



Eevia Health Plc Interim Report Q4-2022

THE BOARD AND CEO OF EEVIA HEALTH PLC PRESENT THE INTERIM FINANCIAL REPORT
FOR QUARTER 4, 2022, AND FOR THE YEAR-END 2022.







Significant events during the fourth quarter of 2022:

Net sales¹ grew by 115% from KEUR 658 in Q4-21 to KEUR 1 420 in Q4-22. Excluding one-off charges of KEUR 143 in Q4-21, net sales increased by 77%, from KEUR 800 in Q4-21 to KEUR 1 418 in Q4-22.

The gross profit in Q4-22 came in at KEUR 966, an improvement of 575% from KEUR 168 in Q4-21. The gross profit constitutes a gross margin² of 68%, a significant improvement over Q4-21 (21%) and Q3-22 (63%). The improvement is a continuation of the positive trend since Q3-22. The development underlines the significant improvements made in production yields and efficiency during the year and the stability in production Eevia is now experiencing.

While the production process has stabilized at an improved level, Eevia benefited from a favorable high-margin product mix in the fourth quarter, including certain contract manufacturing projects invoiced at 100% margin. Furthermore, Eevia has started valorizing several production side streams containing fruit sugars and fibers. This creates new value from divergent product structures³. If successful with these valorizations, Eevia would be able to produce high-volume outputs of these new products. However, the new approach will require business development and penetration of new markets, with no certainty of success. The gross margin without the effect from side-stream products was approaching 55% in Q4-22 (37% in Q3-22). The product in stock has or will be sold.

EBITDA in Q4-22 was positive at KEUR 17. Compared to a KEUR -811 negative EBITDA in Q4-21, the Company improved with KEUR 826. The EBITDA was KEUR 56 in Q3-22. The reduction in EBITDA from Q3 to Q4-22 stems mostly from increases in personnel costs and other operating expenses, due to higher marketing activities, trade show participation, and some one-off marketing costs related to the preferential rights issue in the quarter. These non-recurring costs amounted to c. KEUR 40.

The net result for Q4-22 was negative with KEUR -512, an improvement of KEUR 518 compared to Q4-21 (KEUR -1 030).

The net result in Q4-22 was, in addition to the non-recurring marketing costs above, impacted by financing costs related to the preferential rights issue in November 2022, such as commission, underwriting fees, and issuing costs. These non-recurring financial costs amounted to a total of KEUR 280 during the quarter.

Cash flow from operations was KEUR -929 in Q4-22, mainly due to significant build-up of inventory of which the majority will be sold in Q1-23. This was an improvement of KEUR 538 compared to the operating cash flow of KEUR 1 467 in Q4-21, and KEUR 187 compared to the cash flow of KEUR -280 in Q3-22.

The company completed a fully subscribed rights issue in Q4-22, raising MSEK 21.6 to fund working capital for continued growth and organizational development. The funds raised to puts the company in a better position to execute its ambitious growth plans into 2023.

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



Significant events after December 31, 2022 :

Business Finland awarded Eevia a business development grant of KEUR 242 in February 2023. This marks the first grant ever received by Eevia following its award of two Seals of Excellence by the European Innovation Council (Horizon 2020) in 2021.

Matleena Kotila was hired as Commercial manager with starting date March 1st, 2021. Matleena Kotila is a pharmacist and has a career within sales and marketing of pharmaceuticals, medical devices, and dietary supplements.

Proposal for the distribution of the result:

The Board of Directors proposes that the result for 2022 is carried forward to 2023. Accordingly, the Board of Directors proposes that no dividend is distributed for the financial year 2022.

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.

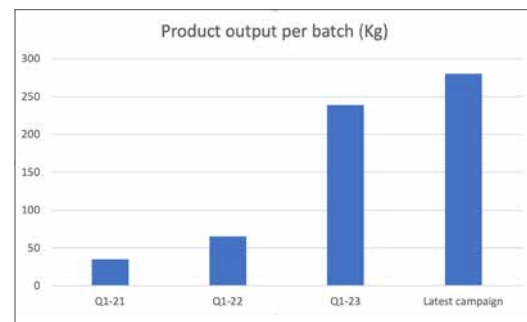


“Chief Manufacturing Officer Harri Salo and his team achieved great results for throughput and productivity”

Stein Ulve, CEO

Comments from our CEO

In the last quarter of 2022, we saw noteworthy improvements in our production performance. Chief Manufacturing Officer Harri Salo and his team achieved great results for throughput and productivity. To illustrate, the manufacturing output in 2021 was 35-40 kg of one product per batch. The average for Q1-22 was 65 kg for the same product. In December 2022, we made batches close to 300 kg and the average was close to 250 kg. In Q1-23 we have seen even further improvements.



We also made significant strides regarding our recovery yields. This, combined with better purchasing performance, improved our product margins. Several contract manufacturing campaigns with 100% margin also had significant positive impact on profitability, supporting a record gross margin of 68% in the quarter. We reached positive EBITDA for the second quarter in a row, but due to increases in personnel costs and other operational expenses following a push in marketing, the EBITDA was somewhat lower than in Q3-22.

