



# **Eevia Health Plc Interim Report Q3 – 2023**

THE BOARD AND CEO OF EEVIA HEALTH PLC PRESENT  
THE INTERIM FINANCIAL REPORT FOR QUARTER 3, 2023.









## Significant events during the third quarter of 2023:

Net sales<sup>1</sup> decreased by 20% from KEUR 1 148 in Q3-22 to KEUR 917 in Q3-23. Compared to the second quarter this year, Net sales decreased by 54%, from KEUR 1 985.

The gross profit in Q3-23 landed at KEUR 347, a decrease of 52% from KEUR 725 in Q3-22 and down 70% from KEUR 1 352 in Q2-23. The gross margin<sup>2</sup> was 38% in Q3-23, down from 63% in Q3-22 and 68% in Q2-23. The decrease since the previous quarters is due to a changing product mix. There was no effect on gross margin from side-stream products in Q3-23.

EBITDA in Q3-23 was KEUR 2 compared to KEUR 56 in Q3-22 and KEUR 639 in Q2-23. The reduction in EBITDA between Q3-22 and Q3-23 was KEUR 54, a decrease of 48% stemming mostly from lower turnover and lower gross margin. The drop was partly mitigated by significantly reduced personnel and overhead costs in the period. Year to date, Eevia's EBITDA stands at KEUR 901 as of the end of Q3-23.

The Net result for Q3-23 was negative with KEUR 317 compared to negative KEUR 377 in Q3-22 and positive KEUR 413 in Q2-23. Financing costs related to equity issues in Q3-22 and Q3-23 contributed significantly to the negative results. The Net result year-to-date 2023 is positive with KEUR 113.

Cash flow from operations was negative with KEUR 1 023 in Q3-23 compared to a negative KEUR 280 in Q3-22, and down from a positive cash flow of KEUR 331 in Q2-23. The change stems from the lower EBITDA, investments in R&D, and changes in working capital in the period, including an increased receivables balance following shipment of volumes in the latter half of the period.

Due to significant improvements in production efficiency, Eevia has over time reduced the labor requirements at the Company's production facility by approximately 25% without losing output capacity. A transition from a 24/7 (21 shift) to a 24/5 (14 shifts) operational model was executed in August. In connection with the change in the operational model during the summer and somewhat lower volume requirements, certain additional temporary layoffs helped further reduce personnel costs during the quarter.

The company's marketing was ramped up, with several new whitepapers, articles, trade show exhibitions, and recruitment of new distributors taking place in Q3-23. Eevia produced much more marketing "content" in Q3-23 than in 2020, 2021, 2022, and the first half of 2023 combined. This includes data from the completed BioMAP study<sup>3</sup>, which enables Eevia to substantiate health benefits for the products to the market in a new way. Brand awareness is improving rapidly, and the sales opportunity pipeline is growing fast, with over 40 meetings and over 160 decision-makers engaged at a recent tradeshow in the US.

A directed share issue was executed and concluded on August 14, resulting in 5 364 513 new shares being issued at SEK 2,15 per share, with gross proceeds to the Company before fees of SEK 11 533 703.

A commercial bank loan of KEUR 495 was received from Nordea in Q3-23.

<sup>1</sup> Sales revenues excluding trading revenues.

<sup>2</sup> Gross profit in % of net sales

<sup>3</sup> BioMAP was executed with Eurofins and their lead compound discovery platform based on human primary cells





## 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 20 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 the Spotlight Stock Market in Sweden in June 2021, with the stock symbol (ticker) **EEVIA**. The Company has a strong shareholder base in Sweden.

To learn more, please visit [www.eeviahealth.com](http://www.eeviahealth.com) or follow Eevia Health on LinkedIn @EeviaHealth.



