

Eevia Health Plc Year End Report – 2023

THE BOARD AND CEO OF EEVIA HEALTH PLC PRESENT THE YEAR-END
FINANCIAL REPORT FOR THE FULL YEAR OF 2023,
AS WELL AS FOR QUARTER 4, 2023.





Summary of financial development 2023

SIGNIFICANT IMPROVEMENT IN EBITDA

The EBITDA for 2023 came in positive at KEUR 753, an improvement of KEUR 1 312 from 2022 (KEUR – 559). 2023 is the first full year with positive EBITDA in the Company's history.

The improvement came from an increase of KEUR 461 in gross margin, an increase in other operating income with KEUR 127, reduced personnel cost of KEUR 378, and reduced overhead of KEUR 349.

The balance sheet also saw a transformation in 2023. Strong operating cash flow from improved net working capital and EBITDA was used to pay down MEUR 0.6 in short-term loans and to reduce customer prepayments by MEUR 1.5.

IMPROVED FINANCIAL CONTROL

A year ago, we promised a strong focus on improving yields and margins, on leaning the operations, executing cost reductions, and streamlining production. We kept our promises. Eevia onboarded a new business controller in Q3-23 who quickly improved financial control and risk management, as well as better utilization of our ERP system.

We developed a more agile company in protecting financial performance. Despite lower revenues, gross profit in Q4-23 was KEUR 355, an increase of 2% from KEUR 347 in Q3-23.

STRONG UNDERLYING CUSTOMER GROWTH

The Company's largest customer temporarily paused purchasing in June 2023, due to high stock levels. Nevertheless, Eevia delivered significant underlying revenue growth in the second half of 2023 (H2-23), adding MEUR 1.2 in sales from other clients, up 64% from H2-22.

In November, a global analytical service partner informed it had provided erroneous analytical lab reports for some time. These reports were subsequently corrected by the firm. However, the errors forced Eevia to relabel several batches, which led to some product returns from customers as well as a temporary delay in new order confirmations and deliveries. The problem is solved.

STRONG OPERATING CASH FLOW FOR THE YEAR

Eevia improved operating cash flow by MEUR 2.1 in 2023 compared to 2022. The full-year operating cash flow was positive with KEUR 1 252, up from KEUR – 886 in 2022. This development came from improved EBITDA and a reduction of the inventory.

Cash flow from operations was positive with KEUR 115 in Q4-23 compared to KEUR - 929 in Q4-22, and up from a negative operational cash flow of KEUR – 1 023 in Q3-23. The improvement in operating cash flow stems primarily from changes in working capital in the period.

The table below shows the key figures and ratios for Q4-2023 and Q4-2022, and January to December 2023 and 2022:

	October 1st – December 31st		January 1st – December 31st	
	2023	2022	2023	2022
Net sales, KEUR	317	1 420	4 928	5 910
EBITDA, KEUR	-148	17	753	-559
The net result of the period, KEUR	-388	-512	-274	-1 758
Cash flow from operations	115	-929	1 252	-886
Net equity, KEUR	4 062	3 654	4 062	3 654
Earnings per share, EUR*	-0,02	-0,02	0,01	-0,06
Shareholders' equity per share, EUR*	0,11	0,15	0,11	0,12
The average number of employees	19	28	21	28

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

Earnings per share, EUR $\frac{\text{Net result of the period}}{35,713,884^* \text{ shares}}$

Shareholders' equity per share, EUR $\frac{\text{Total equity}}{35,713,884 \text{ shares}}$

