2018 Annual Report

ENZYMATICA AB (PUBL)

enzymatica

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Comments from the CEO, page 6. "2018 – a successful year for Enzymatica."

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Page 18. ColdZyme studies: ColdZyme deactivates 90 percent of known cold viruses.

ColdZyme is suitable for the entire family across generational boundaries, from grandparents to grandchildren. Today over 550,000 Swedes use ColdZyme and it is one of the brands that has the highest customer loyalty.[1] Since ColdZyme can be used preventively, people can feel secure when they socialize and enjoy life, with less worry about catching colds and infections.
Source: Kantar Sifo, Orvesto Konsument 2018:1

The year in brief

Important events in 2018

Q1

» ColdZyme® continued to demonstrate double-digit growth in the Swedish market in both value and volume during the first quarter. An additional order from STADA for the German and Belgian market also contributed to the robust increase in sales.

Q2

» April: New ColdZyme study on elite athletes in Sweden confirms preventive effect and reduced duration of illness.

» April: New results from Enzymatica's in vitro study show that ColdZyme also deactivates coronavirus. Along with previous results, this study shows that ColdZyme can provide a protective barrier against more than 90% of known viruses that cause colds.

» April: The Annual General Meeting authorized the Board to resolve on the issuance of shares corresponding to 10% of the total number of shares in the Company in order to raise working capital, provide the opportunity to acquire long-term strong owners and to finance the Company's growth strategy.

» June: Enzymatica receives a bridge loan from three of its principal shareholders for a total of SEK 30 million to fund operations in 2018.

Q3

» July: The regional court of Frankfurt imposed restrictions on the marketing of the cold spray ViruProtect® (ColdZyme) in Germany.

» July: Enzymatica signs agreement for ColdZyme with ABEX Pharmaceuticals for South Africa.

» August: Enzymatica's distributor STADA appeals the decision to impose restrictions on the marketing of ViruProtect in Germany.

Q4

» October: A large German multicenter study shows a significant reduction of both the duration of the cold and the intensity of cold symptoms with use of ColdZyme, as well as improved quality of life and reduced use of symptom-relieving drugs, compared with a control group that did not use ColdZyme.

» October: Enzymatica signs agreement regarding ColdZyme for the Japanese market with one of the largest pharmaceutical companies in Japan.

» November: The Extraordinary General Meeting of Enzymatica AB resolves on rights issue of SEK 98.7 million with preferential rights for the Company's shareholders.

» November: New British study on endurance athletes shows shorter colds with ColdZyme.

» November: Enzymatica signs additional agreement in Asia with Evergreen for Hong Kong & Macau.

» December: Enzymatica raises SEK 98.7 after completed rights issue.

» December: The court in Frankfurt (OLG - Oberlandesgericht) rejected the appeal of the decision regarding marketing of the cold spray ViruProtect in Germany.

Significant events after the end of financial year 2018

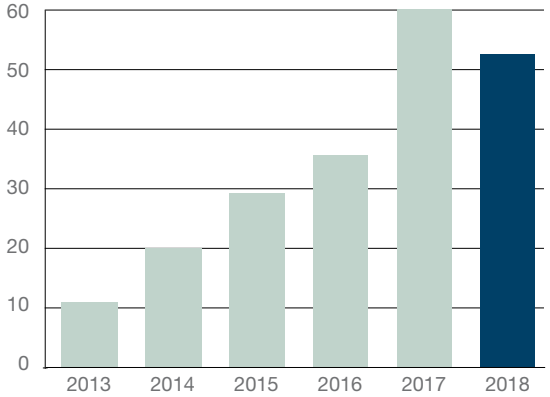
» Enzymatica presented the final results from the German multicenter study for assessment of ColdZyme during the 2018 cold season. The convincing results strengthen and broaden ColdZyme's product claims.

» Enzymatica initiated a double-blind, placebo-controlled study to evaluate the effects of ColdZyme on the common cold. The extensive study will include 600 patients and is being conducted at ten study centers in Germany.

GROUP

SEK m	2018	2017
Net sales	52.6	59.4
Gross margin, %	70	61
Operating profit/loss	-40.6	-30.2
Cash flow for the year operating activities	-28.8	-22.5
Average number of employees	21	21

SALES TREND (SEK M)



OUR VISION

"A world without the common cold"

Enzymatica in 2 minutes

Enzymatica AB is a Swedish life science company that develops and sells medical devices for infection-related diseases. The products are based on a barrier technology that includes marine enzymes. The Company's first product is ColdZyme® Mouth Spray, which can prevent and reduce the duration of the cold, alleviate cold symptoms and improve quality of life. ColdZyme is also effective for throat problems associated with colds. The product has been launched in about ten markets. The strategy is to continue to grow by strengthening the Company's position in existing markets and expanding into new geographic markets through established partners. In 2018 Enzymatica entered into new distributor agreements for the sale of ColdZyme in Japan, Hong Kong & Macau and South Africa.

Business concept

We use cold-adapted marine enzymes from the North Atlantic to create a clinically proven barrier solution that captures and deactivates cold viruses, which can help consumers all over the world to protect themselves from colds.

Goals

Enzymatica's goal is to establish ColdZyme as one of the leading brands in the colds category.

Business model

For the cold product ColdZyme the Company is working with two different business models, adapted based on opportunity and risk. In both cases the product is sold to consumers via the pharmacy and health chains under its own brand or a combined brand, known as co-branding.

In Sweden, Denmark and Norway Enzymatica has its own industry-experienced sales force. This model provides Enzymatica with high margins and control, but also with higher risk since the Company is responsible for the fixed costs for both the sales organization and for market investments. In markets outside Sweden, Denmark and Norway, Enzymatica sells via distributors who contribute to the market investment. The model provides lower margins, but also entails lower costs and risk. In the UK a combination of the two models is currently applied, where Enzymatica is responsible for the market investment, but distributors handle sales.

Growth strategy

The growth strategy has three pillars: increasing market share in existing markets, expanding into more geographic markets and developing new products.

Enzyme technology

Enzymatica uses a unique marine enzyme, a cold-adapted trypsin that forms in the pancreas of cod. The enzyme is extracted as a byproduct of fish processing (from fish waste) and therefore leaves no negative ecological footprint. The unique properties of the enzyme make it super-active at body temperature, about 37 °C (98.6 °F), and its enzymatic activity is more than 40 times higher than the corresponding enzyme in mammals. These properties make the enzyme highly effective in protecting against disease-related microorganisms such as viruses.

ColdZyme Mouth Spray treats the cause – instead of the symptoms

In our opinion, ColdZyme Mouth Spray is unique in the market since it treats the cause of the cold, the actual cold viruses. Most cold products on the market mainly focus on treating the symptoms by alleviating the effects of the cold. ColdZyme is easy to use and works immediately by forming a protective barrier in the mouth and throat.

ColdZyme Mouth Spray

ColdZyme captures and deactivates the cold virus, thereby protecting the throat. This means that there is less risk of coming down with a cold or the course of disease is shorter if a cold has already begun. The product is most effective when used preventively or at an early stage of infection. ColdZyme can also alleviate cold symptoms and improve quality of life. ColdZyme is also effective for throat problems associated with colds.

Product portfolio

Medical devices

- ColdZyme® Mouth Spray for colds. 20 ml is used preventively or for several colds.
- ColdZyme® Mouth Spray OneCold for colds. Just 7 ml is enough for a single cold episode or to prevent a cold for a specific occasion.

In some markets, ColdZyme is sold under combined brands, known as co-branding, Including PreCold® (Iceland), Cortagrip® (Spain) and ViruProtect® (Germany, Austria and Belgium).

COMMENTS FROM THE CEO

2018 – a successful year for Enzymatica

In many ways, 2018 was a successful year for Enzymatica. We entered into three important distributor agreements for South Africa, Hong Kong & Macau and, in particular, the Japanese market. We conducted several clinical studies on ColdZyme® with successful results. In addition, we ensured our long-term funding through an issuance of shares at the end of the year that gave a capital injection of SEK 98.7 million before issue expenses. Sales were lower than the previous year, SEK 52.6 million, compared with about SEK 59 million, due to the setback in Germany because of a decision in a regional court to restrict marketing and thus sales of ViruProtect on the German market. Meanwhile, the trend on the Swedish market continued to be very strong.

Enzymatica has a clear growth strategy and therefore it was rewarding that we were able to sign three important distributor agreements during the year. South Africa will be the first market to even out ColdZyme's current seasonal variation in sales, since the cold season in the southern hemisphere lasts from April to September. With the agreement for Hong Kong & Macau, ColdZyme will now be launched on the first Asian market. Finally, as a result of the agreement with one of the leading healthcare companies in Japan, we will have access to one of the largest and most important markets for healthcare products in the world. Our ambition is to launch ColdZyme toward the end of 2020. It is a stamp of quality recognizing that we met the extremely stringent partnering requirements of this counterparty. A presence in both Hong Kong and Japan should also facilitate agreements in other Asian markets, at the same time that interest in Enzymatica and ColdZyme is strong in additional markets around the world.