The production improvements have freed up capacity. We consequently “eat” through the order reserve faster than we had expected only six months ago. With that, there is scope to reduce our costs of operation in an effort to fast-track bottom line profitability. Consequently, we have undertaken change negotiations with employees in production and we expect to execute layoffs in the spring of 2023. Further automation and improvements in productivity is still possible and sought after. We are working intensely to streamline the company for profitable operations.

In Q4-22, we adjusted our strategic focus to the health challenges related to cellular recycling. We find this space attractive. Yoshinori Ohsumi got the Nobel price in physiology and medicine in 2016 for his work to show that cellular recycling (autophagy) is a fundamentally important functions in human health. We believe autophagy will gain huge attention in the next five to ten years. 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.

We will spend time during the first half to revisit the Company’s longer-term targets in the face of inter alia improved production efficiency. Our understanding from the market is that several brand owners have been through a period of significant stockpiling during the last few quarters, after a slight slowdown in consumer demand following the surge in nutraceutical growth post Covid. While visibility on brand owners’ stock levels is somewhat limited, we expect market demand to normalize in the second half of the year, as stock levels return to historic levels. We expect to communicate updated strategic goals to the market in the second half of the year.

The outlook for the first half is good, but we have work to do to replenish the order reserve for the second half of 2023. Despite a slowdown in demand driven mainly by the brand owner’s inventory adjustments, there are identifiable opportunities to go after. I am confident that (i) the significant recent production improvements; (ii) our added commercial confidence; (iii) less time spent fighting issues in production; and (iv) a key hire in our new commercial manager are all important factors that will help us achieve that goal. The key is to capitalize on our unique selling points of organic and sustainable ingredients and being a reliable, high-quality supplier located favourably on dimensions of both raw material sourcing and geopolitical stability in the global nutraceutical market.

Sincerely yours,
Stein Ulve, CEO

Key ratios

The table below shows the critical ratios for Q4-2022 and Q4-2021, and October to December 2022 and 2021:

	October 1st – December 31st		January 1st– December 31st	
	2022	2021	2022	2021
Net sales, KEUR	1 420	658	5 910	6 671
EBITDA, KEUR	17	-811	-559	-2 099
The net result of the period, KEUR	-282	-1 030	-1 758	-2 635
Earnings per share, EUR*	-0,01	-0,06	-0,06	-0,16
Shareholders' equity per share, EUR*	0,12	0,22	0,12	0,22
The average number of employees	28	28	28	28

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

Earnings per share, EUR	Net result of the period/30 349 371 (15,973,356) shares
Shareholders' equity per share, EUR	Total equity/30 349 371 (15,973,356) shares

The Share and shareholders

The total current number of shares amounts to 30,349,371 shares. Eevia has only one share series. There is a remaining authorization for the Board of Directors to decide on the issuance of shares to key employees of 623 985 shares. Based on this authorization, the Board has distributed 100,000 share options at a strike price of SEK 12.

Annual general meeting 2023 and Financial Statement for 2022

The Board is arranging for the Annual General Meeting 2023 on May 25, 2023, and the Financial Statement for the year 2022 will be published on the Company's website (www.eeviahealth.com) three weeks before the meeting at the latest.

Future Reports

Interim report January – March 2023 (Q1-23)	May 15th, 2023
Annual General Meeting	May 25, 2023
Interim report April – June 2023 (Q2-23)	August 23rd, 2023
Interim report July – September 2023 (Q3-23)	November 22nd, 2023

Income Statement

(KEUR)	Ref.	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net Sales	1	1 420	658	5 910	6 671
Other income	2	-16	2	169	15
Total revenues	3	1 404	660	6 080	6 686
Operating Expenses					
Material and external expenses		-454	-660	-3 501	-5 847
Personnel expenses	2	-452	-392	-1 776	-1 502
Other operating expenses		-482	-419	-1 363	-1 437
Total Operating Expenses	3	-1 387	-1 471	-6 639	-8 786
EBITDA	4	17	-811	-559	-2 099
Depreciation		-183	-200	-772	-490
OPERATING PROFIT (LOSS)		-166	-1 011	-1 332	-2 589
Financial income and expenses		-347	-20	-426	-46
PROFIT/-LOSS BEFORE TAXES		-512	-1 030	-1 758	-2 635
Taxes		0	0	0	0
NET PROFIT/-LOSS FOR THE PERIOD		-512	-1 030	-1 758	-2 635

¹⁾ Following a dialogue with the auditor in connection with 2022 audit, the total revenue for 2022 has been reduced with KEUR 151 due to a reclassification of Q1-Q3 22 financial costs. In the reclassification, certain foreign exchange losses booked as financial costs in earlier quarterly reports have been reclassified as reductions in revenues. For the full year and identical reduction in financial costs were made. This statement does not affect Q4-22 financial figures.

