

Lower sales due to the pandemic but new rights issue secures continued international expansion

First quarter

- Net sales reached SEK 17.0 (26.8) million.
- Result after tax came in at SEK -8.9 (0.7) million.
- Earnings per share, basic and diluted, were SEK -0.06 (0.01).
- Cash and cash equivalents were SEK 21.4 (33.9) million.

Significant events in Q1

Enzymatica's sales during the quarter declined compared with the corresponding period in 2020 due to the effects of the pandemic, which essentially reduced the cold remedy market by 50 percent, both in Sweden and in other markets.

- Enzymatica announced on March 22 that sales for 2021 could be lower than sales for 2020, which totaled SEK 111 million, because of the impact of the pandemic on the cold remedy market. The Board of Directors has therefore decided to raise SEK 59 million through a rights issue to fund the company's long-term initiatives and to meet working capital needs for the next 12 months.
- Enzymatica recruited two strategic hires, Malin Richter as the new Director Operations and Kristoffer Ahlerup as the new Director Commercial, both of whom have extensive experience from the international life science industry.

Impact of the coronavirus pandemic

- As a result of the coronavirus pandemic, with social distancing, improved hand hygiene and fewer social contacts, the cold remedy market in Sweden and internationally was reduced by 50 percent during the quarter. As with other cold products, ColdZyme sales were negatively impacted by the decline. The company does not see any direct effects of COVID-19 on the business with respect to production, logistics, sickness absence, etc. Enzymatica believes that cold remedy markets could recover in the second half of 2021, once countries complete their vaccination campaigns.

Key figures for group

(SEK million)	Jan-Mar 2021	Jan-Mar 2020	Full year 2020
Net sales	17.0	26.8	111.2
Gross margin, %	54	78	68
Operating profit/loss	-8.7	0.2	-12.1
Cash flow from operating activities	1.3	-4.5	-10.7
Average number of employees	23	17	18

From the chairman: Pandemic delays our development by 12-18 months

During the first quarter, the common cold markets in Sweden and other countries were reduced by 50% due to the effects of the pandemic. As a result of social distancing, improved hand hygiene and significantly fewer social contacts, the common cold viruses are spreading to a much lesser extent than usual. Consequently ColdZyme sales, like other cold products on the market, decreased sharply. The decline was cushioned by sales from the launch of ColdZyme in markets such as France and Italy, where the product was well received by consumers. During the second quarter, ColdZyme will be launched in additional new markets, such as the Netherlands and Poland. The planned rights issue to raise SEK 59 million, which is guaranteed by the company's three largest owners, will provide sufficient resources for us to be able to continue our aggressive expansion strategy, conduct clinical trials, build up the organization and supply chain, and meet working capital needs for the next 12 months.

Enzymatica's sales during the first quarter totaled SEK 17.0 million, compared with about SEK 26.8 million the corresponding period in 2020. Sales primarily come through orders from STADA and Sanofi and apply to Italy, France, the Netherlands, the Czech Republic, Romania, Austria, Portugal, Poland and Hungary. The lower sales compared with the corresponding period in 2020 can be attributed in part to high comparative figures from the sharp increase in sales during the first quarter of 2020 through orders for the Swedish, British and Danish markets. The increase in sales in 2020 was driven by the outbreak of the pandemic, with consumers purchasing ColdZyme to reduce and prevent cold symptoms given the coronavirus situation at that time. At the same time, sales in Q1 2021 exceeded first-quarter sales in both 2019 and 2018, which totaled just over SEK 13 million and SEK 15 million, respectively. The decline in gross margin from 78% in Q1 2020 to 54% in Q1 2021 follows plan and is due to a large shift from sales in the company's own markets last year to distributor markets this year. In these markets the distributors will assume responsibility for market investments and sales costs, which means that these costs will not be carried by Enzymatica. Thus, this enables a less capital intensive and thereby faster international expansion, as well as a more scalable business model. Since we are expecting that the share of sales generated by distributors will grow and dominate our business in the future we will, going forward, focus more on the EBIT margin.

After the first quarter of 2021, we can conclude that the decline in our established markets was much larger than expected and that launches of ColdZyme in some new markets may be delayed due to the effects of the pandemic. Due to the pandemic the cold remedy markets were halved, which also impacted ColdZyme sales. Given this situation, we believe that sales for 2021 could be lower than sales for 2020, which totaled SEK 111 million. Our assessment is that the pandemic will delay Enzymatica's expected development by up to 12–18 months. Given the considerable uncertainty in the market trend

moving forward, the Board of Directors has decided that the company will raise SEK 59 million through a rights issue. These funds will enable us to focus on strategic issues, such as continuing with our international initiatives, conducting clinical trials, strengthening the organization and supply chain, meeting working capital needs and maintain momentum in the operations. The issue will entail dilution of 3.3% and is covered by the mandate from the previous Annual General Meeting, which authorized the Board to issue of a maximum of 10% of the company's total number of shares.

