

Continued sales growth and breakthrough order from STADA

Q2

- Net sales reached SEK 5.9 (4.9) million.
- Loss after tax came in at SEK -10.8 (-12.8) million.
- Earnings per share were SEK -0.12 (-0.20).
- Cash and cash equivalents were SEK 18.4 (26.9) million.

Significant events in Q2

- Enzymatica received a record-breaking order from the German company STADA of about SEK 12 million.
- Enzymatica published findings of a study of elite athletes showing that use of ColdZyme® reduced the number of sick days by more than 50%.

H1

- Net sales increased to SEK 15.5 (13.3) million.
- Loss after tax came in at SEK -22.3 (-20.9) million.
- Earnings per share were SEK -0.25 (-0.47).

Significant events after Q2

- Enzymatica completed two key recruitments: Chief Commercial Officer and Chief Operating Officer.

Key figures

(SEK million)	Q2 2017	Q2 2016	H1 2017	H1 2016	Full year 2016
Net sales	5.9	4.9	15.5	13.3	36.5
Gross margin, %	46	63	56	62	61
Operating profit/loss	-11.8	-12.3	-23.3	-20.0	-46.2
Cash flow from operating activities	-7.4	-15.1	-16.3	-20.0	-38.4
Average number of employees	21	22	21	19	21

CEO statement: The STADA order confirms our technology and increases our commercial value

The major event in the second quarter was the ColdZyme order from the German pharmaceutical company STADA, worth approximately SEK 12 million, for the launch in the German, Belgian and Austrian markets. The order is the largest in Enzymatica's history and exceeds the company's entire Q1 sales. We are now beginning to see the results of our focus in recent years on international distribution agreements. The order demonstrates the commercial potential of ColdZyme and represents clear acceptance of our technology platform.

Q2 was the 18th consecutive quarter with increased sales compared with the same quarter of the previous year. Second quarter sales are generally lower due to seasonal variations – yet they increased by 21% compared with 2016. In Sweden ColdZyme sales from pharmacies to consumers increased by

more than 20% as a result of an expanded end-customer base and a high repeat purchase rate. For the first half of 2017 the market share in value increased to 4.6%, and sales of ColdZyme packages from Swedish pharmacies to end-customers increased by over 20% compared with the corresponding period in 2016. Sales from pharmacies to end-customers and from Enzymatica to pharmacies can deviate during different periods, as a consequence of variations in the pharmacies' inventory build-up.

The strong sales growth in Sweden five years after the launch demonstrates the potential for other markets where ColdZyme will be launched through our distributors. Sales also surged in Denmark, while we received refill orders from our distributors in Spain and Finland during the quarter.

On 21 June we released the results of a study in which elite athletes used ColdZyme. The study findings show that our cold spray reduced the number of sick days, and thereby lost practice days, by more than 50%, compared with control periods when ColdZyme was not used. The study also showed that elite athletes who came down with colds and used ColdZyme experienced milder cold symptoms. The study results confirm the findings of our first clinical study (COLDPREV I), which showed a 50%-reduction in the number of sick days.

With the breakthrough order from STADA and the cold season beginning after the summer we will show a strong third quarter compared with the corresponding period in 2016.

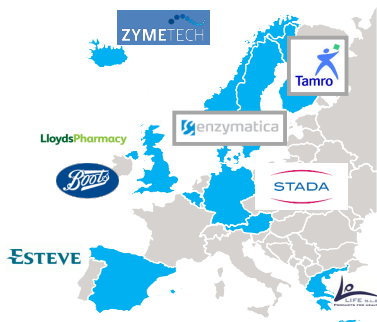
Fredrik Lindberg, CEO

Enzymatica at a glance

Enzymatica AB is a medical device company whose business concept is to develop medical devices based on barrier technology and marine enzymes for self-care in major market segments. The company developed ColdZyme®, a unique mouth spray for fighting colds, launched the product on eight markets and reached a position over the past winter as one of the highest revenue generating cold products in Swedish pharmacies measured in SEK. Enzymatica has its own sales organization in Scandinavia and collaborates with a contract sales organization in the UK. Enzymatica also sells via distributors in Spain, Greece, Finland and Iceland. A distribution agreement was recently signed for the launch on the German, Belgian and Austrian markets this fall.

