

Good growth in Q2, driven mainly by strong sales in Sweden

Q2

- Net sales reached SEK 6.4 (5.3) million.
- Result after tax came in at SEK -15.7 (-15.5) million.
- Earnings per share, basic and diluted, were SEK -0.11 (-0.17).
- Cash and cash equivalents were SEK 40.8 (3.2) million.

Significant events in Q2

- Enzymatica signed agreement with German Maren for delivery of enzyme formulation for skin care products. The agreement is worth SEK 120 million over three years.
- Enzymatica completed recruitment of patients to a double-blind, placebo-controlled multicenter study in Germany to evaluate the effects of ColdZyme on the common cold. A total of 700 patients were enrolled, of which more than 400 developed colds. At the end of the quarter the last patients had been treated. The results are expected to be ready in the late autumn of 2019.

H1

- Net sales reached SEK 19.7 (20.4) million.
- Result after tax came in at SEK -27.9 (-25.7) million.
- Earnings per share, basic and diluted, were SEK -0.20 (-0.28).

Financial ratios

| (SEK THOUSAND) | Q2 2019 | Q2 2018 | H1 2019 | H1 2018 | Full year 2018 |
|-------------------------------------|------------|------------|------------|------------|-------------------|
| Net sales | 6.4 | 5.3 | 19.7 | 20.4 | 52.6 |
| Gross margin, % | 63 | 51 | 70 | 66 | 70 |
| Operating profit/loss | -15.6 | -15.0 | -27.5 | -24.6 | -40.6 |
| Cash flow from operating activities | -12.3 | -16.9 | -27.8 | -18.4 | -28.8 |
| Average number of employees | 20 | 21 | 20 | 21 | 21 |

CEO statement: The agreement with Maren provides us with greater opportunities to continue to develop cold products

Sales in the second quarter of 2019 totaled SEK 6.4 million, an increase of more than 20% year-on-year. Sales on the Swedish market continued to demonstrate strong growth. Sales of ColdZyme from pharmacies to consumers rose by more than 38% during the second quarter, corresponding to a market share of 6,1% based on MAT – Moving Annual Total. Digital marketing, social media and influencer marketing contributed to the strong increase. Earlier studies have also documented a high re-purchase rate of ColdZyme.

At the end of the quarter Enzymatica entered into an agreement with the German cosmetics company Maren for delivery of an enzyme formulation for their skin care products. The value of the agreement is SEK 120 for the coming three-year period. For the first 12 months the value of the order is SEK 15 million, with SEK 3.5–5 million expected in 2019. The agreement with Maren demonstrates the potential of our barrier technology, even for cosmetic applications. The agreement will increase revenue streams and provide us with increased

opportunities to develop products for colds and upper respiratory tract infections, which will continue to be our business focus.

The activity level within the company is high, with a strong focus on new distributor agreements, clinical studies to strengthen documentation for ColdZyme and marketing initiatives for increased sales of our cold spray. I have every reason to view the future with confidence as the cold season begins in the third quarter.

