

ZINZINO



INTERIM REPORT 2018 | Q1

THIS IS ZINZINO

Zinzino AB (publ.) is a direct sales company that is operating in Europe and North America. Zinzino markets and sells products in two product lines; Zinzino Health focusing on long-term health and Zinzino Coffee.

Zinzino owns the Norwegian research company, BioActive-Foods AS and the production unit, Faun Pharma AS. Zinzino has more than 120 employees. The company has its head office in Gothenburg SE, and offices in Helsingfors, Riga, Oslo and Florida, USA. Zinzino is a publicly limited company with its shares listed on Nasdaq First North.

In 2016 Zinzino was named one of Veckans Affärer's "Super Companies" and in Dagens Industri "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 the 31st of December 2015 the ownership share had increased to 93% of the capital.

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

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

2012 - Companies were started in Latvia and 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 launched in all of the EU countries.

2017 - A subsidiary was started in Romania. Sales started to Switzerland.

ZINZINO INTERIM REPORT 2018 Q1

THE PAST QUARTER IN SUMMARY

- Total revenue increased by (7%) to MSEK 137.5 (128.2)
- Gross profit increased by 19.7% and amounted to MSEK 46.7 (39.0)
- The gross profit margin increased by 3.5 percentage points to 33.9% (30.4%)
- Gross profit increased by 44.8% and amounted to MSEK 8.4 (5.8)
- EBITDA margin increased by 1.6 percentage points to 6.1 % (4.5 %)
- Cash flow from ongoing operations totalled MSEK 10.9 (7.7)
- Launch of the wholesome, tasty and certified 100 % vegan Energy Bar
- Strategic marketing effort targeting North America with an IT focus
- Establishment process initiated in Australia

FINANCIAL SUMMARY (MSEK)

KEY GROUP FIGURES	Q1 - 2018	Q1 - 2017	FULL YEAR 2017
Total revenue	137.5	128.2	540.3
Net sales	125.6	117.8	495.1
Sales growth	7%	16%	13%
Gross profit	46.7	39.0	159.8
Gross profit margin	33.9%	30.4%	29.6%
Operating profit before depreciation and amortisation	8.4	5.8	11.1
Operating margin before depreciation and amortisation	6.1%	4.5%	2.1%
Operating profit	5.5	3.5	1.0
Operating margin	4.0%	2.7%	0.2%
Profit/loss before tax	5.5	3.5	0.8
Net profit	3.6	1.9	-0.8
Net margin	2.6%	1.5%	-0.2%
Net earnings per share after tax before dilution, SEK	0.11	0.06	-0.03
Net earnings per share after tax at full dilution, SEK	0.10	0.06	-0.02
Cash flow from the ongoing business	10.9	7.7	38.0
Cash and cash equivalents	58.7	29.0	48.4
Equity/assets ratio	43%	50%	44%
Equity capital per share before dilution, SEK	2.58	2.78	2.47
Number of issued shares on average for the period	32,580,025	32,580,025	32,580,025
Average number of issued shares for the period with full dilution	34,280,025	33,780,025	34,081,395

ZINZINO'S OUTLOOK AND FINANCIAL GOALS FOR 2018

The Board of Directors of Zinzino forecasts that the total revenues for 2018 will be MSEK 580 – 620. The operating margin, before depreciation as a percentage, increased compared to last year. The target for average growth in sales at Zinzino for the period 2018–2020 is a minimum of 15% and for the operating margin before deprecia-

tion and amortisation to increase to > 5%. The dividend policy will be at least 50% of the free cash flow, as long as liquidity and the equity/assets ratio permits. Zinzino has a clear ambition of achieving a 1 billion SEK turnover that endures and will be realised no later than 2022.



“Our organization faces an exciting journey towards one billion SEK in revenue.”

FOCUS ON PROFITABLE GROWTH AND E-COMMERCE

Overall, the first quarter of the year was positive and in line with our strategic plans. A growth of 7 % was a little lower than expected, but was balanced up by a string increase in profit of 44.8%, compared to Q1 last year.

AN INTENSIVE QUARTER

This was a labour-intensive quarter with many different initiatives, including the initiation of the processes to register the company in Australia and India. We employed a new Chief Technology Officer (CTO) and several employees within IT and marketing, as well as improved profitability with a necessary reduction in commissions. All of these initiatives will bring future results and some have already delivered effects, as we see that profitability has returned to a level where it should be. We will continue to invest in initiatives that creates growth and increased brand awareness. An important part of this work is to review our existing IT solutions.

