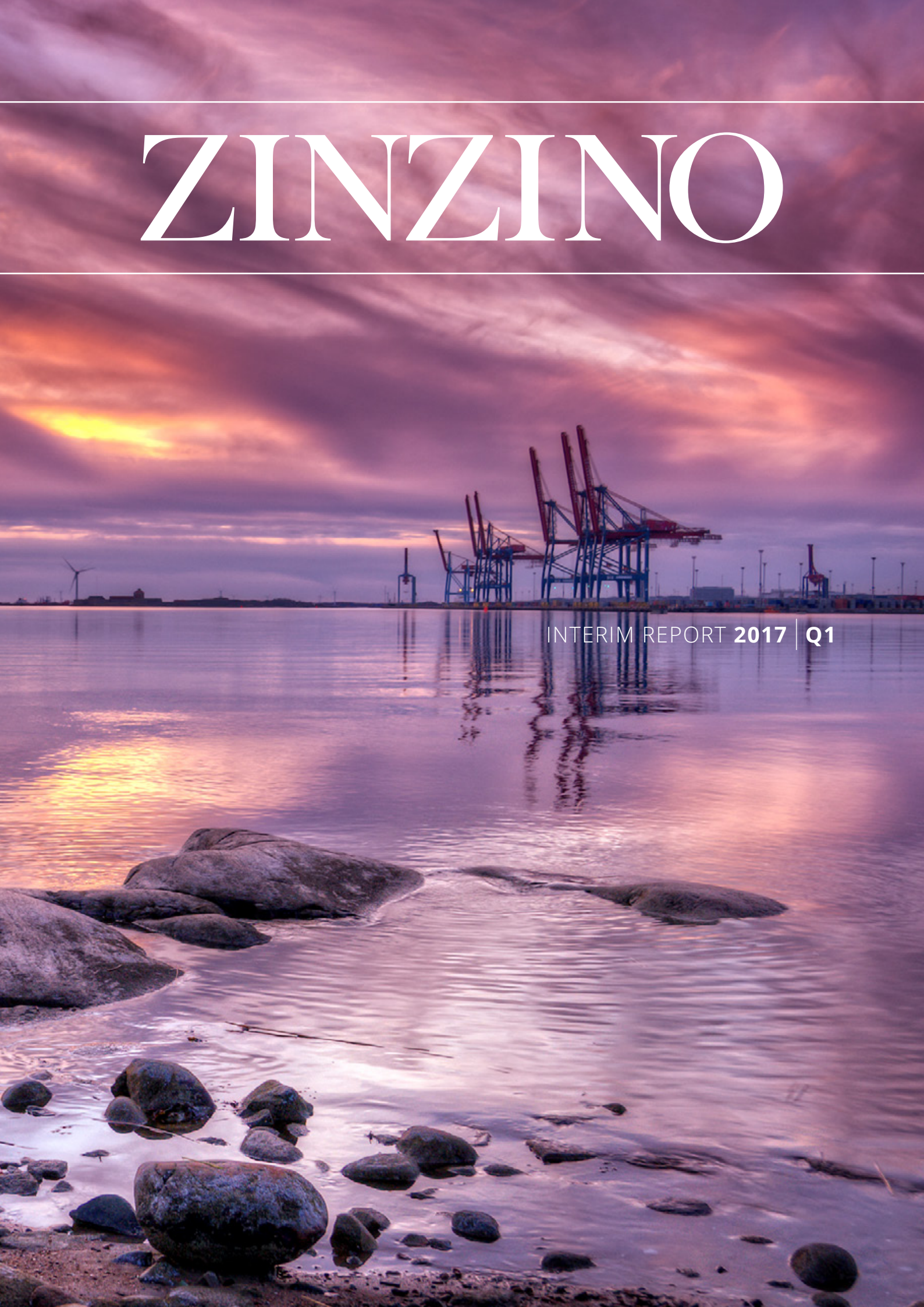


# ZINZINO

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INTERIM REPORT 2017 | Q1





# THIS IS ZINZINO

Zinzino AB (publ.) is a direct sales company which operates throughout Europe and North America. Zinzino markets and sells products in two product lines, Zinzino Health, with a focus on long-term health, and Zinzino Coffee, consisting of espresso machines, coffee and tea.

Zinzino owns Norwegian research unit BioActive Foods AS and the production unit Faun Pharma AS. Zinzino has more than 120 employees. The company has its headquarters in Gothenburg, and offices in Helsinki, Riga and Oslo, and in Florida, United States. Zinzino is a publicly held limited company and its shares are listed on Nasdaq First North.

