

Lower sales in Q2 but 31% increase for the first half of the year

Q2

- Net sales reached SEK 5.3 (5.9) million.
- Net profit after tax came in at SEK -15.5 (-10.8) million.
- Earnings per share, basic and diluted, were SEK -0.17 (-0.12).
- Cash and cash equivalents were SEK 3.2 (18.4) million.

Significant events in Q2

- ColdZyme® Mouth Spray continued to capture market share in the Swedish market in terms of both value and volume.
- Enzymatica published favorable results from a study of elite athletes who used ColdZyme.
- At the Swedish Ear-Nose-Throat Meeting in Linköping on April 11, Enzymatica presented the results of an in vitro study which demonstrated that ColdZyme reduces the quantity of the Coronavirus, the second most common cold virus, by 99.9%.
- Enzymatica entered into a distribution agreement with Qualia Pharma for marketing and sales of ColdZyme on the Greek and Cypriot market.
- Enzymatica's quality management system was certified according to EN ISO 13485:2016.

H1

- Net sales reached SEK 20.4 (15.5) million.
- Net profit after tax came in at SEK -25.7 (-22.3) million.
- Earnings per share, basic and diluted, were SEK -0.28 (-0.25).

Significant events after the quarter

The regional court of Frankfurt decided to put restrictions on the marketing of the mouth spray ViruProtect® in Germany. Enzymatica's partner STADA is analyzing the consequences, and as soon more information is available Enzymatica will communicate how the sales of ViruProtect will be handled in Germany. The court ruling only concerns the marketing of ViruProtect in Germany, not in Belgium and Austria, where the product also is sold.

Financial ratios

(SEK THOUSAND)	Q2 2018	Q2 2017	H1 2018	H1 2017	Full year 2017
Net sales	5.3	5.9	20.4	15.5	59.4
Gross margin, %	51	46	66	56	61
Operating profit/loss	-15.0	-11.8	-24.6	-23.3	-30.2
Cash flow from operating activities	-16.9	-7.4	-18.4	-16.3	-22.5
Average number of employees	21	21	21	21	21

CEO statement: ColdZyme continues to capture market share

During the second quarter Enzymatica's sales declined by 10%, mainly because of the warm early summer in Northern Europe. Since STADA placed follow-up orders for the German, Belgian and Austrian markets in the fourth quarter of 2017 and the first quarter of 2018, no additional orders were placed during the second quarter. At the same time the increase in sales for the first half of the year totaled 31%.

During the second quarter the total cold segment in Sweden declined by 1%, while ColdZyme sales increased by more than 3% to consumers. Thus ColdZyme continues to capture market share despite a slight decline in the segment as a whole. On a rolling 12-month basis our market share (7 and 20 ml combined) increased from 4.9 percent to 5.2 percent compared with the same period the previous year.

Important factors underlying our continued sales growth on the domestic market include the digital campaigns and influencer marketing initiatives, with involvement of about 20 people such as health, sports and parent bloggers.

During the quarter Enzymatica achieved two important milestones. Our quality management system was certified according to EN ISO 13485:2016 and we commissioned our new facility for production of enzymes on Iceland in accordance with Good Manufacturing Practices (GMP).

After the reporting period the regional court of Frankfurt decided to put restrictions on the marketing of the mouth spray ViruProtect® in Germany. The issue is driven by Schutzverband, a trade organization and not by an authority. The reasons for the court decision seem to be the strict requirements on the design of clinical studies under German jurisdiction. Our partner STADA is analyzing the consequences of the decision. Restrictions on the marketing of ViruProtect means that sales of the product on the German market might suffer and in worst case be ceased until new clinical data has been presented. This is most likely to have a negative impact on our sales in Germany. In the meantime, Enzymatica continues to strengthen the clinical documentation for ColdZyme.

