

22 March, 2021

Enzymatica's sales and result affected by the pandemic

Due to the pandemic with social distancing and improved hand hygiene, the common cold markets have decreased significantly and been halved both in Sweden and abroad during the first two months of 2021. Thus, the downturn has also resulted in decreased sales of the company's common cold spray, ColdZyme®, during the same period, and thereby, the Board believes that the company's sales and result in 2021 can be worse than in 2020. The Board will therefore propose to the Annual General Meeting on May 5th, that the company will carry out a new rights issue of about SEK 60 million, mainly to implement the company's offensive geographical expansion and clinical studies, and in addition to meet the need for working capital for 2021. However, the Board believes that Enzymatica's planned development will be postponed by 12 – 18 months due to the pandemic. The new share issue will be guaranteed by the three largest shareholders. At the same time, the launch of ColdZyme in international markets has been received positively, and there are ongoing discussions about agreements for additional markets. The Board believes that the common cold market will recover during the second half of 2021 when the vaccination programs are estimated to be completed.

As Enzymatica announced in the year-end report 2020 the effects of the pandemic are expected to hold back sales in established markets while the company's continued strong growth will primarily take place through expansion into new markets. The company now ascertains that the decline in established markets that has been considerably worse than expected and, in addition, the launch of ColdZyme in some new markets might be postponed. The effects of the corona pandemic with social distancing, improved hand hygiene and less social contacts have resulted in fewer and milder common colds, which has led to a halved common cold market. This has impacted the sales of ColdZyme and the Board estimates that Enzymatica's turnover for 2021 might be lower than the turnover of 2020 of SEK 111 million, which will affect operating result (EBIT) as well as cash flow. Considering the great uncertainty of the market development going forward, the Board will propose to the Annual General Meeting on May 5th that the company will carry out a new rights issue of about SEK 60 million to secure the company's long-term investments in areas such as geographical expansion, clinical studies, organization and supply chain, and in addition to meet the need for working capital for 2021. The new share issue will be guaranteed by the three largest shareholders.

“We remain equally positive in the longer perspective, but the current situation with the pandemic will postpone Enzymatica's development for about 12 – 18 months. The new share issue will provide us with the resources needed for working capital for 2021, as well as ensuring the long-term investments in our continued rapid expansion,” says Bengt Baron, Executive Chairman at Enzymatica.

Despite the decline of the common cold market, Enzymatica's sales is bolstered by the launch of ColdZyme in new markets, such as France and Italy, where the product has been received well by consumers. In 2020 Enzymatica entered into agreements with large international pharmaceutical and self-care companies for marketing and sales of ColdZyme in about 50 markets. Today ColdZyme is sold in about 30 of these markets. Launches for the remaining markets are mainly expected to occur during 2021-22, but the launch in some markets might be delayed due to the pandemic and approvals by regulatory authorities.

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ABOUT ENZYMATICA AB

Enzymatica AB is a Swedish life science company that develops and sells health care products for primarily conditions of the ear-nose-and-throat region. The products are based on a barrier technology that includes marine enzymes. The company's first product is the medical device ColdZyme®, a mouth spray against common cold. The product has been launched in about 30 markets on 3 continents. The strategy is to continue to grow by developing more health care products and strengthening the company's position in existing markets and expanding into new geographic markets through established partners. The company has its headquarters in Lund and is listed on Nasdaq First North Growth Market. For more information, visit: www.enzymatica.com and www.enzymatica.se/en/section/media/press-releases
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