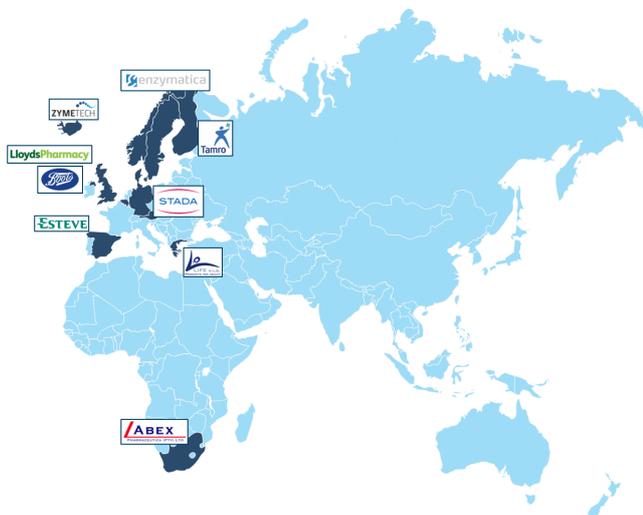
Fredrik Lindberg, CEO

Enzymatica at a glance

Enzymatica AB is a life science 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 about ten markets and since the launch in 2013 reached a position over the past winter as one of the most-sold brands 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, Iceland, Belgium, Germany and Austria. During the second quarter of 2019, ColdZyme also began to be sold in South Africa through our partner ABEX Pharmaceuticals. In the fall of 2019 sales are planned to begin in Hong Kong & Macau through the partner Evergreen Health.

Development work is currently focused on products related to upper respiratory tract infections. An enzyme extracted from deep-sea cod is a key sub-component in product development.

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



ColdZyme is sold both directly and through distributors and partners in Sweden, Denmark, Norway, Finland, the UK, Greece

and Spain, and from fall 2017 under the ViruProtect® brand in Belgium, Germany and Austria. An equivalent product is sold in Iceland under the PreCold® brand and in Spain under the Cortagrip® brand. During the second quarter of 2019, ABEX Pharmaceuticals began to sell ColdZyme under the ColdGuard® brand on the South African market.

Performance during the quarter

ColdZyme (20 and 7ml) increased sales to consumers on the Swedish market by over 38% in value during the second quarter, at the same time that the total cold segment increased by about 14%. Thus ColdZyme strengthened its position as one of the best-selling brands in the cold category in Sweden. The increase is partly attributable to a focus on digital campaigns, social media and influencer marketing. ColdZyme increased its market share from 5.2 % to 6.1 % over the past 12 months. During the 12-month period, ColdZyme's sales rose by almost 25%, to be compared with the market growth of 6.6%.

On the Danish market, ColdZyme sales from warehouse to pharmacy declined somewhat in Q2, but have a positive development so far this year. The Finnish market was characterized by local competition from zinc products and ColdZyme sales were a bit lower compared to last year due to seasonal variations. In Spain sales of CortaGrip were lower because the cold season ended, but develop as the market overall. In the UK ColdZyme saw good sales growth during the quarter, which was positive in relation to the overall market development. Increased listings in more pharmacies is one of the explanations. The launch of ColdGuard in South Africa has developed well, and sales during the current cold season follow plan, and fulfil the distributor's expectation. Sales on other markets progressed according to plan.

Sales, earnings and investments

Q2

Consolidated net sales for Q2 2019 came in at SEK 6.4 (5.3) million, a 20.3% increase compared with the same period in 2018, mainly because of strong growth in Sweden.

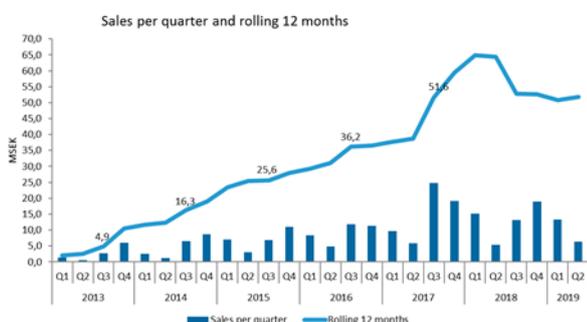
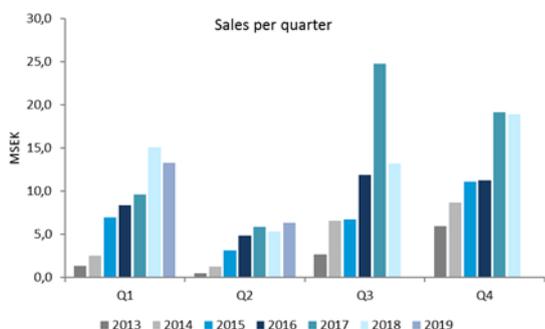
The gross margin during the quarter was 63% (51). Enzymatica has experienced fluctuations in its gross margins between individual quarters as a result of the distribution of sales via its own organization or distributors, the product mix and exchange rates.