Convincing results from German multicenter study

In 2018 we conducted a multicenter study on ColdZyme in Germany that produced extremely convincing results. Along with a reduction in the duration of the cold, the study showed clear relief of symptoms and a pronounced improvement in quality of life for those patients who were treated with ColdZyme compared with an untreated control group. All outcomes demonstrated strong statistical significance. To follow up on the convincing results in January 2019 we started a double-blind placebo-controlled study at about 10 centers in Germany with a total of 600 patients. The study is expected to be completed during the second half of 2019.

Long-term funding secured

In the fourth quarter Enzymatica raised SEK 98.7 million before issue expenses in a rights issue with preferential rights for the Company's shareholders. I am pleased that we have secured the long-term funding so that we can carry out in-depth studies on the efficacy of ColdZyme and continue the work with our international expansion. The successful issuance also shows that our principle shareholders have a long-term perspective on the operation and strong confidence in the future of the company.

Strong fourth quarter

After a robust sales trend in the first quarter, sales declined during the spring because of the restrictions on marketing and sales of ViruProtect in Germany imposed by the German court. But through an extremely strong final quarter we recovered some of the loss in sales. In Q4 we achieved about the same level of sales as in the last quarter of 2017, about SEK 19 million, despite the loss of almost SEK 6 million in sales from Germany for Q4 2017. In particular, sales in Sweden surged 56% compared with the fourth quarter in 2017, resulting in the largest market share for ColdZyme

to date. Both a general increase in marketing through more stakeholders in the cold segment and our own extensive marketing campaign contributed to the strong growth in sales.

Successful work with MDR and ISO 9001 certification

During the year we dedicated considerable time and resources to upgrading production and quality management systems to meet the requirements of the new EU Medical Device Regulation (MDR), which will begin to be applied in May 2020. As a result, our new facility for production of enzymes in Iceland was certified to ISO 9001 standards at the end of the year. The facility already worked in accordance with Good Manufacturing Practices (GMP). The quality management system was also certified to EN ISO 13485:2016 during the year.

Our long-term strategy

In 2018 we adopted a long-term strategy with a focus on colds and cold products, as well as on international expansion. The cold segment is an area in which there is a great need for improved treatment. With ColdZyme's successes, our strong expertise in the field and great interest from international pharmaceutical companies and other distributors, we have every prospect of establishing a leading position in selected markets.

Focus 2019

Our focus for 2019 is on conducting in-depth clinical studies on ColdZyme, re-launching ViruProtect in Germany during the 2019/2020 cold season, launching ColdZyme in South Africa and Hong Kong & Macau, as well as entering additional distributor agreements. We are carefully looking for the right partners who have financial muscle, a broad distribution network, are leaders in their market and who have a long-term perspective and commitment to ColdZyme. I believe that we have outstanding prospects for 2019 to become yet another successful year for Enzymatica.

Lund, March 2019
Fredrik Lindberg, Chief Executive Officer

INTERVIEW WITH BENGT BARON, CHAIRMAN OF THE BOARD OF ENZYMATICA:

Our strategy is focused on colds and cold products

How would you summarize 2018 for Enzymatica? What are you particularly satisfied with and what could have been better?

2018 was an extremely eventful and successful year for Enzymatica. Three new distributor agreements and studies that document the positive effects of ColdZyme® are some of the highlights of the year. The German multicenter study in particular produced strong results for ColdZyme, and is a good foundation for designing future studies. Another important activity involved securing long-term funding for the Company through the rights issue at the end of the year. It shows that we have a stable group of owners who support the Company and have a long-term view of the operation. I would also like to take this opportunity to thank the Enzymatica team for a job well done. Despite a heavy workload with a relatively large number of new employees, the organization works well and delivers results. The Board of Directors, management and organization are on the same page and work well together.

One setback was the restrictions imposed by the German court on marketing of ViruProtect®, even though our cold spray is approved for sales within the EU. We continue to strengthen the documentation for ColdZyme and aim to re-launch the product in Germany during the cold season 2019/2020.

How do you view market demand for ColdZyme?

There is no doubt that the cold remedy market is a large and interesting segment with a strong demand for innovative products. Consumers demand new products that have a demonstrated effect on the course of illness and do not merely provide symptomatic relief. That is why we see a high repurchase rate of ColdZyme, since it has an effect on the virus.

What issues have you focused on in the Board of Directors in 2018?

Examples of prioritized issues include carrying out Enzymatica's international expansion, ensuring stable long-term funding, developing the growth strategy, ensuring that we have the right organization, and regulatory issues, such as how we will address the new EU Medical Device Regulation.

Over the course of the year the Board resolved on developing the Company's long-term strategy. How would you summarize it?

We agree on the focus for Enzymatica. Our vision is a world without the common cold. We are a relatively small company with an incredibly exciting product and we have a large amount of knowledge about colds. It is therefore logical that our strategy is focused on colds and cold products. In a couple of years I believe we will be more established in Europe, that we will have gained a solid foothold in Asia, and that we will be evaluating establishing a presence in North America and South America. We will then have become an even more attractive partner for the major pharmaceutical and retail companies.

What are the most important factors for success for Enzymatica to become a profitable medical device company of adequate size?

» Finding the right partners with operational and financial muscles, as well as a strong commitment to our product, which will ensure that it can receive adequate and necessary attention.

» Having the right skills in the Company given the needs of the regulation in R&D and marketing, as well as having owners with a long-term commitment.

» Having patience – entering the right markets with good prospects, rather than jumping into the first market that comes along. In other words, the importance of finding the right partners and markets with a strong demand for cold products.

What issues are most important for you with respect to corporate governance?

Questions regarding the quality and safety of ColdZyme, as well as meeting the requirements of the various regulations such as Medical Devices Directive (MDD), Good Manufacturing Practice (GMP), Good Laboratory Practice (GLP), etc. Other issues involve financial control, where we have good procedures and resources in place, as well as the relationships involving the Board, management and shareholders, which is effective today.

What is your focus and what expectations do you have for 2019?

2019 is going to be an incredibly exciting year for Enzymatica. In January an extensive double-blind, placebo-controlled study on ColdZyme began that is based on the results from the 2018 German multicenter study. We also hope to obtain adequate data to re-launch ViruProtect in Germany. Preparations and launches on our new markets in South Africa, Hong Kong and Japan (our aim is to launch in Japan toward the end of 2020) will also be important, as well as new distributor agreements for other markets.

Lund, March 2019
Bengt Baron, chairman

ENZYMATICA'S STRATEGY

A clear strategy for international expansion

Enzymatica's growth strategy has three pillars: increasing market share in existing markets, expanding into more geographic markets and developing unique products.

Growth strategy

The growth strategy is based on three cornerstones

1 INCREASE MARKET SHARE

In Scandinavia, where the company has its own sales organization, the Company will strengthen its market position, while maintaining its margin.

ColdZyme is now an established product on the Swedish market and is among the top-selling cold products in Swedish pharmacies. The Danish market follows the Swedish development curve.

2 GEOGRAPHIC EXPANSION

The Company currently has agreements with established partners regarding distribution on the following markets:

- Spain
- United Kingdom
- Finland
- Germany, Belgium and Austria
- Australia and New Zealand
- South Africa
- Japan
- Hong Kong & Macau

The launch for ColdZyme in South Africa and Hong Kong & Macau is planned for 2019, and for Japan as well as Australia and New Zealand, a few years later.

Enzymatica intends to reach out with ColdZyme on more markets and continue its international expansion. The product is registered so it can be sold in countries within the EEA and the Company considers itself to be well prepared regarding the new EU legislation for medical devices, which will come into force in 2020.

3 MORE UNIQUE PRODUCTS

The Company's enzyme-based product portfolio will grow as a result of our own research and development. The strategy is to identify medical needs, primarily related to upper respiratory tract infections, for which there is no treatment or treatment is not fully effective.

The strategy moving forward includes strengthening the Company's technology platform with more products and continuing to pursue research in barrier technology.

Strategy with focus on unique cold products

A central component in Enzymatica's long-term growth strategy is the development of unique products. The Company focuses on colds, cold symptoms and upper respiratory tract infections. With the successes that ColdZyme® has had, Enzymatica sees opportunities to expand its product portfolio to include more indications in upper respiratory tract infections.

After having successfully launched ColdZyme as an effective cold remedy brand on several European markets, and with imminent launches in Asia and South Africa, Enzymatica's future growth focus will be on globally building onto this core expertise and selectively expanding its product portfolio to include complementary indications for self treatment of upper respiratory tract infections.
The German multicenter study, which was conducted in 2018, showed that ColdZyme can also effectively soothe sore throats – which provides an opportunity to expand ColdZyme's product claims and increase use of the product by consumers.

Within the framework of expanded use of ColdZyme, we see significant opportunities to work on creating innovative new self-care solutions not just to meet, but also to satisfy increased consumer needs for improved quality of life.

With increased urbanization, air pollution and continued changes in our environment, we see a growing quantity of airborne viruses and allergens, which in turn will increase the need for health-promoting products for the upper respiratory tract.

Such a market trend creates, in both the medium-range and long-term perspectives, prospects for growth where consumers seek, try and adopt new self-care solutions in the premium segment.

Schematic picture of cold virus.

