



# Eevia Health Plc Interim Report Q2 – 2023

THE BOARD AND CEO OF EEVIA HEALTH PLC PRESENT  
THE INTERIM FINANCIAL REPORT FOR QUARTER 2, 2023.







## Significant events during the second quarter of 2023:

Net sales<sup>1</sup> grew by 16% from KEUR 1 710 in Q1-23 to KEUR 1 985 in Q2-23. Net sales between Q2-22 and Q2-23 grew by 8% (from KEUR 1 835 in Q2-22 to KEUR 1 935 in Q2-23).

The gross profit in Q2-23 landed at KEUR 1 352, an improvement of 137% from KEUR 989 in Q1-23 and up 216% from KEUR 627 in Q2-22. The gross margin<sup>2</sup> was 68% in Q2-23, up from 58% in Q1-23 but in line with 68% in Q2-22. The increase since the previous quarter is due to higher volumes of high-margin products, as well as continued improvements in production and purchasing.

Eevia benefited from a high-margin product mix in both the first and the second quarters. The gross margin without the effect from side-stream products was approximately 62% in Q2-23.

EBITDA in Q2-23 was strong, reaching a record KEUR 639, compared to KEUR 260 in Q1-23 and KEUR -21 in Q2-22. The improvement between Q1-23 and Q2-23 was KEUR 379 (up 46%), stemming mostly from an increase in gross margin. There were insignificant non-recurring costs in Q2-23.

The net result for Q2-23 was a solid KEUR 413. It came after an improvement of KEUR 396 compared to Q1-23 (KEUR 17) and KEUR 701 compared to Q2-22 (KEUR -288).

Cash flow from operations was up 202% to KEUR 331 in Q2-23 compared to KEUR 162 in Q1-23, and up from KEUR 12 in Q2-22. The improvements stem from the improved operational performance.

The significant production efficiency increases seen during the last few months, have over time reduced the labor requirements at the Company's production facility for the same volume of production. Consequently, a reduction in production personnel and a transition from a 24/7 (21 shift) to a 24/5 (14 shifts) operational model was negotiated with the personnel group in June and is being implemented. The change in the operational model is expected to reduce production personnel costs by KEUR 50 per quarter in the near term compared to a four recent quarter average.

The BioMap study undertaken with Eurofins on all of Eevia's main product lines and one selected competitor product per product line was put in progress in May. The study is supported by Business Finland, which provided funding that triggered this effort. There is significant excitement and expectations for the results of these scientific efforts. The results are expected in August 2023.

Eevia introduced a new tart cherry extract product line to the market which is focused on cognitive health and sleep quality.

The Annual Shareholders meeting on June 30, 2023, authorized the Board to issue up to 10 million new shares. 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.

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

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



## 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**. 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.



*“Q2-23 saw us in a transition to a more customer-centric health ingredient company”*

Stein Ulve, CEO

## Comments from our CEO

Eveia evolved in the second quarter from an operations-focused to a market-focused company. We are streamlining the production side and strengthening the marketing & sales side of the business. With the Company's significant improvements in productivity, we found a basis to reduce personnel in production during Q2-23. Simultaneously, we continued to work on initiatives to bring in new competence and capabilities in marketing and sales.

The streamlining of operations included implementing significant changes in the production organization and set-up. We are sad to see several good colleagues go but encouraged by the team's continuous efficiency gains. The improvements have taken us from red results to operational profitability.

As communicated in April, we delivered and concluded some large contract volumes during the first half of 2023. We reduced the order reserve during the quarter as production output exceeded order income. At the same time, we delivered sufficient product volumes to fully eliminate the prepayment balance to key clients. As of the end of June 2023, all prepayments from customers are paid back.

Going forward, we are prepared for more conventional funding of the working capital, including bank financing. In that regard, I would like to sincerely thank our shareholders and new investors for their support in the recent equity issue. I am confident it will enable us to attract credit financing soon, which was one of the main purposes of the funding.

We are pleased to welcome Patricia Wiklund as a new member of the Board. Patricia has a strong background in nutraceutical ingredients marketing and ecological and sustainable practices. She will contribute to the company's journey to become a distinct organic ingredient brand.

The focus of our efforts is now on building the company's sales pipeline and order reserve. It will be a combination of increased efforts on inbound marketing, through an increase of content communicated in several key channels, as well as more outbound efforts to high-level target prospects. We had our first exhibition booth in three years at the international nutraceutical tradeshow, Vitafoods, in Geneva in May. We received good attention and met small and large prospects. New forthcoming sales orders are a result of such efforts. The plan is to exhibit again at Supply Side West in Las Vegas in October, another key event in our industry.