Total operating expenses for the quarter amounted to SEK 19.8 (18.0) million. The increase in operating expenses compared with Q2 2018 is primarily due to higher research and development costs, primarily through the ongoing double-blind placebo-controlled study of ColdZyme in Germany. No expenses for development projects were capitalized during the quarter (0).

The consolidated operating loss was SEK -15.6 (-15.0) million.

Seasonal variations

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



H1

Consolidated net sales for H1 2019 came in at SEK 19.7 (20.4) million, a 3.6 % year-on-year decrease. The decline is attributable to no sales in Germany and Spain. The increase in sales in the remaining current markets was 26%.

The gross margin for the period was 77 % (66).

Total operating expenses for the period were SEK 41.7 (38.6) million. The increase in total overhead costs is due to higher research and development costs.

The consolidated operating loss was SEK -27.5 (-24.6) million.

Capitalized expenses for development projects during the period totaled SEK 0 (0) million.

Research and development

Strengthening the clinical documentation for ColdZyme is a key part of Enzymatica's R&D activities. Total consolidated research and development expenses in the Group were in line with the plan and amounted to SEK 8.9 (6.1) million for the second quarter.

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 products with barriers against viruses. The enzyme, a cold-adapted trypsin, is formed in the cod's pancreas and becomes active 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 to locally infect cells and cause diseases.

Funding

The Group's available funds at the end of the period totaled SEK 42.3 (5) million, of which SEK 40.8 (3.3) million were in cash and cash equivalents and SEK 1.5 (1.7) 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.

Cash flow from operating activities for the period totaled SEK -27.8 million (-18.4), mainly related to lower supplier liabilities and higher stocks compared with the same period the previous year. Cash flow from operating activities for Q2 came in at SEK -12.3 (-16.9) million.

Total cash flow for the period amounted to SEK -29.4 (-7.7) million.

Parent company

The parent company's sales for the period reached SEK 17.3 million (18.4). Profit/loss before tax came in at SEK -30.1 (-26.5) million.

The parent company's investments in property, plant & equipment and intangible assets for the period totaled SEK 0.2 (0) million and cash flow was SEK -32.2 (-9) million.

Please see the consolidated figures for more information.

Staff

The number of people employed by the group, converted to full-time positions, was 20 (21) at the end of the period. The employees included 8 (9) men and 12 (12) women.

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, and Enzymatica Care AB (corporate identity no. 556701-7495), with its head office in Lund.

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 2018 Annual Report have been applied in this interim report as well, with the following addition.

New and amended standards applied from January 1, 2019

IFRS 16 Leases is being applied from January 1, 2019 and is replacing IAS 17. Under the new standard, essentially all leases are recognized in the balance sheet, the right to use the leased item as an asset and the remaining lease payments as current or noncurrent liability. In the income statement, the leasing cost has been replaced by depreciation of the assets and interest expense on the lease liabilities. Key figures such as the equity ratio and the

debt/equity ratio have been affected since the liabilities in the balance sheet increased. The leases recognized in the balance sheet mainly relate to rent for premises. Enzymatica has used a simplified method for the transition to IFRS 16. Under the simplified method, the opening balance is adjusted for the right-to-use asset and the liability is calculated as the remaining payments. The value of the right-to-use asset is based on the liability. Leases shorter than 12 months have not been taken into account. When calculating the liability for the remaining lease payments, an interest rate of 3 % has been used as a discount. As a result of the transition to IFRS 16 the balance sheet total as of January 1, 2019 increased by KSEK 1,300.

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, regulatory permits, 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 2018 Annual Report, page 41.

