

INTERIM REPORT Q3 2015

# ZINZINO





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Zinzino AB is one of the leading direct sales company, represented in Sweden, Norway, Denmark, Finland, Iceland, Lithuania, Latvia, Estonia, Poland, the Netherlands, the USA and Canada. Zinzino markets and sells products in two product lines: Zinzino Health, with a focus on long-term health and Zinzino Coffee, comprising espresso machines, coffee, tea and accessories.

We offer customers products centered around quality, the environment, health and a feeling 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 selling.

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 French-Belgian coffeehouse Rombouts & Malongo.

Today, the Zinzino Group has slightly above 100 employees. The company has its head office in Gothenburg, Sweden, an office and a factory in Oslo, Norway, an office in Florida, USA and an office in Helsinki, Finland.

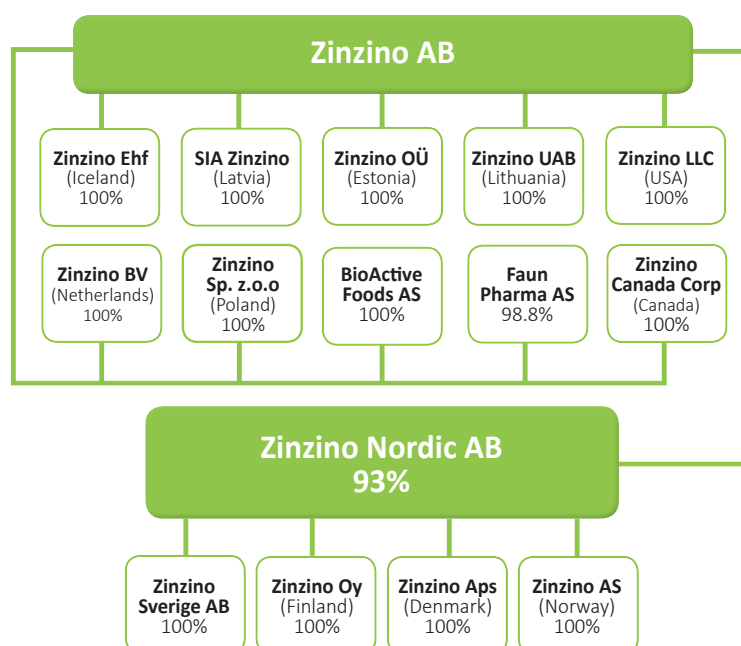
## THIRD QUARTER

- > Total revenue amounted to SEK 101.3 (87.6) million, equivalent to a growth of 16 %.
- > EBITDA amounted to SEK 5.3 million (7.0) and the operating margin before depreciation was 5.3 %.
- > Depreciation and amortizations for the quarter amounted to SEK 2.0 million of which SEK 1.4 million was attributable to amortization of goodwill.
- > Profit before tax amounted to SEK 2.9 million (6.7). Earnings per share amounted to SEK 0.11 (0.23).
- > Commissioning of a new business system was carried out during the third quarter, which is estimated to have caused a loss of revenue of around SEK 15 million and a decrease in EBITDA of around SEK 5 million compared to what was budgeted for the quarter.
- > Adjusted for the non-recurring item of the commissioning of the business system, the growth in sales is estimated to have amounted to 33%, gross margin 33% and EBITDA SEK 9.7 million.
- > Pre-tax profits adjusted for one-off effects are estimated to have amounted to SEK 7.9 million and earnings per share before tax SEK 0.26.
- > The start of sales in Canada was carried out in the newly-established subsidiary Zinzino Canada Corp.

## ACCUMULATED JANUARY– SEPTEMBER

- > Total revenue amounted to SEK 321.8 million (243.1) equivalent to a growth of 32%.
- > EBITDA amounted to SEK 22.0 million (14.1) and the operating margin before depreciation was 6.8%.
- > Depreciation and amortizations amounted to SEK 6.3 million (0.8) of which SEK 4.4 million was attributable to amortization of goodwill.
- > Operating profit amounted to SEK 15.7 million (13.3) and the operating margin was 4.9%.
- > Profit before tax amounted to SEK 14.5 million (13.3). Profit per share amounted to SEK 0.51 (0.45).
- > Cash and cash equivalents amounted to SEK 39.6 million (49.3) on the closing date.