INTERNATIONAL PARTNERS

Enzymatica's partner network – a factor for success for international expansion

In recent years, Enzymatica has built up a network of international distributors. Collaboration with well-known partners is the foundation for implementing Enzymatica's growth strategy. In 2018 the Company signed agreements with partners for markets in South Africa, Hong Kong & Macau and Japan.

Collaboration with large retailers is of course important for all companies that want to distribute their products to consumers. Since the cold remedy market is highly competitive and it is difficult to capture market share, partners must be found with the financial strength necessary to finance marketing and successfully launch new products.

Requirements from distributors

These companies – usually within larger groups in the pharmaceutical industry – in turn place heavy demands on the companies with which they choose to cooperate. They expect attractive gross margins and periods of exclusive rights on the market so that they can build up the brand and receive a return on their invested capital. It often takes up to three years for an investment in a commercially successful product to reach break-even and the investment does not become profitable until perhaps year five or six. Consequently, potential partners want some form of intellectual property protection, through patents, clinical evidence, production warranties, or product formulation. They assume that their partners follow the regulations and live up to the high demands for quality.

Attractive offering

In recent years Enzymatica has worked systematically to upgrade its quality management system. After the acquisition of Zymetech, Enzymatica became an attractive partner for major pharmaceutical companies since the Company can offer exclusive rights and patent protection for ColdZyme® on various markets. The product is particularly interesting for potential partners since it is one of the few cold products aimed at the cause of colds by attacking the virus, rather than just treating the symptoms. Interest in ColdZyme has also increased as the clinical documentation for the product has strengthened.

Our partners

Finland

In Finland, ColdZyme is sold by the pharmaceutical company Tamro, which is part of the Phoenix Group, the largest pharmaceutical distributor in Europe, and a good partner for sales of over-the-counter pharmacy products in Finland. Finland has a total of 800 pharmacies with many smaller pharmacy branches.

Spain
In Spain ColdZyme is sold under the Cortagrip® brand by the pharmaceutical company Esteve. It is one of the ten largest pharmaceutical companies in Spain. With full market coverage, their products are in more than 21,000 pharmacies. Spain is one of the five largest markets for over-the-counter cold products in the EU.

Iceland
On Iceland, ColdZyme is sold under the PreCold® brand through the distributor Vistor.

Greece and Cyprus
In 2018 Enzymatica entered into a distribution agreement with Qualia Pharma for marketing and sales of ColdZyme Mouth Spray 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. The Greek and Cypriot market for cold products is estimated to be worth SEK 670 million.

Germany, Austria and Belgium
In Germany, Belgium and Austria ColdZyme is sold under the ViruProtect® brand by the German pharmaceutical company STADA. STADA is a global pharmaceutical company with its headquarters in Germany, a strong presence in Europe and a leading position in the cold segment in Germany, Britain and Russia. Germany is the single largest market for OTC products in Europe.

United Kingdom
In the UK ColdZyme is sold through the two largest pharmacy chains, Boots and Lloyds. Distribution is managed by a contract sales force, but the intention is to find a strong partner who will be responsible for both sales and marketing.

Australia and New Zealand
Enzymatica has entered into an agreement with Symbion, a leading wholesaler in Australia and New Zealand. Under this agreement, Endeavour Consumer Health within Symbion has exclusive rights to sell, ColdZyme. The regulatory conditions for medical devices in Australia differ from the European and ColdZyme will be registered in a higher class. The preparations for registration have taken a long time, and the date of the launch has therefore not yet been determined.

South Africa
In 2018 Enzymatica signed a contract with ABEX Pharmaceuticals for sales and marketing of ColdZyme in South Africa. The South African cold market is estimated at ZAR 2.1 billion, corresponding to about SEK 1.4 billion. Most cold preparations provide symptomatic relief and only a few cold sprays focus on the cold virus.

Hong Kong & Macau
In 2018 Enzymatica signed a distribution agreement with the healthcare company Evergreen Health Ltd for sales and marketing of ColdZyme in Hong Kong and Macau. Evergreen Health Ltd is part of Meiriki, a company that develops and sells various types of over-the-counter products and nutritional supplements for the Hong Kong & Macau market. Meiriki has exclusive rights to the entire product range of the Watson pharmacy chain, one of the world's largest pharmacy chains. Through Watson's channels, ColdZyme can have the opportunity to be sold in over 180 stores with about 2,000 employees.

Japan
In 2018 Enzymatica signed a contract with a large Japanese pharmaceutical company regarding registration, marketing, distribution and sales of the cold remedy ColdZyme. The contract provides Enzymatica with access to one of the world's largest healthcare markets, with a population of about 127 million and a cold remedy market with annual sales of almost SEK 10 billion. Through this contract Enzymatica will have access to between 5,000 and 10,000 pharmacies, and as many as 17,000 supermarkets.

Market	Partner	Contract	Launch ColdZyme
United Kingdom	Boots, Lloyds	2014	2014
Iceland	Vistor	2014	2015
Finland	Tamro	2015	2015
Spain	Esteve	2015	2016
Australia and New Zealand	Symbion	2016	
Germany	STADA	2017	2017
Austria	STADA	2017	2017
Belgium	STADA	2017	2017
Greece and Cyprus	Qualia	2018	2018
South Africa	ABEX	2018	Prelim. 2019
Hong Kong & Macau	Evergreen	2018	Prelim. 2019
Japan	One of the largest pharmaceutical companies in Japan	2018	Prelim. 2020

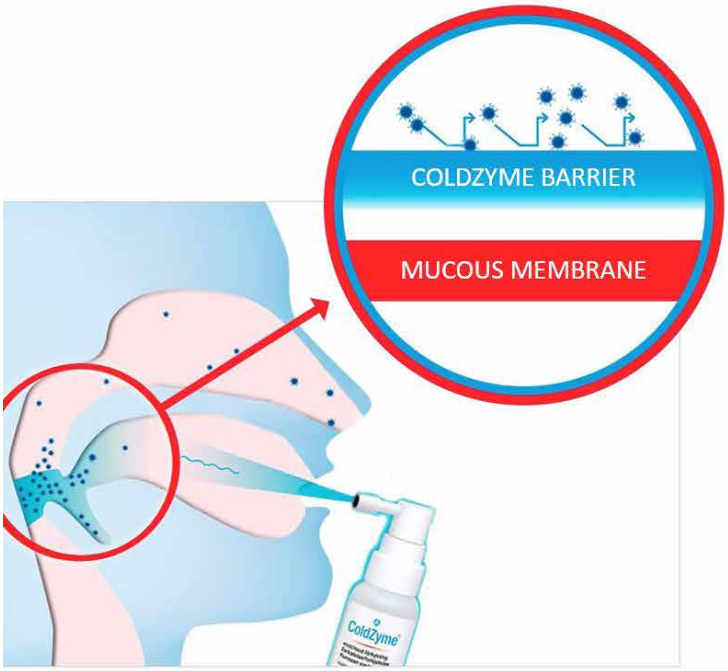
PRODUCT DESCRIPTION

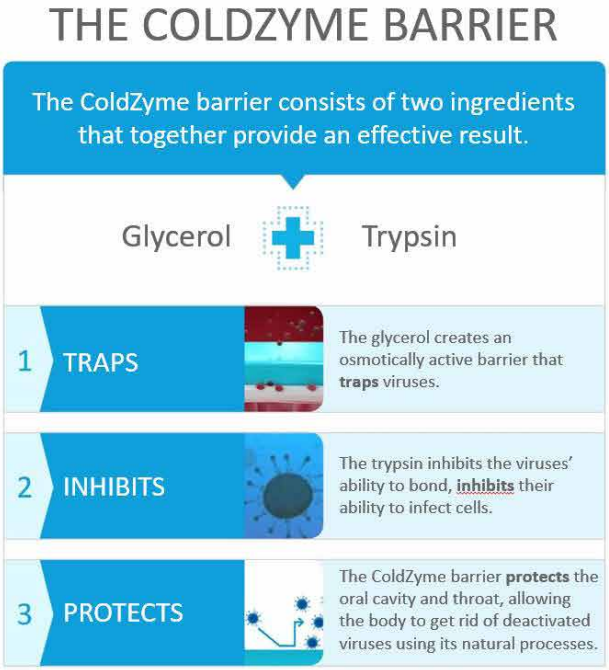
ColdZyme Mouth Spray treats the cause – instead of the symptoms

ColdZyme Mouth Spray is unique because it treats the cause of the cold, the actual cold virus. ColdZyme Mouth Spray can prevent colds or shorten their duration among people who already have a cold. ColdZyme is easy to use and works immediately by forming a protective barrier in the mouth and throat.

Barrier to block virus in the throat

The barrier works through osmosis – it captures the cold virus and inhibits the ability of the virus to infect cells, which protects the mouth and throat and allows the body to rid itself of the virus naturally. ColdZyme Mouth Spray can prevent and reduce the course of disease if it is used at an early phase of infection.





ColdZyme is effective against the majority of cold viruses

In vitro studies have shown that ColdZyme deactivates the majority of known viruses that cause colds, and clinically controlled studies have subsequently shown that ColdZyme is effective against the viruses found with colds during cold season.