Zinzino was designated in 2016 both as one of Veckans Affärer's "Super Companies" and as Dagens Industri's Gazelle Company.

## A SHORT HISTORY

**2007** - Zinzino AB was started. The company's principal business is to own and develop companies in direct sales and related businesses.

**2009** - Zinzino Nordic AB was acquired, partly through a directed issuance in kind to the owners of Zinzino Nordic AB and partly through a subscription for shares in the preference issuance Zinzino Nordic AB carried out in December 2009. Through this Zinzino AB acquired control over 97% of the votes and 92% of the capital of Nordic AB. By 31 December 2015 the ownership share had increased to 93% of the capital.

**2010** - Zinzino shares were listed for trading on the Aktietorget stock market.

**2011** - The group was expanded by companies in Estonia and Lithuania.

**2012** - Companies were started in Latvia and on Iceland.

**2013** - A company was started in the United States with its headquarters in Jupiter, Florida.

**2014** - The group was further expanded by companies in Poland and Holland. The same year Zinzino AB acquired the remaining shares in BioActive Foods AS and 85% of the shares in Faun Pharma AS. This was also the year when Zinzino AB was listed for trading on Nasdaq OMX First North.

**2015** - A company was started in Canada and the ownership share in Faun Pharma AS was increased to 98.8%.

**2016** - A subsidiary was started in Germany.  
- Sales were opened to all of the countries in the EU.

## ZINZINO INTERIM REPORT 2017 | Q1

### THE PAST QUARTER IN SUMMARY

- Total revenues increased by 16% (1%) to SEK 128.2 (110.7) million
- Zinzino's production unit Faun Pharma AS increased its external sales by 79% (3%) to SEK 17.0 (9.5) million.
- The product segment Health increased by 17% (16%) to SEK 89.3 (76.6) million
- Strong growth in the home market, Sweden 58% (47%) during the first quarter.

## FINANCIAL SUMMARY (SEK MILLIONS)\*

### THE GROUP'S KEY RATIOS

	Q1-2017	Q1-2016	FULL YEAR 2016
Total revenues	128.2	110.7	492.3
Net sales	117.8	101.6	436.4
Sales growth	16%	1%	11%
Gross profit	39.0	39.2	167.2
Gross profit margin	30.4%	35.4%	34.0%
Operating profit before depreciation and amortisation	5.8	8.2	23.0
Operating margin before depreciation and amortisation	4.5%	7.4%	4.7%
Operating profit	3.5	5.9	14.0
Operating margin	2.7%	5.4%	2.8%
Profit before tax	3.5	5.7	13.9
Net profit	1.9	4.4	9.7
Net margin	1.5%	3.9%	2.0%
Liquid assets	29.0	31.1	23.3
Equity/assets ratio	50%	53%	51%
Net profit per share after tax before dilution SEK	0.06	0.14	0.31
Net income per share after tax at full dilution, in SEK	0.06	0.13	0.29
Equity capital per share SEK before dilution	2.79	2.86	2.82
Number of outstanding shares on average for the period	32,580,025	30,900,025	31,359,861
Number of outstanding shares on average for the period with full dilution	33,780,025	33,780,025	33,780,025

\*Comparison ratios adjusted to take into consideration new accounting principles relating to currency-related revenues and costs

### FINANCIAL GOALS AND ZINZINO'S OUTLOOK FOR 2017

The board of directors of Zinzino maintains its forecast that the total revenues in 2017 will be SEK 540 - 580 million. Operating margin before depreciation and amortization in % is expected to be at least at the level of the prior year. During the period 2017-2019 the average

growth of sales in Zinzino will be at least 20% and the operating margin before depreciation and amortisation in % will increase to >6%. The dividend policy will be at least 50% of the net profit so long as liquidity and the equity/assets ratio permit.



# WE ARE WELL PREPARED TO CONTINUE **STRONG GROWTH WITH IMPROVED PROFITABILITY**

With a new online shop, new products and new markets we will grow rapidly in the future. An efficient organisation and production will make profitability grow concurrently with the growth we anticipate of at least 20% per year during the coming years.

Q1 was a satisfactory quarter in conformity with our forecast and we have continued to invest a great deal of time and resources in the digital shift. We would have preferred to see the profitability greater than 4.5% on the operating margin before depreciation and amortisation but I am confident that it will become better during the year.