## GROUP STRUCTURE 9/30/2015



## FINANCIAL SUMMARY (SEK MILLIONS)

THE GROUP'S KEY FIGURES	Q3-2015	Q3-2014	Q1-Q3 2015	Q1-Q3 2014	ACC.2014
Total revenue	101.3	87.6	321.8	243.1	357.7
Net sales	92.9	78.2	291.6	218.2	321.0
Sales growth	16%	36%	32%	41%	40.5%
Gross profit	30.4	24.6	100.2	66.7	102.4
Gross margin	30.0%	28.1%	31.1%	27.4%	29%
Operating profit before depreciation	5.3	7.0	22.0	14.1	21.4
Operating margin before depreciation	5.3%	8.0%	6.8%	5.8%	6.0%
Operating profit	3.3	6.7	15.7	13.3	18.6
Operating margin	3.2%	7.7%	4.9%	5.5%	5.20%
Profit before tax	2.9	6.7	14.5	13.3	18.4
Net profit	2.3	6.7	11.5	13.3	29.9
Net margin	2.3%	7.7%	3.6%	5.5%	8.4%
Earnings per share before tax	0.11	0.23	0.51	0.45	0.63
Net profit per share after tax, before dilution, SEK	0.07	0.24	0.37	0.48	1.09
Net profit per share after tax, after dilution, SEK	0.07	0.23	0.35	0.46	0.94
Cash and cash equivalents	39.6	49.3	39.6	49.3	42.8
Equity/assets ratio	53%	45%	53%	45%	52%
Equity per share, SEK	3.03	1.53	3.03	1.53	3.00
Number of issued shares on average for the period	30,900,025	27,082,770	30,900,025	27,082,770	29,950,687
Number of issued shares on average for the period with full dilution	33,380,025	28,962,770	33,380,025	28,962,770	31,830,687

### Zinzino's outlook for the year and financial goals

Adjusted for non-recurring items during Q3-Q4 as a result of business system, we now forecast that total revenue will amount to between SEK 430 million and SEK 445 million, representing a growth of at least 20%. The net margin is estimated to amount to at least 3% which is slightly below the previously communicated goal. The net margin adjusted for goodwill amortization is expected to amount to at least 4%, which is better compared to the previous year.

The target for average growth in sales in Zinzino for the period 2014-2017 is a minimum of 25% and for the net margin to increase to > 6%. The policy for dividends is 30% of the net profit, liquidity and equity/assets ratio permitting.

# Investments for the future

“The third quarter was characterized by growth, product launches and new IT system.

During the third quarter of 2015 we have worked all out for our future growth. Major and minor improvements that are not always visible today, but which make a big difference to us in the long term. At the same time, we have managed to increase our growth by 16 percent compared to the same quarter of the previous year and we have good control of profitability. This provides us with accumulated growth, January to September, of 32 percent and an improved gross margin of 3.7 percent compared to the previous year. In other words, we are above our growth forecast of 25 percent. We are pleased with our positive growth and customer flow.

Our work for the future during the third quarter can be divided into two categories; product development and new IT system. The development we achieved for our products is very much based on optimizing our manufacturing through a reduction in costs and launching of a number of new product concepts with our own brand within health. This will give us lower production costs and in the long term will strengthen our concept and Zinzino as brand.

We have at the same time for a relatively long period worked on and invested in a new IT platform that we launched in August. During the third quarter we worked hard on the implementation. Our new IT system is now in place and we feel confident of having a platform for the future, with a completely new web shop which gives us the ability to follow-up our customers and distributors so that our work becomes more systematic. In the short term this has been challenging for us and not necessarily profitable, but a prerequisite for achieving our long-term goal. We are equipped for new markets and customers and we will with pride and confidence continue our growth with reports and functions what we previously could only dream of. An investment that will give us strength for the future. The quarter's work will mean that we meet our ambitious growth target of at least 25 percent during the coming three years and improved profits every year.

Our new product concept is a completely new product line that we call weight control. We are proud to have created two new products that go under the name LeanShake. It is a protein shake in which we have used the best ingredients the world has to offer within this segment. We know that the market and interest is great with regard to weight reduction and fitness. We also know that there are plenty of products on the market. We have therefore developed our own product line, that we also manufacture in our own factory. In this way we can with security know that we maintain the highest quality. This is a product



segment that we believe strongly in and which will give us continued growth and many new customers during the coming years.

During the third quarter Zinzino opened for sales in Canada. The business is run from our office in the USA. During the first quarter of 2016 we plan to open in Germany. Germany and Canada are both major markets which we believe will provide us with strong growth of customers and distributors. We have worked in a cost-effective manner to open new markets through our existing organization, which means that in 2016 we will open more markets and invest even more in existing markets such as the USA and Poland.

**“We are now equipped for new markets and customers and we will with pride and confidence continue our growth”**

We have a vision that says that we will inspire lifestyle changes for our customers and distributors. We will do this by being the most customer-friendly direct sales company in the world. We have previously communicated that we have a vision that confirms this. The goal is a million customers in 2020. It's an ambitious target that we believe strongly in and which we will use as a compass in our day-to-day work and that is firmly embedded in our strategy.”

**Dag Bergheim Pettersen**

## SIGNIFICANT EVENTS DURING AND AFTER THE THIRD QUARTER 2015

### Growth and profits development were slowed down by the change of business system

During the third quarter, Zinzino implemented an extensive replacement of a business system. The decision to replace the business system to a more industry-adapted system has been a part of the strategy to meet the growing sales and globalization of Zinzino. The replacement of business system has been an essential but challenging process which significantly affected the business during the quarter.

