

Doubled sales and positive earnings for the first quarter

First quarter

- Net sales reached SEK 26.8 (13.3) million.
- Result after tax came in at SEK 0.7 (-12.2) million.
- Earnings per share, basic and diluted, were SEK 0.01 (-0.09).
- Cash and cash equivalents were SEK 33.9 (53.9) million.

Significant events in Q1

- Enzymatica doubled sales during the quarter driven by extremely strong orders in March as a result of the coronavirus outbreak. This is also the first single profitable quarter for Enzymatica.
- Enzymatica signed an exclusive 7-year agreement with Keyuan Xinhai (Beijing) Medical Products Trade Co. Ltd., a subsidiary of China's second largest pharmaceutical company, Shanghai Pharma, for marketing and sales of ColdZyme® mouth spray in China. Under this agreement, Keyuan Trade guarantees orders of SEK 92 million for the first five years from the launch.
- Enzymatica signed an agreement with Chemipal for marketing and sales of ColdZyme in Israel.
- Enzymatica published favorable results from two user surveys with ColdZyme, one on children and one a review of prophylactic (preventive) use.
- Enzymatica's Nomination Committee proposes resigning CEO Fredrik Lindberg to be elected as a member of the Board of Directors at the Annual General Meeting on May 5.

- The European Patent Office issued a notice of allowance with the intention to grant Enzymatica's patent for the cod enzyme which is one of the key components in ColdZyme. The patent expires in 2035.

Significant events after the quarter

- The strong order intake due to the corona situation has continued in the beginning of the second quarter, which will have a positive effect on Enzymatica's sales for the quarter. Enzymatica's contract manufacturers continue to deliver according to committed production plans – so far without disruptions. Enzymatica therefore do not currently foresee any problems in relation to production capacity to meet the increased demand. Also, Enzymatica has not experienced any issues so far in collecting accounts receivables. However, the uncertainty created by the corona pandemic makes any prediction regarding demand, logistics and production more uncertain.
- To limit virus exposure for employees, Enzymatica has introduced strict meeting rules, possibility to work from home and social distancing if necessary to visit the office or customers.
- ColdZyme received CE marking according to the highest class, which implies that the product can be sold as class III MDD (Medical Device Directive) within the EU until May, 2024. ColdZyme and its documentation have been reviewed by Eurofins Product Testing, a notified body for certification of medical device products within the EU. Eurofins has reviewed the complete documentation of ColdZyme including data for safety, efficacy and product benefits.

Key figures for group

(SEK million)	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Net sales	26.8	13.3	61.3
Gross margin, %	78	74	73
Operating profit/loss	0.2	-11.9	-41.7
Cash flow from operating activities	-4.5	-15.6	-37.6
Average number of employees	17	20	19

CEO statement: A quarter with strong sales, new patent and new distributor agreements

Enzymatica has had a successful start of 2020 with significant progress during the first quarter. Our sales more than doubled and for the first time we generated a positive operating result in a single quarter. We signed a very important strategic agreement for the Chinese market as well as an agreement with the largest pharmaceutical distributor for the Israeli market. During the quarter the European Patent Office issued a notice of allowance with the intention to grant our new patent for one of the key components of ColdZyme, which will give our product a very strong long-term protection in the market.

Enzymatica's sales during the first quarter totaled SEK 26.8 million, compared with about SEK 13.3 million the corresponding period in 2019. The quarter began with lower sales compared with 2019 because of a milder than usual cold season in Europe. In March, the situation changed dramatically and Enzymatica received orders for several of its markets because of the coronavirus outbreak. Consumers are buying our ColdZyme cold spray to reduce and prevent cold symptoms in light of the current coronavirus situation.

The sales increase for Enzymatica in Q1 was particularly strong in the Swedish, Danish and British markets. In Sweden, ColdZyme sales more than doubled, with a similar development in Denmark. In the UK, sales growth of our cold spray was even higher, increasing several times, albeit from a relatively low level.

In Germany, the launch of the new mouth spray to promote oral health was well received and our partner STADA placed follow-up orders. In Hong Kong & Macau, ColdZyme was launched during the second half of December 2019 and sales in stores began in January. The product quickly sold out and our partner Evergreen placed a follow-up order. Our partner ABEX also placed a small follow-up order of ColdGuard (ColdZyme) for the South African market.

In the beginning of the quarter, Enzymatica signed an agreement with Keyuan Trade for marketing and sales of ColdZyme in China. Keyuan Trade is a wholly owned subsidiary of Shanghai Pharma, the second largest pharmaceutical company in China. Under this agreement, we secured a minimum order of SEK 92 million for the first five years from the launch, which is expected in 2022.