At the end of the quarter we received a bridge loan of SEK 30 million from three of our major shareholders to finance operations, which meets the need of liquidity for the rest of 2018. At the same time, we continue to work on ensuring long-term funding for the company's growth. I consider it to be extremely positive that three of our principal shareholders support us with funding so we can pursue our international expansion. Thus, we continue our efforts to enter into future agreements with major international distributors for ColdZyme.

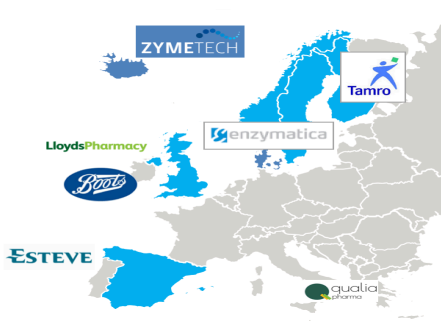
Fredrik Lindberg, CEO

Enzymatica at a glance

Enzymatica AB is a life science company whose business concept is to develop medical devices based on 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 ten markets and since the launch in 2013 reached a position over the past winter 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. Enzymatica also sells via distributors in Spain, Greece, Finland, Iceland, Belgium, Germany and Austria.

Our development focuses on products for upper respiratory infections, dermatology and oral health. 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 since June 15, 2015.



ColdZyme is sold both directly and through distributors and partners in Sweden, Denmark, Norway, Finland, the UK, Greece and Spain, and from fall 2017 under the ViruProtect® co-brand in Belgium, Germany and Austria. An equivalent product under the PreCold® brand is sold in Iceland through the acquired company Zymetech. In Spain, the product is sold under the brand Cortagrip®.

Performance during the quarter

During the second quarter the total cold product category declined by 1% in value, mainly because of the warm early summer weather in Northern Europe. However, ColdZyme (20 and 7ml) increased sales to consumers in the Swedish market by 3.2% in value. Thus ColdZyme strengthened its position as one of the top-selling products in the cold category in Sweden. ColdZyme increased its market share from 4.9% to 5.2% over the past 12 months. During the 12-month period, ColdZyme's sales rose by 11.3%, to be compared with a market growth of 4.1%.

During the second quarter Enzymatica continued its digital campaigns and "influencer marketing" aimed at various ColdZyme target groups. During the quarter the campaigns focused on events such as graduation, weddings and races such as Göteborgsvarvet and the Stockholm Marathon.

On the Danish market ColdZyme grew during Q2, despite that the market as a whole declined during the quarter. Enzymatica initiated activities with influencers also on the Danish market. The Finnish market was characterized by local competition from zinc products, but ColdZyme maintained its standing, and activities are being

carried out to improve its market position. In Spain, sales to the consumer market have flourished during both the first half of the year and the second quarter, despite a shorter cold season than in Northern Europe. Sales of ViruProtect have developed strongly in Austria, where the product has achieved a market share of about 30% in the segment for immunostimulatory drugs. Sales in Belgium also outperformed expectations, driven by television commercials, digital marketing, sales via pharmaceutical representatives and increased visibility at pharmacies. No replenishment orders came in from the German market during the quarter. In the UK ColdZyme sales improved, with growth at twice the rate as the market, albeit from modest levels.

Sales, earnings and investments

Q2

Consolidated net sales for Q2 2018 came in at SEK 5.3 (5.9) million, a 10% year-on-year decrease. The decline is primarily due to the warm early summer weather, causing fewer colds.

