

ZINZINO



JANUARY - DECEMBER 2014

- Total income for Q4 amounts to SEK 114.6m. Pre-tax profits amount to SEK 5.2m.
- Total income for 2014 amounts to SEK 357.7m. Pre-tax profits amount to SEK 18.4m.
- The Board proposes dividends of SEK 0.25/share for the year 2014.
- Zinzino acquired 85% of Faun Pharma AS and the remaining 90% of BioActive Foods AS.
- Zinzino was listed for trading on Nasdaq OMX First North on December 11, 2014 and thereby changed list from AktieTarget.



YEAR-END REPORT

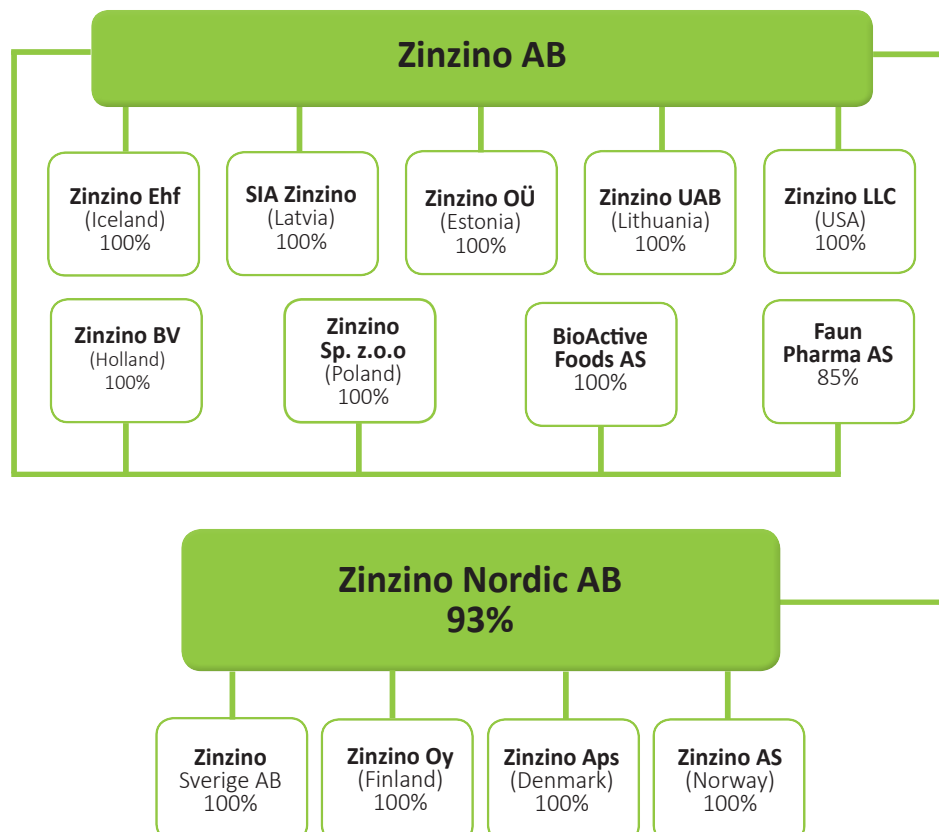
01/01/2014 – 12/31/2014

Zinzino AB (publ.) is one of the leading direct sales companies, represented in Nordic countries, the Baltic states, Poland, Holland and the USA. Zinzino markets and sells functional food and coffee. The functional food product line consists of the Balance products: oil, shakes, test and capsules. The coffee product line consists of espresso machines, coffee, tea and accessories. Our business is characterized by high quality, closeness to the customer and focus on active product development. The products are marketed through direct sales. The company has more than 55 employees at the head office in Gothenburg, Sweden.

INFORMATION ABOUT THE COMPANY

Zinzino was established under the name of Zinzino Holding in the autumn of 2007. During 2009, partly by means of a non-cash issue in spring and partly through a directed share issue, the company acquired 92% of the share capital and 97% of the shares in Zinzino Nordic AB. Share ownership has today increased to 93% of share capital and 97% of the votes in the company. Zinzino Nordic is a sales company which utilizes independent distributors who market and sell products on commission through what is termed direct selling. In subsequent years subsidiaries were established in most countries with the same concept. In 2014, the research company BioActive Foods AS and the production company Faun Pharma AS were acquired.

