



Eevia Health Plc

Interim Report Q3–2022

THE BOARD AND CEO OF EEVIA HEALTH PLC PRESENT THE INTERIM FINANCIAL REPORT FOR 3, 2022.







Significant events during the third quarter of 2022:

Adjusted net sales¹ grew by 105% from KEUR 560 in Q3-21 to KEUR 1 148 in Q3-22. It was achieved despite a three-week production stop in July 2022 to execute the summer holidays, which was not done in 2021. By including raw material trading revenues of KEUR 730 in Q3-21, net sales decreased by 11%, from KEUR 1 289 in Q3-21 to KEUR 1 148 in Q3-22.

The gross profit in Q3-22 came in at KEUR 735, up 432% from KEUR 138 in Q3-21. It constitutes a gross margin² of 63%, a significant improvement over Q3-21 (25%) and Q2-22 (35%). The improvement stems from multiple factors, including higher production yields from changes in production protocols and efficiency gains from new equipment installations, as well as improved purchase and sales prices. Alongside a favorable high-margin product mix in the third quarter including certain contract manufacturing projects invoiced at 100% margin. Furthermore, Eevia Health has started valorizing several production side streams containing fruit sugars and fibers. This creates new value from divergent product structures³.

These valorizations will over time lead to high-volume outputs of new products, which will require business development and penetration of new markets. However, in the short term, these products already have proven sales at moderate volumes. If longer-term high-volume sales can be secured, this will continue to positively impact Eevia's profitability. The comparable gross margin without the above-mentioned effects was approaching 40% in the third quarter.

EBITDA in Q3-22 was positive at KEUR 56 compared to KEUR -750 in Q3-21 and KEUR -70 in Q2-22, an improvement of KEUR 806 and KEUR 126, respectively. The improvement stems mainly from improved gross profit.

The net result for Q3-22 was negative with KEUR -377, an improvement of KEUR 503 compared to Q3-21 (KEUR -880).

The net result in Q3-22 was impacted by a non-cash foreign exchange loss of KEUR 211. This was related to the difference in exchange rates between (i) invoiced sales to a major customer denominated in USD and the portion of the payment for such sales which is paid by way of set-off against (ii) historic customer prepayments, registered at a different exchange rate. Due to an accounting error, the non-cash loss has been accrued since the third quarter of 2021, with no part of the loss being related to Q3-22. 116 KEUR of the total stems from 2021 and is booked under financial items, and the rest is booked as a reduction of net sales revenues. In addition to these items, interest, and fees on a bridge financing from June 2022 led to the total net financial items at KEUR -226. Eevia has since July amended the accounting treatment of said sales receivables linked to prepayments in other currencies, such that an immediate set-off against customer prepayments denominated in USD is conducted at the time of issuing the invoice. This will avoid artificial foreign exchange gains or losses on these elements going forward.

Cash flow from operations was negative with KEUR -280, driven by a build-up of inventory for customer delivery in early Q4. This was still an improvement compared to the negative cash flow of KEUR -431 in Q3-21 and KEUR -1 095 in Q1-22, but below the positive cash flow from operations in Q2-22 (KEUR 12).

In September, Dr. Tommi Kilpeläinen (Ph.D. Pharm.) was recruited as the Scientific Product Manager and joined the Management Team first week in October. The recruitment of Dr. Kilpeläinen strengthens Eevia's rejuvenated strategic focus on cellular recycling and product positioning in global markets for its ingredients.

The company completed a fully subscribed rights issue following the end of the quarter, raising MSEK 21.6 to fund working capital for continued growth and organizational development. The funds raised to puts the company in a favorable position to execute its ambitious growth plans into 2023.

Eevia launched Feno-Cerasus™ Organic, a new ingredient for cognitive health extracted from Tart Cherry, during the third quarter, with the first order to the US received in November.

¹ Sales revenues excluding trading revenues

² Gross profit in % of net sales

³ Divergent product structures = Multiple sellable products from the same raw material



Eevia Health Plc

Eevia Health Plc is a fast-growing life science company. Our mission is to solve critical health-related challenges with bioactive ingredients extracted from natural arctic plant raw materials. A fundamental human health challenge is maintaining healthy and functional cells, which Eevia addresses with natural compounds that positively affect cellular recycling and -health.

The extracts are sold B2B as ingredients in 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 from pristine Finnish and Swedish forests near or above the Arctic Circle.

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 on 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.