Double effect

Treatment:
If you should catch a cold, ColdZyme should be used as soon as possible to reduce the duration of the cold. Treating the cold with ColdZyme immediately makes it possible to reduce the viral load and thereby reduce the duration of the cold.

Prevention:
In addition to treatment, ColdZyme can also be used preventively, when you are not ill, but are exposed to viruses and have an increased risk of catching a cold, such as on planes, in crowds, when traveling on public transportation, or if colleagues or family members have a cold. Many amateur and elite athletes use ColdZyme preventively, especially to prevent lost training and racing days, since athletes who catch colds suffer twice – from the cold itself, and from getting out of shape.

Well-documented product

ColdZyme is well-documented in the general population, as well as in special groups where ColdZyme can help them avoid colds or reduce the duration if they should catch a cold. In 2017 Enzymatica published the results from several studies on the use of ColdZyme, including clinical studies, observation studies and one in vitro study. Read more about the positive effects of ColdZyme on colds in the section ColdZyme studies.

Socioeconomic benefits

Colds are the single biggest cause of sickness absence, corresponding to just over 30 percent of all sick leave according to occupational health company Previa. According to a survey carried out by Nordeg and commissioned by Enzymatica, major socioeconomic benefits can be achieved by reducing the number of sick days due to colds. The report shows that a reduction of a single sick day in Sweden would result in an annual savings of SEK 1.4 billion for society, based on 10 percent of all 4.7 million full-time employed individuals.

PRODUCT DEVELOPMENT

Product development – focus on MDR – the new EU regulation

Enzymatica develops medical devices primarily intended for the treatment of colds. Enzymatica is continually working on regulatory matters and is compiling the documentation required to register a product in selected markets. In 2018, the Company continued to strengthen its quality management system and worked to meet the requirements of the new EU Medical Device Regulation (MDR).

Enzymatica focuses on product development based on the tested and patented barrier technology used in the cold product ColdZyme® Mouth Spray. Strengthening the clinical documentation for the ColdZyme Mouth Spray is a key part of Enzymatica's R&D activities. The Company's total research and development expenses amounted to SEK 20.8 (14.5) million in 2018, of which SEK 0 (0) million was capitalized on the balance sheet. Over the next few years the Company aims to expand the range of enzyme-based products for colds. In the longer term, the intention is to develop products for other indications.

Barrier technology

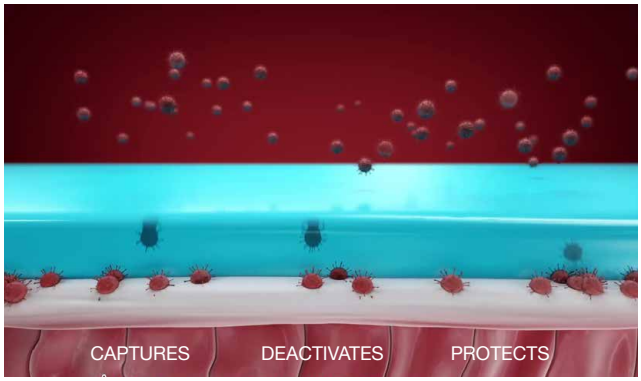
The barrier in ColdZyme consists of a transparent hypertonic solution that includes glycerol and enzymes. The main mechanism of action of the barrier is based on its ability to generate a viscous osmotic barrier on the mucous membrane in the mouth/sore throat that draws fluid out of the mucous membrane. This fluid contains viruses. When applied to the mouth/throat, as in the case of ColdZyme, the presence of virus declines, thereby facilitating a faster natural recovery from the common cold. ColdZyme can prevent and reduce the duration of colds, while relieving cold symptoms and improving quality of life. ColdZyme is also effective for throat problems associated with colds.

Enzyme from deep-sea fish

A key sub-component of the barrier is the enzyme extracted from deep-sea cod. The enzyme from deep-sea cod is a cold-adapted trypsin that has evolved to be active at a temperature of around four degrees C. As a result of this adaptation to the cold, this type of enzyme has become extremely effective at higher temperatures, as in humans.

Regulatory framework for medical devices

Enzymatica is in an internationalization phase with launches in Europe and a number of additional markets, with extensive registration and documentation requirements. Enzymatica is continually working on regulatory matters and is compiling the documentation required to register a product in selected markets. In 2017, the new EU Medical Device Regulation (MDR) came into force. The MDR applies in parallel with the previous legislation on medical devices (MDD, Directive 93/42/EEC) for a period of three years, i.e. until May 2020, when the MDR must begin to be applied. Efforts to meet the requirements of the new regulatory framework are ongoing and have been assigned high priority.



The barrier in ColdZyme, which works through osmosis, captures the cold virus and inhibits the ability of the virus to infect cells, which protects the mouth and throat.

Enzymatica's quality and regulatory work focuses on the following:

» Quality assurance and control of the various steps in the value chain, from raw material to finished product purchased by the consumer.

» Continually work to ensure that the quality management system meets the increased external requirements and facilitates a long-term, efficient and structured initiative.

» Continually strengthen the documentation for the main product, ColdZyme, based on the requirements of different countries. This documentation includes data such as the quality, safety, function and clinical advantages of the product.

Product development strategy

Enzymatica's product development strategy has the following priorities:

1. Optimize ColdZyme (production, technical documentation, regulatory status outside the EU, clinical studies, new patents, etc.).
2. Strengthen and expand existing claims through additional studies.
3. Formulate new ColdZyme versions ("line extensions") to expand the product offering and to increase shelf exposure in the pharmacies.
4. Explore new indications with the same formulation and function, which requires minimal lead time for product development (existing storage studies, toxicity tests, etc., can be used).
5. Develop new product formulations for use within the file of ear, nose and throat (ENT).
6. Develop new products for completely new indications.

COLDZYME STUDIES

ColdZyme deactivates 90 percent of known cold viruses

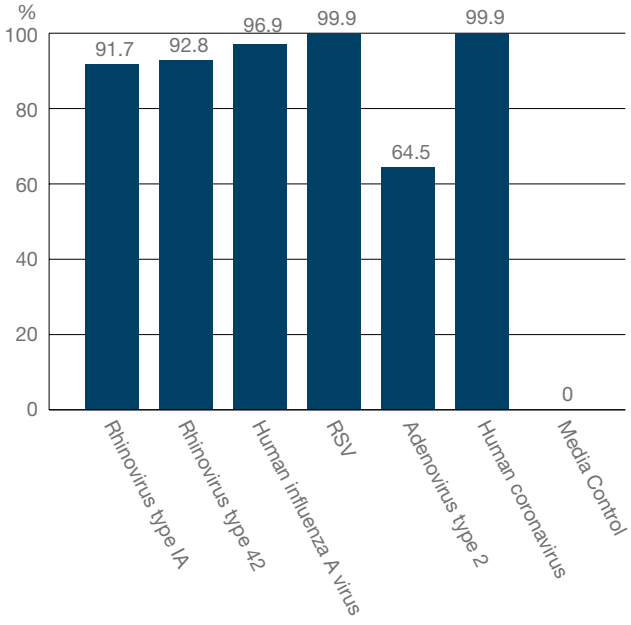
In 2018 Enzymatica announced the results of an in vitro study showing that ColdZyme® Mouth Spray has the ability to deactivate human coronavirus, one of the most common cold virus families. Along with previous results, this study shows that ColdZyme can provide a protective barrier against more than 90% of known viruses that cause colds.

The study, which was presented at Ear, Nose and Throat days in Linköping[1] during the year, shows that ColdZyme deactivates human coronavirus and reduces the cell-damaging effect of the virus by 99.9% *in vitro*. *The in vitro* study was based on standardized and validated methods developed to resemble the *in vivo* environment in the mouth and throat, where the virus attaches, invades the cells and causes the cold. The coronavirus is potentially dangerous since in addition to the common cold, it also causes diseases such as *Severe acute respiratory syndrome* (SARS), a serious acute respiratory illness, and *Middle East respiratory syndrome* (MERS), which is a contagious pneumonia.

"Although the current *in vitro*results cannot be directly translated into a clinical effect it is extremely interesting that ColdZyme has the ability to effectively deactivate the majority of our most common cold viruses," says Fredrik Lindberg, CEO of Enzymatica.

The results for the coronavirus complement previously published *in vitro* data, which showed that ColdZyme deactivates four other of our most common virus families that cause colds. Thus ColdZyme has been shown to deactivate the effects of rhinovirus type 1A by 91.7%, rhinovirus type 42 by 92.8%, human influenza A virus H3N2 by 96.9%, RSV virus by 99.9%, and adenovirus type 2 by 64.5%, as well as human coronavirus by 99.9%, without any cell-damaging effect. In summary, ColdZyme has been shown to be effective against more than 90% of our known cold viruses. All *in vitro* trials were carried out by an independent accredited and certified laboratory.

VIRUS DEACTIVATION



1) Stefansson et al, ColdZyme forms a protective barrier in the throat that deactivates five major common cold viruses, Congress of the Swedish Association of Otolaryngology, 2018.

