

INTERIM REPORT JULY - SEPTEMBER 2016

ZINZINO





INTERIM REPORT ZINZINO

JANUARY 1, 2016 - SEPTEMBER 30, 2016

High growth and profitability in Q3

THE PAST QUARTER IN SUMMARY REVIEW

- ▶ Total revenues amounted to SEK 121.3 (101.3) million which corresponds to a sales increase of 20% (16%).
- ▶ The product segment Health increased by 34% to SEK 81.1 (60.6) million.
- ▶ The product segment Coffee fell by 40% to 14.9 (24.8) million.
- ▶ Faun Pharma increased external sales by 70% to 12.6 (7.4) million.
- ▶ The gross profit amounted to SEK 39.5 (30.4) million and the gross profit margin amounted to 32.6% (30.0%).
- ▶ EBITDA amounted to SEK 5.8 (5.3) million and the operating margin before depreciation and amortisation to 4.8% (5.3%).
- ▶ The profit after tax amounted to SEK 2.0 (2.3) million. Net earnings per share after tax (fully diluted) amounted to SEK 0.06 (0.07).
- ▶ Positive sales development in several new markets in the EU while the strong growth trend continued in Sweden and the United States.
- ▶ Launch of the new product segment Zinzino Skin Care with high potential. Zinzino Skin Serum is an exclusive and completely proprietary product which was launched in all markets during the third quarter.
- ▶ Launch of a newly developed series of protein bars with high protein value and low sugar content.

CUMULATIVE JANUARY - SEPTEMBER

- ▶ Total revenues amounted to SEK 343.0 (321.8) million which corresponds to a sales increase of 7 % (32%).
- ▶ The product segment Health increased by 17% to SEK 232.3 (198.2) million.
- ▶ The product segment Coffee fell by 32% to SEK 45.7 (67.2) million.
- ▶ Faun Pharma increased by 13% to SEK 29.7 (26.2) million.
- ▶ Gross profit amounted to SEK 116.3 (100.2) million and the gross profit margin amounted to 33.9% (31.1%).
- ▶ EBITDA amounted to SEK 18.5 (22.0) million and the operating margin before depreciation and amortisation to 5.4% (6.8%).
- ▶ Profit after tax amounted to SEK 7.2 (11.5) million. Earnings per share after tax amounted to SEK 0.21 (0.35) million (fully diluted).
- ▶ Cash and cash equivalents at the report date amounted to SEK 18.1 (39.6) million.

ZINZINO



Zinzino AB (publ.) is one of the leading direct sales companies, represented in the whole of the EU, Norway, Iceland, the United States, and Canada. We market and sell products in two product lines; Zinzino Health which focuses on long-term health and Zinzino Coffee consisting of espresso machines and accessories. Our business is characterised by high quality, proximity to the customer and a 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.

2016 sales were begun in all of the EU countries.

FINANCIAL SUMMARY (SEK MILLION)

THE GROUP'S KEY NUMBERS	Q3 -2016	Q3 - 2015	CUM 2016	CUM 2015	FULL YEAR 2015
Total revenues	121.3	101.3	343.0	321.8	443.8
Net sales	108.6	92.9	307.9	291.6	388.7
Sales growth	20%	16%	7%	32%	22%
Gross profit	39.5	30.4	116.3	100.2	149.3
Gross profit margin	32.6%	30.0%	33.9%	31.1%	33.6%
Operating profit before depreciation and amortisation	5.8	5.3	18.5	22.0	25.6
Operating margin before depreciation and amortisation	4.8%	5.3%	5.4%	6.8%	5.8%
Operating profit	3.4	3.3	11.7	15.7	18.5
Operating margin	2.8%	3.2%	3.4%	4.9%	4.2%
Profit before tax	3.4	2.9	11.4	14.5	17.6
Net income	2.0	2.3	7.2	11.5	9.7
Net margin	1.6%	2.3%	2.1%	3.6%	2.2%
Net earnings per share before dilution, in SEK	0.06	0.07	0.23	0.38	0.31
Net income per share after tax at full dilution, in SEK	0.06	0.07	0.21	0.35	0.29
Cash and cash equivalents	18.1	39.6	18.1	39.6	26.9
Equity/assets ratio	51%	53%	51%	53%	56%
Equity per share before dilution, in SEK	2.69	3.03	2.69	3.06	2.88
Average number of issued shares for the period	31,050,025	30,900,025	30,989,259	30,578,312	30,659,402
Average number of issued shares for the period with full dilution	33,780,025	33,780,025	33,780,025	33,344,759	33,454,470

For definitions, see page 13

Zinzino's outlook for 2016 and financial goals

The Board of Directors will adhere to the previously issued forecast for 2016 in which we estimate that total revenues will amount to between SEK 470 million and 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 before depreciation and amortisation will increase to >8%. The dividend policy will be at least 30% of net income as long as liquidity and the equity/assets ratio permit.



“We have reached the milestone of 100,000 customers and growth of 20%”

THE THIRD QUARTER

In the third quarter, we are back to our growth target of 20% - something we fought long and hard for. We have implemented many improvements, launched new products and gone into several new markets. Several important strategic decisions and hours of hard work lie behind the result. Needless to say, we are very happy and proud to finally show strong growth figures again. An important milestone was reached in the context of our 100,000th customer who was registered in October. It has taken us 10 years to reach this level. Our ambition now is to reach the next hundred thousand line in less than two years. To do this we must grow by at least 20% per year over the next three years, which is our goal.

Another milestone which was reached during Q3 was the launch in 19 new markets in the EU. The total sales in the new markets is now over SEK 1 million per month. We have invested resources and commitment but used a minimal amount of money, which derives from our scalability which gives us a great advantage in this type of geographic expansion. Our scalability gives us a strong competitive advantage and an opportunity to expand geographically with good profitability.

Our gross margin has improved to 32.6% as compared to 30% in the same quarter last year. We will continue to invest in our business and to focus on growth, efficiency, and improved processes. We will also continue to develop our own products and to focus on our employees and customers in Zinzino. Our profitability will increase in line with increased scalability and higher turnover.