In the short term the migration process negatively affected sales despite thorough preparations. The change of system has at the same time led to increased costs which negatively affected the margins in the short term. Zinzino estimates that the budgeted outcome for the quarter had produced a revenue loss of around SEK 15 million and as a result of this a decline in EBITDA of around SEK 5 million compared with the budget. From a long term perspective the company sees enormous benefits of the investment in the new system and sees it as a necessary and important investment for the future.

Despite the challenges during the quarter, the company showed growth compared with the previous year. Total revenues amounted to SEK 101.3 million (87.6), representing a sales growth of 16 % for the Group compared with the year before. The pre-tax profit amounted to SEK 3.3 million (6.7), equivalent to a profit per share of SEK 0.11 (0.23). The decline in earnings was a natural outcome after a very cost-intensive quarter. Adjusted for the non-recurring item of the commissioning of the business system, the growth in sales is estimated to have amounted to 33%, gross margin 33% and EBITDA SEK 9.7 million. The pre-tax profit adjusted for non-recurring items is estimated to have amounted to SEK 7.9 million and earnings per share before tax SEK 0.26.

### Sales begin in Canada

Zinzino's concept was launched during the third quarter in Canada with start of sales in September. Initially, health products were launched on the market. Like previous establishments sales took place via local sales companies, supported by customer support from Zinzino's American office in Jupiter, Florida. The establishment processes have been resource- and cost-efficient and have been implemented in a very short time.

Now the work remains to help the independent distributors to establish sales on the market in an efficient manner. Initially the response from the market has been positive and a large number of distributors are already contracted for the Canadian market.

### Zinzino launches LeanShake and the Espresso machine EK'Oh

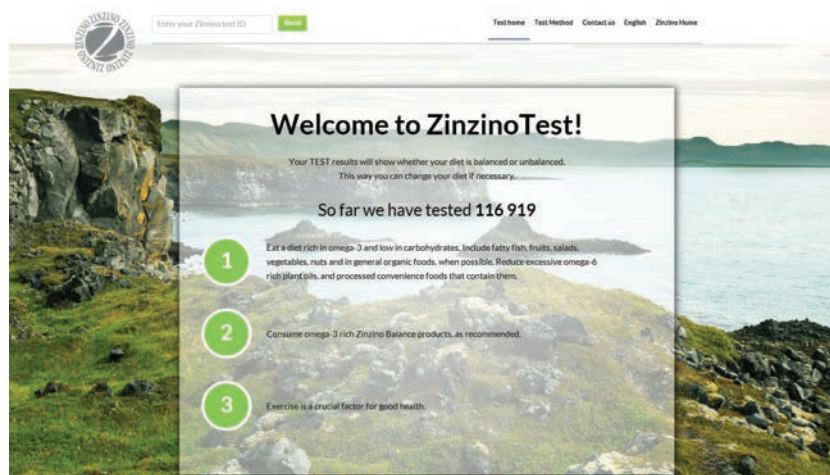
An additional dimension has been added in the product line Zinzino Health with the launch of Zinzino LeanShake which is a healthy meal substitute for weight control. LeanShake can be used as a replacement for one or two meals for weight reduction, as a nutritional goal to satisfy hunger or after exercise. The product is among other things rich in protein and essential amino acids, rich in dietary fiber with a prebiotic effect in the colon, contains 25 vitamins, minerals and other active ingredients. LeanShake is free from gluten and artificial flavorings and sweeteners. LeanShake is available in chocolate and berry flavors.

Within the product line Zinzino Coffee, the new environmentally-friendly express machine EK'Oh 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.



## New improved ZinzinoTest.com launched

Customers who have taken the Zinzino BalanceTest get their results delivered online via a website. During the quarter a new and improved website was launched for this purpose. The improvement means that the web has become more informative, easily-handled and more visually appealing to visitors. A new function is for example that the customer can now more easily compare test results from their first BalanceTest with the results from their second BalanceTest (Zinzino recommends customers to take a second BalanceTest after having used Zinzino's Balance products for 120 days) and thereby easier to read the difference. 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.



## Faun Pharma AS ISO9001 certifies and had big order reserve at the end of Q3

During the quarter the efficiency process at Faun Pharma AS was driven further. Great focus has been on analyzing existing machine park and assessing the need for investment to increase efficiency and thereby profitability. In combination with this, the process of quality certifying the company with ISO9001 proceeded. The process has also yielded results in the ongoing business through even more efficient production processes and even higher end quality of the produced goods. A ISO9001 certification is a quality recognition that opens up new sales channels. The certification process for ISO9001 is estimated to be complete in Q1 2016.

During the quarter sales amounted to SEK 10.9 million (7.5) of which SEK 3.5 million (0) related to inter-company sales of products within Zinzino Health, primarily BalanceOil 100ml and BalanceExtend. Faun Pharma AS has also produced LeanShake which was launched by Zinzino in October. Net profit amounted to SEK-1.0m (2.4). What was very positive was that at the end of Q3 the order reserve was SEK 14 million which produces great expectations of a good financial end of 2015 for Faun Pharma AS.