## **PROFITABLE GROWTH**

In the annual report I have put a little extra emphasis on the opportunity we have to utilise our scalable business model and I promised that Zinzino would double our sales from half a billion to a billion before the end of 2020. I also promised that during that time we would more than double our net margin in percent.

The reason that we can double sales is that we are in 34 markets and thus reach out to nearly a billion potential customers. We have leading health products which are suitable to our times and which essentially all people need. Research, development and production of our products we do ourselves. We have systematised and are at the cutting edge with our direct sales concept and have a marketing concept which is growing all over the world with state of the art products. During the coming years we plan to expand to new and large international markets. We will also develop and adapt our products and concepts specifically for the markets in which we establish ourselves in order to reach the highest possible return for our investors.

Profitability will double in percent as a result of our having invested in the digital shift as both simplifies many processes in support, finance, logistics, IT and sales. In turn this will mean that the need to invest more and employ more people, will be significantly lower when the growth comes. We will be able to reduce costs both in production and in purchases of products and services when the volume increases. Such a scalable business model is very interesting and inspiring for our partners, employees and shareholders.

## **CONTINUOUS IMPROVEMENT**

During the first quarter our focus has been on our current product portfolio rather than launch any new products. I am glad to announce that towards the end of the second quarter we will launch an entirely new product for which we have great expectations. The reason that we will have a calmer pace of launching new products is to keep our focus on all the previously launched products and give them the time to become established in all of our markets and through that create growth throughout our company. We will support our new established markets and our product launches by improving our message to the market with new films and the web which will be released during the current quarter. Our change management is continuously working on improving our processes, becoming more efficient and utilising our advantages of scale. This will result in profitability growth.

We will improve Zinzino's trademarks digitally through the web, social media and films. Get quicker and more cost effective deliveries and improve smart payment solutions in order to have even more satisfied customers and distributors.

**Dag Bergheim Pettersen**

We aspire to inspire



*– Growth of 16 % during the first quarter is satisfactory and in conformity with the forecast.*

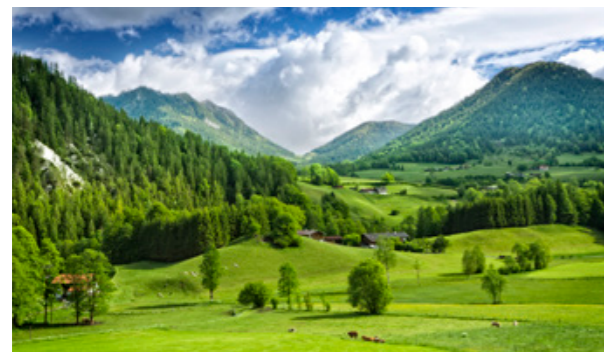


# SIGNIFICANT EVENTS DURING AND AFTER **THE FIRST QUARTER OF 2017**



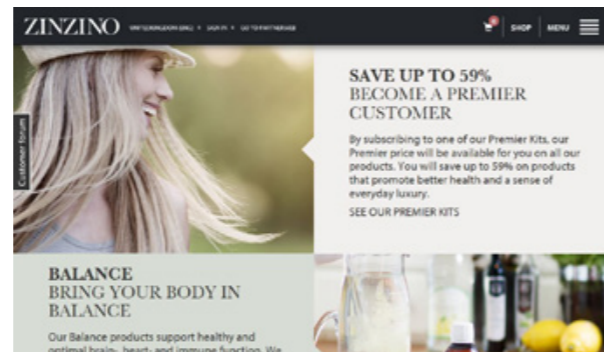
## **STRONG GROWTH IN THE HOME MARKET**

The positive sales development in Sweden continued during the first quarter of 2017. Revenues increased by 58% in the home market as compared to the first quarter of the prior year. Behind the fine sales development there is solid work carried out by an experienced and competent sales force on the Swedish market which for many years has systematically built up the market in combination with support from the headquarters in Gothenburg. There is a potential for the sales in the market to continue to grow for a long period in the future.



## **ESTABLISHMENT IN SWITZERLAND**

During the first quarter of 2017 the company began an establishment process with respect to the Swiss market. The establishment will be made pursuant to the same model as was used last year. This will result in the process being efficient both as relates to costs and as to the passage of time, with a difference for local adjustments since Switzerland does not belong to the EU. The sales start in the market is expected to be during the second quarter of 2017. The Swiss market is strong in capital and can become an important sales market for Zinzino in the future.



