

ANNUAL REPORT 2015

ZINZINO





ZINZINO



Zinzino AB is a leading direct sales company represented in Sweden, Norway, Denmark, Finland, Iceland, Lithuania, Latvia, Estonia, Poland, the Netherlands and the USA.

Zinzino markets and sells products in two product lines: Zinzino Food, with a focus on long-term health and Zinzino Coffee, consisting of espresso machines, coffee, tea and accessories.

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

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

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



In 2015, we have made a number of major investments for a future that we strongly believe in. With a new IT system and new products we have now laid the foundation for years to come – necessary investments to achieve our goals. At the same time, we have grown considerably and can show good results for the past year. In 2015 we experience a growth of 24 percent compared with the previous year.

Dag Bergheim Pettersen

CEO Zinzino

TABLE OF CONTENTS

Brief history	1	CSR	26
Statement by the CEO	2	Sponsorship	27
Figures in brief	3	Direct sales	28
Geographical distribution	4	Board of Directors	29
2015 in review, quarters 1 & 2	5	Management Group	30
2015 in review, quarters 3 & 4	6	Financial information	31
This year's news	7	Corporate Governance Report	32
This year's news (cont.)	8	Corporate Governance Report (cont.)	33
10 year anniversary	9	Corporate Governance Report (cont.)	34
10 year anniversary (cont.)	10	Ownership & share performance	35
Product wheel	11	Ownership & share performance (cont.)	36
Meet our customers	12	Options scheme	37
Product news	13	Insiders	38
Zinzino Health Challenge	14	Directors' report	39
1 million customers in 2020	15	Directors' report (cont.)	40
1 million customers in 2020 (cont.)	16	Directors' report (cont.)	41
Norway and Sweden	17	Directors' report (cont.)	42
Denmark and Finland	18	Results and financial position	-43
Iceland and Estonia	19	Profit and loss statement	44
Lithuania and Latvia	20	Balance sheet	45
Poland and the Netherlands	21	Balance sheet	46
United States and Canada	22	Equity report	47
Faun Pharma	23	Cash flow statement	48
Sales by market	24	Notes	49-60
Launch of Germany	25	Auditor's report	62

ANNUAL GENERAL MEETING

The annual general meeting will be held on Friday, May 20 at 1:00 p.m. in the company's premises at Hulda Lindgren Street 8 in Gothenburg. The Annual Report is available at www.zinzino.com.

REPORT CALENDAR:

Interim report 1
Interim report 2

May 20, 2016
August 31, 2016

BRIEF HISTORY

Zinzino AB's business operations began in the fall of 2007. The principal activity of the company is to own and develop companies within direct marketing and related business activities.

In 2009, Zinzino Nordic AB was acquired partly through a directed share issue to shareholders in Zinzino Nordic AB and partly through a subscription of shares in the preferential rights issue Zinzino Nordic AB carried out in December 2009. This gave Zinzino AB control over 97% of the votes and 92% of the capital in Zinzino Nordic AB. Up to December 31, 2014, ownership had increased to 93% of the capital.

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

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

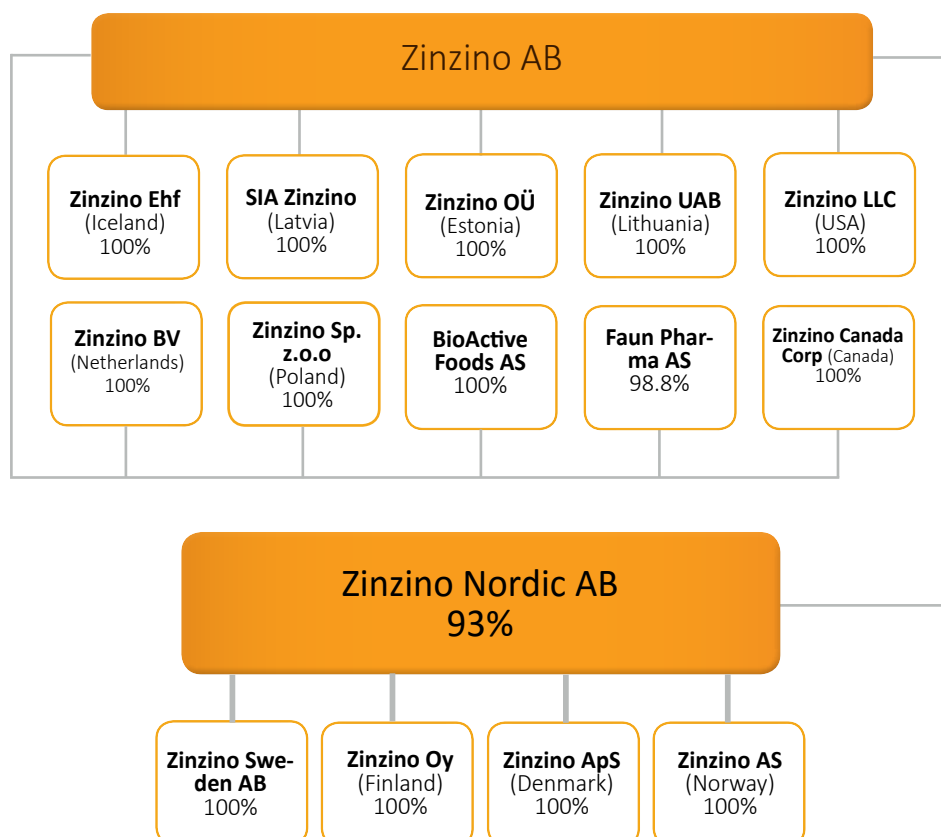
In 2011, the Group was extended with companies in Estonia and Lithuania. In 2012, companies were also launched in Latvia and Iceland. In 2013, a company was started in the USA with its headquarters in Jupiter, Florida. Unlike the previous Group structure, the new subsidiaries are directly owned by Zinzino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

In 2014, companies were established in Poland and the Netherlands.

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

A company was started in Canada in 2015.

GROUP STRUCTURE



“We have a vision to inspire change in the lives of our customers and distributors. This is by being the most customer-friendly direct sales company in the world.”



We have invested in our own future!

In 2015 we have made a number of significant investments for the future that we strongly believe in. With a new IT system and new products, we have now laid the foundation for the coming years - investments essential for achieving our goals. We have also grown significantly and can show a good result for the past year. 2015 gave us a growth of 24 per cent against the previous year.

IMPROVED GROSS MARGIN

We have also improved our gross profit margin to 33.6 percent, which is 5 percentage points better than in 2014. An important parameter for our continued growth is our increased EBITDA, which increased from SEK 21.4m in 2014 to SEK 25.6m in 2015. For me this is a proof that we are right when we invest in our business and continue to develop our own health brands, which are produced in our own ISO-certified factory.

NEW IT SYSTEM

In 2015 we made a major investment in a new IT system that can handle our planned product development and geographic expansion. Our new IT system will also help us to achieve our ambitious target of reaching one million customers by 2020 and will improve our margins and cut costs already in 2016. I am very confident that these investments have been made at the right time to enable us to achieve our long-term growth plans while also ensuring stronger results. Our new IT system and web shop are now well established, and it is already clear that our work has become more efficient and simpler.

Because of intensive work with our new IT system, we received a short-term decline in growth in the fourth quarter of 2015. We can see now in the first quarter of 2016 that we have returned to a higher growth rate with high customer service and a high efficiency internally where we also have control over our own development in IT and expansion. This makes us optimistic about 2016.

EXPANSION PLAN

We are now strongly positioned for growth and expansion. In 2016 we will step up the pace of our geographic expansion, further than we had previously planned. We have developed an aggressive expansion plan that includes several new markets and it will be initiated during the first and second quarters. The first market in which we established a presence in the first quarter was Germany – Europe’s largest market for direct sales. It is an affluent market that we naturally have high expectations for and we believe that our health products will be successful there.

PRODUCT DEVELOPMENT

Over the past 18 months we have been working actively with our product development and thanks to that, we were able to launch several new products. Now we are further increasing the pace and will launch several strong product concepts in 2016. I see product development as one of the decisive success factors for us and I am therefore proud that, thanks to our own research and factory, we can always be a step ahead. New products makes us an attractive company for our customers and distributors. I am delighted to say that 2016 will become a very exciting year. We will be launching at least six new products during the year. A hitherto secret product segment will be launched in the autumn, and we are now working hard to launch a very exciting and ground-breaking product in 2017.

AMBITIOUS GOALS

We continue to have great confidence in our ambitious target of 20 percent growth over the next three years and improved results for each year.

We have a vision to inspire change in the lives of our customers and distributors. This is by being the most customer-friendly direct sales company in the world. In order to affirm this, we have also previously communicated our vision of having “one million customers by 2020”.

Dag Bergheim Pettersen, CEO Zinzino

FIGURES IN BRIEF

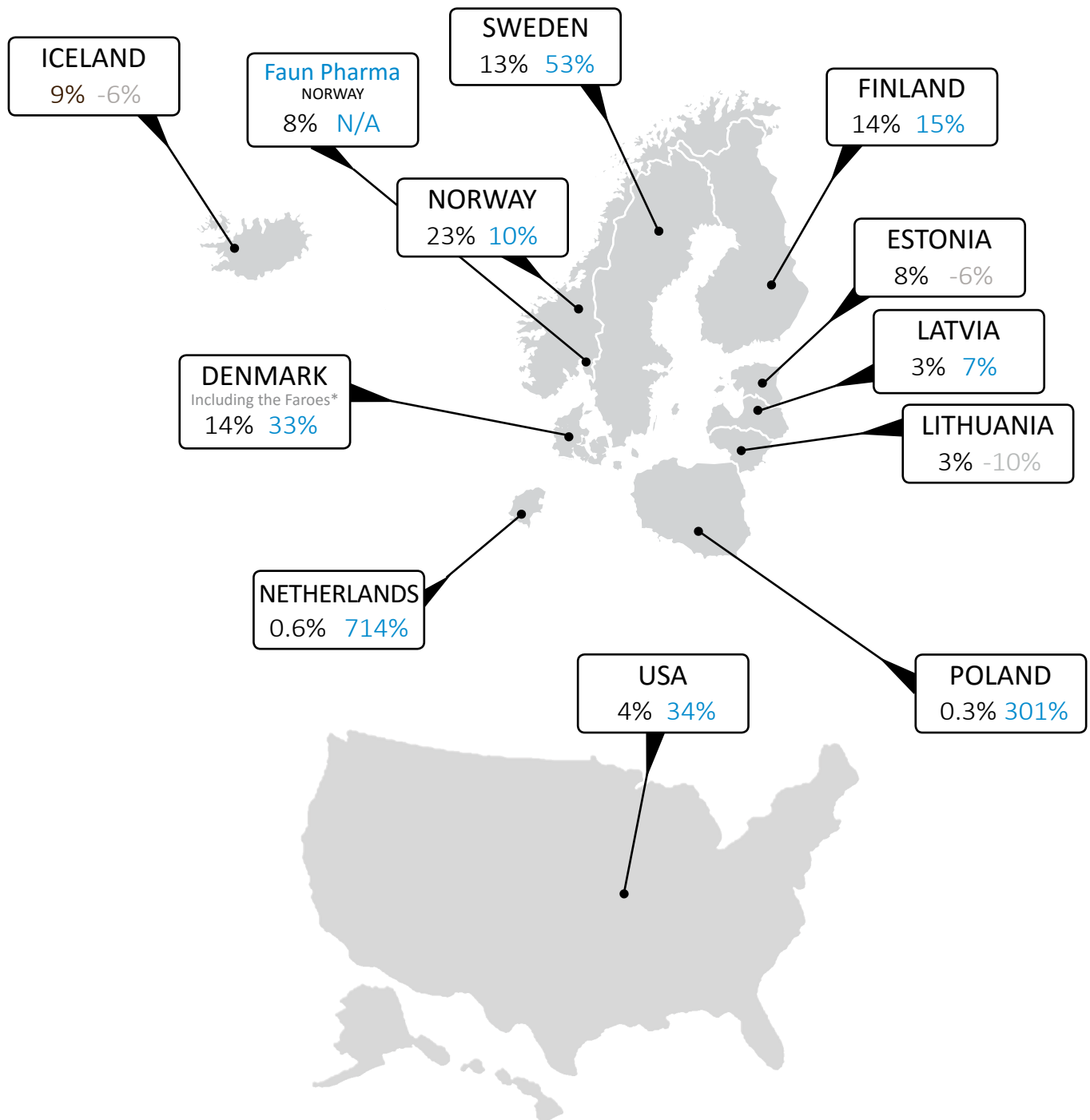
- For 2015, the Group's total income amounted to SEK 443.8 (357.7) million, equivalent to a growth of 24% (41%).
- Gross profit amounted to SEK 149.3 (102.4) million and the gross profit margin was 33.6% (28.6%).
- EBITDA amounted to SEK 25.6 (21.4) million and the operating margin before depreciation was 5.8% (6.0%).
- Depreciation and amortization amounted to SEK 7.1 (2.8) million of which SEK 5.1 (0.5) million was attributable to amortization of goodwill.
- Operating profit amounted to SEK 18.5 (18.6) million and the operating margin was 4.2% (5.2%).
- Profit before tax amounted to SEK 17.6 (18.4) million. Earnings per share before tax amounted to SEK 0.5 (0.6) (before dilution).
- Profit after tax 9.7 (32.7) million. Last year, deferred tax recoverables on tax loss carryforwards had a positive impact on profits of SEK 14.5 million.
- The Board of Directors proposes a dividend of SEK 0.25 (0.25) per share for the past year.
- On the closing day, cash and cash equivalents amounted to SEK 26.9 (42.8) million.

FINANCIAL SUMMARY (SEK MILLIONS)

THE GROUP'S KEY RATIOS	2015	2014
Total revenues	443.8	357.7
Net sales	388.7	318.8
Sales growth	24%	40.5%
Gross profit	149.3	102.4
Gross profit margin	33.6%	28.6%
Operating profit before depreciation	25.6	21.4
Operating margin before depreciation	5.8%	6.0%
Operating profit	18.5	18.6
Operating margin	4.2%	5.2%
Profit before tax	17.6	18.4
Net profit	9.7	32.7
Net margin	2.2%	9.1%
Earnings per share before tax (after dilution)	0.53	0.63
Net profit per share after tax (after dilution)	0.29	1.09
Cash and cash equivalents	26.9	42.8
Equity/assets ratio	56%	52%
Equity capital per share (after dilution) SEK	2.9	2.9
Number of issued shares on average for the period	30,900,025	29,508,687
Number of issued shares on average for the period with full dilution	33,380,025	31,088,687

GEOGRAPHIC DISTRIBUTION & SALES GROWTH BY MARKET

The geographic distribution of sales in 2015 and sales growth compared with the previous year is as follows according to the map.



■ Geographical distribution of sales, 2015

■ Sales growth in 2015 per market versus previous year

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

2015 IN REVIEW

QUARTER

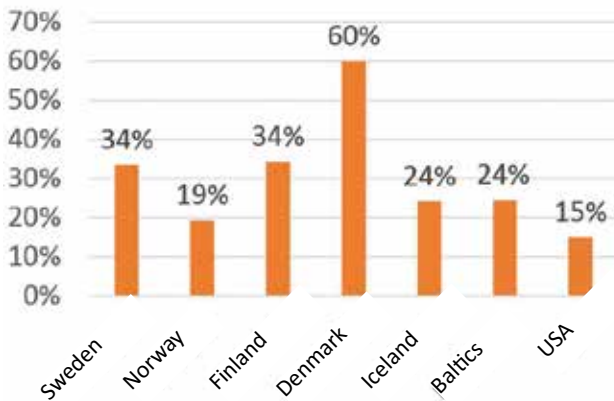
1

The first quarter was characterized by good growth in all markets. Total income amounted to SEK 111.2 (75.6) million, equivalent to a growth of 44%. EBITDA amounted to SEK 8.9 (2.9) million. Profit before tax for the first quarter was more than twice as high as for the previous year and amounted to SEK 6.5 (2.9) million. Changes in the product mix, lower purchase prices for raw materials and production equipment generated higher gross profit margins. Also, higher sales volumes provided economies of scale in. among other things, administration and thereby improved operating margins.

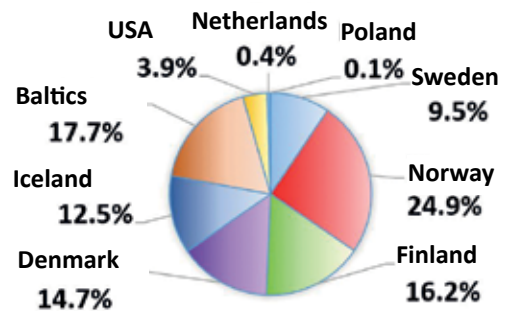
The percentage spread of sales between the product lines in the first quarter was 75% for Zinzino Health and 25% for Zinzino Coffee. With this, sales for Health amounted to SEK 65.9 (41.4) million, equivalent to a growth of 59%. Sales for Coffee amounted to SEK 21.6 (29.0) million, which is a decrease om sales of 26%. Freight and other revenue amounted to SEK 14.5 million. Faun Pharma sales amounted to SEK 9.2 million in the first quarter.

In March, Zinzino AB acquired another 13.8% of the share capital in Faun Pharma AS, which increased its holding to 98.8%. With this, Zinzino secured full control over production in the company and self-driven research, ensuring continued growth and product range.

