



Enzymatica
THE SCIENCE THAT PROTECTS

Interim Report Q1/2022

January-March 2022

Enzymatica AB is a life science company that develops and sells health products mainly to treat diseases and symptoms in the upper respiratory tract. The products are based on a barrier technology that includes marine enzymes with unique properties. The company's first product is the medical device product ColdZyme[®], a mouth spray for colds. The product has been launched in about 30 markets on four continents. The strategy is to continue to grow by developing more health products, strengthening the company's position in existing markets and expanding into new geographic markets through established partners. The company is headquartered in Lund and is listed on Nasdaq First North Growth Market. For more information please visit www.enzymatica.se.



Enzymatica AB (publ)

Interim Report Q1 January-March 2022

First quarter

- Net sales reached SEK 4.2 (17.0) million.
- The result for the period was SEK -18.0 million (-8.9).
- Earnings per share, basic and diluted, were SEK -0.12 (-0.06).
- Cash flow from operating activities for the period totaled SEK -10.2 (1.3) million.

Key figures

(SEK million)	Q1 2022	Q1 2021	Full year 2021
Net sales	4.2	17.0	57.2
Gross margin, %	54	54	58
Operating profit/loss	-18.0	-8.7	-45.2
Cash flow from operating activities	-10.2	1.3	-35.9
Net debt	-17.6	-7.0	-29.0
Average number of employees	24	23	25

“Although 2022 had a weak start, we still believe it will be a good year for Enzymatica”

Claus Egstrand, CEO



Enzymatica AB (publ)

Interim Report Q1 January-March 2022

Significant events in Q1

- In March, Enzymatica announced that its mouth spray would be launched in Mexico by its partner Sanofi in 2022. The product will be sold under one of Sanofi's own brands.

Significant events after the quarter

- In April, Enzymatica announced that its mouth spray would be launched in Turkey by its partner Sanofi in 2022. The product will be sold under one of Sanofi's own brands.

Other events during the quarter

- In January, Enzymatica's partner STADA took over responsibility in Denmark, Norway and Finland for marketing, sales and distribution of ColdZyme. Moving forward, the ColdZyme brand will be phased out in these three markets and the product will be sold under the ViruProtect® brand.
- In March, Enzymatica was granted a patent in Australia for the cod trypsin that is one of the key components in ColdZyme. The patent is valid until 2036.
- In January 2022, a research group at the University of Innsbruck, Austria, published an article with results showing that ColdZyme blocks the SARS-CoV-2 virus to prevent it from attaching to human tissue. The study was conducted at the initiative of the researchers and was not funded by Enzymatica.

Impact of the coronavirus pandemic

The coronavirus pandemic had a major impact on Enzymatica's sales and earnings in 2021, since social distancing and a focus on reducing transmission of the virus resulted in a dramatic reduction in colds worldwide. During the first quarter of 2022, sales were affected by the rapid spread of the omicron variant, since consumers chose to treat the symptoms rather than to use preventive products.

Sales from Enzymatica to the company's distributors will also be impacted during the second quarter of 2022, since many distributors have large inventories of the company's products as a result of low sales to consumers during the pandemic.

The coronavirus pandemic has had no impact on Enzymatica's product development or ongoing clinical trials, where work is proceeding according to plan. However, delays in the permit procedure are being experienced in several markets, as a result of local authorities that were affected by lockdowns and other external circumstances.



CEO Claus Egstrand:

Our financial targets remain in place



Although 2022 had a weak start, we still believe that 2022 will be a good year for Enzymatica, with launches in several new markets and where we, together with our partners, will continue to spread ColdZyme all over the world. We have already been able to announce that the product is being launched in Mexico and Turkey during the year, and we are planning more launches for the second half of 2022.

When I took over as CEO of Enzymatica last fall, I did so with a long-range perspective and the conviction that our amazing product meets a need among consumers all over the world. Since then, the pandemic began to release its grip on society, but the omicron wave at the beginning of the year became an unexpectedly large challenge.