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

Financial developments

FULL-YEAR 2023

- Net sales for 2023 came in at KEUR 4 928, a decrease from KEUR 5 910 in 2022.
- The gross margin¹ for the full year 2023 ended at 58% or KEUR 2 869², which is up 19% from KEUR 2 409 in 2022.
- For 2023, Eevia's EBITDA came in at positive KEUR 753, an improvement of KEUR 1 312 from the full year of 2022, which ended with a negative EBITDA of KEUR - 559. Hence, 2023 is the first full year with positive EBITDA in the Company's history. The improvement came from an increase of KEUR 461 in gross margin, an increase in other operating income with KEUR 127, a reduced personnel cost of KEUR 378, and a reduced overhead of KEUR 349.
- The full-year operating cash flow was positive with KEUR 1 252 up from KEUR - 886 in 2022. The improvement of MEUR 2,1 in operating cash flow came from improved EBITDA and a reduction of the inventory.
- In 2023, Eevia secured a new commercial credit of MEUR 0.5 and an equity issue of MEUR 1.9.

FOURTH QUARTER 2023:

- Net sales² decreased from KEUR 917 in Q3-23 to KEUR 317 in Q4-23. Net sales adjusted for product returns were KEUR 560. Compared to Q4-22, adjusted net sales were down by KEUR 860, from KEUR 1 420.
- Gross profit in Q4-23 was KEUR 242. The gross profit³ adjusted for product returns in Q4-23 was KEUR 355, an increase of 2% from KEUR 347 in Q3-23 and down 63% from KEUR 966 in Q4-22. The adjusted gross margin⁴ was 63% in Q4-23, up from 38% in Q3-22, but down from 68% in Q4-22. The improvement since Q3-23 is due to a changing product mix. There was no effect on gross margin from side-stream products in Q4-23.
- EBITDA in Q4-23 was KEUR - 148 compared to KEUR 2 in Q3-23 and KEUR 17 in Q4-22. The reduction in EBITDA between Q3-23 and Q4-23 was KEUR 150, mainly stemming from lower turnover.
- The net result for Q4-23 was negative KEUR - 388 compared to KEUR - 317 in Q3-23 and KEUR - 512 in Q4-22.
- Cash flow from operations was positive with KEUR 115 in Q4-23 compared to negative KEUR -929 in Q4-22, and up from a negative cash flow of KEUR -1 023 in Q3-23. The improvement in operating cash flow stems primarily from changes in working capital in the period.

¹ For maintaining simplicity and ease for external financial analysis, the gross margin for the full year is unadjusted, ie. including credit notes from product returns and non-recurring items. Hence, it is reported net sales less materials cost.

² Sales revenues excluding trading revenues.

³ See the adjustment calculations of gross profit in the segmentation table on page 11.

⁴ Gross profit in % of net sales.

CEO Stein Ulve comments on 2023

2023 was transformational for Eevia. We streamlined operations and improved EBITDA with over MEUR 1.3 from 2022 to give the first full year of positive EBITDA. Our full-year revenues came in MEUR 1 lower than in 2022, but we added MEUR 1.2 in new revenue from clients other than our largest customer, mainly in the latter half of the year.

More importantly, we managed to keep costs under control, and I must commend the Eevia team for pushing the average gross margin in 2023 to over 50%. The production efficiencies we developed in 2022 came to fruition with improvements also in personnel and overhead costs. We strengthened the supply chain for key raw materials. Production undertook cost reductions to gain a leaner and more cost-efficient foundation for the future.

The reported revenues in the fourth quarter do not reflect our significant underlying momentum. We entered 2023 with one dominating customer and ended the year with a much broader customer base and a platform on which to grow sales in 2024. One example is the traction we experienced at the Supply Side West tradeshow, where we gained a string of new leads and sales opportunities. We expect our largest customer to return with new orders in 2025 when they have worked through their current inventory. High stock levels have been a factor after the Covid, and Eevia is well positioned to gain as inventory levels return to normal.

The fourth quarter saw the onboarding of Erik Eide as Commercial Director. Erik is an experienced sales executive with a broad background in the nutraceutical industry. Bringing his competence to the team is a positive leap forward. Together with new distributors, such as BREKO (Germany), and internal reorganizations of managers from operations to sales, the customer front is significantly strengthened in terms of skills, capacity, and customer-centricity.