Growth per market compared to previous year Q1



Geographic distribution of sales in Q1*



QUARTER

2

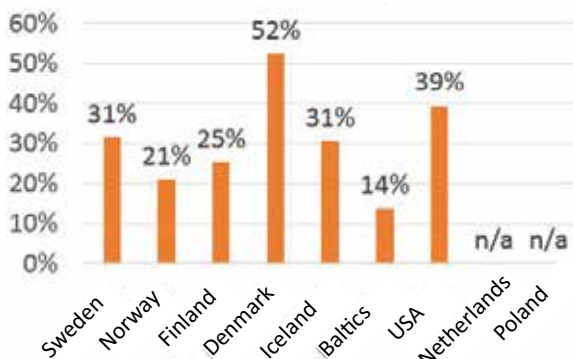
All markets also reported growth in the second quarter during which total income amounted to SEK 114.4 (79.6) million. Compared to the previous year, total growth amounted to 41% for the whole Group. EBITDA amounted to SEK 7.8 (3.8) million and profit before tax amounted to SEK 5.2 (3.6) million.

The percentage distribution of sales between the product lines during the second quarter was 23% for Zinzino Coffee and 77% for Zinzino Health. Coffee sales account for SEK 20.9 (31.5) million, representing a fall in sales of 34%. Sales for Health amounted to SEK 71.7 (40.3) million, equivalent to a growth of 78%. Freight and other revenues amounted to SEK 12.3 million. Faun Pharma sales amounted to SEK 9.5 million in the second quarter.

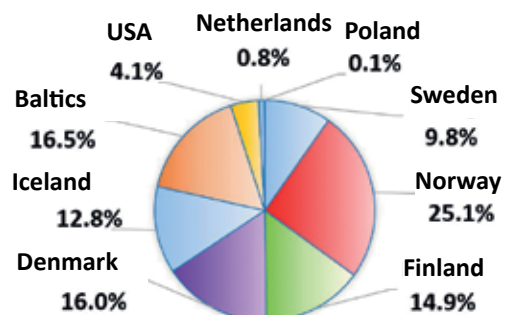
During the quarter, Zinzino launched a free app for Iphone and Android. The purpose of the app is to remind customers to take their daily dose of BalanceOil, to motivate customers to use our products by providing them with goals at various milestones, to provide a rewards system and the opportunity to present motivational films.

The Annual General Meeting was held on May 8, 2015 at the company's head office in Västra Frölunda, Gothenburg. The accounts from the previous year were approved and the Board and CEO granted discharge were from liability. The Annual General Meeting also approved the Board's proposal for a dividend of SEK 0.25 per share to the shareholders, involving a total distribution of SEK 7.7 million to shareholders for the previous financial year. The Annual General Meeting elected Pierre Mårtensson as a member of the Board. Pierre Mårtensson has many years' experience from executive positions in the global direct selling industry. Torben Lundberg withdrew from the Board. The Annual General Meeting also resolved to issue 600,000 subscription warrants at a redemption price of SEK 26 and a period of validity until 2020.

Growth per market compared to previous year Q2



Geographic distribution of sales in Q2*



QUARTER

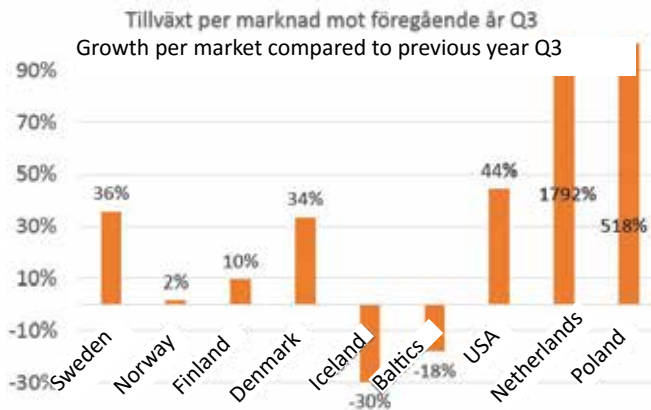
3 Most of Zinzino's markets reported growth in the third quarter compared to previous year. Total revenues amounted to SEK 102.8 (87.7) million, representing a sales growth of 16 % for the Group compared to the year before. EBITDA amounted to SEK 5.3 (7.4) million. Profit before tax amounted to SEK 2.8 (6.7) million.

The percentage spread of sales across the product lines during the third quarter was 29% for Zinzino Coffee and 71% for Zinzino Health. Sales for Coffee totaled SEK 24.8 (27.9) million, representing a decrease of 11%. Sales for Health amounted to SEK 60.7 (50.3) million, corresponding to a growth of 21%. Freight and other revenue amounted to SEK 9.9 million. Faun Pharma sales amounted to SEK 7.4 million in the third quarter to 7.4 million.

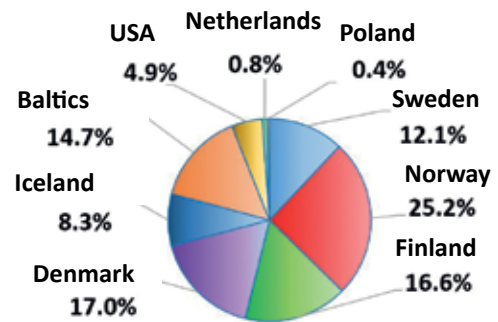
During the third quarter, Zinzino implemented an extensive business system replacement. The decision to replace the business system for a more industry-specific system has been a part of the strategy to meet the growing sales and globalization of Zinzino. The replacement of business system was necessary involving a challenging process that significantly affected the business during the quarter. Estimated against the budgeted outcome for the quarter, Zinzino suffered a loss of income of approximately SEK 15 million and as a result of this the company had a decline in EBITDA of around SEK 5 million compared with the budget.

Zinzino's concept was launched during the third quarter in Canada with start of sales in September. Initially Zinzino Health was launched on the market. As in earlier establishments, sales are via local sales companies, supported by customer support from Zinzino's American office in Jupiter, Florida. The establishment process has been efficient with regard to resources and costs and was implemented in a very short period of time.

Within the Zinzino Coffee product line, the new environmentally-friendly EK'Oh express machine was launched. EK' Oh is a fully automatic espresso machine with low energy consumption and made of environmentally-friendly plastic. The new and environmentally-adapted espresso machine is a welcome addition to Zinzino Coffee and will hopefully stimulate the growth in sales within the product segment in the future.



Geographic distribution of sales in Q3*



QUARTER

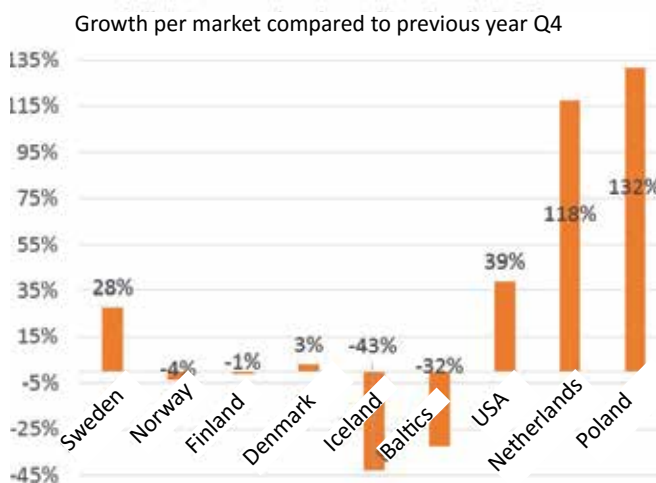
4 Total income amounted to SEK 115.4 (114.8) million in the fourth quarter, representing sales growth of -1% for the Group compared to the year before. EBITDA amounted to SEK 3.6 (7.3) million. Profit before tax amounted to SEK 3.1 (5.2) million.

The percentage distribution of sales between the product lines in the fourth quarter was 24% for Zinzino Coffee and 76% for Zinzino Health. Sales for Coffee totaled SEK 20.7 (31.2) million, equivalent to a decrease in sales of 34%. Sales for Health amounted to SEK 67.2 (61.4) million, equivalent to a decrease of 9%. Freight and other revenue amounted to SEK 18.4 million. Faun Pharma sales amounted to SEK 9.1 million in the fourth quarter.

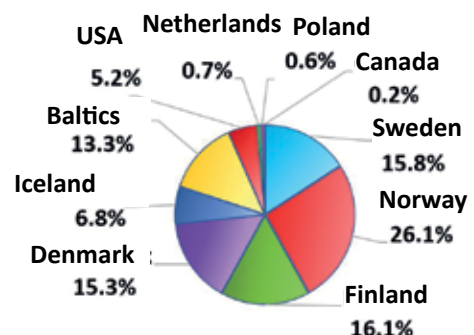
The decline in the period was mainly due to the aftermath of the stoppages attributable to the large-scale IT system replacement that was carried out during the third quarter which also impacted operations in the fourth quarter. What primarily affected operations in the fourth quarter were stoppages in the important order in the important order generation for subscriptions decreasing sales by approximately SEK 20 million from budgeted sales for the quarter and thereby even resulted in a deterioration of profitability in the group for the period. It is estimated that due to the decrease in sales, EBITDA decreased by around SEK 5 million for the period. However, the stoppages in order charging were corrected at the beginning of 2016.

Zinzino launched a further product within Zinzino Health in December with the meal replacement product, LeanShake in the chocolate and red berry flavors. This product is rich in protein, essential amino acids and dietary fiber. It also contains 25 vitamins and minerals. Both flavors are gluten-free and red berry is also lactose-free. Zinzino LeanShake was developed by the Group's research unit, BioActive Foods AS and is manufactured by the production unit, Faun Pharma AS.

In the fourth quarter, five types of coffee were launched under Zinzino's own brand: Zinzino Italian Espresso, Zinzino Columbian Espresso, Zinzino Fairtrade Espresso, Zinzino Brazilian Espresso and Zinzino French Espresso. This launch gave Zinzino much clearer control of the product line and a more attractive product for the sales corps and end customer.



Geographic distribution of sales in Q4*



THIS YEAR'S NEWS

-IN A SHORT SUMMARY

NEW WEBSHOP

A major project was to implement a new web-shop. The focus has been on stability and intuitiveness. The customer is the focus of attention as the web-shop no longer requires a login. An web-shop that is easily accessible provides an even better visitor experience.

New, potential customers can browse through Zinzino's range of quality products and make their personal choices.



EXIGO- A NEW ENTERPRISE PLANNING RESOURCE SYSTEM

During the year, a major challenge has been to implement a new Enterprise Planning Resource system. New Enterprise Planning Resource system was an important step towards being able to handle 1 million customers by 2020. Through our partner, Exigo, Zinzino has also acquired completely new web opportunities for its independent partners.



NEW OFFICES & RECRUITMENT

During the year, the work force was strengthened with 15 new individuals. The Market, Support, Finance and IT departments were expanded. New 190 square meter premises were acquired in the same building. A local office with two support staff was opened in Helsinki.



PRODUCT LAUNCHES

During 2015, Zinzino launched LeanShake Berry flavor and LeanShake Chocolate flavor together with ZinoBiotic as part of the Health concept. The products serve as meal replacements and are a natural complement the Balance series. Within Zinzino Coffee, the new Ek-oh Coffee Espresso machine has been introduced along with a variety of coffees in a new series of Zinzino's own coffee brands. The company's own coffee brand was a milestone, which became a starting point in 2015 for how the company can continue to develop the Zinzino Coffee product line.



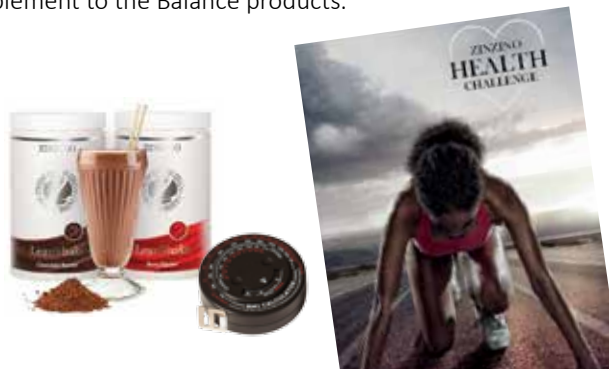
CANADA

During the latter part of the year, a new country appeared on the Zinzino map. Zinzino opens in Canada Canada!



HEALTH CHALLENGE

The Health Challenge was initiated as part of the health concept. The idea is to motivate, inspire and educate customers in the process of changing habits and building a healthier life. To help with this, Zinzino is offering the LeanShake products, which are a complement to the Balance products.



ZINZINO

2005 10th ANNIVERSARY 2015

2005

An agreement was signed with Rombouts, making Zinzino the exclusive general agent for Rombouts in the Nordic market.

Rombouts



The first coffee machine was launched at an event in May 2005 together with partners from Sweden and Norway. The first machine in the 123 Spresso series was grey and could only make espresso in small 5-6 cL sizes.

The Danish market was opened shortly thereafter.



In 2008, the manual Oh Espresso coffee machine was launched in four different colors. The launch of the manual coffee machine Oh Espresso in four different colors. The machine became an on-line success and sales go off to a flying start.



The Finnish market was opened in 2006 after the successful launch in Denmark. Finland became the fourth market to be opened. In the fall of the same year, the market in the Faroe Islands was opened.

2007

2009



Iceland officially opens in September 2009. Soon afterwards the first semi-automatic coffee machine which is also the first machine "branded" with Zinzino's own name is launched.



In the spring of 2011 the Estonian and Lithuanian market is opened. A new era begins as the company expands for the first time into markets outside the Nordic region.

On September 20, 2010 noted the company is listed on Aktietorget. Now, anyone who is interested in investing in the company can buy and sell shares on a public trading platform.



In the spring of 2012, Latvia also opens.

In the summer of the same year the company acquires parts of the Norwegian company, BioActiveFoods AS.

2011

2012

Katarina Södergren

Time flies when you are having fun. Last year, Zinzino celebrated its 10-year anniversary and the company has been on a fantastic journey since 2005! Katarina Södergren is one of the people who has been there since the company's inception.



"I was introduced to Zinzino in 2005 and have worked as an independent partner in Zinzino since then. Ørjan Sæle, Zinzino's founder, was early in anticipating the upcoming coffee trend, while initially I myself was not as convinced. When the Oh Espresso espresso machine was launched in 2008, I began to understand what Örjan was talking about; that there was a new way of drinking coffee."

"A lot has happened in the company since 2008. Our Zinzino Coffee and Zinzino Health product lines have taken us to new heights. I look with pride at how Zinzino has evolved into the company it is today, and that we are constantly at the forefront when it comes to product development within our product segments. I am also equally proud of our rapid geographic expansion, that we have brought in new partners from different countries who passed on the baton on and gone "all in" to further lift Zinzino."



In October 2014, Zinzino launches a new product in the segment, Immune-Xtender, which later changes names to Xtend.



Two new markets opened in September 2014: The Netherlands and Poland.

With an investment of SEK 10 million, Zinzino acquired 85% of the shares in the Norwegian production company, Faun Pharma AS in October 2014.



Zinzino is listed for trading on Nasdaq OMX First North on December 11, 2014, thus changing lists from Aktietorget.

In December, Zinzino AB acquires the remaining 90% of BioActive Foods AS.



In December 2013, sales of Zinzino Food being in the United States and the market opens officially on February 8, 2014.

In November 2012, the company launches the Zinzino Food product line that is quickly taking a foothold in the sales network and is becoming an outstanding success. Initially, the product line consists of BalanceOil and BalanceTest.

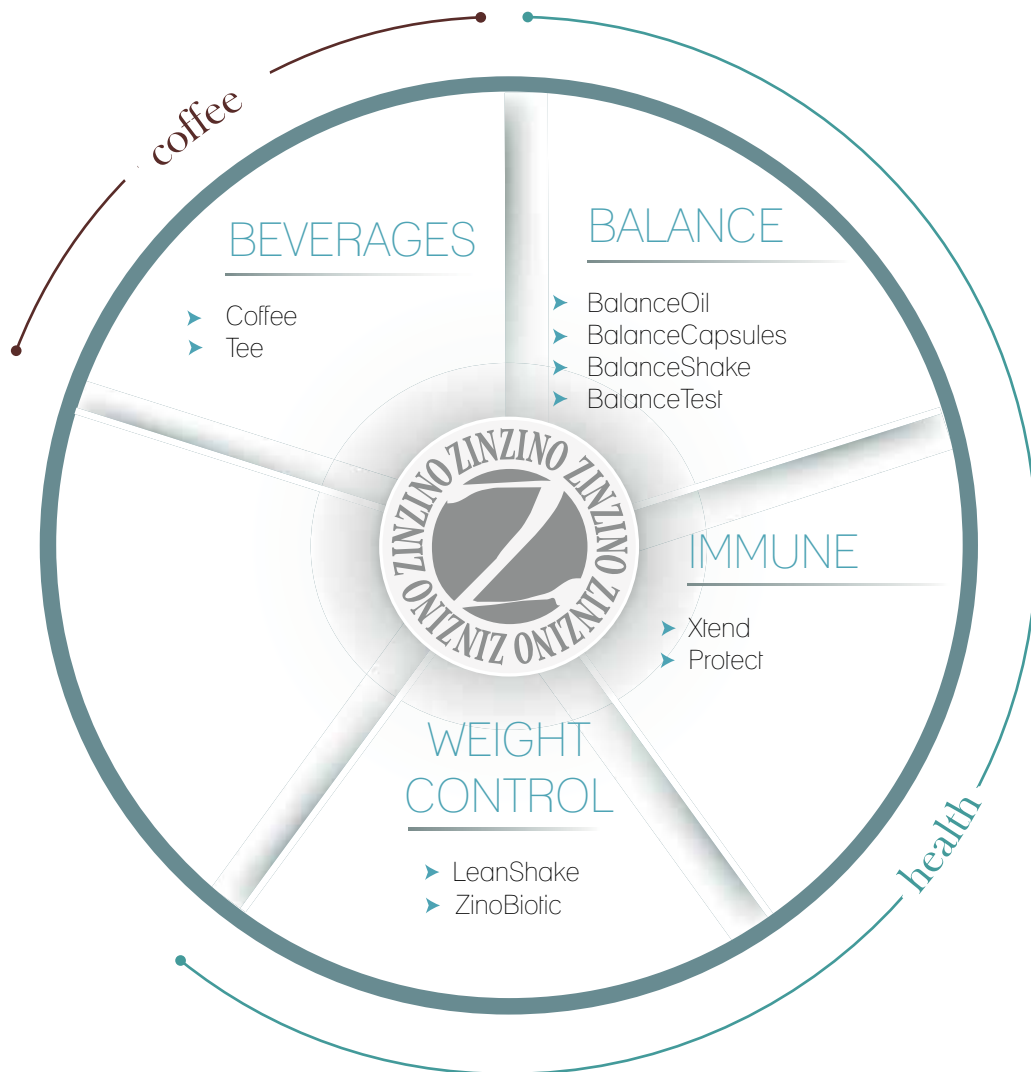


In 2013 Zinzino outgrows its existing warehouse. In order to cope with the ever increasing logistic needs, the warehouse is moved from the head office to the Third Party Logistics provider, Katoen Natie in Trollhättan.



