FOR THE PERIOD	42,194	30,890	160,586	76,357

Profit/loss for the period attributable to:

Parent company shareholders	44,287	28,204	163,735	67,697
Non-controlling interest	15	-45	268	778
TOTAL	44,302	28,159	164,003	68,475

Total comprehensive profit/loss for the period attributable to:

Parent company shareholders	42,179	30,935	160,318	75,579
Non-controlling interest	15	-45	268	778
TOTAL	42,194	30,890	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

Earnings per share before dilution	1.30	0.83	4.83	2.01
Earnings per share after dilution	1.26	0.82	4.73	1.97

Group report

Summary of financial position

Amounts in SEK thousands	31/12/2023	31/12/2022
Fixed assets		
Goodwill	70,999	72,830
Other intangible fixed assets	48,015	48,064
Equipment, tools and installations	15,327	17,222
Right-of-Use Assets	51,049	46,823
Financial fixed assets	5,328	5,762
Total fixed assets	190,718	190,701
Current assets		
Inventories	194,977	184,768
Current receivables	76,019	66,269
Pre-paid costs and accrued revenues	59,185	47,635
Cash and bank balances	321,236	161,880
Total current assets	651,417	460,552
TOTAL ASSETS	842,135	651,253
Equity		
Share capital	3,394	3,386
Other contributed capital	41,807	39,300
Retained earnings including profit/loss for the period	218,599	117,687
Total equity	263,800	160,373
Long-term liabilities		
Leasing liabilities	34,184	31,412
Deferred tax liability	3,412	4,706
Other long-term liabilities	34,773	32,313
Total long-term liabilities	72,369	68,431
Current liabilities		
Accounts payable	50,356	35,159
Tax liabilities	29,978	9,969
Leasing liabilities	19,676	18,166
Other current liabilities	268,481	246,097
Accrued costs and deferred revenues	137,475	113,058
Total current liabilities	505,966	422,449
TOTAL EQUITY AND LIABILITIES	842,135	651,253

Group report

Summary of changes in equity

Amounts in SEK thousands	Share capital	Ongoing rights issue	Other contributed capital	Con- version reserves	Retained earnings including profit/ loss for the period	Total	Non- controlling interest	Total Equity
Opening balance								
01/01/2022	3,370	7	35,823	-804	104,658	143,054	8,665	151,718
Profit/loss for the period	-	-	-	-	67,697	67,697	778	68,475
Other comprehensive profit/loss for the period	-	-	-	6,683	-	6,683	-	6,683
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
Closing balance								
31/12/2022	3,386	-	39,300	5,879	105,883	154,447	5,926	160,373
Opening balance								
01/01/2023	3,386	-	39,300	5,879	105,883	154,447	5,926	160,373
Profit/loss for the period	-	-	-	-	163,735	163,735	268	164,003
Other comprehensive profit/loss for the period	-	-	-	-3,417	-	-3,417	-	-3,417
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
Closing balance								
31/12/2023	3,394	-	41,807	2,462	212,306	259,968	3,832	263,800