*"The post-covid market is evolving and we are adapting. We have now significant interest in the North American market"*

Stein Ulve, CEO

## Comments from our CEO

The third quarter of 2023 was transformational for Eevia. The final volumes of order from the company's largest long-term contract were completed and delivered in record time in the second quarter. We expect significant order volumes again from the same customer in late 2024/early 2025, as the customer adjusts its existing stock following somewhat lower end-customer demand in the post covid period. While this may mean lower production volumes during most of 2024, it presents a unique opportunity for the company to focus on new customer acquisition. This will allow us to transition away from its historic reliance on a few large long-term contracts into a more ongoing order income-based business model until 2025 volume requirements from the largest customer will likely reappear.

Thus, we started Q3-23 with a reduced short-term sales order base, which triggered a much stronger marketing and sales focus than ever before. We pushed for strong improvements in our marketing efforts during the quarter. Our targets were to increase awareness of the Eevia offering in the market, to acquire concrete sales opportunities in our sales funnel, and push for more rapid conversion of opportunities to sales orders.

I am encouraged by the results we have achieved so far, delivering nearly MEUR 1 in revenue for the quarter and operational profitability. We have work to do to reach similar profitability levels as those achieved in the first half of the year with a different product mix and higher throughput in the factory. However, we have a clear recipe and strategy on how to reach significantly improved gross margins going into 2024, as we increase production volumes from conversion of our current prospect into new customers. The recent inflow of sales opportunities and significant productivity and production steps we have delivered during 2023 give me added confidence in being able to deliver on this.

The marketing & sales side of the business was strengthened, especially in North America. We continued our initiative to bring in new competence and capabilities in marketing and sales, and we expect to add further competence and capacity in Q4-23.

A significant effort in Q3-23 went into preparing for an international nutraceutical tradeshow, Supply Side West, in Las Vegas in October. The show was a success for Eevia. We received excellent attention and met many small and large prospects that are now being followed up. Revenues in Q4-23 itself will likely remain on par or below Q3-23. However, we expect gross margin to improve to over 50% going into 2024. We expect to announce significant orders as a result of our recent sales and marketing efforts in the latter half of Q4-23 and going into 2024.

Financially, our balance sheet is also evolving. In Q2-23 we eliminated the prepayment balance to key clients and in Q3-23 we completed a directed equity issue and commercial bank financing, a milestone in the company's history.

All constituents of Eevia are expecting top-line growth and profitability, while the company is undergoing a transformation in customer base and product focus that will require a period of rebound in sales invoicing. We remain confident, yet impatient for new customer acquisition to take place rapidly to regain our historic growth. However, rest assured, we are out there every day facing leads, prospects, and getting traction, all of which bodes very well for the longer-term top- and bottom-line development.

*Sincerely yours,*

**Stein Ulve, CEO**

## Key ratios

The table below shows the critical ratios for Q3-2023 and Q3-2022, and January to September 2023 and 2022:

	July 1st – September 30th		January 1st– September 30th	
	2023	2022	2023	2022
Net sales, KEUR	917	1 148	4 611	4 641
EBITDA, KEUR	2	56	901	-426
The net result of the period, KEUR	-317	-377	113	-1 325
Earnings per share, EUR*	-0,01	-0,02	0,01	-0,04
Shareholders' equity per share, EUR*	0,12	0,15	0,12	0,15
The average number of employees	20	28	22	28

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

Earnings per share, EUR

Net result of the period/35,713,884\* shares

Shareholders' equity per share, EUR

Total equity/35,713,884 (30,349,371/15,973,356) shares

\* For Q2-23 the number was 30,349,371 shares and for Q3-22 the number was 15,973,356 shares.

## The Share and shareholders

The total current number of shares per 30.9.2023 amounted to 35 713 884 shares. Eevia has only one share series. The Board issued 5 364 513 new shares on August 23, so the total shares outstanding increased from 30,349,371 shares since the last interim report. There is a remaining authorization for the Board of Directors to decide on the issuance of shares to of 4 635 487.