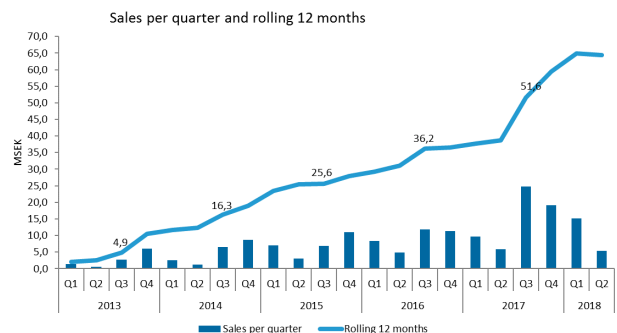
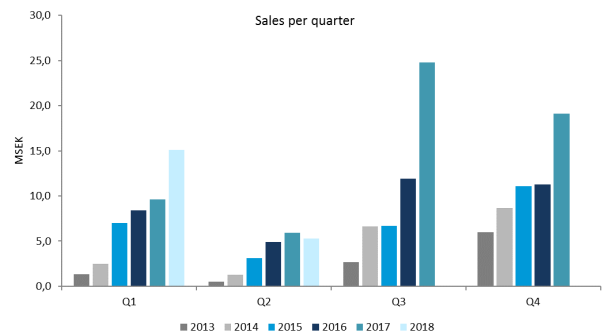
The gross margin during the quarter was 51% (46%). Enzymatica has experienced fluctuations in its gross margins between individual quarters as a result of the distribution of sales via its own organization or distributors, the product mix and exchange rates.

Total operating expenses for the quarter amounted to SEK 18.0 (14.9) million. The increase in operating expenses compared with Q2 2017 is primarily due to higher research and development costs. No development costs were capitalized during the quarter.

The consolidated operating loss was SEK -15.0 (-11.8) million.

Seasonal variations

Cold products have a seasonal peak in the winter, while sales level out in the summer months.



H1

Consolidated net sales for H1 2018 came in at SEK 20.4 (15.5) million, a 31 % year-on-year increase.

The gross margin for the period was 66% (56).

Total operating expenses for the period were SEK 38.6 (33.5) million. The increase in total overhead costs is primarily due to higher research and development costs.

The consolidated operating loss was SEK -24.6 (-23.3) million.

Capitalized expenses for development projects during the period totaled SEK 0 (0.3) million.

Research and development

Strengthening the clinical documentation for the ColdZyme® Mouth Spray is a key part of Enzymatica's R&D activities. Total consolidated research and development expenses amounted to SEK 6.1 (3.7) million for the second quarter of 2018.

At the end of the quarter Enzymatica became certified according to ISO standard 13485, the quality management system standard for medical devices.

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 against viruses and bacteria. The enzyme, which is called cold-adapted trypsin, is formed in the cod's pancreas and becomes hyperactive when it comes into contact with the warm skin and sinuses of humans. Together with glycerol, the enzyme forms a temporary barrier on the skin or sinuses. The barrier makes it more difficult for viruses and bacteria to locally infect cells and cause diseases.

Significant events during the quarter

ColdZyme continued to capture market share in the Swedish market in terms of both value and volume.

Enzymatica announced favorable results from a study of elite athletes who used ColdZyme. It shows that 81% of reported colds were perceived to be milder and/or shorter than usual when using ColdZyme. Among participants who did not catch a cold, 69% believed that ColdZyme had prevented or could have prevented the cold.

At the Ear-Nose-Throat conference in Linköping on April 11 Enzymatica presented the results of an in vitro study showing that ColdZyme has the ability to deactivate human coronavirus, the second most common cold virus. The results show that ColdZyme reduces the cytopathic (cell damaging) effects of the virus by 99.9% in vitro. Along with the in vitro results from a study published in the autumn of 2017, ColdZyme has been shown to be able to deactivate over 90% of the known viruses that cause colds.

Enzymatica entered into a distribution agreement with Qualia Pharma for marketing and sales of ColdZyme on the Greek and Cypriot market. The background to this agreement is that Qualia Pharma acquired Life NLB on March 1, 2018. The distribution agreement that Enzymatica previously had with Life NLB will now be transferred to Qualia Pharma.

Enzymatica's new facility for production of enzymes on Iceland was commissioned in accordance with Good Manufacturing Practices (GMP) during the quarter.

