



Enzymatica
THE SCIENCE THAT PROTECTS

Interim Report Q1/2023

January-March 2023

Enzymatica AB 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 that treats and alleviates common colds. The product has been launched in more than 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. Erik Penser Bank is the Certified Adviser. For more information please visit www.enzymatica.com.

Enzymatica AB (publ)

Interim Report January-March 2023

“Enzymatica is back on the growth journey that took an unexpected and challenging break during the pandemic.”

Claus Egstrand, CEO

First quarter

- Net sales reached SEK 13.0 (4.2) million.
- The operating result totaled SEK -14.4 (-18.1) million.
- Earnings per share, basic and diluted, were SEK -0.09 (-0.12).
- Cash flow from operating activities totaled SEK -12.2 (-10.2) million. Cash flow was impacted by payment of one-off compensation to partners totaling SEK 5.6 million.

Key figures

(SEK million)	Q1 2023	Q1 2022	Full year 2022
Net sales	13.0	4.2	48.9
Gross margin, %	61	54	58
Operating profit/loss	-14.4	-18.1	-68.2
Cash flow from operating activities	-12.2	-10.2	-65.4
Net cash	16.0	17.6	28.4
Average number of employees	22	24	23



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Significant events during the quarter

- No significant events were reported during the quarter.

Significant events after the quarter

- No significant events were reported after the end of the quarter.

Other events during the quarter

- Enzymatica’s mouth spray will be launched in Jordan in April by MS Pharma, under the ViruProtect brand.
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Impact of external events on business

The coronavirus pandemic had a major impact on Enzymatica’s sales and earnings in 2021 and 2022. Sales have now returned to more normal levels, in part because the company's partners are placing new orders. The company's assessment is that the effects of the pandemic have now subsided.

Russia's attack on Ukraine has created uncertainty in many markets, along with a sharply deteriorated economic situation in many countries. To date, Enzymatica has not noted any major impact on operations from the change in interest rates. Ukraine was one of the markets where Enzymatica planned to launch and this work will resume when circumstances permit.



CEO Claus Egstrand:

Strong start to the year – our growth journey continues according to plan



Sales in the first quarter of the year increased by over 200% compared with the same period last year. The comparison is against a weak quarter in 2022, but it is reassuring to see that Enzymatica is back on the growth journey that took an unexpected and challenging break during the pandemic.

In Sweden, we can see how our enhanced marketing efforts at the beginning of the year are now paying off. Sales from pharmacies to consumers speak for themselves: Compared with the same period last year, sales (value) in Sweden have increased by 67%, while competing barrier products show only 11% growth. Our new message “Stop viruses from sticking” is relevant for consumers, who after the pandemic are much more aware of the need to protect themselves against viruses.

We saw in the quarter the first signs of our partners’ stocks running out, with new orders coming in. We also get new orders from markets where we recently launched. Our partner markets are important to us and it is reassuring that the development is now moving in a positive direction after two years with very low sales.

Demand for protection against viruses

In 2022, we strengthened our sales and market development organization and we now have a team ready to work closely with our major partners STADA, Sanofi, Keyuan (China) and our partner in Japan. This is important for the future growth of the company and the achievement of our financial targets, for two reasons.

First, it is clear that today there is a need and demand among consumers for ways to protect themselves against viruses. Here is much to be gained for us and our partners by sharing best practices and working closely together.

Second, we see that the market potential is very high for solutions that protect against viral infections of the upper respiratory tract. In particular, there is now consensus within the scientific community that the pandemic should be viewed as a sign that viruses are spreading in a new way in our now interconnected world and that vaccines are not the only solution.

A wider range of uses

Thus, there is great commercial value in expanding ColdZyme from a cold product to a broader use for different types of viral infections of the upper respiratory tract. We will therefore prioritize research that provides additional insights into the clinical effects, and thus the potential, of ColdZyme.