## Financial calendar

<b>Year-end report 2023 (Q4-23)</b>	February 14, 2024
<b>Statutory Financial Statements 2024</b>	May 15, 2024
<b>Interim report January - March 2024 (Q1-24)</b>	May 20, 2024
<b>Interim report March – June 2024 (Q2-24)</b>	August 21, 2024

## Income Statement

(KEUR)	Ref.	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022
Net Sales		917	1 148	4 611	4 641
Other income	1	98	56	119	175
<b>Total revenues</b>		<b>1 015</b>	<b>1 159</b>	<b>4 731</b>	<b>4 831</b>
Material and external expenses		-569	-423	-1 923	-3 052
Personnel expenses		-268	-392	-1 104	-1 304
Other operating expenses		-176	-288	-802	-901
<b>Total Operating Expenses</b>		<b>-1 013</b>	<b>-1 103</b>	<b>-3 830</b>	<b>-5 257</b>
<b>EBITDA</b>		<b>2</b>	<b>56</b>	<b>901</b>	<b>-426</b>
Depreciation		-200	-207	-601	-590
<b>OPERATING PROFIT (LOSS)</b>		<b>-198</b>	<b>-151</b>	<b>299</b>	<b>-1 016</b>
Financial income and expenses	2	-119	-226	-186	-310
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>		<b>-317</b>	<b>-377</b>	<b>113</b>	<b>-1 325</b>

1) Own work related to investments and project is capitalized under Finnish GAAP as "other income".

2) The financial expenses in Q3-23 included KEUR 93 in fees related to the direct equity issue on August 23.

## Balance sheet

ASSETS (KEUR)	Ref.	Sep-30 2023	Dec-31 2022	Sep-30 2022
<b>FIXED ASSETS</b>				
Intangible assets		693	602	753
Equipment, machines and tools		2 487	2 756	2 785
<b>Total fixed assets</b>		<b>3 180</b>	<b>3 358</b>	<b>3 538</b>
<b>CURRENT ASSETS</b>				
Inventory		1 842	2 814	1 903
Trade receivables and other receivables		942	517	630
Cash in hand and at banks		495	638	115
<b>Total current assets</b>		<b>3 279</b>	<b>3 969</b>	<b>2 647</b>
<b>TOTAL ASSETS</b>		<b>6 459</b>	<b>7 327</b>	<b>6 185</b>

EQUITY AND LIABILITIES (KEUR)	Ref	Sep-30 2023	Dec-31 2022	Sep-30 2022
<b>EQUITY</b>				
Share capital		80	80	80
Reserves for unrestricted equity		11 680	10 714	8 802
Retained earnings/loss		-7 424	-5 381	-5 381
Profit (loss) for the period		113	-2 043	-1 325
<b>Total equity</b>		<b>4 449</b>	<b>3 370</b>	<b>2 176</b>
<b>CREDITORS</b>				
<b>Long-term liabilities</b>				
Loans from credit institutions		799	304	406
<b>Current liabilities</b>				
Other short term loans		28	678	615
Advances received		0	1 562	1 611
Accounts payable		576	852	867
Other creditors and accruals		607	561	510
<b>Total current liabilities</b>		<b>1 211</b>	<b>3 653</b>	<b>3 603</b>
<b>Total liabilities</b>		<b>2 010</b>	<b>3 957</b>	<b>4 009</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6 459</b>	<b>7 327</b>	<b>6 185</b>