GROUP STRUCTURE 12/31/2014



FOURTH QUARTER

- Total income amounts to SEK 114.6m (82.2) representing a growth of 39.5%.
- The operating profit before depreciation amounts to SEK 7.3m (5.3) and operating margin before depreciation 6.4% (6.4%).
- The operating profit excluding non-recurring costs amounts to SEK 8.4m (5.1) and operating margin excluding non-recurring costs 7.3% (6.2%). Non-recurring costs are charged to the operating profit with - SEK 3.1m (0.0).
- The operating profit amounts to SEK 5.3m (5.1) and the operating margin is 4.7% (6.2%).
- Pre-tax profits amount to SEK 5.2m (5.0). Pre-tax profit per share amounts to SEK 0.18 (0.17).
- Deferred tax assets on tax loss carryforwards have had a positive impact on profits of SEK 14.5m.
- Pre-tax profit amounts to SEK 19.5m (4.5) of which the minority interest amounts to SEK 1.5m (0.5) and the net margin to 17.0% (5.5%).
- Zinzino AB was listed for trading on Nasdaq Omx First North 12/11/2014 involving a change of list from the previous trading place on AktieTorget.
- Acquisition of 85% of the shares in the Norwegian dietary supplement production company Faun Pharma AS.
- Acquisition of remaining 90% of shares in BioActive Foods AS for increased control of continued growth and expansion.
- The non-recurring costs of a total of SEK 3.1m is allocated to write-down of IT platforms (SEK 1.1m), First North listing (SEK 0.6m) and settlement with former partners of a total of SEK 1.4m.

ACCUMULATED JANUARY– DECEMBER

- Total income excluding tax income amounts to SEK 357.7m (254.5), representing a growth of 40.5% (43.7%).
- The operating profit before depreciation amounts to SEK 21.4m (11.2) and operating margin before depreciation 6.0% (4.4%).
- The operating profit before depreciation amounts to SEK 22.9m (10.5) and operating margin before depreciation 6.4% (4.1%). Non-recurring costs are charged to the operating profit with- SEK 4.2m (0.0).
- The operating profit amounts to SEK 18.6m (10.5) and the operating margin is 5.2% (4.1%).
- Pre-tax profit amounts to SEK 18.4m (10.4). Pre-tax profit per share amounts to SEK 0.63 (0.35) after dilution.
- Profits after tax SEK 32.7m (9.8) representing a net margin of 9.1% (3.9%). The minority interest in this amounts to SEK 2.8m (0.8).
- Liquid assets, as per the day of the report, amount to SEK 42.8m (10.9).
- The Board proposes dividends of SEK 0.25 (0.10) per share for the past year.
- The non-recurring costs of a total of SEK 4.2m are allocated to write-down of IT platforms (SEK 1.1m), First North listing (SEK 0.6m), new establishments (SEK 0.1m) and settlement with former partners of a total of SEK 2.4m.

FINANCIAL SUMMARY (SEKM)

THE GROUP'S KEY FIGURES	Q4-2014	Q4-2013	ACK-2014	ACK-2013
Total income	114.6	82.2	357.7	254.5
Net turnover	102.8	71.7	321.0	226.3
Sales growth	39.5%	21.7%	40.5%	43.7%
Gross profit	35.8	26.8	102.4	71.0
Gross profit margin	31%	33%	29%	28%
Operating profit before depreciation	7.3	5.3	21.4	11.2
Operating margin before depreciation	6.4%	6.4%	6.0%	4.4%
Operating profit adjusted for non-recurring costs	8.4	5.1	22.9	10.5
Operating margin adjusted for non-recurring costs	7.3%	6.2%	6.4%	4.1%
Operating profit	5.3	5.1	18.6	10.5
Operating margin	4.7%	6.2%	5.2%	4.1%
Pre-tax profit	5.2	5.0	18.4	10.4
Net profit	19.5	4.5	32.7	9.8
of which minority interest	1.8	0.5	2.8	0.8
Net margin	17.0%	5.5%	9.1%	3.9%
Pre-tax earnings per share (after dilution)	0.18	0.17	0.63	0.35
Net profit per share after tax (after dilution)	0.65	0.15	1.09	0.33
of which minority interest	0.01	0.01	0.04	0.02
Liquid assets	42.8	10.9	42.8	10.9
Solvency	52%	40%	52%	40%
Equity capital per share (after dilution) SEK	2.9	0.8	2.9	0.8

For definitions see page 11.