Audit

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

Upcoming financial information

Interim report, January–September 2019 November 5, 2019

Year-end report 2019 February 13, 2020

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, Wednesday, July 17, 2019

Bengt Baron
Board Chair

Marianne Dicander Alexandersson
Board Member

Guðmundur Pálmason
Board Member

Sigurgeir Guðlaugsson
Board Member

Mats Andersson
Board Member

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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. The information was submitted for publication, through the agency of the contact person set out above, at 8:30 a.m. CET on Wednesday, July 17, 2019.

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Tel: +46 (0)46-286 31 00 | info@enzymatica.se | www.enzymatica.se

Enzymatica is listed on the Nasdaq First North. The Company is traded under the ticker symbol ENZY and ISIN code SE0003943620.

Enzymatica's certified advisor is Erik Penser Bank. Tel: +46 (0)8-463 83 00

Email: certifiedadviser@penser.se

Consolidated Income Statement in Summary

| All amounts in SEK thousand | Apr-Jun 2019 | Apr-Jun 2018 | Jan-Jun 2019 | Jan-Jun 2018 | Jan-Dec 2018 |
|-------------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Operating income | | | | | |
| Net sales | 6 365 | 5 293 | 19 655 | 20 384 | 52 560 |
| Cost of goods sold | -2 383 | -2 575 | -5 895 | -6 958 | -15 756 |
| Gross profit | 3 983 | 2 718 | 13 760 | 13 426 | 36 805 |
| Sales & Marketing expenses | -4 223 | -5 076 | -13 134 | -13 784 | -29 236 |
| Administrative expenses | -6 661 | -6 867 | -13 369 | -13 919 | -28 559 |
| Research and development costs | -8 918 | -6 076 | -15 151 | -10 861 | -20 815 |
| Other operating income | 225 | 282 | 408 | 510 | 1 225 |
| Operating profit/loss | -15 596 | -15 019 | -27 487 | -24 626 | -40 580 |
| Profit/loss from financial items | | | | | |
| Interest income and similar profit/loss items | 247 | 260 | 470 | 290 | 768 |
| Interest expenses and similar profit/loss items | -120 | -744 | -337 | -1 089 | -2 337 |
| Profit/loss after financial items | -15 469 | -15 504 | -27 354 | -25 425 | -42 150 |
| Tax expenses | -212 | -8 | -546 | -232 | -429 |
| Profit/loss for the period | -15 680 | -15 512 | -27 899 | -25 657 | -42 579 |
| Other comprehensive income: | | | | | |
| <i>Items that have been redirected or may be included in the profit/loss:</i> | | | | | |
| Translation difference of subsidiaries | -286 | -148 | -537 | 839 | -309 |
| Total other comprehensive income, net of tax | -286 | -148 | -537 | 839 | -309 |
| Total comprehensive income for the period | -15 967 | -15 660 | -28 436 | -24 818 | -42 888 |
| Share attributable to parent company shareholders | -15 967 | -15 660 | -28 436 | -24 818 | -42 888 |
| Per share data | Apr-Jun 2019 | Apr-Jun 2018 | Jan-Jun 2019 | Jan-Jun 2018 | Jan-Dec 2018 |
| Earnings per share, SEK (basic and diluted) | -0,11 | -0,17 | -0,20 | -0,28 | -0,45 |
| Equity per share, SEK | 0,92 | 0,95 | 0,92 | 0,95 | 1,12 |
| Equity-asset ratio, % | 88% | 74% | 88% | 74% | 86% |
| Number of outstanding shares | 142 823 696 | 90 887 808 | 142 823 696 | 90 887 808 | 90 887 808 |
| Average number of outstanding shares (basic and diluted) | 142 823 696 | 90 887 808 | 142 823 696 | 90 887 808 | 90 887 808 |