2013

THE PRODUCT WHEEL



Zinzino's products are divided into two product lines; Zinzino Health and Zinzino Coffee. The Zinzino Health product line– with a focus on long-term health, consists of Balance, Immune, and weight control products. Zinzino Coffee – a sense of everyday luxury comprising high-quality espresso machines, coffee, tea and accessories.

Zinzino offers its customers products that focus on quality, the environment, health and a feeling of everyday luxury. We are constantly striving to develop our product range and for 2016, we are planning on launching a completely new product segment.

WHAT DO OUR CUSTOMERS THINK?

Maritta Björkbacka - Balance customer

Maritta Björkbacka from Finland, was introduced to Zinzino for the first time in December 2012 and has been a satisfied customer ever since. She uses several of Zinzino's Balance products on a regular basis.

"When I was introduced to Zinzino I immediately became interested in BalanceOil and BalanceTest. When I took my first BalanceTest, I was surprised by my performance because I had previously taken any other omega-3 products regularly over a long period. My results showed a balance of 5:1. After I had used BalanceOil for another 4 months, I took my second BalanceTest and was pleasantly surprised at the results that I achieved, now my test results showed a balance of 3.2:1.

When BalanceXtend came into the picture, I was interested in its versatility and I am convinced that the combination of BalanceOil and BalanceXtend affects my body and health positively. Balance products are the best thing that has happened to my health and I heartily recommend the products to everyone and especially to take the Zinzino BalanceTest."



Susanna Laine - Balance customer

About 6 years ago, Susanna Laine from Finland was introduced to Zinzino's coffee and today she serves it to her café guests. She is not only a happy coffee customer, but she also uses a number of Zinzino's health and Balance products.

"The first time I tasted Zinzino's coffee, I immediately got hooked on its authentic and delicate flavor; it was Rombout's Ethiopia blend which is still my favorite today. I use the semi-automatic Zinzino machine and am satisfied with it. Everyday I run a café and serve my café guests Zinzino coffee and Ristretto and Italian style is the favorite of many guests. It feels great to serve my guests the same good espresso that is served at the Café de Paris in the Principality of Monaco.

I'm not just a happy coffee customer but I also use several of Zinzino's health products, such as BalanceOil and BalanceXtend among others. I have just started using Zinzino's latest product, LeanShake with chocolate flavor and it will be interesting to follow the path to my goal."

Nina Ellvén - coffee customer

Nina Ellvén from the West Coast gem, Halmstad in Sweden, has been a coffee customer with Zinzino for over 9 years. On weekdays, Nina is really busy working both as an educator and group training instructor and when time allows, she likes to indulge with a lovely cup of Caffè latte.

"I use the Oh Espresso espresso machine and the Ristretto coffee brand is my favorite. I prefer to drink the Caffè latte and using my Latte Milk Frother duo can I guaranteed easily make a good Caffè latte with a perfect crema.

Another thing I like about being a Zinzino customer is the idea of having my own coffee subscription. It's very convenient to automatically have your coffee delivered to you for then I don't have to think about ordering a new coffee. When I have my friends come over for a visit, I almost always get good feedback, so I see no reason to drink any other coffee than Zinzino's."



PRODUCT NEWS

LeanShake Berry & Chocolate flavor



Zinzino LeanShake is a delicious and healthy meal replacement for weight control. LeanShake can be used as a replacement for one or two meals for weight reduction, as a nutritional meal for satisfying hunger or after exercise. Among other things, the product is rich in protein and essential amino acids, rich in dietary fiber with a prebiotic effect in the colon, containing 25 vitamins, minerals and other active ingredients.

KEY BENEFITS

- 231 kcal (Chocolate)/223 kcal (Berry) per serving
- High fiber and protein content
- Sweeteners and flavorings from natural sources
- Gluten-free
- Lactose-free (Berry)
- Contains spinach and cabbage (Berry)
- 25 vitamins and minerals

ZinoBiotic Fiber blend



Zinobiotics most important task is to balance the bacterial content of the colon by providing it with all beneficial bacteria that can grow and thus outnumber less-desirable bacteria. This should be done by balancing all the beneficial bacteria in the entire colon.

Many other products on the market only contain one or two ingredients that have only have an impact on a small fraction of the bacteria or in a limited part of the large intestine.

KEY BENEFITS

- Five different sources of dietary fiber
- Large amount of dietary fiber
- Stimulates the growth of all the beneficial bacteria in the entire colon
- * Beta-glucan from oats: helps maintain normal blood cholesterol levels
- * Resistant starch helps to reduce blood sugar increase after meals



Dr. Linda Saga - Product development

LeanShake is a meal replacement, but at the same time, it is so much more than just an ordinary meal replacement product. It is a very versatile product which has been proven to be beneficial for weight control and weight loss, but also for increasing muscle mass un people who exercise. In addition, LeanShake works very well as a nutritious and tasty meal if you are traveling or just want something nutritious to eat/drink.

It is the special combination of ingredients from proteins, dietary fiber, fats, vitamins, minerals and super foods that make LeanShake a good product, which I'm quite proud of. By combining LeanShake with the the xenobiotic Fiber Blends, you will be able to increase your daily intake of the important fibers. Most of us have a daily intake of dietary fiber intake that is too low, and this can have an adverse effect on microorganisms in the intestines; by increasing your daily intake of fiber by means of xenobiotic Fiber Blends together with LeanShake, or separately, you will be able to influence your intestinal micro-organisms in a positive way.

Zinzino Health Challenge

MOTIVATE-INSPIRE-EDUCATE

Zinzino Health Challenge was born as a complement to LeanShake and ZinoBitotic. The purpose of the concept is to provide customers with tools to create health changes. The material is based on motivating, inspiring and educating with the aim of providing a basis for necessary change and creating new habits.

The Health Challenge folder consists of a knowledge section, so called Sharing knowledge. Here you can download about how the body is affected by the intake of protein and fiber. You can read the latest findings about creating changes, habits and how your health can be affected by making lifestyle changes.

In one section of creating motivation and a sense of control, the customer can follow a 3-5 or 10-week schedule where your personally rate your efforts during the past week. This is about creating control over the process you are engaged in and creating opportunities for improving results after the process.

In addition to LeanShake adapted for a 3, 5 or 10 kilogram weight loss, the starting kit includes a measuring tape to monitor a change in waist measurement.



"I have always struggled to maintain my weight. When I had children, it was even more difficult. From mid-October to January of this year, I replaced meals with LeanShake and lost 10 kilogram. In January i joined the Zinzino Health Challenge and lost another 2 kilogram and 10 cm around the stomach. I've gone down 2 clothing sizes since October. I feel that I've got a lot more energy, my sugar cravings have decreased drastically and, on the whole, I eat smaller portions. I simply become full faster. I am very satisfied with LeanShake and will continue to take it!"

Camilla Hjorteland Veland
Customer and independent partner



1 MILLION CUSTOMERS IN 2020

This is how we will achieve it

NEW IT PLATFORM AND WEB

A growing organization requires a strong tool with a sufficient capacity, so in order to better meet current and planned growth, Zinzino switched to a new IT platform in the fall of 2015. At the same time, we also developed a new and more modern website with an associated online shop. The selected IT platform is essentially custom-made for the direct selling industry and has then been developed according to Zinzino's specific needs. Unlike the previous solution, the new platform a better structure providing the staff with greater flexibility in managing our customers in a better and more efficient way.

The Web is now more user-friendly and as a Partner, you will have a more distinct tool with a greater overview on your organization, and that, from a design point, it is more appealing and attractive. We are also presenting the products in a visually more appealing way, and it should be easier to become a customer regardless of whether or not you have contact with a Partner, and that the products are more accessible in the web-shop.



NEW RECRUITMENT

As the company's client base grows, we will recruit new staff and ensure that we have people with the right skills in the right place. We have in 2015 reinforced our customer center with 5 Norwegian, Danish, Estonian and German speaking people, we have strengthened the IT Department by 1 person, expanded the marketing department by 2 new with 2 new services and the as well as the financial department with 3 people. Our previous product development manager chose to return to the company after a brief visit at another company and currently works closely with Zinzino's Research and Development Department and Faun Pharma AS to develop the product base.

We have also recruited a number of skilled individuals internally within the departments, for example, we have transferred staff from partner support to Director Support and developed excellence within customer and partner support in order to provide the best possible service to our partners and customers. A completely new department has emerged within the company focusing on customer development issues, and even the IT Department has been reinforced by internal talents.



NEW PREMISES

With the recruitment of new staff, we have outgrown our existing premises and consequently Head Office has expanded its premises in the same building, so that we now have offices on all 4 floors with a total area of 1,200 square meters.



PRODUCT DEVELOPMENT

Zinzino is constantly striving to develop a product range to meet the demand from our customers. Some of the products launched in 2015 were Ekòh, Leanshake, ZinoBiotic, Zinzino's branded coffee..

The Ekòh machine is a fully-automatic eco-friendly espresso machine manufactured in France and made of environmentally-friendly plastic. LeanShake is a delicious and healthy meal replacement for weight control. ZinoBiotic is a fiber supplement that actively contributes to a good digestive process and a good bacteria flora in the stomach. Zinzino's branded coffee make up

Zinzino's own coffee varieties French, Italian, Colombian, Brazilian, and Fairtrade Espresso.



NEW MARKETS

Zinzino's aim is to grow all over the world and it is one of the prerequisites for achieving the goal of 1 million customers by the year 2020. The latest addition to the geographical expansion is Germany, a large market that we believe has a good potential for our products. We look very forward much to seeing our new market grow!



CUSTOMER FOCUS

An important element in achieving the goal of 1 million customers is taking good care of our existing customers. Zinzino is actively working with our own customer wheel involving quality assurance of internal projects and a number of market-related investments.

We have also developed an informative customer brochure that meets the new customer in the Starter Kit. Customer brochure briefly describes the company as a new customer it puts a face to the company behind the product that you have purchased. There is also practical information on for example, delivery and customer service.





NORWAY



Norway continues to remain Zinzino's largest market in terms of sales. Total revenues amounted to SEK 101.9 (92,6) million. Compared to the previous year, the growth of sales amounted to 10% while profit before operating expenses more than doubled to SEK 26.8 (12.4) million. The share of Zinzino Health increased and now totalled more than 70% of total sales. The largest number of active partners and customers within Zinzino exists in Norway. It is also home to the Bioactive Foods research company and the Faun Pharma* production unit.

* Faun Pharma's external sales are not included in the above figures but are reported separately later in this section.

ZINZINO
HEALTH

71% of total sales

Total sales: SEK 62,892 thousand

ZINZINO
COFFEE

29% of total sales

Total sales: SEK 25,895 thousand

SEK THOUSAND

Growth compared to previous year 10%

Percentage of Zinzino's total sales 23%

Net sales 88,787

Other revenue 13,091

Total direct costs -75,088

Earnings before operating expenses 26,790

Profit margin before operating expenses 26.3%



SWEDEN



Sweden is the home market for Zinzino with headquarters in Västra Frölunda, Gothenburg. The past year has been very favorable on the Swedish market. Total revenue for the Swedish market amounted to SEK 57.0 (33.6) million of which SEK 12.4 (9.4) million was attributable to the parent company Zinzino Nordic AB SEK million. Sales growth corresponded to a significant growth of all of 53% compared to the previous year. Even profit before operating expenses increased strongly to SEK 24.1 (5.8) million. The trend is continuing into 2016 with strong sales growth and Zinzino sees great potential in the Swedish market in the years to come. Similar to other markets, Zinzino Health is responsible for the major part (75%) of sales.

ZINZINO
HEALTH

74% of total sales

Total sales: SEK 31,695 thousand

ZINZINO
COFFEE

26% of total sales

Total sales: SEK 10,923 thousand

SEK THOUSAND

Growth compared to previous year 53%

Percentage of Zinzino's total sales 13%

Net sales 42,618

Other revenue 14,430

Total direct costs -32,981

Earnings before operating expenses 24,067

Profit margin before operating expenses 42.2%



DENMARK

In 2015, Denmark continued its trend with strong growth and highly motivated sales networks. Total income amounted to SEK 62.5 (47.1) million, representing a sales growth of 33% for the Group compared with the year before. Profit before operating expenses amounted to SEK 18.4 (7.4) million resulting in a doubling of earnings compared to the previous year. Zinzino Health accounted for no less than 81% of net sales. The Danish subsidiary is one of Zinzino's most profitable ones. The market is the third largest in terms of turnover, close behind Finland and has continuously strong growth. Profit before operating expenses amounted to SEK 18.4 (9.4) million.

ZINZINO
HEALTH

81% of total sales

Total sales: SEK 45,728 thousand

ZINZINO
COFFEE

19% of total sales

Total sales: SEK 10,408 thousand

SEK THOUSAND

Growth compared to previous year	33%
Percentage of Zinzino's total sales	14%
Net sales	56,136
Other revenue	6,425
Total direct costs	- 44,187
Earnings before operating expenses	18,374
<i>Profit margin before operating expenses</i>	29.4%



ZINZINO
HEALTH

79% of total sales

Total sales: SEK 42,994 thousand

ZINZINO
COFFEE

21% of total sales

Total sales: SEK 11,273 thousand

SEK THOUSAND

Growth compared to previous year	15%
Percentage of Zinzino's total sales	14%
Net sales	54,268
Other revenue	8,859
Total direct costs	- 44,415
Earnings before operating expenses	18,712
<i>Profit margin before operating expenses</i>	30%

FINLAND

Finland is Zinzino's second largest market and has had total revenues of SEK 63.1 (54.7) million in 2015, representing a sales growth of 15% compared to the previous year. Profit before operating costs amounted to SEK 18.7 million (9.4) million, which was more than twice that of the previous year. The market has had sustained growth since 2011. Like the other markets, Zinzino Health has had a great impact and now accounts for the major part of sales in Finland.



ZINZINO
HEALTH

74% of total sales
Total sales: SEK 26,129 thousand

ZINZINO
COFFEE

26% of total sales
Total sales: SEK 9,316 thousand

SEK THOUSAND

Growth compared to previous year	-6%
Percentage of Zinzino's total sales	9%
Net sales	35,445
Other revenue	4,540
Total direct costs	- 32,303
Earnings before operating expenses	7,682
<i>Profit margin before operating expenses</i>	19.2%

ICELAND



The Icelandic market had difficulty in surpassing the previous year's development and total revenue amounted to SEK 40.0 (42.5) million representing a fall in turnover of 6%. Despite this, the country was responsible for 9% of the Group's total sales. Profit before operating costs amounted to SEK 7.7 million (1.9) million, which was marked improvement compared to the previous year. The marginal improvement was primarily due to the fact that 2015, Zinzino obtained the rights to sell BalanceOil on the Icelandic market.



ZINZINO
HEALTH

64% of total sales
Total sales: SEK 20,208 thousand

ZINZINO
COFFEE

36% of total sales
Total sales: SEK 11,318 thousand

SEK THOUSAND

Growth compared to previous year	-6%
Percentage of Zinzino's total sales	8%
Net sales	31,526
Other revenue	4,212
Total direct costs	- 27,780
Earnings before operating expenses	7,958
<i>Profit margin before operating expenses</i>	22.3%

ESTONIA



The Estonian subsidiary, Zinzino OÜ, was founded in 2011 and similar to other Baltic markets, things were a little tougher in 2015. Total revenue amounted to SEK 35.7 (38.0) million, equivalent to a decrease in turnover of 6%. Despite this, profit before operative costs was better than for the previous year amounting to SEK 8.0 (5.8) million. The share of Balance has also increased in Estonia and became the dominant product line in the sales mix in 2015 which was a change when compared to 2014 when Zinzino Coffee still accounted for the largest part of sales. The change in product mix also explains the improved gross profit margin.



LITHUANIA

Lithuania demonstrated a slight downward-sloping growth of -10% in 2015, where total revenue amounted to SEK 13.7 (15.3) million. Profit before operating costs amounted to SEK 3.0 (1.4) million resulting in a substantial marginal improvement compared to the previous year. Like other markets have now the share for Health has become larger than Coffee in the sales mix. In Lithuania, in 2015, Zinzino has entered into a partnership with one of the largest basketball clubs in the country, Neptunas BC. The sponsorship project is expected to generate positive PUBLIC RELATIONS and be a good marketing platform for Zinzino Health in Lithuania, where basketball is by far the biggest sport in the country.