We have seen brilliant results *in-vitro*, including last year’s study from the Medical University of Innsbruck, but we need to confirm that ColdZyme works equally good in humans and therefore we need to focus on clinical studies. The study on elite athletes at the University of Kent is closest in time, and the results are expected to be presented after the summer.

Review has positive impact

We have previously communicated that in 2022 we conducted a comprehensive review of our operations and processes. We now have slightly fewer employees than before, in part because we have chosen to outsource sales in Sweden to a contract organization. This allows us to further concentrate on our core business within product development, regulatory expertise and commercial development of new markets. The business model

is based on finding the right partners for local markets, but also good suppliers and partnerships for the non-core parts of the value chain. Today we have strong and reliable partners in all areas of our business.

The rights issue last fall provided us with the capital necessary to carry out the initiatives I described above. Thanks to the foresight, perseverance and positive outlook of our major shareholders, the company made it through the very difficult years of the pandemic.

The growth journey continues as planned

Now the work continues in 2023 in a focused, growth-oriented and energetic spirit. As before, we will see fluctuations in the different quarters, but the direction of our journey is clearer than it has been for a long time.

Our commercial and scientific teams are working together to deepen the understanding of our product, its use and how we can commercialize it worldwide. Together with our partners, we will strengthen our presence in existing markets and explore a couple of new ones. After some twists and turns in recent years, our growth journey is now continuing according to plan.

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 is sold on more than 30 markets on four continents and distributor agreements are in place for about 30 more countries.

Sales are handled in Sweden and the UK through contract organizations and in other markets through partner agreements with leading players in consumer healthcare, such as French Sanofi and German STADA. These distributors usually sell the product under their own brands, such as ViruProtect (STADA) and Physiomer (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.

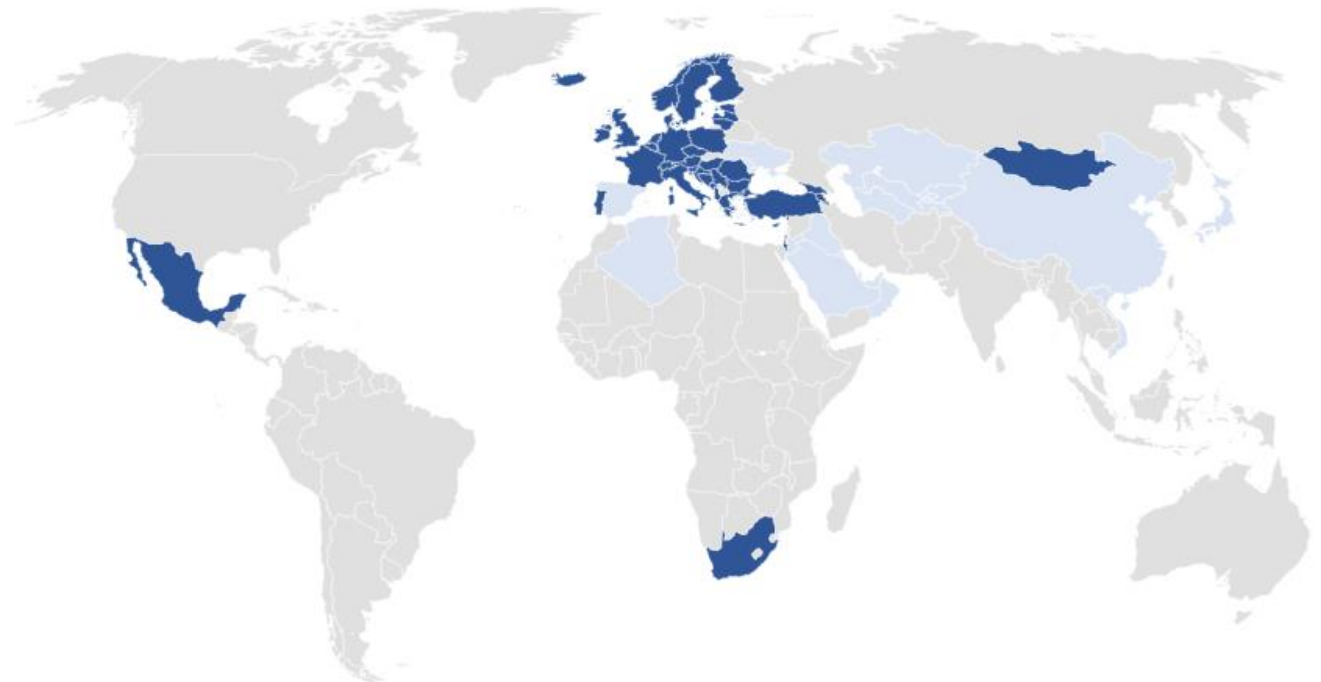
Enzymatica's development work is focused on products related to upper respiratory tract infections. Research and development is led from Lund, in close collaboration with the production facility in Iceland.

