

## Evolva with record half-yearly sales and new mid-term plan

Reinach, 25 August 2022 – Evolva (SIX:EVE) achieved record half-yearly sales in 2022 with total revenues of CHF 8.1 million. Product-related sales grew 30% to CHF 7.8 million against a high basis from the prior year period, especially driven by Vanillin. Evolva is well on track to reach its sales guidance of CHF 15 million for the full year. The gross contribution margin of product-related sales was 10.9% in the first half and hence already in line with the targeted double digit margin for the full year. The new mid-term plan foresees annual revenue growth of 40-60% with the target to reach a revenue level of CHF 45-50 million in 2025 with EBITDA and cashflow break-even in 2025.

### Business and corporate highlights:

- Evolva's leadership team under new CEO Christian Wichert worked hard at conducting a rigorous strategy review during the first half of 2022, developing a new mid-term strategy with concrete action plans, and already put specific initiatives in place.
- Main focus in the first half of 2022 was on the Flavor & Fragrances business, where Evolva achieved an important milestone with a global customer. As a result, first deliveries of the product were recorded in the first half, leading to a record revenue and significant growth of 247% in the Flavor & Fragrances business.
- Anne de Vos has been appointed new Chief Commercial Officer as of 1 July 2022. She is now also responsible for the Health Ingredients business, in addition to her Flavors & Fragrances responsibilities.
- Distribution agreement for Veri-te™ for dietary supplements in Brazil signed with Tovani Benzaquen Ingredients with minimum revenue of CHF 1.5 million expected from the partnership over the next 2.5 years.
- Detailed business review resulted in identification of cost improvements of over CHF 2 million compared to original plan, contributing to future profitable growth.
- Successful private placement from authorized capital with several long-term oriented institutional shareholders at no discount, resulting in an inflow of CHF 6.3 million. Members of the Board of Directors and management personally participated with CHF 1.0 million, demonstrating their commitment to and alignment with shareholders by having "skin in the game".
- Fruitful discussions with several potential strategic partners are ongoing, aiming to further strengthen the business model with complementary strengths and synergies on both operational and commercial levels. Potential partnerships can also entail an equity or financing component.

## Targets of new mid-term plan:

- Evolva is confident to achieve an annual revenue growth of 40-60% in the coming years.
- Goals are to reach over CHF 20 million in revenue in 2023, surpass the CHF 30 million mark in 2024 and reach a revenue level of CHF 45-50 million in 2025.
- Gross contribution margin is expected to continue to increase significantly.
- EBITDA and cash break-even planned for 2025.
- Mid-term plan is mainly based on existing products, where Evolva already has better visibility and predictability. Advancing new product offerings, developing novel molecules as well as potential business model extensions offer additional growth upside.

## Financial highlights:

- Against a high basis from the prior year period, product-related revenue grew by 30% to CHF 7.8 million in the first half of 2022 and total revenue amounted to CHF 8.1 million (+28%). Sequentially, i.e. compared to the second half of 2021, the growth rates were impressive at +148% and +132%, respectively.
- With 54% of the targeted full-year 2022 revenues already achieved in the first half and an ongoing good business momentum, Evolva is well on track to reach its 2022 revenue guidance of CHF 15 million. The corresponding growth rate of 52% is in line with the revenue growth aimed for in the mid-term.
- Flavors & Fragrances grew by 247% to CHF 5.5 million thanks to a strong contribution especially from Vanillin. Also, sales with Valencene and Nootkatone were ahead of expectations.
- Health Ingredients sales of CHF 2.3 million were below the high level from the prior year period which had benefited from inventory build-ups at various customers. While not satisfactory, sequential growth amounted to 28%.
- Gross contribution margin of product-related sales was at 10.9%, already in line with full-year guidance of a double-digit gross contribution margin.
- Gross profit (adjusted) of CHF -1.0 million significantly improved (CHF -5.8 million in 1H 2021).
- Adjusted EBIT of CHF -11.9 million and adjusted EBITDA of CHF -7.5 million also substantially improved, compared to CHF -16.4 million and CHF -12.0 million in 1H 2021, respectively.
- Extraordinary costs of CHF 19.0 million due to CHF 17.0 million non-cash relevant impairment (as already communicated on 26 July 2022), CHF 1.6 million inventory write-off and CHF 0.4 million restructuring charges.
- Impairment is mainly related to patent and licenses, due to the slower than expected market uptake of EVERSWEET™.

- Finished products inventory increased to CHF 16.4 million due to front-loaded production schedule and new products to support the targeted future growth.
- Cash level of CHF 7.4 million as of 30 June 2022 and undrawn financing lines of CHF 20.0 million.