We can see from statistics from pharmacies that consumers chose to buy products for symptomatic relief, rather than preventive products. For example, sales of throat lozenges and nasal spray were at high levels, while sales as a whole for us and our competitors went down. However, we saw positive development in Sweden, UK and Iceland. Sales to these markets went up by 56 % compared to the same period 2021.

Trends to our advantage

Anyone who does not believe that it is possible to protect themselves against viruses will not try to do so either. In a survey we recently conducted among 1,000 Swedish consumers, only 1 in 3 answered that they thought it was possible to protect themselves against viruses. These figures are remarkably low after two years of a global pandemic. Awareness of how viruses can be transmitted is high, but knowledge that there are ways to protect oneself is too low. Here we have a major task in educating and convincing consumers that they can protect themselves in ways other than social distancing and hand washing. We know from previously that the response is enormous among those consumers who have tested our product and have seen its

beneficial effects. That is why we see great potential in the market when more people become aware of our product.

In the Q4/2021 year-end report, I noted a number of trends in society that are favorable for Enzymatica. Nothing has happened since then that would cause me to change my mind – I still believe that the changes in consumer behavior resulting from the pandemic will benefit us in the long run. Consumers have a higher awareness of viruses, it is socially unacceptable to show cold symptoms in public and people do not want to miss social activities because of colds. These factors all speak in our favor and will benefit us as the cold seasons now return to normal.

Work according to plan

During the quarter, we continued our structured and deliberate efforts to build the company in preparation for international expansion. We continue to scale up our production capacity on Iceland and strengthen our collaboration with our partners. Together with Sanofi, we will launch in both Mexico and Turkey in 2022 and our collaboration with STADA is now evolving at the beginning of the year, with STADA taking over marketing, sales and distribution in Denmark, Norway and Finland.

Our preparations ahead of the upcoming MDR approval is in full swing and includes both clinical studies and other regulatory documentation. We have both in-house expertise and external consultants helping us to ensure that our application is submitted on time and with the right content.

Little impact from the war in Ukraine

At the same time that we are working according to plan, terrible and challenging events are taking place in our world. For the first time in several decades, we have a war in Europe and insecurity is spreading beyond our continent. When we see the terrible situation and the violence that the people of Ukraine are exposed to, it feels banal to even think about the consequences of the war for our company. Ukraine and Russia are two markets where we planned to launch within the coming years, but this will have to wait. Other than that, our business is not affected at all, except that, like everyone else, we may be affected by higher interest rates, rising inflation, or more expensive raw materials.

Financial targets remain in place

I can well understand that our low sales during the first quarter of the year could create uncertainty among shareholders or others who follow us. But for the management and the Board of Directors, nothing has changed: Our plan remains in place and the company will reach its targets for 2026. I am proud that we as a company have been strong during trying times and thanks to long-term principal owners, we have steadily been able to continue our work to build the Enzymatica of the future.

Claus Egstrand, CEO



Enzymatica at a glance

Enzymatica's business concept is to develop self-care products, based on the company's barrier technology platform. The company was founded in 2007, has its head office in Lund, Sweden, and has been listed on the Nasdaq First North Growth Market since 2015.

Enzymatica has developed ColdZyme, a unique mouth spray for colds. It has been launched on about 30 markets, with distributor agreements in place for about 30 more. The launch in the remaining markets is expected mainly in the period 2022–2023. There is a risk of delay in some markets, mainly due to slower processing of regulatory approvals as an effect of the pandemic.

Our own sales organization is responsible for sales in Sweden, while a contract organization handles sales in the UK; in other markets, agreements are in place with leading distributors in consumer health care, such as French Sanofi and German STADA. These distributors usually sell the product under their own brands, such as ViruProtect (STADA) and Zerinol (Sanofi). In addition to ColdZyme, in Germany, since early 2020 STADA has sold a spray for improved oral health, StadaProtect, which was developed by Enzymatica based on the same barrier technology platform.