## “Pick to light” – further streamlining of logistics

Zinzino has during the year worked together with its logistics provider, Katoen Natie, on creating a new arrangement for 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. From October this year the arrangement is now also in operation at Katoen Natie in Trollhättan, Sweden where all of Zinzino’s European orders are handled. This venture leads to further efficiencies and cost rationalizing of the handling process for Zinzino.

## Zinzino qualified for “First North Top 25”

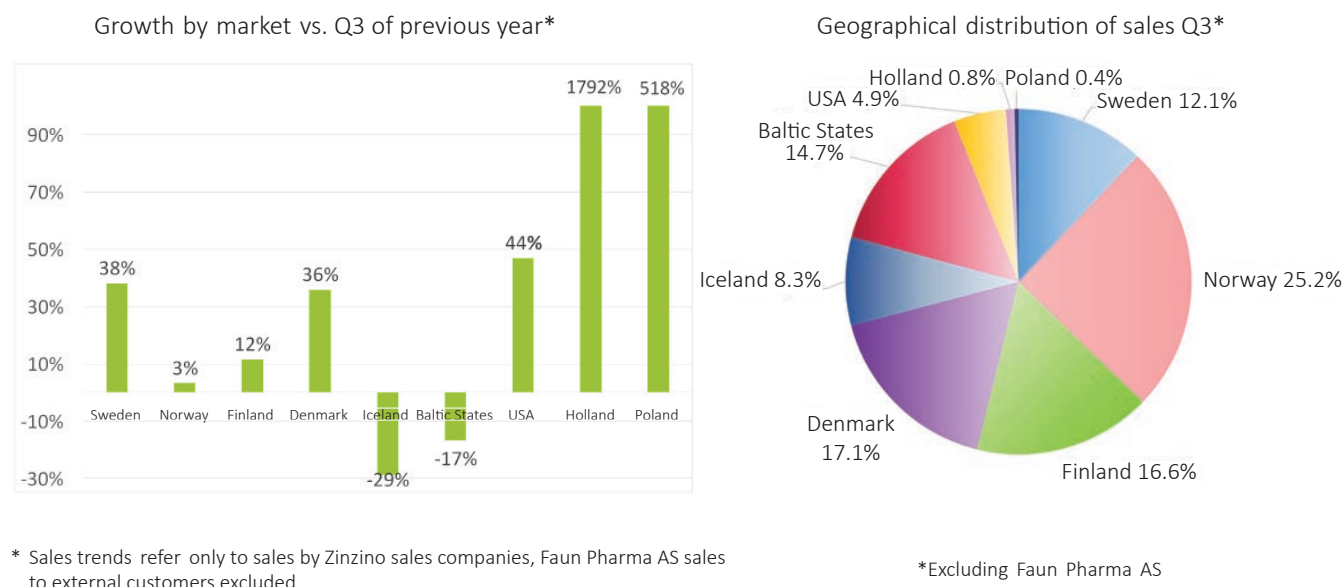
In October, Zinzino AB qualified in “Nasdaq First North 25” which are the 25 biggest and most traded company on Nasdaq First North. A strong recognition for the company.

## SALES AND PERFORMANCE

### Third quarter – sales

Total revenues amounted to SEK 101.3 million (87.6), representing a sales growth of 16% for the Group compared with the year before. The majority of markets showed growth which was very positive. The strongest growth took place in the USA, Sweden and Denmark.

The largest market by far continues to be Norway followed by other Nordic countries and the Baltic states.



Sales broken down as a percentage between the product lines during the third quarter are 29% for Zinzino Coffee and 71% for Zinzino Health. Coffee sales account for SEK 24.8 million (27.9), representing a fall in sales of 13%. Zinzino Health sales amount to SEK 60.7 million (50.3), corresponding to a growth of 21%. To this was added shipment revenue of SEK 8.5 million and sales for Faun Pharma AS which during the quarter amounted to SEK 7.4 million.

The consolidated gross profit amounted to SEK 30.4 million (24.6) and the gross profit margin to 30.0% which was better than the equivalent period in the previous year, and at the same level as the previous quarter indicating that the gross profit margin maintained revenue despite the reduced sales due to the change of system.

EBITDA for the third quarter amounted to SEK 5.3 million (7.0) and operating profit to SEK 3.3 million (6.7) which is lower than the previous year, which is exclusively attributable to the cost-intensive work that was carried out in connection the replacement of the business system. The process has led to higher personnel costs and consultant costs than normal. The operating profit was burdened by large amortizations of goodwill. Net profit amounted to SEK 2.3 million (6.7) for the quarter.

### Depreciation and amortization

Depreciation for the quarter was charged to the period's earnings in an amount of SEK 2,059 thousand (267) of which SEK 227 thousand (71) is depreciation of tangible fixed assets, SEK 511 thousand (196) is amortization of intangible assets and SEK 1,418 thousand (0) is amortization of goodwill. Increased depreciation costs compared to the previous year are attributable to the acquisition of Faun Pharma AS and BioActive Foods AS, which were completed during the last quarter of 2014.

