

# INTERIM REPORT FOR ENZYMATICA AB

## JULY 1, 2012 TO SEPTEMBER 30, 2012

### Q3 REPORT FOR ENZYMATICA IN BRIEF:

- Net sales totaled SEK 357,520 (34,321)
- The result after tax amounted to a loss of SEK 776,007 (loss: 1,194,685)
- The loss per share was SEK 0.04
- The equity/assets ratio was 86% (82%)
- The preferential rights issue provided Enzymatica with proceeds of SEK 8.2 M before issue expenses
- The ColdZyme ® Mouth Spray was registered with the Swedish Medical Products Agency
- Enzymatica appointed a Scientific Advisory Board

### EVENTS AFTER THE CLOSE OF THE PERIOD:

- Mats Clarsund took up his position as the new Research and Development Manager
- Fredrik Håkansson assumed his position as the new CFO

## CEO's COMMENTS

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The third quarter of the year may be described as one of the most eventful quarters in Enzymatica's history. The single most significant event during the quarter was that we registered our ColdZyme® Mouth Spray product with the Swedish Medical Products Agency. This development met with a positive response from the local and national media, which, in turn, generated international interest among well-known industry publications. In brief, we generally note increased awareness of and interest in Enzymatica as a company and our products, resulting in enquiries from international players, which we are now evaluating.

During the year we conducted two new share issues, one of which was completed during the third quarter. Both issues were oversubscribed and provided the company with proceeds of almost SEK 20 M. I am proud of the confidence in the company and the opportunities ahead of us thanks to the capital injection. We can now build a strong foundation based on research and development, as well as completing the launch of registered products, nationally and internationally.

Research is part of our core business and is aimed at developing new products, as well as continuing to support the existing product portfolio. During the third quarter, we commenced two in-vitro studies as a follow-up of the registration of the ColdZyme® Mouth Spray. Work is progressing on schedule and one of these studies is expected to be completed by year-end 2012. Intensive efforts are now underway concerning the details for the larger (Phase IV) study that we previously announced. This study is expected to commence in January 2013. Moreover, we have appointed a Scientific Advisory Board, the purpose of which is to quality assure our clinical research and product development.

Sales of the company's current products, meaning the predecessors of the products that are now registered as medical technology products with the Swedish Medical Products Agency, proceed primarily via Swedish health food stores. Media exposure and a steadily rising repurchase frequency have contributed to higher sales, which also began to be reflected in sales reports for the period. This is very gratifying and strengthens us in our negotiations with Swedish pharmacy chains. The launch of the medical technology products ColdZyme® Mouth Spray and Perizyme® Chewing Gum will commence gradually, starting during the first quarter of 2013.

Parallel with these developments, negotiations are in progress with potential partners for a Nordic-wide launch. Our objective is to fulfill these plans during 2013. Firstly, we plan to launch via Swedish pharmacy channels and subsequently expand in the Nordic countries. This represents a delay in relation to what was communicated in the affiliation memorandum in conjunction with the company's listing on AktieTorget in 2011, which also means that the indicated financial targets have been moved forward a year.

Finally, we have also bolstered our organization in an effort to be better equipped to deal with the company's expansion through the recruitment of Mats Clarsund (PhD, enzyme technology), as the Research and Development Manager, and Fredrik Håkansson as CFO, who has experience with companies such as Systemtext, Nolato and Ernst & Young.

Michael Edelborg Christensen

## ABOUT ENZYMATICA

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Enzymatica AB (publ) is a publicly traded biotechnology company focusing on research, development and registration of medical technology products based on a patented enzyme technology. Enzymatica uses the Penzyme® enzyme, a cold-adapted trypsin derived from deep-sea cod. The enzyme has a unique property that permits it to be super-active at about 37°C, making it superior in breaking down illness-related proteins, counteracting viral and bacterial infections, and promoting healing processes. The ColdZyme® portfolio, which is currently represented in health care stores, contains the predecessors to the products now registered as medical technology products designed to treat the common cold as well as dental/oral cavity disorders.

