

**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

██████████ Individually and on
Behalf of All Others Similarly Situated,

Plaintiff,

v.

ENZYMOTEC LTD., ARIEL KATZ,
OREN BRYAN, JACOB (YAACOV)
BACHAR, NIR BELZER, YOAV
DOPPELT, STEVE DUBIN, DOV
PEKELMAN, YOSSI PELED, MICHAL
SILVERBERG, JOSEPH TENNE,
IMANUEL WASSERMAN, YOSSI
OHANA, MERRILL LYNCH, PIERCE,
FENNER & SMITH INCORPORATED,
JEFFERIES LLC, CANACCORD
GENUITY INC., WEDBUSH
SECURITIES INC., WELLS FARGO
SECURITIES, LLC,

Defendants.

Civil Action No.:

**CLASS ACTION COMPLAINT
FOR VIOLATIONS OF THE
FEDERAL SECURITIES LAWS
AND DEMAND FOR JURY TRIAL**

Plaintiff [REDACTED] by and through the undersigned attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff's information and belief is based upon, among other things, plaintiff's counsel's investigation, which includes without limitation: (a) review and analysis of regulatory filings made by ENZYMOTEC LTD. ("Enzymotec" or the "Company") with the United States Securities and Exchange Commission ("SEC"); (b) review and analysis of press releases and media reports issued by and disseminated by Enzymotec; and (c) review of other publicly available information concerning Enzymotec.

NATURE OF THE ACTION AND SUMMARY OF ALLEGATIONS

1. This is a federal securities class action brought on behalf of all persons or entities who purchased or otherwise acquired Enzymotec securities: (1) pursuant and/or traceable to the Company's Registration Statement and Prospectus (collectively, the "Registration Statement") issued in connection with the Company's initial public offering on or about September 27, 2013 (the "IPO" or the "Offering"); and/or (2) on the open market between September 27, 2013 and August 4, 2014, inclusive (the "Class Period"). Plaintiff seeks to pursue remedies under the Securities Act of 1933 (the "Securities Act") and under the Securities Exchange Act of 1934 (the "Exchange Act").

2. Enzymotec is a global supplier of specialty lipid-based products and solutions. The Company develops, manufactures and markets innovative bio-active lipid ingredients used in the production of various nutritional products. In addition, the Company also produces its own line of consumable final products, including the popular InFat line of products. The Company's primary source of revenue is through its baby formula business.

And, the Company had projected to investors a high growth in its China baby formula business, which included the InFat line of products.

3. Defendants explicitly predicted that the Chinese baby formula market would contribute a large percentage of the Company's gross revenues in the near future. For instance, the Company reported to investors in its Registration Statement filed with the SEC, "*Sales of our infant formula products are currently strongest in China,*" "*The next generation of our infant formula ingredient products targets additional attributes of key lipids found in human breast milk such as improved brain development. InFat has been achieving rapid penetration in the Chinese and other Asian markets.*"

4. The Company, however, knowingly failed to disclose to investors that it was facing significant compliance issues in the Chinese market, increased competition and operational problems with its co-venturer in the InFat product line, and that its Chinese baby formula business was jeopardized and subject to increased volatility and decreased revenues.

5. Additionally, the Company allegedly breached certain aspects of a crucial joint venture agreement with AarhusKarlshamn AB ("AAK"), Enzymotec's partner in the Advanced Lipids AB business which marketed the popular InFat product.

6. Due to the breach of contract with AAK, the Company was subjected to legal action as well as operational declines in its InFat business in China.

7. The claims in this action arise from the materially false and/or misleading Registration Statement and Prospectus issued in connection with the Offering, as well as the statements and materials disclosed to investors during the Class Period.

8. In the IPO, the Company and the underwriters sold 5,073,800 shares of its

common stock at a price of \$28.00 per share. According to the Company, the Offering raised approximately \$63.5 million in net proceeds, after deducting underwriting discounts and offering expenses of approximately \$7.5 million.