Our development focuses on medical devices for upper respiratory tract infections and oral health. An enzyme from deep-sea cod is a key sub-component in product development.

Enzymatica was founded in 2007, has its head office in Lund and has been listed on the Nasdaq First North since June 15, 2015.



ColdZyme is sold both in-house and via distributors and partners in Sweden, Denmark, Norway, Finland, the UK, Greece and Spain and beginning in 2017 in Belgium, Germany and Austria. An equivalent product under the PreCold brand is sold in Iceland by the acquired company Zymetech.

Q2 performance

In the second quarter sales of ColdZyme (20 och 7 ml) to Swedish market end-customers increased by more than 20% in volume according to current statistics from Nielsen. In terms of sales volume, the 7 ml and 20 ml packages are about equal. ColdZyme increased its market share from 4.5% to 4.9% on a rolling 12-month basis. Marketing campaigns during the quarter included digital exposure and sponsorship of sport events such as the Trelleborg Triathlon, Våruset in Malmö and Lundaloppet.

In the Danish market ColdZyme sales increased sharply, albeit from a relatively low level. Measured in sales to the Danish pharmacies the increase has exceeded 150% per month during the quarter. Sales in the Icelandic market also showed an increase. Sales of ColdZyme in Norway increased slightly, while sales declined in Finland and Spain, mainly because of the earlier inventory build-up by distributors. In the UK sales continued at a low level while Enzymatica continues to search for a new distributor.

The order from STADA for the German, Belgian and Austrian markets will be delivered at the end of the summer and will impact Q3 revenue. Germany is the largest market for OTC products in Europe.

Sales, earnings and investments

Q2

Consolidated net sales for Q2 2017 came in at SEK 5.9 (4.9) million – a 21% year-on-year increase. The majority of the sales are from Swedish pharmacies.

The gross margin for Q2 was 46% (63%). Enzymatica has experienced fluctuations in its gross margins between individual quarters as a result of the distribution of sales via its own organization or distributors, the product mix and exchange rates. Second quarter sales are impacted by lower number of colds, which increases the proportional sales from distributors resulting in lower gross margin.

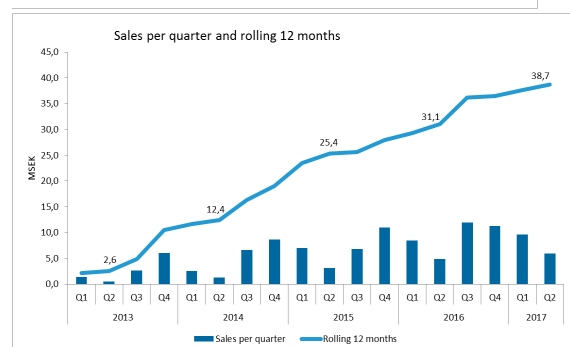
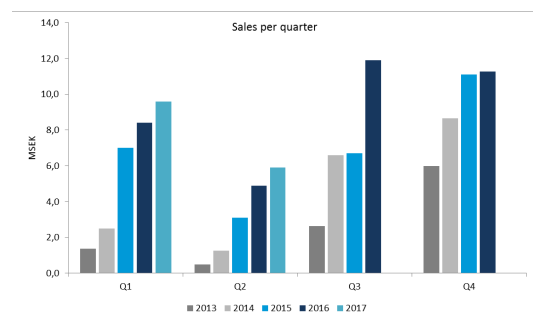
Total operating expenses for Q2 amounted to SEK 14.9 (21.1) million. The decrease in operating expenses compared with Q2 2016 is primarily due to a decrease in capitalized development costs and administrative expenses.

The consolidated operating loss was SEK -11.8 (-12.3) million.

Enzymatica capitalizes new development expenditure on an ongoing basis. Capitalized expenses for development projects for Q3 totaled SEK 0 (5.4) million.