Profit before tax amounted to SEK 5.2 million (3.6) and net profit to SEK 4.1 million (3.6). Profit per share amounts to SEK 0.13 (0.13) (before dilution).

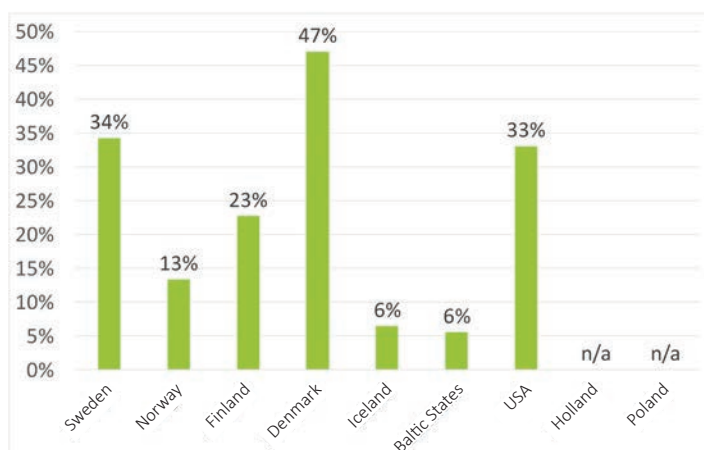
## CONSOLIDATED PERFORMANCE AND FINANCIAL POSITION JANUARY-SEPTEMBER

### Sales

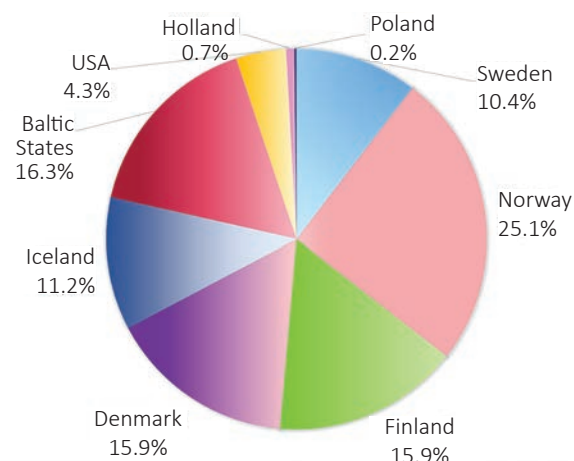
After 9 months of 2015 total revenues for the Group amounted to SEK 321.8 million (243.1) which is equivalent to a growth in sales of 32% compared to the previous year. All markets showed accumulated growth in sales compared to the previous year. Strongest growth took place in Denmark, Sweden and the USA.

Net sales amounted to SEK 291.6 million (218.2). Expressed in terms of product lines, Health had sales totaling SEK 198.2 million (125.0), Coffee 67.2 million (93.1) and Faun Pharma AS and others had net sales of SEK 26.2 million (29.9).

Growth by company Q1-Q3 2015 vs. Q1 Q3 2014



Share of total revenues Q1-Q3 2015



### Expenses and Performance

Gross profit after 9 months amounted to SEK 100.2 million (66.7), which is equivalent to a growth of 31.1%. This is thanks to the margin improvements that the increased sales of the Zinzino Health product line brings. The product line has exclusively better contribution margin per sold item than the products within Zinzino Food. This is achieved through cost-effective raw material purchases and self-production at FAUN, resulting in margin improvements for the Group when the share of the total sales increases.

The external operating expenses have increased to 42.7 million (32.1) and the internal costs to 35.4 million (20.4). The increase is mainly due to the change of business system, but also through the increased costs in the Group via the new subsidiaries Faun Pharma AS and BioActive Foods AS. Despite the increased cost base, EBITDA amounts to 22.0 (14.1) and operating margin before depreciation 6.8%.

The operating profit amounted to SEK 15.7 million (13.3) and the operating margin was 4.9%. Depreciation and amortization at a total of SEK 6.3 million (0.8) of which SEK 4.4 million related to amortization of Goodwill have been charged to operating profit.

Net profit amounted to SEK 11.5 million (13.3).

### Investments

Zinzino has as described earlier in the report invested in a new business system during 2015. The system was commissioned during the third quarter. A large part of the development costs for the new platform have been activated as intangible fixed assets. The investment accumulated as at the report date amounts to SEK 9.3 million for the new business system. Further development of the platform continues during Q4 2015.

### Liquidity and equity/assets ratio

As of balance sheet day, cash-in-hand amounts to SEK 39.6 million (49.3). The Group's equity/assets ratio amounts to 53% (45%). These amount to SEK 6.7 million (0.0).