9. As detailed below, the Registration Statement and Prospectus contained materially false and misleading statements and omitted material information in violation of Sections 11 and 15 of the Securities Act, 15 U.S.C. §§ 77k and 77o.

10. On May 14, 2014, the Company issued a press release entitled, "Enzymotec Ltd. Reports First Quarter 2014 Unaudited Financial Results," Therein, the Company, disclosed for the first time that, "Chinese regulations require infant formula manufacturers to make certain changes to their production chain," and as a result the company's revenues were lower.

11. On this news, shares of the Company's stock declined \$6.48 per share, or over 32%, to close at \$13.75 per share on May 14, 2014, on unusually heavy trading volume.

12. Then on August 5, 2014, the Company issued a press release announcing financial results for the second quarter of 2014. The Company further disclosed the increased impact of the Chinese regulations on its sales of infant formula and announced financial results that were significantly lower than the prior year in almost all respects.

13. On this news the Company's shares declined \$5.85 per share, or nearly 40%, to close on August 5, 2014 at \$9.11, on volume of over 1 million shares.

14. Throughout the Class Period, Defendants made false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1) Enzymotec's Chinese business was subject to

material and readily identifiable compliance regulations from the Chinese government; (2) the Company's Chinese baby formula business was jeopardized and subject to increased volatility and decreased revenues; (3) the Company's joint venture with AAK was crumbling and subjected the Company to liability and decreased revenues; and (4) as a result of the foregoing, the Defendants' positive statements about the Company's business, operations, and prospects were materially false and misleading and/or lacked a reasonable basis at all relevant times.

15. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

16. The claims asserted herein arise under and pursuant to Sections 11 and 15 of the Securities Act (15 U.S.C. §§ 77k and 77o) and Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

17. This Court has jurisdiction over the subject matter of this action pursuant to Section 22 of the Securities Act (15 U.S.C. § 77v) and Section 27 of the Exchange Act (15 U.S.C. §78aa).

18. Venue is proper in this District pursuant to Section 22 of the Securities Act and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Many of the acts and transactions alleged herein, including the preparation and dissemination of materially false and/or misleading information, occurred in substantial part in this District. Additionally, Enzymotec's U.S. offices are located within this District.

19. In connection with the acts alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mail, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

20. Plaintiff, [REDACTED] as set forth in the accompanying certification, incorporated by reference herein, purchased Enzymotec securities during the Class Period and/or pursuant and/or traceable to the Registration Statement issued in connection with the Company's IPO and has been damaged thereby.

21. Defendant Enzymotec is an Israel corporation with its principal executive offices located at Sagi 2000 Industrial Area, P.O. Box 6, Migdal Ha'Emeq 2310001, Israel.

22. Defendant Ariel Katz ("Katz") was, at all relevant times, Chief Executive Officer ("CEO") and signed or authorized the signing of the Company's Registration Statement filed with the SEC.

23. Defendant Oren Bryan ("Bryan") was, at all relevant times, Chief Financial Officer ("CFO") of Enzymotec and signed or authorized the signing of the Company's Registration Statement filed with the SEC.

24. Defendants Katz and Bryan are collectively referred to hereinafter as the "Officer Defendants."

25. Defendant Jacob (Yaacov) Bachar ("Bachar") was, at all relevant times, a director of Enzymotec and signed or authorized the signing of the Company's Registration Statement filed with the SEC.

26. Defendant Nir Belzer ("Belzer") was, at all relevant times, a director of

Enzymotec and signed or authorized the signing of the Company's Registration Statement filed with the SEC.

27. Defendant Yoav Doppelt ("Doppelt") was, at all relevant times, a director of Enzymotec and signed or authorized the signing of the Company's Registration Statement filed with the SEC.

28. Defendant Steve Dubin ("Dubin") was, at all relevant times, a director of Enzymotec and signed or authorized the signing of the Company's Registration Statement filed with the SEC.

29. Defendant Dov Pekelman ("Pekelman") was, at all relevant times, a director of Enzymotec and signed or authorized the signing of the Company's Registration Statement filed with the SEC.