Seasonal variations

Cold products have a seasonal peak in the winter, while sales level out in the summer months.



H1

Consolidated net sales for H1 2017 came in at SEK 15.5 (13.3) million – a 17% year-on-year increase.

The gross margin for the period was 56% (62%).

Total operating expenses for the period were SEK 33.5 (34.1) million.

The consolidated operating loss was SEK -23.3 (-20.0) million, increased costs during the first quarter in 2017 of about SEK 3 million is attributable to the acquisition of the Icelandic company Zymetech in April 2016.

Capitalized expenses for development projects during the period totaled SEK 0.3 (5.5) million.

Research and development

Strengthening the documentation for the ColdZyme cold spray is a key part of Enzymatica's R&D activities.

In addition, the company is working to become certified to EN ISO standard 13485, the standard for quality management system for medical devices.

Barrier technology with enzyme from deep-sea fish

An enzyme from a deep-sea cod is a key sub-component in Enzymatica's product development efforts for creating effective barriers against viruses and bacteria. The enzyme, which is called cold-adapted trypsin, is formed in the cod's pancreas and becomes hyperactive when it comes into contact with the warm skin and sinuses of humans. Together with glycerol, the enzyme forms a temporary barrier on the skin or sinuses. The barrier makes it more difficult for viruses and bacteria to locally infect cells and cause diseases.

Significant events during the quarter

Enzymatica received its largest order to date – the German company STADA ordered ColdZyme for the German, Belgian and Austrian markets for a total of about SEK 12 million. STADA is a publicly-listed German company with a traditionally strong presence in Europe, especially in Germany. The five largest markets are Germany, Russia, the UK, Italy and Spain.

Funding

The Group's available funds at the end of the period totaled SEK 20.1 (28.2) million, of which SEK 18.4 (26.9) million were in cash and cash equivalents and SEK 1.7 (1.3) million in unutilized credit facilities. In addition to the above available funds, there is an unutilized credit facility with a maximum amount of SEK 9.8 million via factoring in the parent company.

The Annual General Meeting of shareholders on April 20 authorized the Board to resolve on the issuance of a maximum of 9,000,000 shares, with or without deviation from preferential rights, in order to enable the company to raise working capital and to take advantage of future opportunities to attract long-term strong owners as well as to further finance the company's growth strategy.

Cash flow from operating activities for the period totaled SEK -16.3 (-20.0) million. Cash flow from operating activities for Q2 came in at SEK -7.4 (-15.1) million.

Total cash flow for the period amounted to SEK -17.3 (18.8) million.

Parent company

The parent company's sales for the period reached SEK 12.7 (12.2) million. Profit/loss before tax came in at SEK -18.9 (-16.7) million.

Parent company sales for Q2 came in at SEK 4.5 (3.8) million. Profit/loss

before tax came in at SEK -8.9 (-8.6) million.

The parent company's investments in property, plant & equipment and intangible assets for the period totaled SEK 0.3 (5.5) million and cash flow was SEK -15.0 (18.6) million.

Please see the consolidated figures for more information.

Staff

The number of people employed by the group, converted to full-time positions, was 21 (22) at the end of the period. The employees included 10 (11) men and 11 (11) women.

Employee Warrant Plan

The AGM on April 20 resolved to implement an employee warrant plan and adopted a resolution on the directed issue of warrants and approval of the transfer of warrants. Under the plan a maximum of 3,750,000 warrants will be offered to individuals selected by the Board. Warrant holders will be able to exercise allocated warrants for the period ending on July 31, 2023. Each warrant entitles the holder to acquire a new share in the company at an exercise price of 150% of the volume-weighted average value of the Enzymatica share on Nasdaq First North from April 5, 2017 through April 19, 2017. Employee warrants will be allocated free of charge and will not constitute securities, nor can they be transferred or pledged. In order to enable delivery of shares and to ensure coverage of associated costs, primarily social security contributions, a maximum of 4,928,250 warrants will be issued to Enzymatica's wholly owned subsidiary Enzymatica Care AB, and may subsequently be transferred to participants without consideration in connection with the exercise of the employee warrants. The maximum dilution effect of the program is approximately 5.1%. Allocation of employee warrants is scheduled to take place during the third quarter of 2017.