Significant events after the quarter

The regional court of Frankfurt decided to put restrictions on the marketing of the mouth spray ViruProtect® in Germany. Enzymatica's partner STADA is analyzing the consequences, and as soon more information is available Enzymatica will communicate how the sales of ViruProtect will be handled in Germany. The court ruling only concerns the marketing of ViruProtect in Germany, not in Belgium and Austria, where the product also is sold.

Funding

The Group's available funds at the end of the period totaled SEK 5 (20.1) million, of which SEK 3.3 (18.4) million were in cash and cash equivalents and SEK 1.7 (1.7) million in unutilized credit facilities. In addition to the above available funds, there is an unutilized credit facility with a maximum amount of SEK 9.8 million via factoring in the parent company.

In June Enzymatica received a bridge loan from three of its major shareholders for a total of SEK 30 million to meet the need for liquidity in 2018, of which SEK 12 million was paid out in Q2. The Board of Directors is also working with financial advisors to ensure long-term funding of the company's international expansion.

Cash flow from operating activities for the period totaled SEK -18.4 (-16.3) million. Cash flow from operating activities for Q2 came in at SEK -16.9 (-7.4) million, mainly due to the increased negative result, because of lower sales and increased R&D costs during the quarter.

Total cash flow for the period amounted to SEK -7.7 (-17.3) million.

Parent company

The parent company's sales for the period reached SEK 18.4 million (12.7). Profit/loss before tax came in at SEK -26.5 (-18.9) million.

The parent company's investments in property, plant & equipment and intangible assets for the period totaled SEK 0 (0.3) million and cash flow was SEK -9 (-15.0) million.

Please see the consolidated figures for more information.

Staff

The number of people employed by the group, converted to full-time positions, was 21 (21) at the end of the period. The employees included 9 (10) men and 12 (11) 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, Enzymatica Care AB (corporate identity no. 556701-7495), with its head office in Lund, Sweden, and Enzymatica North America Inc. (corporate identity no. 47-1030502), with its head office in Delaware, USA.

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 2017 Annual Report have been applied in this interim report as well, with the following addition.

New and amended standards applied from January 1, 2018

As of January 1, 2018, Enzymatica applies IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. In accordance with what was reported in the 2017 annual report, neither IFRS 9 nor IFRS 15 have had a material effect on Enzymatica and previous periods have not been restated.

IFRS 9 regulates classification, measurement and recognition of financial assets and liabilities. This standard replaces IAS 39, Financial Instruments, which regulates the classification and measurement of financial instruments.

The IFRS 15 standard includes a principles based five-step model for revenue recognition to be applied to all contracts with customers. The basic principle is that revenue recognition should reflect anticipated compensation in connection with performance of the various promises in the contract with the customer. Revenue must therefore reflect fulfillment of contractual obligations and correspond with the compensation to which Enzymatica is entitled at the time that control of goods and services is transferred to the counterparty.

IFRS 16 Leases replaces IAS 17 from January 1, 2019. According to the new standard most of the leased assets should be reported in the balance sheet. IFRS 16 was approved by EU on October 31,

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, Tuesday, July 17, 2018

Bengt Baron
Board Chair

Marianne Dicander Alexandersson
Board Member

Guðmundur Pálmason
Board Member

Sigurgeir Guðlaugsson
Board Member

Mats Andersson
Board Member

Louise Nicolin
Board Member

Fredrik Lindberg, CEO

2017. Any evaluation of the effects of the standard has not yet commenced.

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.

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, product liability and distribution. 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 risk and sensitivity analysis in the 2017 Annual Report, pages 59-60.

Audit

This report was not reviewed by the Company's auditors.

Upcoming financial information

Interim report, Jan–Sep 2018	October 31, 2018
Year-end report 2018	February 19, 2019

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

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 Tuesday, July 17, 2018.

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Enzymatica is listed on the Nasdaq First North. The Company is traded under the ticker symbol ENZY and ISIN code SE0003943620.

Enzymatica's certified advisor is Erik Penser Bank.