30. Defendant Yossi Peled ("Peled") was, at all relevant times, a director of Enzymotec and signed or authorized the signing of the Company's Registration Statement filed with the SEC.

31. Defendant Michal Silverberg ("Silverberg") was, at all relevant times, a director of Enzymotec and was named in the Company's Registration Statement as a member of the Company's board of directors.

32. Defendant Joseph Tenne ("Tenne") was, at all relevant times, a director of Enzymotec and was named in the Company's Registration Statement as a member of the Company's board of directors.

33. Defendant Imanuel Wasserman ("Wasserman") was, at all relevant times, a director of Enzymotec and signed or authorized the signing of the Company's Registration Statement filed with the SEC.

34. Defendant Yossi Ohana (“Ohana”) was, at all relevant times, a director of Enzymotec and signed or authorized the signing of the Company’s Registration Statement filed with the SEC.

35. Defendants Katz, Bryan, Bachar, Belzer, Dubin, Doppelt, Pekelman, Peled, Silverberg, Tenne, Wasserman, and Ohana are collectively referred to hereinafter as the “Individual Defendants.”

36. Defendant Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill Lynch”) served as an underwriter to Enzymotec in connection with the Offering. Defendant Merrill Lynch acted as joint book-running manager for the Offering.

37. Defendant Jefferies LLC (“Jefferies”) served as an underwriter to Enzymotec in connection with the Offering. Defendant Jefferies acted as joint book-running manager for the Offering.

38. Defendant Canaccord Genuity Inc. (“Canaccord”) served as an underwriter to Enzymotec in connection with the Offering. Defendant Canaccord acted as a co-manager for the Offering.

39. Defendant Wedbush Securities Inc. (“Wedbush”) served as an underwriter to Enzymotec in connection with the Offering. Defendant Wedbush acted as a co-manager for the Offering.

40. Defendant Wells Fargo Securities, LLC (“Wells Fargo”) served as an underwriter to Enzymotec in connection with the Offering. Defendant Wells Fargo acted as lead manager for the Offering.

41. Defendants Merrill Lynch, Jefferies, Canaccord, Wedbush, and Wells Fargo are collectively referred to hereinafter as the “Underwriter Defendants.”

SUBSTANTIVE ALLEGATIONS

42. On or about August 22, 2013, Enzymotec filed the IPO Registration Statement with the SEC on Form F-1.

43. On or around September 24, 2013, the Company filed with the SEC its final IPO Registration Statement, which formed part of the Registration Statement that was declared effective on September 27, 2013. In the IPO, the Company sold 5,070,000 shares of its common stock at a price of \$14.00 per share. According to the Company, the Offering raised approximately \$57,444,240 in net proceeds, after deducting underwriting discounts and commissions of \$4.32 million.

44. With respect to the Company's baby formula product, the Registration Statement, in relevant part, stated:

Our premium infant formula ingredient products seek to more closely resemble the composition and properties of human breast milk fat, which is considered the "gold standard" in infant nutrition because of both its short and long term health and developmental benefits, to facilitate healthy infant development. Peer reviewed clinical studies published in 2012 and 2013 demonstrate that our leading formula ingredient product, InFat, provides unique benefits such as stronger bones, improved intestinal flora and reduced crying, in addition to reduced constipation, improved calcium absorption and more efficient energy intake. As a result, we believe InFat is the most significant development to infant formula ingredients since DHA and ARA were introduced to the market almost 15 years ago. The next generation of our infant formula ingredient products targets additional attributes of key lipids found in human breast milk such as improved brain development. *InFat has been achieving rapid penetration in the Chinese and other Asian markets*, and we believe that we have significant opportunities in other developing markets and developed markets such as North America and Europe.