In March Enzymatica signed a distribution agreement for the Israeli market. Our highly respected partner, Chemipal, is the largest pharmaceutical distributor in the country. Once ColdZyme is registered, we hope that the product will be able to be launched in the fall.

In February we were notified that the European Patent Office had intended to grant a patent for the cod enzyme that is one of the key components of ColdZyme. The patent will be valid until 2035. With this strong patent protection for ColdZyme, our offering will be even more attractive to both current partners and also large potential international distributors with whom we are engaged in discussions.

In the first quarter, we published the results from two user surveys. The first addressed use of ColdZyme for colds in children and the second addressed a report that compiled four user surveys to study the preventive effects of ColdZyme with respect to colds. Both showed convincing results for, among other things, fewer colds, and fewer sick days as well as milder common cold symptoms. We are extremely pleased with these results, which again demonstrate the confidence and loyalty consumers have for our product.

Another milestone is that ColdZyme in April was re-certified and the classification of the product changed from class I to class III. This means that Eurofins Product Testing, a notified body within the EU, has reviewed Enzymatica's processes and ColdZyme, and found that the product corresponds with the requirements of the highest class for medical device products within the EU. The certification is a clear quality stamp and strengthens the trust for our cold spray on an international level.

As a consequence of the coronavirus outbreak we see continued strong demand for ColdZyme. At the end of the first quarter and the beginning of the second we have experienced a strong increase in orders – which will have a positive impact on our sales in the second quarter.

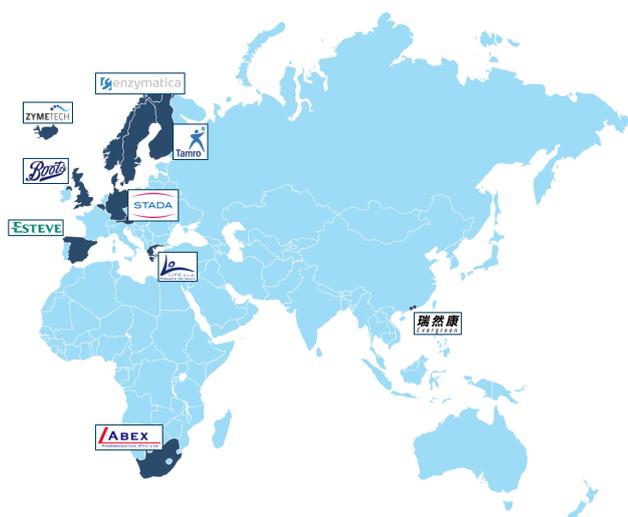
Fredrik Lindberg, CEO

Enzymatica at a glance

Enzymatica AB is a life science company whose business concept is to develop products, based on the company's 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 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 and Austria. During the second quarter of 2019, ColdZyme also began to be sold in South Africa through the partner ABEX Pharmaceutica. In the winter of 2019/2020, Enzymatica's partner Evergreen Health launched ColdZyme in Hong Kong & Macau. In early 2020 a spray for improved oral health was launched in Germany.

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 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 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 Pharmaceutica began to sell ColdZyme under the ColdGuard® brand on the South African market. In late 2019, Evergreen Health launched ColdZyme in Hong Kong & Macau. A new mouth spray was launched by STADA in Germany in early 2020.

Performance during the quarter

At the beginning of the first quarter, the cold season was weak, and the market trend was negative. This situation changed with the onset of the covid-19 pandemic, after which the total cold category in Sweden increased, ending the quarter at +14.7% in value, while ColdZyme doubled sales to consumers compared with the market and ended with an increase of about +28% in value, according to statistics from market analysis company IQVIA. With a market share of 6.7% on a rolling 12-month basis, ColdZyme has now secured its position as the third largest

brand in the cold category in the pharmacy market in Sweden. During the first quarter Enzymatica continued its marketing communication initiatives, including TV advertising, digital campaigns and social media campaigns aimed at various ColdZyme target groups.

On the Danish market, ColdZyme increased its sales volume by over 100% compared with the market as a whole, which increased by just over 14%. In Germany, Enzymatica's partner STADA launched a new mouth spray to promote oral health, which is based on the same barrier technology as ColdZyme. The product was extremely well received and STADA has placed several follow-up orders. In the UK, ColdZyme sales, mainly through Boots and Amazon, increased many times compared with previous quarters, but from a relatively low level compared with, for example, Sweden. Sales also increased sharply in Spain. Enzymatica's partner Evergreen began to sell ColdZyme in stores in Hong Kong & Macau in January. The product was quickly sold out and Evergreen placed a follow-up order. Sales of ColdGuard in South Africa were also strong and ABEX Pharmaceutica placed a new order during the quarter.