Group report

Summary of cash flows

Amounts in SEK thousands	01/10/2023 31/12/2023	01/10/2022 31/12/2022	01/01/2023 31/12/2023	01/01/2022 31/12/2022
Operating activities				
Profit/loss before financial items	59,557	34,811	208,833	86,986
Depreciation and amortisation/write-downs	11,788	6,008	31,798	25,074
Currency fluctuations	3,366	4,116	7,086	2,165
Other non-cash items	923	-	11,266	-
Total	71,634	44,935	258,983	114,225
Interest received	1,756	124	3,123	364
Interest paid	-179	-	-309	-100
Tax paid	-3,705	-6,692	-23,570	-30,039
Total	-2,128	-6,568	-20,756	-29,775
Cash flow from operating activities before changes in operating capital	73,506	38,367	238,227	84,450
Cash flow from changes in operating capital				
Change in inventories	5,658	3,497	-10,209	-26,111
Change in current receivables	7,175	1,590	-21,861	-17,492
Change in current liabilities	-55,948	-35,790	39,983	2,010
Total	-43,115	-30,703	7,913	-41,593
Cash flow from operating activities	30,391	7,664	246,140	42,857
Investment activity				
Investments in intangible fixed assets	-2,713	-3,514	-10,436	-16,835
Investments in tangible fixed assets	-	-1,046	-1,348	-8,100
Investments in financial fixed assets	-	-153	-134	-10,490
Cash flow from investment activities	-2,713	-4,713	-11,918	-35,425
Financing activities				
Amortisation of lease liabilities attributable to lease agreements	-5,151	-4,895	-20,069	-18,340
Issuance of options	-	140	1,944	975
Rights issue	-	-	2,515	3,486
Dividends	-	-	-59,256	-67,405
Cash flow from financing activities	-5,151	-4,755	-74,866	-81,284
CASH FLOW FOR THE PERIOD	22,527	-1,804	159,356	-73,852
Cash and cash equivalents at start of period	298,709	163,684	161,880	235,732
Cash and cash equivalents at end of period	321,236	161,880	321,236	161,880

Parent company report

Summary income statement

Amounts in SEK thousands	01/10/2023	01/10/2022	01/01/2023	01/01/2022
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Net sales	8,269	5,771	23,899	26,970
Other revenue	-	3	342	2,066
Goods for resale and other direct costs	-	-	-	-8,218
Gross profit	8,269	5,774	24,241	20,818
External operating expenses	-6,645	-4,669	-20,291	-18,865
Depreciation/amortisation and write-downs	-103	-157	-844	-628
Operating profit	1,521	948	3,106	1,325
Net financial income/expense	175,850	61,689	187,743	73,881
Tax	-36	-97	-36	-100
PROFIT/LOSS FOR THE PERIOD	177,335	62,540	190,813	75,106

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

Parent company report

Summary of financial position

Amounts in SEK thousands	31/12/2023	31/12/2022
Fixed assets		
Intangible fixed assets	19,594	12,667
Tangible fixed assets	16	23
Financial fixed assets	146,716	135,417
Total fixed assets	166,326	148,107
Current assets		
Current receivables	1,189	1,730
Intra-group receivables	116,208	13,458
Pre-paid costs and accrued revenues	437	350
Cash and bank balances	8,055	1,555
Total current assets	125,889	17,093
TOTAL ASSETS	292,215	165,200
Equity		
<i>Restricted equity</i>		
Share capital	3,394	3,386
Fund for development expenditures	19,594	12,667
<i>Unrestricted equity</i>		
Share premium reserve	51,138	48,631
Retained earnings including profit/loss for the period	177,332	52,525
Total equity	251,458	117,209
Long-term liabilities		
Long-term liabilities	26,809	25,960
Total long-term liabilities	26,809	25,960
Current liabilities		
Intra-group current liabilities	2,309	16,426
Other current liabilities	10,746	4,784
Accrued costs and deferred revenues	893	821
Total current liabilities	13,948	22,031
TOTAL EQUITY AND LIABILITIES	292,215	165,200

Parent company report

Summary of changes in equity

Amounts in SEK thousands	Share capital	Ongoing rights issue	Fund for development expenditures	Share premium reserve	Retained earnings including profit/loss for the period	Total Equity
Opening balance 01/01/2022	3,370	7	4,910	45,154	52,438	105,879
Profit/loss for the period	-	-	-	-	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
Closing balance 31/12/2022	3,386	-	12,667	48,631	52,525	117,209
Opening balance 01/01/2023	3,386	-	12,667	48,631	52,525	117,209
Profit/loss for the period	-	-	-	-	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
Closing balance 31/12/2023	3,394	-	19,594	51,138	177,333	251,458

