

# ZINZINO AB

## PRESS RELEASE 2015-05-22



Corporate ID no. 556733-1045

FAO: News Editor

Gothenburg 2015-05-22

### **INTERIM REPORT 1ST JANUARY - 31ST MARCH 2015 ZINZINO AB (PUBL)**

“Our mantra is growth and increased profitability.”

*Dag Bergheim Pettersen, Chief Executive Officer, Zinzino AB*

#### **PERIOD SUMMARY**

For the first quarter of 2015 all Zinzino’s markets are showing growth compared with the previous year. Total revenues amounted to 109.0 (75.5) million SEK, representing a sales growth of 44% compared with the previous year for the Group. Profit before tax amounted to 6.5 (2.9) million SEK, corresponding to earnings per share of 0.22 (0.10) SEK. The gross profit margin amounted to 34% (28%), a margin improvement of 6 percentage points.

#### **FIRST QUARTER, Q1 2015, (compared with the same period last year, 2014)**

- Total revenues were adjusted to 109.0 (75.5) million SEK, representing a growth of 44%.
- The operating profit amounted to SEK 6.8 (2.7) million SEK and the operating margin 6.3% (3.6%).
- Profit before tax amounted to SEK 6.5 (2.9) million SEK. Profit per share amounted to 0.22 (0.10) SEK.

#### **SIGNIFICANT EVENTS DURING THE PERIOD**

- Zinzino AB has acquired an additional 13.8 percent of Faun Pharma AS, increasing its ownership to 98.8%.
- Zinzino Food has launched a new product: Protect. A product that interacts with the body’s innate defence mechanism- the immune system. Contains Wellmune®
- Begun establishment processes with start-ups in Germany and Canada.
- During the first quarter of 2015, the Group had 14,821 (11,864) new customers. The sales force was increased by 2,359 (2,916) distributors.
- The percentage breakdown of sales between the product lines during the first quarter of 2015 is 25% for Zinzino Coffeehouse and 75% for Zinzino Food.
- Turnover for Zinzino Food amounted to 65.9 (41.4) million SEK, representing a growth of 59%.
- Sales for Zinzino Coffee amounted to 21.6 (29.0) million SEK, representing a decrease in sales of 26%.

## COMMENTS FROM DAG BERGHEIM PETERSEN, CEO:

Our mantra is growth and increased profitability:

“Growth during the first quarter amounted to 44% and we have a better profitability than ever before. We are ahead of our forecast of 25% growth and our cost of sales are decreasing, resulting in increased gross profit margins. This is something we have in our plan and that every day we work hard to achieve.

We have acquired additional shares in Faun Pharma AS, so that we now own 98.8%. With almost full control of the company we are now making investments in new products, production capacity, equipment and organisation. The results from this we expect to see over the next six months as we launch new product concepts. We are confident that this launch will help us achieve our ambitious growth targets with an average sales growth of 25% over the next three years with improved profitability every year.

In order to maintain growth, we will also be entering two new markets in 2015- Germany and Canada. Two big markets that we believe will give us many new customers and distributors, and through that a growth in sales. Both establishments will happen in a resource efficient manner through the contributions of existing organisations in Sweden and the USA.

This means that we can absorb the establishment costs within the framework of our regular operating costs. Our business model for the establishment of new markets is extremely efficient and ensures profitability early in the new markets.

We launched a new product line in health almost 3 years ago when we entered into a collaboration with the Norwegian research company BioActive Foods AS. We then acquired BioActive Foods AS later at the end of last year. It has proven to be a successful move and we are now working on large scale product development for the next few years. We are convinced that this will result in even more loyal customers and as with the factors above, contribute to us achieving our ambitious growth targets.

We will protect and look after our customers. Customer loyalty and customer satisfaction is something we measure carefully and strive for. In order to take care of our customers in the best way we have recruited many skilled employees to our efficient support department and the rest of the organisation. We have invested a lot in a healthy and pleasant internal culture and work environment that we believe will spread to our customers. In addition to this, we will launch our own Zinzino app that will further contribute to customer satisfaction and loyalty.

We currently sell a self-test that measures the ratio in the blood between omega-6 and omega-3 fatty acids. We have at the time of writing, analysed over 95,000 tests. In this way, we have a clear picture of the health status of our customers in the various markets where we operate. It is incredibly stimulating to work with a product line that can contribute to improved health among our customers, distributors, employees, family and friends. We aim to have one million customers by 2020. With our existing and future products, we believe we have the perfect tools to reach that goal.

Zinzino celebrates its 10th anniversary in 2015, which we are celebrating with campaigns and new product launches of health and dietary supplements while at the same time we establish ourselves in new markets. Zinzino will inspire change in people's lifestyles.

*Dag Bergheim Pettersen, CEO, Zinzino AB*

For full report In English will be published shortly.

This information is what Zinzino AB is required to disclose in accordance with the securities market act and/or the act on trading in financial instruments. The information was submitted for publication May 22nd, 2015.

**INFORMATION ON THE COMPANY** Zinzino was founded under the name Zinzino Holding in autumn 2007. In 2009 the company acquired, partly through a share issue in the spring, partly through a directed share issue, 93% of the share capital and 97% of the votes in Zinzino AB Zinzino Nordic is a sales company that uses independent distributors who market and sell products via commission through so called direct selling.

#### **NEXT REPORT**

Interim Report Q2, 2015, published on 31st August 2015.

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Zinzino AB (publ.) is a leading direct sales company represented in Sweden, Norway, Denmark, Finland, Estonia, Latvia, Lithuania, Iceland, The Faroe Islands, Poland, the Netherlands and the United States. Zinzino promotes and sells functional food and coffee. The functional food product line consists of the oil, shake, test and capsules in the Balance range. The coffee product line consists of espresso machines, coffee, tea and accessories.

The business is characterised by high quality, proximity to the customer, and a focus on active product development. The products are marketed via direct sales. Zinzino is a public limited liability company and its shares are listed on Nasdaq First North. The company has 60 employees with its head office in Gothenburg and an additional office in Florida, USA. The company also owns a production company, Faun Pharma AS, which has 30 employees and is located in Vestby outside Oslo, Norway.