ZINZINO
HEALTH

63% of total sales

Total sales: SEK 7,740 thousand

ZINZINO
COFFEE

37% of total sales

Total sales: SEK 4,529 thousand

SEK THOUSAND

Growth compared to previous year	-10%
Percentage of Zinzino's total sales	3%
Net sales	12,269
Other revenue	1,478
Total direct costs	- 10,740
Earnings before operating expenses	3 007%
<i>Profit margin before operating expenses</i>	21.9%



ZINZINO
HEALTH

61% of total sales

Total sales: SEK 6,798 thousand

ZINZINO
COFFEE

39% of total sales

Total sales: SEK 4,389 thousand

SEK THOUSAND

Growth compared to previous year	7%
Percentage of Zinzino's total sales	3%
Net sales	11,187
Other revenue	1,613
Total direct costs	- 10,206
Earnings before operating expenses	2,594
<i>Profit margin before operating expenses</i>	20.3%

LATVIA

Latvia is the only Baltic market that showed growth in 2015 when compare to the previous year. Total revenue amounted to SEK 12.8 (12.0) million, equivalent to a growth of 7 %. Profit before operating expenses improved to SEK 2.6 (0.6) million. Even in Latvia, Zinzino Health was now the dominant product line during the year in contrast to the previous year. The highly motivated sales network operates in an efficient and structured manner to sell Zinzino's premium-priced products in a market where the average income is low relative to the Scandinavian earnings.



POLAND



The Polish market was started up in the fall of 2014 and is one of Zinzino's most recent establishments. Total revenues amounted to SEK 1.2 (0.3) million and profit before operating expenses amounted to SEK 0.3 (0.0) million. After a slow start due to having to overcome several major start-up obstacles, the market is now beginning to show a positive rising sales curve with good future-prospects. Recently, several qualified partners have been linked to the Polish company and a special replacement model for the sellers have been developed, customized under Polish law, which will attract more partners. A larger sales network will attract more customers, thereby increasing sales growth. Cooperation has been initiated with prominent sports clubs such as Legia Warsaw, champions many times over in football. Even here, this cooperation is focusing on the players' balance between omega3 and omega6 and how they react physically to using the products within Zinzino Health. In Poland, the products are only marketed within the popular Zinzino Health sales segment.

ZINZINO
HEALTH

100% of total sales

Total sales: SEK 1,093 thousand

SEK THOUSAND

Growth compared to previous year	301%
Percentage of Zinzino's total sales	0.3%
Net sales	1,093
Other revenue	63
Total direct costs	- 829
Earnings before operating expenses	327
<i>Profit margin before operating expenses</i>	28.3%



ZINZINO
HEALTH

100% of total sales

Total sales: SEK 2,638 thousand

NETHERLANDS



The Netherlands was the second country in which Zinzino became established during the fall of 2014. In 2015, total revenues amounted to SEK 2.8 (0.3) million. Profit before operating expenses amounted to SEK 0.7 (0.0) million. In 2016, Zinzino hopes to have synergies with the partners in the nearby German market who had a very successful sales start in February 2016. In the Netherlands, the products are only marketed within Zinzino Health. In the Netherlands, Zinzino collaborates with the football club, SC Heerenveen with a similar sponsorship concept as in other countries.

SEK THOUSAND

Growth compared to previous year	714%
Percentage of Zinzino's total sales	0.6%
Net sales	2,638
Other revenue	123
Total direct costs	- 2,035
Earnings before operating expenses	726
<i>Profit margin before operating expenses</i>	26.3%



ZINZINO
HEALTH

100% of total sales

Total sales: SEK 17,302 thousand

SEK THOUSAND

Growth compared to previous year	34%
Percentage of Zinzino's total sales	4%
Net sales	17,302
Other revenue	305
Total direct costs	- 12,740
Earnings before operating expenses	4,867
<i>Profit margin before operating expenses</i>	<i>27.6%</i>

USA



The United States has shown positive growth in 2015. Total income amounted to SEK 17.6 (13.1) million, equivalent to a sales growth of all of 34%. Profit before operating expenses amounted to SEK 4.9 (3.3) million. Revenues were primarily derived from three states where Minnesota accounted for the largest share of revenues, followed by Florida and Texas. Sales have also taken place in most of the other states, but not to any significant extent. Zinzino is working actively to spread the concept in the country, among other things through a number of events and local sales meetings. In the United States, there is also a local Zinzino office based in Jupiter, Florida. Implementation of the new American business system will also contribute to increased growth in the US market as it will be more optimized for North American standards than Zinzino's earlier systems. On the whole, the future looks very bright for the US market.



ZINZINO
HEALTH

100% of total sales

Total sales: SEK 250 thousand

SEK THOUSAND

Growth compared to previous year	N/A%
Percentage of Zinzino's total sales	0%
Net sales	250
Other revenue	5
Total direct costs	- 142
Earnings before operating expenses	113
<i>Profit margin before operating expenses</i>	<i>44.3%</i>

CANADA



The Canadian market had a sales start in late fall 2015 and this has not yet resulted in any major establishment of partners on the market, as borne out by the extremely modest sales. Total revenues amounted to SEK 0.3 (n/a) million and profit before operating expenses amounted to SEK 0.3 (n/a) million. Zinzino is working actively with a number of measures to stimulate sales growth such as local events and sales training. Only products within Zinzino Health are sold on the Canadian market.



FaunPharma

Faun Pharma is streamlining for the future

In spring 2015, Zinzino AB acquired another 13.8% of the share capital in Faun Pharma AS, which increased its holding to 98.8%. Through the transaction, Zinzino acquired total control of the company and thus full control of the entire chain from research and development to production and analysis. In addition to this, the transaction even gave the Group the possibility of providing intra-group financial transfers between the Norwegian subsidiaries, something that was not allowed with prior ownership.

The revenues for 2015 amounted to SEK 2015 49.8 (37.1) million of which SEK 15.4 (0.8) million pertained to intra-Group sales. The net result amounted to SEK -7.5 (-7.5) million which was much worse than expected. The decline in profitability was largely attributable to negative currency effects due to the weakening of the NOK against the EUR and SEK. This negatively impacted the gross profit margin in 2015 and had a major impact in the last quarter with a significantly lower gross profit than expected.

During the year, the company appointed Erlend Strømnes as its new CEO. He took office on June 1. Erlend most recently came from Jacobsen Elektro AS where he worked as the Vice President of Sales. Erlend has previously held a number of senior executive positions within international sales and has extensive experience of production in the food industry. In addition to this, we have also appointed a new Key Account Manager with a broad background in sales and health foods.

During the year, machinery at Faun Pharma AS has been upgraded and production has been streamlined. This has been done in order to further raise the quality of our products and maintain an attractive price level.

Production of Zinzino products at the factory has increased the product portfolio by the production of Zinzino Protect, BalanceOil 100mL as well as LeanShake and Zinobiotic. Having a production unit within the Group naturally makes the path from concept to finished Zinzino product on the market much shorter. The fact that Zinzino now also has its own product development significantly increases sales potential and reduces risk exposure with respect to product suppliers.

During 2015, Faun has worked been working with ISO 9001 Certification under the leadership of the quality manager appointed at the beginning of 2015. The process was completed in January 2016 when Faun officially became ISO 9001-certified, which was a recognition of quality that is expected to open new sales channels and ensure high quality in the goods produced.

Together with management and the Zinzino Board of Directors, Faun is actively engaged in defining an energetic strategy aimed at further increasing efficiency and reducing the cost of goods for external customers. Steps are now being taken to improve profitability in the upcoming financial year, such as efficiency enhancements in the organization and an increased focus on key accounts.

SEK THOUSAND

Net sales	49,811
Other revenue	0
Total direct costs	-3,583
Earnings before operating expenses	19,227
<i>Profit margin before operating expenses</i>	39%
Operational costs	- 24,893
Depreciation and amortization	- 458
Financial expenses	-1,426
Net profit	- 7,550

* includes intra-group transactions

SALES BY MARKET

– a comparison between countries (SEK THOUSANDS)

COUNTRY / MARKET	Sweden	Denmark	Norway	Finland	Iceland	Estonia	Lithuania
Net sales	42,618	56,136	88,787	54,268	35,445	31,526	12,269
Other revenue	14,430	6,425	13,091	8,859	4,540	4,211	1,478
Profit margin before operating expenses	42.2%	29.4%	26.3%	29.6%	19.2%	22.3%	21.9%
Health	31,695	45,728	62,892	42,994	26,129	20,208	7,740
Coffee	10,923	10,408	25,895	11,273	9,316	11,318	4,529
Percentage Health	74%	81%	71%	79%	74%	64%	63%
Percentage Coffee	26%	19%	29%	21%	26%	36%	37%
Growth compared to previous year	53%	33%	10%	15%	-6%	-6%	-10%
Percentage of Group's total sales	13%	14%	23%	14%	9%	8%	3%
COUNTRY / MARKET	Latvia	Poland	Nether-lands	USA	Canada	Faun/BAF	Total
Net sales	11,187	1,093	2,638	17,302	250	35,173	388,692
Other revenue	1,613	63	124	305	5	0	55,144
Profit margin before operating expenses	20.3%	28.3%	26.3%	27.6%	44.3%		
Health	6,798	1,093	2,638	17,302	250	0	265,468
Coffee	4,389	0	0	0	0	0	88,050
Percentage Health	61%	100%	100%	100%	100%	0%	68%
Percentage Coffee	39%	0%	0%	0%	0%	0%	23%
Percentage Faun						100%	9%
Growth compared to previous year	7%	301%	714%	34%	n/a	n/a	24%
Percentage of Group's total sales	3%	0%	1%	4%	0%	8%	100%

LAUNCH IN GERMANY



Zinzino is taking hold of Europe - establishes operations in Germany

In the spring of 2016, Zinzino opened up for sales in Germany -- Europe's largest market for direct sales. "Germany is going to be a very important market for us. It is Europe's largest market and our establishment will strengthen our position in Europe," said Day Bergheim Pettersen, Managing Director of Zinzino AB.

Zinzino has a fast geographic expansion pace where Europe and North America have been in focus. By the end of 2015, Zinzino established operations in Canada after a period of success in the United States. The company has put a strong focus on ensuring continued business expansion with respect to both geography and products.

"The preparatory work has been a prerequisite for our expansion.. Now when we entering into one of Europe's largest countries we must have muscles and a system that is able to handle it and I know that we now have this. At the same time, it is important that we

are able to continuously offer our customers new and better products. Germany is the biggest country in Europe in direct sales and is thus used to this type of sale. At the same time, the Germans have purchasing power and have a keen interest in health, which enables them to quickly understand our products," says Day Bergheim Pettersen.

"It is Europe's largest market and our establishment will strengthen our position in Europe."

Over the next three to five years, Zinzino foresees that Germany will become the Zinzino's largest market in Europe. "We already have a hundred or so meetings with potential partners planned and we really looking forward to dealing with the German market with full force and continuing our expansion in Europe. A quick geographical expansion is fully in line with Zinzino's growth strategy. Expansion together with a focus on increasing the number of customers in existing markets should allow Zinzino to reach its vision for 2020, of having a million customers worldwide," said Day Bergheim Pettersen.

CSR

CORPORATE SOCIAL RESPONSIBILITY

Our vision is to be the "most customer-friendly direct sales company in the world". As a leading direct selling company, we have a great responsibility to our surroundings to integrate social, ethical, financial and environmental aspects in all we do and stand for. We have divided our Corporate Social Responsibility (CSR) work into three main tracks - our employees and surroundings, our products and our environment.

OUR EMPLOYEES AND OUR SURROUNDINGS

We are an international company that strives for diversity, openness and zero discrimination at all levels. Today, a dozen or so different nationalities work at our head office in Gothenburg. We have a familiar, personal and close interaction with each other, our customers, distributors and suppliers and "live" our personnel handbook every day.

For Zinzino, it has always been a given to be member of the national trade associations for direct selling companies that exist on the markets in which we are active. In so saying we make a commitment for both the company and our distributors to comply with the ethical rules drawn up by the associations. The ethical rules exist to make the consumer feel safe and satisfied in his or her contact with direct selling.

ZINZINO FOUNDATION

Zinzino Foundation was established three years ago in Norway. A fund that has the sole aim of contributing to and supporting various development projects and is funded by the Norwegian Government (Norad). The major part of the projects is financed through Norad and initiated and developed through the Pentecostal Foreign Mission of Norway (PYM). PYM is a Christian organization that has missions in Africa, Asia, Latin America and Europe. When Zinzino's partners donate NOK 100,000 to a project, Norad provides NOK 900,000 so that the total amount is always NOK 1 million.

IN RECENT YEARS, THE FOLLOWING PROJECTS HAVE EACH RECEIVED NOK 1 MILLION:

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

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

2014 - Continued support for the project in Kenya.

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

OUR PRODUCTS

For our coffee and tea products, we have chosen to cooperate with Rombouts & Malongo, which was the first coffee roasting house to begin cooperation with Fairtrade (1992). The roasting house is located in Nice, France and is ISO1400 environmentally certified. All coffee and tea varieties are ecological, six also have Fair trade certification. Fairtrade is an independent product labeling system that provides conditions for growers and employees in emerging markets to improve their working and living conditions. Zinzino is also a member of the Fair Trade Federation in Scandinavia.

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

OUR ENVIRONMENT – TRANSPORT AND RECYCLING

Every month, we send around 30,000 packages throughout Europe. Therefore, we use the services of Posten and Bring for our deliveries. They are the Nordic region's largest logistics and postal providers and are actively working to reduce environmental impact, discharges and emissions.

We are especially proud of our improved environmentally-friendly coffee pods. The use of coffee pods has increased exponentially since coffee makers for home use have increasingly become more and more common. In most cases, the pods are made of metal or plastic – materials that burden the environment. Even if our pods previously consisted of an environmentally sound pod that could be composted, a plastic part that had to be sorted still remained.

We fulfill our responsibility as producers of electronics for the collection of worn-out products being affiliated with Elkreetsen in Sweden, Elreturen in Norway and Denmark and Elker in Finland.



Sponsorship

BALANCE AT THE ELITE LEVEL

INTERVIEW WITH BUSINESS DEVELOPMENT MANAGER - JAKOB SPIJKER

What is cooperation with the sports clubs like?

“Zinzino will sign an agreement with respective club. Then we will inform players, coaches and doctors about the benefits of Zinzino’s Balance products. During our first meeting, players will be able to try out our Balance products and take the first Balance Test. The test will determine their Omega 6:3 ratio and after 120 days, the second test will be taken. The test results will be analyzed and presented to the club.”

“This will give Zinzino a unique opportunity to market and test Balance products at the elite level in sports world. It will also provide us and our partners with positive PR, which in turn will lead to higher sales.

What will Zinzino get in return as a result of this cooperation?

“Zinzino will have arena advertising, exposure on clubs websites and in several cases even exposure on club uniforms. In addition, we will get tickets to each team’s home games. We will out these tickets at the disposal of our Partners so that they can attend these events - hopefully together with prospective customers. We will also be allowed to use the test results internally and externally. Since we always obtain radically improved test values, this is a very important credibility factor for us, our Partners and our customers.



“I have positive experiences of fish oil from Zinzino. I speak as a consumer and prescriber...”

Team doctor - SC Heerenveen

(“My experience with the fish oil from Zinzino is positive. In talk as a user and as a prescriber...”)

CLUBS WITH AN AGREEMENT WITH ZINZINO

SC Heerenveen

Football Club - Netherlands



Legia Warszawa

Football Club - Poland



BC Neptūnas

Basketball Club Lithuania



Lillestrøm SK

Football Club - Norway



Sandefjord SK

Football Club - Norway



FC Levadia

Fotbollsklubb - Estland





WHAT IS DIRECT SELLING?

FACE-TO-FACE MEETINGS – THE ESSENCE OF DIRECT TRADE

A face-to-face meeting is created through direct sales that differs from the more traditional outlets such as shops. Perhaps the most common way to conduct direct trade is through the so-called home party. At a home party, the seller invites the potential customer to a taste test and display of products or visits the customer in his/her home. The personal relationship runs like a red thread, from the meeting with the customer to the personal follow-up and contact with the company.

At Zinzino, sales people are called “independent partners”. A partner can choose to only work with recommending products to customers. Zinzino have a pronounced vision accentuating a focus on the customer. If a partner so wishes, he or she may also choose to join with other independent partners to build up a network of sales representatives. Zinzino strives for a long-term cooperation with its partners. By offering a business model that can be changed at the various stages of life, the company can become a lifelong sodality.

As a partner in Zinzino, you choose your own working hours and level of intensity. Direct selling attracts people with a variety of lifestyles and backgrounds. It provides dynamic and exciting encounters across borders.

The independent partner has access to an established brand, a system of training and marketing, as well as access to exclusive and well-developed products of very high quality, without having to buy large stocks.

The partner’s own customers and personal network constitutes the basis of the partner’s business. As a company, Zinzino stands behind its independent partners and will support their business activities in the future. Zinzino will provide the tools and prerequisites for independent partners to create their own success according to personal ambitions, lifestyle and goals. There are no limits to what is possible!

ZINZINO - PROUD MEMBERS OF THE SWEDISH ASSOCIATION OF DIRECT SELLING COMPANIES

Zinzino is a member of the Swedish Association of Direct Selling Companies and has worked actively for an open and honest direct selling industry for many years. Zinzino holds a membership in the national direct selling associations in Sweden, Norway, Finland, Denmark, Estonia, Latvia, Lithuania and the Netherlands. Zinzino will apply to the direct selling associations in all new markets that are being opened and are today trial members in the USA, Germany and Poland.