Sales, earnings and investments

First quarter

Consolidated net sales for Q1 2020 came in at SEK 26.8 (13.3) million, a 102% year-on-year increase. The majority of the increase is mainly attributable to strong sales growth on the Swedish, Danish and British markets.

The gross margin during the quarter was 78% (74). 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 20.9 (21.9) million. The decrease in operating expenses compared with Q1 2019 is primarily due to lower research and development costs. No expenses for development projects were capitalized during the quarter SEK 0 (0) thousand.

The consolidated operating profit was SEK 0.2 (-11.9) million.

Seasonal variations

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





Research and development

Strengthening the clinical documentation for the ColdZyme Mouth Spray 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 4.1 (6.2) million for the first 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. 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 protective barrier on the skin or mucous membrane.

Funding

The Group's available funds at the end of the period totaled SEK 35.3 (55.4) million, of which SEK 33.9 (53.9) million were in cash and cash equivalents and SEK 1.4 (1.5) million in unutilized credit facilities. In addition to the above available funds, there is an unutilized credit facility with a maximum amount of SEK 7.0 million via factoring in the parent company.

During the first quarter, Enzymatica secured a short-term credit of SEK 10 million. Given the strong sales in Q1 and continued robust orders for Q2, the Board of Directors and Management believe that liquidity will be adequate to finance the company's working capital needs during the year.

Cash flow from operating activities for the quarter came in at SEK -4.5 (-15.6) million. The difference is mainly attributable to improved operating earnings.

Total cash flow for the quarter was SEK 4.6 (-16.3) million.

Parent company

The parent company's sales for Q1 reached SEK 29.2 (12.1) million. Profit before tax came in at SEK 2.2 (-13.6) million.

The parent company's investments in property, plant & equipment and intangible assets for the quarter totaled SEK 0 (0) million and cash flow was SEK 4.5 (-21.2) million.

Please see the consolidated figures for more information.

Staff

The number of people employed by the group, converted to full-time positions, was 17 (20) at the end of the period. The employees included 8 (8) men and 9 (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 2019 Annual Report have been applied in this interim report as well.

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.

Audit

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

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 2019 Annual Report, pages 40-41.

2020 AGM

Enzymatica's 2020 Annual General Meeting will be held in Lund at 2:30 p.m. on May 5, at the Elite Hotel Ideon in Lund, Sweden.

The 2019 annual report was published on Thursday, April 2, 2020 and is available at Enzymatica's website www.enzymatica.se.

Upcoming financial information

Interim report, January–June 2020	July 16, 2020
Interim report, January–September 2020	November 3, 2020
Year-end report 2020	February 18, 2021

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, Tuesday, May 5, 2020

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. The information was submitted for publication, through the agency of the contact person set out above, at 8:30 a.m. CET on Tuesday, May 5, 2020.

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

Enzymatica's certified adviser 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	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Operating income			
Net sales	26 786	13 289	61 306
Cost of goods sold	-5 834	-3 512	-16 409
Gross profit	20 952	9 777	44 897
Sales & Marketing expenses	-7 939	-8 911	-30 165
Administrative expenses	-8 908	-6 708	-28 975
Research and development costs	-4 083	-6 233	-28 498
Other operating income	199	184	1 082
Operating profit/loss	220	-11 891	-41 660
Profit/loss from financial items			
Interest income and similar profit/loss items	896	224	1 187
Interest expenses and similar profit/loss items	-771	-218	-1 468
Profit/loss after financial items	345	-11 885	-41 940
Tax expenses	376	-334	961
Profit/loss for the period	721	-12 219	-40 979
Other comprehensive income:			
<i>Items that have been redirected or may be included in the profit/loss:</i>			
Translation difference of subsidiaries	-1 019	-251	-60
Total other comprehensive income, net of tax	-1 019	-251	-60
Total comprehensive income for the period	-298	-12 469	-41 039
Share attributable to parent company shareholders	-298	-12 469	-41 039
Per share data	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Earnings per share, SEK (basic and diluted)	0,01	-0,09	-0,29
Equity per share, SEK	0,83	1,03	0,83
Equity-asset ratio, %	74%	87%	81%
Number of outstanding shares	142 823 696	142 823 696	142 823 696
Average number of outstanding shares (basic and diluted)	142 823 696	142 823 696	142 823 696