Furthermore, we will invest in and develop our e-commerce solutions in combination with smart payment methods and faster deliveries of goods to customers. This, in combination with a global presence, products that are perfectly suited to the favourable global health trend, means that we see a very bright future ahead.

THE NORDICS CONTINUE TO BE THE BIGGEST

The Nordic countries currently represent just over 70 % of turnover. This is strong evidence that we have been successful in our Nordic home markets. Despite this, I am sure that in just a few years, central Europe, led by Germany, North America and Asia will be our leading markets. The global health trend combined with an increased focus on e-commerce solutions, strong products and increased brand awareness in recent quarters, will provide us with growth in all markets outside the Nordics.

We intend to take advantage of the fact that we are a Scandinavian, transparent and publicly listed company at the forefront of product development and IT.

We are currently established in 34 countries in Europe and North America. Our home market in Sweden continues to show the strongest growth during the year, alongside Finland, Germany, Latvia, Spain and Hungary. We are actively working to boost all markets but will continue to put extra effort into Germany and the USA to harness the potential of these huge markets.

E-COMMERCE

The digital shift has reached us and our industry. We will continue to use our resources and invest in digital platforms, websites, and other scalable digital tools. In the long run, these will streamline the organisation and give us economies of scale and increased profitability per SEK of turnover. We want to launch several new solutions during the year to facilitate our new customers, but also, take better care of our existing customers. All this will happen through digital and scalable platforms.

E-commerce has a positive net effect on the user experience and our results. It is one of the most important factors in reaching a turnover of 1 billion SEK within 3 to 5 years. Our organisation is facing an exciting journey and a change in working methods. We are moving away from the industry's traditional marketing in order to create the best there is in terms of social media and digitisation.

PROFITABLE GROWTH

In recent years we have launched several new health products in a number of new countries. We will continue to work on improving ourselves and will be hungry for growth. We have a very scalable business model and will work hard to double our sales, from around half a billion to one billion in the coming years.

During that time, we will also more than double our net margin in percentage terms. Our investment needs will decrease with investment in IT that both simplifies and streamlines several processes in support, finance and logistics. In this way we will cut costs for every penny of growth over the coming years. We continuously work to improve our processes, become more efficient and utilise our economies of scale, which in turn will lead to profitable growth.

Dag Bergheim Pettersen, CEO Zinzino

Inspire change in life

SIGNIFICANT EVENTS DURING AND AFTER **THE FIRST QUARTER OF 2018**

STRATEGIC EFFORTS IN IT AND MARKETING WITH A FOCUS ON THE USA

During the quarter, Zinzino has continued the process of developing digital marketing tools. Among other things, a new email system with a fresh design has been implemented for a more flexible and customised communication with our customers. Several new films have been presented during the quarter; including the important Business Presentation Movie for new partners, which is now available in 15 languages. In addition, this has an important strategic process with a focus on North America that was initiated during the quarter for the purpose of lifting the general standards of Zinzino websites and marketing materials in order to meet the high industry standards that prevail in the market. The process includes resource and competence initiatives in the company's marketing department, which will be expanded with new staff during Q1 and Q2 of 2018. Collaboration has also been started with consultants who have a high level of expertise within the industry, in the North American market.



ESTABLISHMENT PROCESS INITIATED IN AUSTRALIA

During the quarter, Zinzino started an additional establishment journey by starting a company formation process in Australia. This process follows the company's establishment model and is estimated to take about six months. The existing sales organisation has many openings in the Australian market, which means Zinzino is looking forward to working intensively to launch sales in Australia during the second half of 2018. In addition to Australia, Zinzino has previously initiated establishment processes in France, Romania, Hungary and India.



LAUNCH OF ENERGY BAR - TASTY AND WHOLESOME

In February the company launched the new product, Zinzino Energy bar - a healthy snack suitable before or after training or when you are on the go. Zinzino's Energy Bars provides long lasting energy and fiber, without creating a craving for sugar. Zinzino's Energy Bars are a unique mix of almonds, dates, chia, quinoa, pumpkin seeds, sesame seeds and inulin. All of which provide a high percentage of fiber and energy to the body without added sugar. Our energy bar is entirely gluten free and since the ingredients are certified as vegan, the contents are also lactose free. The product complies with the IOC and WADA guidelines, which means it does not contain any prohibited ingredients. The new 100% vegan product is an additional step in Zinzino's vision to take responsibility for the health and well-being of our customers.