Significant advantages of ColdZyme shown in large multicenter study

During the 2018 cold season Enzymatica conducted a prospective, controlled multicenter study[2] on ColdZyme® in Germany. The study report showed a significant reduction of both cold symptoms and duration with use of ColdZyme, as well as reduced use of symptom-relieving drugs, compared with a control group that did not use ColdZyme. The most striking effect of ColdZyme proved to be a significant improvement in quality of life because of the milder cold.

The study included 400 participants at six centers in Germany who were randomly asked either to initiate treatment with ColdZyme at the first cold symptoms, or not to start any treatment. A total of 269 people with confirmed colds were evaluated in the study.

The study was designed to investigate the ability of the *Wisconsin Upper Respiratory Symptom Survey-21* (WURSS-21 *Quality of life sub score*), see the table on the right; Jackson's cold scale, and two different scales for sore throat, to detect positive effects from ColdZyme compared with a group that was not treated with ColdZyme. In addition, safety data and simultaneous use of symptom-relieving drugs were recorded.

All four symptom scales registered significantly better effects when using ColdZyme compared with no treatment. The functional parameters of the WURSS-21 scale were the most sensitive for detecting significant effects with ColdZyme use. Moreover, concurrent use of symptom-relieving cold medications was significantly lower among those who used ColdZyme. No difference in frequency of side effects was seen between the two patient groups.

> "The consistently positive results for ColdZyme strongly indicate that our cold spray reduces both the intensity of symptoms and the duration of colds. The results also support previously conducted large observation studies on ColdZyme that show the positive effects of the product on colds. The multicenter study results create a strong foundation on which to continue to build the brand internationally and to broaden the product claims within the scope of our clinical program," says Fredrik Lindberg, CEO of Enzymatica.

QUALITY OF LIFE SCALE (WURSS-21)

	Control	ColdZyme	p-value
Item 12: Think clearly	11.30	8.60	0.009
Item 13: Sleep well	17.48	14.66	0.039
Item 14: Breathe easily	18.14	14.88	0.018
Item 15: Walk, climb stairs, exercise	14.35	9.94	0.001
Item 16: Accomplish daily activities	13.24	9.82	0.007
Item 17: Work outside the home	13.72	9.74	0.003
Item 18: Work inside the home	12.66	9.07	0.006
Item 19: Interact with others	12.56	8.74	0.009
Item 20: Live your personal life	11.85	8.50	0.015

p-value less than 0.05 is statistically significant

Conclusion:

In this comparative multicenter study, ColdZyme shows its ability to provide cold relief and significantly improve quality of life. The increased use of drugs for symptomatic treatment in the control group indicates an even larger positive effect when using ColdZyme.

2) Single (investigator)-blind, randomized, parallel-group study to evaluate the use of various assessments of common cold symptoms for proof of efficacy of ColdZyme (data on file)

VALUE CHAIN

Full control of the value chain – attractive for international partners

The 2016 acquisition and integration of the Icelandic company Zymetech gave Enzymatica full control over the value chain, from the production of enzymes to the sale of medical devices. The Company combines expertise in enzyme research and development of medical devices with its experience of global market penetration and sales. This should make the Company attractive for international partners and in 2018 Enzymatica signed several strategically important distributor agreements. In 2018 Enzymatica also worked on strengthening its quality management system and production to comply with the Good Manufacturing Practice (GMP) system on Iceland, which in November 2018 became certified to ISO 9001 standards.

As a result of the acquisition of Zymetech, Enzymatica gained international exclusive rights to a patent-protected enzyme, a key component of the cold spray ColdZyme® and control over production of the enzyme, as well as access to international research and development expertise and Zymetech's research portfolio. As a result, Enzymatica can sign exclusive agreements with leading international distributors to obtain broad market coverage. One example of this is the agreement signed in 2017 with the German pharmaceutical company STADA for marketing and sales of ColdZyme in the German, Belgian and Austrian markets. In 2018 Enzymatica signed agreements with ABEX Pharmaceuticals for marketing and sales of ColdZyme on the South African market and with Evergreen for Hong Kong & Macau. Enzymatica also signed a contract with one of the largest Japanese pharmaceutical companies regarding registration, marketing, distribution and sales of ColdZyme on the Japanese market.

Patent protection and production

Enzymatica has patent protection for its own products in regions and countries such as the EU, China, Australia, Russia and Canada. Since Enzymatica is the sole producer worldwide of the specific deep-water enzyme, the Company also has global control of enzyme production, which could significantly delay competition in key countries where there is not full patent protection. Enzymatica thus has exclusive rights in countries with patent protection until 2020 and a technological lead of several years over the rest of the world. Enzymatica has an active patent strategy and continually submits patent applications for new applications and technical innovations. See the table below for more information about the Company's granted patents and patent applications.

Design & Development

Enzymatica has refined its research and development portfolio in recent years. The focus has been on documentation, development and research related to ColdZyme.

The Company has extensive knowledge in enzyme technology, applied enzyme research, and processing and formulation of the relevant enzyme, which also allows for a broadening of the areas of use for ColdZyme and facilitates development of new products based on the Company's technology platform.

Product	Countries/markets	Approved, year	Status	Relates to	Expires, year	Number
ColdZyme	Europe, Australia, Canada, China, India, Iceland, South Korea, Mexico, Norway, New Zealand, Poland, Russia, US	2000	Granted	Enzyme from cod for medical and cosmetic use	2020	1
Unspecified	International applications	-	Applications	-	-	7

Value chain for Enzymatica

Enzymatica has full control over the entire value chain, from production of enzymes to the sale of medical devices. Enzymatica has the ability to offer exclusivity for the enzyme that is included in the Company's product development and the Company therefore had full control over enzyme production, product development and registration. Products are manufactured through contract manufacturing in accordance with Enzymatica's specifications and quality requirements. Marketing and sales are both in-house and through partners, depending on the market.

Production equipment at the enzyme production facility in Iceland.

CORPORATE GOVERNANCE

Corporate governance

Governance of Enzymatica takes place through the Annual General Meeting, the Board of Directors, the CEO and senior management in accordance with the Swedish Companies Act, the Articles of Association, Enzymatica's internal policy documents and the rules and recommendations for companies whose shares are listed on Nasdaq First North. Some representative(s) from executive management and the Board of Directors is/are in turn the chair and members of the Boards of Directors of the subsidiaries.

Annual General Meeting

The Annual General Meeting (AGM) is the highest decision-making body and the forum through which shareholders exercise their influence over the Company. The Annual General Meeting resolves on how to address a number of central issues, including disposition of the Company's profit or loss, adoption of the income statement and balance sheet, discharge from liability for the Board of Directors and the CEO, election of the Board of Directors and the auditor, as well as fees to the Board and auditor. An Extraordinary General Meeting may be held if the Board considers that there is a need to do so, or if the Company's auditors or owners of at least 10 percent of the shares should so request.

The Annual General Meeting of shareholders on April 26 2018 authorized the Board to resolve on the issuance of shares corresponding to a maximum of 10 percent of the total number of shares in the Company, with or without deviation from preferential rights, in order to enable the Company to raise working capital and to take advantage of future opportunities to acquire long-term strong owners, as well as to further finance the Company's growth strategy.

The Extraordinary General Meeting held on November 5, 2018, resolved to approve the Board's resolution as of October 18, 2018, for the issuance of shares with preferential rights for existing shareholders. In accordance with what was announced on October 18, 2018, under the terms and conditions adopted by the Board of Directors for the issuance, each share in Enzymatica held on the record date for participation in the rights issue, November 12, 2018, entitle the holder to one (1) subscription right and seven (7) subscriptions rights, that entitle the holder to subscription of four (4) new shares. The subscription price has been set at SEK 1.90 per share, which corresponds to total issue proceeds of approximately SEK 98.7 million before issue expenses. As a result of the rights issue the Company's share capital will increased by a maximum of SEK 2,077,436.20 through the issuance of a maximum of 51,935,888 new shares.

Board of Directors

In 2018, the Board of Directors consisted of six members who are elected for one year by the Annual General Meeting. According to the Articles of Association, the Board of Directors shall consist of at least three and a maximum of ten members with a maximum of ten deputies. The Board of Directors elects its officers at a meeting held immediately after the Annual General Meeting. A list of the members with their respective shareholdings, attendance record, and their respective independence to the owners and the Company, respectively, can be found in the Swedish version of the annual report.

Chairman of the Board

Bengt Baron is the Chairman of the Board. In addition to leading Board meetings, the Chairman is responsible for ongoing contact with the CEO, monitoring the development of the company and consulting with the CEO on strategic matters. The Chairman of the Board shall, in consultation with the CEO, be responsible for notice to attend Board meetings and the agenda, as well as for ensuring that matters are not handled in violation of regulations. Once a year, the Chairman evaluates the work of the Board with each of the members.