During the quarter we continued to strengthen our organization, in part by hiring Malin Richter as Director Operations and Kristoffer Ahlerup as Director Commercial. Both of our new colleagues have extensive experience from international life science companies.

After the first quarter we commissioned parts of the upgraded facility in Reykjavik for production of trypsin, which is one of the key components in ColdZyme. In 2020 and 2021, we are investing heavily in the Icelandic facility, to upgrade the operation to streamline production, and to scale up production to meet the growing demand resulting from the many new distributor agreements that we signed in 2020.

We believe that the cold remedy market could recover in the second half of 2021 once countries complete their vaccination campaigns. Market data shows that the cold remedy market in Australia already has begun to recover during their winter and has now reached about the same level as 2019, before the outbreak of the pandemic.

Our focus for Q2 is to continue to support our partners in their ambitious and long-term efforts to launch and sell ColdZyme in new markets, to continue working on securing additional distributor agreements for more geographic markets, and continue working on clinical trials and regulatory work to prepare for the MDR, the upcoming regulatory framework for medical devices, when it comes into force in 2024 for ColdZyme. Despite the challenges of the effects of the pandemic, we continue to be optimistic with respect to Enzymatica's long-term development – we will continue to build a business with a strong international presence, albeit with a temporary delay.

Bengt Baron, Executive Chairman of the Board

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 thirty 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, as well as through distributors in other international markets. Enzymatica's collaboration partners are experienced international brand builders and they carry out comprehensive market investments in relation to registration and launch of ColdZyme in a new market. In addition to ColdZyme, the company's partner STADA has sold a spray for improved oral health in Germany since early 2020.

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 Growth Market since 2015.



- Product launched
- Product – planned launch within the coming years

In all, Enzymatica has distributor agreements for ColdZyme in about 60 markets. The product is sold in about 30 markets on three continents. Launches in the other markets where Enzymatica has distributor agreements are expected to occur in 2021-2022.

Performance during the quarter

During the first quarter the total cold remedy market in Sweden declined by 53% compared with the corresponding period in 2020, while sales of ColdZyme (20 and 7 ml) to consumers dropped by 67% according to statistics from market research firm IQVIA. Underlying the decline in the market and sales of ColdZyme is the changed behavior of consumers because of COVID-19, with a focus on hand hygiene and social distancing, which has resulted in fewer and milder infections in the community, as well as fewer customers in pharmacies. At the same time that in-store sales of ColdZyme decreased, on-line sales rose sharply.

The categories sore throat, cough and preventive products like ColdZyme have been hardest hit by lower demand. Least affected are nasal congestion products, which fell by 28%, and products in this category have enjoyed substantially improved market shares. This explains why ColdZyme's market share is 0.2 percentage

points lower than the same period last year. With a market share of 6.5% on a rolling 12-month basis, ColdZyme has thereby retained 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 a major TV and digital advertising campaign in February.

The trend on the Danish market was similar as a result of the pandemic, where both the cold remedy market and sales of ColdZyme from wholesalers to pharmacies decreased by over 50%.

During the quarter Enzymatica received orders for launches in several markets through the expanded agreement with STADA and Sanofi's launch of ColdZyme in France and Italy, as well as orders for markets in the Netherlands, Portugal, Austria, Czech Republic, Poland, Romania and Hungary.

Sales, earnings and investments

First quarter

Consolidated net sales for Q1 2021 came in at SEK 17.0 (26.8) million, a 37% year-on-year decrease. The decline can be attributed in part to high comparative figures from the sharp increase in sales during the first quarter of 2020 through large orders for the Swedish, British and Danish markets as a result of the beginning of the pandemic.

The gross margin during the quarter was 54% (78 %). 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. The main reason for the lower margin in the first quarter is that a larger share of sales took place through distributors.

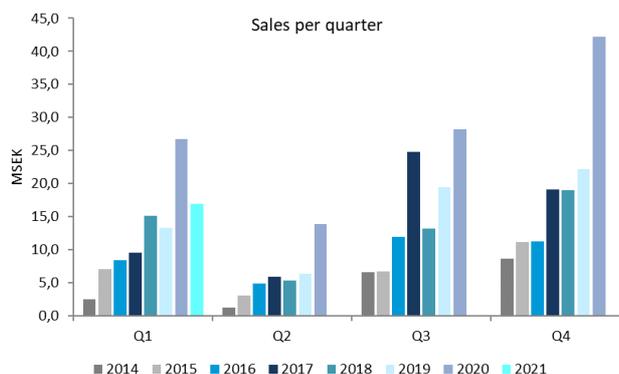
Total operating expenses for the quarter amounted to SEK 17.9 (20.9) million. The decrease in operating expenses compared with Q1 2020 is primarily due to lower social security costs for employee warrants as a result of a decrease in the share price. No expenses for development projects were capitalized during the quarter SEK 0 (0) thousand.