Significant events after the end of the period

Enzymatica filled two key positions: Chief Commercial Officer and Chief Operating Officer.

Other information

Group

Enzymatica AB (publ) (corporate identity no. 556719-9244), with its head office in Lund, Sweden, is the parent company of the following subsidiaries: Zymetech ehf (corporate identity no. 6406830589), with its head office in Reykjavik, Iceland, Enzymatica Care AB (corporate identity no. 556701-7495), with its head office in Lund, Sweden, and Enzymatica North America Inc, (corporate identity no. 47-1030502), with its head office in Delaware, USA.

Accounting policies

This interim report has been prepared in compliance with IAS 34 Interim Financial Reporting. The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act. The parent company's financial statements have been prepared in compliance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The recognition and measurement policies as well as the bases of estimates and judgements applied in the 2016 Annual Report have been applied in this interim report as well. New or revised IFRS standards that came into force in 2017 did not have any material impact on the group.

Segment reporting

Enzymatica's business currently only spans a single operating segment, Medical devices. Please see the income statement and balance sheet for reporting on this operating segment.

Information about risks and uncertainties

Enzymatica's business is exposed to several risks, both operational and financial risks. The operational risks mainly comprise uncertainty concerning product development, supplier agreements, product liability and distribution. The financial risks primarily consist of currency, interest, price, credit and liquidity risks. For a more detailed description of the risks and uncertainties Enzymatica faces, please see the risk and sensitivity analysis in the 2016 Annual Report, pages 47–48.

Audit

This report was not reviewed by the Company's auditors.

2017 AGM

In conjunction with the Annual General Meeting on April 20, the AGM re-elected the following board members in accordance with the Nomination Committee proposal: Bengt Baron, Mats K Andersson, Guðmundur Pálmason, Marianne Dicander Alexandersson, Sigurgeir Guðlaugsson and Louise Nicolin. The AGM also re-elected Bengt Baron to serve as chairman of the Board.

The AGM resolved to elect Deloitte AB as new auditor of the company for the period until the next AGM. Deloitte AB has announced that Per-Arne Pettersson will be the principal auditor.

Upcoming financial information

Interim report, July–September 2017	November 1, 2017
Year-end report 2017	February 14, 2018

The interim reports and annual report are available on Enzymatica's website www.enzymatica.se.

The Board of Directors and CEO hereby confirm that this interim report provides a true and fair view of the parent company's and group's business, financial position and results of operations, and describes material risks and uncertainties faced by the parent company and group companies.

Lund, Thursday, July 20, 2017

Bengt Baron
Board Chair

Marianne Dicander Alexandersson
Board Member

Guðmundur Pálmason
Board Member

Sigurgeir Guðlaugsson
Board Member

Mats Andersson
Board Member

Louise Nicolin
Board Member

Fredrik Lindberg
CEO

For questions about this report, please contact:

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Publication

This information is information that Enzymatica is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act (Lagen om värdepappersmarknaden). The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on July 20, 2017.

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Enzymatica is listed on the Nasdaq First North. The Company is traded under the ticker symbol ENZY and ISIN code SE0003943620. Enzymatica's certified adviser is Erik Penser Bankaktiebolag.