## INCOME STATEMENTS ZINZINO GROUP AND ZINZINO AB (PUBL.)

	Zinzino Group 7/1/2015 9/30/2015	Zinzino Group 7/1/2014 9/30/2014	Zinzino Group 1/1/2015 9/30/2015	Zinzino Group 1/1/2014 9/30/2014	Zinzino Group 1/1/2014 12/31/2014
Amounts in SEK thousand					
Net sales	92,854	78,236	291,581	218,186	318,762
Other revenue	8,488	9,331	30,212	24,903	38,968
Trade goods and other direct costs	-70,964	-62,951	-221,636	-176,420	-255,294
<b>Gross profit</b>	<b>30,378</b>	<b>24,616</b>	<b>100,157</b>	<b>66,669</b>	<b>102,436</b>
External operating costs	-13,288	-10,995	-42,728	-32,156	-50,177
Personnel costs	-11,764	-6,617	-35,404	-20,443	-30,844
Depreciation and amortization	-2,059	-287	-6,299	-819	-2,821
<b>Operating profit</b>	<b>3,267</b>	<b>6,717</b>	<b>15,726</b>	<b>13,251</b>	<b>18,594</b>
Net financial items	-402	0	-1,197	-1	-146
Tax	-584	-32	-2,988	-32	14,291
<b>Profit for the year</b>	<b>2,281</b>	<b>6,685</b>	<b>11,541</b>	<b>13,218</b>	<b>32,739</b>

	Zinzino AB 7/1/2015 9/30/2015	Zinzino AB 7/1/2014 9/30/2014	Zinzino AB 1/1/2015 9/30/2015	Zinzino AB 1/1/2014 9/30/2014	Zinzino AB 1/1/2014 12/31/2014
Amounts in SEK thousand					
Net sales	350		2,810		
Other revenue	-	-	-	-	-
Trade goods and other direct costs	-	-	-	-	-
<b>Gross profit</b>	<b>350</b>	<b>0</b>	<b>2,810</b>	<b>0</b>	<b>0</b>
External operating costs	-276	-170	-888	-685	-2,299
Personnel costs	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-
<b>Operating profit</b>	<b>74</b>	<b>-170</b>	<b>1,922</b>	<b>-685</b>	<b>-2,299</b>
Net financial items	-	-	0	-	-
Tax	-	-	-	-	-
<b>Profit for the year</b>	<b>74</b>	<b>-170</b>	<b>1,923</b>	<b>-685</b>	<b>-2,299</b>

## BALANCE SHEETS ZINZINO GROUP AND ZINZINO AB (PUBL.)

Amounts in SEK thousand	Zinzino Group 9/30/2015	Zinzino Group 9/30/2014	Zinzino Group 12/31/2014
<b>Assets</b>			
Fixed assets			
Goodwill	51,808		50,650
Intangible assets	12,321	2,894	5,182
Property, plant and equipment	1,948	978	1,964
Financial assets	14,684	5,937	14,882
<b>Total non-current assets</b>	<b>80,761</b>	<b>9,809</b>	<b>72,678</b>
Current assets			
Inventories	33,306	28,015	30,759
Current receivables	23,408	12,952	19,425
Cash and cash equivalents	39,583	49,292	42,771
<b>Total current assets</b>	<b>96,297</b>	<b>90,259</b>	<b>92,955</b>
<b>Total assets</b>	<b>177,058</b>	<b>100,068</b>	<b>165,633</b>
<b>Equity and liabilities</b>			
Restricted equity	3,090	2,424	2,951
Non-restricted equity	79,051	29,460	50,604
Profit for the year	11,543	13,218	32,739
<b>Total equity</b>	<b>93,684</b>	<b>45,102</b>	<b>86,294</b>
<b>Liabilities</b>			
Long-term liabilities	4,414	277	5,156
Current liabilities	78,961	54,689	74,183
<b>Total liabilities</b>	<b>83,375</b>	<b>54,966</b>	<b>79,339</b>
<b>Total equity and liabilities</b>	<b>177,059</b>	<b>100,068</b>	<b>165,633</b>

## BALANCE SHEETS ZINZINO GROUP AND ZINZINO AB (PUBL.)

Amounts in SEK thousand	Zinzino AB 9/30/2015	Zinzino AB 9/30/2014	Zinzino AB 12/31/2014
<b>Assets</b>			
Fixed assets			
Goodwill	-	-	-
Intangible assets	-	-	-
Property, plant and equipment	-	-	-
Financial assets	83,280	25,079	80,833
<b>Total non-current assets</b>	<b>83,280</b>	<b>25,079</b>	<b>80,833</b>
Current assets			
Inventories	-	-	-
Current receivables	246	288	452
Cash and cash equivalents	61	8,875	956
<b>Total current assets</b>	<b>307</b>	<b>9,163</b>	<b>1,408</b>
<b>Total assets</b>	<b>83,587</b>	<b>34,242</b>	<b>82,241</b>
<b>Equity and liabilities</b>			
Restricted equity	3,090	2,951	2,951
Non-restricted equity	41,881	27,921	51,348
Profit for the year	1,923	-685	-2,299
<b>Total equity</b>	<b>46,894</b>	<b>30,187</b>	<b>52,000</b>
<b>Liabilities</b>			
Long-term liabilities	15,753	277	12,729
Current liabilities	20,940	3,778	17,512
<b>Total liabilities</b>	<b>36,693</b>	<b>4,055</b>	<b>30,241</b>
<b>Total equity and liabilities</b>	<b>83,587</b>	<b>34,242</b>	<b>82,241</b>