*"I sincerely thank
all investors for your
vote of confidence."*

Stein Ulve, CEO

Comments from our CEO

We have just completed a successful preferential rights issue. It was fully subscribed with proceeds of circa SEK 21,6 million before fees and costs. From that, SEK 12,9 million was subscribed by current shareholders with the use of preferential rights. Another SEK 7,7 million came from subscriptions without preferential rights, including current owners and board members subscribing beyond their preferential rights to increase their position. This was an important financing transaction. I sincerely thank all investors for your vote of confidence.

The fourth quarter has started promising. Eevia Health is aiming to accept new, larger sales contracts for our main products. We are taking a more forward-leaning stance and finding new ways of promoting our ingredients. We expect growth in the nutraceutical markets. Major players are cautious but with a positive outlook. The global plant extract market is estimated by Nutrition Business Journal at USD 36,6 billion in 2022 and that it will grow at a CAGR⁴ of 13,2% to USD 82,2 billion in 2029.

Eevia's success in the future is driven by how well we compete in the sizeable B2B ingredient markets and the success we achieve in attracting and acquiring "the right" new customers. In Q3-22, we adjusted our strategic focus to the health challenges related to cellular recycling. We find this space attractive to grow our market share globally. Cellular health and recycling are fundamental factors in human health. I believe these topics will get significant further attention in the next five to ten years.

Eevia now has a well-functioning manufacturing capacity and systems for performance control. Significant levers to improve our profitability are within our control, including ensuring correct quality materials, robust manufacturing yields, consistent throughput, and productivity. The gross margin was 63% in Q3-22. We reached positive EBITDA. These are important milestones. Operational improvements have trickled through to our financial results and we are well on our way to reaching our long-term target of above 40% consistent gross margin. I am proud of the team's efforts and stamina in seeking sustainable profitability and continued growth.

As mentioned, we have taken concrete actions in Q3-22 related to valorizing currently under-utilized side streams of our production process containing fruit sugars and berry fibers. If we can successfully sell these product volumes, it could impact profitability significantly going into 2023. These new products also improve our sustainability and ecological footprint, by reducing the BOD/COD burden on our wastewater. Key internal cost improvement targets are also to secure efficient use of energy, water, and other resources, and continue to invest in highly competent human resources.

We are sharpening our product focus, revitalizing our brand architecture and promise, with a new scientific focus on autophagy as a cornerstone for maintaining good health. Eevia is a provider of unique, organic, and sustainable ingredients and we need to place Eevia Health as a distinct brand in the global EUR 500 billion nutraceutical market.

Sincerely yours,
Stein Ulve, CEO

⁴ Compound Annual Growth Rate

Key ratios

The table below shows the critical ratios for Q2-2022 and Q2-2021, and January to June 2022 and 2021:

	July 1st – September 30th		July 1st – September 30th	
	2022	2021	2022	2021
Net sales, KEUR	1 148	1 289	4 641	6 013
EBITDA, KEUR	56	-750	-426	-1 289
The net result of the period, KEUR	-377	-880	-1 325	-1 604
Earnings per share, EUR*	-0,03	-0,06	-0,08	-0,10
Shareholders' equity per share, EUR*	0,14	0,16	0,22	0,03
The average number of employees	24	28	25	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

Year-End Report 2022 (Q4-22)	February 24th, 2023
Interim report January – March 2023 (Q1-23)	May 15th, 2023
Interim report April – June 2023 (Q2-23)	August 23rd, 2023

Income Statement

(KEUR)	Ref.	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep
		2022	2021	2022	2021
Net Sales	1	1 148	1 289	4 641	6 013
Other income	2	11	13	190	13
Total revenues		1 159	1 302	4 831	6 026
Operating Expenses					
Material and external expenses		-423	-1 367	-3 052	-5 187
Personnel expenses		-392	-339	-1 304	-1 110
Other operating expenses		-288	-345	-901	-1 018
Total Operating Expenses		- 1 404	-2 052	-5 257	-7 315
EBITDA		56	-750	-426	-1 289
Depreciation		-207	-109	-590	-288
OPERATING PROFIT (LOSS)		-151	-859	-1 015	-1 577
Financial income and expenses		-226	-21	-310	-26
PROFIT/-LOSS BEFORE TAXES		-377	-880	-1 325	-1 604
Taxes		0	0	0	0
NET PROFIT/-LOSS FOR THE PERIOD		-377	-880	-1 325	-1 604

¹⁾ For July-September 2022, Net sales include no amounts for sourcing and sale of raw materials as part of customer-provided financing. For July-September 2021, the amount related to the trading sale of materials for financing purposes was KEUR 730.