* * *

The infant nutrition market represented approximately \$52.0 billion globally in 2012 in current prices, and is expected to grow at a 9.5% compound annual growth rate, or "CAGR", in current prices, from 2013 to 2018 according to a 2013 baby food report by Euromonitor International. The market is driven by global birth rates, as well as an expanding global middle class with greater

financial means to focus on health and nutrition products. *The Chinese baby food market, for example, is expected to grow at a 17.5% CAGR, in current prices, from 2013 to 2018, according to the same source.* According to a 2013 baby food report by Euromonitor International, within infant nutrition, milk formula represented approximately \$35.9 billion or 69.1% of the market in 2012, in current prices.

* * *

Memory impairment is a significant issue globally, particularly in developed markets, where the aged population is growing. According to an article published in the *Annals of Internal Medicine*, in 2002 an estimated 5.4 million people (22.2%) in the United States age 71 years or older had cognitive impairment without dementia. *There has also been increased frequency of brain-related disorders in China, affecting 1 in 1,000 of the population, rising to 1 in 50 among those aged over 80.*

* * *

Diversified business model. We benefit from product, customer and geographical market diversification across our company. We develop and market multiple products that address dietary needs, medical disorders and common diseases using a variety of lipid families. We sell to various customers, consumers and geographies, offering our products globally, *with particular strength in the United States, China and Australia/New Zealand as end markets.* Though our geographical split by customer headquarters is 46% United States, 31% Australia/New Zealand, 18% Europe, 4% Asia and 1% Israel for fiscal year 2012, we believe our geographical split over the same time period by end consumer location is approximately half in the United States, *one-quarter in Asia*, one-quarter in Australia/New Zealand and a small percentage in Europe and Israel.

* * *

Sales of our infant formula products are currently strongest in China, while sales of our other nutrition products are strongest in the United States and Australia. We plan to utilize our global presence to cross-market products in our different geographies and build awareness of our premium products among branded product manufacturers. We plan to take advantage of our presence and experience selling products in markets outside of the United States to expand the distribution of our VAYA Pharma products.

* * *

InFat has been achieving rapid penetration in the Chinese and other Asian markets, and we believe that we have significant opportunities in other developing markets and developed markets such as North America and Europe.

45. The Registration Statement was materially false and misleading and/or omitted to state that the Company was facing material issues with its patent portfolio, and therefore core products were threatened by allegations of patent infringement and allegations of breaches of contract, and that the Company was facing pressure from Chinese regulators to improve its baby formula, including Chinese regulators tightening compliance with stricter manufacturing guidelines. Thus, the Registration Statement was negligently prepared and, as a result, contained untrue statements of material facts or omitted to state other facts necessary to make the statements made not misleading, and were not prepared in accordance with the rules and regulations governing their preparation.

46. On November 11, 2013, the Company issued a press release entitled, “Enzymotec Reports Record 2013 Third Quarter Results,” and stated prominently that “quarterly net revenues increased 66.3% to \$17.8 million, net income increased 87.5% to \$3.3 million [and that the Company had] successfully completed an IPO with net proceeds of \$63.5 million.” The press release further stated, in relevant part, the following:

We are pleased to report a very strong quarter, highlighted by record sales, cash flow and profitability, commented Dr. Ariel Katz, President and Chief Executive Officer of Enzymotec. Our top line performance was driven by robust performance in both our Nutrition and VAYA Pharma segments, which grew 68.9% and 159.7% year-over-year, respectively.

We are also very excited to have completed our initial public offering and listing on the NASDAQ Global Select Market, added Dr. Katz. We believe that our proprietary lipid-based technologies focused on consumer needs,

solid reputation in the large and growing nutrition market, and our innovative product portfolio further enhance Enzymotec's competitive strengths and position us for profitable growth as we move ahead over the next several years.