KAIZEN FOR CONTINUOUS IMPROVEMENT

Kaizen, which means continuous improvement, is one of our core values which we use actively to inspire us to ask critical questions in everything we do. Inspiration for change and development are needed if we are to achieve our goal of one (1) million customers by the year 2020.

At the time of writing, we are conducting a thorough review of our long-term strategy for Zinzino. Our ambitions are high and our activities for the coming years are many. The next 12 to 18 months, we will focus on continuous improvements in the markets in which we are already established.

We will also have a special focus on Germany and the United States, where the market potential is extremely large. We shall continue to develop web solutions, online platforms and solutions to improve payments, logistics and information flow.

PRODUCT DEVELOPMENT

I see new product development as one of the decisive success factors for us and that, thanks to our own research and factory, we can always keep a step ahead. New products make us an attractive company for our customers and distributors. In the segment Health we launched during the quarter a fantastic product - BalanceOil AquaX – and we launched the revolutionary Skin Serum in our new Skin Care segment. In addition, during the past quarter we introduced two very wholesome protein bars with low sugar content.

We have also developed new price structures and have brought increased resources to design, layout and marketing. This has yielded results in increased customer satisfaction and in the number of new customers who have streamed in. All this taken together adds up to significant improvements to strengthen our brand and create long-term growth.

Our vision is to inspire change in the lives of our customers and distributors. We will do this by continuing to be the most customer friendly direct sales company in the world.

“Another milestone which was reached during Q3 was the launch in 19 new markets in the EU. The total sales in the new markets is now over SEK 1 million per month.”

CEO Zinzino, Dag Bergheim Pettersen
We aspire to inspire!

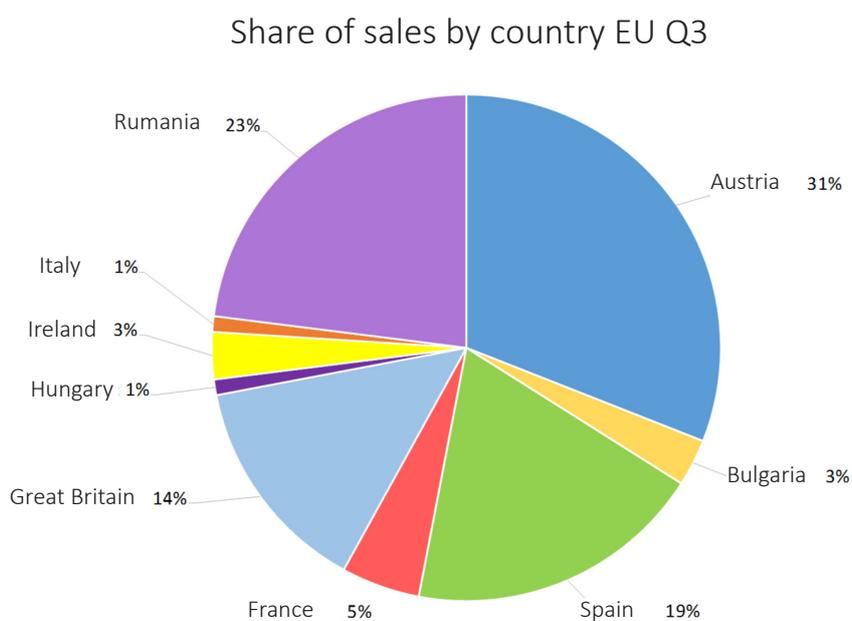
SIGNIFICANT EVENTS DURING AND AFTER THE THIRD QUARTER 2016

Increased sales growth during the quarter

Total revenues amounted to SEK 121.3 (101.3) million which corresponds to a growth in sales of 20% (16%) compared to the corresponding period last year. By means of successful product launches during the year in combination with expansion into new markets, strong growth in key markets, a well-functioning IT system and Faun Pharma's sales increase to external customers, Zinzino has succeeded in turning the trend back to the growth levels which the company had for several years.

Successful launch in new markets within the EU area

Zinzino opened up for sale in all (not previously established) countries within the EU on 5 July 2016. Sales of goods has taken place in a total of 15 new different countries and the investment has done very well in a majority of the new markets. Sales during the third quarter amounted to a total of SEK 1.8 million for the newly established EU markets. As a result of Zinzino's business having established a good foothold primarily in Austria, Spain and Rumania, Zinzino has commenced work to deepen its establishment in these markets. The establishment process is expected to become cost-effective when the next stage is commenced for those markets which have reached a critical volume. With sales already established in these markets, the establishment process is essentially risk-free for the company. Shown below are the sales in the 9 countries which had the greatest percentage of sales during the quarter.



New websites, focus United States and updated marketing material.

During the quarter, Zinzino has worked with major focus on improving the conditions in the market in the United States. Substantial improvements on websites, marketing material and general sales support have been implemented. The American market shows strong growth at present and through measures for improvement it is expected that growth will increase further as sales are extended to more states than today.

Among Zinzino's new markets, Spain, France, Austria, United Kingdom and Rumania have initially shown good sales results. Zinzino has therefore worked intensively to adapt its website, marketing material, price lists, and similar things to the new markets by, among other things, translations into the local languages.

In addition, Zinzino has generally re-worked and updated all marketing material so that it is adapted to the new website as relates to design and expression. Overall this gives a very homogeneous impression and improves the user experience for Zinzino's customers and Partners, which will in turn generate more customers and stimulate sales growth.

Production adjustments at Faun Pharma will worsen profit margins in the short term

Faun Pharma signed during Q2 an important agreement with ProteinFabrikken which will provide good volumes. During the third quarter, the production for the customer has been relatively large. Initial adjustments in the production for the customer worsened the gross profit short term for Faun Pharma during the third quarter, which has affected the group's profit margins negatively. These initial production disturbances have been eliminated and production during the month of October has been very efficient, which resulted in a production record of SEK 10.1 million (of which SEK 1.6 million was intergroup production).

The order book for the external customers at the end of the third quarter was very good. Two new potential key customers, Orkla and Norsk Medisinaldepot, have also begun test production during the month of October. To increase capacity an additional shift has been introduced which is expected to provide economies of scale and margin improvements. During the third quarter Faun Pharma's external sales amounted to SEK 12.6 (7.4) million and net income to SEK-0.3 (-1.0) million.