²⁾ For July-September 2022, Other income of KEUR 11

Balance sheet

ASSETS (KEUR)	Jun-30 2022	Jun-30 2021	Dec-31 2021	Dec-31 2020
Fixed assets				
Intangible assets	753	764	716	406
Equipment, machines, and tools	2 785	2 162	2 559	1 221
Total fixed assets	3 538	2 926	3 275	1 627
Other long-term receivables	0	24	24	24
Current assets				
Inventory	1 903	1 966	2 369	3 474
Trade receivables and other receivables	630	750	1 011	603
Cash at bank	115	1 408	1 859	678
Total current assets	2 647	4 125	5 239	4 755
TOTAL ASSETS	6 185	7 076	8 538	6 406

EQUITY AND LIABILITIES (KEUR)	Sep-30 2022	Sep-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	-1 325	-1 604	-2 635	-1 023
Total Equity	2 176	2 629	3 501	432
Long-term liabilities				
Loans from credit institutions	406	570	406	170
Other long-term liabilities	0	86	0	82
Current liabilities				
Other short-term loans	615	0	145	596
Advances received	1 611	2 358	2 939	3 945
Accounts payable	867	730	1 129	983
Other liabilities and accruals	510	703	419	198
Total current liabilities	3 603	3 791	4 632	5 722
Total liabilities	4 009	4 447	5 038	5 974
TOTAL EQUITY AND LIABILITIES	6 185	7 076	8 538	6 406

Cash Flow Statement

(KEUR)	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Operating activities				
Profit/-Loss before taxes	-337	-880	-1 325	-1 604
Adjustments for items not included in the cash flow:	207	109	590	288
Cash flow before change in working capital	-170	-771	-735	-1 316
Cash flow from changes in working capital:	110	340	-627	24
Increase (-) or decrease (+) in current interest-free receivables	251	183	405	-147
Increase (-) or decrease (+) in inventories	-391	322	466	1 508
Increase (+) or decrease (-) in current interest-free payables	30	-165	-1 498	-1 336
Cash flow from operations before financial items and taxes	-280	-431	-1 362	-860
Cash flow before extraordinary items	0	0	0	0
Cash flow from operating activities	-280	-431	-1 362	-1 291
Investment activities				
Investments in intangible and tangible assets	-171	-497	-852	-1 587
Cash flow from investment activities	-171	-497	-852	-1 092
Financing activities				
New Share issue	0	0	0	3 702
New loans	-9	5	587	400
Repayment of long-term borrowings	-28	0	-117	-493
Cash flow from financing activities	-37	5	470	3 609
Change in cash and equivalents	-488	-923	-1 744	731
Cash and cash equivalents at the beginning of the period	603	2 331	1 859	678
Cash and cash equivalents at the end of the period	115	1 408	115	1 408

Segmentation of sales and gross margin

Eevia Health's Net Sales in Q3-22 did not include trading revenues related to sourcing raw materials. The gross profit margin improved from 35% in Q2-22 to 63% in Q3-22. The improvements in Q3-22 were due to advances in productivity related to the commissioning of new production equipment, improved production protocols, lower raw material prices, as well as the valorization of divergent side streams from the production process and high-margin contract manufacturing. Eevia maintains a long-term target level for a gross margin above 40% by 2024.

<u>Segmentation of EBITDA, Jul-Sep 2022</u>					Reported Income Statement
(KEUR)	Ref.	Operations	Trading	Non-recurring	
Net Sales		1 148	0	0	1 148
Other income		11	0	0	11
Total revenues		1 159	0	0	1 460
Operating Expenses					
Material and external expenses		-423	0	0	-423
Personnel expenses		-392	0	0	-392
Other operating expenses		-288	0	0	-288
Total Operating Expenses		- 1 404	0	0	-1 404
EBITDA		56	0	0	56

(KEUR)	Ref.	Oct-Dec 21	Jan-Mar 22	Apr-Jun 22	Jul-Sep 22
Product sales		801	1 617	1 835	1 148
Product standardization		-143	0	0	0
Raw material sales		0	42	0	0
Net Sales		658	1 659	1 835	1 148

(KEUR)	Ref.	Oct-Dec 21	Jan-Mar 22	Apr-Jun 22	Jul-Sep 22
Product sales		801	1 617	1 835	1 148
Material and external expenses		-633	-1 403	-1 184	-423
Gross margin		168	214	651	725
Gross margin %		21 %	13 %	35 %	63 %

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 of the report's publishing date. As with all forecasts, such statements contain risks and uncertainties, and the actual results can differ.

Seinäjoki, Finland, November 25th, 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
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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 November 25, 2022.



