

INTERIM REPORT JANUARY - JUNE 2016

ZINZINO





INTERIM REPORT ZINZINO

1 JANUARY 2016 – 30 JUNE 2016

THE QUARTER IN SUMMARY REVIEW

- Total revenues amounted to SEK 109.1 (112.2) million which corresponds to a sales decline of 3% (+ 41%).
- The product segment Health increased by 4% to SEK 74.5 (71.6) million, which represented 68% (64%) of the total revenue for the quarter. The product segment Coffee amounted to SEK 15.3 (20.9) million which represented 14% (18%) of total revenue and a sales decline of 27%. Faun Pharma and other revenues amounted to SEK 19.2 (19.7) million representing the remaining 18% (18%) of total revenue.
- Gross profit amounted to SEK 35.8 (33.8) million and the gross profit margin amounted to 32.8% (30.1%).
- EBITDA amounted to SEK 4.6 (7.8) million and the operating margin before depreciation and amortisation to 4.2% (6.9%).
- Depreciation and amortisation amounted to SEK 2.2 (2.2) million, of which SEK 1.2 (1.4) million was attributable to depreciation of goodwill.
- Operating profit amounted to SEK 2.3 (5.6) million and the operating margin was 2.1% (5.0%).
- Profit before tax amounted to SEK 2.3 (5.2) million.
- Profit after tax was SEK 0.9 (4.1) million. Net earnings per share after tax (fully diluted) amounted to SEK 0.03 (0.12)
- The Annual Meeting of Shareholders adopted a dividend of SEK 0.25 (0.25) per share and in total distributed SEK 7.8 (7.7) million to shareholders.

CUMULATIVE JANUARY - JUNE

- Total revenues amounted to SEK 221.7 (221.2) million which corresponds to a sales increase of 0% (+43%).
- Zinzino Health increased by 10% to SEK 151.1 (137.6) million, which represented 68% (62%) of total revenue. Zinzino Coffee amounted to SEK 30.8 (42.4), which represented 14% (19%) of total revenue and a revenue decline of 27%. Faun Pharma and other revenues amounted to SEK 39.8 (41.2) million which represented the remaining 18% (19%) of total revenue.
- Gross profit amounted to SEK 76.8 (70.6) million and the gross profit margin amounted to 34.7% (31.9%).
- EBITDA amounted to SEK 12.8 (16.7) million and the operating margin before depreciation and amortisation to 5.8% (7.5%).
- Depreciation and amortisation amounted to SEK 4.5 (4.2) million, of which SEK 2.5 (3.0) million was attributable to depreciation of goodwill.
- Operating profit amounted to SEK 8.3 (12.5) million and the operating margin was 3.7% (5.6%).
- Profit before tax amounted to SEK 8.0 (11.7) million.
- Profit after tax amounted to SEK 5.2 (9.3) million. Net earnings per share after tax (full dilution) amounted to SEK 0.15 (0.28)
- Liquid assets amounted at the report date to SEK 24.0 (38.6) million.

ZINZINO



Zinzino AB (publ.) is one of the leading direct sales companies, represented in the whole European Union, Norway, Iceland and North America. We market and sell products within two product lines; Zinzino Health which focus on long term health and Zinzino Coffee that consists of espresso machines and accessories. Our business is characterised by high quality, proximity to the customer and focus on active product development.

Zinzino owns the Norwegian knowledge company BioActive Foods AS and the research and production unit Faun Pharma AS. Since 2005, Zinzino has been the agent for the French-Belgian coffee house Rombouts & Malongo.

Today Zinzino has about 100 employees in the group. The company has its head office in Gothenburg, local offices in Helsinki, Finland and Florida, United States, as well as a production unit south of Oslo.

A SHORT HISTORY

2007 was the year Zinzino AB started its business. The company's principal business is to own and develop companies in direct marketing and related businesses.

In 2009 Zinzino Nordic AB was acquired partly through a directed share issuance in kind to the owners of Zinzino Nordic AB and partly through a subscription in the rights issuance that Zinzino Nordic AB carried out in December 2009. Zinzino AB thus acquired control over 97% of the votes and 92% of the capital in Zinzino Nordic AB. By 31 december 2015 ownership had increased to 93% of the capital.

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

In 2011 the group was expanded by companies in Estonia and Lithuania.

In 2012 companies were started in Latvia and on Iceland.

In 2013 a company was started in the United States with its headquarters in Jupiter, Florida.

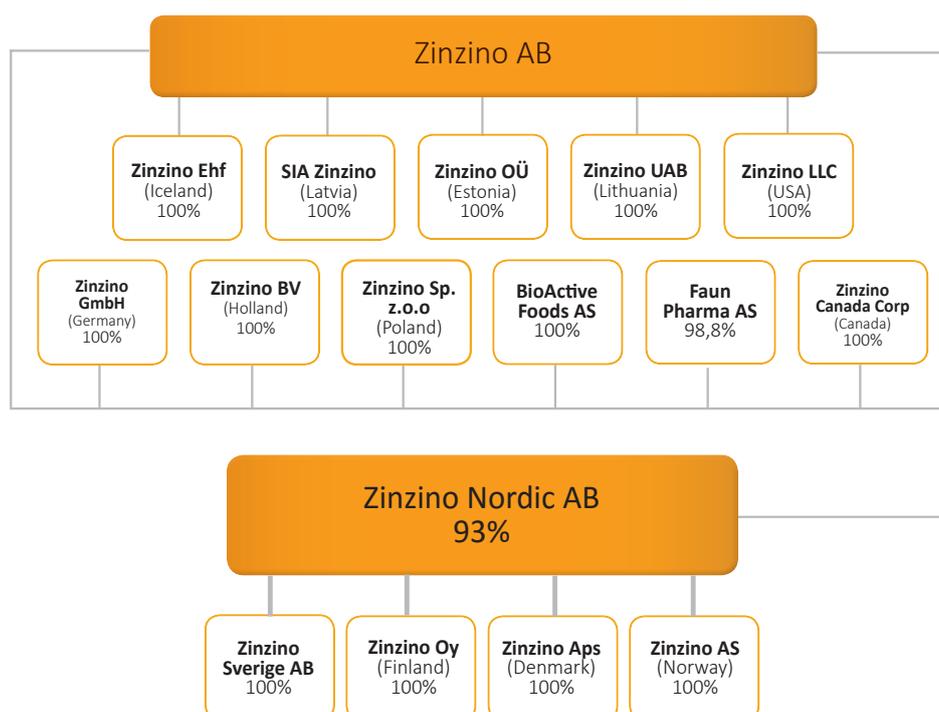
In 2014 the group was further expanded by companies in Poland and Holland. In the same year, Zinzino AB acquired the remaining shares in BioActive Foods AS and 85% of the shares in Faun Pharma AS. This was also the year when Zinzino AB was listed for trading on Nasdaq OMX First North.