Consolidated Income Statement in Summary

All amounts in SEK thousand	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Operating income					
Net sales	5 904	4 892	15 514	13 304	36 482
Cost of goods sold	-3 167	-1 788	-6 792	-5 079	-14 253
Gross profit	2 737	3 104	8 722	8 225	22 230
Sales & Marketing expenses	-4 511	-5 180	-13 344	-12 010	-31 135
Administrative expenses	-6 772	-8 112	-13 368	-12 466	-26 183
Research and development costs	-3 665	-7 824	-6 758	-9 672	-19 970
Other operating income	389	298	1 211	454	1 257
Capitalized development expenditure	14	5 439	252	5 485	7 625
Operating profit/loss	-11 809	-12 275	-23 286	-19 984	-46 177
Profit/loss from financial items					
Interest income and similar profit/loss items	488	117	531	117	779
Interest expenses and similar profit/loss items	4	-651	-373	-1 041	-1 434
Profit/loss after financial items	-11 317	-12 809	-23 128	-20 908	-46 831
Tax expenses	484	-	848	-	1 826
Profit/loss for the period	-10 833	-12 809	-22 279	-20 908	-45 006
Other comprehensive income:					
Total other comprehensive income, net of tax	176	0	123	0	1 007
Total comprehensive income for the period	-10 657	-12 809	-22 156	-20 908	-43 999
Share attributable to parent company shareholders	-10 657	-12 809	-22 156	-20 908	-43 999
Per share data	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Earnings per share, SEK (basic and diluted)	-0,12	-0,20	-0,25	-0,47	-0,69
Equity per share, SEK	1,32	1,78	1,32	1,78	1,56
Equity-asset ratio, %	88%	87%	88%	87%	87%
Number of outstanding shares	90 887 808	73 387 808	90 887 808	73 387 808	90 887 808
Average number of outstanding shares (basic and diluted)	90 887 808	64 214 332	90 887 808	44 587 885	64 821 180

Definitions of financial ratios

Earnings per share. Profit/loss for the period divided by average weighted number of shares

Equity-asset ratio. Equity divided by total assets.

Equity per share. Equity divided by number of shares at the end of the period.

Quarterly financial performance

All amounts in SEK thousand	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Net sales	5 904	9 610	11 275	11 904	4 892
Gross profit/loss	2 737	5 985	6 314	7 691	3 104
Gross margin in %	46%	62%	56%	65%	63%
Overhead costs	-14 949	-18 522	-26 022	-17 118	-21 116
Operating profit/loss	-11 809	-11 477	-18 530	-7 662	-12 275
Profit/loss for the period	-10 833	-11 446	-17 589	-6 508	-12 809
Cash flow	-7 731	-9 554	-14 310	22 993	19 711

Consolidated Balance Sheet in Summary

All amounts in SEK thousand	2017-06-30	2016-06-30	2017-03-31	2016-12-31
Assets				
Intangible assets	97 688	95 523	98 577	99 586
Property, plant & equipment	4 344	3 051	4 318	4 375
Financial assets	2 258	2 409	2 655	2 333
Inventories	4 698	10 837	6 413	6 987
Trade receivables	5 400	4 820	5 956	9 510
Other receivables	4 211	6 359	3 733	4 258
Cash and cash equivalents	18 396	26 910	26 009	35 593
Total assets	136 995	149 909	147 661	162 641
Equity and liabilities				
Equity	119 885	130 298	130 542	142 041
Long-term interest-bearing liabilities	6 581	-	6 952	7 399
Current interest-bearing liabilities	1 728	11 481	1 706	1 468
Trade payables	3 825	3 404	2 880	4 476
Other liabilities	4 976	4 726	5 581	7 256
Total equity and liabilities	136 995	149 909	147 661	162 641

Consolidated statement of changes in equity

All amounts in SEK thousand	2017-06-30	2016-06-30	2017-03-31	2016-12-31
Opening balance	142 041	21 985	142 041	21 985
New share issue	-	59 995	-	100 245
Issue expenses related to New share issue	-	-5 132	-	-8 888
Non cash issue in relation to acquisition of subsidiary	-	75 988	-	75 988
Issue expenses related to Non cash issue	-	-2 842	-	-3 644
Effect of employee share ownership plan	-	63	-	0
Minority shareholding	-	355	-	355
Exchange rate difference	123	794	-53	1 007
Profit/loss for the period	-22 279	-20 908	-11 446	-45 006
Closing balance	119 885	130 298	130 542	142 041