Enzymatica's development work is currently focused on products related to upper respiratory tract infections. Research and development is led from Lund, in close collaboration with the production facility in Iceland.

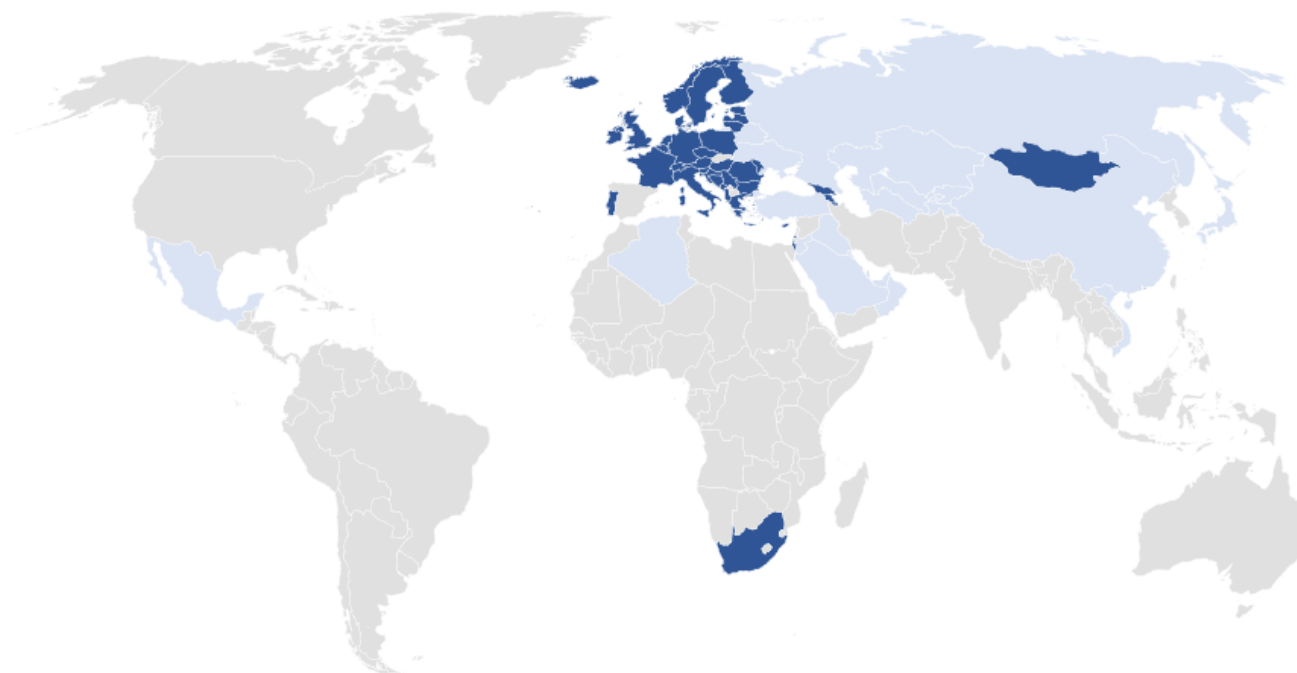
Seasonal variations

Cold products usually have a seasonal peak in the winter in the northern hemisphere, while sales level out in the summer months. During the coronavirus pandemic, sales

have been slow even during the winter months, as a result of social distancing, which has led to fewer physical contacts between people and thus a lower spread of the cold virus.

Financial targets

In November 2021, the Board set financial targets for Enzymatica for the next five years. At the end of 2026, sales will amount to at least SEK 600 million, with an EBIT margin of at least 28%.



- Product launched
- Launch planned within the next few years



Sales and market

Consolidated net sales in the first quarter of 2022 came in at SEK 4.2 (17.0) million – a 75% year-on-year decrease compared with the same period in 2021. Sales were low because Enzymatica's partners placed orders in previous quarters and they also have inventory left since the beginning of the pandemic. Sales in Sweden, the United Kingdom and Iceland increased by 56% in Q1/2022 compared with the same period year-on-year.