Continued product development and launch during the third quarter

Zinzino launched during the third quarter a completely new product segment with very high potential in Skin Care. The proprietary and exclusive new trend product Zinzino Skin Serum was launched as the first product in the new segment in the United States in August. In October the product was also launched in other markets. Zinzino Skin Serum was developed by the company's own researchers and reduces wrinkles and fine lines which are ordinarily associated with aging. The product is a breakthrough into a whole new area and will attract new sellers and customers. At the same time, Zinzino Skin Serum has been very positively received by existing customers and has had a great impact on many markets.

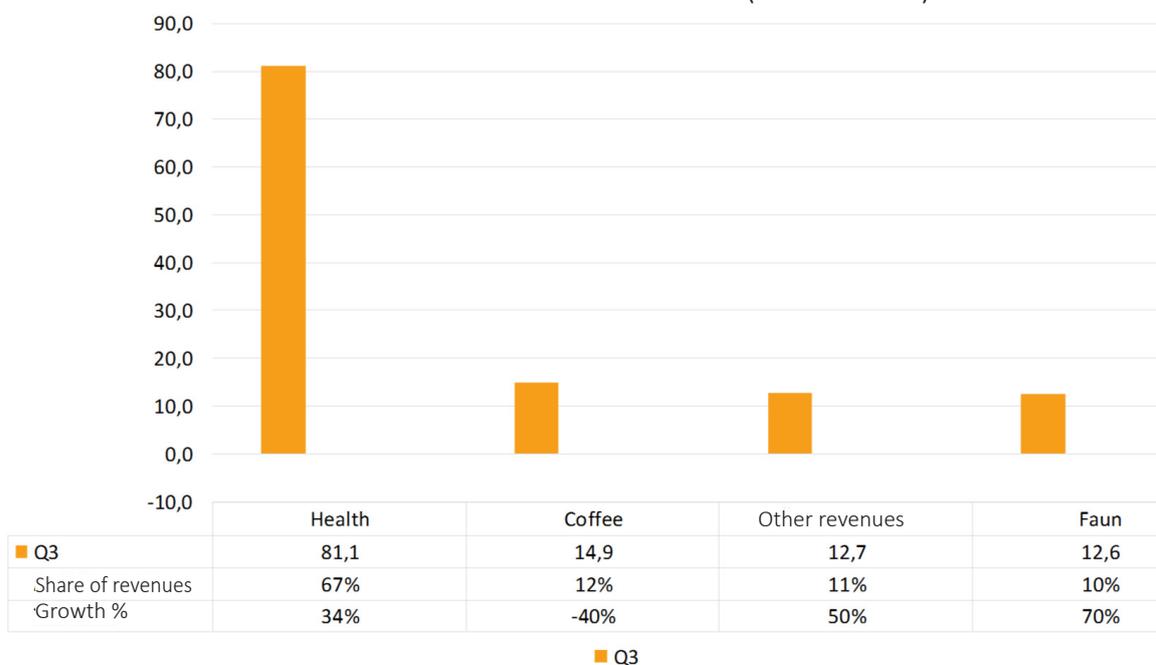
In addition to Skin Serum, there was also launched a series of newly developed revolutionary protein bars in two different flavors, Chocolate and Cheesecake. Zinzino Bars are tasty despite extremely low sugar content at the same time as the proportion of protein is very high. By means of these launches in October, the offering of products within Zinzino Health was further broadened.

SALES AND PROFIT Q3 2016

The third quarter - sales

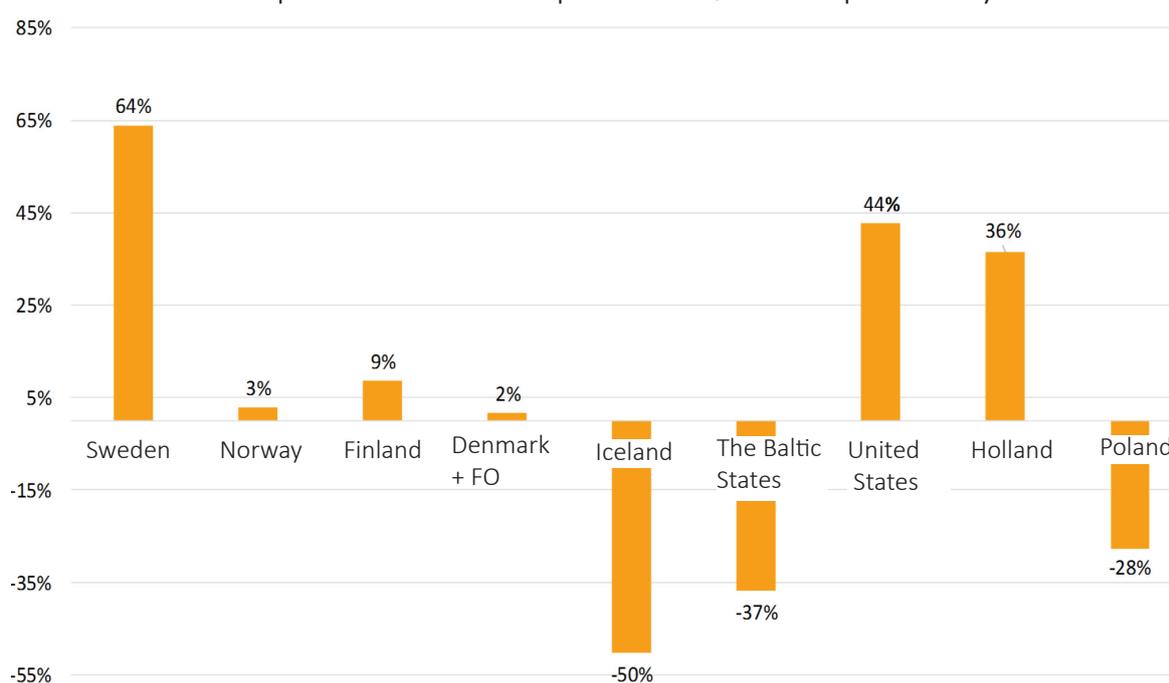
The third quarter was marked by strong growth in Sweden and the United States and good growth in the other Nordic markets except Iceland. The new establishments in Germany, Holland and Zinzino EU also continued to develop strongly. The negative trend in Iceland and in the Baltic States continued with the result that total revenue amounted to SEK 121.3 (101.3) million corresponding to sales growth of 20% (+16%).