Membership in the Swedish Association of Direct Selling Companies is a seal of approval for Zinzino as a company. The primary task of the Swedish Association of Direct Selling Companies is to protect the consumer, to promote good business practices, and to foster a good reputation for direct selling as a distribution medium and for its practitioners. They should also work to promote awareness and application of the industry’s code of ethics, and to ensure that sellers and distributors are well trained. The Swedish Association of Direct Selling Companies is the consultative body for all legislation that affects direct selling.

“Membership in the Swedish Association of Direct Selling Companies is a seal of approval for Zinzino as a company.”

DIRECT SELLING ACCOUNTS FOR BILLIONS IN SALES

The direct selling industry is strong in both Sweden and around the world. The Swedish Association of Direct Selling Companies is a member of the FEDSA (Federation of European Direct Selling Associations). FEDSA represents 25 European national direct selling associations and – directly or indirectly – through its associated corporate members, more than 1,000 direct selling companies with a total annual turnover of more than EUR 20 billion and with more than seven million direct sellers. Of these, nearly six million are women. The turnover in the global industry in 2014 was as much as USD 182,823 million with almost 100 million active direct sellers.





BOARD OF DIRECTORS



HANS JACOBSSON
CHAIRMAN
Born: 1967

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

Has extensive experience in acquisitions and divestments, stock exchange listings and structural transactions. In addition, he has extensive expertise in food and consumer products.

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

Number of shares: 471,215 Class B shares



STAFFAN HILLBERG
MEMBER
Born: 1964

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

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

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

Number of shares: 251,414 Class B shares



CECILIA HALLDNER
MEMBER
Born: 1951

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

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

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

Number of shares: 45,000 Class B shares



PIERRE MÅRTENSSON
MEMBER
Born: 1972

Pierre Mårtensson is an MBA from the BI Norwegian Business School and has a extensive experience from having worked internationally in global companies. Pierre Mårtensson came to us from Eniro Norway and has previously worked in the Oriflame Group as CEO for the Chinese market with responsibility for 17 offices. He has also been CEO of Lux Singapore and South Africa and, prior to that, Pierre worked three years for Zonavi AS, the interactive business unit for TV within Telenor AS, and two years of management consulting industry.

Number of shares: 0
+100,000 warrants

MANAGEMENT GROUP



DAG BERGHEIM PETERSEN
CEO
Born: 1970

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

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



LARS DAHLBERG
CMO / CIO
Born: 1967

Lars Dahlberg has 20 years of experience in the direct sales industry as a partner in the field and in international management functions. Clients have been American, European and Chinese companies. His experience and knowledge of the industry is a major asset for the future development of Zinzino.

STOCKS: 36,082 Class B shares



HENRIK SCHULTZ
PRODUCT MANAGER
Born: 1961

Henry Schultz has worked in senior positions for international and commercial companies for a long time. Essentially, he is an MBA and has held positions such as sales manager, marketing director and CEO. Zinzino hired Henry in 2007 and was last employed at Libro Gruppen AB.

STOCKS: 55,000 Class B shares



HELENA BYSTRÖM
LOGISTICS MANAGER
Born: 1975

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

NUMBER OF SHARES: 5,000 Class B shares



MICHAEL PERRY
COO USA
Born: 1953

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

NUMBER OF SHARES: 0 + 100,000 warrants



LINDA SAGA
R&D DIRECTOR
Born: 1984

Linda Saga has a PhD in Food Science with main focus on Omega-3 fatty acids, and has worked with developing the Balance Health Concept. She is currently working with product development and research on Zinzino's health products. An employee of BioActive Foods since 2012.

NUMBER OF SHARES: 142,552



FREDRIK NIELSEN
CFO
BORN: 1977

Fredrik Nielsen holds an MBA and has vast experience in senior positions in the financial management sector. Employed at Zinzino in 2009; before that he was CFO for Gymnasium AB.

NUMBER OF SHARES: 45,000 Class B shares



JAKOB SPIJKER
BUSINESS DEVELOPMENT / CCO
BORN: 1968

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

NUMBER OF SHARES: 15,000 Class B shares



ERLEND STRØMNES
MD FAUN
BORN: 1970

Erlend Strømnes holds a Bachelor's degree in Mechatronics and a Master's degree in International Management. He has experience in business development, marketing and sales. Some of Erlend's earlier assignments include senior positions and directorships in a number of companies, most recently Otrum AS and Jacobsen Electro AS. Erlend was hired as Executive Manager of Faun Pharma in June 2015.

NUMBER OF SHARES: 15,000 Class B shares

FINANCIAL INFORMATION



CORPORATE GOVERNANCE REPORT

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

Zinzino AB is a Swedish public limited liability company listed on Nasdaq OMX First North in Stockholm. Zinzino AB hereby submits its corporate governance report for 2015.

CODE OF CONDUCT

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

EXTERNAL REGULATIONS

- ▶ Swedish Companies Act
- ▶ Swedish and International Accounting Law
- ▶ Nasdaq OMX First North's Rules for Issuers
- ▶ Statements by the Swedish Securities Council

INTERNAL REGULATIONS

- ▶ Articles of Association
- ▶ Rules of Procedure for the Board of Directors
- ▶ Terms of reference issued by the Board to the CEO
- ▶ Authorization rules

DIVISION OF RESPONSIBILITY

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

SHAREHOLDERS

Zinzino AB was listed on Nasdaq OMX First North on December 11, 2014. This meant a listing change from Aktietorget where Zinzino AB had been listed for trade since 2010. There are 30,900,025 shares in total, of which 5,113,392 are Class A shares (1 vote) and 25,786,633 Class B shares. At year-end, the company had 1,746 shareholders, excluding foreign custodial account customers. The largest shareholder was Örjan Saele with company and family with 48.65% of the votes and 30.13% of the capital, and Peter Sörensen with company with 25.93% of the votes and 11.82% of the capital. Information to the shareholders is available on Zinzino's website: www.zinzino.se.

ARTICLES OF ASSOCIATION

The company's Articles of Association describe the company's business, the number of Board members and auditors, how the AGM should be convened, handling of AGM agenda items and where the AGM will be held. The Articles of Association contain no limitations as to how many votes each shareholder can exercise at an AGM. The currently applicable Articles of Association, which were adopted by the AGM on May 9, 2011, are available at the company website: www.zinzino.se.

ANNUAL GENERAL MEETING

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

2015 ANNUAL GENERAL MEETING

The AGM in 2015 was held on May 8. It was attended by shareholders, personally or by proxy, representing 27% of the votes and 9% of the capital. Hans Jacobsson was elected to chair the Meeting. Some of the resolutions the AGM passed were as follows:

- That the directors' fees for the period up to the next AGM in accordance with the draft decision would be SEK 172,000 for the Chairman and SEK 98,000 to each of the other Board members appointed by the Meeting.
- The Annual General Meeting resolved on the re-election of Board members Staffan Hillberg and Cecilia Halldner and Pierre Mårtensson was elected as a new Board member. Hans Jacobsson was re-elected as the Chairman of the Board.
- The meeting decided to appoint Örjan Saele, Peter Sörensen and Hans Jakobsson (Convener) for the Nominations Committee up to the time of the next AGM. General meeting also decided to give the newly elected Election Committee an instruction in accordance with the Board's proposal for terms of reference for its work during the next mandate period.
- The AGM resolved in accordance with the Board proposal to issue 600,000 warrants. The right to subscribe for new warrants, by way of derogation from the shareholders' preferential rights, went solely to Zinzino Nordic AB, which in turn received the right to assign the warrants to senior executives in the company.
- In accordance with the Board proposal to authorize the Board for the period until the next AGM, the AGM resolved to decide on rights issues of Class B shares, convertibles and/or warrants on one or more occasions. The Board may make decisions regarding a rights issue with or without provisions for offsetting or other terms.
- The Board also received authorization at the AGM to make decisions during the period up to the next AGM, in one or more instances, regarding a new issue of Class B shares, convertible bonds and/or warrants with derogation from the shareholders' right of priority with or without provisions regarding a non-cash issue and/or offsetting or other conditions under market conditions. The Board may not, however, make decisions resulting in the addition of more than 3,000,000 Class B shares.

2016 ANNUAL GENERAL MEETING

The Annual General Meeting of Zinzino AB (publ) will be held on at 12:30 p.m. on May 20 in the company's premises at Hulda Lindgrens gata 8 in Gothenburg. For further information regarding the 2016 Annual General Meeting, please refer to the company website www.zinzino.se

NOMINATIONS COMMITTEE

The Nominations Committee of Zinzino has the task of presenting proposals on the number of Board members, the election of Board members including the Chairman of the Board, remuneration of Board members, the process for the appointment of a new Nominations Committee and otherwise adhere to what is applicable in the Swedish Code of Corporate Governance. The Nominations Committee shall be appointed by the AGM and shall appoint a chairperson for the committee from within its ranks. The Nominations Committee for the 2016 AGM consists of committee chairman Örjan Saele with a total of 48.65% of the votes (including related parties) and Peter Sörensen with related parties with 25.42% of the votes and Hans Jacobsson, Chairman of the Board of Zinzino AB and convener of the Nomination Committee with a private holding (including related parties) of 0.56% of the votes. The Nominations Committee represents a participating interest which, at year-end, amounted to 75.14% of the votes in the company. The duties of the Nominations Committee include:

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

The Nominations Committee has held 4 meetings and a number of E-mail and phone contacts. The Nominations Committee's complete proposal and justifications for the 2016 AGM will be presented on the company website www.zinzino.se well in advance of the AGM. Shareholders who want to present proposals to the Nominations Committee can do so via E-mail to aktier@zinzino.com or via mail to the company's head office. In order for the Nominations Committee to have the opportunity of taking submitted viewpoints into consideration in its proposals to the AGM, the proposals to the Nominations Committee must be submitted no later than one month before the AGM.

BOARD OF DIRECTORS AND ITS WORK

The Board of Directors is responsible for Zinzino AB's organization and management. The Board of Directors should provide effective support for and control of the work of management. The Board of Directors has adopted rules of procedure that contain rules and guidelines for its work. The rules of procedure regulate the number of ordinary Board meetings, what matters will be addressed at ordinary Board meetings and the obligations of the Chairman of the Board. The members of the Board are elected annually by the AGM for the period until the next ordinary AGM has been held. Zinzino AB's Board consists of three members elected by the AGM without deputy members. The CEO is not a member of the Board. Cecilia Halldner was first elected into Zinzino Nordic AB in 2006, i.e. before the acquisition of the company from Zinzino AB. She became a Board member in Zinzino AB in connection with its founding in 2007. Hans Jacobsson and Staffan Hillberg have also been on the Board of Zinzino AB since the company was founded. At the 2015 AGM, Board members Staffan Hillberg and Cecilia Halldner were re-elected and Pierre Mårtensson was elected as a new Board member. Hans Jacobsson was re-elected as the Chairman of the Board. The Board of Directors is

presented in more detail on page 29. The Group's CEO, Dag Bergheim Pettersen, participates as the rapporteur in all Board meetings. The same applies for Group CFO, Fredrik Nielsen. Overtime, other officials in the Group participate in the Board meetings as rapporteurs in specific issues.

THE BOARD'S INDEPENDENCE RELATIVE TO THE COMPANY AND ITS MANAGEMENT

The Swedish Code of Corporate Governance states that the majority of the members of the Management Board should be independent in relation to the company and its management. To determine a member's independence, an overall assessment must be made of all circumstances that may give rise to bringing the member's independence into question with respect to the company and management, during which the following facts should be taken into account in the assessment:

- if the member is the CEO or has been the CEO of the company or related company during the past five years,
- if the member is employed or has been employed in the company or a related company during the past five years,
- if the member receives significant remuneration for advice or services in addition to Board assignments from the company or a related company or from a person in company management,
- if the member has or during the past year has had extensive business ties or other extensive financial dealings with the company or a related company as a customer, supplier or partner, either personally or by belonging to the management or the Board of Directors or by being a major part-owner in another company having such a business relationship with the company
- if the member is or during the last three years has been a part-owner in, or as an employee has participated in the audit of the company at the company's or related company's present or former auditor, both the CEO and Executive Chairman may thus not be included in the Board of Directors if the latter is also included in the company's management. However, a Board member may be employed and receive a salary from the company without being considered as part of the company's management. Examples of such a Board member can be an Honorary Chairman or a Board member acting as an "ambassador" for the company or having a similar assignment.
- if the member belongs to senior management in another company, if a member of the Board of Directors of this company belongs to the senior management of the company, or if the member is in a close family relationship with an individual in company management or any other person mentioned in the above paragraphs, if this individual's direct or indirect dealings with the company are of such a scale and significance that they justify that the board member should not be regarded as independent.

With related companies we mean companies in which the company directly or indirectly owns at least 10 percent of the shares or votes or a financial share giving the right to at least 10 percent of the proceeds. If the company owns more than 50 percent of the stocks or shares or votes in another company, the company is considered to indirectly own the latter company's holding in other companies.

At least two of the board members who are independent in relation to the company and company management must also be independent in relation to the company's major shareholders.

In order to determine a member's independence, the extent of the board member's direct or indirect relationships with the major owner will be taken into consideration in the assessment. A board member who is an employee or a board member of a company that is a major owner should not be regarded as being independent.

A major shareholder refers to an owner who directly or indirectly controls ten percent or more of the shares or votes in the company. If a company owns more than 50 percent of the stocks or shares or votes in another company, the first-mentioned company shall be considered to indirectly control the latter company's holding in other companies.

In Zinzino, the number of board members elected at the AMG who are independent in relationship to the company amounts to 100% of the members. The number of AGM-elected Board members who are independent relative to the company's major shareholders is also 100%. The Nominations Committee has the task of proposing additional board members so that the company continues to comply with the Swedish Code of Corporate Governance for listed companies.

BOARD MEETINGS

In 2015, the Board of Directors held seven recorded meetings, of which one was by phone and one was by a meeting by correspondence. During the year, the Board of Directors devoted special attention to strategic, financial issues and issues concerning acquisitions, internal control and major investments. The Board has always been fully represented.

INFORMATION TO THE BOARD

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

INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors uses formal rules of procedure and instructions for its work and the work of the CEO with the aim of achieving an effective management of the operation's risks. The responsibility for maintaining an effective control environment and internal control with respect to financial reporting is delegated to the CEO. For external communication, there are guidelines that ensure that correct information is distributed to the market. In connection with the release of reports, the Board always meets via a regular Board meeting or via the phone and formally approves the report proposal that management has prepared prior to publication.

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

EXECUTIVE MANAGEMENT

The Group Executive Committee is headed by the Chief Executive Officer (CEO) and consists of eight executives. Information about the Group's executive management can be found on page 30 in this Annual Report.

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer (CEO) is responsible for the daily management of the company and the Group is managed in accordance with the Board's guidelines and instructions. The CEO leads the Group's work and makes decisions in consultation with the rest of management.

REMUNERATION

Board fees are determined by the Annual General Meeting. A Remuneration Committee appointed from within the Board shall prepare guidelines for salaries and other terms of employment for the CEO and other senior executives and submit proposals to the Board for decisions in such matters. The Board of Directors decides on the salary and other benefits for the CEO. The CEO decides on salaries and other benefits for other senior executives in accordance with the Board's guidelines. Other senior executives are six individuals who together with the CEO make up Group management. Zinzino AB shall offer market-based and competitive terms with the aim of making it possible to attract and retain skilled senior executives. The compensation comprises a fixed base salary, variable remuneration calculated according to targets set in advance, other benefits, pension and financial instruments in the form of warrants. The distribution between fixed and variable remuneration should be in proportion to the responsibilities and powers of the executive. For the CEO and other senior executives, the variable compensation will amount to a maximum of 50% (CEO) and 8.3% (other Group management) of fixed salary. Pension conditions shall be defined contribution arrangements. The period of notice on the part of the company shall not exceed six months. During the period of notice of a maximum of six months, full salary and employment benefits will be paid. Decisions regarding share-based and share price-related incentive programs are made by the AGM. In individual cases and if special reason exists, the Board may deviate from the aforementioned guidelines.

AUDIT

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

INTERNAL AUDIT

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

INVESTOR RELATIONS

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

& OWNERSHIP STOCK DEVELOPMENT

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

At the balance sheet date, the share price was SEK 24.10 signifying a market value of SEK 744.7 million for Zinzino AB on December 31, 2015.

In 2015, a total of 5,478,419 (6,166,150) shares were traded, distributed over 8,162 (8,141) transactions. At year-end, the company had 1,746 (1,585) shareholders, excluding foreign custodial account customers.

SHARE CAPITAL

As of December 31, 2015, the share capital is distributed between 30,900,025 shares, of which 5,113,392 are Class A shares (1 vote per share) and 25,786,633 Calls B shares (0.1 vote per share). The share's quota value is SEK 0.10. The company's Class B share is traded on Nasdaq OMX First North, with ISIN code SE0002480442.

Largest shareholdings as of December 31, 2015

Owner	Number of Class A shares	Number of Class B shares	Total number of shares	Percentage of votes	Percentage of capital
Örjan Saele via company and family	3,123,397	6,186,671	9,310,068	49.65%	31.82%
Peter Sörensen via company	1,809,995	1,843,194	3,653,189	26.64%	12.98%
Other shareholders	180,000	17,756,768	17,936,768	23.71%	55.20%
Total	5,113,392	25,786,633	30,900,025	100%	100%

MOVEMENT IN MARKET PRICES SINCE START OF TRADING (SEK) COMPARED TO INDEX



COURSE DEVELOPMENT IN 2015 AT ZINZINO B (SEK)



In 2015, a total of 5,478,419 (6,166,150) shares have been during 8,612 (8,141) transaction.