During the period 2015-2017 the average growth in sales in Zinzino shall be at least 25 % and the net margin shall increase to >7%. The dividends policy shall be at least 30% of the net profit as long as liquidity and solvency permits this. Our forecast for 2015 is that total income shall exceed SEK 440m. The net margin shall exceed 4%.

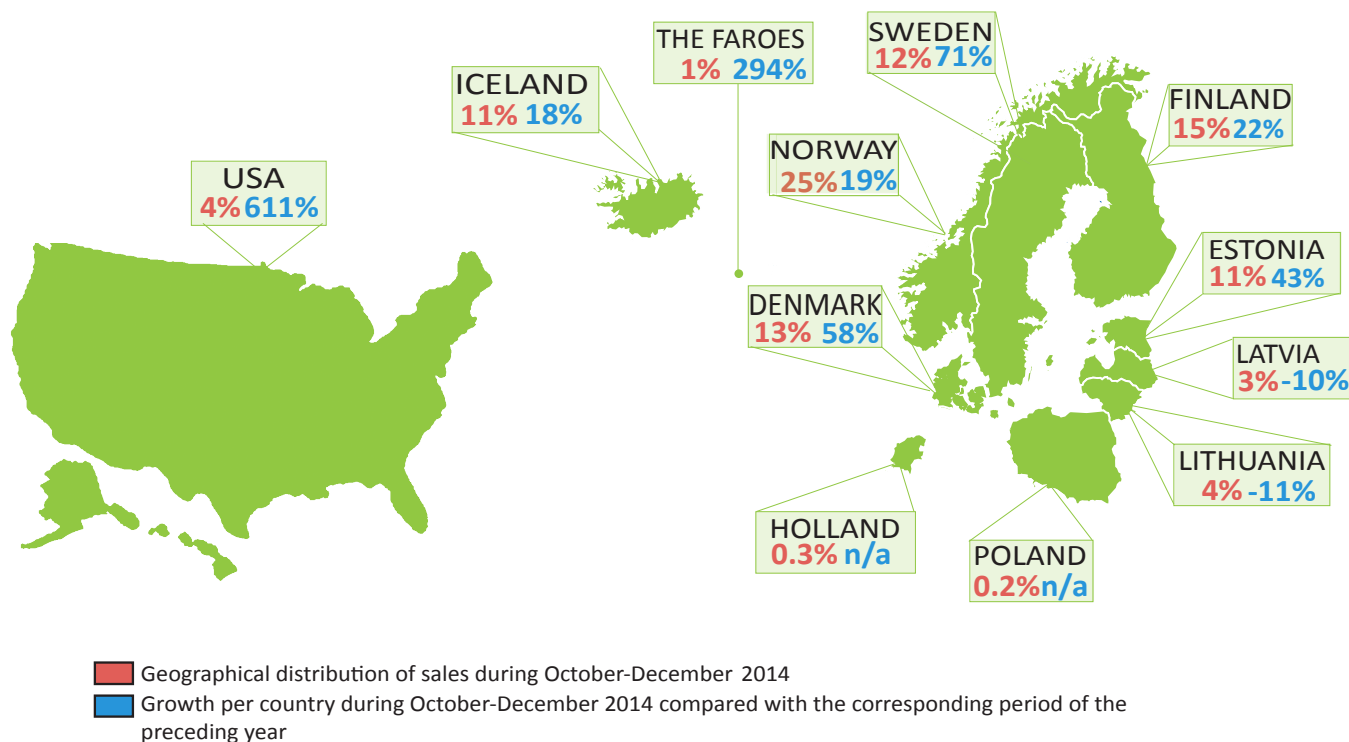
SIGNIFICANT EVENTS DURING AND AFTER THE FOURTH QUARTER 2014

Continued growth during Q4

Total income amounts to 114.6 (82.2), representing sales growth of 39.5% for the Group compared with the year before. The pre-tax profit amounts to SEK 5.2m (5.0), representing a profit per share of SEK 0.18 (0.17). The profit has been charged with non-recurring costs which amount to a total of SEK 3.1m (0.0).

Sales broken down as a percentage between the product lines during the fourth quarter are 29 % for Zinzino Coffee and 71 % for Zinzino Food. Coffee sales account for SEK 29.8 m (35.8), representing a fall in sales of 16.8 %. Food sales amount to SEK 73.0 m (35.8), corresponding to a growth of 103.6 %.