Revenue distribution Q3 2016 (SEK million)

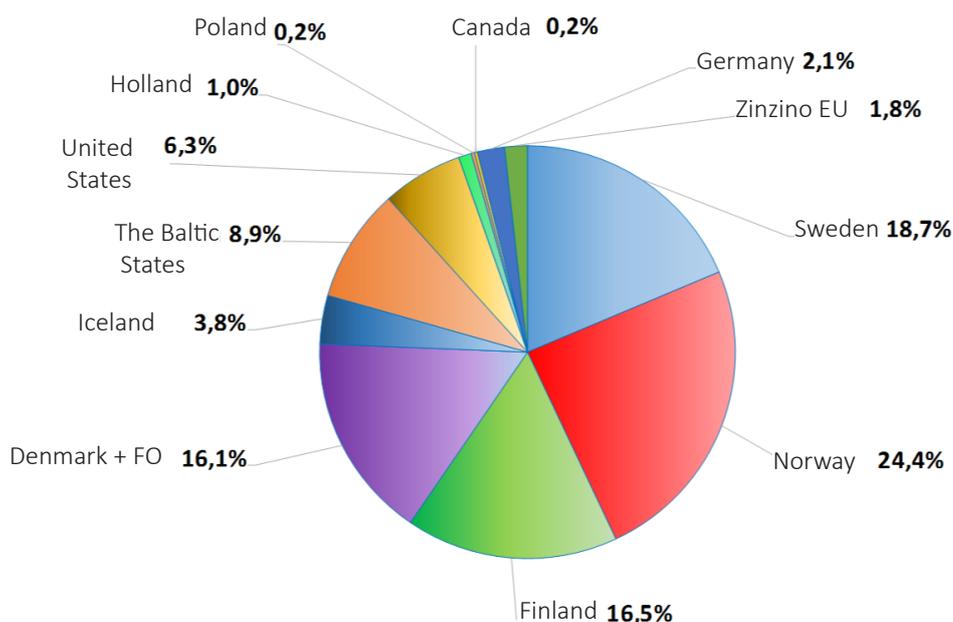


The product segment Health increased by 34% to SEK 81.1 (60.6) million, which represented 67% (60%) of the total revenue for the quarter. The product segment Coffee amounted to SEK 14.9 (24.8) million which represented 12% (24%) of total revenue and a sales decline of 40%. Faun Pharma increased external sales by 70% to SEK 12.6 (7.4) million, which represented 11% (7%) of total revenue. Other revenue amounted SEK 12.7 (8.5) million, which represented the remaining 10% (9%) of total revenue.

Growth per market as compared to Q3 of the previous year



Geographic distribution of sales in Q3



The geographical distribution for the third quarter showed that the largest part of the revenues derived from the Nordic countries with Norway continuing as the largest market. The Swedish market was the next largest market during the third quarter and continued to increase strongly. The Baltic States and Iceland lost share. The United States continued to increase its share of the total revenues during the third quarter as well.

The third quarter - profit

The group's gross profit amounted to SEK 39.5 (30.4) million and the gross profit margin to 32.6% (30.0%) which was better than the corresponding period last year. Faun Pharma's adjustment to the new key customer Proteinfabriken is estimated to have affected the group's gross profit margin negatively short term. During the quarter several campaigns were directed towards the sales network for the purpose of stimulating growth during the fourth quarter of 2016. This is a long term move whose short-term impact on profitability is slightly negative, but which will provide increasing margins over the long term.

EBITDA for the third quarter amounted to SEK 5.8 (5.3) million and the operating margin before depreciation and amortisation amounted to 4.8% (5.3%). The operating profit amounted to SEK 3.4 (3.3) million and the operating margin to 2.8% (3.2%).

The profit before tax for the quarter amounted to SEK 3.4 (2.9) million, and the net profit to SEK 2.0 (2.3) million.

Depreciation and amortisation

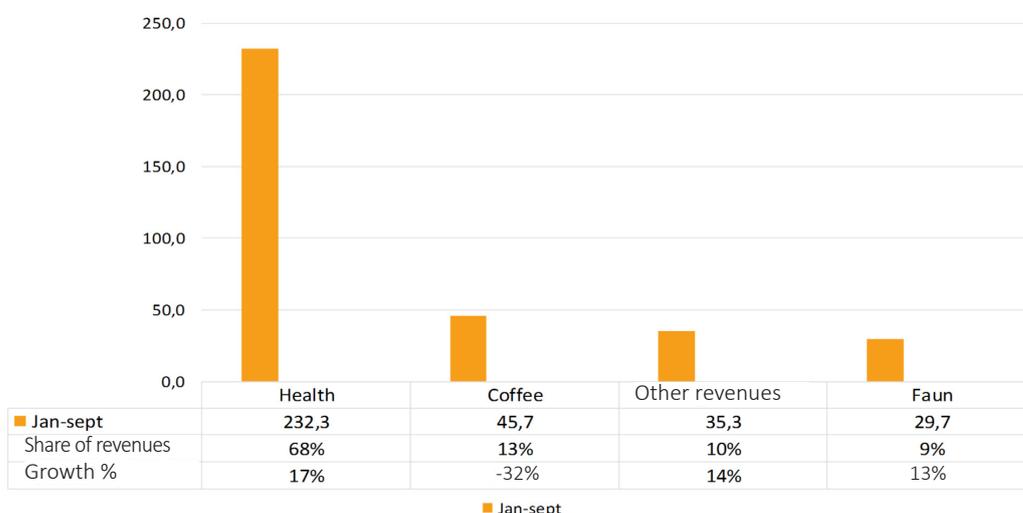
Depreciation and amortisation for the quarter have burdened the period's profit by SEK 2,331 (2,059) thousand, of which SEK 222 (411) thousand was depreciation of tangible fixed assets, SEK 883 (229) thousand was depreciation of intangible fixed assets, and SEK 1,226 (1,419) thousand was depreciation of goodwill.