FAUN PHARMA STREAMLINING PROGRAMME GENERATES INCREASED PROFITABILITY DURING Q1

For an extended period, the Zinzino production unit as well as the subsidiary, Faun Pharma AS, have carried out a streamlining project by optimising the organisation and increasing the production rate. This resulted in significantly improved profitability for the subsidiary during Q1, despite the fact that revenues of MSEK 15.1 (17.0) were 11% lower than Q1 of the previous year. This streamlining program will continue during Q2 and Zinzino expects an additional increase in profitability in the subsidiary during the coming quarters.



NEW WAREHOUSE IN FRANCE

For an extended period of time, Zinzino has carried out a project to streamline the logistics process and to shorten delivery time for customers. One part of the project has been to establish a new, external warehouse, strategically placed in central Europe. The town, Farebersviller in Northern France was chosen as the new location. This is where existing logistics partners of Zinzino were already established. Zinzino activities in the new warehouse will be operational in April 2018 and will lead to shorter delivery times to most countries in Europe, such as the growing markets in Germany and Hungary.



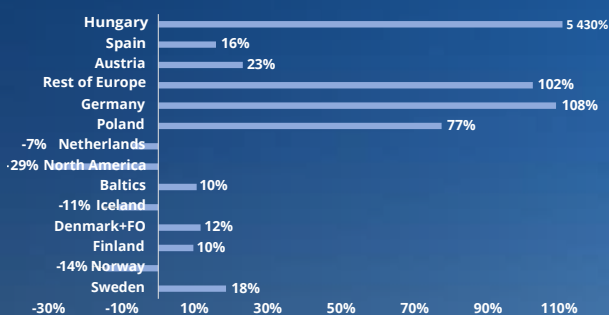
ZINZINO INTRODUCES THE IFRS ACCOUNTING STANDARD

The Board has made the decision that the company will replace the current K3 standard with the international accounting standard, International Financial Reporting Standards (IFRS). The process is initiated during the second quarter, and the company intends to have completed the transition within 2018.

TURNOVER AND PROFIT/LOSS 2018 | Q1

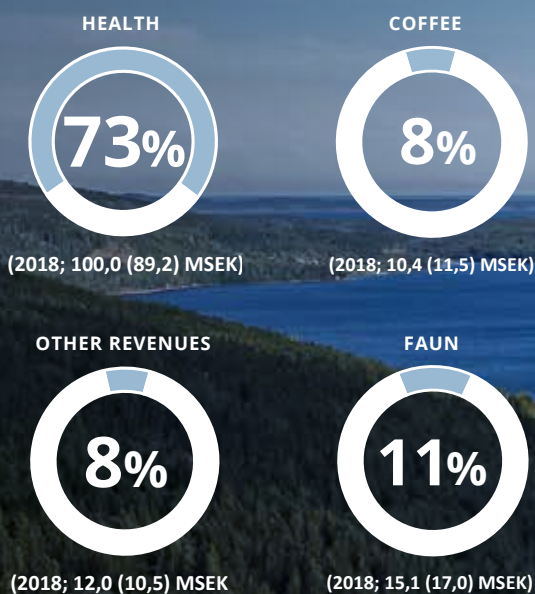
Q1

Growth per market 2017 versus 2016

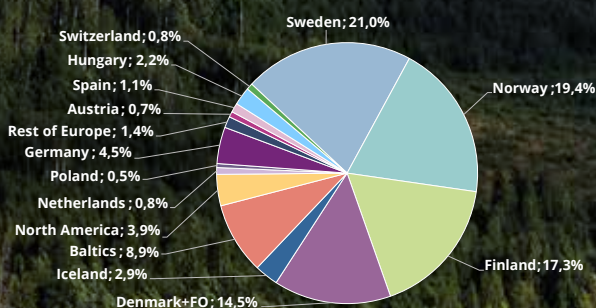


Sales
MSEK **137.5** (128.2)