The first trade of the year ended up at SEK 18.50 and the year's last trade reached SEK 24.10. The year's top price was on August 21, 2015 with a transaction at SEK 33.40. The lowest quotation was SEK 15.40 that was reached on May 6, 2015.

OPTIONS SCHEME

As of December 31, 2015, Zinzino had three outstanding options schemes:

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

Between August 1, 2012 and November 1, 2016, holders of call options according to the aforementioned issue are entitled to make cash purchases for new shares, each share with a quota value of SEK 0.10 according to a subscription price of SEK 2 per share. As of December 31, 2015, 420,000 warrants had been used share subscription.

The Annual General Meeting on May 16, 2014, resolved to issue a maximum of 600,000 warrants. The right to exercise the subscription warrants, by way of derogation from shareholders' preferential rights, was only given to Zinzino's subsidiary, Zinzino Nordic AB (Corp. ID No. 556646-5893). Zinzino Nordic AB is entitled to transfer the subscription warrants to senior executives at Zinzino. The reason for derogation from the shareholders' preferential right is to create incentives for Zinzino's senior executives, primarily in the USA but also to a certain extent in Europe, to promote the positive development of Zinzino. All warrants have been subscribed to. Each warrant gives the holder the right to subscribe to a new Class B share in the Company, each with a quota value of SEK 0.10 per share at a subscription price of SEK 16 per share. Share subscription is available until May 31, 2019. As of 31 December 2015, none of the warrants had been used to subscribe to shares.

The Annual General Meeting on May 8, 2015, also resolved to issue a maximum of 600,000 warrants. The right to exercise the subscription warrants, by way of derogation from shareholders' preferential rights, was only given to Zinzino's subsidiary, Zinzino Nordic AB (Corp. ID No. 556646-5893). Zinzino Nordic AB is entitled to transfer the subscription warrants to senior executives at Zinzino. The reason for derogation from the shareholders' preferential right is to create incentives for Zinzino's senior executives, primarily in the USA but also to a certain extent in Europe, to promote the positive development of Zinzino. All warrants have been subscribed to. Each warrant gives the holder the right to subscribe to a new Class B share in the Company, each with a quota value of SEK 0.10 per share at a subscription price of SEK 26 per share. Share subscription is available until May 31, 2020. As of 31 December 2015, none of the warrants had been used to subscribe to shares.

If all the warrants are used for the new subscription of 2,880,000 shares, dilution of the share capital will amount to approximately 9%.

DIVIDEND POLICY AND PROPOSED DIVIDEND

Zinzino's dividend policy states that 30% of the net profit shall be paid to the shareholders as dividends as long as the equity/assets ratio and liquidity permit this. For 2015, net profit amounted to SEK 9.7 million. The result has been debited with tax expenses that do not affect liquidity amounting to SEK 7.3 million. The Board of Directors proposes that the AGM approve a dividend of SEK 0.25 per issued share for the 2015 financial year. In total, the proposal is that SEK 7.7 million be paid to the shareholders, corresponding to 45% of adjusted net profit as per the above.

REPORTED HOLDINGS OF INSIDERS AT YEAR-END:

Name	Position	Share	Share	2014	2013
Örjan Saele	Others with inside holdings	ZZA	3,123,397	3,123,397	4,123,391
Örjan Saele		ZZB	6,186,671	6,266,328	4,712,761
Peter Sörensen	Others with inside holdings	ZZA	1,809,995	1,809,995	1,809,995
Peter Sörensen		ZZB	1,843,194	1,766,755	2,019,805
Hans Jacobsson	Chairman	ZZB	431,215	414,215	424,215
Hans Jacobsson		ZZ TO	45,000	45,000	45,000
Cecilia Halldner	Board Member	ZZB	45,000	45,000	30,000
Staffan Hillberg	Board Member	ZZB	206,414	238,983	234,656
Staffan Hillberg		ZZ TO	45,000	45,000	45,000
Pierre Mårtensson	Board Member	ZZB	0	0	0
Dag Pettersen	Managing Director	ZZB	180,000	180,000	180,000
Dag Pettersen		ZZ TO	1,460,000	1,460,000	1,460,000
Carin Andersson	Management	ZZB	36,082	36,082	21,082
Fredrik Nielsen	Management	ZZB	15,000	15,000	0
Fredrik Nielsen		ZZ TO	30,000	30,000	30,000
Helena Byström	Management	ZZ B	15,000	15,000	0
Jakob Spijker	Management	ZZ B	15,000	15,000	0
Lina Rydh	Management	ZZ B	5,000	5,000	0
Mikaela Wahlbro	Management	ZZ B	15,000	15,000	0

CHANGES IN SHARE CAPITAL AND INSIDER'S HOLDING AFTER THE END OF THE YEAR

In April 2016, 150,000 Class B shares were subscribed to for warrants issued in 2012. At the time of the publication of this report, these were not yet registered with Swedish Companies Registration Office. Among the people who have exercised their subscription right in the ongoing issue process Hans Jakobsson (45,000 Class B shares), Staffan Hillberg (45,000 Class B shares) and Fredrik Nielsen (30,000 Class B shares).

In the spring of 2016 up to the date of the publication of the report, there have only been marginal other changes in the holdings of insiders where Örjan Saele, Peter Sörensen and Hans Jakobsson have carried out transactions. For current insider register, please refer to <http://ca.penser.se/bolag/zinzino/insynshandel>.

DIRECTORS' REPORT

The Board of Directors and CEO of Zinzino AB, 556733-1045, hereby submit this Annual Report and consolidated financial statements for the fiscal year January 1, 2013 to December 31, 2013.

OWNERSHIP AND HISTORY

Company operations were commenced in the fall of 2007. The principal activity of the company is to own and develop companies within direct marketing and related business activities.

Zinzino Nordic AB was acquired in 2009 through not only a directed issue for non cash consideration to shareholders in Zinzino Nordic AB but also through a subscription of shares in the preferential rights issue Zinzino Nordic AB conducted in December 2009. This gave Zinzino AB control over 97% of the votes and 92% of the capital in Zinzino Nordic AB. As of December 31, 2015, ownership in Zinzino Nordic AB totalled 93% of the capital and 97% of the votes.

In addition to Zinzino Nordic AB, the following wholly-owned companies are part of the Group: Zinzino OÜ in Estonia, Zinzino UAB in Lithuania, SIA Zinzino in Latvia, Zinzino Ehf in Iceland, Zinzino LLC in Jupiter, Florida, USA, Zinzino Sp. z o.o in Poland, Zinzino BV in the Netherlands, the Norwegian research company, Bioactive Foods AS and the new company, Zinzino Canada Corp. in Canada that was newly started in 2015..

In addition, an additional 13.8% of the share capital was acquired in the Norwegian production company, Faun Pharma AS; thus Zinzino AB's ownership share in the company was subsequently 98.8%.

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

INFORMATION REGARDING GROUP OPERATIONS

Revenues

Total revenues for the fiscal year amounted to SEK 443.8 million (357.7), equivalent to a sales growth of 24%. Profit after financial items amounted to 17.6 (18.4) million, which was a decline in earnings of 4% compared to the previous year.

Net sales amounted to SEK 388.7 (318.8) million and were mainly spread over the two product lines, Zinzino Food and Zinzino Coffee. In 2015, sales of Zinzino Coffee amounted to SEK 88.0 (119.6) million and sales of Zinzino Health to SEK 265.5 (193.4) million. Faun Pharma AS's sales and other revenues amounted to SEK 35.2 (5.8) million.

The geographic distribution of sales in 2015 is as follows: Norway 23%, Finland 14%, Denmark 14%, the Baltic States 14%, Sweden 13%, Iceland 9%, United States 4% and the Netherlands, Poland and Canada together 1%. In addition to this were added including Faun Pharma AS external sales which accounted for 8% of the Group's total sales.

The sales increase per market in 2015 compared to previous year: Sweden 53%, United States 34%, Denmark 33%, Finland 15%, Norway 10%, the Baltic States-6% and Iceland-6%.

The market analysis shows that Norway continues to be the strongest market, with total revenues of SEK 101.6 (92.9) million. Finland and Denmark are other strong markets with total revenues of SEK 63.1 (54.7) million and SEK 62.6 (47.1) million. In Sweden, the total turnover was SEK 44.7 (34.9) million, which is the result of good growth during the year. Even the United States is experiencing a strong period of growth and has grown to SEK 17.6 (13.1) million. The situation is worse for the Baltic States which have demonstrated a weak negative growth in 2015. Estonia contributed SEK 35.7 (38.0) million in total revenues, Latvia 12.8 (12.0) million and Lithuania with 13.7 (15,3) million. Even the Icelandic market showed negative growth, and total revenues there amounted to SEK 40.0 (42.5) million.

In the new markets, total revenues in the Netherlands amounted to SEK 2.8 (0.4) million, in Poland SEK 1,2 (0.3) million and in Canada SEK 0.3 million. In 2015, Faun Pharma sales amounted to SEK 35.2 million. Zinzino Nordic's total revenues, primarily derived from the annual event for the sellers and foreign exchange gains totalled SEK 12.2 (2.4) million.

Expenses and performance

Gross profit for the year amounted to SEK 149.3 (102.4) million resulting in gross profit margin of 33.6% (28.6%). For a number of years, Zinzino has lowered costs of goods sold to increase gross profit. By lowering the cost of goods sold, it has also been possible to increase the level of compensation to the independent sellers. This has led to Zinzino becoming an attractive and competitive alternative within the direct selling sector and has thus been able to employ new talented salespeople within the organization.

External operating expenses increased to SEK 65.8 (50.2) million and internal costs to SEK 49.0 (30.9) million. Expenses have increased through the expansion of the group with its subsidiaries, Faun Pharma AS and BioActive Foods AS, and a larger organization to cope with increased sales. In the second half of 2015, Zinzino implemented the previously described business system change which has resulted in higher level of costs both internally and externally.

EBITDA amounted to SEK 25.6 (21.4) million and the EBITDA margin to 5.8% (6.0%), which is marginally lower than last year and a result of the rising costs during the second half of the year.

Operating profit amounted to SEK 18.5 (18.6) million and the operating margin to 4.2% (5.2%). Depreciation and amortization totaling SEK 7.1 (2.8) million, of which SEK 5.1 (0.5) million was related to amortization of Goodwill, was charged to the operating profit.

SIGNIFICANT EVENTS DURING THE YEAR

Acquisition of an additional 13.8% of the share capital in Faun Pharma AS

In March, Zinzino AB acquired an additional 13.8% of the share capital in Faun Pharma AS and its shareholding then amounted to 98.8% of the total share capital. Through this transaction, Zinzino secured full control of production in the company and self-driven research, ensuring continued growth and product range.

Self-driven product development resulted in the launch of several new products

Through the acquisitions of the research company, Bioactive Foods AS and the production company, Faun Pharma AS, Zinzino gained access to an effective self-driven product development which has generated several new product launches in 2015:

- Zinzino Protect that interacts with the body's own systems to boost the immune system.
- LeanShake that serves as a useful meal replacement or nutritional supplement before or after exercise. This product is rich in protein, essential amino acids and dietary fiber and is available in chocolate and red berry flavors.
- ZinoBiotic is a fiber supplement that actively contributes to a good digestive process and a good bacterial flora in the stomach.

Development of Zinzino Health with new test site and new concept

During the year, Zinzino changed its name from Zinzino Food to Zinzino Health, a result of the launch of the new products and focus on offering customers products that contribute to achieving a healthier lifestyle.

Zinzino Health Challenge was a natural next step in line with the Group's vision "Inspire Change in Life". The concept also provided an additional dimension to the Zinzino Health product line. Briefly speaking, the concept is based on obtaining a healthier lifestyle by changing one's habits, exercising more and getting the body in balance between Omega3/Omega6 through BalanceOil, and boosting the immune system with Zinzino Protect and Zinzino Xtend. Add LeanShake if you need to lose weight and/or build muscle mass and for increased fiber intake and a better digestive process, add ZinoBiotic to your daily diet for faster results.

Customers who have taken the Zinzino BalanceTest will receive their results online via a website. During the fall, a new and improved website was launched for this purpose. This improvement has resulted in the becoming more informative, easier to handle and more visually appealing to visitors. One new function, for example, was customers can now more easily compare test results from their first BalanceTest with the results from their second BalanceTest (Zinzino recommends customers take a second BalanceTest after having used Zinzino's Balance products for 120 days) and thereby find it easier to understand their development. Another innovation is that it is easier to obtain several test results at the same time, which is valuable for example for sports clubs that use the products.

In the Zinzino Health product line, just as in previous years, BalanceOil is by far the best seller in most of Zinzino's markets. In summing up 2015, sales of the product line amount to SEK 263.0 (200.6) million, equivalent to 62% (37%) of total product sales.

Launch of Zinzino-branded coffee and new the innovative Oh'Eko espresso machine

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

Product line's main products are easy-to-handle, high quality espresso machines with the corresponding espresso pods. Together with the other Zinzino Coffee products, such as milk frothers and confectionery, customers can create a café experience right in their own kitchens.

In 2015, Zinzino has changed the product offering within Zinzino Coffee in order to simplify and refine the profile of what is being offered. During the year, the new innovative and energy-efficient Oh'Eko espresso machine has been launched. With the introduction of the new machine, other espresso machines have been removed from the product range. In addition to this, five kinds of coffee were launched under Zinzino's own brand: Zinzino Italian Espresso, Zinzino Columbian Espresso, Zinzino Fairtrade Espresso, Zinzino Brazilian Espresso and Zinzino French Espresso. This launch gave Zinzino much clearer control of the product line and a more attractive product for the sales corps and end customer.

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

In 2015, the trend of reduced sales has continued, which is not satisfactory. In 2015, sales of Zinzino Coffee amount to SEK 88.0 (119.6) million. This is equivalent to a 26% decrease in sales. The best selling products are Rombouts Ristretto, La Grande Reserverva and Ethiopia. The launch of the new espresso machine and Zinzino's own coffees gave a much-needed addition to the product line. The new products are expected to generate increased sales and profitability for Zinzino Coffee in 2016.

Business system replacement in the fall slows growth

During the third quarter, Zinzino implemented an extensive replacement of a business system. The decision to replace the business system for a more industry-specific system has been a part of the strategy to meet the growing sales and globalization of Zinzino. The replacement of business system was necessary involving a challenging process that significantly affected operations during the quarter. Despite thorough preparations, system replacement adversely affected sales both during the third and fourth quarters. In all, it is estimated that the company lost about SEK 30 million in revenue and that at the same time, EBITDA decreased by SEK10 million.

From a long term perspective, the company sees enormous benefits of the investment in the new system and views it as an necessary and important investment for the future. During Q1 in spring 2016, the company sees great advantages with the system replacement and growth in sales has begun to pick up again.

Continued streamlining of logistics through the implementation of "Pick to Light"

In 2013, Zinzino moved its entire warehouse operations to Katoen Natie, a global logistics provider with facilities in Europe, the Far East, North and South America and Africa. The facilities that currently handle Zinzino's products are located in Trollhättan, Sweden and in Norfolk, USA. The relocation of Zinzino's warehouse operations, which include inbound deliveries, warehousing, order management, packing and outbound deliveries to Katoen Natie has created greater flexibility and efficiency. In 2015, together with the logistics supplier, Katoen Natie, Zinzino will invest in new equipment in order to be able to introduce a new set-up for the picking and packing of orders. This set-up is called "Pick to light" and has already been introduced at some of Katoen Natie's European facilities. This investment entails a more in-depth cooperation between Zinzino and Katoen Natie has resulted in further efficiency enhancements and cost rationalization of the handling process. As a result, Zinzino has been able to reduce its shipping costs in 2015 without affecting quality.

Establishment in Canada

Zinzino founded a subsidiary in Canada with sales starting in September. Initially Zinzino Health was launched on the market. As in earlier establishments, sales are via local sales companies, supported by customer support from Zinzino's American office in Jupiter, Florida. The establishment process was efficient with regard to resources and costs and was implemented in a very short period of time.

Bioactive Foods AS's 3-year research study completed

For 3 years, researchers at BioActive Foods AS have conducted studies with a research network from Europe financed by the EU regarding the balance between Omega-3 and Omega-6 in the body. The results from the study can be divided up into five parts: Knowledge about the market, upscaling of raw materials, product development, physical and mental effects when using the products and usability.

Continued customer focus

In 2015, the process of simplifying and improving things for Zinzino's customers continued and as a large part of this, the major business systems replacement was implemented as described above in the second half of the year. After initial disruptions, this has resulted in a significantly improved customer experience at logged-on pages the webshop compared to before. In addition, improvements have been made to the company's customer and sales support through competence development of staff, increased internal control and at the company's customer and sales support through development activities of the staff, increase internal control and additional strengthening of resources. This has resulted in a significantly increased level of service. New routines have also been introduced such as info sheets for customers included in packages and giveaways. All in all, this has generated more active customers and a reduction in the loss of customers. After this fall's effects of the replaced system, we are now beginning to see the effects of the improvements implemented during the year

SIGNIFICANT EVENTS AFTER END OF THE FISCAL YEAR

Successful sales start in Germany in February. Already in March, the total revenue for the German market amounted to SEK 0.8 million which was well above expectations and very interesting in terms of the potential that exists in a large, financially strong market with as many inhabitants as Germany has.

In the month of January, Faun Pharma AS was certified in accordance with ISO9001:2008, which is a recognition of quality that opens up new sales channels and ensures high quality in the goods produced.