## CASH FLOW STATEMENT IN SUMMARY ZINZINO GROUP

Amounts in SEK thousand	2015	2014	2015	2014	2014
	July-Sept	July-Sept	Jan-Sept	Jan-Sept	Jan-Dec
Operating activities					
Profit before financial items	3,267	6,717	15,726	13,251	18,593
Depreciation, amortization and impairment	2,059	287	6,299	819	2,821
Other items that do not affect liquidity	1,348	35	-2 982	-195	469
	<b>6,674</b>	<b>7,039</b>	<b>19,043</b>	<b>13,875</b>	<b>21,883</b>
Interest received	-	-	-	-	148
Interest paid	-402	-	-1,197	-1	-295
Tax paid	-10	-32	-81	-32	-247
	<b>-412</b>	<b>-32</b>	<b>-1,278</b>	<b>-33</b>	<b>-394</b>
<b>Cash flow from operating activities before changes in working capital</b>	<b>6,262</b>	<b>7,007</b>	<b>17,765</b>	<b>13,842</b>	<b>21,489</b>
<b>Cash flow from changes in working capital</b>					
Increase(-) / Decrease(+) in inventory	581	2,328	-2,547	400	-2,344
Increase(-) / Decrease(+) in current receivables	-10,897	-3,155	-3,983	-3,575	-10,048
Increase(-) / Decrease(+) in current liabilities	11,914	8,334	4,778	21,040	40,534
<b>Cash flow from operating activities</b>	<b>7,860</b>	<b>14,514</b>	<b>16,013</b>	<b>31,707</b>	<b>49,631</b>
<b>Investing activities</b>					
Investment in intangible assets	-6,668	-	-8,708	-	-561
Investment in financial fixed assets	-152	-	-2,447	-2,397	-52,132
Investment in tangible fixed assets	-9	-80	-355	-353	-1,439
<b>Cash flow from investing activities</b>	<b>-6,829</b>	<b>-80</b>	<b>-11,509</b>	<b>-2,750</b>	<b>-54,132</b>
<b>Financing activities</b>					
Borrowings	-	-	-742	-	4,879
Issue in specie	-	-	-	-	21,534
Dividends	-	-	-7,725	-2,708	-2,708
Subscription for shares on warrants issued	-	8,508	775	12,120	12,643
<b>Cash flow from financing activities</b>	<b>-</b>	<b>8,508</b>	<b>-7,692</b>	<b>9,412</b>	<b>36,348</b>
<b>CASH-FLOW FOR THE PERIOD</b>	<b>1,031</b>	<b>22,942</b>	<b>-3,188</b>	<b>38,369</b>	<b>31,847</b>
<b>Cash and cash equivalents at start of period</b>	<b>38,552</b>	<b>26,350</b>	<b>42,771</b>	<b>10,923</b>	<b>10,923</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>39,583</b>	<b>49,292</b>	<b>39,583</b>	<b>49,292</b>	<b>42,770</b>
<b>Change in cash and cash equivalents</b>	<b>1,031</b>	<b>22,942</b>	<b>-3,188</b>	<b>38,369</b>	<b>31,847</b>

<b>CHANGES IN EQUITY GROUP</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>
Amounts in SEK thousand	<b>Jan-Sept</b>	<b>Jan-Sept</b>	<b>Jan-Dec</b>
<b>Equity at the beginning of the period</b>	<b>86,294</b>	<b>22,880</b>	<b>22,880</b>
Share subscription on warrants	775	12,069	12,643
Non-cash issue in connection with acquisitions			21,534
Dividend to shareholders	-7,725	-2,708	-2,708
Translation differences currency	2,799	-357	-794
Net income for the period	11,541	13,218	32,739
<b>Equity at the end of period</b>	<b>93,684</b>	<b>45,102</b>	<b>86,294</b>

## DEFINITIONS OF KEY FIGURES

<p><b>Gross margin</b> Total revenue minus cost of goods sold, partner commissions and shipping costs as a percentage of the period's total revenues.</p>	<p><b>Profit per share</b> Profit for the period in relation to the period's average number of outstanding shares.</p>	<p><b>Equity per share</b> Equity in relation to number of outstanding shares as of balance sheet day.</p>
<p><b>Operating margin</b> Operating profit after depreciation as a percentage of the period's total revenue.</p>	<p><b>Operating margin before depreciation</b> Operating profit before depreciation as a percentage of the period's total revenue.</p>	<p><b>Net margin</b> Profit for the period as a percentage of the period's net sales.</p>
		<p><b>Equity/assets ratio</b> Equity as a percentage of the balance sheet total.</p>

## NUMBER OF OUTSTANDING SHARES

As of 6/30/2015, the share capital is distributed between 30,900,025 shares, of which 5,113,392 are A-shares (1 vote per share) and 25,786,633 B-shares (0.1 vote per share). The share's nominal value is SEK 0.10. The company's B shares are traded on Nasdaq Omx First North, nasdaqomxnordic.com.