Parent company report

Summary of cash flows

Amounts in SEK thousands	01/10/2023 31/12/2023	01/10/2022 31/12/2022	01/01/2023 31/12/2023	01/01/2022 31/12/2022
Operating activities				
Profit/loss before financial items	1,521	948	3,106	1,325
Depreciation and amortisation/write-downs	103	157	844	628
Currency fluctuations	2,274	163	-99	284
Total	3,898	1,268	3,851	2,237
Interest received	406	262	1,069	636
Interest paid	21	-	-	-
Tax paid	38	-51	-99	-1,916
Total	465	211	970	-1,280
Cash flow from operating activities before changes in operating capital	4,363	1,479	4,821	957
Cash flow from changes in operating capital				
Change in current receivables	89,797	6,843	74,921	13,794
Change in current liabilities	-92,229	-11,425	-22,258	51,500
Cash flow from operating activities	1,931	-3,103	57,484	66,251
Investment activity				
Investments in intangible fixed assets	-2,003	-2,332	-7,331	-7,533
Investments in financial fixed assets	-	-	-	-10,505
Cash flow from investment activities	-2,003	-2,332	-7,331	-18,038
Financing activities				
Issuance of options	-	37	177	143
Rights issue	-	-	2,515	3,486
Dividends received	-	-	12,911	12,647
Dividends	-	-	-59,256	-67,405
Cash flow from financing activities	-	37	-43,653	-51,129
CASH FLOW FOR THE PERIOD	-72	-5,398	6,500	-2,916
Cash and cash equivalents at start of period	8,127	6,953	1,555	4,471
Cash and cash equivalents at end of period	8,055	1,555	8,055	1,555

Note 1

Segment information

Description of segments and main activities

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

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

The product area Health includes the sub-areas of Balance, Immune Supplement and Weight Control. The product area

Skincare includes Skinserum and products from the acquired brand HANZZ+HEIDI. Other net sales consist mainly of event sales and the coffee range. Other revenue consists mainly of freight and reminder fees. All sales are made via the Zinzino's website www.zinzino.com with the help of the company's independent sales organisation, which goes under the names of distributors or Partners.

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

Segment revenues and earnings

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

- Zinzino
- Faun Pharma AS

October – December 2023	Zinzino	Faun	Group elimination	Total Group
Net sales	479,350	39,966	-21,973	497,343
Other revenue	29,254	792	-	30,046
Own work capitalised	531	-	-	531
Goods for resale and other direct costs	-320,289	-27,654	21,973	-325,970
Gross profit	188,846	13,104	-	201,950
External operating expenses	-83,097	-2,915	-	-86,012
Personnel costs	-35,856	-8,737	-	-44,593
EBITDA	69,893	1,452	-	71,345
Depreciation/amortisation	-10,590	-1,198	-	-11,788
Operating profit	59,303	254	-	59,557

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

January–December 2023	Zinzino	Faun	Group elimination	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

January–December 2022	Zinzino	Faun	Group elimination	Total Group
Net sales	1,280,266	147,271	-71,529	1,356,008
Other revenue	82,107	1,593	-	83,700
Own work capitalised	3,364	-	-	3,364
Goods for resale and other direct costs	-946,846	-102,242	71,529	-977,559
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 2

Net sales

Revenues

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

Sales within the entire Zinzino segment are made via the webshop to Zinzino's customers and distributors in the various sales markets. The goods are sold mainly through subscriptions which run for a fixed period of 6 months and continue until further notice until the customer terminates the subscription. All revenues are recognised when the goods are delivered to the customer in accordance with IFRS 15.

For 2023, there has been a change in product groups, where Zinzino Skincare has been removed from Zinzino Health and the

former product group Zinzino Coffee is included in Event and other sales instead. Comparative figures from previous years have been adjusted as above.

For more information regarding the products, see Note 2.5.1 in the 2022 annual report regarding the principles of revenue recognition.

External goods Faun refers to goods produced on contract for an external customer. Revenue is recognised when the goods are delivered to the customer in accordance with IFRS 15, see Note 2.5.1 in the 2022 annual report on revenue recognition principles.