Growth and geographical sales per market during Q4:



During the fourth quarter the Group gained 22,738 (17,165) new customers. The sales force grew by 2,468 (3,057) distributors.

Zinzino is listed for trading on Nasdaq OMX First North

Zinzino was listed for trading on Nasdaq OMX First North on December 11, 2014 and the list was changed from AktieTorget. Erik Penser acts as Certified Adviser for Zinzino. The listing process has resulted in non-recurring costs of SEK 0.6m which are charged to the fourth quarter.

Zinzino acquired 85% of Faun Pharma AS

By means of a SEK 10m investment, Zinzino acquired 85% of the shares in the Norwegian production company Faun Pharma AS in October. The company makes products in the cosmetics, health and dietary supplements sector. By means of this investment, Zinzino gains access to a modern production and product development facility which affords Zinzino yet another dimension to its activity. Faun Pharma AB moved its plant to new premises in Vestby, Norway just three years ago. The facility and machinery are in a new condition, providing Zinzino with the means to efficiently research, develop and produce new products of high quality. The investment is expected to generate a strong increase in Zinzino's competitiveness and brand. The investment has resulted in a goodwill value amounting to SEK 10m.

BioActive Foods AS – a wholly-owned subsidiary at the year end

In December Zinzino AB acquired the remaining 90% of BioActive Foods AS. The company is a Norwegian knowledge company with extensive experience of among other things product development in health and dietary supplements. The company has in conjunction with Zinzino developed, researched and created Zinzino's Balance products. Together with the acquisition of 85% of Faun Pharma AS earlier this year, Zinzino now controls the entire chain from tests to production and sales of the unique products in the production line Zinzino Food.

Increased ownership in BioActive Foods AS ensures access to products, research expertise and production of goods within Zinzino Food. The deal will create positive synergies throughout the entire chain from production to end user. In the long run, Zinzino also expects that ownership of BioActive Foods AS will generate lower purchasing prices, which will be beneficial for higher gross profit margins and thereby stronger net earnings.

Zinzino has paid for the acquisition of BioActive Foods through a combination of cash and newly issued shares in Zinzino. The number of newly-issued shares in Zinzino related to the acquisition amounts to 897,255, representing a dilution of 3.2 percent. The investment has resulted in a goodwill value amounting to SEK 38m.

Change of IT system

Zinzino is replacing its IT system for the business with an industry-adapted American business system from Exigo Office Inc. The system provides the sales force with new, more effective tools that will promote growth. The system is flexible, scalable for expansion in new countries, cost-effective in operation and generally more suitable for Zinzino's operations from an international perspective. The change results in new investments of SEK 2m. The change also results in disposal and write-down of existing IT platforms. This has resulted in the fourth quarter being charged with write-downs of intangible assets amounting to SEK 1.1m.

Continued streamlining of Logistics

In 2013, Zinzino moved the whole of its warehouse operations to Katoen Natie, a global logistics provider with facilities in Europe, the Far East, North and South America and Africa. The facilities which currently handle Zinzino's products are located in Trollhätten, Sweden and in Norfolk, USA. The relocation of Zinzino's warehouse operations, which include inbound deliveries, warehousing, order management, packing and outbound deliveries to Katoen Natie has created greater flexibility and efficiency. New investments in effective management solutions at Katoen Natie in 2015 means that we achieve further positive effects from the collaboration. Through Katoen Natie's logistics expertise, resources and development potential Zinzino can reduce its logistics costs without compromising quality.

Launch of Xtender and BalanceOil orange/lemon/mint

October saw the launch by Zinzino of the new product Xtender. The product is designed to protect, preserve and renew cells and tissues. Balance Xtender is the perfect complement to BalanceOil – it extends the function and concept of “being in balance” to all parts of the body.

In addition, the new taste variant of BalanceOil has been launched. By combining orange, lemon and mint, flavor essences from raw materials are eliminated which is expected to make the product even more competitive in the market for Omega3 products.



BalanceOil
orange/lemon/mint

NEW TASTE!
FIND THE BALANCE
QUALITY + SYNERGY = RESULTS

BalanceXtender



PROTECT
MAINTAIN
RENEW

CEO'S COMMENTS

“We shall have growth of at least 25% and improved earnings each year during the coming three-year period.”