## **WEB PROJECT IN FINAL PHASE**

Zinzino has worked further during the quarter with the major update and adaptation of its homepage for customers and sellers. Concretely, the updating means that the company is strengthening and clarifying the exposure of Zinzino's successful concepts and the business opportunities which the company offers to its distributors. For the customers this means that relevant information is made clearer and that it will be easier for the potential customers to find the information they are looking for. The new home page has been translated into 16 languages and adapted to the requirements of the local markets. The process is complex and time consuming, as a result of which the launch has been delayed until the second quarter of 2017.



## **FAUN PHARMA AS IS FOCUSING ON A PROFITABLE PRODUCTION MIX**

The first quarter of Zinzino's production unit and also subsidiary Faun Pharma AS was characterized by high turnover and growth, the external sales increased by 79% to SEK 17.0 (9.5) million. The sales mix consisted largely of high volume production which generated lower gross profit than expected for the quarter. The company therefore worked strategically during the quarter, in conformity with ISO 9001, and identified and cultivated potential customers in the production segments with higher gross profit

margins, mainly customers with long-term needs of capsule and tablet production. This has already shown positive results in that an agreement has been signed on production for Vital Styrelsen in Norway, for example. Thanks to the company's continuous improvements, in conformity with ISO 9001, it has received more production inquiries than previously. This has resulted in its being able to choose collaboration customers whose production generates higher profit margins than previously.

## **A NEW PAYMENT SOLUTION IN THE ICELANDIC MARKET**

Zinzino is working continuously with increasing the efficiency of payment solutions. During the first quarter the focus has been on a new locally adapted payment solution on Iceland. The solution gives the Icelandic customer the possibility of having its invoice from Zinzino delivered digitally to its internet bank. At the same time requirements management will become more efficient in the market which, in combination with the new payment solution, will be an effective tool for the Icelandic distributors in creating growth in their market. Launch of the new payment solution is expected by the end of May 2017.

## **SHORTER LEAD TIMES IN THE LOGISTICS CHAIN**

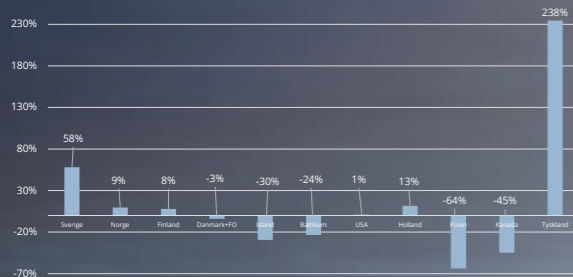
During the first quarter a project was initiated to shorten the lead time for customers, from paid to delivered orders, as well as to offer the customers delivery alternatives. As relates to lead time for an order, Zinzino is working to find improved possibilities in all steps, that is both improvement of the lead time for order information to be verified and compiled as well as the lead time for packing and transport. As relates to delivery alternatives, the company is carrying on a continuous dialogue with the market's transporters, even those with whom Zinzino does not have on-going agreements, in order to find the best solutions for Zinzino's customers. The project has gone on during the entire Q1 and will continue during Q2.



# SALES AND PROFITS 2017 | Q1

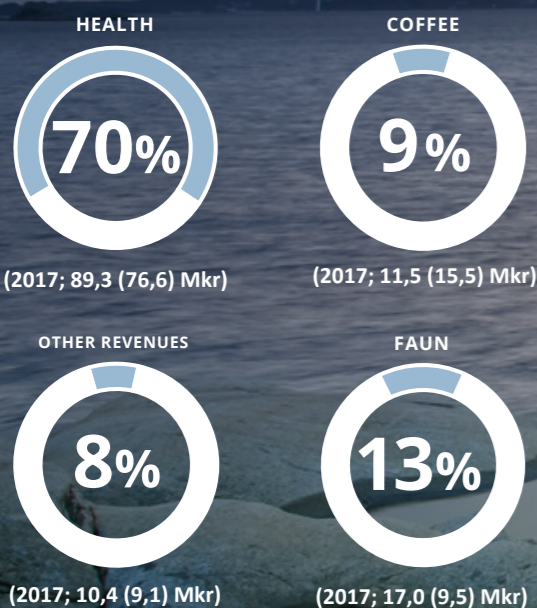
## Q1

Growth per market 2017 vs. 2016

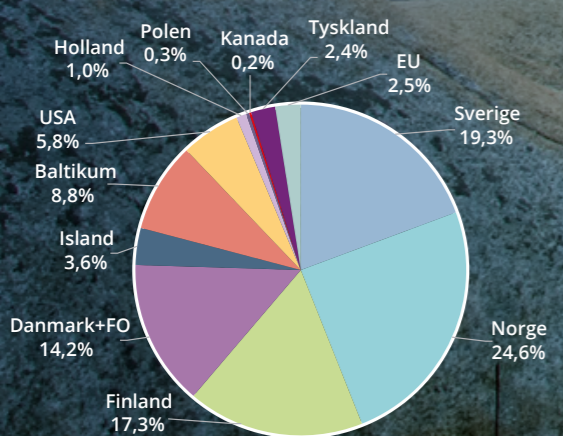


Sales  
MSEK **128,2** (110,7)