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 were low even in the winter months due to social distancing, leading to 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 2023 came in at SEK 13.0 (4.2) million, a 213% increase compared with the same period in 2022.

The increase can be explained in part by the fact that the negative impact of the pandemic on sales has now subsided, and in part by the increased understanding among consumers for the importance of protecting against viruses. A clear increase in demand can be seen both in Sweden and Enzymatica's partner markets. Sales in the first quarter were in line with the same period in 2019, which was the last year when sales were not affected by the pandemic.

In Sweden, Enzymatica engaged in extensive marketing activities during the period, including TV commercials, digital advertising and partnerships with influencers. Given the high rate of repeat purchases for ColdZyme, the positive trend during the first quarter is expected to lay a good foundation for sales during the rest of the year.

The cold remedy market increased at pharmacies in Sweden for the quarter by 25% in value compared with the same quarter 2022. In the same period, sales of ColdZyme from pharmacies increased by 67% in value compared with 2022. ColdZyme's market share in the barrier segment increased by 11 percentage points in terms of packages sold, and by 10 percentage points in terms of value. ColdZyme's share of the total cold remedy market was 4,9%, compared with 3,6% for the same period last year.

In the UK, sales to consumers increased during the quarter. At Boots, ColdZyme's sales increased during the quarter by 36% compared with the same quarter in 2022.

At amazon.co.uk, sales increased by 22% during the quarter compared with the same quarter in 2022.

Sales to the company's partner markets have returned to the same levels as 2019, before the pandemic.

Performance

The gross margin during the quarter was 61% (54). Enzymatica has fluctuations in its gross margins between individual quarters, which depends on the distribution of own sales and sales via partners.

Total operating expenses for the quarter amounted to SEK 22.5 (20.7) million. The higher costs are due to the marketing campaign that was carried out in Sweden, together with higher administrative costs. Expenses for research and development were lower compared to the same period the year before. No expenses for development projects were capitalized during the quarter (0).

The consolidated operating loss was SEK -14.4 (-18.1) million. Net financial income and expenses for the period amounted to SEK -0.4 (0.0) million. Tax expense for the period was SEK -0.2 (0.0) million. Impairment charges totaled SEK -1.5 (-1.8) 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 3.5 (5.0) million for the first quarter. The Group's investments in property, plant and equipment and intangible assets for the quarter totaled SEK 1.0 (1.4) million, of which SEK 0 (0) million are intangible assets.

In November 2022, the University of Kent (UK) initiated a double-blind, placebo-controlled clinical study to explore the preventative effects of ColdZyme on upper respiratory tract infections in elite athletes. The study builds on a previous 2020 study from the same research group, which showed that treatment with ColdZyme can reduce the number of lost training days. The goal is to present the study after the summer of 2023 prior to the upcoming cold season. The study is partially funded by Enzymatica.

Funding and cash flow

The Group's available funds at the end of the period totaled SEK 39.9 (21.1) million, of which SEK 38.4 (20.3) million were in cash and cash equivalents and SEK 1.5 (0.8) million in unutilized credit facilities.