THE GROUP'S PROFIT AND FINANCIAL POSITION JANUARY-SEPTEMBER 2016

Sales

The total revenues during the period January--September amounted to SEK 343.0 (321.8) million which represented a sales increase of 7% (32%).

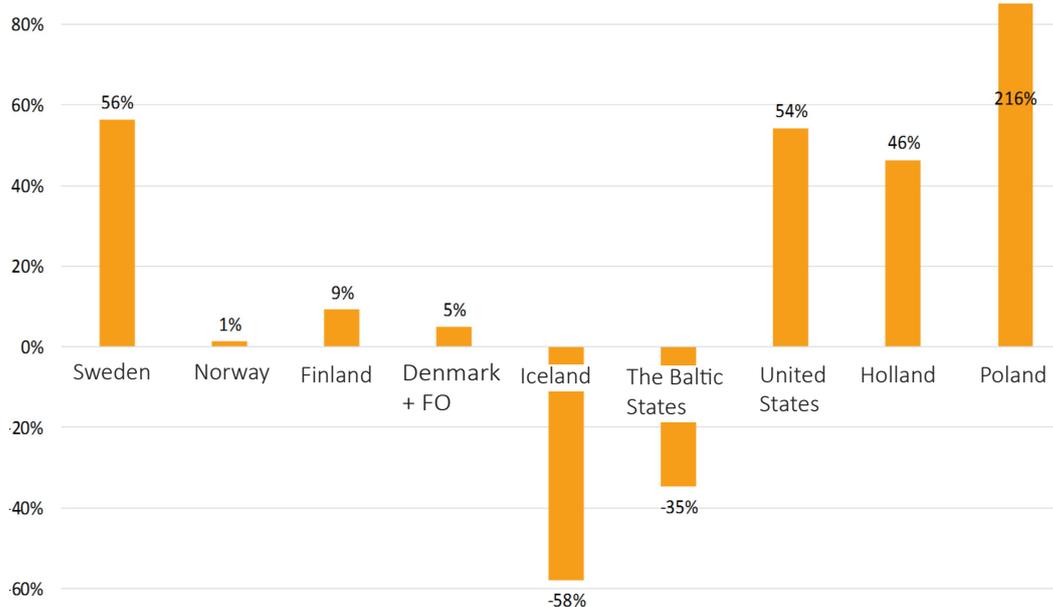
Distribution of revenues January-September 2016 (SEK million)



The product segment Health increased by 17% to SEK 232.3 (198.2) million, which represented 68% (62%) of the total revenue for the three first quarters. The product segment Coffee amounted to SEK 45.7 (67.2) million which represented 13% (21%) of total revenue and a sales decline of 32%. Faun Pharma and other revenues amounted to SEK 65.0 (56.4) million which represented the remaining 19% (17%) of total revenue.

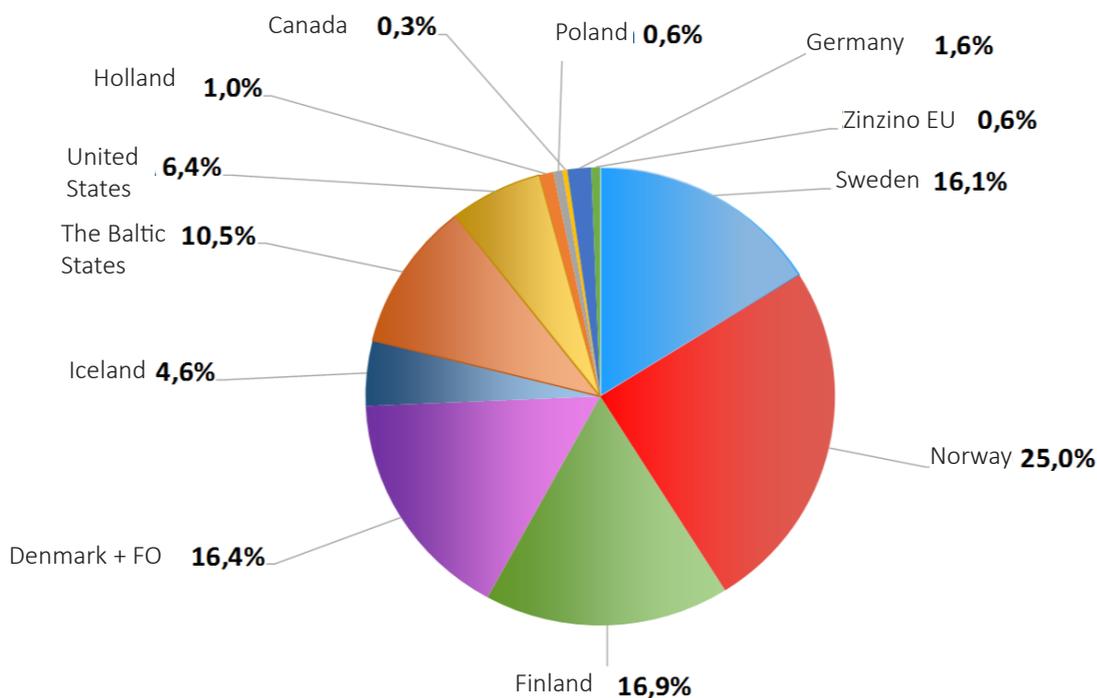
The health trend is strong in the markets in which Zinzino operates which contributes to the continuous positive growth for the product segment Health. The gross margins are also very good in Health because the segment is given priority as relate to launches in new markets. Zinzino Coffee was not launched in new markets during the last 2 years, because of greater competition which the products meet and because the underlying trend of the market is weaker. In addition, dependence on raw materials means that the gross margins are weaker in this segment. Sales in the segment are, despite the downturn, still significant, because product development is occurring together with the supplier Rombouts/Malongo in order to continue to stimulate sales.

Growth per market against prior year January-September 2016



Strong growth, primarily in Sweden and the United States, was very pleasing since these markets have great potential for further growth. Poland and Holland also showed positive sales growth. Other source markets Norway, Finland and Denmark are showing some growth. Campaigns in the form of increased sales commissions have been carried out to stimulate sales growth in all markets. The Baltic States and Iceland continued the negative trend. These markets were hit especially hard by the effects of the system replacement in 2015. Steps in the form of specially targeted campaigns in combination with enhanced system support have been carried out in order to turn the decline in sales back to growth again.