²⁾ Following a dialogue with the auditor in connection with 2022 audit, a restatement of the ingoing balance of equity from 2021 has been made in the balance sheet amounting to KEUR 80 for foreign exchange losses incurred in 2021. These costs were booked as financial costs in Q1-Q2 22. The restatement does not affect Q4-22

³⁾ Salary expenses related to the installation of new production equipment are according to FAS presented as a separate line item as Income for the company's use. This expense has been capitalized.

⁴⁾ Total revenues, Total Operating Expenses, and EBITDA are not recognized line items included in the statutory financial statements prepared following Finnish Accounting Standards (FAS)

Balance sheet

ASSETS (KEUR)	Ref.	Dec-31 2022	Dec-31 2021
Fixed assets			
Intangible assets	1	602	716
Tangible assets			
Equipment, machines, and tools		2 756	2 559
Total fixed assets		3 358	3 275
Other long-term receivables		0	24
Current assets			
Inventory		2 719	2 369
Trade receivables and other receivables		517	1 011
Cash at bank		638	1 859
Total current assets		3 873	5 239
TOTAL ASSETS		7 231	8 538

EQUITY AND LIABILITIES (KEUR)	Ref	Dec-31 2022	Dec-31 2021
Equity			
Share Capital		80	80
Reserve for invested unrestricted equity		10 714	8 802
Retained earnings/loss	1	-5 381	-2 746
Profit (loss) for the period		-1 758	-2 635
Total Equity		3 654	3 501
Long-term liabilities			
Loans from credit institutions		304	406
Other long-term liabilities		0	0
Current liabilities			
Other short-term loans		678	145
Advances received		1 337	2 939
Accounts payable		852	1 129
Other liabilities and accruals		628	418
Total current liabilities		3 494	4 631
Total liabilities		3 799	5 037
TOTAL EQUITY AND LIABILITIES		7 231	8 538

¹¹ A restatement of in-going equity from 2021 was made for KEUR 142 that was booked as lo booked to in-going equity that was originally booked as capitalized long term assets in Q1-22, but was incurred in Q4-21

Cash Flow Statement

(KEUR)	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Operating activities				
Profit/-Loss before taxes	-512	-1 031	-1 758	-2 635
Adjustments for items not included in the cash flow:	183	201	772	490
Cash flow before change in working capital	-329	-830	-986	-2 145
Cash flow from changes in working capital:				
Increase (-) or decrease (+) in current interest-free receivables	113	-261	518	-408
Increase (-) or decrease (+) in inventories	-815	-402	-350	1 105
Increase (+) or decrease (-) in current interest-free payables	102	26	-68	278
Cash flow from operations before financial items and taxes	-929	-1 467	-886	-1 170
Cash flow before extraordinary items	0	0	0	0
Cash flow from operating activities	-929	-1 467	-886	-1 170
Investment activities				
Investments in intangible and tangible assets	-146	-550	-855	-2 138
Cash flow from investment activities	-146	-550	-855	-2 138
Financing activities				
New Share issue	1 912	1 903	1 912	5 705
Advanced received	-274	582	-1 602	-1 006
New loans	0-	0	567	400
Repayment of long-term borrowings	-40	-17	-136	-609
Equity restatement 2021	0	0	-221	0
Cash flow from financing activities	1 598	2 468	520	4 490
Change in cash and equivalents	523	451	-1 221	1 182
Cash and cash equivalents at the beginning of the period	115	1 408	1 859	678
Cash and cash equivalents at the end of the period	638	1 859	638	1 859

Segmentation of sales and gross margin

Eveia Health's Net Sales in Q4-22 did not include trading revenues related to sourcing raw materials. The gross profit margin improved from 62% in Q3-22 to 68% in Q4-22. The improvements in Q4-22 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. Eveia maintains a long-term target level for a gross margin above 40% by 2024.

(KEUR)	Segmentation of EBITDA, Oct-Dec 2022				Reported Income Statement
	Ref.	Operations	Trading	Non-recurring	
Net Sales		1 420	0	0	1 420
Other income		-16	0		-16
Total revenues		1 404	0	0	1 404
Operating Expenses					
Material and external expenses	2	-454	0	0	-454
Personnel expenses		-452	0		-452
Other operating expenses	1	-441	0	-40	-481
Total Operating Expenses		-1 347	0	-40	-1 387
EBITDA		57	0	-40	17

(KEUR)	Ref.	Jan-Mar 22	Apr-Jun 22	Jul-Sep 22	Oct-Dec 22
Product sales		1 617	1 835	1 148	1 420
Product restandardization	1	0	0	0	0
Raw material sales		42	0	0	0
Net Sales		1 659	1 835	1 148	1 420

(KEUR)	Ref.	Jan-Mar 22	Apr-Jun 22	Jul-Sep 22	Oct-Dec 22
Product sales		1 617	1 835	1 148	1 420
Material and external expenses		-1 403	-1 184	-423	-454
Gross Profit		214	651	725	966
Gross margin %		13 %	35 %	63 %	68 %

¹⁾ Non-recurring expenses of KEUR 40 consists of legal and marketing costs related to preferential rights issue in Q4-22

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, 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, February 24th, 2023

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

For additional information, please contact:



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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 29, 2022.