47. On February 13, 2014, the Company issued a press release announcing fourth quarter and full year 2013 unaudited financial results. The press release stated in relevant part the following:

- Fourth quarter net revenues (equity method) increased 59.0% to \$18.5 million, and full year net revenues increased 71.6% to \$65.0 million.
- Fourth quarter net revenues (proportionate consolidation method) increased 69.5% to \$24.1 million, and full year net revenues (proportionate method) increased 74.4% to \$80.6 million.
- Fourth quarter gross margin (equity method) increased 540 basis points to 58.4%, and full year gross margin increased 290 basis points to 50.6%.
- Fourth quarter net income increased 56.7% to \$3.4 million, and full year net income increased 138.3% to \$11.4 million. Fourth quarter net income includes approximately \$2.2 million and full year 2013 includes approximately \$2.4 million of IPO-related expenses (bonuses granted in connection to the IPO, share-based compensation expense mainly related to the execution of the IPO and interest expenses related to the early repayment of long-term bank debt in the first quarter of 2014 using IPO proceeds).
- Fourth quarter non-GAAP net income increased 146.3% to \$5.6 million*, and fiscal year net income increased 173.0% to \$13.8 million.
- Fourth quarter adjusted EBITDA increased 144.6% to \$6.3 million*, and fiscal year adjusted EBITDA increased 121.3% to \$16.1 million.
- Fiscal year operating cash flow of \$7.4 million.

48. Also on February 13, 2014, the Company filed with the SEC its annual report

on Form 20-F. The report reiterated the same financial and operational for the period as discussed above.

49. Under applicable SEC rules and regulations, the IPO Registration Statement was required to disclose known trends, events or uncertainties that were having, and were reasonably likely to have, an impact on the Company's continuing operations.

50. The statements contained in ¶¶43-49 were materially false and/or misleading when made because defendants failed to disclose or indicate that: (1) Enzymotec's Chinese business was subject to material and readily identifiable compliance regulations from the Chinese government; (2) the Company's Chinese baby formula business was jeopardized and subject to increased volatility and decreased revenues; (3) the Company's joint venture with AAK was crumbling and subjected the Company to liability and decreased revenues; and (4) as a result of the foregoing, the Company's financial statements were materially false and misleading at all relevant times.

DISCLOSURES AT THE END OF THE CLASS PERIOD

51. On May 14, 2014, the Company issued a press release entitled, "Enzymotec Ltd. Reports First Quarter 2014 Unaudited Financial Results," Therein, the Company, in relevant part, stated:

As the Company previously disclosed, in the second quarter it plans to install new equipment to increase its manufacturing capacity, which will require a temporary shutdown of the plant. Additionally, recent changes in Chinese regulations require infant formula manufacturers to make certain changes to their production chain. As a result, changes may be required to supply arrangements in response to customer requests. The Company does not expect this change in Chinese regulations to impact its 2014 revenues, but it does expect that this will result in revenues being shifted from the second quarter to the second half of the year. Finally, recent weakness in the Omega-

3 market had a negative impact, combined with weather conditions in the U.S. at the beginning of 2014, which resulted in delayed renewal orders from krill oil customers in the U.S., and additional market factors negatively impacted the Australian krill oil market. This is expected to be partially offset by increased demand from emerging territories, such as Europe and the Far East, in the second half of 2014.

52. On this news, shares of the Company's stock declined \$6.48 per share, or over 32%, to close at \$13.75 per share on May 14, 2014, on unusually heavy trading volume.

53. The statements contained in ¶¶43-49 was materially false and/or misleading when made because defendants failed to *fully* disclose or indicate the following: (1) Enzymotec's Chinese business was subject to material and readily identifiable compliance regulations from the Chinese government; (2) the Company's Chinese baby formula business was jeopardized and subject to increased volatility and decreased revenues; (3) the Company's joint venture with AAK was crumbling and subjected the Company to liability and decreased revenues; and (4) as a result of the foregoing, the Company's financial statements were materially false and misleading at all relevant times.

54. Then on August 5, 2014, the Company issued a press release announcing financial results for the second quarter of 2014. The Company stated in relevant part the following:

- Second quarter net revenues (equity method) decreased 39.8% to \$9.0 million.
- Second quarter net revenues (proportionate consolidation method) decreased 34.4% to \$11.5 million.
- Second quarter gross margin (equity method) increased over 1,500 basis points to 62.0% from 46.5%.
- Second quarter net income decreased to \$0.4 million.
- Second quarter non-GAAP net income decreased to \$0.5 million.
- Second quarter adjusted EBITDA decreased to \$1.2 million.