Revenues



Geographic distribution of sales



THE FIRST QUARTER – SALES

Total revenue for the quarter totalled MSEK 137.5 (128.2), which is equivalent to growth of 7% (16%) compared to Q1 2017. Most markets showed strong growth during the quarter. Sales increased the most in Hungary, where total revenues amounted to MSEK 2.7 (0.1). The important German market increased revenues by 108% against Q1 2017. The majority of the other newly established European markets also increased sales, including Great Britain, Austria, France, Spain and Romania. Among the markets with strong turnover were, Sweden increasing by 18%, Denmark by 12% and Finland by 10%. At the same time, sales in the Norwegian market decreased by 14%, compared with the Q1 2017.

In the Baltic countries, revenues increased by 10% compared to Q1 2017. Latvia increased by 58%, Lithuania increased by 8%, while at the same time sales in Estonia decreased by 28%, all compared to Q1 2017.

It was also pleasing that revenues increased by 77% in Poland compared to Q1 2017. Zinzino sees a lot of potential in the Polish market but has had more difficulty in establishing the business model there than in other markets.

The downturn continued in North America, where revenue decreased by 29% compared to Q1 2017. For this reason, the company is conducting a review of marketing materials and websites for the North American market, with help from external consultants and is aiming to increase the customisation of materials and layout for the market. In addition, a streamlining program for administrative aspects of the business will be implemented with the intention of increasing profitability. A new sales manager was added for North America in the autumn of 2017, as an additional step to increasing sales in the market.

Also there were some decline of sales in Iceland. Sales decreased by 11% compared to Q1 2017 but the trend was still positive compared to the end of 2017.

The production unit, Faun Pharma AS decreased its external sales during Q1 compared to the previous year, which was an expected consequence since the subsidiary had changed its focus and decreased high volume production. This has resulted in total revenues decreasing by 11% to MSEK 15.1 (17.0) compared to the corresponding period of the previous year. At the same time, company profitability increased, in accordance with the strategic change process that was started in 2017.

The Nordic countries continued to account for the majority of company revenues in Q1 according to the geographical distribution. Sweden continued to increase its share of Group total sales and was the biggest sales market for the company. Of the Nordic countries, Finland also increased its share of total sales. Amongst the other countries, Hungary and Germany has the biggest sales increases, which is also visible in their shares of total sales.

The product segment, Zinzino Health, increased by 12% to MSEK 100.0 (89.2) and represented 73% (70%) of total revenues. The coffee product segment decreased by 10% to MSEK 10.4 (11.5), which is equivalent to 8% (9%) of total revenues. Faun Pharma AS decreased external sales by 11% to MSEK 15.1 (17.0), which is equivalent to 11% (13%) of total revenues. Other revenues were MSEK 12.0 (10.5), which were equivalent to the remaining 8% (8%) of the revenues for the quarter.

In the fourth quarter, 292,500 (222,700) bottles of BalanceOil were sold compared to the same quarter of the previous year, which was equivalent to an increase of 31%. Other products with a strong sales performance were Zinzino Skin Serum, which increased to over 19,700 (15,200) units sold, and Zinzino Proteinbar, which increased to 27,500 (12,900) units sold. This shows that Zinzino's products are current and that interest and awareness of people's own health is constantly increasing.

The most popular coffee was once again French Espresso, with 32,700 (35,500) units sold during the quarter. Sales of coffee machines totalled 605 (850) units, representing a fall in sales of 29% compared to the corresponding period for the previous year.

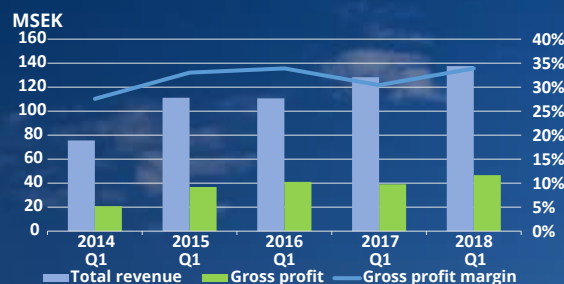
Q1 was also the start of sales for the new product, Zinzino Energy Bar as previously mentioned. From the launch in February until the end of the quarter, more than 6,700 units of the new product were sold.