Revenues



Geographic distribution of sales



### THE FIRST QUARTER – SALES

In total, revenues for the quarter were SEK 128.2 (110.7) million which corresponds to a growth of 16% (1%) as compared to the prior year.

Above all the growth was derived from the important Swedish market which increased revenues by fully 58% as compared to the first quarter of the prior year. Norway and Finland also had good growth during the period of 9% and 8%, respectively, as compared with Q1 of 2016.

Of the, in 2016, new started markets the development of sales was the strongest in Germany, that increased with 258%, however this in comparison with a modest sale in the last year. Germany is one of the world's biggest Direct Sales market and Zinzino sees a lot of potential for increasing the market share in this country. Even in Spain and Austria where the revenues till SEK 0.8 million respectively SEK 0.7 million shows a nice growth in sales, even the big markets in terms of population can generate a good growth of the company in the future.

Zinzino has had in the first quarter a great focus on the USA market that showed a certain growth and increased with 1% versus the same period last year. Big improvements has been implemented in the market. For instance updating our homepage and marketing materials, that is mainly conducted in an ongoing web project within Zinzino. With finalizing the web project in combination with the other efforts made for the market has Zinzino high hopes that the USA will increase in sales growth as well.

The Danish market has during a long time shown good growth figures. During the quarter, growth slowed somewhat and the market decreased by 3%. Zinzino estimates that this drop in growth was only a temporary decline and that the market is expected to increase sales ahead.

In the Baltics, Lithuania increased the revenue with 8% and Latvia stabilized the revenue at the same level versus the same period last year. The negative trend in Estonia continued, there the sales decreased with 47% versus the first quarter 2016. Zinzino estimates that the bottom has been reached in Estonia and expect that the market will stabilize under the next quarter. As communicated before the Estonian customer and distribution organization has suffered the most of the effects of changing IT-system that the company implemented the last two years.

Even the market in Iceland has been influenced in a negative way because of the complications after changing the IT-system. This resulted in fluctuating sales numbers. Under the first quarter the sales picked up again but nevertheless the revenue was still 30% lower versus the same period in the previous quarter. With the new payment solutions and handling the requirements in combination with the new adapted web solutions for customers and distributors, Zinzino estimates that the decrease of the turnover will result in a growth under the second quarter of 2017.

The production unit Faun Pharma also increased its external sales during the quarter and its growth was fully 79% as compared to the corresponding period in the prior year.

*Zinzino has great expectations of continuing to increase the group's revenues for a long time to come, which the communicated goal of 20% average growth in the period 2017-2019 confirms.*

The geographic distribution shows that the largest part of the revenues, as before, will come from the Nordic countries. Sweden continued to increase its share to 19.3% (13.5%) of the total sales and was, after Norway, the next largest market.

The product segment Zinzino Health increased by 17% to SEK 89.3 (76.6) million and accounted for 70% (69%) of the total revenues. The decline continued in the segment Coffee, which decreased by 26% to SEK 11.5 (15.5) million, which corresponded to 9% (14%) of the total revenues. Faun Pharma AS increased its external sales by 79% to SEK 17.0 (9.5) million, which corresponded to 13% (9%) of the total revenues. Other revenues were SEK 10.4 (9.1) million which corresponded to 8% (8%) of the revenues for the quarter.

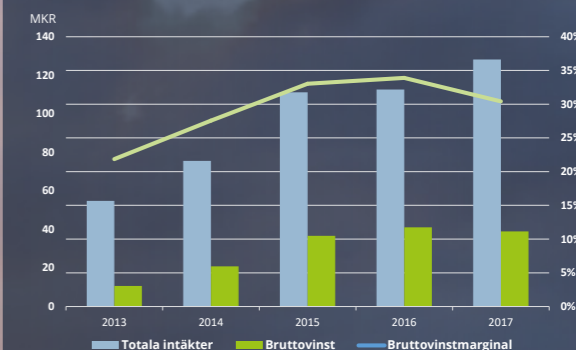
*Zinzino has made a large change in the product mix in recent years and the principal revenues are now in the area health. The market for health products and an increased focus on health trends in the entire world make us even more certain that we will reach our goals.*