BUSINESS MODEL AND MARKET STRATEGY

The core of Zinzino's operations is marketing and sales. The company's network of independent sales people and sales teams market Zinzino's products and services to consumers, while the Company's own marketing work focuses on developing and providing the sales personnel with the tools they need.

The marketing work primarily involves providing product information, campaign materials, basic training materials, and an efficient flow of information via the web, social media and E-mails. A major focus during the year has been on social media and Zinzino have moved forward in this area. Zinzino is active in the social media channels, Facebook, Instagram, LinkedIn and Twitter. The company has signifi-

cantly increased its presence in these channels in 2015 and plans to continue to increase its presence in social media in 2016. In addition to disseminating information and credibility, social media should function as a meeting point and inspiration for the independent sellers.

In addition to offering a digital marketplace, the company also organizes an annual event in Sweden for sellers worldwide. Here the focus is on motivation, training and networking.

The largest amount of information is available on the website, but subsequently limited to sellers who have logged on. Information here is updated on an ongoing basis regarding, for example, stock status of products, discount campaigns or new information material. The website does not provide the opportunity for interaction between independent sellers, but here the company also works with inspiration, in the form of "recognition", including, among other things, a monthly publication and recognition of sales performance.

Company management has a close dialogue with the so-called "Leader Council" made up of representatives from the sales network. It is greatly appreciated by both sides and time after time, the dialogue proves to be a recipe for success.

In 2015, internal product development has been prioritized within the company's strategy. Through the acquisition of Bioactive Foods AS and Faun Pharma, the company effectively bound up high competence within product development in the fields of functional food and health. This has meant that we can streamline internal product development and reduce dependency on the product development of suppliers. You can also control product development towards developing more attractive products for the company's dynamic sales force. This streamlining of product development started in 2015 by the launch of 5 new products and will continue in 2016 through the launch of several innovative products in the spring.

Organization and efficiency

During the year, Zinzino has worked on routines to continue dealing with increased sales in a stable and satisfactory manner. In addition to implementing the new ERP system that will provide major efficiency gains in the longer term, the organization also has been strengthened with additional resources in virtually all departments at head office in Gothenburg. In 2014, a local support office was opened in Helsinki, which, has been extended with two employees in 2015. At the beginning of 2016, even a local support office for Zinzino will be opened in Norway, located in the Faun Pharma premises in Vestby, 30 kilometers south of Oslo. This, because it is easier for Zinzino to recruit competent employees for the Norwegian market in the neighboring regions of Oslo.

FINANCIAL FORECAST FOR 2016

In 2016, our main focus will be on growth and increasing our customer base. Establishments in Germany (in February) and in the remaining countries in the EU where Zinzino is currently not established will be carried out. The Board forecasts that the total revenues for 2016 will amount to between SEK 470 million and SEK 520 million. Operating margin before depreciation and amortization as a percentage is estimated to be on par with last year's level.

Financial position

At the end of 2015/beginning of 2016, the Group had an equity of SEK 88.3 (86.3) million, cash and cash equivalents of SEK 26.9 (42.8) million and an equity/assets ratio of 56% (52%). Liquid assets decreased in

2015 as a result of the investment in the new IT system, the increase in capital tied up in inventory and reduced debt/equity ratio in the Group. The Board of Directors makes an assessment that cash and cash equivalents are at a satisfactory level and that the Group's positive cash flow from operating activities secures liquidity in the Group for the foreseeable future and also makes a dividend possible for the past financial year, conditional on decision by the AGM. Capital tied up in inventory increased to SEK 40.3 (30.8) million. This increase was due to the Group's higher sales, the relocation of the production of BalanceOil and BalanceShake from external parties to Faun Pharma AS and the company's stock-keeping for another external customer.

Depreciation and amortization

For 2015, total depreciation and amortization amounts to SEK 7,133 (2,821) thousand. SEK 1,033 (452) thousand to be allocated to tangible assets, SEK 990 (743) thousand to intangible assets, SEK 5,094 (492) thousand to goodwill and SEK 0 (1,134) to depreciation and amortization of IT systems.

RISKS AND EXTERNAL FACTORS AFFECTING GROWTH IN ZINZINO

The Board of Directors continuously discusses the external risks of Zinzino's expansion. The greatest risks remain in the organization's ability to manage costs during strong growth. In addition to this, the Board identifies the following risks:

Risks related to purchasing

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

Risks related to fluctuations in raw material prices

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

Risks related to suppliers

A large part of Zinzino's purchases are made from a few suppliers. The company is dependent on these suppliers and on the suppliers being able to produce goods at the rate necessitated by the company's sales. If the collaboration or rights were to cease as a result of this cooperation, without any option to replace the products affected at a reasonable cost, this could affect the company's sales and product range for some time. The company is also dependent on purchased products maintaining good quality. If suppliers do not live up to their commitments with respect to Zinzino, this can have major negative consequences for Zinzino for a certain period of time.

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

Risk related compliance and establishment in foreign markets

Becoming established in new countries and regions may involve risks that are difficult to predict. Monitoring and controlling compliance with local legislation, applicable local taxes, product registrations and consumer legislation in different countries is becoming more and more of a challenge for the company being controlled from its headquarters in Gothenburg. To prevent these risks, the company works continuously to monitor changes in local legislation in the various countries and engages in partnerships with local lawyers and consultants to always strive for 100% compliance with the local laws in all markets in which Zinzino is established today.

In addition to this, the possibility of finding the right partners for the business may affect activities. Since Zinzino's operations are already established in a number of foreign markets, Zinzino has created well-established procedures and strategies for getting successfully established overseas. Becoming established in new markets is via low-cost investments aimed at minimizing risk.

Risks related to IT

The replacement of the business system in 2015 demonstrated how exposed the company is to disturbances in IT operations and how important control of the many IT-intensive processes is. For this reason, the company has established its own IT Department and appointed an IT Manager during the year. Prioritizing IT resources during periods of high growth is a challenge for Zinzino, but Zinzino is working on optimizing and allocating resources in the best possible way. By having our own IT Department, development processes have been streamlined, something that is extremely important in connection with the expansion of operations and will also generate cost savings in the longer term.

Risks related to currencies

Zinzino's has its income in a number of different currencies, of which NOK and EUR, are the largest. At the same time, Zinzino most of its costs in SEK, NOK, EUR and USD with respect to operating costs and the purchase of goods. Consequently, Zinzino is exposed to currency risks when different currencies fluctuate. Zinzino does not hedge its foreign currency cash flow or use forward contracts, but instead actively works with foreign currency flow projections and foreign currency exchange at advantageous points in time. In addition, the number of different currencies on the income and cost side mean that fluctuations in the currency values cancel each other out and the currency risk is therefore lower.

Risks related to competitors

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

The Board of Directors, however, feel that current product Zinzino wheels with Zinzino Health and Zinzino Coffee in combination with high internal efficiency in developing new products is sufficient for Zinzino to continue being a competitive and attractive company. In order to ensure that Zinzino's partners and employees do not decide to join other direct sales companies instead of Zinzino, Zinzino is working on offering partial ownership/incentive programs and attractive compensation plans.

RESULTS AND FINANCIAL POSITION

Amounts in SEK thousand	Group		Parent Company	
	2015	2014	2015	2014
Net sales	388,692	318,762	3,160	0
Total revenues	443,836	357,730	3,431	0
Profit/loss after financial items	18,491	18,593	2,228	-2,299
Net profit	9,660	32,739	1,736	-2,291
Operating margin	4.17%	5.20%	64.97%	neg
Profit margin	2.17%	9.15%	50.60%	neg
Return on equity	10.93%	37.07%	3.72%	neg
Balance sheet total	158,837	165,633	83,580	82,241
Equity/assets ratio	56%	52%	56%	62%

DEFINITIONS OF KEY RATIOS:

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

PROPOSED APPROPRIATION OF PROFITS (SEK)

The Annual General Meeting has the following at its disposal:

Zinzino AB	SEK
Retained earnings	18,822,263
Profit for the year	1,735,984
SEK	20,558,247

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

Zinzino AB	SEK
SEK 0.25 per share distributed to the shareholders	7,725,006
Carry forward	12,833,241
Total	20,558,247

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 what is stated in Chapter 17 Section 3 § 2-3 of the Companies Act (prudence rule).

With regard to the company's reported results for accounts, status per the balance sheet date as well as financing and capital management during the year, please refer to the subsequent financial statements.

INCOME STATEMENT

CLASSIFIED BY NATURE OF EXPENSE	Note	Group		Parent Company	
		01/01/2015 12/31/2015	01/01/2014 12/31/2014	01/01/2015 12/31/2015	01/01/2014 12/31/2014
Amounts in SEK thousand					
Net sales	4, 5, 6	388,692	318,762	3,160	-
Other revenue	4, 7	55,144	38,968	271	-
Total income		443,836	357,730	3,431	0
Operating expenses					
Merchandise		-101,172	-91,077	-	-
Direct costs relating to goods sold		-193,396	-164,217	-	-
Other external expenses	8, 9	-65,802	-50,057	-1,187	-2,299
Personnel costs	10	-49,002	-30,844	-	-
Depreciation, amortization and impairment	12	-7,133	-2,821	-16	-
Other operating expenses	7	-8,840	-120	-	-
Total expenses		-425,345	-339,137	-1,203	-2,299
OPERATING PROFIT/LOSS		18,491	18,593	2,228	-2,299
Profit/loss from financial investments					
Interest income		49	149	1	7
Interest expenses		-985	-295	-1	-
Total financial items		-936	-146	0	7
PROFIT/LOSS AFTER FINANCIAL ITEMS		17,555	18,448	2,228	-2,291
PROFIT/LOSS BEFORE TAX		17,555	18,448	2,228	-2,291
Tax on profit/loss for the year	13	-7,895	14,291	-492	1,311
PROFIT/LOSS FOR THE YEAR		9,660	32,739	1,736	-980
Attributable to:					
Parent Company shareholders		8,195	29,942		
Minority interest		1,465	2,797		

BALANCE SHEET

Amounts in SEK thousand	Note	Group		Parent Company	
		12/31/2015	12/31/2014	12/31/2015	12/31/2014
ASSETS					
FIXED ASSETS					
Intangible assets	14				
Goodwill		43,456	50,650	-	-
Intangible assets		15,695	5,182	-	-
Total intangible assets		59,151	55,832	-	-
Property, plant and equipment					
Equipment, tools, fixtures and fittings	15	1,939	1,964	-	-
Total tangible assets		1,939	1,964	-	-
Financial assets					
Participations in subsidiaries	16	-	-	82,166	79,522
Deferred tax recoverables	17	7,882	14,570	819	1,311
Other investments held as fixed assets		-	-	-	-
Other long-term receivables		400	312	-	-
Total financial assets		8,282	14,882	82,985	80,833
TOTAL FIXED ASSETS		69,372	72,677	82,985	80,833
CURRENT ASSETS					
Inventories, etc					
Finished goods and merchandise		39,282	30,408	-	-
Advances to suppliers		1,007	351	-	-
Total inventories		40,289	30,759	-	-
Current receivables					
Accounts receivable		2,815	2,806	-	-
Other receivables		8,998	8,678	-	252
Prepaid expenses and accrued income	18	9,919	7,294	147	200
Tax recoverable		592	646	1	-
Total current receivables		22,324	19,425	148	452
Cash and bank balances		26,852	42,771	447	956
TOTAL CURRENT ASSETS		89,465	92,955	595	1,408
TOTAL ASSETS		158,837	165,633	83,580	82,241

BALANCE SHEET

Amounts in SEK thousand	Note	Group		Parent Company	
		12/31/2015	12/31/2014	12/31/2015	12/31/2014
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	3,090	2,951	3,090	2,951
Other contributed capital		25,243	33,935	49,238	56,406
Other equity including profit/loss for the year		54,351	45,343	-5,621	-7,357
Equity attributable to Parent Company shareholders		82,684	82,229	46,707	52,000
Minority interest		5,636	4,065	-	-
TOTAL EQUITY		88,320	86,294	46,707	52,000
LIABILITIES					
Long-term liabilities					
Long-term liabilities to Group companies		-	-	15,476	12,452
Other long-term liabilities		677	5,156	677	277
Total long-term liabilities		677	5,156	16,153	12,729
Current debt					
Bank overdraft facilities	20	214	-	-	-
Accounts payable		20,294	12,334	-	5
Liabilities to Group companies		-	-	20,466	7,010
Tax liability		136	152	-	-
Other liabilities	21	37,561	46,823	214	10,368
Accrued expenses and deferred income	22	11,635	14,874	40	129
Total current liabilities		69,840	74,183	20,720	17,512
TOTAL LIABILITIES		70,517	79,339	36,873	30,242
TOTAL EQUITY AND LIABILITIES		158,837	165,633	83,580	82,242
Pledged assets	23	9,681	6,649	NONE	NONE
Contingent liabilities		NONE	NONE	NONE	NONE

STATEMENT OF CHANGES IN EQUITY

GROUP'S EQUITY	Note	Share capital	Other contributed capital	Revaluation reserve	Acc. exch. rate diff.	Retained earnings, etc	Total	Minority interest	Total equity
Equity January 1, 2015		2,951	33,935	0	593	45,937	82,230	4,065	86,295
Profit for the year						8,195	8,195	1,465	9,660
Change in minority								106	106
Share subscription on warrants	18	139	636				775		775
Acquisition Faun Pharma AS	3		-1,603				-1,603		-1,603
Dividend to shareholders			-7,725				-7,725		-7,725
Exchange rate differences on translation of foreign subsidiaries					812		812		812
EQUITY December 31, 2015		3,090	25,243	0	219	54,132	82,684	5,636	88,320

PARENT COMPANY'S EQUITY	Note	Share capital	Other contributed capital	Revaluation reserve	Acc. exch. rate diff.	Retained earnings, etc	Total	Minority interest	Total equity
Equity January 1, 2015		2,951	56,327	0	0	-7,357	51,921	-	51,921
Profit for the year						1,736	1,736		1,736
Increase in share capital through share subscription due to warrants	18	139	636				775		775
Dividend to shareholders			-7,725				-7,725		-7,725
EQUITY December 31, 2015		3,090	49,238	0	0	-5,621	46,707	0	46,707

CASH FLOW STATEMENT

Amounts in SEK thousand	Note	Group		Parent Company	
		01/01/2015	01/01/2014	01/01/2015	01/01/2014
		12/31/2015	12/31/2014	12/31/2015	12/31/2014
Operating activities					
Operating profit		18,491	18,593	2,228	-2,299
Adjustment for items not included in cash flow		4,271	138	-255	
		22,762	18,731	1,973	-2,299
Interest received		49	148	1	7
Interest paid		-1,050	-295	-1	-
Tax paid		-63	-247	-	-
		21,698	18,337	1,973	-2,292
Cash flow from operating activities before changes in working capital					
Cash flow from changes in working capital					
Increase(-) / Decrease(+) in inventory		-9,530	-2,344	-	-
Increase(-) / Decrease(+) in current receivables		-2,899	-10,048	251	-437
Increase(+)/ Decrease(-) in current liabilities		1,586	43,217	3,437	16,835
		10,855	49,162	5,661	14,106
Investing activities					
Acquisitions of intangible assets	13	-12,202	-561	-	-
Acquisitions of subsidiaries	15	-2,644	-52,132	-2,644	-57,137
Acquisitions of tangible assets	14	-815	-1,439	-	-
		-15,661	-54,132	-2,644	-57,137
Financing activities					
Borrowings		-4,479	4,879	3,424	12,453
Issue for non-cash consideration		-	21,534	-	21,534
Dividend paid to Parent Company shareholders		-7,725	-2,708	-7,725	-2,708
Subscription for shares on warrants issued		775	12,643	775	12,643
		-11,429	36,348	-3,526	43,922
CASH FLOW FOR THE YEAR		-16,235	31,378	-509	891
Cash and cash equivalents at the start of the year		42,770	10,923	956	65
Exchange rate differences in cash and cash equivalents		317	469	-	-
Cash and cash equivalents at year-end		26,852	42,770	447	956
Change in cash and cash equivalents		-16,235	31,378	-509	891

NOTES

NOTE 1 SIGNIFICANT ACCOUNTING AND VALUATION PRINCIPLES

GENERAL

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

FISCAL YEAR

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

OPERATIONS

The Group's operations primarily comprise

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

ACCOUNTING PRINCIPLES

The Annual Report and consolidated financial statements are prepared in accordance with the Annual Accounts Act and the general guidelines of the Swedish Accounting Standards Board BFNAR 2012:1 Annual accounts and Consolidated Group Accounts (K3). Accounting principles are unchanged from the previous year.

Below you will find a compilation of important accounting principles.

REVENUE AND COST ACCOUNTING

Net sales

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

Other revenue

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

Merchandise

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

Direct costs relating to goods sold

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

Other external expenses

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

Personnel costs

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

Depreciation and amortization

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

Impairment

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

Interest

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

Income tax

The Group's tax expenses or tax income are/is as current tax, changes in deferred tax and tax attributable to share of net income in associated companies.

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

Any valuation of all tax liabilities/tax demands will be at a nominal amount and in accordance with applicable tax regulations and tax rates.

PRINCIPLES FOR VALUATION OF ASSETS AND LIABILITIES

Unless otherwise stated, assets and liabilities will be reported at their acquisition value or original value.

Goodwill

Goodwill comes into existence in connection with the acquisition of subsidiaries and represents the amount by which the sum of the transferred compensation exceeds the fair value of the net identifiable assets and liabilities. Goodwill is amortized linearly over 10 years.

Intangible and tangible assets

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

Equipment, tools, fixtures and fittings 5 years

Intangible assets 5 years

Deferred tax recoverable

According to K3, deferred tax recoverable shall be reported on its own line in the balance sheet. Deferred tax is the tax effect that accrues due to a revenue or expense being reported for one year in the financial statements, but is included in the tax filing for another year. Tax loss carryforwards used in future tax returns are reported in this item.