Committees

The Board has established an Audit Committee and a Remuneration Committee. The Audit Committee is responsible for quality assurance regarding the Company's financial reporting and for work concerning Enzymatica's internal control. The Audit Committee is also responsible for the Board's ongoing communication with auditors, adoption of guidelines for what services are to be purchased from auditors in addition to auditing, evaluating the audit engagement, assisting the Nomination Committee in preparing proposals for the auditor and fees for the audit engagement. The Audit Committee consists of Board members Marianne Dicander Alexandersson, Louise Nicolin and Sigurgeir Gudlaugsson. Marianne Dicander Alexandersson is the committee chairperson. The Remuneration

Board members' shareholdings, attendance record, and respective independence to owners and the Company, respectively

Name	Number of shares	Attendance board meetings	Independence to owners and the Company, respectively
Bengt Baron, chairman (chairman beginning December 19, 2016)	614,277	21//21	Yes
Marianne Dicander Alexandersson	72,912	19//21	Yes
Gudmundur Palmason	9,360,622	20/21	No
Sigurgeir Gudlaugsson	1,002,001	19/21	No
Mats Andersson	27,837,483	21/21	No
Louise Nicolin	0	21/21	Yes

Committee addresses matters concerning remuneration and benefits for senior executives, including the CEO. The committee consists of Bengt Baron, Mats Andersson and Gudmundur Palmason. Mats Andersson is the committee chairperson.

Board meetings

During the year, Enzymatica's Board of Directors held 21 meetings at which the minutes were recorded, 10 of which were by telephone and 4 per capsulam. Four of the meetings were held in conjunction with approval of the year-end report and the interim reports. Important matters addressed during the year included strategy, growth issues, funding, organization, adoption of the budget and regulatory matters, such as how the company will address the new EU Medical Device Regulation. The CEO and CFO of the Company regularly participate at the Board meetings. Other senior executives participate at Board meetings as needed. The Company's auditor attends at least one regular meeting during the year.

Audit

In 2018 Deloitte AB was elected to serve as auditor of the Parent Company for the period until the 2019 Annual General Meeting. In addition to the annual audit, the auditor reviews at least one interim report per year. Authorized auditor Per-Arne Pettersson is the principal auditor.

CEO and senior management

The CEO is appointed by the Board of Directors and leads the Company in accordance with the guidelines and instructions adopted by the Board. The CEO appoints a Management Group. The Management Group consisted of five people in addition to the CEO during the year. A more detailed description of the CEO and the Management Group can be found in the Swedish version of the annual report.

Remuneration

Salaries, remuneration and other benefits to the Board, the CEO and other senior executives are presented in Note 7 in the Swedish version of the annual report.

Guidelines for remuneration to senior executives

Remuneration to the Chief Executive Officer and other senior executives comprises basic salary and other benefits (relates to car allowance). The Company's senior executives, in addition to the Chief Executive Officer, include an additional five individuals. Decisions on remuneration and benefits to the Chief Executive Officer have been taken by Enzymatica's Board of Directors. Decisions on remuneration and benefits to other senior executives are prepared by the Chief Executive Officer, who submits a proposal to the Board.

The Chief Executive Officer's employment agreement cites a period of notice from the Company of twelve months during which the level of salary and other benefits paid remains unchanged. The period of notice for the CEO is six months. No special severance package is paid. The period of notice for other senior executives is between three and six months, and the period of notice for the Company is between three and twelve months. No special severance package is paid. For information on the 2018 guidelines for senior executives, please refer to the Company's notice to attend the 2018 Annual General Meeting.

Internal control

Internal control in the Company follows the procedures and principles established in the Company using various systems, controls and ongoing reporting. The Board of Directors is responsible for compliance with these procedures and principles. Each individual entity in the Company is followed up with reporting according to a set schedule and scope. Authorization guidelines and rules of procedure regulate who and how decisions are made regarding length of contract, costs or risk for the Company. Signing on behalf of the Parent Company and subsidiaries, as well as managing cash and cash equivalents, are handled by several people to create good control. Enzymatica does not have an internal audit function because such a function is not justified by the scope and risk exposure of the Company.

THE SHARE

Enzymatica share in 2018

Enzymatica has been listed on Nasdaq First North since 2015. At year-end 2018/2019 Enzymatica had 2,591 shareholders and market capitalization of approximately SEK 314 million. In the fourth quarter the Company raised SEK 98.7 million before issue expenses in a rights issue.

Shares and share capital

At the end of 2018, the share capital of Enzymatica AB was SEK 5,712,950 SEK, distributed among 142,823,696 shares, each with a par value of SEK 0.04. The Company has only one class of stock. Each share entitles the holder to one vote at Enzymatica's general meeting of shareholders. Each shareholder who is entitled to vote may vote at the general meeting for the full number of shares that he or she owns and represents. Each share carries equal rights to a part of the Company's assets and profit.

Rights issue

Enzymatica raised funds through a rights issue with preferential for the Company's shareholders in the fourth quarter. The issue was fully subscribed and raised a total of SEK 98.7 million before issue expenses of SEK 7.6 million. A total of 51,935,888 new shares were issued, which means that share capital increased by SEK 2,077,436.20 to SEK 5,712,949.70 and the number of shares increased to 142,823,696.

Employee Warrant Plans I and II

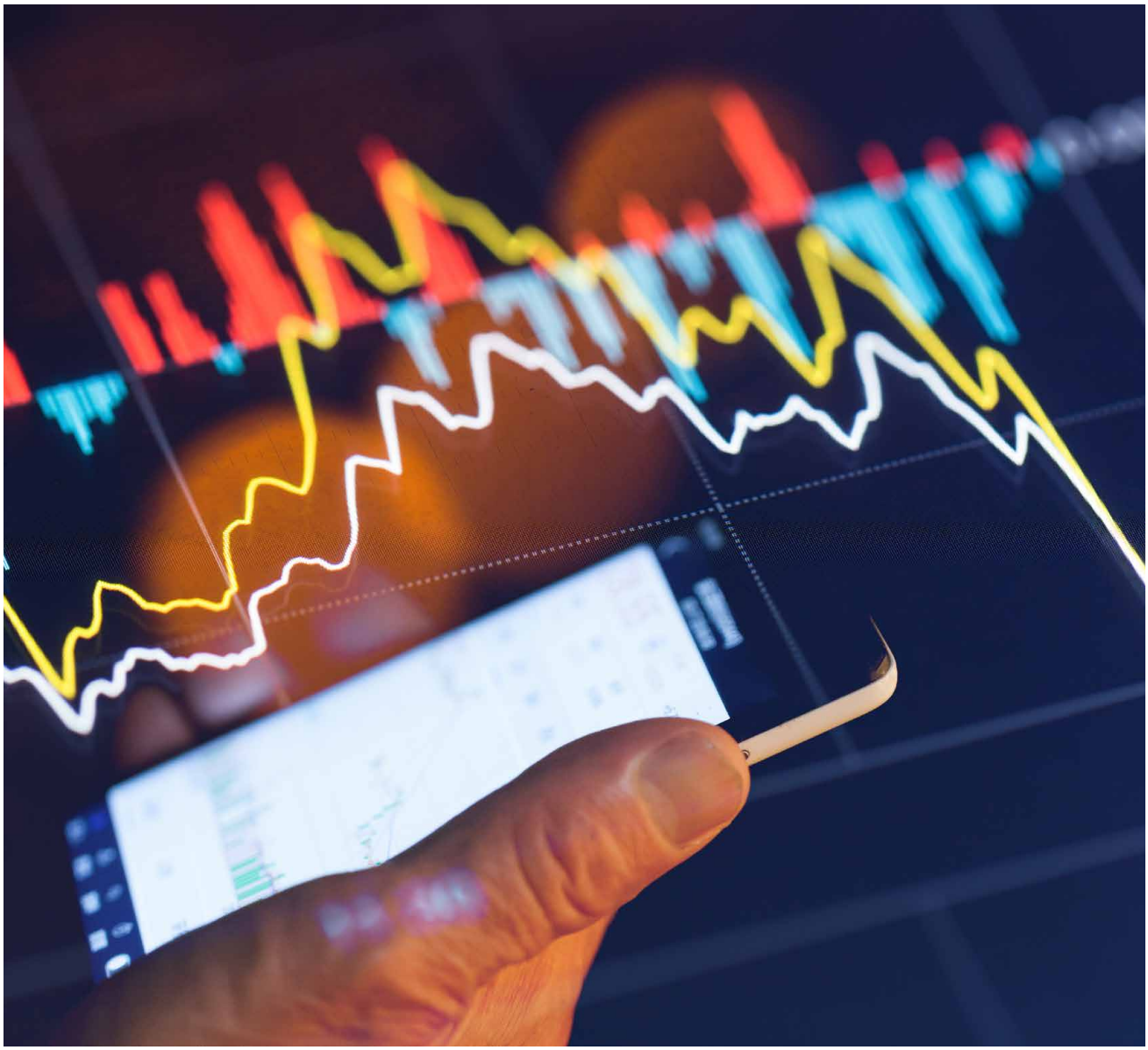
The Annual General Meeting on April 20, 2017, and the Extraordinary General Meeting on October 25, 2017, resolve to authorize the employee warrant plans 2017/2023 I and 2017/2023 II. The total number of employee warrants allocated in the two employee warrant plans is 3,740,000. In order to enable the Company to deliver shares under the plans for issuance of warrants to Company employees and to ensure payment of costs associated with the employee warrants, primarily social security contributions, the General Meetings resolved to carry out directed issues of a maximum of 4,915,108 warrants to Enzymatica's wholly owned subsidiary Enzymatica Care AB.