In June 2022, Enzymatica's three largest shareholders, along with the CEO and chairman of the board, entered into a loan agreement with the company for a maximum of SEK 20 million, which has been fully utilized.

Net cash at the end of the period totaled SEK 16.0 (17.6) million. Cash flow from operating activities from January through March 2023 totaled SEK -12.2 (-10.2) million. Cash flow includes a one-off payment of SEK 5.6 million to one of the company's partners. Total cash flow for the period amounted to SEK -12.3 (-11.4) million. Adjusted for the one-off payment, there is a marked improvement in cash flow compared with the same period last year.



Financial overview — January-March 2023

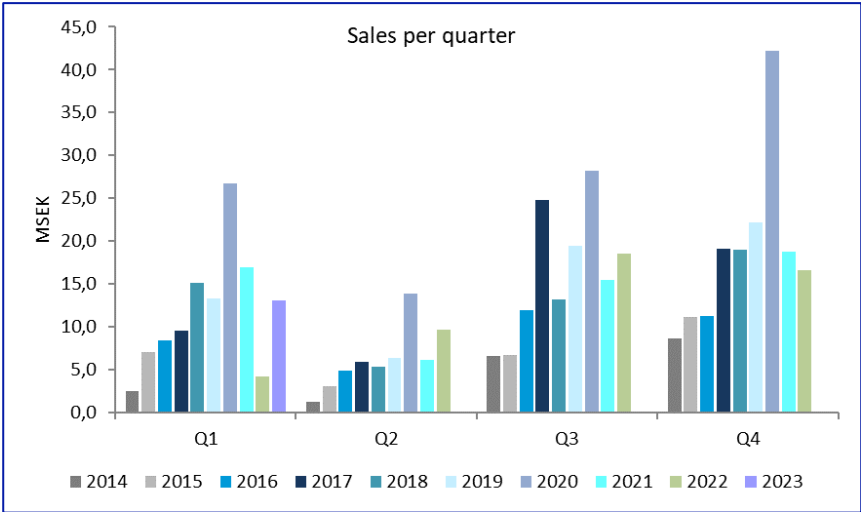
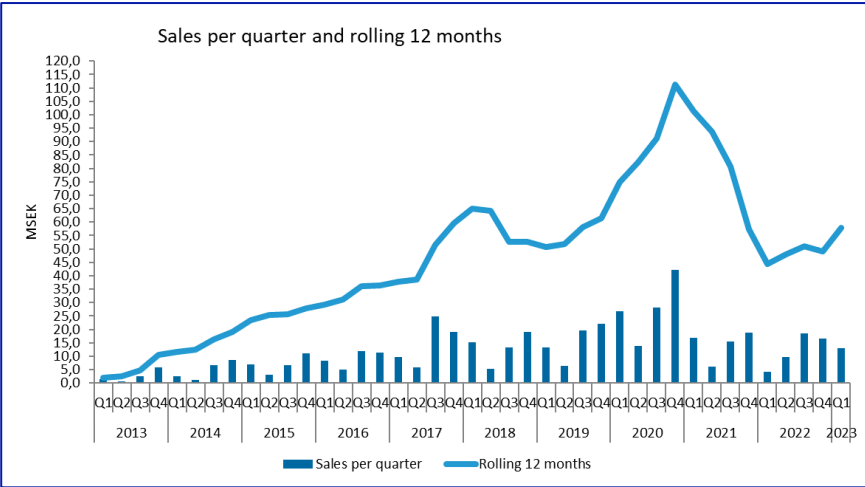
Parent company

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

The parent company’s sales from January through March 2023 reached SEK 11.8 (4.7) million. Loss before tax came in at SEK -15.7 (-18.0) million. The parent company’s investments in property, plant & equipment and intangible assets for the period totaled SEK 0 (0) million and cash flow was SEK -12.3 (-9.1) million. Please see the consolidated figures for more information.

Staff

The number of people employed by the group, converted to full-time positions, was 22 (24) at the end of the period. The employees included 10 (10) men and 12 (14) 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 2022 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.