Eveia will be more dependent on the ongoing order income going forward to reach revenue targets. We expect a lower revenue, gross profit, and net profit in the second half compared to the first. However, customer interest and pipeline look increasingly encouraging for the longer term, and we reaffirm the company's long-term revenue sales targets, which we are committed to reaching by 2026. Some of the initial momentum was lost during the focus on issues in production during the last two years, but with stability and increasing efficiency in production, as well as a re-ignited sales effort showing increasing traction, we have great confidence in the Company's positioning and the organization's ability to deliver.

*Sincerely yours,*

**Stein Ulve, CEO**

## Key ratios

The table below shows the critical ratios for Q2-2023 and Q2-2022, and January to December 2023 and 2022:

	April 1st – June 30th		January 1st– June 30th	
	2023	2022	2022	2021
Net sales, KEUR	1 985	1 835	4 695	3 493
EBITDA, KEUR	639	-21	899	-481
The net result of the period, KEUR	413	-288	430	-948
Earnings per share, EUR*	0,01	-0,02	0,01	-0,06
Shareholders' equity per share, EUR*	0,12	0,15	0,12	0,15
The average number of employees	24	28	24	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 per 30.6.2023 amounted to 30,349,371 shares. Eevia has only one share series. The Board issued 5 364 513 new shares on August 23, so the total shares outstanding as of the date of release of this report is 35 713 884 shares. There is a remaining authorization for the Board of Directors to decide on the issuance of shares to of 4 635 487 shares.

## Financial calendar

Interim report July – September 2023 (Q3-23)	November 22, 2023
Year-end report 2023 (Q4-23)	February 14, 2024
Statutory Financial Statements 2024	May 15, 2024
Interim report January - March 2024 (Q1-24)	May 20, 2024

## Income Statement

<b>(KEUR)</b>	<b>Ref.</b>	<i>Apr-Jun</i> <b>2023</b>	<i>Apr-Jun</i> <b>2022</b>	<i>Jan-Jun</i> <b>2023</b>	<i>Jan-Jun</i> <b>2022</b>
Net Sales		1 985	1 835	3 695	3 493
Other income		–	56	21	175
<b>Total revenues</b>		<b>1 985</b>	<b>1 892</b>	<b>3 716</b>	<b>3 668</b>
Material and external expenses		-633	-1 208	-1 354	-2 624
Personnel expenses		-381	-443	-836	-925
Other operating expenses		-332	-262	-627	-600
<b>Total Operating Expenses</b>		<b>-1 346</b>	<b>-1 912</b>	<b>-2 817</b>	<b>-4 149</b>
<b>EBITDA</b>		<b>639</b>	<b>-21</b>	<b>899</b>	<b>-481</b>
Depreciation		-198	-198	-401	-383
<b>OPERATING PROFIT (LOSS)</b>		<b>441</b>	<b>-219</b>	<b>498</b>	<b>-863</b>
Financial income and expenses		-27	-69	-68	-84
<b>NET PROFIT/-LOSS FOR THE PERIOD</b>		<b>413</b>	<b>-288</b>	<b>430</b>	<b>-948</b>

## Balance sheet

<b>ASSETS (KEUR)</b>	<b>Ref.</b>	<i>Jun-30</i> <b>2023</b>	<i>Dec-31</i> <b>2022</b>	<i>Jun-30</i> <b>2022</b>
<b>FIXED ASSETS</b>				
Intangible assets		547	602	815
Equipment, machines and tools		2 590	2 756	2 759
<b>Total fixed assets</b>		<b>3 137</b>	<b>3 358</b>	<b>3 574</b>
Other long term receivables		31	24	24
<b>CURRENT ASSETS</b>				
Inventory		2 198	2 814	1 512
Trade receivables and other receivables		163	517	856
Cash in hand and at banks		319	638	603
<b>Total current assets</b>		<b>2 680</b>	<b>3 969</b>	<b>2 971</b>
<b>TOTAL ASSETS</b>		<b>5 847</b>	<b>7 327</b>	<b>6 569</b>