In 2015 a company was started in Canada and the ownership interest in Faun Pharma As was increased to 98.8 %.

In 2016 a subsidiary was started in Germany.

In 2016 sales were commenced in all of the EU countries.

GROUP STRUCTURE



FINANCIAL SUMMARY (SEK MILLION)

THE GROUP'S KEY NUMBERS	Q2 -2016	Q2 -2015	CUM 2016	CUM 2015	FULL YEAR 2015
Total revenue	109.1	112.2	221.7	221.2	443.8
Net sales	97.7	102.1	199.3	198.7	388.7
Sales growth	-3%	41%	0%	43%	22%
Gross profit	35.8	33.8	76.8	70.6	149.3
Gross profit margin	32.8%	30.1%	34.7%	31.9%	33.6%
Operating profit before depreciation and amortisation	4.6	7.8	12.8	16.7	25.6
Operating margin before depreciation and amortisation	4.2%	6.9%	5.8%	7.5%	5.8%
Operating profit	2.3	5.6	8.3	12.5	18.5
Operating margin	2.1%	5.0%	3.7%	5.6%	4.2%
Profit before tax	2.3	5.2	8.0	11.7	17.6
Net income	0.9	4.1	5.2	9.3	9.7
Net margin	0.8%	3.6%	2.4%	4.2%	2.2%
Net earnings per share before dilution, in SEK	0.03	0.13	0.17	0.30	0.31
Net earnings per share after tax at full dilution, in SEK	0.03	0.12	0.15	0.28	0.29
Liquid assets	24.0	38.6	24.0	38.6	26.9
Equity/assets ratio	50%	55%	50%	55%	56%
Equity per share before dilution, in SEK	2.63	2.90	2.63	2.93	2.88
Average number of issued shares for the period	31,008,816	30,816,509	30,954,421	30,483,116	30,693,284
Average number of issued shares for the period with full dilution	33,738,816	33,696,509	33,742,618	33,363,116	33,573,284

Zinzino's prospects for 2016 and financial goals

We forecast that total revenues for 2016 will amount to between SEK 470 million and SEK 520 million. Operating margin before depreciation and amortisation in % is estimated to be at least in line with the previous year. During the period 2016-2018, average sales growth in Zinzino will be at least 20% and the net margin will increase to >8%. The dividend policy will be at least 30% of net income as long as liquidity and solvency permit.



WE EXPAND OUR BUSINESS ACTIVITY TO THE COMPLETE EU AREA

In July Zinzino launched their business in 19 new countries in Europe. This means that including the EU countries we are present in 33 countries in total in the world. That provides us a potential market with close to 1 billion people. During the second quarter we have launched new products and invested in a future in which we have a strong believe in. We will hold on to our ambitious goal to grow at least 20 percent in the coming 3 years and improve results every year..

SECOND QUARTER

During the second quarter we have fulfilled different strategic projects and investments. We have reached a big milestone in launching our business in 19 new markets in the EU. We launched a new future-oriented web shop with a new design. Within the segment Health we have launched a new product – AquaX – a BalanceOil that can be mixed with water. We launched new price structures and put more time and resources in design, layout and marketing. All these improvements are important for increasing the strength of our brand and create long term growth. By doing the investments necessary we feel that we have put a foundation to come closer to our goal in the coming year.

We are in line with the budget for this year and are relatively satisfied with the quarter although we still have not reached growth in comparison with the last year. Within Health we had a growth of 4 percent during the quarter but within the Coffee a decrease of 27 percent. We have lower margins on the coffee and therefor have to budget a decreasing on coffee with continuous higher focus on products within Health that have a bigger margin. We believe in a growth in the coming 6 months and have focus on improving the margins.

We improved our gross margins up till 32,8 percent, which is 2,7 percent better than as to the second quarter of 2015. Better margins proves that we are doing the right thing when we choose to invest in our business, open markets and continue to develop our own products and focus on people in Zinzino.

NEW IT-SYSTEM

As communicated before, during the last 12 months we have done huge investments in a new IT-system that can handle our growth and the geographic expansion that we planned. This is also an IT-system that can support us in our ambitious goal to have 1 million customers in 2020 and decrease costs for the next coming years. We faced challenges implementing the system which delayed our growth. We feel secure now with our IT-system and see that workflow is more effective, better and simple – that is something that makes us optimistic for the coming years.

EXPANSIONSPLAN

As said before, we picked up the pace of our geographic expansion and opened 19 whole new markets. The new markets started up in an effective way and now we are active in 33 countries with almost 1 billion people. We will use the next 2 years to work in this market and at the same time planning the next step. After 4 years of hard work with market approach we see now that USA starts to give results. I believe that USA will be our biggest market within 2-4 years and will be leading for our company. USA is the world's biggest Direct Selling market and we are appealing to partners because we have business model that is very customer focused.

Germany established in the first quarter and is the biggest Direct Selling market in Europe. This is a powerful purchasing market, with the focus on health, we have of course high expectations for this market and we already see positive results of being present in the market.

PRODUCT DEVELOPMENT

The last 18 months we have actively worked on our product development and thanks to that we could launch our new products. Now we pick up the pace even more and we will launch several strong product concepts during 2016. I see product development one of the deciding factors for success for us and that is why I am proud over the fact that we, thanks to our own research and factory, we can always be one step ahead. New products make us an appealing company for our customers and distributors. With pleasure I can announce that we launched self-developed Skin Serum and even BalanceOil AquaX that we expect will bring us a lot of new customers and attract new partners. Skin Serum has an enormous big market potential and I believe this is going to be a big segment for us in the next coming years. BalanceOil Aqua X will be a key product in our biggest product segment Health.

AMBITIOUS GOAL

We still have a huge believe in our ambitious goal to have a growth of at least 20 percent in the next three years and improving the results every year. We have a vision that we can inspire a change in life for our customers and partners. We will do this by being the most customer friendly Direct Selling company in the world. To confirm this we even communicated earlier that we will do this by having a million customers by the year 2020.

“ I juli lanserades Zinzino i 19 nya länder i Europa. Därmed finns vi nu i samtliga EU-länder och i totalt 33 länder i världen. ”

VD Zinzino, Dag Bergheim Pettersen
We aspire to inspire!