In the second quarter our business experienced operational challenges based on external market dynamics which hindered our financial performance, stated Dr. Ariel Katz, Enzymotec's President and Chief Executive Officer. While we expected these headwinds in the quarter, particularly related to recent regulatory changes in the Chinese infant formula market and weakness in the U.S. and Australian Omega-3 industry, their overall impact was greater than anticipated and will continue to adversely impact Enzymotec for at least the next two quarters.

Dr. Katz continued, We will continue to manage the controllable aspects of our business. We remain confident that our proprietary lipids-based technology focused on consumers' needs, our solid reputation in the large and growing nutrition markets, and our innovative product portfolio are key competitive strengths that will ultimately lead to greater adoption of our nutrition and VAYA Pharma products and, in turn, position Enzymotec for profitable growth long-term.

55. On this news the Company's shares fell \$5.85 per share or nearly 40% to close on August 5, 2014 at \$9.11 on volume of over 1 million shares.

UNDISCLOSED ADVERSE FACTS

56. The market for Enzymotec's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, Enzymotec's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Enzymotec's securities relying upon the integrity of the market price of the Company's securities and market information relating to Enzymotec, and have been damaged thereby.

57. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Enzymotec's securities, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. Said statements

and omissions were materially false and/or misleading in that they failed to disclose material adverse information and/or misrepresented the truth about Enzymotec's business, operations, and prospects as alleged herein.

58. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Enzymotec's financial well-being and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein.

LOSS CAUSATION

59. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class. During the Class Period, Plaintiff and the Class purchased Enzymotec's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing

investors' losses.

**APPLICABILITY OF PRESUMPTION OF RELIANCE:
FRAUD-ON-THE-MARKET DOCTRINE**

60. The market for Enzymotec's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, Enzymotec's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of Enzymotec's securities and market information relating to Enzymotec, and have been damaged thereby.

61. During the Class Period, the artificial inflation of Enzymotec's stock was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Enzymotec's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of Enzymotec and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company stock. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

62. At all relevant times, the market for Enzymotec's securities was an efficient

market for the following reasons, among others:

- (a) Enzymotec stock met the requirements for listing, and was listed and actively traded on the NASDAQ, a highly efficient and automated market;
- (b) As a regulated issuer, Enzymotec filed periodic public reports with the SEC and/or the NASDAQ;
- (c) Enzymotec regularly communicated with public investors *via* established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or
- (d) Enzymotec was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

63. As a result of the foregoing, the market for Enzymotec's securities promptly digested current information regarding Enzymotec from all publicly available sources and reflected such information in Enzymotec's stock price. Under these circumstances, all purchasers of Enzymotec's securities during the Class Period suffered similar injury through their purchase of Enzymotec's securities at artificially inflated prices and a presumption of reliance applies.

SCIENTER ALLEGATIONS

64. As alleged herein, Defendants acted with scienter in that Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, Defendants, by virtue of their receipt of information reflecting the true facts regarding Enzymotec, his/her control over, and/or receipt and/or modification of Enzymotec's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Enzymotec, participated in the fraudulent scheme alleged herein.

NO SAFE HARBOR

65. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as "forward-looking statements" when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded

herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of Enzymotec who knew that the statement was false when made.

CLASS ACTION ALLEGATIONS

66. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all those who purchased or otherwise acquired Enzymotec securities: (1) pursuant and/or traceable to the Company's Registration Statement and Prospectus issued in connection with the Company's IPO on or about September 27, 2013, seeking to pursue remedies under the Securities Act; and/or (2) on the open market between September 27, 2013 and August 4, 2014, inclusive, seeking to pursue remedies under the Exchange Act; and were damaged thereby (collectively, the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

67. The members of the Class are so numerous that joinder of all members is impracticable. During the relevant period, Enzymotec' securities were actively traded on the NASDAQ Stock Exchange ("NASDAQ"). While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the

proposed Class. The Company sold more than five million shares of common stock in the IPO. Moreover, record owners and other members of the Class may be identified from records maintained by Enzymotec or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

68. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

69. Plaintiff will fairly and adequately protect the interests of the members of the Class and have retained counsel competent and experienced in class and securities litigation.

70. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the Securities Act and/or Exchange Act was violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public in connection with the Company's IPO omitted and/or misrepresented material facts about the business, operations, and prospects of Enzymotec; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

70. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable.

Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

COUNT I

Violation of Section 11 of the Securities Act (Against All Defendants)

71. Plaintiff repeats and realleges each and every allegation contained above, except any allegation of fraud, recklessness or intentional misconduct.

72. This Count is brought pursuant to Section 11 of the Securities Act, 15 U.S.C. §77k, on behalf of the Class, against all Defendants.

73. This Count does not require any showing of fraud.

74. The Registration Statement for the IPO was inaccurate and misleading, contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading, and omitted to state material facts required to be stated therein.

75. Enzymotec is the registrant for the IPO. The Defendants named herein were responsible for the contents and dissemination of the Registration Statement.

76. As issuer of the shares, Enzymotec is strictly liable to Plaintiff and the Class for the misstatements and omissions.

77. None of the Defendants named herein made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration

Statement were true and without omissions of any material facts and were not misleading.

78. By reasons of the conduct herein alleged, each Defendant violated, and/or controlled a person who violated Section 11 of the Securities Act.

79. Plaintiff acquired Enzymotec shares pursuant and/or traceable to the Registration Statement for the IPO.

80. Plaintiff and the Class have sustained damages. The value of Enzymotec common stock has declined substantially subsequent to and due to Defendants' violations.

COUNT II

Violation of Section 15 of the Securities Act (Against the Individual Defendants)

81. Plaintiff repeats and realleges each and every allegation contained above, except any allegation of fraud, recklessness or intentional misconduct.

82. This count is asserted against the Individual Defendants and is based upon Section 15 of the Securities Act.

83. This Count does not require any showing of fraud.

84. Individual Defendants, by virtue of their offices, directorship and specific acts were, at the time of the wrongs alleged herein and as set forth herein, controlling persons of Enzymotec within the meaning of Section 15 of the Securities Act. The Individual Defendants had the power and influence and exercised the same to cause Enzymotec to engage in the acts described herein.

85. Individual Defendants' positions made them privy to and provided them with actual knowledge of the material facts concealed from Plaintiff and the Class.

86. By virtue of the conduct alleged herein, the Individual Defendants are liable for the aforesaid wrongful conduct and are liable to Plaintiff and the Class for damages suffered

COUNT III

Violation of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder (Against Enzymotec and the Officer Defendants)

87. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

88. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase Enzymotec's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took the actions set forth herein.

89. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Enzymotec's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

90. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about Enzymotec's financial well-being and prospects, as specified herein.

91. These defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Enzymotec's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about Enzymotec and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

92. Each of the Officer Defendants' primary liability, and controlling person liability, arises from the following facts: (i) the Officer Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of,

and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

93. The defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Enzymotec's financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

94. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of Enzymotec's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon

the integrity of the market in which the securities trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired Enzymotec's securities during the Class Period at artificially high prices and were damaged thereby.

95. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that Enzymotec was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their Enzymotec securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

96. By virtue of the foregoing, Defendants have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

97. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

COUNT IV

**Violation of Section 20(a) of
The Exchange Act
(Against the Officer Defendants)**

98. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

99. The Officer Defendants acted as controlling persons of Enzymotec within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Officer Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. The Officer Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

100. In particular, each of these Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

101. As set forth above, Enzymotec and the Officer Defendants each violated Section 10(b) and Rule 10b-5 by their acts and/or omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Officer Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

- (a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- (b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- (c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees;
- (d) Awarding rescission or a rescissory measure of damages; and
- (e) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMAND

Plaintiff hereby demands a trial by jury as to all issues so triable.

Dated: September 5, 2014