"2014 was another strong year and we kept our promise to the market on growth and profitability. We have had a growth of approximately 40% during the last quarter but also the remaining part of 2014- strong figures which are better than we expected at the beginning of the year. Profitability was also improved with an operating margin that now exceeds 5% of our total revenues of over SEK 350m. We see that our focus on growth, increased customer quota i.e. the number of customers per active seller and costs control are the main factors for the improved profitability compared with the previous year.

I am both proud and pleased with our financial performance, but even more important is perhaps the decision and implementation of the investments that will make us better equipped and more effective in the coming years. During the last quarter of 2014, we have acquired our own production capacity through the investment in Faun Pharma AS. In addition, we have acquired 100% of BioActive Foods AS, a company we already had ownership interest in the past. The investments provide us with an excellent platform for product development and reduction of our cost of goods. This in turn gives us competitive advantages, improved margins and secures the operation and future of Zinzino.

Changing the trading platform to Nasdaq Omx First North is another important step we have taking during the year and a natural step in our strategic plan with regard to international expansion of the company. Today we are already active in 12 markets. Our goal is to be established in more than 20 markets by 2020. For 2015, our goal is to establish ourselves in both Germany and Canada, two countries with large populations and potential for Zinzino. Both markets will be opened cost effectively with the aid of the existing organizations in Sweden and the USA.



Customer growth and efficiency are deeply anchored in our culture and strategy. With the support of all the investments made in 2014, during 2015 we will actively work towards continued growth in all markets, integration and streamlining of BioActive Foods AS and Faun Pharma AS, establishment in new markets, strengthening of our organization, improved structure in IT, improved margins on sold goods and increased profitability.

Our main focus in 2015 is growth and many new customers. We shall have growth of at least 25% and improved earnings each year during the coming three-year period."

*Dag Bergheim Pettersen,
CEO, Zinzino AB*

Sales and results

The total revenues for the Group during the year amount to SEK 357.7m (254.5), corresponding to a sales growth of 40.5% for the Group compared with the year before. Pre-tax profits amount to SEK 18.4m (10.4). This despite earnings being charged with non-recurring costs in respect of the system change, list change, the sales force and establishment costs which in total amount to SEK 4.2m (0.0).

Deferred tax assets on tax loss carryforwards have had a positive impact on profits of SEK 14.5m. This means the net profit amounts to SEK 32.7m (9.8).

Our profit margins are improved compared to previous year at all levels in the income sheet. This is driven by reduced costs of goods sold and an effective organization that provides economies of scale at each stage in increased sales.

Liquidity and solvency

As per the balance sheet day cash-in-hand amounted to SEK 42.8m (10.9). In addition to this, there is an unused overdraft facility of SEK 5.0m (5.0). The Group's solvency amounts to 52% (40%). During the fourth quarter Zinzino has financed the acquisition of 85% of the shares in Faun Pharma AS with cash amounting to SEK 10m as partial payment for the shares in SEK 12.5m. The Board and management are confident in the financial base and the positive cash-flow the current business is generating.

Depreciation

For 2014, total depreciation amounts to SEK 2,821 thousand (735). This is divided into SEK 452 (249) thousand tangible fixed assets, SEK 743 (486) thousand intangible fixed assets, 492 (0) goodwill and SEK 1,134 thousand write-down of IT system as above.

Depreciation for the fourth quarter has been charged to the period's results with SEK 2,002 thousand (180) of which SEK 236 (59) thousand is depreciation of tangible fixed assets, SEK 140 thousand (121) is depreciation of intangible assets and SEK 492 (0) thousand depreciation of goodwill. In addition to this, a disposal of IT platforms resulted in a write-down of SEK 1,134 thousand. The write-down is described in more detail in the paragraph "Change of IT system" above.

INCOME STATEMENTS ZINZINO GROUP AND ZINZINO AB (PUBL.)