SIGNIFICANT EVENTS DURING AND AFTER THE SECOND QUARTER OF 2016

Zinzino is expanding its operations to the whole EU area

Through a new export initiative Zinzino in early July commenced sales in the remaining, previously non-established markets in the EU. Among these are Great Britain, France, Italy and Spain. By spreading the concept to more countries, there is more opportunity to connect with new partners and customers, an important part in Zinzino's vision to have 1,000,000 customers by 2020.

The establishment model is simple and rapidly expansible with increased volumes. It is also very cost-effective to implement. If the investment turns out well it may generate substantial revenues for the company in the years ahead.

Launch of Aqua X – The oil which turns into lemon water

Towards the end of the second quarter, Zinzino launched an entirely new product in Zinzino Health – BalanceOil AquaX. This is a further development of Zinzino's BalanceOil to which has been added a unique emulsifying substance, Aquacelle. With BalanceOil AquaX the Omega-6/Omega-3 concept is taken to a whole new level.

The product was developed through the Zinzino's research company BioActive Foods together with the production unit Faun Pharma. This has led to the product development having been very fast and cost-effective. The production will also take place at Faun and low production costs and rapid delivery for further distribution to Zinzino's new and existing customers will thereby be achieved.

By means of the emulsifying substance Aquacelle BalanceOil will obtain new dimensions which are expected to attract customer segments that were previously difficult to reach. This is because BalanceOil AquaX can be mixed with a cold liquid such as water and through the emulsifying effect the taste and consistency of oil disappear and instead the taste of ordinary lemon water appears.

Zinzino are very optimistic about the new product since it is expected to attract significantly more customers than the previous product offering and can thus provide substantial growth opportunities in all markets, new as well as old.

The Annual Meeting of Shareholders adopted a dividend to the shareholders.

The Annual Meeting of Shareholders was held on 20 May 2016 at the company's head office in Västra Frölunda, Gothenburg. The previous year's accounts were there confirmed and the Board of Directors and CEO were granted freedom from liability for the past year. The Annual Meeting of Shareholders also adopted the proposal of the Board of Directors for a dividend to the shareholders of SEK 0.25 per share, which resulted in a total of SEK 7.8 million being distributed to the shareholders for the previous fiscal year. The current Board of Directors was re-elected for an additional year.

The subsidiary Faun Pharma AS signed a supply agreement with Proteinfabrikken

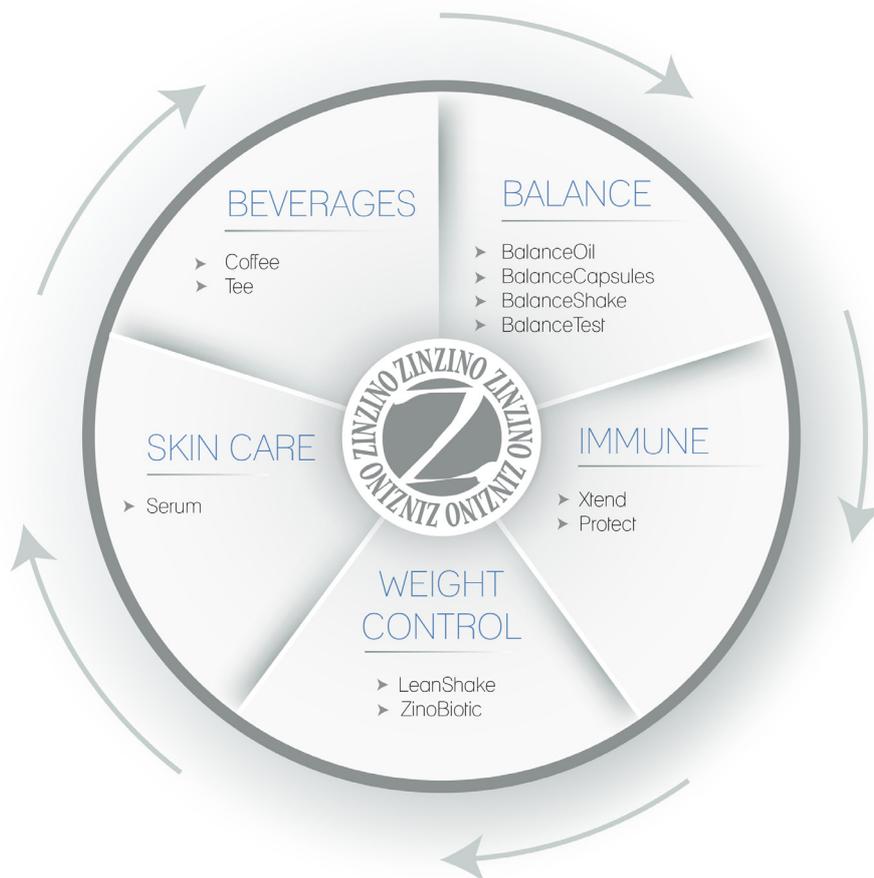
Zinzino's production plant Faun Pharma AS, during the second quarter, signed an important agreement with the key Norwegian customer Proteinfabrikken by taking over all production for the customer. This means an increase of Faun's production by 500-600 tonnes per year. The agreement was signed for three years with an expected total value of more than NOK 30 million in increased sales during the period. Production was started during the summer and is estimated to amount to fully NOK 20 million for the rest of 2016, substantially more than had been expected.

The purpose of the acquisition of Faun Pharma in 2014 is to streamline manufacturing and development of Zinzino's products in health and lifestyle. At the same time, there is great potential for the company to generate profitability to the group through its own sales to external customers. The agreement with Proteinfabrikken provides great opportunities for Faun, to a greater extent than hitherto, to generate growth and profitability for the group going forward.

During the second quarter, Faun Pharma's external sales amounted to SEK 7.7(9.5) million and the net profit to SEK 0,0(-1.8) million.

Internal efficiency improvements cut costs and reduced delivery times

During the quarter Zinzino has done further work to increase the efficiency of its operations. For this reason Zinzino is changing its collaboration partner as relates to billing, reminders and collections. This, combined with further development of the business system will result in cost savings of about SEK 1 million per year. In addition it will diminish the delivery time by 2 days to the great number of customers who pay by invoice in Scandinavia. The new solution will result in more effective demand management but also that customers in more markets than previously will be able to pay by invoice.