The company has outstanding options programs. The first expires on November 1, 2016 and comprises 2,100,000 options at a redemption price of SEK 2. As of October 2015, 820,000 warrants had been used to subscribe for shares. The second option program expires on May 31, 2019 at a redemption price of SEK 16 and covers 600,000 options. In addition to this, the AGM resolved on May 8, 2015 to issue a further 600,000 warrants at a redemption price of SEK 26. The option program expires on May 31, 2020.

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%.

## INSIDER HOLDINGS AS OF 9/30/2015

Name	Position	Share	9/30/2015
Örjan Saele	Others with inside holdings	ZZA	3,123,397
Örjan Saele		ZZB	6,186,671
Peter Sörensen	Others with inside holdings	ZZA	1,809,995
Peter Sörensen		ZZB	1,842,944
Hans Jacobsson	Chairman	ZZB	431,215
Hans Jacobsson		ZZ TO	45,000
Cecilia Halldner	Board Member	ZZB	45,000
Staffan Hillberg	Board Member	ZZB	206,414
Staffan Hillberg		ZZ TO	45,000
Pierre Mårtensson	Board Member	ZZB	0
Dag Pettersen	Managing Director	ZZB	180,000
Dag Pettersen		ZZ TO	1,460,000
Carin Andersson	Management	ZZB	36,082
Fredrik Nielsen	Management	ZZB	15,000
Fredrik Nielsen		ZZ TO	30,000
Helena Byström	Management	ZZ B	15,000
Jakob Spijker	Management	ZZ B	15,000
Lina Rydh	Management	ZZ B	5,000
Mikaela Wahlbro	Management	ZZ B	15,000

## ACCOUNTING PRINCIPLES

This Interim Report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general guidelines. As of the 2014 financial year, the consolidated financial statements and annual report are prepared in accordance with BFNAR 2012:1 Annual Accounts and Consolidated Accounts (K3). Where applicable, the comparative figures for 2014 have been adapted to K3. The transfer to K3 has not resulted in any significant changes, for either 2014 or 2015.

## INCOME BY COMPANY

	Q3 2015	Q3 2014	Growth by company vs previous year	Share of total income Q3
Zinzino Sverige AB	11,327	8,202	38%	11%
Zinzino AS (Norway)	23,627	22,885	3%	23%
Zinzino OY (Finland)	15,579	13,964	12%	15%
Zinzino ApS (Denmark)	16,003	11,775	36%	16%
Zinzino Ehf (Iceland)	7,777	10,909	-29%	8%
Zinzino UAB (Lithuania)	3,281	3,759	-13%	3%
Zinzino SIA (Latvia)	2,795	2,641	6%	3%
Zinzino OÜ (Estonia)	7,767	10,202	-24%	8%
Zinzino LLC (USA)	4,604	3,133	47%	5%
Zinzino BV (Netherlands)	742	40	1,754%	1%
Zinzino SP z.o.o (Poland)	350	57	515%	0%
Faun Pharma AS (Norway)	7,490	n/a	n/a	7%
<b>Total</b>	<b>101,342</b>	<b>87,567</b>		

	9 months 2015	9 months 2014	Growth by company vs previous year	Share of total revenue, 9 mo.
Zinzino Sverige AB	30,625	22,821	34%	10%
Zinzino AS (Norway)	73,539	64,900	13%	23%
Zinzino OY (Finland)	46,523	37,927	23%	14%
Zinzino ApS (Denmark)	46,614	31,719	47%	14%
Zinzino Ehf (Iceland)	32,915	30,934	6%	10%
Zinzino UAB (Lithuania)	10,433	11,201	-7%	3%
Zinzino SIA (Latvia)	9,273	8,316	12%	3%
Zinzino OÜ (Estonia)	28,156	25,848	9%	9%
Zinzino LLC (USA)	12,533	9,423	33%	4%
Zinzino BV (Netherlands)	1,989	n/a	n/a	1%
Zinzino SP z.o.o (Poland)	594	n/a	n/a	0%
Faun Pharma AS (Norway)	26,219	n/a	n/a	8%
Zinzino Nordic AB	2,380	n/a	n/a	1%
<b>Total</b>	<b>321,793</b>	<b>243,089</b>		

## AUDITOR EXAMINATION

This interim report has not been subject to examination by the company's auditors.

## NEXT REPORT

The Year-end report for 2015 will be published on 2/28/2016

For more information, please call Dag Bergheim Pettersen, Managing Director, Zinzino AB

Gothenburg, 23 November 2015

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**Note:** This report is published in Swedish and English. In the event of any difference between the English version and the Swedish original, the Swedish version shall prevail.