

ZINZINO AB

PRESS RELEASE



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Interim Report 1st January - 31st March 2016, Zinzino AB (publ)

Strong growth in the Healthcare segment, which now represent over 80% of sold goods increases profit in Q1.

FIRST QUARTER, Q1, 2016, (compared with the same period in the previous year, 2015)

- Total income amounted to SEK 112.6 (111,2) million, which represents a growth in sales of +1% (+44%).
- Gross profit amounted to SEK 41.1 (36.7) million and the gross profit margin amounted to 36.5% (33.0%). The improvement in gross profit was due to lower costs for goods sold and the increased share of health products in the sales mix.
- EBITDA amounted to SEK 8.2 (8.9) million and the operating margin before depreciation and amortisation amounted to 7.3% (8.0%).
- Pre-tax profit tax amounted to SEK 5.7 (6.5) m. Diluted earnings per share before tax amounted to SEK 0.18 (0.22).

KEY EVENTS DURING THE PERIOD 1st JANUARY - 31st DECEMBER 2016

- Weak positive growth and good profitability thanks to further margin improvements – due to continued efforts to streamline in-house production, in combination with Zinzino Health having an increased share in the quarter's sales mix, has led to gross margins further improving.
- New IT system in full operation without any disruptions - the project has been completed and during the first quarter the system worked very well.
- Successful sales start in Germany during February - already in March showing sales of SEK 0.8 million.
- Faun Pharma reports positive figures for the first quarter - the company's external sales amounted to SEK 9.5 (9.2) million, corresponding to a growth of 3% against the previous year and a net profit of SEK 0.6 (-1.0) million, which was better than expected. Furthermore, the ISO9001 certification is now officially ready.
- New establishment concept for the EU - during the first quarter Zinzino has begun work on a new expansion model for the remaining areas of the EU through its Swedish subsidiary Zinzino Sverige AB, preliminary sales begin in the second quarter of 2016.

COMMENT BY CEO DAG BERGHEIM PETTERSEN:

Constant improvements, increased growth and health are central to our strategy

The first quarter

During the first quarter we continued to work hard to enable our ambitious goals and long-term strategies. We will increase the number of customers by ten times the current level, and in the year 2020 we will have one million customers. To achieve that requires preparation and hard work. But also a clear strategy and I feel confident that we are continuing to follow that. I am confident that we will achieve our goal thanks to the amazing products that we develop and produce in our own factory, our strong marketing with a focus on controlled expansion and a level of commitment in our organisation that is absolutely spectacular.

Constant improvements

In the main, I am very pleased with our progress during the first quarter. We are increasing the number of customers and our product range is constantly evolving and we have many strong new products on the way. Our organisation has shown considerable commitment to our continuous improvements, and our partners who sell our products have been impressive. We can after the first quarter of 2016 show that we again have a positive growth of one per cent against the previous year and it is completely according to plan. Our success in doing this is partly due to our transition to more profitable and attractive health products, giving us better margins and good internal costs control. I am proud that we successfully made major investments in our own organisation, marketing, development of new concepts and at the same time have been able to place a strong focus on new markets, of which our launch in Germany during the quarter is an example, and that our first quarter of 2016 has again seen positive growth. It bodes well for the future.

Health

Four years ago we were a coffee company that started to poke its nose into health. Today, our health sales account for 80 percent of turnover and 90 percent of our profitability. We have in the years since, acquired an ISO certified factory, where we develop and produce our Balance products. This gives us full control of our products and we can offer the best possible quality. It has also made it possible for us to always be incredibly proud of our Balance products and we have quickly gained a large customer base who really appreciate them. The big change that we implemented then to focus on health with our own Balance products has now really taken hold and it's time for the next step. Our new concept will be launched on 1st July, and in our segment it will make a substantial impression on the entire health industry for a long time to come, in the same way that Apple made their mark with the iPhone in the mobile phone industry.

Inspire Change

Dag Bergheim Pettersen, CEO, Zinzino AB

For a full report, please see the attached PDF.

This information comprises information that Zinzino AB must disclose under the Securities Market Act and/or the Financial Instruments Trading Act. The information was released for publication on 20th May 2016.

Certified Adviser for Zinzino AB is Erik Penser Bankaktiebolag

INFORMATION ABOUT THE COMPANY Zinzino was founded under the name Zinzino Holding in autumn 2007. In 2009, the company acquired 93% of the equity and 97% of the votes in Zinzino Nordic AB, partly by means of a non-cash issue and partly by means of a private placement. Zinzino Nordic is a sales company that uses independent distributors to market and sell products for commission via so-called direct sales.

NEXT REPORT

Interim report Q2 2016, published on 31/08/2016.

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Zinzino AB is a leading direct sales company with a presence in Sweden, Norway, Denmark, Finland, Iceland, Estonia, Latvia, Lithuania the Faroe Islands, Poland, the Netherlands, Canada and the USA. Zinzino markets and sells products within two product lines; Zinzino Health, with a focus on long-term health, and Zinzino Coffee, consisting of espresso machines, coffee, tea and accessories. Zinzino offers customers products with a focus on quality, the environment, health and a feeling of everyday luxury. Our values are characterised by our high quality, proximity to customers and focus on active product development. The products are marketed via direct sales. Zinzino owns the Norwegian knowledge company BioActive Foods AS, and the research and production unit Faun Pharma AS. Since 2005 Zinzino has been a general agent for the Franco-Belgian coffee house Rombouts & Malongo. Today Zinzino has around 90 employees in the Group. Zinzino is headquartered in Gothenburg, with a factory in Oslo and offices in Oslo, Florida and Helsinki.