Delivery of Zinzino Skin Serum - a new segment in Zinzino's product range

The entirely newly-developed Zinzino Skin Serum will be launched in the United States as the first market in conjunction with the market's annual event i Minneapolis, Minnesota at the beginning of August. Zinzino Skin Serum is the first product in the new product segment Skin Care and will be launched initially only on the American market. Launch on other markets is expected to happen in the autumn.

Zinzino Skin Serum was developed by the company's own researchers and reduces wrinkles and fine lines which are commonly associated with aging. The serum is neutral in fragrance and aroma, which will not interfere with scents or perfumes that the user has.

The product means a breakthrough into a whole new area and will attract sellers and associated customers who were previously difficult to reach. Skin Care is expected to be an important factor in the strategy for reaching 1 million customers by 2020 and also to increase the growth of the group's revenues both short-term and long-term.



REVENUES AND PROFIT/LOSS

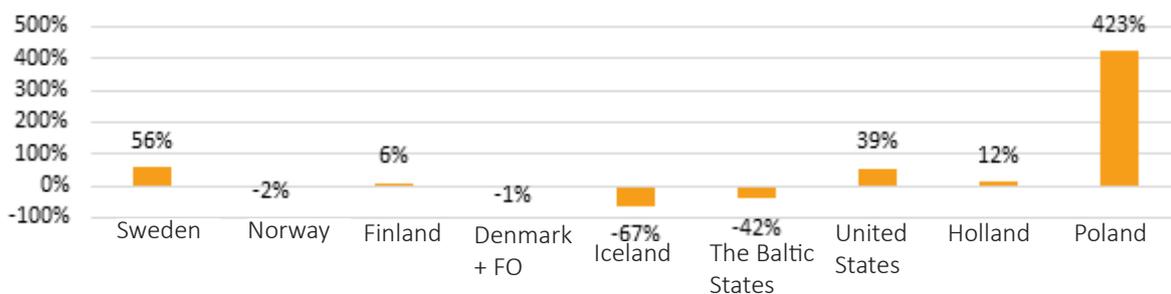
The second quarter – sales

The second quarter was characterised by strong growth in Sweden and the United States. The relatively newly-started markets Poland and Holland could also show growth figures. Newly established Germany also had a good start and has by now surpassed both new and old markets in proportion of sales.

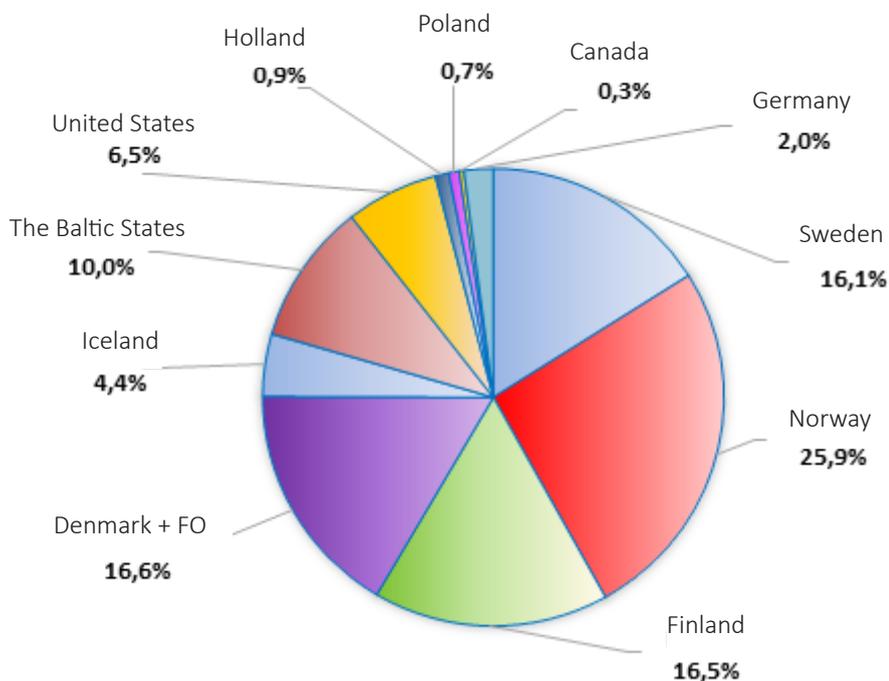
Effects of last year's change in business system still affected the business in a varying degree on the different markets, something that has slowed growth within the group. Lack of requirement management has resulted in customer losses that the sales network is now working intensively to compensate. Requirements procedures have been reimplemented and measures in the form of targeted campaigns in the sales network has been implemented in order to regain growth levels according to the high expectations that the Board and management have on the business.

At the same time, sales were weak in a number of other markets which resulted in total revenue amounting to SEK 109.1 (112.2) million which corresponds to a sales decline of 3% (+41%) as compared to the corresponding period in the previous year.