Q1 - COSTS AND PROFIT/LOSS

Gross profit was MSEK 46.7 (39.0) and the gross profit margin was 33.9% (30.4%). Behind the improvement in gross profit was primarily the effect of the change in the remuneration model for the sales teams implemented by Zinzino during the quarter, the increased share of Zinzino Health in the sales mix and the subsidiary, Faun Pharmas improved gross profit margin on external sales.

Thanks to the increased gross profit, the company was able to bear a larger cost base that was generated by a growing group and by the development and establishment processes that took place during the quarter. This resulted in the company successfully increasing the profit margins. EBITDA amounted to MSEK 8.4 (5.8) and the operating margin before full depreciation was 6.1% (4.5%). Operating profit was MSEK 5.5 (3.5) and the operating margin was 4.0% (2.7%).

Profit before tax was MSEK 5.5 (3.5) and net profit was MSEK 3.6 (1.9).



DEPRECIATION

Depreciation for the quarter has burdened profit for the period by SEK 2,922 (2,275) thousand, of which SEK 176 (211) thousand was depreciation of tangible fixed assets, SEK 1,520 (838) thousand was depreciation of intangible fixed assets, and SEK 1,226 (1226) thousand was depreciation of goodwill.

INVENTORIES

Total Group inventories totalled MSEK 56.5 (67.9) on the balance sheet date, indicating that Zinzino had succeeded in reducing capital tied up in the inventory, despite total revenues having risen compared to Q1 of the previous year.

CASH FLOW

Cash flow from ongoing operations totalled MSEK 10.9 (7.7), primarily driven by higher EBITDA during the quarter. Change in operating capital impacted cash flow by MSEK 3.0 (2.2). Cash flow from investment operations totalled MSEK -0.7 (-2.0). Positive Group cash flow ensures Group liquidity for the anticipated future, enables self-financed investments, and increased dividend payments at the forthcoming AGM.

FINANCIAL POSITION

On the balance sheet date, cash totalled MSEK 58.7 (29.0). The increase was primarily dependent on the positive cash flow from the operations and change in operating capital. Group equity/assets ratio was 43% (50%). Group equity at the end of the quarter totalled MSEK 84.0 (90.5), equivalent to SEK 2.58 (2.78) per share (before dilution).

ORGANISATION

During 2016 and 2017, Zinzino invested large sums to establish an organisation and a business system with high levels of efficiency and capacity. During 2018, new investments in IT and marketing will be implemented with the intention of increase Group sales. As the first part of the process, Zinzino employed staff to deepen and broaden skills in both departments at the beginning of 2018. Several positions will be added during the second quarter.

INCOME STATEMENTS ZINZINO GROUP (SEK THOUSANDS)

Amounts in SEK thousands	2018-01-01 2018-03-31	2017-01-01 2017-03-31	2017-01-01 2017-12-31
Net sales	125,583	117,774	495,059
Other revenue	11,925	10,443	45,263
Goods for resale and other direct costs	-90,835	-89,212	-380,572
Gross profit	46,673	39,005	159,750
External operating expenses	- 20 981	-16,782	- 81,770
Staff costs	-17,263	-16,464	-66,886
Depreciation	- 2,922	-2,275	-10,124
Operating profit	5,507	3,484	970
Net financial items	-44	-24	-151
Taxes	-1,878	-1,517	-1,664
Profit/loss for the period	3,585	1,943	-845

INCOME STATEMENTS ZINZINO AB (SEK THOUSANDS)

Amounts in SEK thousands	2018-01-01 2018-03-31	2018-01-01 2018-03-31	2018-01-01 2018-12-31
Net sales	-	1,000	3,810
Other revenue	-	-	-
Goods for resale and other direct costs	-	-	-
Gross profit	-	1,000	3,810
External operating expenses	-1,074	-652	- 2,885
Depreciation	-54	-4	-16
Operating profit	-1,128	344	909
Net financial items	-	-	-2
Taxes	-	-76	-200
Profit/loss for the period	-1,128	268	707

BALANCE SHEETS ZINZINO GROUP

(SEK THOUSANDS)

