



Eevia Health Plc

Interim Report Q2-2022

THE BOARD AND CEO OF EEVIA HEALTH PLC PRESENT THE INTERIM REPORT FOR QUARTER 2, 2022.







Significant events during the second quarter of 2022:

Net sales grew by 23% from KEUR 1 491 in Q2-21 to KEUR 1 835 in Q2-22. By eliminating raw material trading revenues of KEUR 122 in Q2-21, the adjusted net sales increased by 34%, from KEUR 1 369 in Q2-21 to KEUR 1 835 in Q2-22.

Net sales in Q2-22 also grew by 11% compared to Q1-22. After eliminating trading revenues in Q1-21, the net sales grew 14%, from KEUR 1,617 in Q1-22.

Gross profit in Q2-22 came in at KEUR 651, up from KEUR 360 in Q2-21 and KEUR 214 in Q1-22. The gross profit in the quarter represents a gross margin¹ of 35%. With this, Eevia is on track to achieving its long-term profitability targets. Management expects the gross margin to improve in the future.

EBITDA for Q2-22 was close to breakeven at KEUR -70 compared to KEUR -442 in Q2-21 and KEUR -412 in Q1-22, an improvement of KEUR 372 and KEUR 314 respectively. The improvement stems from implemented changes in production protocols and efficiency improvements from new equipment installations.

The net result for Q2-22 was KEUR -337, an improvement of KEUR 216 compared to Q2-21 (KEUR -553) and KEUR 274 from Q1-22 (KEUR -611).

Cash flow from operations was positive with KEUR 12 despite a significant reduction in accounts payable and received advances of KEUR 888. This was a significant improvement compared to the negative cash flow of KEUR -383 in Q2-21 and KEUR -1 095 in Q1-22.

Several key equipment installations, such as a new decanter increasing liquid-solid separation capacity by 400%, came online in Q2-22.

Eevia launched a new Lingonberry product, with a first order sold to Australia in June.

Towards the end of Q2, Eevia secured a credit line of KEUR 800 for working capital purposes to finance its continued growth. The term of the credit line is until December 31, 2022. Interest is charged at one and a half percentage points (1.5%) per month.

In July, Gabriella Beni (CFO), decided to leave the Company for personal reasons. Eevia is now recruiting a new, permanent CFO. Financial administration support in the transition period is provided by the financial accounting and services company Rantalainen (www.rantalainen.fi).

The Annual Shareholders Meeting on June 21st elected Oskar Wegelius as a new board member, while the other members of the board were re-elected. The board now consists of five members. Oskar Wegelius holds a Master of Science in chemical, biochemical, and materials Engineering from Aalto University, with a major in biomass refining. He currently works as an Area lead at Borealis in Finland, responsible for new investments, process engineering, and plant commissioning.

¹⁾ Gross profit in % of net sales



Eevia Health Plc

Eevia Health Plc is a fast-growing life science company. Our mission is to solve important health-related challenges with bioactive ingredients extracted from natural arctic plant raw materials from the pristine Finnish and Swedish forests near or above the Arctic Circle. The extracts are sold B2B as ingredients to dietary supplements and food brands globally. These global brands utilize the ingredients in their consumer product formulas. Our customers are well-known branding companies in the US, Europe, and South-East Asia. Eevia is headquartered in Seinäjoki, Finland, and has 26 employees.

Eevia Health is a manufacturer of 100% organically certified plant extracts. Although a significant product, Elderberry extract, is made from cultivated berries, most of Eevia's other raw materials, such as bilberry, lingonberry, chaga-mushroom, and pine bark, are wild-harvested in a sustainable fashion.

Eevia Health operates a modern green-chemistry production facility in Finland. Manufacturing natural ingredients near the raw material harvest areas, Eevia offers a short value chain with an environmentally friendly carbon footprint, competitive pricing, and extreme transparency. Eevia listed its shares at Spotlight Stock Market in Sweden in June 2021, with the stock symbol (ticker) **EEVIA**.

To learn more, please visit www.eeviahealth.com or follow Eevia Health on LinkedIn @EeviaHealth.



"In the second quarter, we started reaping the rewards of significant efforts and investments over the last few quarters"

Stein Ulve, CEO

Comments from our CEO

In the second quarter, we started reaping the rewards of significant efforts and investments over the last few quarters. I am pleased that production performance and product output improved substantially. We caught up with backlogged sales contracts and saw operational improvements trickle through to our financial results. While we still pursue many further advances, I am proud of the team's efforts and stamina in seeking sustainable profitability and continued growth.

During Q2-22, we installed new manufacturing capacity and systems for improved performance control. We saw positive yields, throughput, margins, productivity, and sales developments. The gross margin landed at 35%, which is a solid step in the right direction. We also reached positive cash flow from operations.

We still expect solid growth in the nutraceutical markets. Major players are cautious but with a positive outlook. The order desk registered several significant sales orders in June for Feno-Myrtillus®, our branded bilberry ingredient with a high concentration (36%) of anthocyanins. We booked an order for a new organic lingonberry product with gum acacia as the carrier, delivered to an Australian customer just after the end of the quarter.