If all warrants related to the two outstanding employee warrant plans that have been issued are exercised, a total of 4,915,108 shares will be issued, corresponding with dilution of approximately 3.5 percent of the Company's share capital and votes after full dilution. Upon full exercise of the warrants for subscription of new shares, the share capital will increase by a total of SEK 196,604.40.

For further information, please refer to the Administration Report in the Swedish version of the annual report.

Authorization for the Board to decide on the issuance of shares from the 2018 Annual General Meeting

The 2018 Annual General Meeting authorized the Board to resolve on the issuance of shares corresponding to a maximum of 10 percent of the total number of shares in the Company, with or without deviation from preferential rights, in order to enable the Company to raise working capital and to take advantage of future opportunities to acquire long-term strong owners, to further finance the Company's growth strategy and to enable the Company to acquire outstanding minority shares in the subsidiary Zymetech ehf. through a non-cash issue. The authorization was exercised in conjunction with the rights issue held in the fourth quarter of 2018 as described above.



Registered	Transaction	Increase in number of shares	Total number of shares	Change in share capital	Total share capital	Par value
2006	Founded	1,000	1,000	100,000	100,000	100.00
2009	Rights issue	200	1,200	20,000	120,000	100.00
2011	Rights issue	3,800	5,000	380,000	500,000	100.00
2011	Split	12,495,000	12,500,000	–	500,000	0.04
2011	Rights issue	2,220,000	14,720,000	88,800	588,800	0.04
2012	Rights issue	1,783,832	16,503,832	71,353	660,153	0.04
2012	Rights issue	1,375,319	17,879,151	55,013	715,166	0.04
2013	Rights issue	890,000	18,769,151	35,600	750,766	0.04
2014	Rights issue	4,692,287	23,461,438	187,691	938,457	0.04
2014	Rights issue	1,500,000	24,961,438	60,000	998,457	0.04
2016	Non-cash issue	20,905,942	45,867,380	836,238	1,834,695	0.04
2016	Rights issue	27,520,428	73,387,808	1,100,817	2,935,512	0.04
2016	Rights issue	17,500,000	90,887,808	700,000	3,635,512	0.04
2018	Rights issue	51,935,888	142,823,696	2,077,436	5,712,950	0.04

Amounts above are stated in SEK

Analyses

Share capital trend

Since its formation, the Company's share capital has changed as shown in the table on the previous page.

Trading with the Enzymatica share on First North

Enzymatica's shares were admitted for trading on Nasdaq First North on June 15, 2015. The number of shares is 142,823,696. Closing price on Friday, December 28, 2018 was SEK 2.20, corresponding to a market capitalization of approximately SEK 314 million. In 2018, average turnover per trading day was approximately 56,561 shares, equivalent to approximately SEK 195,000. In 2018, the share price decreased by 56 percent, from SEK 5.05 to SEK 2.20. Enzymatica's market capitalization declined from SEK 459 million to SEK 314 million.

Ownership structure

The number of shareholders at year-end was 2,591, an increase of 5 percent during the year. The table on the next page shows information about ownership of the Company as of Friday, December 28, 2018. For information about the shares in Enzymatica held by Board members and senior executives, please see the Swedish version of the annual report.

Dividend policy

The Board of Directors does not intend to propose any dividend until the Company generates a profit and a positive cash flow.

Share-based incentive programs

See earlier in this section under Shares and share capital, Employee Warrant Plans I and II.

Analyses

During the year Enzymatica was analyzed by ABG Sundal Collier and Erik Penser Bank.

» Christopher W. Uhde, ABG Sundal Collier: christopher.uhde@abgsc.se

» Johan Löchen, Penser: johan.lochen@penser.se

The Enzymatica share

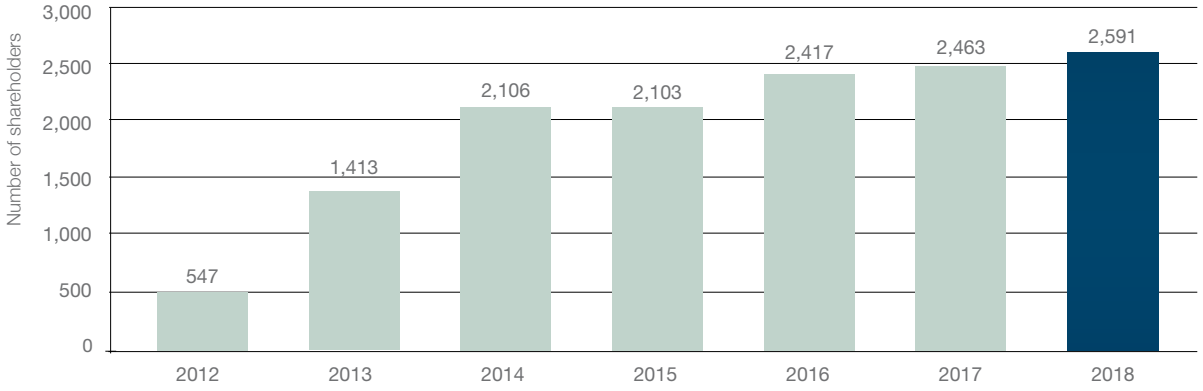
Ticker: ENZY
ISIN code: SE0003943620
Sector: Health care

Enzymatica's ten largest shareholders

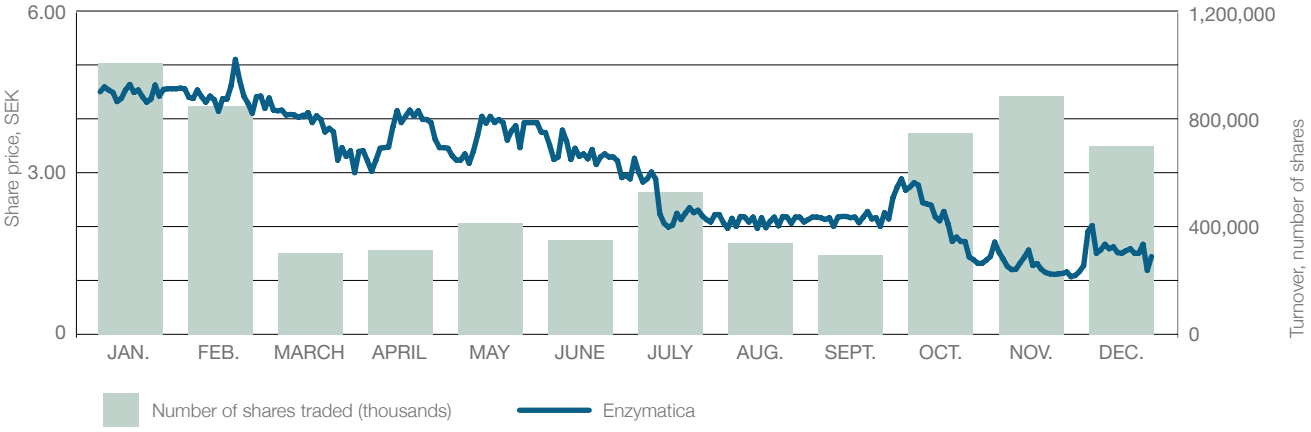
Name	Number of shares	Percentage of capital and votes (%)
Mats Andersson, privately and through company	27,837,483	19.5%
Roosgruppen AB (Håkan Roos)	18,794,696	13.2%
Fibonacci Asset Management (Björn Algkvist)	12,969,392	9.1%
Gudmundur Palmason, privately and through company	9,360,622	6.6%
Ágústa Gudmundsdottir, privately and through company	8,164,381	5.7%
Aktiebolaget Possessor	3,000,000	2.1%
Nordnet Pensionsförsäkring AB	2,919,450	2.0%
Avanza Pension Försäkring AB	2,583,605	1.8%
Ulf Winberg, privately and through company	2,468,657	1.7%
Medzyme Invest Öresund AB (Ulf Blom)	2,135,047	1.5%
Holdings 10 largest shareholders	**90,233,333**	**63.2%**
Other	52,590,363	36.8%
Total	**142,823,696**	**100.0%**

Source: Euroclear, January 2019

Shareholder trend 2012-2018



Share price trend 2018



Financial Overview

(SEK thousand)	2018	2017	2016	2015	2014
Net sales, SEK thousand	52,560	59,446	36,482	27,912	19,063
Capitalized development costs, SEK thousand	-	-	7,625	3,053	3,758
Cash flow for the period, SEK thousands	59,428	-24,656	27,189	-29,855	33,682
Gross margin, %	70	61	61	70	74
Equity/assets ratio, %	86	83	87	50	86
Debt/equity ratio, times	0.2	0.2	0.1	1.0	0.2
Equity (SEK thousand)	159,660	110,695	142,041	21,985	62,425
Cash flow for the year, operating activities, SEK thousands	-28,793	-22,545	-38,434	-37,648	-40,666
Net investments, SEK thousands	-520	-1,265	-18,995	-3,146	-3,918
Average number of employees	21	21	21	16	14
Number of shares at end of period	142,823,696	90,887,808	90,887,808	24,961,438	24,961,438
Earnings per share, basic and diluted, SEK[1]	-0.45	-0.35	-0.69	-1.64	-1.41
Equity per share, SEK	1.12	1.22	1.56	0.88	2.50

[1] Based on weighted average of the number of outstanding shares.