Amounts in SEK thousands	2018-03-31	2017-03-31	2017-12-31
Fixed assets			
Goodwill	32,421	37,325	33,647
Intangible assets	18,349	20,339	19,225
Tangible fixed assets	3,287	3,322	3,036
Financial assets	907	2,961	2,656
Total Assets	54,964	63,947	58,564
Current assets			
Stock in trade	56,466	67,896	52,947
Current receivables	26,855	21,848	20,926
Cash and bank balances	58,664	29,035	48,419
Total current assets	141,985	118,779	122,292
Total assets	196,949	182,726	180,856
Restricted equity	4,287	4,152	3,258
Unrestricted equity	76,111	84,426	77,919
Profit/loss for the period	3,585	1,943	-845
Total equity	83,983	90,521	80,332
Long-term Liabilities	580	580	573
Current liabilities	112,386	91,625	99,951
Total liabilities	112,966	92,205	100,524
Total equity and liabilities	196,949	182,726	180,856

BALANCE SHEETS ZINZINO AB

(SEK THOUSANDS)

Amounts in SEK thousands	2018-03-31	2017-03-31	2017-12-31
Fixed assets			
Intangible assets	1,029	894	1,084
Financial assets	83,434	83,452	83,353
Total Assets	84,463	84,346	84,437
Current assets			
Current receivables	1,114	361	1,627
Cash and bank balances	581	1,029	294
Total current assets	1,695	1,390	1,921
Total assets	86,158	85,736	86,358
Restricted equity	4,288	4,152	4,342
Unrestricted equity	31 419	38,992	30,658
Profit/loss for the period	-1,128	268	707
Total equity	34,579	43 412	35,707
Long-term Liabilities	16,206	16,056	16,206
Current liabilities	35,373	26,268	34,445
Total liabilities	51,579	42,324	50,651
Total equity and liabilities	86,158	85,736	86,358

CASH FLOW ANALYSES ZINZINO GROUP (SEK THOUSANDS)

Amounts in SEK thousands	2018-01-01 2018-03-31	2017-01-01 2017-03-31	2017-01-01 2017-12-31
The ongoing business			
Profit/loss before financial items	5,507	3,484	970
Depreciation and amortisation/write-downs	2,922	2,275	10,124
Other non-cash items	-424	-196	1,086
	8,005	5,563	12,180
Interest received	13	16	138
Interest paid	-58	-40	-289
Tax paid	-11	-	27
	-56	-24	-124
Cash flow from the ongoing business before change in operating capital	7,949	5,539	12,056
Cash flow from change in operating capital			
Increase(-)/Decrease(+) in inventories	-3,519	-4,378	10,571
Increase(-)/Decrease(+) in current receivables	-5,929	2,063	2,985
Increase(+)/Decrease(-) in current liabilities	12,435	4,496	12,427
Cash flow from the ongoing business	10,936	7,720	38,039
Investment activity			
Investments in intangible fixed assets	-555	-1,685	-4,223
Investments in financial fixed assets	-60	-91	-116
Investments in tangible fixed assets	-83	-232	-609
Cast flow from investment activity	-698	-2,008	-4,948
Financing activity			
Loans taken	-	-	-
Option issue	7	-	150
Dividend	-	-	-8,145
Subscriptions for shares on outstanding subscription options	-	-	-
Cash flow from financing activity	7	0	-7,995
CASH FLOW FOR THE PERIOD	10,245	5,712	25,096
Cash and cash equivalents at start of period	48,419	23,323	23,323
Cash and cash equivalents at end of period	58,664	29,035	48,419
Change in cash and cash equivalents	10,245	5,712	25,096

CASH FLOW ANALYSES ZINZINO AB

(SEK THOUSANDS)

Amounts in SEK thousands	2018-01-01 2018-03-31	2017-01-01 2017-03-31	2017-01-01 2017-12-31
The ongoing business			
Profit/loss before financial items	-1,128	344	909
Depreciation and amortisation/write-downs	54	4	16
Other non-cash items	12	-5	41
	- 1,062	343	966
Interest received			
Interest paid			-2
Tax paid			
	0	-126	-2
Cash flow from the ongoing business before change in operating capital	- 1,062	343	964
Cash flow from change in operating capital			
Increase(-)/Decrease(+) in current receivables	504	-138	-1,418
Increase(+)/Decrease(-) in current liabilities	928	-143	7,800
Cash flow from the ongoing business	370	62	7,346
Investment activity			
Investments in intangible fixed assets			
Investments in financial fixed assets	-83	-79	-104
Investments in tangible fixed assets			
Cash flow from investment activity	-83	-79	-104
Financing activity			
Option issue			150
Dividend			-8,145
Cash flow from financing activity	0	0	-7,995
CASH FLOW FOR THE PERIOD	287	-17	-753
Cash and cash equivalents at start of period	294	1,046	1,047
Cash and cash equivalents at end of period	581	1,029	294
Change in cash and cash equivalents	287	-17	-753