Related-party transactions

In June 2022, a loan agreement for SEK 20 million was signed with Enzymatica's three largest owners – Mats Andersson (SEK 5 million), Håkan Roos (SEK 5 million) and Björn Algvist (SEK 5 million) – as well as Chairman of the Board Bengt Baron (SEK 3 million) and CEO Claus Egstrand (SEK 2 million). Mats Andersson, Bengt Baron and Claus Egstrand are related parties with respect to the company. The utilized loan amount must be repaid starting September 30, 2024 and be repaid in full by March 30, 2025 at the latest. The loan runs at an annual interest rate of STIBOR 3 months + 7 percent. As of March 31, 2023, SEK 20 million of the loan had been utilized.

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 2022 Annual Report.

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 previously 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.

Enzymatica is affected by the economic uncertainty in the world, with respect to rising inflation, higher interest rates, and climbing costs for transports, energy, equipment and materials.

Annual Report

Enzymatica's 2022 annual report was published on April 5, 2023, and is available at the company's website: www.enzymatica.se.

Annual General Meeting

Enzymatica's 2023 Annual General Meeting will be held at 2:30 p.m. on May 4 at the Elite Hotel Ideon in Lund, Sweden.



Other information

Upcoming financial information

2023 Annual General Meeting	May 4, 2023
Interim report, Jan–June 2023	July 18, 2023
Interim report, Jan–Sep 2023	November 7, 2023
Year-end report 2023	February 16, 2024

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 year-end 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 27, 2023

Bengt Baron
Chairman of the Board

Helene Willberg
Board member

Guðmundur Pálmason
Board member

Moa Fransson
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

The information in this interim report 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 27, 2023.

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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.



Condensed consolidated statement of comprehensive income

All amounts in SEK thousand	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Operating income			
Net sales	13 038	4 162	48 948
Cost of goods sold	-5 099	-1 920	-20 494
Gross profit	7 939	2 243	28 454
Sales & Marketing expenses	-9 844	-7 654	-32 784
Administrative expenses	-9 146	-8 035	-38 716
Research and development costs	-3 511	-4 981	-26 497
Other operating income	428	629	2 629
Other operating costs	-246	-348	-1 304
Operating profit/loss	-14 380	-18 146	-68 217
Profit/loss from financial items			
Interest income and similar profit/loss items	83	147	760
Interest expenses and similar profit/loss items	-444	-110	-1 289
Profit/loss after financial items	-14 741	-18 110	-68 746
Tax expenses	-179	61	89
Profit/loss for the period	-14 920	-18 049	-68 657
Other comprehensive income:			
Items that have been redirected or may be included in the profit/loss:			
Translation difference of subsidiaries	681	798	1 013
Total other comprehensive income, net of tax	681	798	1 013
Total comprehensive income for the period	-14 240	-17 251	-67 644
Share attributable to parent company shareholders	-14 240	-17 251	-67 644



Earnings per share

	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Earnings per share, SEK (basic and diluted)	-0,09	-0,12	-0,44
Equity per share, SEK	0,68	0,72	0,77
Equity-asset ratio, %	74%	79%	72%
Number of outstanding shares	164 256 840	149 324 400	164 256 840
Average number of outstanding shares (basic and diluted)	164 256 840	149 324 400	154 301 880

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 cash

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



Quarterly review by auditors

All amounts in SEK thousand	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net sales	13 038	16 635	18 528	9 623	4 162
Gross profit/loss	7 939	10 919	10 292	5 001	2 243
Gross margin in %	61%	66%	56%	52%	54%
Operating costs	-22 501	-32 462	-23 517	-21 348	-20 671
Operating profit/loss	-14 380	-21 574	-12 611	-15 886	-18 146
Profit/loss for the period	-14 920	-22 183	-13 064	-15 362	-18 049
Cash flow	-12 285	-28 697	74 481	-15 344	-11 356