	Group	Zinzino AB	Group	Zinzino AB
	10/1/2014	10/1/2014	10/1/2013	10/1/2013
	12/31/2014	12/31/2014	12/31/2013	12/31/2013
Net turnover	102,803	-	71,714	-
Other income	11,838	-	10,437	-
Trade goods and other direct costs	-78,875	-	-55,385	-
Gross profit	35,766	0	26,766	0
External operating costs	-18,021	-1,614	-14,153	-288
Personnel costs	-10,400	-	-7,328	-
Depreciation	-2,002	-	-180	-
Operating profit	5,343	-1,614	5,105	-288
Net financial items	-146	7	-92	0
Tax	14,323	1,311	-554	-
Year's profit	19,520	-296	4,459	-289
of which the minority interest	1,759	-	489	-

	Group	Zinzino AB	Group	Zinzino AB
	1/1/2014	1/1/2014	1/1/2013	1/1/2013
	12/31/2014	12/31/2014	12/31/2013	12/31/2013
Net turnover	320,989	-	226,308	-
Other income	36,741	-	28,222	-
Trade goods and other direct costs	-255,295	-	-183,576	-
Gross profit	102,435	0	70,954	0
External operating costs	-50,177	-2,299	-36,194	-622
Personnel costs	-30,843	-	-23,556	-
Depreciation	-2,821	-	-735	-
Operating profit	18,594	-2,299	10,469	-622
Net financial items	-146	7	-93	1
Tax	14,291	1,311	-554	-
Year's profit	32,739	-980	9,822	-621
Minority interest in the profit for the year	2,797	-	796	-

BALANCE SHEET ZINZINO GROUP AND ZINZINO AB (PUBL.)

	Group 12/31/2014	Zinzino AB 12/31/2014	Group 12/31/2013	Zinzino AB 12/31/2013
Fixed assets				
Goodwill	48,550	-	-	-
Intangible fixed assets	5,182	-	3,498	-
Tangible fixed assets	1,964	-	977	-
Financial fixed assets	14,882	80,833	3,616	22,385
Total fixed assets	70,578	80,833	8,091	22,385
Current assets				
Stocks held	32,859	-	28,415	-
Short-term receivables	19,425	452	9,377	15
Cash-in-hand and on deposit	42,770	956	10,923	65
Total current assets	95,055	1,408	48,715	79
Total assets	165,633	82,241	56,806	22,465
Equity				
Tied equity capital	2,951	2,951	2,708	2,708
Free equity capital	49,336	50,158	9,082	19,424
Year's profit	29,942	-980	9,822	-621
Minority interest	4,065	-	1,268	-
Total equity capital	86,294	52,129	22,880	21,511
Liabilities				
Long-term liabilities	5,156	12,729	277	277
Short-term liabilities	74,183	17,382	33,649	677
Total liabilities	79,339	30,112	33,926	954
Total equity capital and liabilities	165,633	82,241	56,806	22,465

CASH-FLOW ANALYSIS ZINZINO GROUP AND ZINZINO AB (PUBL.)

	Group		Group	
	2014 Oct-Dec	2013 Oct-Dec	2014 Jan-Dec	2013 Jan-Dec
The current business				
Profit before financial items	5,343	5,105	18,594	10,470
Depreciation / write-downs	2,002	180	2,821	735
	7,345	5,285	21,415	11,205
Interest received				48
Interest paid	-146	-92	-146	-141
Tax paid		-	-247	-554
Cash-flow from the current business before change to operating capital	7,345	5,193	21,022	10,558
Cash-flow from change to operating capital				
Increase(-) / Decrease(+) in inventory	-4,844	2,412	-4,444	-13,008
Increase(-) / Decrease(+) in short-term receivables	-6,473	4,055	-10,048	-809
Increase(-) / Decrease(+) in short-term liabilities	19,494	-4,047	40,534	-565
Cash-flow from the current business	15,522	7,613	47,064	-3,824
Investment activity				
Investment in intangible fixed assets	-561	-1,500	-561	-11
Investment in subsidiaries	-43,293	-28	-46,066	-1,534
Investment in tangible fixed assets	-125	-99	-342	-383
Cash-flow from investment activity	-43,979	-1,627	-46,969	-1,928
Financing activity				
Borrowings	-186		-186	
Non-cash issue	21,534		21,534	-
Dividends			-2,708	-
Subscription shares on warrants issued	574	0	12,643	0
Cash-flow from financing activity	21,922	0	31,283	0
PERIOD'S CASH-FLOW	-6,535	5,986	31,378	-5,752
Liquid assets at start of period	49,292	5,193	10,923	16,473
Currency exchange rate difference in liquid assets	13	-256	469	-202
Liquid assets at end of period	42,770	10,923	42,770	10,923
Change to liquid assets	-6,535	5,986	31,378	-5,752

The acquisitions of BioActive Foods AS and Faun Pharma AS has affected the Group's cash-flow negatively with SEK 25.0m of which SEK 2.1m is a long-term loan to Faun Pharma AS.