The Swedish pharmacy market for cold products declined by 27% during the first quarter, after the positive trend in Q4/2021. The large number of coronavirus cases and new restrictions on social activities in January and February can be assumed to have negatively impacted the cold remedy market. The largest negative impact was on preventive products – the segment to which ColdZyme belongs. The segment declined by 47% compared with the peak in December. ColdZyme also showed a decline in the quarter compared with Q4/2021, by 50%. However, an increase of 16% could be seen compared with the first quarter last year. With a market share in Sweden of 4.6% 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.

In the United Kingdom and Iceland, where Enzymatica's mouth spray is also marketed under the ColdZyme brand, the trend was similar to that in Sweden. A clear decline was seen compared with Q4/2021, but a positive trend compared with Q1/2021. In the United Kingdom, ColdZyme increased by 110% compared with the same period year-on-year and in Iceland the corresponding figure was 60%.

A number of market initiatives have been carried out to strengthen online ColdZyme sales in the United Kingdom. Amazon now accounts for 41% of total sales in the United Kingdom.

During the quarter, STADA took over responsibility for sales in Denmark, Norway and Finland. STADA sells Enzymatica's mouth spray in the three countries under the ViruProtect® brand, which is expected to strengthen the position in the cold segment in these markets, since STADA can leverage synergies in its product range and organization. At the same time, Enzymatica is gradually phasing out the ColdZyme brand from these markets. The agreement with Sanofi was expanded during the quarter to also include Mexico and Turkey. This expanded agreement gives Enzymatica access to another two of the world's largest cold remedy markets with more than 200 million consumers, while strengthening Sanofi's leading role in these markets. The product is expected to be launched under local brands in Mexico and Turkey during the second half of 2022.

After having delivered to a large number of new markets in 2021, Enzymatica did not have any new deliveries to STADA or Sanofi during the first quarter, which was as expected. For the second quarter of 2022 there are orders from several markets.

Performance

The gross margin during the quarter was 54% (54). Enzymatica normally experiences fluctuations in its gross margins between individual quarters as a result of the distribution of sales via its own organization or partners and the product mix.

Total operating expenses for the quarter amounted to SEK 20.7 (17.9) million, of which depreciation amounted to 0.8 MSEK (0.4). The increase in operating expenses compared with Q1 2021 is primarily due to higher administrative expenses. The reason is that operating expenses during the same period last year were affected by a low price on the stock market in Q1/2021, which resulted in a cost reduction for the employee option plan.

The consolidated operating loss was SEK -18.0 (-8.7) million. Net financial income and expenses for the period amounted to SEK 0.0 (-0.4) million. Tax expense for the period was SEK 0.0 (-0.2) million.

Research, development and other investments

Total consolidated research and development expenses in the Group were in line with the plan and amounted to SEK 5.0 (7.3) million for the first quarter. The decrease compared with the same period in 2021 is mainly due to lower costs for clinical trials. No expenses for development projects were capitalized during the quarter (0).

In March the patent office in Australia granted a patent for the cod trypsin that is one of the key components in ColdZyme. The patent is valid until 2036.

The Group's investments in property, plant and equipment for the quarter totaled SEK 1.4 (3.4) million. No investments were made in intangible assets (0).



Financial overview — January–March 2022

Funding and cash flow

The Group's available funds at the end of the period totaled SEK 21.1 (22.8) million, of which SEK 20.3 (21.4) million were in cash and cash equivalents and SEK 0.8 (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.. Net debt totaled SEK -17.6 (-7.0) million.

Cash flow from operating activities from January through March 2022 totaled SEK -10.2 (1.3) million. The difference is mainly due to lower operating profit as a result of lower sales. Total cash flow for the period amounted to SEK -11.4 (-2.6) million.