Consolidated Income Statement in Summary

All amounts in SEK thousand	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Operating income					
Net sales	5 293	5 904	20 384	15 514	59 446
Cost of goods sold	-2 575	-3 167	-6 958	-6 792	-23 117
Gross profit	2 718	2 737	13 426	8 722	36 329
Sales & Marketing expenses	-5 076	-4 511	-13 784	-13 344	-29 279
Administrative expenses	-6 867	-6 772	-13 919	-13 368	-27 345
Research and development costs	-6 076	-3 651	-10 861	-6 506	-14 450
Other operating income	282	389	510	1 211	4 535
Operating profit/loss	-15 019	-11 809	-24 626	-23 286	-30 210
Profit/loss from financial items					
Interest income and similar profit/loss items	260	488	290	531	192
Interest expenses and similar profit/loss items	-744	4	-1 089	-373	-851
Profit/loss after financial items	-15 504	-11 317	-25 425	-23 128	-30 869
Tax expenses	-8	484	-232	848	-576
Profit/loss for the period	-15 512	-10 833	-25 657	-22 279	-31 445
Other comprehensive income:					
Translation difference of subsidiaries	-148	176	839	123	-140
Total other comprehensive income, net of tax	-148	176	839	123	-140
Total comprehensive income for the period	-15 660	-10 657	-24 818	-22 156	-31 584
Share attributable to parent company shareholders	-15 660	-10 657	-24 818	-22 156	-31 584
Per share data	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Earnings per share, SEK (basic and diluted)	-0,17	-0,12	-0,28	-0,25	-0,35
Equity per share, SEK	0,95	1,32	0,95	1,32	1,22
Equity-asset ratio, %	74%	88%	74%	88%	83%
Number of outstanding shares	90 887 808	90 887 808	90 887 808	90 887 808	90 887 808
Average number of outstanding shares (basic and diluted)	90 887 808	90 887 808	90 887 808	90 887 808	90 887 808

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	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Net sales	5 293	15 091	19 119	24 813	5 904
Gross profit/loss	2 718	10 708	13 821	13 787	2 737
Gross margin in %	51%	71%	72%	56%	46%
Operating costs	-18 019	-20 544	-21 393	-16 463	-14 934
Operating profit/loss	-15 019	-9 607	-4 679	-2 246	-11 809
Profit/loss for the period	-15 512	-10 145	-5 603	-3 562	-10 833
Cash flow	-4 882	-2 840	1 412	-8 782	-7 731

Consolidated Balance Sheet in Summary

All amounts in SEK thousand	2018-06-30	2017-06-30	2018-03-31	2017-12-31
Assets				
Intangible assets	92 108	97 688	93 471	94 832
Property, plant & equipment	5 085	4 344	5 225	4 872
Financial assets	1 545	2 258	1 576	1 705
Inventories	6 956	4 698	5 768	2 693
Trade receivables	4 366	5 400	8 023	13 509
Other receivables	2 768	4 211	2 616	5 277
Cash and cash equivalents	3 249	18 396	8 190	10 932
Total assets	116 078	136 995	124 870	133 819
Equity and liabilities				
Equity	86 247	119 885	101 720	110 695
Long-term interest-bearing liabilities	4 840	6 581	5 296	5 647
Current interest-bearing liabilities	14 280	1 728	1 758	2 375
Trade payables	4 475	3 825	9 019	6 313
Other liabilities	6 236	4 976	7 077	8 791
Total equity and liabilities	116 078	136 995	124 870	133 819

Consolidated statement of changes in equity

All amounts in SEK thousand	2018-06-30	2017-06-30	2018-03-31	2017-12-31
Opening balance	110 695	142 041	110 695	142 041
New share issue	-	-	-	-
Issue expenses related to New share issue	-	-	-	-
Non cash issue in relation to acquisition of subsidiary	-	-	-	-
Issue expenses related to Non cash issue	-	-	-	-
Effect of employee share ownership plan	369	-	183	238
Minority shareholding	-	-	-	-
Total comprehensive income for the period	-24 818	-22 156	-9 158	-31 584
Closing balance	86 247	119 885	101 720	110 695