Growth per market as compared to Q2 of the previous year



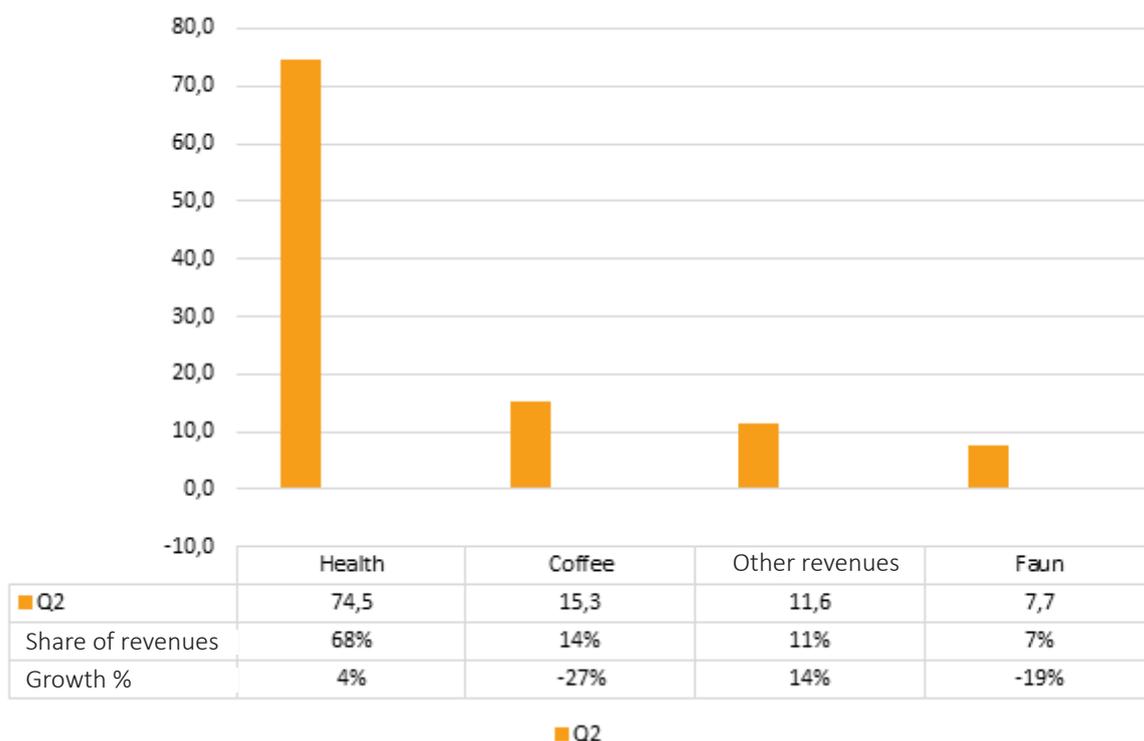
Geographic distribution of sales in Q2



The geographical breakdown for the second quarter showed that the majority of the revenue derived from the Nordic countries with Norway as still the largest market. The Swedish market constitutes an ever larger share of total sales, while the Baltic States and Iceland are losing share. The United States continued to increase its share of total revenue during the second quarter of 2016.

The distribution of revenues on product lines and otherwise was as follows: Zinzino Health amounted to SEK 74.5 (71.6) million which represented 68% of the total revenues for the quarter and was an increase as compared to the corresponding period of the previous year of 4%. Zinzino Coffee amounted to SEK 15.3 (20.9) million, which represented 14% of total revenue and a revenue decline of 27%. To this was added the sales from Faun Pharma at SEK 7.7 (9.5) million, representing 8% of the total revenues. Other revenues in the group amounted to SEK 11.6 (10.2) million and accounted for the remaining 10% of the quarter's revenues.

Revenue distribution Q2 2016 (SEK million)



The second quarter - profit/loss

The group's gross profit amounted to SEK 35.8 (33.8) million and the gross profit margin to 32.8% (30.1%) which was better than the corresponding period in the previous year. During the quarter several campaigns were directed towards the sales network for the purpose of stimulating growth during the third and fourth quarters of 2016. This has affected profitability slightly negatively in the short term which the worsened gross profit as compared to the previous quarter demonstrates. The measures are expected to provide increased margins long-term.

EBITDA for the second quarter amounted to SEK 4.6 (7.8) million and the operating margin before depreciation and amortisation amounted to SEK 4.2% (6.9%) million. Operating profit amounted to SEK 2.3 (5.6) million and operating margin to 2.1% (5.0%).

Profit before tax for the quarter amounted to SEK 2.3 (5.2) million, and net profit to SEK 0.9 (4.1) million.

Depreciation and amortisation

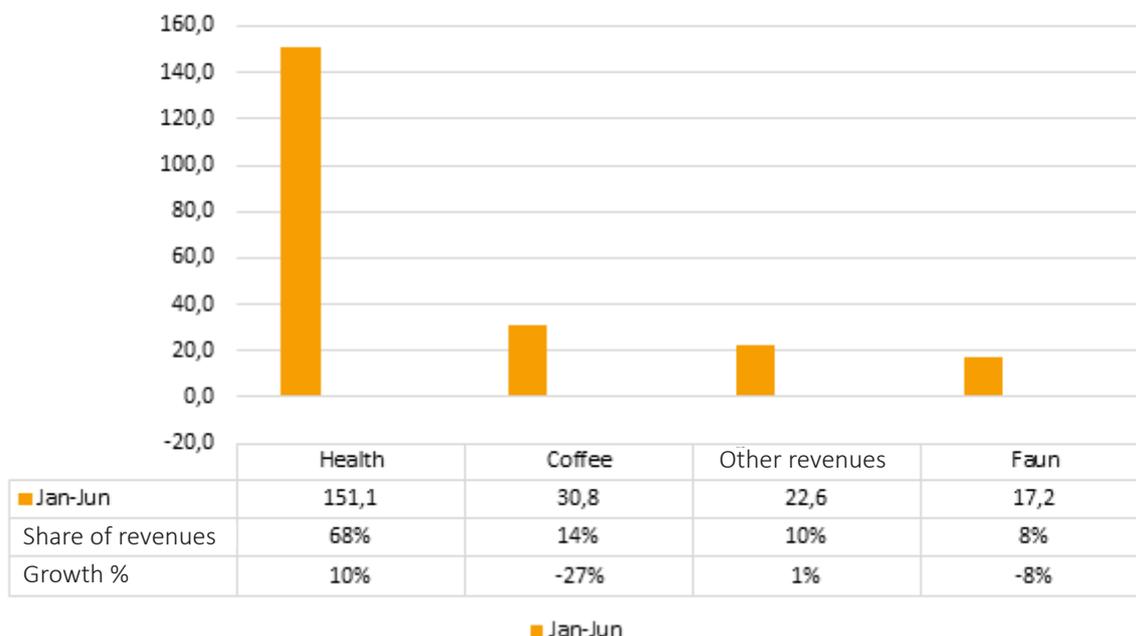
Depreciation and amortisation for the quarter has burdened the profit for the period by SEK 2.231 (2.156) thousand of which SEK 96 (71) thousand was depreciation of tangible fixed assets, SEK 909 (667) thousand was depreciation of intangible fixed assets, and SEK 1.226 (1.418) thousand was depreciation of goodwill.

THE GROUP'S PROFIT AND FINANCIAL POSITION AS OF THE FIRST HALF OF THE YEAR 2016

Total sales

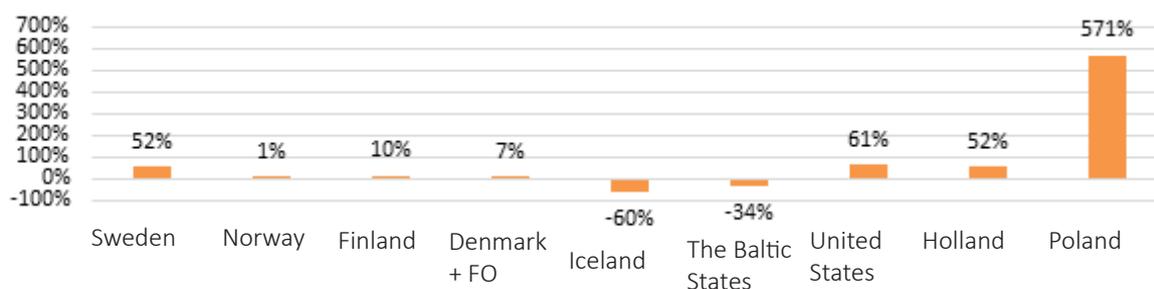
The total revenues for the first half of the year 2016 amounted to SEK 221.7 (221.2) million.