During the quarter, more than 150,000 bottles of Balance-Oil Orange/Lemon/Mint were sold which was a new sales record for the product. The health segment's products continued to increase in sales and several newly arrived products had a steadily increasing sales curve and contributed to increase profitability for the group. The products that were outstanding during the quarter were Zinzino Skin Serum, with about 15,000 units sold, and Zinzino Proteinbars in the flavors of chocolate and cheesecake, with about 13,000 units sold. In Zinzino's coffee segment the sale of Zinzino Italian Espresso increased by 14% but still did not beat the popular coffee Zinzino French Espresso, which was still the most sold coffee.

### THE FIRST QUARTER – COSTS AND PROFIT

The gross profit for the first quarter was SEK 39.0 (39.2) million and the gross profit margin was 30.4% (35.4%). The worsened profit margin depended primarily on occasionally increased freight costs because of large dispatches of previously ordered ZinzinoBars and on the fact that Faun Pharma AS's sales mix to external customers during the quarter to a large extent consisted of high volume productions with low gross profit margins. Costs for sales commissions approached normal levels since the campaigns which were carried out towards the end of 2016 were concluded during January-February. Zinzino believes that the gross profit margins will return to normal levels during the second quarter.

EBITDA for the first quarter was SEK 5.8 (8.2) million and the operating margin before depreciation and amortisation was 4.5% (7.4%). The operating profit was SEK 3.5 (5.9) million and the operating margin was 2.7% (5.4%).



The decline in profit was primarily linked to worsened profitability at the gross level. In addition, the investments in systems, web pages and marketing measures were at a high level during the quarter, something which will be lowered to a normal level during the coming quarter.

The profit before tax for the quarter was SEK 3.5 (5.7) million and the net profit was SEK 1.9 (4.4) million.

### DEPRECIATION AND AMORTISATION

Depreciation and amortisation for the quarter has burdened the period's profit with SEK 2,275 (2,232) thousand, of which SEK 211 (179) thousand was depreciation of tangible fixed assets, SEK 838 (827) thousand was depreciation of intangible fixed assets, and SEK 1,226 (1,226) thousand was amortisation of goodwill.

### INVENTORIES

The group's combined goods inventories at the balance sheet date were SEK 67.9 (44.6) million. The increase depended primarily on the group's increased sales in more markets than previously, moving the production in Zinzino Health from an external party to Faun Pharma AS, and Faun's increased holding of inventory for the account of customers.

### EQUITY/ASSETS RATIO AND LIQUIDITY

At the balance sheet date cash was SEK 29.0 (31.1) million. The group's equity/assets ratio was 50% (53%). The quarter's cash flow was SEK 5.7 (4.3) million. The board of directors' continued judgement is that liquid assets are at a satisfactory level and that the group's positive cash flow from its ongoing business will secure liquidity in the group for the foreseeable future and will make possible a dividend at the coming annual meeting of shareholders.

### ORGANISATION

During 2016 the Zinzino organisation was strengthened through further resources in the IT and marketing departments. This, in combination with the resource additions which were received in the support departments through implementation of the new business system and the customer communication program "KUNDO", means that Zinzino after the end of the first quarter of 2017 is well equipped to manage large growth in the sales in the group. This means that the company will not need to employ more people when the sales increase, which is expected to generate advantages of scale at increased volumes.



## INCOME STATEMENTS ZINZINO GROUP (KSEK)

Amounts in KSEK	01-01-2017 03-31-2017	01-01-2016 03-31-2016	01-01-2016 12-31-2016
Net sales	117,774	101,602	436,399
Other revenues	10,443	9,072	55,911
Goods and other direct costs	-89,212	-71,511	-325,118
<b>Gross profit</b>	<b>39,005</b>	<b>39,163</b>	<b>167,192</b>
External operating costs	-16,782	-16,928	-85,245
Personnel costs	-16,464	-14,057	-58,906
Depreciation and amortisation	-2,275	-2,232	-8,997
<b>Operating profit</b>	<b>3,484</b>	<b>5,946</b>	<b>14,044</b>
Net financial items	-24	-201	-177
Tax	-1,517	-1,386	-4,198
<b>The period's profit</b>	<b>1,943</b>	<b>4,359</b>	<b>9,669</b>