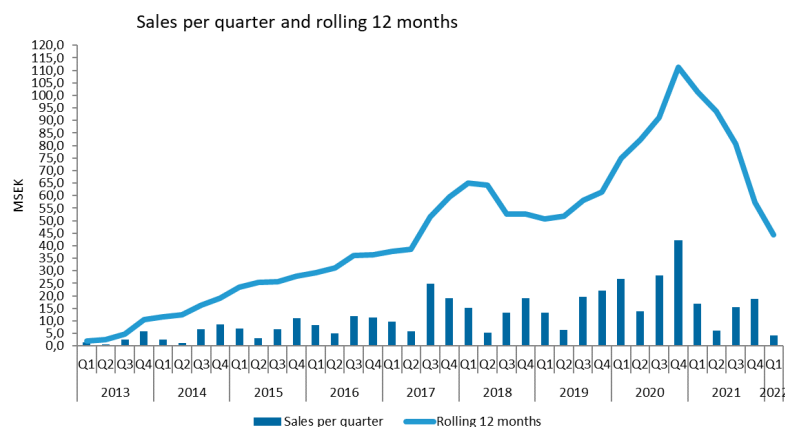
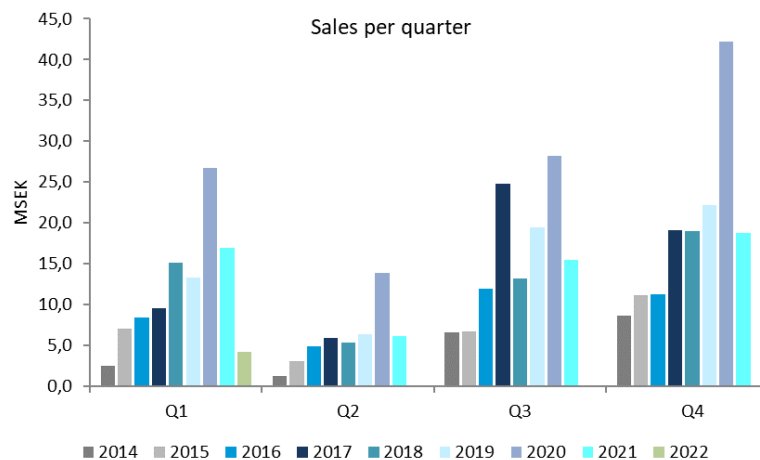
Parent company

The parent company is responsible for group management and all operational activities, with the exception of enzyme production and some research and development, which take place within the subsidiary Zymetech.

The parent company's sales from January through March 2022 reached SEK 4.7 (17.9) million. Loss before tax came in at SEK -18.0 (-8.1) million. The parent company's investments in property, plant & equipment and intangible assets from January through March 2022 totaled SEK 0 (0) million and cash flow was SEK -9.1 (-2.6) 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 (24) at the end of the period. The employees included 10 (9) men and 14 (15) 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, Sweden.

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. Disclosures in accordance with IAS 34.16A are incorporated in the financial statements and its accompanying notes, as well as in other parts of this interim report. The recognition and measurement policies applied in the 2021 Annual Report have been applied in this interim report as well.

Segment reporting

Enzymatica's operations currently include only one 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 related to product development, supplier agreements, competition, regulatory permits, product liability, dependency on key personnel, legislation and regulatory requirements, intellectual property and distribution, as well as the impact of the coronavirus pandemic. The financial risks mainly comprise currency, credit, funding and liquidity risks. For a more detailed description of the risks and uncertainties Enzymatica faces, please see the 2021 Annual Report, which is available at Enzymatica's website www.enzymatica.se.

Enzymatica is monitoring developments related to the war in Ukraine and the consequences of the extensive economic sanctions against Russia. Both countries are markets where Enzymatica had planned to launch over the next few years, but a delayed launch, or the lack thereof, would not affect Enzymatica's business or the approved financial targets. However, Enzymatica could be affected by the economic uncertainty in the world because of the war, with respect to rising inflation, higher interest rates, or climbing costs for transports, equipment and materials.