## Outlook:

- Ongoing positive business momentum
- Revenue growth of 50% at constant currencies to CHF 15 million in 2022 expected, with positive double-digit gross contribution margin.
- Evolva aims to achieve an annual revenue growth of 40–60% in the coming years and targets to reach a revenue level of CHF 45–50 million with EBITDA and cash break-even in 2025.

Christian Wichert, CEO of Evolva, commented: “We at Evolva are on a mission to take the company from a research & development focused boutique to the next level of development based on the strong momentum we achieved in the first half of 2022 and our attractive product portfolio. We have set ourselves clear priorities for 2022 and the mid-term.

Christian Wichert added on the targets of the mid-term plan: “To be conservative, our mid-term plan is largely based on the existing product portfolio where we already have better visibility. We aim to become an industrial biotech leader, providing solutions around natural ingredients addressing the global megatrends of health, wellness and sustainability. Based on our proprietary precision-fermentation platform, we are uniquely positioned to resolve supply bottlenecks of nature. Thanks to our knowhow in process development and our ability of scaling up processes from the lab to industrial production, Evolva is set to benefit from global market trends and ensuing opportunities.”

## Key figures<sup>1)</sup>

CHF million	1H 2022 adjusted	1H 2021 adjusted	1H 2022 reported	1H 2021 reported
Revenue from contracts with customers	8.1	6.4	8.1	6.4
<i>Product-related revenues</i>	7.8	6.0	7.8	6.0
<i>Direct production costs</i>	(6.9)	(10.4)	(6.9)	(10.8)
<b>Gross contribution</b>	<b>0.9</b>	<b>(4.4)</b>	<b>0.9</b>	<b>(4.8)</b>
<i>in % of product-related revenue</i>	10.9%	-72.6%	10.9%	-80.5%
<i>Research &amp; development revenue</i>	0.4	0.4	0.4	0.4
<i>Cost of goods sold (excl. direct production costs)</i>	(2.2)	(1.8)	(6.7)	(1.8)
<b>Gross profit</b>	<b>(1.0)</b>	<b>(5.8)</b>	<b>(5.5)</b>	<b>(6.3)</b>
Research & development expenses	(5.2)	(6.0)	(19.4)	(16.2)
Commercial, general & administrative expenses	(5.7)	(4.5)	(6.0)	(4.5)
<b>Operating loss (EBIT)</b>	<b>(11.9)</b>	<b>(16.4)</b>	<b>(30.9)</b>	<b>(27.0)</b>
Depreciation and amortization	(4.4)	(4.3)	(4.4)	(4.3)
Impairment of intangible assets	0.0	0.0	(17.0)	(9.6)
<b>EBITDA</b>	<b>(7.5)</b>	<b>(12.0)</b>	<b>(9.5)</b>	<b>(13.0)</b>
<b>Cash position (end of period)</b>	<b>7.4</b>	<b>13.1</b>	<b>7.4</b>	<b>13.1</b>
<b>Extraordinary items</b>	<b>(19.0)</b>	<b>(10.6)</b>		
- <i>impairment</i>	(17.0)	(9.6)		
- <i>inventory write-off</i>	(1.6)	0.0		
- <i>others</i>	(0.4)	(1.0)		

<sup>1)</sup> This table includes references to operational indicators and alternative performance measures (AMP) that are not defined or specified by IFRS. These APM should be regarded as complementary information to and not as substitutes to the Group's consolidated financial results based on IFRS.

## Documentation

The Half-Year Report 2022 as well as the HY 2022 results presentation are available at

<https://evolva.com/financial-data/hy-results/>

## Webcast and Conference Call

Evolva will hold a conference call with media and the financial community today, at 10.00 a.m. CET.

### Dial-in details:

CH: +41 (0)44 580 7279  
DE: +49 (0)69 22222 5197  
UK: +44 (0)330 165 4012  
US: +1 646-828-8073  
Confirmation Code: 8538292

Webcast-Link for conference call participants:

<https://www.webcast-eqs.com/evolva25082022/no-audio>

### Webcast-Link to the Livestream:

<https://www.webcast-eqs.com/evolva25082022>

To ask questions during the Q+A session you must dial in to the moderated telephone conference.

A replay will be available after the call on the Evolva website.

## Important dates

21 September 2022	Investora Zurich
09 March 2023	Full-year 2022 results
18 April 2023	Annual General Meeting

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## About Evolva

Evolva is a Swiss biotech company focused on the research, development and commercialization of ingredients based on nature. We have leading businesses in Flavors and Fragrances, Health Ingredients and Health Protection. Evolva's employees, half of which are women, are dedicated to make the best products that can contribute to health, wellbeing and sensory enjoyment. Find out more at [evolva.com](https://evolva.com) and connect with us on [LinkedIn](#).

For Evolva multimedia content, please visit: [evolva.com/multimedia-library](https://evolva.com/multimedia-library).

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