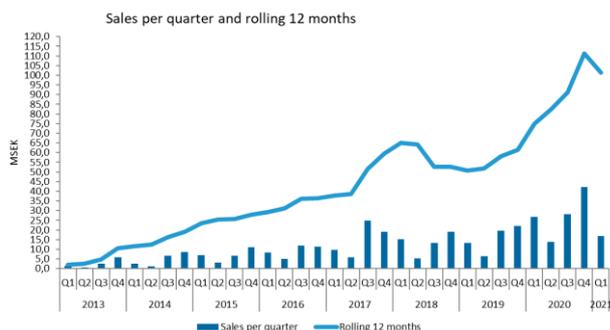
The consolidated operating loss was SEK -8.7 (0.2) million.

The Group's investments in property, plant and equipment and intangible assets for the quarter totaled SEK 3.5 (0.1) 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 mouth spray 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 7.3 (4.1) million for the first quarter.

During the first quarter, a patent was granted in Denmark for a combination treatment involving cod enzymes and antibiotics for treatment of streptococcal biofilm in the upper and lower respiratory tracts. This patent is valid until 2036.

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 22.8 (35.3) million, of which SEK 21.4 (33.9) million were in cash and cash equivalents and SEK 1.4 (1.4) 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 million via factoring in the parent company.

To cover the company's working capital needs in 2021, and to be able to conduct long-term initiatives within the areas geographic expansion, clinical studies, organization and supply chain, the Board of Directors decided to raise about SEK 59 million through a rights issue. The new issue is 100% guaranteed by subscription and underwriting commitments from the company's three largest shareholders. Long-term financing of operations is thus secured.

Cash flow from operating activities for the quarter came in at SEK 1.3 (-4.5) million. The difference compared to Q1 2020 is mainly because payments for accounts receivable were received since the beginning of the year.

Total cash flow for the quarter was SEK -2.6 (4.6) million.

Parent company

The parent company's sales for Q1 reached SEK 17.9 (29.2) million. Profit/loss before tax came in at SEK -8.1 (2.2) 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 -2.6 (4.5) million.

Please see the consolidated figures for more information.

Staff

The number of people employed by the group, converted to full-time positions, was 24 (17) at the end of the period. The employees included 9 (8) men and 15 (9) 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, distribution, and sales as a consequence of the pandemic. 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 2020 Annual Report, page 51- 52. Regarding the impact of the coronavirus pandemic on business, please see the last point on page 1 of this report.

2021 AGM

Enzymatica's 2021 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 2020 annual report was published on March 31, 2021 and is available at Enzymatica's website www.enzymatica.se.

Upcoming financial information

2021 Annual General Meeting of Shareholders, May 5, 2021
Interim report, January–June 2021, July 16, 2021
Interim report, January–September 2021, November 2, 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, April 29, 2021

Bengt Baron
Executive Chairman of the Board

Marianne Dicander Alexandersson
Board Member

Guðmundur Pálmason
Board Member

Fredrik Lindberg
Board Member

Mats Andersson
Board Member

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Board Member

Therese Filmersson
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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 Thursday, April 29, 2021.

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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 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	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Operating income			
Net sales	16 979	26 786	111 245
Cost of goods sold	-7 890	-5 834	-35 286
Gross profit	9 088	20 952	75 959
Sales & Marketing expenses	-6 123	-7 939	-25 777
Administrative expenses	-4 496	-8 908	-40 744
Research and development costs	-7 317	-4 083	-22 486
Other operating income	173	199	986
Operating profit/loss	-8 675	220	-12 062
Profit/loss from financial items			
Interest income and similar profit/loss items	340	896	3 002
Interest expenses and similar profit/loss items	-709	-771	-4 003
Profit/loss after financial items	-9 045	345	-13 062
Tax expenses	180	376	-159
Profit/loss for the period	-8 864	721	-13 221
Other comprehensive income:			
<i>Items that have been redirected or may be included in the profit/loss:</i>			
Translation difference of subsidiaries	1 029	-1 019	-2 616
Total other comprehensive income, net of tax	1 029	-1 019	-2 616
Total comprehensive income for the period	-7 835	-298	-15 838
Share attributable to parent company shareholders	-7 835	-298	-15 838
Per share data	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Earnings per share, SEK (basic and diluted)	-0,06	0,01	-0,09
Equity per share, SEK	0,69	0,83	0,75
Equity-asset ratio, %	68%	74%	66%
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 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Net sales	16 979	42 261	28 265	13 933	26 786
Gross profit/loss	9 088	25 961	21 019	8 028	20 952
Gross margin in %	54%	61%	74%	58%	78%
Operating costs	-17 936	-24 431	-23 429	-20 216	-20 931
Operating profit/loss	-8 675	1 792	-2 186	-11 888	220
Profit/loss for the period	-8 864	-321	-1 906	-11 714	721
Cash flow	-2 642	-9 967	2 809	-2 953	4 644