Sales revenues (excl. trading) are approaching MEUR 2 per quarter. The financial target of MEUR 25 in sales revenues for 2024 remains steady. Reaching it will require strong product positioning and efficient handling of our sales pipeline over the next eight quarters. We must develop our overall value proposition and competitive edge. The way the world is spinning underpins the need to focus on supply chain reliability, sustainability, environmental footprint, organic certification, and providing documented health solutions relevant to consumers.

Key internal improvement targets are to secure efficient use of raw materials, energy, water, and, importantly, competent human resources. We have exciting plans for saving energy, solvents, and water. Similarly, we have a path to valorizing side streams such as fruit sugars and berry fibers.

Eevia Health is now better positioned to accept new, larger sales contracts for our main products going forward. Our Sales team will participate with a booth at the Supply Side West trade show in Las Vegas in October, a key event in our industry. We will find new ways to promote our ingredient boutique offering. In later quarters we aim to launch new innovative ingredients, such as our game-changing eye health product candidate Retinari™, to drive rapid growth also beyond 2024.

The outlook for the second half of 2022 is good. The Management team maintains a profitability focus, but we also strive to continue the growth path.

Sincerely yours,

Stein Ulve, CEO

Key ratios

The table below shows the critical ratios for Q1-2022 and Q1-2021, and January to December 2021 and 2020:

	April 1st – June 30th		January 1st – June 30th	
	2022	2021	2022	2021
Net sales, KEUR	1 835	1 491	3 493	4 724
EBITDA, KEUR	-70	-442	-481	-539
The net result of the period, KEUR	-337	-553	-948	-725
Earnings per share, EUR*	-0,02	-0,03	-0,06	-0,05
Shareholders' equity per share, EUR*	0,16	0,26	0,16	0,26
The average number of employees	26	22	26	29

Share related key ratios have been calculated according to the following formulas:

Earnings per share, EUR	Net result of the period/15,973,356 shares
Shareholders' equity per share, EUR	Total equity/15,973,356 shares

The Share and shareholders

The total current number of shares amounts to 15,973,356 shares. Eevia has only one share series. The shareholders have authorized the Board of Directors to decide on the issuance of options to key employees with a maximum number of 706,000 shares. Based on this authorization, the Board has distributed 100,000 share options.

Future Reports

Interim report July – September 2022 (Q3-22)	November 25th, 2022
Year-End Report 2022 (Q4-22)	February 24th, 2023
Interim report January – March 2023 (Q1-23)	May 15th, 2023

Income Statement

(KEUR)	Ref.	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun
		2022	2021	2022	2021
Net Sales	1	1 835	1 491	3 493	4 725
Other income	2	122	0	179	0
Total revenues		1 957	1 491	3 672	4 725
Operating Expenses					
Material and external expenses		-1 184	-1 131	-2 629	-3 813
Personnel expenses		-442	-399	-924	-771
Other operating expenses		-400	-404	-601	-680
Total Operating Expenses		- 2 027	-1 934	-4 154	-5 264
EBITDA		-70	-442	-481	-539
Depreciation		-198	-96	-383	-180
OPERATING PROFIT (LOSS)		-268	-538	-863	-719
Financial income and expenses		-69	-15	-84	-6
PROFIT/-LOSS BEFORE TAXES		-337	-553	-948	-725
Taxes		0	0	0	0
NET PROFIT/-LOSS FOR THE PERIOD		-337	-553	-948	-712

¹⁾ For Apr-June 2022, Net sales include no amounts for sourcing and sale of raw materials as part of customer-provided financing. For Apr-Jun 2021, the amount related to the sale of materials for financing purposes was KEUR 122.

²⁾ For Apr-June 2022, Other income of KEUR 122 includes KEUR 45 which due to Finnish accounting rules is shown as income when we capitalize salary for our work on installations of new equipment.

Balance sheet

ASSETS (KEUR)	Jun-30 2022	Jun-30 2021	Dec-31 2021	Dec-31 2020
Fixed assets				
Intangible assets	815	765	716	406
Equipment, machines, and tools	2 759	1 774	2 559	1 221
Total fixed assets	3 574	2 539	3 275	1 627
Other long-term receivables	24	24	24	24
Current assets				
Inventory	1 512	2 289	2 369	3 474
Trade receivables and other receivables	857	933	1 011	603
Cash at bank	603	2 331	1 859	678
Total current assets	2 971	5 553	5 239	4 755
TOTAL ASSETS	6 569	8 116	8 538	6 406