Consolidated cash flow statement

All amounts in SEK thousand	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Operating profit/loss	-15 019	-11 809	-24 626	-23 286	-30 210
Adjustments for non-cash items	1 791	1 846	3 679	2 844	4 694
Cash flow from operating activities before changes in working capital	-13 228	-9 963	-20 947	-20 442	-25 516
Changes in working capital	-3 625	2 600	2 535	4 144	2 971
Cash flow from operating activities	-16 853	-7 363	-18 413	-16 298	-22 545
Acquisition of subsidiary	-	-	-	-	-
Capitalization of development expenditure	-	-14	-	-252	-
Acquisition/disposal of intangible assets	-	-	-	-	-
Acquisition/disposal of property, plant & equipment	-112	-6	-308	-179	-1 265
Cash flow from investing activities	-112	-20	-308	-431	-1 265
New share issue	-	-	-	-	-
Transaction costs attributable to new share issue	-	-	-	-	-
Change in bank/overdraft facilities	12 083	-348	10 999	-557	-846
Cash flow from financing activities	12 083	-348	10 999	-557	-846
Total cash flow for the period	-4 882	-7 731	-7 722	-17 286	-24 656
Cash and cash equivalents at start of period	8 190	26 009	10 933	35 593	35 593
Translation difference cash and cash equivalents	-59	119	39	89	-4
Cash and cash equivalents at end of period	3 250	18 396	3 250	18 396	10 933

Parent company income statement

All amounts in SEK thousand	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Operating income					
Net sales	4 752	4 548	18 439	12 695	55 760
Cost of goods sold	-3 237	-2 183	-9 186	-4 835	-27 462
Gross profit	1 515	2 365	9 253	7 861	28 299
Sales & Marketing expenses	-4 242	-3 933	-12 398	-12 623	-26 728
Administrative expenses	-5 270	-5 710	-10 468	-10 490	-22 706
Research and development costs	-6 805	-2 185	-12 155	-3 947	-14 357
Other operating income	0	0	0	0	0
Operating profit/loss	-14 802	-9 462	-25 767	-19 200	-35 492
Profit/loss from financial items					
Interest income and similar profit/loss items	381	519	41	625	465
Interest expenses and similar profit/loss items	-982	48	-766	-311	-640
Results from subsidiaries	-	-	-	-	-60 000
Profit/loss after financial items	-15 404	-8 896	-26 492	-18 886	-95 667
Tax expenses	-	-	-	-	1 565
Profit/loss for the period	-15 404	-8 896	-26 492	-18 886	-94 102

Parent company balance sheet

All amounts in SEK thousand	2018-06-30	2017-06-30	2018-03-31	2017-12-31
Assets				
Intangible assets	29 802	22 133	31 164	32 525
Property, plant & equipment	29	89	45	45
Financial assets	19 688	78 135	19 700	19 700
Inventories	6 208	8 556	4 901	2 943
Trade receivables	3 684	4 814	7 172	12 964
Receivables from group companies	0	13 404	0	0
Other receivables	1 433	1 188	1 555	1 600
Cash and bank balances	1 695	17 072	6 334	10 727
Total assets	62 538	145 392	70 872	80 506
Equity and liabilities				
Equity	29 201	130 910	44 605	55 693
Long-term interest-bearing liabilities	16 251	5 366	4 083	4 433
Current interest-bearing liabilities	1 400	1 167	1 400	1 400
Liabilities to group companies	6 340	191	6 211	5 603
Trade payables	4 251	3 433	8 402	5 318
Other liabilities	5 096	4 325	6 170	8 058
Total equity and liabilities	62 538	145 392	70 872	80 506