Annual General Meeting

Enzymatica's 2022 Annual General Meeting will be held in Lund at 2:30 p.m. on April 28 at the Elite Hotel Ideon in Lund, Sweden.

Annual Report

Enzymatica's 2021 annual report was published on March 31, 2022 and is available at Enzymatica's website: www.enzymatica.se.



Other information

Upcoming financial information

Annual General Meeting 2022	April 28, 2022
Interim report, Jan–June 2022	July 19, 2022
Interim report, Jan–Sep 2022	November 2, 2022
Interim report, Jan–Dec 2022	February 17, 2023

The interim reports and annual report are available on Enzymatica's website www.enzymatica.se.

The Board of Directors and Chief Executive Officer 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 28, 2022

Bengt Baron
Chairman of the Board

Helene Willberg
Board member

Guðmundur Pálmason
Board member

Fredrik Lindberg
Board member

Mats Andersson
Board member

Louise Nicolin
Board member

Claus Egstrand
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 April 28, 2022.

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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



Condensed consolidated statement of comprehensive income

All amounts in SEK thousand	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021
Operating income			
Net sales	4 162	16 979	57 243
Cost of goods sold	-1 920	-7 890	-23 891
Gross profit	2 243	9 088	33 352
Sales & Marketing expenses	-7 654	-6 123	-22 653
Administrative expenses	-8 035	-4 496	-32 770
Research and development costs	-4 981	-7 317	-24 212
Other operating income	629	173	2 340
Other operating costs	-348	0	-1 304
Operating profit/ loss	-18 146	-8 675	-45 247
Profit/ loss from financial items			
Interest income and similar profit/ loss items	147	340	565
Interest expenses and similar profit/ loss items	-110	-709	-1 018
Profit/ loss after financial items	-18 110	-9 045	-45 700
Tax expenses	61	180	307
Profit/ loss for the period	-18 049	-8 864	-45 393
Other comprehensive income:			
Items that have been redirected or may be included in the profit/ loss:			
Translation difference of subsidiaries	798	1 029	1 272
Total other comprehensive income, net of tax	798	1 029	1 272
Total comprehensive income for the period	-17 251	-7 835	-44 121
Share attributable to parent company shareholders	-17 251	-7 835	-44 121



Earnings per share



	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021
Earnings per share, SEK (basic and diluted)	-0,12	-0,06	-0,31
Equity per share, SEK	0,72	0,69	0,84
Equity-asset ratio, %	79%	68%	80%
Number of outstanding shares	149 324 400	142 823 696	149 324 400
Average number of outstanding shares (basic and diluted)	149 324 400	142 823 696	146 624 869

Key financial indicators

Earnings per share

Profit/loss for the period in relation to average weighted number of shares.

Equity per share

Equity in relation to number of shares at the end of the period.

Equity ratio

Equity in relation to total assets.

Net debt

Interest-bearing current and non-current liabilities, less cash and cash equivalents.



Quarterly review by auditors

All amounts in SEK thousand	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net sales	4 162	18 742	15 414	6 109	16 979
Gross profit/loss	2 243	12 663	9 820	1 781	9 088
Gross margin in %	54%	68%	64%	29%	54%
Operating costs	-20 671	-24 422	-15 931	-21 347	-17 936
Operating profit/loss	-18 146	-10 538	-6 025	-20 009	-8 675
Profit/loss for the period	-18 049	-10 760	-6 106	-19 664	-8 864
Cash flow	-11 356	-18 465	-14 784	43 415	-2 642