<b>EQUITY AND LIABILITIES (KEUR)</b>	<b>Ref</b>	<i>Jun-30</i> <b>2023</b>	<i>Dec-31</i> <b>2022</b>	<i>Jun-30</i> <b>2021</b>
<b>EQUITY</b>				
Share capital, cooperative capital or corresponding capital		80	80	80
Reserves for unrestricted equity		10 714	10 714	8 802
Retained earnings/loss		-7 424	-5 381	-5 381
Profit (loss) for the period		430	-2 042	-948
<b>Total Equity</b>		<b>3 800</b>	<b>3 371</b>	<b>2 553</b>
<b>CREDITORS</b>				
<b>Long-term liabilities</b>				
Loans from credit institutions		304	304	406
<b>Current liabilities</b>				
Other short term loans		46	678	652
Advances received		0	1 562	1 499
Accounts payable		1 113	852	950
Other creditors and accruals		584	560	509
<b>Total current liabilities</b>		<b>1 743</b>	<b>3 652</b>	<b>3 611</b>
<b>Total liabilities</b>		<b>2 047</b>	<b>3 956</b>	<b>4 017</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5 847</b>	<b>7 327</b>	<b>6 569</b>



## Cash Flow Statement

(KEUR)	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022
<b>Operating activities</b>				
Profit/-Loss before taxes	413	-337	430	-998
Adjustments for items not included in the cash flow:	198	198	401	382
<b>Cash flow before change in working capital</b>	<b>611</b>	<b>-139</b>	<b>831</b>	<b>-615</b>
<b>Cash flow from changes in working capital:</b>				
Increase (-) or decrease (+) in current interest-free receivables	367	450	323	154
Increase (-) or decrease (+) in inventories	233	588	616	857
Increase (+) or decrease (-) in current interest-free payables	-880	-888	-1 277	-1 528
<b>Cash flow from operations before financial items and taxes</b>	<b>331</b>	<b>12</b>	<b>493</b>	<b>-1 132</b>
Cash flow before extraordinary items	0	0	0	0
<b>Cash flow from operating activities</b>	<b>331</b>	<b>12</b>	<b>493</b>	<b>-1 132</b>
<b>Investment activities</b>				
Investments in intangible and tangible assets	-65	-343	-180	-631
<b>Cash flow from investment activities</b>	<b>-65</b>	<b>-343</b>	<b>-180</b>	<b>-631</b>
<b>Financing activities</b>				
New Share issue	0	0	0	0
New loans	0	596	0	596
Repayment of short-term borrowings	0	0	-567	0
Repayment of long-term borrowings	-28	-28	-65	-89
<b>Cash flow from financing activities</b>	<b>-28</b>	<b>568</b>	<b>-632</b>	<b>507</b>
Change in cash and equivalents	238	238	-319	-1 256
Cash and cash equivalents at the beginning of the period	81	365	638	1 859
<b>Cash and cash equivalents at the end of the period</b>	<b>319</b>	<b>603</b>	<b>319</b>	<b>603</b>

## Segmentation of sales and gross margin

Evia Health's Net Sales in Q2-23 did not include trading revenues related to sourcing raw materials. The gross profit margin improved from 58% in Q1-22 to 68% in Q2-23. The improvements were due to beneficial product mix, advances in productivity, improved production protocols, and lower raw material prices.

(KEUR)	Segmentation of EBITDA, Apr-Jun 2023				Reported Income Statement
	Ref.	Operations	Trading	Non-recurring	
Net Sales		1 985	0	0	1 985
Other income					0
<b>Total revenues</b>		<b>1 985</b>	<b>0</b>	<b>0</b>	<b>1 985</b>
<b>Operating Expenses</b>					
Material and external expenses		-633	0	0	-633
Personnel expenses		-381			-381
Other operating expenses		-332	0	0	-332
<b>Total Operating Expenses</b>		<b>-1 346</b>	<b>0</b>	<b>0</b>	<b>-1 346</b>
<b>EBITDA</b>		<b>639</b>	<b>0</b>	<b>0</b>	<b>639</b>

(KEUR)	Apr - Jun 22	Jul - Sep 22	Oct - Dec 22	Jan - Mar 23	Apr - Jun 22
Product sales	1 835	1 148	1 420	1 710	1 985
Material and external expenses	-1 184	-423	-454	-721	-633
<b>Gross Profit</b>	<b>651</b>	<b>725</b>	<b>966</b>	<b>989</b>	<b>1 352</b>
<b>Gross margin %</b>	<b>35 %</b>	<b>63 %</b>	<b>68 %</b>	<b>58%</b>	<b>68%</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, August 23, 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.