Distribution of revenues for the first half of the year 2016, SEK million



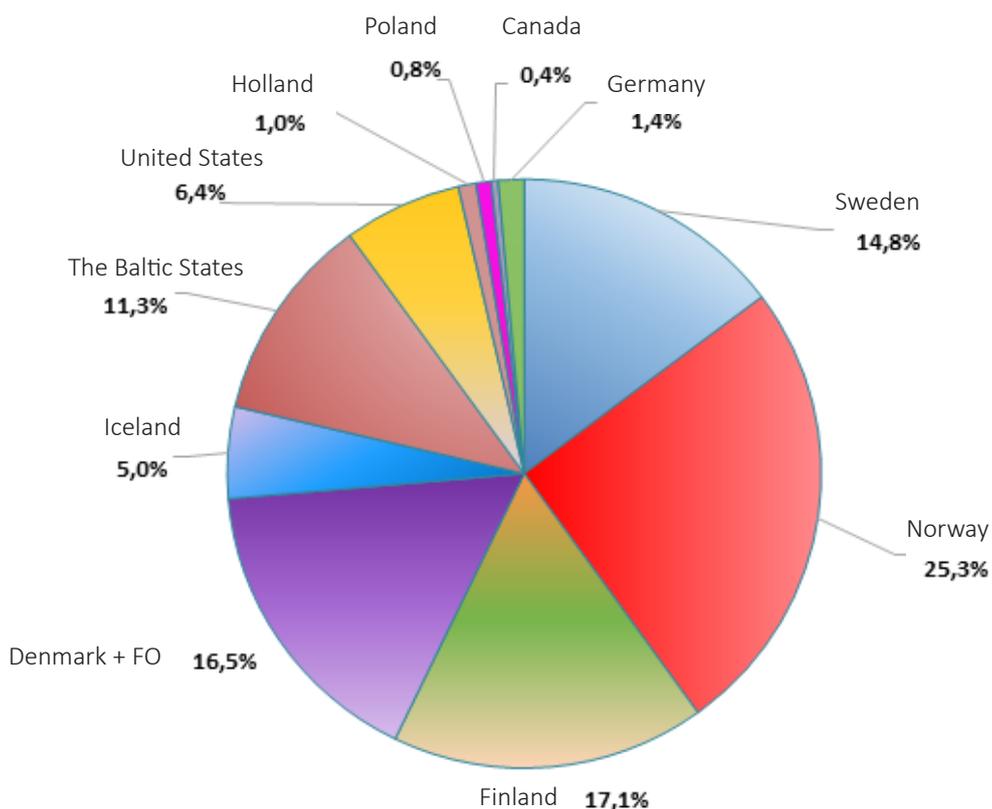
The product segment Health increased by 10% to SEK 151.1 (137.6) million, which represented 68% of the total revenues for the quarter. The product segment of Coffee amounted to SEK 30.8 (42.4) million and decreased 27% and contributed 14% of the total revenues. Faun Pharma contributed SEK 17.2 (18.7) million, which represented 8% of total revenues. Shipping and other revenues amounted to SEK 22.6 (22.5) million which represented the remaining 10% of the revenues.

Growth per market as compared to the first half of the year 2016



Strong growth primarily in Sweden and the United States was pleasing since these markets have great potential for further growth. Poland and Holland also showed fine sales growth. Other source markets Norway, Finland and Denmark are showing some growth. Campaigns with raised commission levels have been conducted to stimulate sales growth in all markets. The Baltic States and Iceland continued the negative trend. These markets were especially affected by the change of IT-system in 2015. Measures through targeted campaigns in combination with extended system support has been taken in order to turn the declining sales trend into positive growth again.

Geographical distribution sales for 6 months *

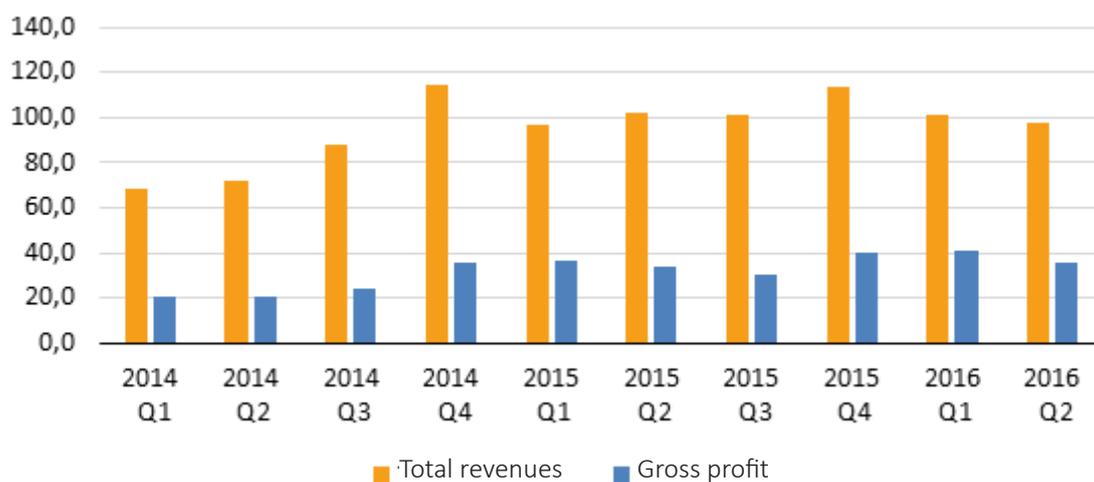


Distributed over the markets, the trends were unchanged with Norway which continued as the largest market and where the source markets continued to account for the largest share of sales, Sweden and the United States continue to increase their share of total sales.