Condensed consolidated statement of financial position

All amounts in SEK thousand	2023-03-31	2022-03-31	2022-12-31
Assets			
Intangible assets	70 218	73 949	70 847
Tangible assets	16 242	16 191	16 401
Financial assets	2 206	2 267	2 315
Inventories	11 217	13 375	11 511
Trade receivables	9 783	5 228	14 229
Other receivables	4 136	5 611	8 420
Cash and cash equivalents	38 422	20 350	50 689
Total assets	152 224	136 972	174 413
Equity and liabilities			
Equity	112 053	107 722	126 293
Long-term interest-bearing liabilities	21 495	834	21 120
Current interest-bearing liabilities	972	1 866	1 195
Trade payables	3 071	4 186	6 671
Other liabilities	14 633	22 364	19 134
Total equity and liabilities	152 224	136 972	174 413

Condensed consolidated statement of changes in equity

All amounts in SEK thousand	2023-03-31	2022-03-31	2022-12-31
Opening balance	126 293	124 972	124 972
New share issue	0	0	74 662
Issue expenses related to New share issue	0	0	-5 698
Total comprehensive income for the period	-14 240	-17 251	-67 644
Closing balance	112 053	107 721	126 293



Condensed consolidated statement of cash flows

All amounts in SEK thousand	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Operating profit/loss	-14 380	-18 146	-68 217
Adjustments for non-cash items	Note 1 1 380	1 613	7 733
Financial items	-361	36	-529
Cash flow from operating activities before changes in working capital	-13 361	-16 498	-61 014
Changes in working capital	1 201	6 314	-4 428
Cash flow from operating activities	-12 160	-10 184	-65 441
Acquisition/disposal of property, plant & equipment	-277	-1 238	-3 717
Cash flow from investing activities	-277	-1 238	-3 717
Rights Issue	0	0	74 662
Transaction costs attributable to new share issue	0	0	-5 698
Change in bank/overdraft facilities	152	65	19 276
Cash flow from financing activities	152	65	88 241
Total cash flow for the period	-12 285	-11 356	19 083
Cash and cash equivalents at start of period	50 689	31 619	31 619
Translation difference cash and cash equivalents	18	87	-13
Cash and cash equivalents at end of period	38 422	20 350	50 689

Note 1: Primarily related to depreciation.



Parent company income statement

All amounts in SEK thousand	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Operating income			
Net sales	11 779	4 713	46 354
Cost of goods sold	-7 044	-4 469	-30 061
Gross profit	4 735	244	16 292
Sales & Marketing expenses	-9 493	-7 245	-31 726
Administrative expenses	-6 319	-5 463	-26 547
Research and development costs	-4 434	-5 738	-27 674
Other operating income	962	458	1 182
Other operating costs	-888	-347	-1 238
Operating profit/loss	-15 436	-18 090	-69 711
Profit/loss from financial items			
Interest income and similar profit/loss items	115	144	704
Interest expenses and similar profit/loss items	-413	-24	-872
Profit/loss after financial items	-15 735	-17 970	-69 878
Tax expenses	0	0	-196
Profit/loss for the period	-15 735	-17 970	-70 074



Parent company balance sheet

All amounts in SEK thousand	2023-03-31	2022-03-31	2022-12-31
Assets			
Intangible assets	7 912	11 642	8 541
Tangible assets	105	195	131
Financial assets	18 452	18 648	18 452
Inventories	8 121	10 658	8 437
Trade receivables	9 367	4 748	13 704
Receivables from group companies	444	1 656	2 585
Other receivables	4 158	2 527	6 802
Cash and bank balances	36 665	20 277	49 009
Total assets	85 224	70 351	107 662
Equity and liabilities			
Equity	47 382	46 256	63 117
Long-term interest-bearing liabilities	21 266	0	20 875
Current interest-bearing liabilities	0	0	0
Liabilities to group companies	0	0	0
Trade payables	2 696	3 577	5 972
Other liabilities	13 880	20 518	17 698
Total equity and liabilities	85 224	70 351	107 662





www.enzymatica.com