### SUMMARY OF OPERATIONS DURING Q3

The amounts shown below are in Swedish kronor (SEK) and the figures in parentheses refer to the corresponding period a year earlier.

#### ***ColdZyme® registered***

The application for the registration of ColdZyme® Mouth Spray as a medical technology product was approved and registered on August 13. The company plans to gradually launch ColdZyme® Mouth Spray via Swedish pharmacies, starting during Q1, 2013.

#### ***Sales***

Net sales totaled SEK 357,520 (34,321), an increase of 1,042% compared with the year-earlier period.

#### ***Result***

The result, which amounted to a loss of SEK 776,007 (loss: 1,194,685), was charged primarily with expenses incurred in the certification of new products.

As a result of the registration of the two medical technology products, a greater number of potential distribution channels are expected to provide higher sales. However, in view of the lengthy selling-in period, sales are not expected to increase before 2013.

Earnings per share represented a decrease of SEK 0.04 per share.

#### ***Equity/assets ratio***

The equity/assets ratio, calculated as the equity portion of the balance sheet total, amounted to 86% (82%).

### **Share issues**

The preferential rights issue that Enzymatica's Board approved on May 7 was fully subscribed, providing the company with proceeds of SEK 8.2 M before issue expenses. As a result of the new share issue, the company's equity increased by SEK 55,013, from SEK 660,153 to a total of SEK 715,166. Subscription was made for a total of 1,375,319 shares at a price of SEK 6 per share. Following registration at the Swedish Companies Registration Office, the number of shares totals 17,879,151 compared with the previous 16,503,832 shares. The proceeds from the share issue will be used primarily for the launch of the company's registered products, namely, ColdZyme® Mouth Spray and PeriZyme® Chewing Gum.

The company also conducted a directed share issue in May 2012, which provided the company with proceeds of SEK 11.5 M before issue expenses. Thus, combined, the share issues provided Enzymatica with proceeds of almost SEK 20 M before issue expenses.

## **EVENTS AFTER THE CLOSE OF THE PERIOD**

### **New recruitment**

The recruitment of Mats Clarsund as Research and Development Manager and Fredrik Håkansson as the new CFO are fully in line with the company's objectives for 2013 and later.

## **PRINCIPLES UNDERLYING THE PREPARATION OF THE REPORT**

This interim report was prepared in accordance with the Swedish Annual Accounts Act and the general recommendations of the Swedish Accounting Standards Board. The same accounting principles and calculation methods were used as those applied in the latest annual report.

As of 2012, Enzymatica reports in line with IFRS (International Financial Reporting Standards).

The company's auditors have not reviewed this interim report.

## **THE SHARE**

The number of shares total 17,879,151.

## **FORTHCOMING REPORTS**

Enzymatica prepares and publishes a financial report at the end of each quarter. Forthcoming reports are planned to be published as follows:

Year-end report, 2012	February 15, 2013
Interim report, Q1, 2013	May 21, 2013
Interim report, Q2, 2013	August 22, 2013
Interim report, Q3, 2013	November 21, 2013
Year-end report, 2013	February 20, 2014

### **Annual General Meeting**

The Annual General Meeting (AGM) for 2012 will be held in Lund, Sweden, on April 18, 2013 at 10.00 a.m. Shareholders wishing to have matters dealt with at the AGM must submit proposals to Åke Larsson no later than February 28, 2013. Such proposals may be sent by e-mail to [info@enzymatica.se](mailto:info@enzymatica.se) or by post to the address: Annual General Meeting, Enzymatica, Scheelevägen 15, 223 70 Lund.