## BALANCE SHEETS ZINZINO GROUP (KSEK)

Amounts in KSEK	Group 03-31-2017	Group 03-31-2016	Group 12-31-2016
Fixed assets			
Goodwill	37,325	42,230	38,552
Intangible fixed assets	20,339	14,921	19,511
Tangible fixed assets	3,322	1,853	3,322
Financial fixed assets	2,961	6,912	3,998
<b>Total fixed assets</b>	<b>63,947</b>	<b>65,916</b>	<b>65,383</b>
Current assets			
Goods inventories	67,896	44,592	63,518
Short-term receivables	21,848	25,238	23,911
Cash and bank	29,035	31,116	23,323
<b>Total current assets</b>	<b>118,779</b>	<b>100,946</b>	<b>110,752</b>
<b>Total assets</b>	<b>182,726</b>	<b>166,862</b>	<b>176,135</b>
Restricted equity capital	4,152	3,096	3,258
Unrestricted equity capital	84,426	80,875	75,536
The year's profit	1,943	4,359	9,669
<b>Total equity capital</b>	<b>90,521</b>	<b>88,330</b>	<b>88,463</b>
Long-term liabilities	580	677	543
Short-term liabilities	91,625	77,855	87,129
<b>Total liabilities</b>	<b>92,205</b>	<b>78,532</b>	<b>87,672</b>
<b>Total equity capital and liabilities</b>	<b>182,726</b>	<b>166,862</b>	<b>176,135</b>

# CASH FLOW ANALYSES ZINZINO GROUP (KSEK)

Amounts in KSEK	01-01-2017 03-31-2017	01-01-2016 03-31-2016	01-01-2016 12-31-2016
<b>The ongoing business</b>			
Profit before financial items	3,484	5,946	14,044
Depreciation and amortisation / write-downs	2,275	2,232	8,997
Other items not affecting liquidity	-196	-4,133	-1,681
	<b>5,563</b>	<b>4,045</b>	<b>24,772</b>
Interest received	16	3	49
Interest paid	-40	-202	-226
Tax paid	-	-22	-62
	-24	-221	-339
<b>Cash flow from the ongoing business before changes in operating capital</b>	<b>5,539</b>	<b>3,824</b>	<b>24,383</b>
<b>Cash flow from changes in operating capital</b>			
Increase(-) / Decrease(+) in goods inventories	-4,378	-4,303	-23,229
Increase(-) / Decrease(+) in short-term receivables	2,063	-2,914	-1,587
Increase(+) / Decrease(-) in short-term liabilities	4,496	8,015	10,882
<b>Cash flow from the ongoing business</b>	<b>7,720</b>	<b>4,622</b>	<b>10,549</b>
<b>Investment activity</b>			
Investments in intangible fixed assets	-1,685	-	-6,939
Investments in financial fixed assets	-91	-395	-764
Investments in tangible fixed assets	-232	-73	-2,016
<b>Cash flow from investment activity</b>	<b>-2,008</b>	<b>-468</b>	<b>-9,719</b>
<b>Financing activity</b>			
Loans taken	-	-	44
Dividend	-	-	-7,763
Subscriptions for shares on outstanding subscription options	-	110	3,360
<b>Cash flow from financing activity</b>	<b>-</b>	<b>110</b>	<b>-4,359</b>
<b>THE PERIOD'S CASH FLOW</b>	<b>5,712</b>	<b>4,264</b>	<b>-3,529</b>
<b>Liquid assets at the start of the period</b>	<b>23,323</b>	<b>26,852</b>	<b>26,852</b>
<b>Liquid assets at the end of the period</b>	<b>29,035</b>	<b>31,116</b>	<b>23,323</b>
<b>Change in liquid assets</b>	<b>5,712</b>	<b>4,264</b>	<b>-3,529</b>

# CHANGES IN EQUITY CAPITAL ZINZINO GROUP (KSEK)

Amounts in KSEK	03-31-2017	03-31-2016	12-31-2016
<b>Equity capital at the start of the period</b>	<b>88,463</b>	<b>88,320</b>	<b>88,320</b>
Adjustment for errors in prior years	-	-4,513	-4,513
Subscriptions for shares on subscription options	-	110	3,392
Dividend to shareholders	-	-	-7,763
Currency rate of exchange conversions	115	54	-642
The period's profit	1,943	4,359	9,669
<b>Equity capital at the end of the period</b>	<b>90,521</b>	<b>88,330</b>	<b>88,463</b>

## DEFINITIONS OF KEY RATIOS

### GROSS MARGIN

Total revenues minus cost of goods sold, partner commissions and outgoing freight in percent of the period's total revenues.