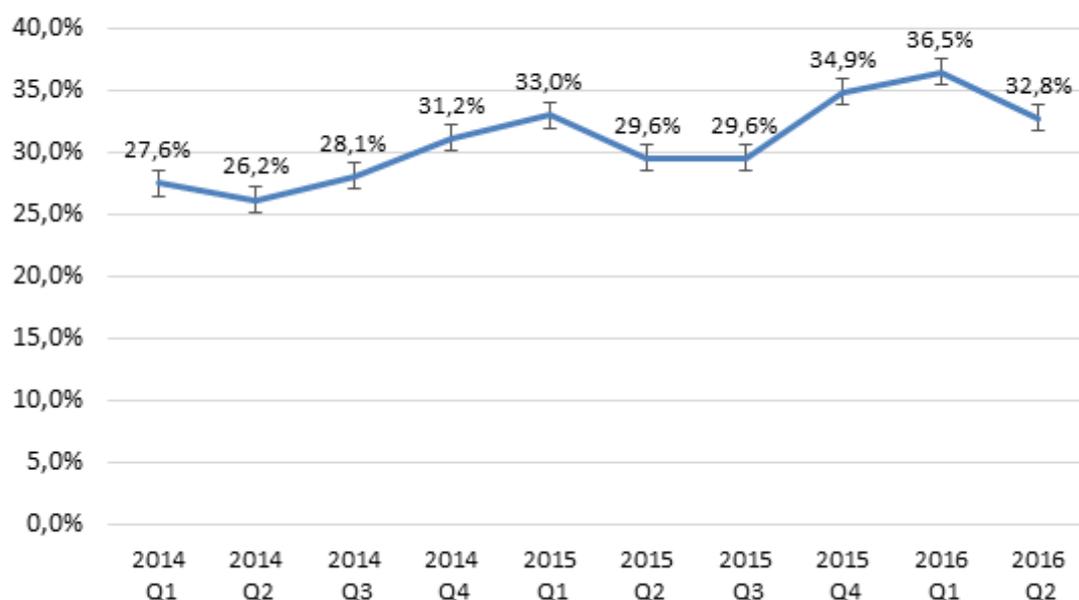
Costs and Profit

The gross profit amounted to SEK 76.8 (70.6) million and the gross profit margin to 34.7% (31.9%) which was better than the previous year. An underlying factor in the improvement in margin is efficient production in-house which resulted in lower cost of products over time.

Total revenues vs. gross profit (SEK thousands)



Gross profit in percent



EBITDA for the first half of the year amounted to SEK 12.8 (16.7) million and the operating margin before depreciation and amortisation amounted to 5.8% (7.5%). Operating profit amounted to SEK 8.3 (12.5) million and the operating margin was 3.7% (5.6%). The group currently has a large cost base through the production unit Faun Pharma and the research company Bioactive Foods while the head office has invested in a new business system and has expanded the workforce to manage the increasing sales and the expansion of the group. This will affect the operating margins negatively in the short term but will generate margin improvements over the longer term.

Profit before tax for the first half of the year amounted to SEK 8.0(11.7) million and the net profit to SEK 5.2 (9.3) million.

Inventory

The group's combined inventories at the balance sheet date amounted to SEK 47.0 (33.9) million. The increase was due to the Group's increased sales, relocation of production within Zinzino Health from an external party to Faun Pharma AS and to holding factory stock for another external customer.

Liquidity and Equity/assets ratio

At the balance sheet date cash amounted to SEK 24.0 (38.6) million. The group's equity/assets ratio amounted to 50% (55%). The period's cash flow amounted to SEK -7.1 (-11.3) million. During the quarter, SEK 7.8 (7.7) million was distributed as dividends to the shareholders in accordance with a decision at the Annual Meeting of Shareholders on May 20, 2016. The Board is making the continuing assessment that liquid assets are at a satisfactory level and that the group's positive cash flow from its ongoing operations ensures the liquidity in of the group for the foreseeable future.

INCOME STATEMENTS ZINZINO GROUP (SEK THOUSANDS)

	1 April 2016	1 April 2015	1 January 2016	1 January 2015	1 January 2015
	30 June 2016	30 June 2015	30 June 2016	30 June 2015	31 December 2015
Net sales	97,663	102,085	199,264	198,727	388,692
Other revenues	11,437	10,158	22,436	22,503	55,144
Merchandise and other direct costs	-73,349	-78,417	-144,859	-150,672	-294,568
Gross profit	35,751	33,826	76,841	70,558	149,268
External operating expenses	-17,650	-15,760	-36,505	-30,219	-74,642
Personnel costs	-13,525	-10,276	-27,582	-23,640	-49,002
Depreciation and amortisation	-2,231	-2,156	-4,463	-4,240	-7,133
Operating profit	2,345	5,634	8,291	12,459	18,491
Net financial income/expense	-94	-482	-295	-795	-936
Tax	-1,399	-1,101	-2,785	-2,404	-7,895
Profit for the period	852	4,051	5,211	9,260	9,660

BALANCE SHEET ZINZINO GROUP (SEK THOUSANDS)

	30 June 2016	30 June 2015	31 December 2015
Fixed assets			
Goodwill	41,004	53,228	43,456
Intangible fixed assets	15,144	7,226	15,695
Tangible fixed assets	3,387	2,121	1,939
Financial fixed assets	5,356	14,535	8,282
Total fixed assets	64,891	77,110	69,372
Current assets			
Inventories	47,001	33,887	40,289
Current receivables	25,521	12,511	22,324
Cash and bank balances	23,975	38,552	26,852
Total current assets	96,497	84,950	89,465
Total assets	161,388	162,060	158,837
Restricted equity	3,105	3,089	3,090
Non-restricted equity	73,121	76,925	75,570
Profit/loss for the year	5,211	9,260	9,660
Total equity	81,437	89,274	88,320
Long-term liabilities	732	5,739	677
Current liabilities	79,219	67,047	69,840
Total liabilities	79,951	72,786	70,517
Total equity and liabilities	161,388	162,060	158,837