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 2019 | Q1 2019 | Q4 2018 | Q3 2018 | Q2 2018 |
|-----------------------------|---------|---------|---------|---------|---------|
| Net sales | 6 365 | 13 289 | 18 945 | 13 232 | 5 293 |
| Gross profit/loss | 3 983 | 9 777 | 14 126 | 9 253 | 2 718 |
| Gross margin in % | 63% | 74% | 75% | 70% | 51% |
| Operating costs | -19 803 | -21 852 | -21 420 | -18 627 | -18 019 |
| Operating profit/loss | -15 596 | -11 891 | -6 778 | -9 175 | -15 019 |
| Profit/loss for the period | -15 680 | -12 219 | -7 361 | -9 561 | -15 512 |
| Cash flow | -13 084 | -16 306 | 60 841 | 6 308 | -4 882 |

Consolidated Balance Sheet in Summary

| All amounts in SEK thousand | 2019-06-30 | 2018-06-30 | 2019-03-31 | 2018-12-31 |
|----------------------------------------|----------------|----------------|----------------|----------------|
| Assets | | | | |
| Intangible assets | 86 846 | 92 108 | 88 021 | 89 383 |
| Property, plant & equipment | 5 311 | 5 085 | 5 706 | 4 538 |
| Financial assets | 672 | 1 545 | 888 | 1 236 |
| Inventories | 7 070 | 6 956 | 6 988 | 5 552 |
| Trade receivables | 5 030 | 4 366 | 10 140 | 10 443 |
| Other receivables | 3 827 | 2 768 | 3 263 | 3 719 |
| Cash and cash equivalents | 40 777 | 3 249 | 53 917 | 70 301 |
| Total assets | 149 533 | 116 078 | 168 922 | 185 172 |
| Equity and liabilities | | | | |
| Equity | 131 455 | 86 247 | 147 375 | 159 660 |
| Long-term interest-bearing liabilities | 3 138 | 4 840 | 3 780 | 3 873 |
| Current interest-bearing liabilities | 2 505 | 14 280 | 2 503 | 1 749 |
| Trade payables | 6 463 | 4 475 | 7 298 | 10 222 |
| Other liabilities | 5 973 | 6 236 | 7 967 | 9 668 |
| Total equity and liabilities | 149 533 | 116 078 | 168 922 | 185 172 |

Consolidated statement of changes in equity

| All amounts in SEK thousand | 2019-06-30 | 2018-06-30 | 2019-03-31 | 2018-12-31 |
|-------------------------------------------|----------------|---------------|----------------|----------------|
| Opening balance | 159 660 | 110 695 | 159 660 | 110 695 |
| New share issue | - | - | - | 98 678 |
| Issue expenses related to New share issue | -139 | - | - | -7 569 |
| Effect of employee share ownership plan | 369 | 369 | 184 | 745 |
| Total comprehensive income for the period | -28 436 | -24 818 | -12 469 | -42 888 |
| Closing balance | 131 455 | 86 247 | 147 375 | 159 660 |

Consolidated cash flow statement

| All amounts in SEK thousand | Apr-Jun 2019 | Apr-Jun 2018 | Jan-Jun 2019 | Jan-Jun 2018 | Jan-Dec 2018 |
|------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Operating profit/loss | -15 596 | -15 019 | -27 487 | -24 626 | -40 580 |
| Financial items | 127 | -485 | 133 | -799 | -1 568 |
| Adjustments for non-cash items | 1 563 | 2 276 | 3 192 | 4 478 | 6 804 |
| Cash flow from operating activities before changes in working capital | -13 905 | -13 228 | -24 161 | -20 947 | -35 345 |
| Changes in working capital | 1 634 | -3 625 | -3 668 | 2 535 | 6 552 |
| Cash flow from operating activities | -12 271 | -16 853 | -27 830 | -18 413 | -28 793 |
| Capitalization of development expenditure | - | - | - | - | - |
| Acquisition/disposal of property, plant & equipment | -243 | -112 | -557 | -308 | -520 |
| Cash flow from investing activities | -243 | -112 | -557 | -308 | -520 |
| New share issue | - | - | - | - | 98 678 |
| Transaction costs attributable to new share issue | -139 | - | -139 | - | -7 569 |
| Change in bank/overdraft facilities | -432 | 12 083 | -864 | 10 999 | -2 368 |
| Cash flow from financing activities | -570 | 12 083 | -1 003 | 10 999 | 88 740 |
| Total cash flow for the period | -13 084 | -4 882 | -29 390 | -7 722 | 59 428 |
| Cash and cash equivalents at start of period | 53 917 | 8 190 | 70 301 | 10 932 | 10 932 |
| Translation difference cash and cash equivalents | -55 | -59 | -133 | 39 | -60 |
| Cash and cash equivalents at end of period | 40 778 | 3 249 | 40 778 | 3 249 | 70 301 |