CHANGES IN EQUITY CAPITAL ZINZINO GROUP (SEK THOUSANDS)

Amounts in SEK thousands	2018-03-31	2017-03-31	2017-12-31
Equity capital at the start of the period	80,332	88,463	88,463
Dividend to shareholders			-8,145
Currency translation differences	66	115	859
Profit/loss for the period	3,585	1,943	-845
Equity at the end of the period	83,983	90,521	80,332

CHANGES IN EQUITY ZINZINO AB (SEK THOUSANDS)

Amounts in SEK thousands	2018-03-31	2017-03-31	2017-12-31
Equity capital at the start of the period	35,707	43,144	43,145
Subscriptions for shares on subscription options			
Dividend to shareholders			-8,145
Profit/loss for the period	-1,128	268	707
Equity at the end of the period	34,579	43,412	35,707

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

As of 31/03/2018, the share capital is divided into 32,580,025 shares, of which 5,113,392 are class A shares (1 vote) and 27,466,633 are class B shares (0.1 vote). Share par value is SEK 0.10. The company's B shares are traded on Nasdaq Omx First North, nasdaqomxnordic.com.

The company, as of the report date, has three outstanding option programs. The first option program will expire on the 31st of May 2019 at an exercise price of SEK 16 and will include 600,000 options. The second option program also includes 600,000 options, but at an exercise price of SEK 26. The option program expires on the 31st of May 2020. The third option program includes 500,000 options at an exercise price of SEK 14. The third options program also expires on the 31st of May 2020.

If all the options outstanding on 31/03/2018 are exercised for new subscriptions of 1,700,000 shares, the share capital dilution will approximately be 5%.

REVENUES BY COMPANY (THOUSAND SEK)

COMPANY	Q1 2018	Q1 2017	Growth by company compared with the previous year	Share of total revenues
Zinzino Sverige AB*	33,214	24,258	37%	24%
Zinzino AS (Norway)	23,477	27,132	-13%	17%
Zinzino OY (Finland)	21,167	19,240	10%	15%
Zinzino ApS (Denmark + Faroe Islands)	17,782	15,918	12%	13%
Zinzino Ehf (Iceland)	3,581	4,003	-11%	3%
Zinzino UAB (Lithuania)	3,352	3,081	9%	2%
Zinzino SIA (Latvia)	4,842	3,039	59%	4%
Zinzino OÜ (Estonia)	2,618	3,613	-28%	2%
Zinzino LLC (USA)	4,589	6,514	-30%	3%
Zinzino BV (Netherlands)	1,022	1,102	-7%	1%
Zinzino SP z.o.o (Poland)	599	339	77%	0%
Zinzino Canada Corp	211	229	-8%	0%
Zinzino GmbH (Germany)	5, 511	2,668	107%	4%
Faun Pharma AS (Norway)	15,139	17,019	-11%	11%
Zinzino Nordic AB	403	62	551%	0%
Total	137,508	128,217	7%	100%

* The Swedish company includes sales for the EU

ANNUAL MEETING

The annual meeting of the shareholders of Zinzino AB (publ) will be held on the 15th of May at 13:00 p.m, at the company's office in Gothenburg, Hulda Lindgrensgata 8. Notice of the meeting, including the complete proposals of the board of directors, is available on www.zinzino.com 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 General Meeting a dividend for the past financial year of SEK 0.45 (0.25) per share.

AUDITOR REVIEW

This interim report has not been reviewed by the company's auditors.

ACCOUNTING 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 consolidated report and annual report have been prepared in accordance with BFNAR 2012:1 Annual Accounts and Consolidated Accounts (K3).

INTERIM REPORT 2018 | Q1

REPORT CALENDAR

The interim report for Q2 2018 will be published on 2018-08-30
The interim report for Q3 2018 will be published on 2018-11-15

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

Gothenburg, 15th May 2018

Zinzino AB (publ.)
The board of directors

ZINZINO AB

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