



# QUARTERLY REPORT Q3 2013

## ZINZINO GROUP (PUBL.)

Company no. 556718-1045

*Zinzino AB is one of the leading direct selling companies, represented in Sweden, Norway, Denmark, Finland, Iceland, Lithuania, Latvia and Estonia. Zinzino markets and sells espresso machines, coffee, tea and accessories, as well as a product line in functional food, Zinzino BioactiveFood.*

*We offer our customers products centered on quality, environment, health and a sense of everyday luxury. Our values are characterized by high-quality, close customer relations and a focus on active product development. The products are marketed through direct sales. The company has around 45 employees and is headquartered in Gothenburg, Sweden.*

### SIGNIFICANT EVENTS DURING AND AFTER THE THIRD QUARTER OF 2013

- Zinzino's net sales in the third quarter were SEK 57.4 million (44.8), representing growth of 28%. Operating profit was SEK 4.3 million (2.8), which is the best quarterly result since Zinzino was founded.
- During the quarter 2,761 (3,186) new partners were added, along with 11,159 (7,349) new customers. Zinzino has never before had so many active customers as it has following the third quarter.
- The split between product lines in the third quarter was Zinzino Coffee 58% and Zinzino Food 42%. Sales were SEK 33.3 million for Coffee and SEK 24.1 million for Food.
- The geographic distribution of sales was as follows: Norway 30%, Finland 17%, Denmark 14%, Estonia 12%, Sweden 10%, Iceland 8%, Lithuania 5% and Latvia 4%.
- This means that geographic growth in the third quarter compared with the year-earlier period was as follows: Iceland 234%, Lithuania 160%, Estonia 45%, Denmark 30%, Finland 18%, Norway 12% and Sweden 9%.
- As a result of the new Zinzino Food product line, Iceland has gone from sales of approximately SEK 0.5 million a month to over SEK 2.3 million and is continuing to show strong growth.
- The establishment of operations in the U.S. is in its final phase. Sales are preliminarily planned to start in November. Almost 200 partners are already registered and will start their businesses as soon as all payment systems are ready.
- The company achieved record sales in one 24-hour period on October 15, when 2,200 new customers registered.

## FINANCIAL SUMMARY JULY-SEPTEMBER 2013

Net sales in the third quarter were SEK 57.4 million (44.8), representing growth of 28%.

Gross profit was SEK 17.8 million (10.9) and the gross profit margin was 28% (22%)

Operating profit was SEK 4.3 million (2.8 )

Net profit was SEK 4.0 million (2.7 )

Earnings per share for the quarter was SEK 0.15 (0.08)

Cash and cash equivalents amounted to SEK 5.2 million (9.0) at the reporting date.

## FINANCIAL SUMMARY JANUARY-SEPTEMBER 2013

Net sales were SEK 154.6 million (100.9), representing growth of 53%.

Gross profit was SEK 44.3 million (23.9) and the gross profit margin was 26% (22%)

Operating profit was SEK 6.0 million (0.9 )

Net profit was SEK 5.4 million (2.7 )

Earnings per share for the period was SEK 0.20 (0.02)

Cash and cash equivalents amounted to SEK 5.2 million (9.0) at the reporting date.

## COMMENTS FROM THE BOARD OF DIRECTORS:

“We can look back on a **strong third quarter** with **good sales growth** and **improved gross margins**. The launch of Zinzino Food is still very profitable, which has resulted in gradually improving margins. We have increased growth considerably in a number of our new markets thanks to our launch of Food products. Iceland, Estonia and Lithuania have shown particularly good growth. Sales growth in Coffee has slowed compared with previous years, which is to be expected as the sales force is now working with two product lines. Management is working on initiatives to develop the range and on sales support to ensure the positive trend in Coffee continues.

The launch in the U.S. is planned for November and the pace of registration of future independent sellers suggests that the U.S. operation could be highly profitable. Zinzino is currently considering the possibility of launching its products in Poland, the Netherlands and Germany in 2014.

Q4 is usually our strongest period, and we therefore expect continued good growth and improved profitability in the final quarter of the year.”

## NUMBER OF OUTSTANDING SHARES

Share capital is distributed across 27,082,770 shares, of which 6,113,392 are class A shares (1 vote) and 20,969,378 are class B shares (0.1 vote). Each share has a quota value of SEK 0.10. The company's class B shares are traded on Aktietorget stock exchange.

## AUDITOR'S REPORT

This quarterly report has not been subject to review by the company's auditors.

## NEXT REPORTING DATE

The next report will be the year-end statement on February 28.

October 22, 2013

Zinzino Group (publ.)

The Board of Directors