Condensed consolidated statement of financial position

All amounts in SEK thousand	2022-03-31	2021-03-31	2021-12-31
Assets			
Intangible assets	73 949	77 567	74 982
Tangible assets	16 191	14 123	15 159
Financial assets	2 267	2 002	2 117
Inventories	13 375	15 083	12 439
Trade receivables	5 228	10 819	16 319
Other receivables	5 611	5 466	4 404
Cash and cash equivalents	20 350	21 420	31 619
Total assets	136 972	146 480	157 040
Equity and liabilities			
Equity	107 722	98 995	124 972
Long-term interest-bearing liabilities	834	1 738	1 124
Current interest-bearing liabilities	1 866	12 702	1 510
Trade payables	4 186	12 532	7 612
Other liabilities	22 364	20 512	21 821
Total equity and liabilities	136 972	146 480	157 040

Condensed consolidated statement of changes in equity

All amounts in SEK thousand	2022-03-31	2021-03-31	2021-12-31
Opening balance	124 972	106 649	106 649
New share issue	0	0	59 099
Issue expenses related to New share issue	0	0	-4 214
Effect of option program	0	182	7 558
Total comprehensive income for the period	-17 251	-7 835	-44 121
Closing balance	107 721	98 995	124 972



Condensed consolidated statement of cash flows

All amounts in SEK thousand	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021
Operating profit/loss	-18 146	-8 675	-45 247
Adjustments for non-cash items	Note 1 1 613	1 564	5 781
Financial items	36	-188	-453
Cash flow from operating activities before changes in working capital	-16 498	-7 299	-39 919
Changes in working capital	6 314	8 619	4 050
Cash flow from operating activities	-10 184	1 320	-35 869
Acquisition/disposal of property, plant & equipment	-1 238	-3 548	-6 133
Cash flow from investing activities	-1 238	-3 548	-6 133
Rights Issue	0	0	59 099
Issued warrants	0	0	7 558
Transaction costs attributable to new share issue	0	0	-4 214
Change in bank/overdraft facilities	65	-413	-12 916
Cash flow from financing activities	65	-413	49 527
Total cash flow for the period	-11 356	-2 642	7 525
Cash and cash equivalents at start of period	31 619	24 018	24 018
Translation difference cash and cash equivalents	87	44	76
Cash and cash equivalents at end of period	20 350	21 420	31 619



Parent company income statement

All amounts in SEK thousand	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021
Operating income			
Net sales	4 713	17 921	55 269
Cost of goods sold	-4 469	-8 640	-28 796
Gross profit	244	9 281	26 473
Sales & Marketing expenses	-7 245	-5 966	-21 979
Administrative expenses	-5 463	-3 399	-25 386
Research and development costs	-5 738	-7 704	-24 284
Other operating income	458	0	292
Other operating costs	-347	0	-1 294
Operating profit/ loss	-18 090	-7 788	-46 178
Profit/ loss from financial items			
Interest income and similar profit/ loss items	144	339	610
Interest expenses and similar profit/ loss items	-24	-686	-791
Profit/ loss after financial items	-17 970	-8 135	-46 359
Tax expenses	0	0	-196
Profit/ loss for the period	-17 970	-8 135	-46 554



Parent company balance sheet

All amounts in SEK thousand	2022-03-31	2021-03-31	2021-12-31
Assets			
Intangible assets	11 642	15 260	12 676
Tangible assets	195	204	196
Financial assets	18 648	18 843	18 648
Inventories	10 658	12 905	10 202
Trade receivables	4 748	10 623	15 842
Receivables from group companies	1 656	0	2 253
Other receivables	2 527	2 726	2 718
Cash and bank balances	20 277	21 342	30 065
Total assets	70 351	81 904	92 599
Equity and liabilities			
Equity	46 256	40 201	64 227
Long-term interest-bearing liabilities	0	0	0
Current interest-bearing liabilities	0	11 283	233
Liabilities to group companies	0	876	0
Trade payables	3 577	10 449	7 162
Other liabilities	20 518	19 094	20 977
Total equity and liabilities	70 351	81 904	92 599

Note 1: Refers mainly to depreciation.

Note 2: Information in accordance with IAS p. 16A is provided elsewhere in the interim report.





www.enzymatica.com