Definitions of – Alternative performance measures

Enzymatica uses alternative performance measures to increase understanding of the information in the financial statements, both for external analysis and comparison, and for internal evaluation.

Alternative performance measures are measures that are not defined in financial statements prepared in accordance with IFRS. The following ratios are used:

Gross margin

Net sales for the period less costs for raw materials and supplies in relation to net sales. Gross margin shows earnings in relation to net sales and margin to cover other expenses, as well as profit margin.

Equity per share

Reported consolidated shareholders' equity divided by the number of outstanding shares. Shows the share of equity attributable to each share.

Earnings per share

Profit/loss for the year in relation to average number of outstanding shares.
Shows the share of profit/loss for the year attributable to each share.

Earnings per share, diluted

Profit/loss for the year in relation to average weighted number of shares increased by the amount at full dilution. Shows the share of profit/loss for the year attributable to each share after taking potential shares such as warrants into account.

Debt/equity ratio

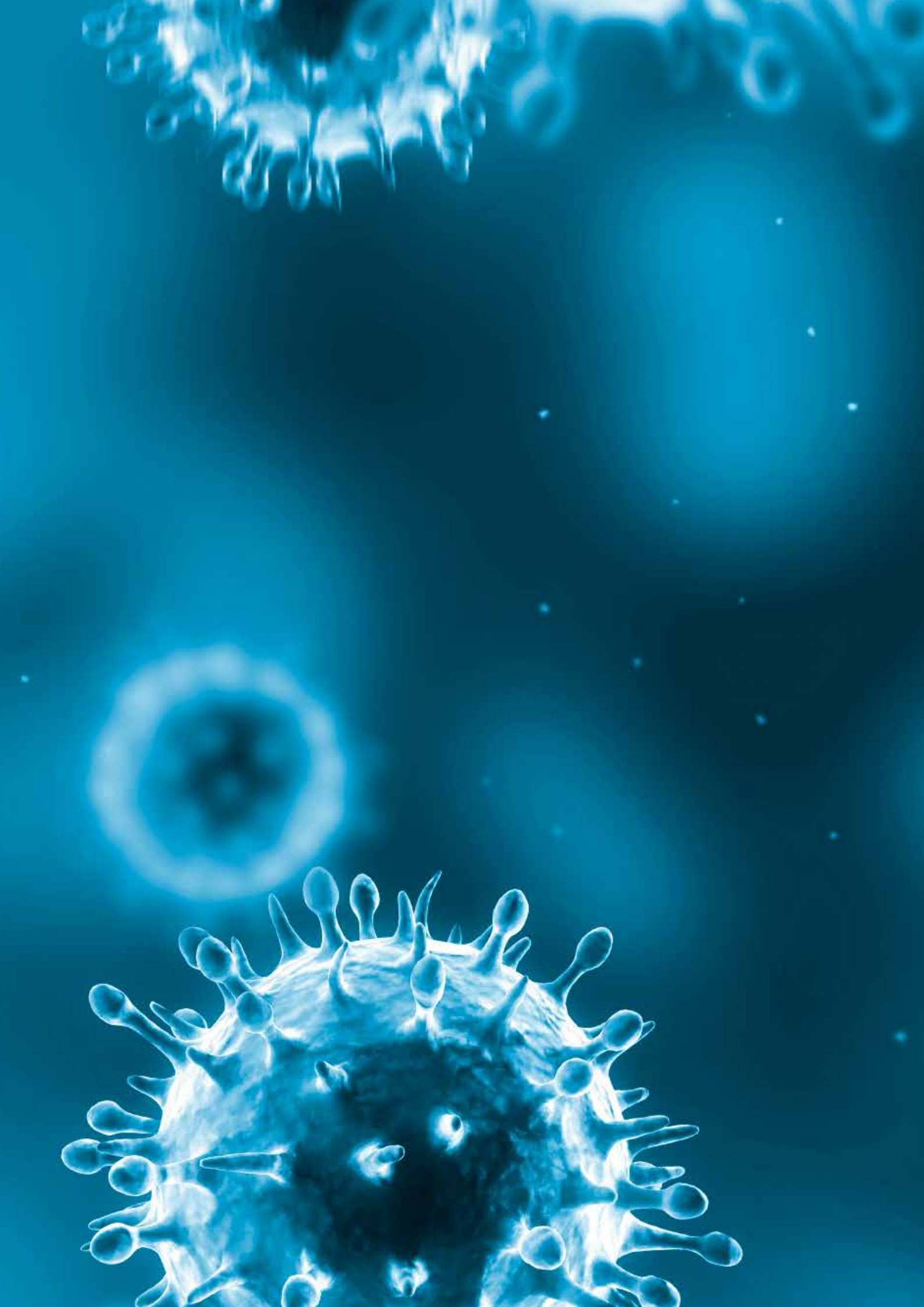
Total liabilities divided by shareholders' equity. Shows the company's net debt and is used as a measure to measure debt and future financing needs.

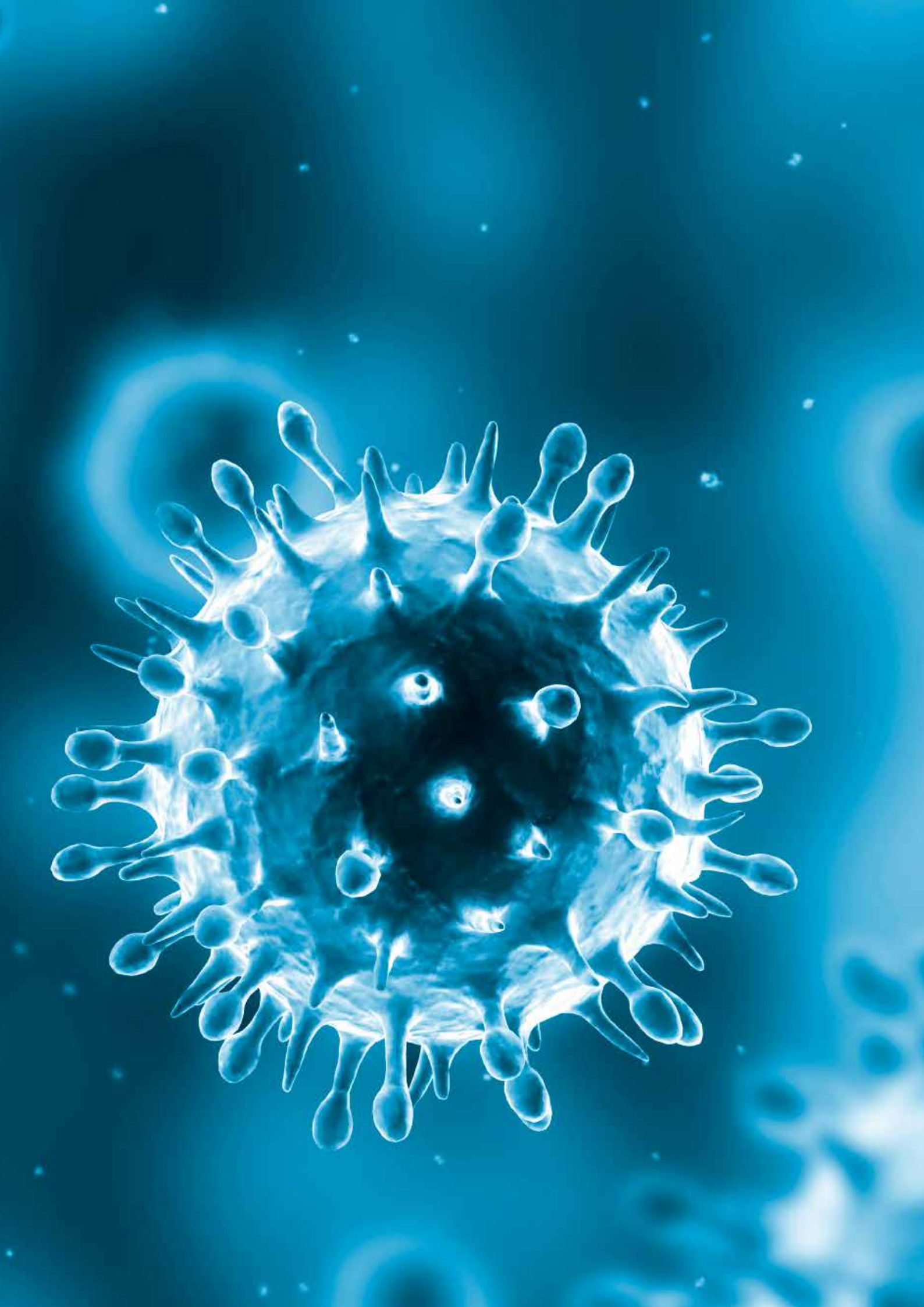
Equity ratio

Equity as a percentage of total assets. Shows the share of equity in relation to total assets.

Net investments

Cash flow from investing activities. Shows the amount used to invest in property, plant and equipment during the year.





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