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

	2016	2015	2016	2015	2015
	April-June	April-June	Jan - June	Jan - June	Jan-Dec
Ongoing operations					
Profit/loss before financial items	2,345	5,634	8,291	12,459	18,491
Depreciation / Write-downs	2,231	2,156	4,463	4,240	7,133
Other non-cash items	-425	-1,904	260	-4,168	-2,545
	4,151	5,886	13,014	12,531	23,079
Interest received	3	-	6	-	49
Interest paid	-96	-482	-298	-795	-1,050
Income tax paid	-33	-	-55	-	-63
	-126	-482	-346	-795	-1,064
Cash flow from ongoing operations before changes in working capital	4,025	5,404	12,668	11,736	22,015
Cash flow from changes in working capital					
Increase(-) / Decrease(+) of inventories	-2,409	3,805	-6,712	-3,128	-9,530
Increase(-) / Decrease(+) of current receivables	-283	7,679	-3,197	6,912	-2,899
Increase(+) / Decrease(-) of current liabilities	2,626	-18,197	5,789	-7,612	1,586
Cash flow from the ongoing operations	3,959	-1,309	8,548	7,908	11,172
Investment activities					
Investments in intangible fixed assets	-1,196	-2,040	-1,196	-3,040	-12,202
Investments in financial fixed assets	-860	-196	-3,829	-2,295	-2,644
Investment in tangible fixed assets	-1 432	-346	-174	-346	-815
Cash flow from investment activities	-3,487	-2,582	-5,199	-5,681	-15,661
Financing activities					
New loans	55	-63	55	583	-4,480
Non-cash issue	-	-	-	-	-
Dividends	-7,763	-7,725	-7,763	-7,725	-7,725
Share subscription on subscription options issued	95	350	95	696	775
Cash flow from financing activities	-7,613	-7,438	-7,613	-6,446	-11,430
CASH FLOW FOR THE PERIOD	-7,141	-11,329	-4,264	-4,219	-15,919
Liquid assets at the start of the period	31,116	49,881	31,116	42,771	42,771
Liquid assets at the end of the period	23,975	38,552	26,852	38,552	26,852
Change in liquid assets	-7,141	-11,329	-4,264	-4,219	-15,919

CHANGES IN SHAREHOLDERS' EQUITY GROUP (SEK THOUSANDS)

	2016	2015	2015
	Jan-June	Jan-June	Jan-Dec
Shareholders' equity at beginning of period	88,320	86,295	86,295
Subscription of warrants	95	696	775
Dividends to shareholders	-7,763	-7,725	-7,725
Rate of exchange differences currency	-67	748	812
Acquisitions	-	-	-1,603
Change in minority interest	-	-	106
Profit for the period	852	9,260	9,660
Shareholders' equity at end of period	81,437	89,274	88,320

DEFINITIONS OF KEY FIGURES

Gross margin

Total revenues minus cost of goods sold, partner commissions and outgoing freight as a percentage of the period's total revenues.

Operating margin

Operating profit after depreciation as a percentage of the period's total revenues.

Profit per share

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

Operating margin before depreciation

Operating profit before depreciation as a percentage of the period's total revenues.

Equity per share

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

Net margin

The period's profit as a percentage of the period's net sales.

Equity/assets ratio

Equity in percent of the balance sheet total.

NUMBER OF OUTSTANDING SHARES

The share capital as of 30 June 2016 was divided among 31,050,025 shares, of which 5,113,392 are A shares (1 vote) and 25,936,633 are B shares (0.1 vote). The share's quota value is SEK 0.10. The company's B shares are traded on Nasdaq Omx First North, nasdaqomxnordic.com.

The company has three outstanding option programs. The first will expire on 1 November 2016 and includes 2,100,000 stock options at an exercise price of SEK 2. As of August 2016, 570,000 warrants had been exercised to subscribe for shares. The second option program will expire on 31 May 2019 at an option price of SEK 16 and includes 600,000 options. In addition to this, it was decided at the Annual Meeting of the Shareholders on 8 May 2015 to issue a further 600,000 warrants at an exercise price of SEK 26. The option program will expire on 31 May 2020.

If all warrants are exercised to subscribe for 2,730,000 shares, the dilution of the share capital will amount to about 9%.

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with the Annual Accounts Act and the Accounting Board's general principles. Beginning with the fiscal year 2014, the group financial statements and the annual report have been prepared in conformity with BFNAR 2012:1 Annual Report and group financial statements (K3).

REVENUES BY COMPANY (SEK THOUSANDS)

COMPANY	Q2 2016	Q2 2015	Growth as compared to the previous year	Share of total revenues
Zinzino Sverige AB	15,822	9,996	58%	15%
Zinzino AS (Norway)	25,474	25,597	0%	23%
Zinzino OY (Finland)	16,276	15,120	8%	15%
Zinzino ApS (Denmark)	16,237	15,856	2%	15%
Zinzino Färö Islands branch	133	385	-65%	0.1%
Zinzino Ehf (Iceland)	4,338	12,990	-67%	4,0%
Zinzino UAB (Lithuania)	2,170	3,650	-41%	2,0%
Zinzino SIA (Latvia)	2,552	3,147	-19%	2.3%
Zinzino OÜ (Estonia)	5,121	9,962	-49%	4,7%
Zinzino LLC (USA)	6,394	4,146	54%	5,9%
Zinzino BV (Holland)	934	819	14%	0.9%
Zinzino SP z.o.o (Poland)	720	136	429%	0.7%
Zinzino Canada Corp	332	n/a	n/a	0.3%
Zinzino GmbH (Germany)	2,007	n/a	n/a	1.8%
Faun Pharma AS (Norway)	7,656	9,528	-20%	7.0%
Zinzino Nordic AB	2,932	911	222%	2.7%
Total	109,099	112,243		100%

COMPANY	Q1-Q2 2016	Q1-Q2 2015	Growth as compared to the previous year	Share of total revenues
Zinzino Sverige AB	29,409	19,298	52%	13%
Zinzino AS (Norway)	50,434	49,912	1%	23%
Zinzino OY (Finland)	34,074	30,944	10%	15%
Zinzino ApS (Denmark)	32,626	29,779	10%	15%
Zinzino Färö Islands branch	235	832	-72%	0.1%
Zinzino Ehf (Iceland)	10,018	25,138	-60%	4.5%
Zinzino UAB (Lithuania)	5,017	7,152	-30%	2.3%
Zinzino SIA (Latvia)	5,599	6,478	-14%	2.5%
Zinzino OÜ (Estonia)	11,971	20,389	-41%	5.4%
Zinzino LLC (USA)	12,834	7,929	62%	5.8%
Zinzino BV (Holland)	1,913	1,247	53%	0.9%
Zinzino SP z.o.o (Poland)	1,650	244	576%	0.7%
Zinzino Canada Corp	745	n/a	n/a	0.3%
Zinzino GmbH (Germany)	2,789	n/a	n/a	1.3%
Faun Pharma AS (Norway)	17,159	18,729	-8%	7.7%
Zinzino Nordic AB	5,227	3,159	65%	2.4%
Total	221,700	221,230		100%

AUDITOR'S REVIEW

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

NEXT REPORT

Interim report Q3 2016 will be published on 15 November 2016

For more information, please call Dag Bergheim Pettersen, CEO

Gothenburg, 26 August 2016

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