Geographic distribution of sales January- September

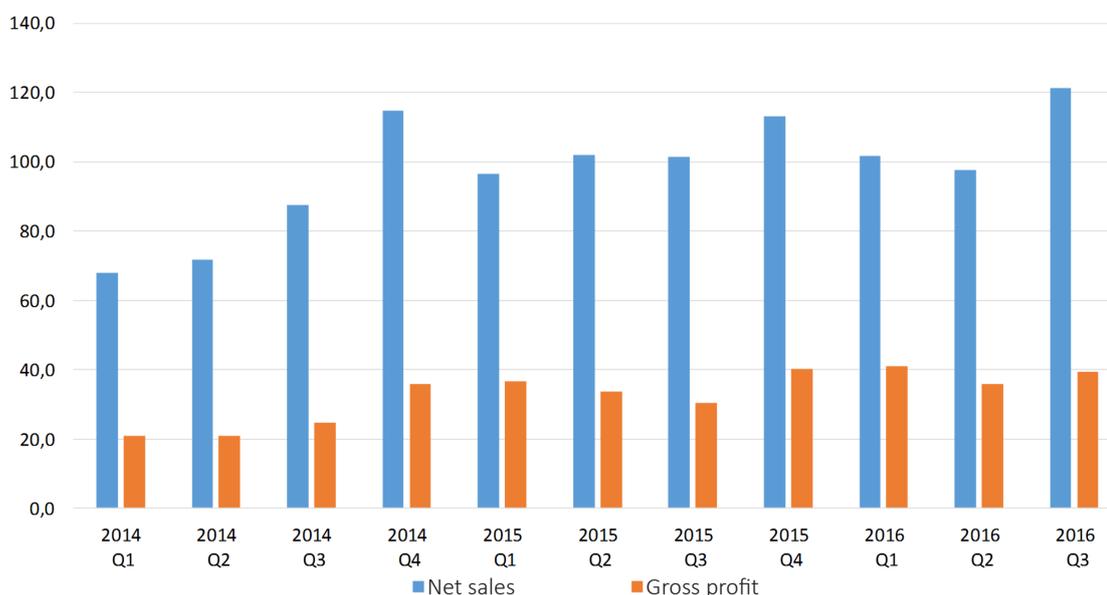


Distributed over the markets, the size positions were unchanged with Norway which continued as the largest market and where the Nordic markets continued to account for the largest share of sales. Sweden and the United States continue to increase their shares of the total sales.

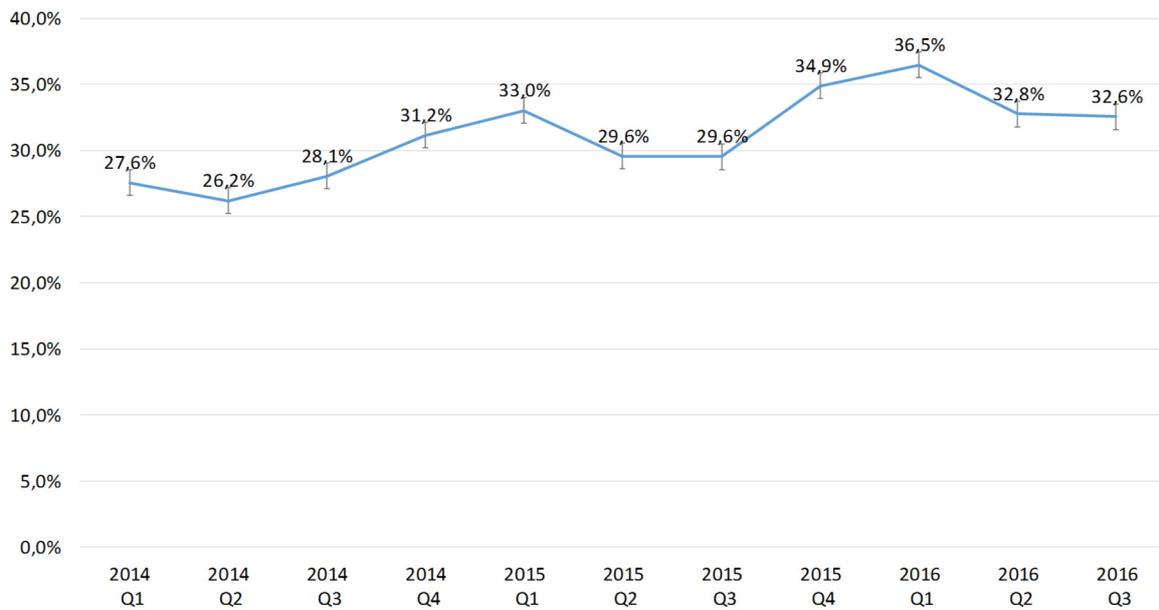
Costs and Profit

The gross profit amounted to SEK 116.3 (100.2) million and the gross profit margin to 33.9% (31.1%) which was better than last year. An underlying factor in the improvement in margin is efficient production in-house which has resulted in lower cost of goods over a longer time. Also the improved product mix with a greater share for Health affects the gross margin positively. Although production adjustments at Faun Pharma as well as campaign efforts with respect to the sales network have affected the gross profit negatively in the short term, it is anticipated that the margins will further improve during the coming year. Zinzino has high hopes for improving the gross profit margins by means of continuous work with optimising production and raw materials purchases.

Total revenues vs. gross profit (SEK thousands)



Gross profit in percent 2016



EBITDA for the period amounted to SEK 18.5 (22.0) million and the operating margin before depreciation and amortisation amounted to SEK 5.4% (6.8%). Operating profit amounted to SEK 11,7 (15.7) million and the operating margin to 3.4% (4.9%). The group today has a larger cost base through the production unit Faun Pharma and the research company BioactiveFoods, at the same time as investments in a new business system and increase of the personnel force in order to manage the growth in the group have occurred. This is affecting the operating margins negatively in the short term but presents an opportunity for improvements in margins longer term.

The profit before tax for the period amounted to SEK 11.4 (14.5) million and the net profit to SEK 7.2 (11.5) million.