### PROFIT PER SHARE

The period's profit in relation to the period's average number of outstanding shares.

### EQUITY CAPITAL PER SHARE

Equity capital in relation to the number of outstanding shares on the balance sheet date.

### OPERATING MARGIN

Operating profit after depreciation and amortisation in percent of the period's total revenues.

### OPERATING MARGIN BEFORE DEPRECIATION AND AMORTISATION

Operating profit before depreciation and amortisation in percent of the period's total revenues.

### NET MARGIN

The period's profit in percent of the period's net sales.

### EQUITY/ASSETS RATIO

Equity capital in percent of the balance sheet total.

## THE NUMBER OF OUTSTANDING SHARES

The share capital as of 03-31-2017 is divided into 32,580,025 shares, of which 5,113,392 are A shares (1 vote) and 27,466,633 B shares (0.1 vote). The share's par value is SEK 0.10. The company's B shares are traded on Nasdaq Omx First North, [nasdaqomxnordic.com](http://nasdaqomxnordic.com).

The company has, as of the report date, two options programs. The first options program expires on 31 May 2019 at an exercise price of SEK 16 and covers 600,000 options. The other options program also covers 600,000 subscription options but at an exercise price of 26 Swedish crowns. That options program expires on 31 May 2020.

If all the subscriptions options outstanding on 03-31-2017 are exercised for new subscriptions to 1,200,000 shares the dilution of the share capital will be about 4%.



# AUDITING PRINCIPLES

This interim report has been prepared in accordance with the Swedish Annual Reports Act and the Swedish Accounting Standards Board's general advice. The group report and annual report are prepared in accordance with BFNAR 2012:1 Annual reports and group reports (K3). Beginning with interim report 1 2017 the company is applying net reporting of currency-related revenues and costs. Comparison ratios from prior years are adjusted in accordance with the same principles as are being used for the current year.

## REVENUES BY COMPANY (KSEK)

COMPANY	Q1 2017	Q1 2016	Growth by company compared with prior year	Share of total revenues
Zinzino Sverige AB*	24,258	13,586	79%	19%
Zinzino AS (Norway)	27,132	24,960	9%	21%
Zinzino OY (Finland)	19,240	17,798	8%	15%
Zinzino ApS (Denmark+Faroe Islands)	15,918	16,389	-3%	12%
Zinzino Ehf (Iceland)	4,003	5,679	-30%	3%
Zinzino UAB (Lithuania)	3,081	2,847	8%	2%
Zinzino SIA (Latvia)	3,039	3,047	0%	2%
Zinzino OÜ (Estonia)	3,613	6,851	-47%	3%
Zinzino LLC (United States)	6,514	6,440	1%	5%
Zinzino BV (Holland)	1,102	979	13%	1%
Zinzino SP z.o.o (Poland)	339	930	-64%	0%
Zinzino Canada Corp	229	413	-45%	0%
Zinzino GmbH (Germany)	2,668	790	238%	2%
Faun Pharma AS (Norway)	17,019	9,503	79%	13%
Zinzino Nordic AB	62	462	-87%	0%
<b>Total</b>	<b>128,217</b>	<b>110,674</b>	<b>16%</b>	<b>100%</b>

\* The Swedish company includes sales for the EU

## ANNUAL MEETING

The annual meeting of shareholders of Zinzino AB (publ) will be held on 24 May at 12.30 p.m. in the company's office at Hulda Lindgrens gata 8 in Gothenburg. Notice of the meeting, including the complete proposals of the board of directors, is available on [www.zinzino.se](http://www.zinzino.se) for download and will be sent by mail to shareholders if desired. The notice of the meeting also describes how and when shareholders may give the latest notice of their participation in the annual meeting of shareholders.

## DIVIDEND

The board of directors will propose to the annual meeting of shareholders a dividend of SEK 0.25 (0.25) per share for 2016. For 2016 the dividend corresponds to fully 80% of the net profit. The board of directors' judgement is that the cash flow is positive, and will continue to develop positively during the coming years. In addition, the liquidity and equity assets ratio in the group support a dividend at the proposed level.

### INTERIM REPORT 2017 | Q1

#### AUDITORS REVIEW

This interim report has not undergone review by the company's auditors.

#### REPORT CALENDAR

Interim report Q2 2017 will be published 08-31-2017  
Interim report Q3 2017 will be published 11-20-2017

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

Gothenburg, 10 May 2017

Zinzino AB (publ.)  
The board of directors

#### ZINZINO AB

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