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

October – December 2023	Zinzino	Faun	Total Group
Net sales	479,350	17,993	497,343
Revenue from external customers	479,350	17,993	497,343
Goods within Zinzino Health	458,949	-	458,949
Goods within Zinzino Skincare	9,220	-	9,220
Sales of external goods Faun	-	17,993	17,993
Event and other sales	11,181	-	11,181
TOTAL	479,350	17,993	497,343

October – December 2022	Zinzino	Faun	Total Group
Net sales	384,931	15,640	400,571
Revenue from external customers	384,931	15,640	400,571
Goods within Zinzino Health	355,335	-	355,335
Goods within Zinzino Skincare	17,787	-	17,787
Sales of external goods Faun	-	15,640	15,640
Event and other sales	11,809	-	11,809
TOTAL	384,931	15,640	400,571

January–December 2023	Zinzino	Faun	Total Group
Net sales	1,586,537	88,275	1,674,812
Revenue from external customers	1,586,537	88,275	1,674,812
Goods within Zinzino Health	1,528,223	-	1,528,223
Goods within Zinzino Skincare	33,428	-	33,428
Sales of external goods Faun		88,275	88,275
Event and other sales	24,886	-	24,886
TOTAL	1,586,537	88,275	1,674,812

January–December 2022	Zinzino	Faun	Total Group
Net sales	1,280,266	75,742	1,356,008
Revenue from external customers	1,280,266	75,742	1,356,008
Goods within Zinzino Health	1,216,701	-	1,216,701
Goods within Zinzino Skincare	32,263	-	32,263
Sales of external goods Faun	-	75,742	75,742
Event and other sales	31,302	-	31,302
TOTAL	1,280,266	75,742	1,356,008

Note 3

Transactions with related parties

	01/10/2023 31/12/2023	01/10/2022 31/12/2022	01/01/2023 31/12/2023	01/01/2022 31/12/2022
Purchase of goods and services				
Saele Invest & Consulting AS*	12,400	10,054	40,545	34,510
Prosperity ApS**	1,541	1,640	6,034	6,011
TOTAL	13,941	11,694	46,579	40,521

	01/10/2023 31/12/2023	01/10/2022 31/12/2022	01/01/2023 31/12/2023	01/01/2022 31/12/2022
Sales of goods and services				
Saele Invest & Consulting AS	-	349	342	1,566
TOTAL	-	349	342	1,566

As of 31 December 2023, the debt to Saele 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 on the same commission plan and under the same terms as for all other distributors within Zinzino's global sales organisation.

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

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

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

Note 4

Earnings per share

SEK	01/10/2023 31/12/2023	01/10/2022 31/12/2022	01/01/2023 31/12/2023	01/01/2022 31/12/2022
Earnings per share before dilution	1.30	0.83	4.83	2.01
Earnings per share after dilution	1.26	0.82	4.73	1.97

Earnings metric used in the calculation of earnings per share

Earnings attributable to shareholders of the parent company used in the calculation of earnings per share before and after dilution	44,287	28,204	163,735	67,697
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Number of shares

Weighted average number of ordinary shares in calculating earnings per share before dilution	33,941,596	33,817,551	33,885,937	33,731,333
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Adjustment for calculation of earnings per share after dilution (of warrants)

Weighted average number of ordinary shares and potential ordinary shares used as denominator in calculating earnings per share after dilution	35,217,663	34,251,451	34,612,867	34,307,847
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Note 5

Events after the end of the report period

In January 2024, Zinzino entered into a strategic agreement to cooperate with North American 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 January 2024 and 26 January 2024. Against this background, 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 6

Financial metrics not defined in accordance with IFRS

The company presents certain financial metrics in the interim report that are not defined in accordance with IFRS or the Annual Accounts Act. The company believes that these metrics provide valuable additional information to investors and the company's management as they allow the company's 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 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 to create an understanding of operational profitability and as the metric excludes depreciation, this margin gives the stakeholders a clearer picture of the company's central profitability.
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.

Gothenburg

27 February 2024

The Board of Directors and the CEO certify that the report for the period 1 January – 31 December 2023 gives a fair overview of the parent company's and Group's operations, position and earnings and describes significant risks and uncertainties faced by the parent company and the companies in the Group.

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

Zinzino AB

Hulda Mellgrens gata 5,
421 32 Västra Frölunda
E-mail: info@zinzino.com
Tel: +46 (0) 31-771 71 50
Gothenburg, 27 February 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

Auditor's audit report

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



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