Other long-term security holdings

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

Participations in subsidiaries

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

Inventories

Goods acquired for resale to subsidiaries and advance payments for goods not yet delivered.

Inventories are valued according to the lowest value principle and the FIFO (first in, first out) method. This means that inventories are stated at acquisition cost under the FIFO method or at fair value, whichever is lower.

Accounts receivable

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

Receivables from Group companies

The Parent Company's receivables from Group companies.

Other receivables

This includes e.g. VAT recoverables, advances to employees and claims against card companies.

Prepaid expenses and accrued income

Prepaid expenses, which, during the fiscal year, constitute expenses for subsequent fiscal years. Accrued income is revenue acquired during the year that will be income in future years.

Cash and bank balances

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

Share capital

Share capital is the Parent Company's share capital registered with the Swedish Companies Registration Office. Capital contributed in a new share issue that has not yet been registered and issue amounts in excess of the quota value are reported in Other contributed capital.

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

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

Minority interest

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

Other long-term liabilities

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

Long-term liability to Group companies

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

Accounts payable

Liabilities attributable to purchases from external suppliers.

Account payable to Group companies

The Parent Company's account payable to Group companies.

Bank overdraft facilities

Utilized part of granted bank overdraft facilities.

Other liabilities

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

Accrued expenses and deferred income

Costs relating to the fiscal year, but that will be settled in later years are addressed as accrued expenses. Revenue invoiced during the fiscal year, but where performance will be carried out in a later year is dealt with as deferred income.

Consolidated financial statements

Zinzino AB prepares consolidated financial statements. The companies in which Zinzino AB holds a majority of the share are classified as subsidiaries and are consolidated in the consolidated financial statements. Information regarding subsidiaries can be found in Note 13.

Subsidiaries in other countries prepare their annual accounts in foreign currencies. During consolidation, the items are translated in the balance sheets and income statements at the closing day rate/spot rate for the day the respective transaction took place. The currency differences that arise are reported in accumulated exchange rate differences in the Group's equity. Transactions between Group companies are eliminated in their entirety.

NOTE 2 ESTIMATES AND ASSESSMENTS

The following estimates and assessments have been made:

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

NOTE 3 ACQUISITIONS OF SUBSIDIARIES

Acquisition of Faun Pharma AS

Zinzino AB acquired 85% of the share capital in Faun Pharma AS on October 28, 2014. In March 2015, an additional 13.8% was acquired and as of December 31, 2015 Zinzino AB owns 98.8% of Faun Pharma AS.

SEK THOUSAND

Purchase price

Cash payment	1,734
Compensation transferred	1,734

Carrying amounts, identifiable assets and assumed liabilities:

Assets	0
Liabilities	0
Net identifiable assets and liabilities	0
Adjustment of restricted equity	131
Adjustment of non-restricted equity	1,603
Total compensation transferred	1,734

NOTE 4 NET SALES AND OTHER INCOME

The difference in total income vis-à-vis the 2015 report is attributable to the fact that the gross value of foreign exchange gains and losses has been reported in the financial statements (similar to the financial statements in the 2014 Annual Report).

NOTE 5 NET SALES DISTRIBUTION OVER BUSINESS SEGMENTS AND GEOGRAPHIC MARKETS

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

Net sales are divided into business segments as follows:

SEK THOUSAND	Group		Parent Company	
	2015	2014	2015	2014
Zinzino Coffee	89,958	114,000	-	-
Zinzino Balance	258,413	200,200	-	-
Event sales	4,661	3,333		
Other, including Faun's sales to companies other than the Group	35,660	1,229	3,160	-
Total	388,692	318,762	3,160	-

Net sales are spread over geographic markets as follows:

	Group		Parent Company	
	2015	2014	2015	2014
Nordic region	312,427	246,448	3,160	-
Europe, excluding Nordic countries	58,713	60,007	-	-
USA	17,302	12,308	-	-
Canada	250	-		
Total	388,692	318,762	3,160	-

NOTE 6 PURCHASES AND SALES BETWEEN GROUP COMPANIES

Of the year's sales, SEK 3,160 (0) thousand relates to sales to other Group companies. Of the year's purchases, SEK 0 (0) thousand relates to purchases from other Group companies.

NOTE 7 EXCHANGE RATE DIFFERENCES

SEK THOUSAND	Group		Parent Company	
	2015	2014	2015	2014
Exchange rate gains	11,702	2,803	271	-
Exchange rate losses	-8,840	-120	-	-
Total	2,862	2,683	271	-

NOTE 8 OPERATING LEASES

	Group		Parent Company	
	2015	2014	2015	2014
Future minimum leasing fees:				
Mature within one year	5,809	1,560	-	-
Mature after one year but within five years	18,126	3,167	-	-
Mature after more than five years	-	-	-	-
Total	23,935	4,727	-	-

	Group		Parent Company	
	2015	2014	2015	2014
Leasing fees expensed during the year	5,784	3,886	-	-
Total	5,784	3,886	-	-

The Group's operating leases comprise rent of premises, leasing of office equipment and phone exchange and vehicles. The rent agreement for premises run for 5 years and 10 years respectively with the option for an extension of 36 months respectively 60 months at a time. The agreements for leasing of office equipment and the phone exchange run for five years with an automatic extension one year at a time if the agreement is not canceled. Vehicle leases run for three years with the option of a buy-out after the lease expires.

In 2015, new lease agreements concluded for vehicles as well as collective agreement for a phone exchange. In addition, leasing in Faun Pharma AS has been taken into account.

NOTE 9 REMUNERATION TO AUDITORS

	Group		Parent Company	
	2015	2014	2015	2014
PricewaterhouseCoopers AB				
Audit assignment	360	429	-	40
Other services	0	17		
PricewaterhouseCoopers AS (NO)				
Audit assignment	320	54	-	-
Other services	0	58		
PricewaterhouseCoopers Aps (DK)				
Audit assignment	13	12	-	-
Other services	66	61	-	-
PricewaterhouseCoopers Oy (FI)				
Audit assignment	82	59	-	-
PricewaterhouseCoopers Ehf (ICELAND)				
Audit work outside of audit assignment	12	19		
Alden Audit OÜ (EST)				
Audit assignment	19	45		
Total	872	753	-	40

NOTE 10 EMPLOYEES AND PERSONNEL COSTS

Salaries and other remuneration	Group		Parent Company	
	2015	2014	2015	2014
Salaries and remuneration	37,284	22,322	-	-
- of which to Board of Directors and CEO	2,811	4,105	-	-
- of which bonuses	513	500	-	-
Social security contributions as per law and agreement	10,372	7,289	-	-
- of which to Board of Directors and CEO	361	287	-	-
Of which pension expenses	1,849	1,724	-	-
- of which to Board of Directors and CEO	300	500	-	-
Total	47,656	29,611	-	-
Salaries and other remuneration by country	Group		Parent Company	
	2015	2014	2015	2014
Sweden				
Salaries and remuneration	19,994	19,139	-	-
- of which to Board of Directors and CEO	485	1,184	-	-
Total Sweden	19,994	19,139	-	-
Norway				
Salaries and remuneration	16,407	2,660	-	-
- of which to Board of Directors and CEO	1,086	450	-	-
Total Norway	16,407	2,660	-	-
Finland				
Salaries and remuneration	206	-	-	-
- of which to Board of Directors and CEO	-	-	-	-
Total Finland	206	-	-	-
Lithuania				
Salaries and remuneration	16	14	-	-
- of which to Board of Directors and CEO	-	-	-	-
Total Lithuania	16	14	-	-
Latvia				
Salaries and remuneration	40	35	-	-
- of which to Board of Directors and CEO	-	-	-	-
Total Latvia	40	35	-	-
USA				
Salaries and remuneration	621	473	-	-
- of which to Board of Directors and CEO	-	-	-	-
Total USA	621	473	-	-
Total	37,284	22,322		

Conditions for CEO

The period of notice on the part of the company is six months. The period of notice on the part of the CEO is six months. Monthly salary payable at an amount of SEK 131 thousand and pension terms are as per the company's general terms and conditions. Bonus for 2015 to the CEO amounted to SEK 586 thousand. Salary is paid out in Zinzino Nordic AB and Zinzino AS.

Average number of employees

	Group		Parent Company	
	2015	2014	2015	2014
Women	63	47	-	-
Men	39	15	-	-
Average number of employees	102	62	-	-

During the year, 658 (623) private individuals from the sales force received compensation in the form of a salary in Sweden. Due to the fact that Zinzino completely lacks the possibility influencing the formulation and scope of their working hours and that any compensation is only paid out as commission on the sales they generate, any translation to the number of full-time employees is not possible.

Salaries amounting to SEK 2,025 (1,126) thousand have been paid to these within the Group.

Gender distribution in company management	Group		Parent Company	
	2015	2014	2015	2014
Board members	37	33	4	4
- of which women	2	2	1	1
- of which men	35	31	3	3
CEOs	1	1	1	1
- of which women	-	-	-	-
- of which men	1	1	1	1
Other senior executives	14	10	7	7
- of which women	6	4	4	4
- of which men	8	6	3	3
Total number of women	8	6	5	5
Total number of men	44	38	7	7
Total	52	44	12	12

NOTE 11 ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW

	Group		Parent Company	
	2015	2014	2015	2014
Depreciation / Amortization	7 133	2 821	16	-
Currency gains	-11 702	-2 803	-271	-
Currency loss	8 840	120	-	-
Total items not included in cash flow	4 271	138	-255	-

NOTE 12 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Depreciation and amortization according to plan	Group		Parent Company	
	2015	2014	2015	2014
Intangible assets	990	743	-	-
Equipment	1,033	452	-	-
Goodwill	5,094	492	-	-
Trademark protection	16	-	16	-
Total depreciation according to plan	7,133	1,687	16	-
Impairment of intangible assets	-	1,134	-	-
Total depreciation, amortization and impairment	7,133	2,821	16	-

NOTE 13 TAX

	Group		Parent Company	
	2015	2014	2015	2014
Current tax	-1,207	-279	-	-
Deferred taxes incurred or reversed during the period	-6,424	14,570	-492	1,311
Revaluation of deferred tax demands	-264	-	-	-
Tax on profit/loss for the year	-7,895	14,291	-492	1,311
Recorded profit/loss before tax	17,555	18,448	2,228	-2,291
Tax calculated in accordance with the applicable tax rate (22%)	-3,862	-4,059	-490	504
Tax effects of non-deductible expenses	-47	-38	-2	
Tax effects of non-taxable income	0	1	0	
Tax attributable to prior-year reported earnings				
Effect of foreign tax rates	-2,147	-1,086		
Effect of goodwill amortization	-1,121	-108		
Effect of deductible deficiency		19,317		807
Other	-718	264		
Reported tax expense	-7,895	14,291	-492	1,311

NOTE 14 INTANGIBLE ASSETS

Group	Goodwill	Software	Other intangible assets	Total
Accumulated acquisition values				
Opening balance January 1, 2015	51,141	4,768	3,001	58,910
Translation difference	-	-	-699	-699
Adjustment acquisition analysis	-2,099	-	-	-2,099
Accrued value	-	11,686	516	12,202
Closing balance December 31, 2015	49,042	16,454	2,818	68,314
ACCUMULATED DEPRECIATION/AMORTIZATION				
Opening balance January 1, 2015	-492	-2,587	-	-3,079
Depreciation/amortization for the year	-5,094	-695	-295	-6,084
Closing balance December 31, 2015	-5,586	-3,282	-295	-9,163
CARRYING VALUE DECEMBER 31, 2014	50,650	2,181	3,001	55,832
CARRYING VALUE DECEMBER 31, 2015	43,456	13,172	2,523	59,151

* Parent Company has no intangible assets

Total depreciation according to plan	1,687	735	-	-
---	--------------	------------	----------	----------

NOTE 15 EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

	Group		Parent company	
	2015	2014	2015	2014
Opening acquisition value	3,230	3,371	-	-
Translation difference	546	-	-	-
Acquisitions during year	815	466	-	-
Additions from acquisitions during the year		973	-	-
Disposals for the year		-1,580	-	-
Closing acquisition value	4,591	3,230	-	-
Opening depreciation/amortization	-1,266	-2,394	-	-
Translation difference	-353			
Disposals for the year		1,580	-	-
Depreciation/amortization for the year	-1,033	-452	-	-
Closing accumulated depreciation/amortization	-2,652	-1,266	-	-
Closing planned residual value	1,939	1,964	-	-

NOTE 16 PARTICIPATIONS IN SUBSIDIARIES

	Parent Company	
	2015	2014
Opening acquisition value	79,522	18,768
Acquisition of shares in Zinzino Nordic AB	910	623
Acquisition Zinzino Sp z o. o.		8
Acquisition Faun Pharma AS	1,734	9,919
Acquisition of BioActive Foods AS		50,203
Closing carrying value	82,166	79,522

Name of subsidiary	Shares in %	Voting share in %	CIN	Registered Office
ZINZINO NORDIC AB	93%	98%	556646-5893	Gothenburg
ZINZINO OÜ	100%	100%	302606327	Tallinn
ZINZINO UAB	100%	100%	12057494	Vilnius
Zinzino SIA	100%	100%	40103529390	Riga
Zinzino Ehf	100%	100%	580511-0660	Reykjavik
Zinzino LLC	100%	100%	90-0992153	Jupiter, FL
Zinzino B.V.	100%	100%	854221712	s-Gravenhage
Zinzino Sp z o. o.	100%	100%	701-04-26-537	Warsaw
Faun Pharma AS	99%	99%	883370112	Vestby
BioActive Foods AS	100%	100%	996740498	Vestby
Zinzino Canada Corp	100%	100%	817988520BC0001	Vancouver BC

Subsidiaries wholly owned by Zinzino Nordic AB:

Specification of subsidiary	Shares in %	Share of votes in %	2015	2014
			Carrying value	Carrying value
Zinzino Sweden AB	100%	100%	100	100
Zinzino ApS	100%	100%	155	155
Zinzino AS	100%	100%	112	112
Zinzino Oy	100%	100%	77	77
Poxian AB	100%	100%	100	100
PGTwo AB	100%	100%	100	100
2 Think	100%	100%	93	93
Total			737	737

Name of subsidiary	CIN	Registered office
Zinzino Sweden AB	556646-5869	Gothenburg
Zinzino ApS	27266940	Copenhagen
Zinzino AS	986028269	Oslo
Zinzino Oy	1825505-2	Helsinki
Poxian AB	556655-2658	Gothenburg
PGTwo AB	556639-0513	Gothenburg
2 Think AB	556667-3983	Gothenburg

NOTE 17 DEFERRED TAX RECOVERABLE

	Group		Parent Company	
	2015	2014	2015	2014
Tax effect deductible deficiency	7,882	14,570	819	1,311
Total	7,882	14,570	819	1,311

NOTE 18 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	2015	2014	2015	2014
Prepaid rent costs	345	265	-	-
Prepaid other expenses	1,995	1,286	-	37
Prepaid expense for the sales conference	2,825	3,300	-	-
Credit card claim	4,754	2,443	-	-
Prepaid brand protection	-	-	147	163
Total	9,919	7,294	147	200

NOTE 19 SHARE CAPITAL

Of the company's total of 30,900,025 shares, 5,113,392 are Class A shares.

Development of share capital

Year	Event	Change in number of shares	Total number of shares	Change in share capital	Total share capital
2007	Company formation	37,000,000	37,000,000	100,000	100,000
2007	Issue of new shares	37,803,188	74,803,187	102,069	202,069
2008	Stick dividend	0	0	545,963	748,032
2008	Issue of new shares	12,476,963	87,280,150	124,770	872,802
2009	Issue of new shares	135,022,681	222,302,831	1,350,227	2,223,029
2010	Issue of new shares	48,524,869	270,827,700	485,248	2,708,277
2010	Reverse split	-243,744,930	27,082,770	0	2,708,277
2014	Warrants	2,425,917	29,508,687	242,592	2,950,869
2015	Warrants	1,391,338	30,900,025	139,134	3,090,003

NOTE 20 BANK OVERDRAFT FACILITIES

Bank overdraft facilities granted for the Group amount to SEK 5 (5) million and to SEK 0 (0) in the mother company. Utilized bank overdraft facilities amount to SEK 214 (0) thousand.

NOTE 21 OTHER LIABILITIES

	Group		Parent Company	
	2015	2014	2015	2014
VAT liability	4,283	3,929	49	-
Employee withholding tax	516	874	-	-
Mandatory social security contributions	1,218	890	-	-
Commission liability	24,842	20,543	-	-
BAF liability to shareholders	-	10,203	-	10,203
Liability to credit institutions	2,013	2,470	-	-
Unknown incoming payments	1,798	2,344	-	-
Other liabilities	2,891	5,570	165	165
Total	37,561	46,823	214	10,368

NOTE 22 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	2015	2014	2015	2014
Accrued payroll-related expenses	5,416	6,173	-	-
Accrued commission	4,264	5,426	-	-
Accrued audit	424	622	40	79
Accrued shipping expenses	597	570	-	-
Accrued IT expenses	353	495	-	-
Accrued rental expense	95	1,063	-	-
Other accrued expenses	486	525	-	50
Total	11,635	14,874	40	129

NOTE 23 RESTRICTED BANK FUNDS

The Group has floating charges of about SEK 6,000 thousand and customs and excise bonds totalling SEK 1,765 thousand. The company has restricted bank funds amounting to SEK 1916,000 (649,000) relating to bank guarantees to suppliers.