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	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Net sales	26 786	22 152	19 499	6 365	13 289
Gross profit/loss	20 952	16 963	14 174	3 983	9 777
Gross margin in %	78%	77%	73%	63%	74%
Operating costs	-20 931	-24 390	-21 594	-19 803	-21 852
Operating profit/loss	220	-7 045	-7 128	-15 596	-11 891
Profit/loss for the period	721	-5 335	-7 745	-15 680	-12 219
Cash flow	4 644	-1 363	-10 222	-13 084	-16 306

Consolidated Balance Sheet in Summary

All amounts in SEK thousand	2020-03-31	2019-03-31	2019-12-31
Assets			
Intangible assets	82 710	88 021	84 089
Property, plant & equipment	6 247	5 706	6 779
Financial assets	2 389	888	2 171
Inventories	7 643	6 988	6 998
Trade receivables	24 361	10 140	15 285
Other receivables	3 590	3 263	3 068
Cash and cash equivalents	33 886	53 917	29 321
Total assets	160 826	168 922	147 711
Equity and liabilities			
Equity	119 088	147 375	119 203
Long-term interest-bearing liabilities	3 175	3 780	3 860
Current interest-bearing liabilities	12 548	2 503	2 548
Trade payables	11 519	7 298	10 394
Other liabilities	14 497	7 967	11 707
Total equity and liabilities	160 826	168 922	147 711

Consolidated statement of changes in equity

All amounts in SEK thousand	2020-03-31	2019-03-31	2019-12-31
Opening balance	119 203	159 660	159 660
New share issue	-	-	-
Issue expenses related to New share issue	0	-	-143
Effect of employee share ownership plan	184	184	725
Total comprehensive income for the period	-298	-12 469	-41 039
Closing balance	119 088	147 375	119 203

Consolidated cash flow statement

All amounts in SEK thousand	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Operating profit/loss	220	-11 891	-41 660
Financial items	125	6	-281
Adjustments for non-cash items	1 454	1 629	7 791
Cash flow from operating activities before changes in working capital	1 799	-10 256	-34 149
Changes in working capital	-6 328	-5 303	-3 427
Cash flow from operating activities	-4 530	-15 558	-37 576
Capitalization of development expenditure	-	-	-
Acquisition/disposal of property, plant & equipment	-141	-315	-866
Cash flow from investing activities	-141	-315	-866
New share issue	-	-	-
Transaction costs attributable to new share issue	0	-	-143
Change in bank/overdraft facilities	9 315	-433	-2 389
Cash flow from financing activities	9 315	-433	-2 533
Total cash flow for the period	4 644	-16 306	-40 975
Cash and cash equivalents at start of period	29 321	70 301	70 301
Translation difference cash and cash equivalents	-79	-78	-4
Cash and cash equivalents at end of period	33 886	53 917	29 321

Parent company income statement

All amounts in SEK thousand	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Operating income			
Net sales	29 201	12 117	57 277
Cost of goods sold	-6 860	-5 279	-18 318
Gross profit	22 341	6 839	38 959
Sales & Marketing expenses	-7 385	-8 417	-27 895
Administrative expenses	-7 641	-5 046	-23 051
Research and development costs	-4 706	-6 737	-29 978
Other operating income	0	2	2
Operating profit/loss	2 609	-13 360	-41 964
Profit/loss from financial items			
Interest income and similar profit/loss items	339	0	998
Interest expenses and similar profit/loss items	-746	-196	-1 272
Profit/loss after financial items	2 202	-13 556	-42 237
Tax expenses	-	-	-783
Profit/loss for the period	2 202	-13 556	-43 020

Parent company balance sheet

All amounts in SEK thousand	2020-03-31	2019-03-31	2019-12-31
Assets			
Intangible assets	20 403	25 714	21 782
Property, plant & equipment	5	10	6
Financial assets	19 235	20 017	19 235
Inventories	4 606	4 873	3 657
Trade receivables	23 569	9 264	14 623
Receivables from group companies	0	0	0
Other receivables	1 744	2 196	1 477
Cash and bank balances	32 757	47 564	28 242
Total assets	102 320	109 639	89 022
Equity and liabilities			
Equity	62 481	89 886	60 279
Long-term interest-bearing liabilities	1 283	2 683	1 633
Current interest-bearing liabilities	11 400	1 400	1 400
Liabilities to group companies	3 308	2 020	5 612
Trade payables	10 918	6 935	9 701
Other liabilities	12 930	6 715	10 396
Total equity and liabilities	102 320	109 639	89 022