Consolidated Balance Sheet in Summary

All amounts in SEK thousand	2021-03-31	2020-03-31	2020-12-31
Assets			
Intangible assets	77 567	82 710	78 574
Property, plant & equipment	14 123	6 247	10 262
Financial assets	2 002	2 389	1 706
Inventories	15 083	7 643	10 460
Trade receivables	10 819	24 361	32 780
Other receivables	5 466	3 590	4 230
Cash and cash equivalents	21 420	33 886	24 018
Total assets	146 480	160 826	162 029
Equity and liabilities			
Equity	98 995	119 088	106 649
Long-term interest-bearing liabilities	1 738	3 175	2 086
Current interest-bearing liabilities	12 702	12 548	12 767
Trade payables	12 532	11 519	13 943
Other liabilities	20 512	14 497	26 584
Total equity and liabilities	146 480	160 826	162 029

Consolidated statement of changes in equity

All amounts in SEK thousand	2021-03-31	2020-03-31	2020-12-31
Opening balance	106 649	119 203	119 203
Issue expenses related to New share issue	-	-	-
Effect of warrants program	-	-	2 545
Effect of employee share ownership plan	182	184	739
Total comprehensive income for the period	-7 835	-298	-15 838
Closing balance	98 995	119 088	106 649

Consolidated cash flow statement

All amounts in SEK thousand	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Operating profit/loss	-8 675	220	-12 062
Financial items	1 564	125	-1 517
Adjustments for non-cash items	-188	1 454	7 769
Cash flow from operating activities before changes in working capital	-7 299	1 799	-5 811
Changes in working capital	8 619	-6 328	-4 841
Cash flow from operating activities	1 320	-4 530	-10 651
Capitalization of development expenditure	-	-	-
Acquisition/disposal of property, plant & equipment	-3 548	-141	-4 836
Cash flow from investing activities	-3 548	-141	-4 836
Issued warrants	0	-	2 545
Transaction costs attributable to new share issue	-	0	-
Change in bank/overdraft facilities	-413	9 315	7 476
Cash flow from financing activities	-413	9 315	10 021
Total cash flow for the period	-2 642	4 644	-5 467
Cash and cash equivalents at start of period	24 018	29 321	29 321
Translation difference cash and cash equivalents	44	-79	163
Cash and cash equivalents at end of period	21 420	33 886	24 018

Parent company income statement

All amounts in SEK thousand	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Operating income			
Net sales	17 921	29 201	108 621
Cost of goods sold	-8 640	-6 860	-37 276
Gross profit	9 281	22 341	71 346
Sales & Marketing expenses	-5 966	-7 385	-24 398
Administrative expenses	-3 399	-7 641	-35 099
Research and development costs	-7 704	-4 706	-23 866
Other operating income	0	0	7
Operating profit/loss	-7 788	2 609	-12 011
Profit/loss from financial items			
Interest income and similar profit/loss items	339	339	2 246
Interest expenses and similar profit/loss items	-686	-746	-4 331
Profit/loss after financial items	-8 135	2 202	-14 096
Tax expenses	-	-	-391
Profit/loss for the period	-8 135	2 202	-14 487

Parent company balance sheet

All amounts in SEK thousand	2021-03-31	2020-03-31	2020-12-31
Assets			
Intangible assets	15 260	20 403	16 268
Property, plant & equipment	204	5	178
Financial assets	18 843	19 235	18 843
Inventories	12 905	4 606	7 854
Trade receivables	10 623	23 569	32 409
Receivables from group companies	0	0	0
Other receivables	2 726	1 744	1 421
Cash and bank balances	21 342	32 757	21 805
Total assets	81 904	102 320	98 779
Equity and liabilities			
Equity	40 201	62 481	48 337
Long-term interest-bearing liabilities	0	1 283	233
Current interest-bearing liabilities	11 283	11 400	11 400
Liabilities to group companies	876	3 308	1 641
Trade payables	10 449	10 918	12 742
Other liabilities	19 094	12 930	24 426
Total equity and liabilities	81 904	102 320	98 779