EQUITY AND LIABILITIES (KEUR)	Jun-30 2022	Jun-30 2021	Dec-31 2021	Dec-31 2020
Equity				
Share Capital	80	80	80	10
Reserve for invested unrestricted equity	8 802	6 898	8 802	3 167
Retained earnings/loss	-5 381	-2 746	-2 746	-1 722
Profit (loss) for the period	-947	-725	-2 635	-1 023
Total Equity	2 553	3 508	3 501	431
Long-term liabilities				
Loans from credit institutions	406	570	406	170
Other long-term liabilities	0	82	0	82
Current liabilities				
Other short-term loans	652	0	145	596
Advances received	1 499	2 255	2 939	3 945
Accounts payable	950	1 446	1 129	983
Other liabilities and accruals	509	255	419	198
Total current liabilities	3 611	3 956	4 632	5 722
Total liabilities	4 017	4 608	5 038	5 974
TOTAL EQUITY AND LIABILITIES	6 569	8 116	8 538	6 406

Cash Flow Statement

(KEUR)	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021
Operating activities				
Profit/-Loss before taxes	-337	-169	-998	-725
Adjustments for items not included in the cash flow:	198	84	382	180
Cash flow before change in working capital	-139	-85	-615	-545
Cash flow from changes in working capital:	151	-301	517	-315
Increase (-) or decrease (+) in current interest-free receivables	450	-530	154	-330
Increase (-) or decrease (+) in inventories	588	590	857	1 185
Increase (+) or decrease (-) in current interest-free payables	-888	-361	-1 528	-1 170
Cash flow from operations before financial items and taxes	12	-386	-1 132	-860
Cash flow before extraordinary items	0	0	0	0
Cash flow from operating activities	12	-386	-1 132	-860
Investment activities				
Investments in intangible and tangible assets	-343	-406	-631	-1 092
Cash flow from investment activities	-343	-406	-631	-1 092
Financing activities				
New Share issue	0	1136	0	3 702
New loans	596	0	596	0
Repayment of long-term borrowings	-28	-497	-89	-97
Cash flow from financing activities	568	639	507	3 605
Change in cash and equivalents	238	-154	-1 256	1 654
Cash and cash equivalents at the beginning of the period	365	678	1 859	678
Cash and cash equivalents at the end of the period	603	524	603	2 331

Segmentation of sales and gross margin

Eevia's Net Sales in Q2-22 included no trading revenues related to sourcing raw materials. The gross margin for Q2-22 improved from 13% in Q1-22 to 35%. The reported margin is average for the quarter. The improvements in Q2-22 were due to improvements in productivity related to the commissioning of new production equipment and improved production protocols. Eevia maintains a long-term target gross margin level above 40% by 2024.

<u>Segmentation of EBITDA, Apr-Jun 2022</u>					Reported Income Statement
(KEUR)	Ref.	Operations	Trading	Non-recurring	
Net Sales		1 835	0	0	1 835
Other income		122	0	0	122
Total revenues		1 957	0	0	1 957
Operating Expenses					
Material and external expenses		-1 184	0	0	-1 184
Personnel expenses		-442	0	0	-442
Other operating expenses		-400	0	0	-400
Total Operating Expenses		-2 027	0	0	-2 027
EBITDA		-70	0	0	-70

(KEUR)	Ref.	Jul-Sep 21	Oct-Dec 21	Jan-Mar 22	Apr-Jun 22
Product sales		560	801	1 617	1 835
Product standardization		0	-143	0	0
Raw material sales		730	0	42	0
Net Sales		1 289	658	1 659	1 835

(KEUR)	Ref.	Jul-Sep 21	Oct-Dec 21	Jan-Mar 22	Apr-Jun 22
Product sales		560	801	1 617	1 835
Material and external expenses		-422	-633	-1 403	-1 184
Gross margin		138	168	214	651
Gross margin %		25 %	21 %	13 %	35 %

Basis of preparation

The financial information in this interim financial report has been prepared in accordance with the Finnish Accounting Act (30.12.1997/1336, as amended), Finnish Accounting Ordinance (30.12.1997/1339, as amended), and instructions and statements of the Accounting Board operating under the Ministry of Employment and the Economy (FAS) unless otherwise stated. The Company applies the same recognition and classification principles in this interim financial report as its financial statements for December 31st, 2021.

This interim financial report is unaudited.

Statement by the Board of Directors

The Board of Directors and the Chief Executive Officer do at this moment certify that this interim financial report contains a fair representation of the Company's operations, financial position, and results and describes any significant risks and uncertainties the Company faces.

All statements of a forecasting nature in this report are based on the Company's best assessments on the report's publishing date. As with all forecasts, such statements contain risks and uncertainties, and the actual results can differ.

Seinäjoki, Finland, August 29th, 2022

The Board of Directors and the CEO of Eevia Health Plc

Martin Bjørklund
Chairman

Per Benjaminsen
Member

Johanna Panula
Member

Magne Ruus Simensen
Member

Oskar Wegelius
Member

Stein Ulve
CEO

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This disclosure contains information that EEVIA HEALTH PLC is obliged to make public pursuant to the EU Market Abuse Regulation (EU nr 596/2014). The information was submitted for publication, through the agency of the contact person, on August 29, 2022.