Inventory

The group's combined inventories amounted at the balance sheet date to SEK 55.9 (33.3) million. The increase depended primarily on the group's increased sales in more markets than previously, moving the production within Zinzino Health from an external party to Faun Pharma AS and Faun's maintaining inventory for the account of Proteinfabriken.

Equity/assets ratio and liquidity

At the balance sheet date cash on hand amounted to SEK 18.1 (39.6) million. The group's equity/assets ratio amounted to 51% (53%). The period's cash flow amounted to SEK -8.7 (-3.2) million. The negative cash flow depended primarily on the increased capital tied up in the inventory. The Board of Directors makes the continued judgement that liquid assets are at a satisfactory level and that the group's positive cash from the current business will ensure liquidity in the group for the foreseeable future.

INCOME STATEMENTS ZINZINO GROUP (SEK THOUSANDS)

	1 July 2016	1 July 2015	1 January 2016	1 January 2015	1 January 2015
	30 September 2016	30 September 2015	30 September 2016	30 September 2015	31 December 2015
Net sales	108,586	92,854	307,850	291,581	388,692
Other revenues	12,702	8,488	35,138	30,212	55,144
Merchandise and other direct costs	-81,784	-70,964	-226,643	-221,636	-294,568
Gross profit	39,504	30,378	116,345	100,157	149,268
External operating expenses	-19,486	-13,288	-55,991	-42,728	-74,642
Personnel costs	-14,240	-11,764	-41,822	-35,404	-49,002
Depreciation and amortisation	-2,332	-2,059	-6,795	-6,299	-7,133
Operating profit	3,446	3,267	11,737	15,726	18,491
Net financial items	-46	-402	-341	-1,197	-936
Tax	-1,416	-584	-4,201	-2,988	-7,895
The period's profit	1,984	2,281	7,195	11,541	9,660

BALANCE SHEET ZINZINO GROUP (SEK THOUSANDS)

	30 September 2016	30 September 2015	31 December 2015
Fixed assets			
Goodwill	39,778	51,808	43,456
Intangible fixed assets	14,786	12,321	15,695
Tangible fixed assets	3,515	1,948	1,939
Financial fixed assets	3,924	14,684	8,282
Total fixed assets	62,003	80,761	69,372
Current assets			
Inventories	55,938	33,306	40,289
Current receivables	26,342	23,408	22,324
Cash on hand and in banks	18,136	39,583	26,852
Total current assets	100,416	96,297	89,465
Total assets	162,419	177,058	158,837
Restricted equity	3,105	3,090	3,090
Unrestricted equity	73,142	79,051	75,570
The year's profit	7,195	11,543	9,660
Total equity	83,442	93,684	88,320
Long-term liabilities	732	4,414	677
Short-term liabilities	78,245	78,961	69,840
Total liabilities	78,977	83,375	70,517
Total equity and liabilities	162,419	177,059	158,837

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

	2016 Jul-Sep	2015 Jul-Sep	2016 Jan - Sep	2015 Jan - Sep	2015 Jan-Dec
Ongoing operations					
Profit before financial items	3,446	3,267	11,737	15,726	18,491
Depreciation and amortisation / Write-downs	2,332	2,059	6,795	6,299	7,133
Other items that do not affect liquid- ity	-439	1,348	-1,286	-2,982	-2,545
	5,339	6,674	17,246	19,043	23,079
Interest received	4	-	11	-	49
Interest paid	-7	-402	-309	-1,197	-1,050
Tax paid		-10		-81	-63
	-3	-412	-298	-1,278	-1,064
Cash flow from ongoing operations before changes in working capital	5,336	6,262	16,948	17,765	22,015
Cash flow from changes in working capital					
Increase(-)/Decrease(+) of inventory	-8,937	581	-15,649	-2,547	-9,530
Increase(-)/Decrease(+) of current receivables	-822	-10,897	-4,019	-3,982	-2,899
Increase(-)/Decrease(+) of current liabilities	-974	11,914	8,405	4,778	1,586
Cash flow from ongoing operations	-5 397	7,860	5,685	16,014	11,172
Investment activities					
Investment in intangible fixed assets	-400	-6,668	-1,597	-8,708	-12,202
Investment in financial fixed assets	20	-152	-3,829	-2,447	-2,644
Investment in tangible fixed assets	-112	-9	-1,617	-355	-815
Cash flow from investment activities	-492	-6,829	-7,043	-11,510	-15,661
Financing activities					
Loans taken	-	-	55	-742	-4,480
Non-cash issue	-	-	-	-	-
Dividends	-	-	-7,763	-7,725	-7,725
Share subscriptions on issued sub- scription options	50	-	350	775	775
Cash flow from the financing activities	50	-	-7,358	-7,692	-11,430
THE PERIOD'S CASH FLOW	-5,839	1,031	-8,716	-3,188	-15,919
Liquid assets at the start of the period	23,975	38,552	26,852	42,771	42,771
Liquid assets at the end of the period	18,136	39,583	18,136	39,583	26,852
Change in liquid assets	-5,839	1,031	-8,716	-3,188	-15,919

CHANGES IN SHAREHOLDERS' EQUITY GROUP (SEK THOUSANDS)

	2016	2015	2015
	Jan-Sep	Jan-Sep	Jan-Dec
Shareholders' equity at beginning of period	88,320	86,295	86,295
Adjustment for errors in prior years	-4,513		
Subscription for shares in subscription options	350	775	775
Dividends to shareholders	-7,763	-7,725	-7,725
Conversion differences currency	-147	2,798	812
Acquisitions	-	-	-1,603
Change in minority interest	-	-	106
The period's profit	7,195	11,541	9,660
Equity at the end of the period	83,442	93,684	88,320

DEFINITIONS OF KEY RATIOS

<p>Gross margin Total revenues minus cost of goods sold, partner commissions and outbound freight as a percent of the period's total revenues.</p>	<p>Profit per share The period's profit in relation to the period's average number of outstanding shares.</p>	<p>Equity per share Equity in relation to the number of outstanding shares as of the balance sheet date.</p>
<p>Operating margin Operating margin after depreciation and amortisation in percent of the period's total revenues.</p>	<p>Operating margin before depreciation and amortisation Operating profit before depreciation and amortisation in percent of the period's total revenues.</p>	<p>Net margin The period's profit in percent of the period's net sales.</p>
		<p>Equity/assets ratio Equity in percent of balance sheet total.</p>

THE NUMBER OF OUTSTANDING SHARES

The share capital as of 30 September 2016 consisted of 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 face value is SEK 0.10. The company's B shares are traded on Nasdaq Omx First North, nasdaqomxnordic.com.