## BALANCE SHEET September 30, 2012

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	Sept. 30, 2012	Sept. 30, 2011
<b>ASSETS</b>		
<b>Fixed assets</b>		
Intangible fixed assets		
Capitalized expenses for development programs	2 189 934	480 147
Licenses	102 946	114 959
Brand rights	157 172	236 129
Total intangible fixed assets	2 450 052	831 235
<b>Tangible fixed assets</b>		
Equipment, tools, fixtures and fittings	18 094	26 491
<b>Financial fixed assets</b>		
Participations in group companies	146 700	146 700
<b>Total fixed assets</b>	<b>2 614 846</b>	<b>1 004 426</b>
<b>Current assets</b>		
<b>Inventories, etc.</b>		
Products in progress	1 016 992	301 150
Finished goods and goods for resale	801 512	1 408 366
<b>Total inventories</b>	<b>1 818 504</b>	<b>1 709 516</b>
<b>Current receivables</b>		
Accounts receivable - trade	401 559	23 292
Other receivables	578 997	390 551
Prepaid expenses and accrued income	76 215	-
<b>Total receivables</b>	<b>1 056 771</b>	<b>413 844</b>
Cash and bank balances	12 199 948	3 474 990
<b>Total current assets</b>	<b>15 075 223</b>	<b>5 598 350</b>
<b>TOTAL ASSETS</b>	<b>17 690 069</b>	<b>6 602 776</b>

Amounts in SEK

## EQUITY, PROVISIONS AND LIABILITIES, September 30, 2012

	Sept. 30, 2012	Sept. 30, 2011
<b>Restricted equity</b>		
Share capital	715 166	588 800
<b>Non-restricted equity</b>		
Share premium reserve	25 578 625	7 459 200
Profit or loss brought forward	- 4 811 377	694 383
Result for the period	- 6 355 210	- 3 333 537
Total non-restricted equity	14 412 038	4 820 046
<b>Total equity</b>	<b>15 127 204</b>	<b>5 408 846</b>
<b>Long-term liabilities</b>		
Liabilities to credit institutions	0	416 664
<b>Total long-term liabilities</b>	<b>0</b>	<b>416 664</b>
<b>Current liabilities</b>		
Accounts payable	1 179 764	298 667
Liabilities to subsidiaries	204 923	204 923
Overdraft facility	50 000	87 153
Other liabilities	407 904	165 859
Accrued expenses and deferred income	720 274	20 664
<b>Total current liabilities</b>	<b>2 562 865</b>	<b>777 266</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>17 690 069</b>	<b>6 602 776</b>

Amounts in SEK

## CASH FLOW STATEMENT January 1, 2012 to September 30, 2012

	Q3, 2012	Q3, 2011	Jan. 1, 2012 Sept. 30, 2012
<b>Operating activities</b>			
Operating result after depreciation/amortization	-1 890 664	-1 191 279	-6 333 115
Adjustment for non-cash items			
Depreciation/amortization	37 295	37 126	111 885
Other items not affecting cash flow	-157 125	0	0
Financial payments received	134	83	4 685
Financial payments paid	-9 624	-3 490	-26 780
Tax	0	0	0
<b>Changes in working capital</b>			
Change in inventories	-562 765	10 816	-352 184
Change in current receivables	-796 321	-119 231	-612 855
Change in current liabilities	625 648	-1 171	1 195 806
<b>Cash flow from operating activities</b>	<b>-2 753 422</b>	<b>-1 267 145</b>	<b>-6 012 558</b>
<b>Financing activities</b>			
New share issues	8 251 914	0	19 846 822
Transaction costs attributable to share issues	-319 758	0	-1 601 030
Long-term liabilities	0	-208 335	-124 997
<b>Cash flow from financing activities</b>	<b>7 932 156</b>	<b>-208 335</b>	<b>18 120 795</b>
<b>Investing activities</b>			
Expenses incurred in development programs	-1 820 000	-74 520	-1 820 000
<b>Cash flow from investing activities</b>	<b>-1 820 000</b>	<b>-74 520</b>	<b>-1 820 000</b>
<b>Cash flow</b>	<b>3 358 734</b>	<b>-1 550 000</b>	<b>10 288 237</b>
Opening cash and cash equivalents	8 841 214	5 024 990	1 911 711
<b>Closing cash and cash equivalents</b>	<b>12 199 948</b>	<b>3 474 990</b>	<b>12 199 948</b>

Amounts in SEK

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