DEFINITIONS OF KEY FIGURES

<p>Gross margin Total income minus cost of goods sold, partner commissions and shipping costs as a percentage of the period's total income.</p>	<p>Operating margin before depreciation Operating profit before depreciation as a percentage of the period's total income.</p>	<p>Profit per share Period's profit in relation to its average number of outstanding shares.</p>
<p>Operating margin Operating profit after depreciation as a percentage of the period's total income.</p>	<p>Equity capital per share Equity capital in relation to number of outstanding shares on the balance sheet day.</p>	<p>Net margin Period's profit as a percentage of its net turnover.</p>
		<p>Solvency Equity capital as a percentage of the balance sheet total.</p>

NUMBER OF OUTSTANDING SHARES

As at 12/31/2014 the share capital is distributed between 29,950,687 shares, of which 5,113,392 are A-shares (1 vote) and 24,395,295 B-shares (0.1 vote). The share's nominal value is SEK 0.10. The company's B shares are traded on Nasdaq Omx First North, nasdaqomxnordic.com. The share capital after the end of the year has been further increased through the non-cash issue in connection with the acquisition of BioActive Foods AS. A total of 897,255 B shares were issued and the share capital was thereby increased by SEK 89, 725.50 to a total of SEK 3,040,594.20.

The company already has two outstanding option programs. The first expires on November 1, 2016 and includes 2,100,000 options at a redemption price of SEK 2. As of December 31, 2014, 20,000 subscription warrants had been used to subscribe to shares. The second option program expires on May 31, 2019 at a redemption price of SEK 16 and includes 600,000 options. If all the warrants are used for the new subscription of 2,680,000 shares, dilution of the share capital will amount to approx. 9%.

INSIDER HOLDINGS AS OF 12/31/2014

Name	Position	Share	Share	2014	2013
Örjan Saele	Others with inside holdings	ZZA	ZZA	3,123,397	4,123,391
Örjan Saele		ZZB	ZZB	6,266,328	4,712,761
Peter Sörensen	Others with inside holdings	ZZA	ZZA	1,809,995	1,809,995
Peter Sörensen		ZZB	ZZB	1,766,755	2,019,805
Hans Jakobsson	Chairman	ZZB	ZZB	414,215	424,215
Hans Jakobsson		ZZ TO	ZZ TO	45,000	45,000
Cecilia Halldner	Board Member	ZZB	ZZB	45,000	30,000
Staffan Hillberg	Board Member	ZZB	ZZB	238,983	234,656
Staffan Hillberg		ZZ TO	ZZ TO	45,000	45,000
Torben Lundberg	Board Member	ZZB	ZZB	15,000	0
Dag Pettersen	Managing Director	ZZB	ZZB	180,000	
Dag Pettersen		ZZ TO	ZZ TO	1,460,000	1,460,000
Carin Andersson	Management	ZZB	ZZB	36,082	21,082
Fredrik Nielsen	Management	ZZB	ZZB	15,000	0
Fredrik Nielsen		ZZ TO	ZZ TO	30,000	30,000
Helena Byström	Management	ZZB	ZZB	15,000	0
Jakob Spijker	Management	ZZB	ZZB	15,000	0
Lina Rydh	Management	ZZB	ZZB	5,000	0
Mikaela Wahlbro	Management	ZZB	ZZB	15,000	0

ACCOUNTING PRINCIPLES

This Interim Report has been prepared in accordance with the Annual Report Act and the Swedish Accounting Standards Board's general advice. From financial year 2014, the consolidated financial statements and annual report in accordance with BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3). Where appropriate, the comparison for 2013 has been adapted to K3. The transfer to K3 has not resulted in any significant changes, for either 2013 or 2014.

DIVIDENDS

The Board proposes dividends of SEK 0.25 (0.10) for the year 2014.

AUDITOR EXAMINATION

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

ANNUAL GENERAL MEETING

The Annual General Meeting of Zinzino AB will be held at the company's premises on Hulda Lindgrens gata 8 in Västra Frölunda on May 5 at 12.30 pm.

FUTURE REPORTS

The full annual report will be available at Zinzino's office and website from 04/14/2015. The interim report for the first quarter of 2015 will come out on 05/22/2015.

For more information, please call Dag Bergheim Pettersen, CEO, Zinzino AB

Gothenburg, February 27, 2015
Zinzino AB (publ.)
Board of Directors

Zinzino AB

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