The company has, as of the report date, two outstanding options programs. In addition, an options program expired on 1 November 2016 and covered 2,100,000 options at an exercise price of SEK 2. At the exercise date all of the subscription options had been exercised for subscribing to shares. The first options program will expire on 31 May 2019 at an exercise price of SEK 16 and will cover 600,000 options. In addition to this, it was decided at the annual general meeting of the company on 8 May 2015 to issue an additional 600,000 subscription options at an exercise price of SEK 26. This options program will expire on 31 May 2020.

If all the subscription options outstanding as of 30 September 2016 are exercised for new subscription of 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. Commencing with the financial year 2014 the group report and the annual report have been prepared with application of BFNAR 2012:1 Annual Report and group report (K3).

REVENUES PER COMPANY (SEK THOUSAND)

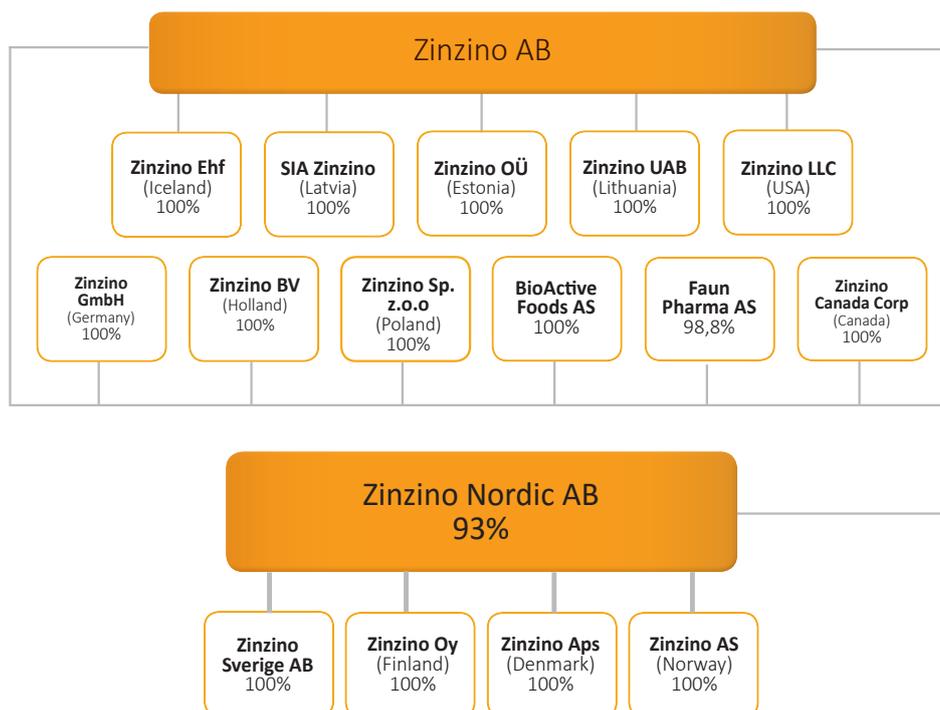
COMPANY	Q3 2016	Q3 2015	Growth per company compared with the previous year	Share of total revenues
Zinzino Sverige AB*	21,386	11,327	89%	18%
Zinzino AS (Norway)	25,491	23,627	8%	21%
Zinzino OY (Finland)	17,300	15,579	11%	14%
Zinzino ApS (Denmark+FO)	16,857	16,003	5%	14%
Zinzino Ehf (Iceland)	3,968	7,777	-49%	3%
Zinzino UAB (Lithuania)	2,098	3,281	-36%	2%
Zinzino SIA (Latvia)	2,430	2,795	-13%	2%
Zinzino OÜ (Estonia)	4,798	7,767	-38%	4%
Zinzino LLC (USA)	6,587	4,604	43%	5%
Zinzino BV (Holland)	1,044	742	41%	1%
Zinzino SP z.o.o (Poland)	260	350	-26%	0%
Zinzino Canada Corp	258	n/a	n/a	0%
Zinzino Gmbh (Germany)	2,201	n/a	n/a	2%
Faun Pharma AS (Norway)	12,577	7,490	68%	10%
Zinzino Nordic AB	4,034	-	n/a	3%
Total	121,289	101,342	20%	100%

* The Swedish company includes sales for the EU

COMPANY	Q1-Q3 2016	Q1-Q3 2015	Growth per company compared with the previous year	Share of total revenues
Zinzino Sverige AB*	50,795	30,625	66%	15%
Zinzino AS (Norway)	75,925	73,539	3%	22%
Zinzino OY (Finland)	51,374	46,523	10%	15%
Zinzino ApS (Denmark+FO)	49,718	46,614	7%	14%
Zinzino Ehf (Iceland)	13,986	32,915	-58%	4%
Zinzino UAB (Lithuania)	7,115	10,433	-32%	2%
Zinzino SIA (Latvia)	8,029	9,273	-13%	2%
Zinzino OÜ (Estonia)	16,769	28,156	-40%	5%
Zinzino LLC (USA)	19,421	12,533	55%	6%
Zinzino BV (Holland)	2,957	1,989	49%	1%
Zinzino SP z.o.o (Poland)	1,910	594	221%	1%
Zinzino Canada Corp	1,003	n/a	n/a	0%
Zinzino Gmbh (Germany)	4,990	n/a	n/a	1%
Faun Pharma AS (Norway)	29,736	26,219	13%	9%
Zinzino Nordic AB	9,261	2,380	289%	3%
Total	342,989	321,793	7%	100%

* The Swedish company includes sales for the EU

GROUP STRUCTURE



AUDITORS' REVIEW

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

NEXT REPORT

The year end report will be published on 28 February 2017

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

Gothenburg, 15 November 2016

Zinzino AB (publ.)
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