Consolidated cash flow statement

All amounts in SEK thousand	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Operating profit/loss	-11 809	-12 275	-23 286	-19 984	-46 177
Adjustments for non-cash items	1 846	811	2 844	1 505	4 334
Tax paid	-	-	-	-	-
Cash flow from operating activities before changes in working capital	-9 963	-11 998	-20 442	-19 403	-41 843
Changes in working capital	2 600	-3 148	4 144	-569	3 409
Cash flow from operating activities	-7 363	-15 147	-16 298	-19 973	-38 434
Acquisition of subsidiary	-	-5 108	-	-5 108	-5 108
Capitalization of development expenditure	-14	-5 439	-252	-5 485	-7 625
Acquisition/disposal of intangible assets	-	-	-	-	-4 365
Acquisition/disposal of property, plant & equipment	-6	12	-179	-155	-1 898
Cash flow from investing activities	-20	-10 535	-431	-10 748	-18 995
New share issue	-	59 995	-	59 995	100 245
Transaction costs attributable to new share issue	-	-6 579	-	-6 579	-8 958
Change in bank/overdraft facilities	-348	-8 023	-557	-3 850	-6 668
Cash flow from financing activities	-348	45 393	-557	49 566	84 619
Total cash flow for the period	-7 731	19 711	-17 286	18 845	27 189
Cash and cash equivalents at start of period	26 009	7 199	35 593	8 065	8 065
Translation difference cash and cash equivalents	119	-	89	-	339
Cash and cash equivalents at end of period	18 396	26 910	18 396	26 910	35 593

Parent company income statement

All amounts in SEK thousand	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Operating income					
Net sales	4 548	3 816	12 695	12 228	33 132
Cost of goods sold	-2 183	-952	-4 835	-4 243	-12 038
Gross profit	2 365	2 863	7 861	7 984	21 094
Sales & Marketing expenses	-3 933	-4 835	-12 623	-11 665	-30 282
Administrative expenses	-5 710	-5 077	-10 490	-9 431	-19 352
Research and development costs	-2 199	-6 461	-4 200	-8 309	-15 195
Other operating income	0	0	0	156	156
Capitalized development expenditure	14	5 439	252	5 485	7 625
Operating profit/loss	-9 462	-8 070	-19 200	-15 779	-35 954
Profit/loss from financial items					
Interest income and similar profit/loss items	519	-	625	-	766
Interest expenses and similar profit/loss items	48	-541	-311	-931	-1 087
Profit/loss after financial items	-8 896	-8 611	-18 886	-16 710	-36 275
Tax expenses	-	-	-	-	-
Profit/loss for the period	-8 896	-8 611	-18 886	-16 710	-36 275

Parent company statement of comprehensive income

All amounts in SEK thousand	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Profit/loss for the period	-8 896	-8 611	-18 886	-16 710	-36 275
Other comprehensive income:	-	-	-	-	-
Total other comprehensive income, net of tax:	0	0	0	0	0
Total comprehensive income for the period	-8 896	-8 611	-18 886	-16 710	-36 275

Parent company balance sheet

All amounts in SEK thousand	2017-06-30	2016-06-30	2017-03-31	2016-12-31
Assets				
Intangible assets	22 133	12 709	22 723	23 090
Property, plant & equipment	89	288	115	146
Financial assets	78 135	111	78 135	78 135
Inventories	8 556	13 760	10 119	10 555
Trade receivables	4 814	3 031	5 163	8 919
Receivables from group companies	13 404	-	12 703	13 231
Other receivables	1 188	3 923	762	1 226
Cash and bank balances	17 072	23 386	24 312	32 072
Total assets	145 392	57 208	154 032	167 374
Equity and liabilities				
Equity	130 910	43 018	139 806	149 795
Long-term interest-bearing liabilities	5 366	-	5 716	5 840
Current interest-bearing liabilities	1 167	-	1 167	1 167
Liabilities to group companies	191	191	191	191
Trade payables	3 433	11 019	2 287	4 142
Other liabilities	4 325	2 980	4 865	6 239
Total equity and liabilities	145 392	57 208	154 032	167 374