Parent company income statement

| All amounts in SEK thousand | Apr-Jun 2019 | Apr-Jun 2018 | Jan-Jun 2019 | Jan-Jun 2018 | Jan-Dec 2018 |
|-------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Operating income | | | | | |
| Net sales | 5 150 | 4 752 | 17 267 | 18 439 | 48 028 |
| Cost of goods sold | -3 350 | -3 237 | -8 628 | -9 186 | -19 128 |
| Gross profit | 1 800 | 1 515 | 8 639 | 9 253 | 28 900 |
| Sales & Marketing expenses | -3 447 | -4 242 | -11 864 | -12 398 | -26 409 |
| Administrative expenses | -5 275 | -5 270 | -10 322 | -10 468 | -21 756 |
| Research and development costs | -9 526 | -6 805 | -16 263 | -12 155 | -22 482 |
| Other operating income | 0 | 0 | 2 | 0 | 0 |
| Operating profit/loss | -16 448 | -14 802 | -29 808 | -25 767 | -41 748 |
| Profit/loss from financial items | | | | | |
| Interest income and similar profit/loss items | 0 | 381 | 0 | 41 | 97 |
| Interest expenses and similar profit/loss items | -121 | -982 | -317 | -766 | -1 710 |
| Profit/loss after financial items | -16 569 | -15 404 | -30 125 | -26 492 | -43 361 |
| Tax expenses | - | - | - | - | - |
| Profit/loss for the period | -16 569 | -15 404 | -30 125 | -26 492 | -43 361 |

Parent company balance sheet

| All amounts in SEK thousand | 2019-06-30 | 2018-06-30 | 2019-03-31 | 2018-12-31 |
|----------------------------------------|---------------|---------------|----------------|----------------|
| Assets | | | | |
| Intangible assets | 24 539 | 29 802 | 25 714 | 27 077 |
| Property, plant & equipment | 9 | 29 | 10 | 12 |
| Financial assets | 20 017 | 19 688 | 20 017 | 20 017 |
| Inventories | 4 875 | 6 208 | 4 873 | 3 992 |
| Trade receivables | 4 017 | 3 684 | 9 264 | 9 847 |
| Receivables from group companies | 0 | 0 | 0 | 0 |
| Other receivables | 2 558 | 1 433 | 2 196 | 2 812 |
| Cash and bank balances | 36 611 | 1 695 | 47 564 | 68 776 |
| Total assets | 92 625 | 62 538 | 109 639 | 132 532 |
| Equity and liabilities | | | | |
| Equity | 73 178 | 29 201 | 89 886 | 103 442 |
| Long-term interest-bearing liabilities | 2 333 | 16 251 | 2 683 | 3 033 |
| Current interest-bearing liabilities | 1 400 | 1 400 | 1 400 | 1 400 |
| Liabilities to group companies | 4 824 | 6 340 | 2 020 | 6 508 |
| Trade payables | 6 323 | 4 251 | 6 935 | 9 755 |
| Other liabilities | 4 567 | 5 096 | 6 715 | 8 394 |
| Total equity and liabilities | 92 625 | 62 538 | 109 639 | 132 532 |