## Cash Flow Statement

(KEUR)	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022
<b>Operating activities</b>				
Profit/-Loss before taxes	-317	-377	113	-1 325
Adjustments for items not included in the cash flow:	200	207	601	590
<b>Cash flow before change in working capital</b>	<b>-117</b>	<b>-170</b>	<b>714</b>	<b>-735</b>
<b>Cash flow from changes in working capital:</b>	<b>-906</b>	<b>-110</b>	<b>-1 244</b>	<b>-627</b>
Increase (-) or decrease (+) in current interest-free receivables	-749	251	-125	405
Increase (-) or decrease (+) in inventories	357	-391	973	466
Increase (+) or decrease (-) in current interest-free payables	-514	30	-1 792	-1 498
<b>Cash flow from operations before financial items and taxes</b>	<b>-1023</b>	<b>-280</b>	<b>-530</b>	<b>-1 362</b>
Cash flow before extraordinary items	-	-	-	-
<b>Cash flow from operating activities</b>	<b>-1 023</b>	<b>-280</b>	<b>-380</b>	<b>-1 362</b>
<b>Investment activities</b>				
Investments in intangible and tangible assets	-244	-171	-424	-852
<b>Cash flow from investment activities</b>	<b>-244</b>	<b>-171</b>	<b>-424</b>	<b>-852</b>
<b>Financing activities</b>				
New Share issue	966	-	966	-
New loans	495	-9	495	587
Repayment of short-term borrowings	-	-	-567	-
Repayment of long-term borrowings	-18	-28	-83	-117
<b>Cash flow from financing activities</b>	<b>1 443</b>	<b>-37</b>	<b>811</b>	<b>470</b>
Change in cash and equivalents	176	-488	-143	-1 744
Cash and cash equivalents at the beginning of the period	319	603	638	1 859
<b>Cash and cash equivalents at the end of the period</b>	<b>495</b>	<b>115</b>	<b>495</b>	<b>115</b>

## Segmentation of sales and gross margin

The gross profit margin decreased from 63% in Q3-22 to 38% in Q3-23, mainly due to a change in product mix as explained above.

(KEUR)	Ref.	Segmentation of EBITDA, Jun-Sep 2023			Reported Income Statement
		Operations	Trading	Non-recurring	
Net Sales		917	0	0	917
Other income		0	0	98	98
<b>Total revenues</b>		<b>1 985</b>	<b>0</b>	<b>0</b>	<b>1 015</b>
<b>Operating Expenses</b>					
Material and external expenses		-569	0	0	-569
Personnel expenses		-366		-98	-268
Other operating expenses		-176	0	0	-176
<b>Total Operating Expenses</b>		<b>-915</b>	<b>0</b>	<b>-98</b>	<b>-1 013</b>
<b>EBITDA</b>		<b>2</b>	<b>0</b>	<b>0</b>	<b>2</b>

(KEUR)	Jul - Sep 22	Okt - Dec 22	Jan - Mar 23	Apr - Jun 23	Jun - Sep 23
Product sales	1 148	1 420	1 710	1 985	917
Product restandardization	0	0	0	0	0
Raw material sales	0	0	0	0	0
<b>Net Sales</b>	<b>1 148</b>	<b>1 420</b>	<b>1 710</b>	<b>1 985</b>	<b>917</b>

(KEUR)	Jul - Sep 22	Okt - Dec 22	Jan - Mar 23	Apr - Jun 23	Jun - Sep 23
Product sales	1 148	1 420	1 710	1 985	917
Material and external expenses	-423	-454	-721	-633	-569
<b>Gross Profit</b>	<b>725</b>	<b>966</b>	<b>989</b>	<b>1 352</b>	<b>347</b>
<b>Gross margin %</b>	<b>63%</b>	<b>68%</b>	<b>58%</b>	<b>68%</b>	<b>38%</b>

## Basis of preparation

The financial information in this interim financial report has been prepared following 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, 2022. 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 22, 2023

The Board of Directors and the CEO of Eevia Health Plc

Martin Bjørklund  
Chairman

Per Benjaminsen  
Member

Patricia Wiklund  
Member

Oskar Wegelius  
Member

Stein Ulve  
CEO

For additional information, please contact:



Stein Ulve, CEO  
Eevia Health Plc  
Mobile: +358 400 22 5967  
Email: [stein@eeviahealth.com](mailto:stein@eeviahealth.com)

This disclosure contains information that EEVIA HEALTH PLC is obliged to make public according 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 23, 2023.