We continue to work hard to execute our strategy to address global health problems with novel nutritional extracts that are safe and effective. We concluded the BioMAP study⁵ with our science partners in Q3-23. The outcome was a string of unique bioactivity data, which will help strengthen our competitive position. For instance, we discovered that our Fenoprolin® 70 Organic extract triggers three (3) more biomarkers than the leading competitor on the market, and otherwise has an identical bioactivity profile across 140 biomarkers. With herbal equivalence, we can compete head-to-head with the market leader.



“The BioMAP study provided unique bioactivity data on our key extracts, which strengthen our competitive position in selected nutraceutical segments.”

Stein Ulve, CEO

Similarly, Retinari™, our pipeline eye health product, triggered at least three key biomarkers for the largest eye health condition plaguing the world.

Competing in a tough global market, Eevia will benefit from the significant BioMAP investments. We can show herbal equivalence or superiority against the strongest competitor products through in vitro testing in primary human cells. These can be possible game-changers for our revenue growth. Data like this is already opening collaboration venues with large brand holders, such as the leading eye health player, announced on February 9th.

We will continue to build our sales pipeline through 2024, securing profitable growth on the back of operational improvements made last year. We have a set-up and protocol that are proven to work, and with our new product, marketing, and sales efforts, we will build the revenue stream throughout the year. With some very large leads, I am also optimistic that the order reserve going into 2025 will be significantly improved and lay the foundation for a strong performance that year.

Sincerely yours,

Stein Ulve, CEO

⁵ An in-vitro study with over 140 biomarkers in human primary cells conducted on the Eurofins discovery platform



Significant events during the fourth quarter of 2023:

- Eevia reorganized distribution in North America. Eevia working with Select Ingredients as a distributor in the US going into 2024 while the distribution agreement with Barrington has been terminated effective 31.12.23
- Erik Eide was appointed as Commercial Director in December.
- Eevia appointed BREKO as a distributor for DACH countries.
- Eevia released a series of new scientific white papers, building stronger content around its offering.
- Eevia launched a new tart cherry product at the Supply Side West tradeshow in Las Vegas.
- A significant number of new sales leads and opportunities were acquired at the Supply Side West trade show in Las Vegas, in October.

Significant events after December 31, 2023

- Eevia started negotiations on a significant sales contract for 2025 with an option to extend for 2026 with a mid-sized European Food company. The parties expect to finalize discussions by the end of the first quarter of 2024.
- Eevia filed the final report to Business Finland for a project that was awarded a business development grant of KEUR 242 in February 2023 and expects payment of the full grant during 2024 for costs expensed in 2023.
- Eevia secured a credit line from three Swedish investors of KEUR 640.
- Eevia has initiated discussions with a global market leader in vision enhancement and eye health to evaluate collaboration on the launch of a novel dietary eye-health ingredient.

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 Southeast 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 or follow Eevia Health on LinkedIn @EeviaHealth.

Income Statement

(KEUR)	Ref.	Oct-Sep 2023	Oct-Sep 2022	Jan-Dec 2023	Jan-Dec 2022
Net Sales		317	1 420	4 928	5 910
Other income	1	177	-16	296	169
Total revenues		493	1 404	5 224	6 080
Material and external expenses		-135	-454	-2 058	-3 501
Personnel expenses		-293	-452	-1 398	-1 776
Other operating expenses		-212	-482	-1 014	-1 363
Total Operating Expenses		-641	-1 387	-4 471	-6 639
EBITDA		-148	17	753	-559
Depreciation		-202	-183	-803	-772
OPERATING PROFIT (LOSS)		-349	-166	-50	-1 332
Financial income and expenses	2	-38	-347	-225	-426
NET PROFIT (LOSS) FOR THE PERIOD		-388	-512	-274	-1 758

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.	<i>Dec-31</i> 2023	<i>Dec-31</i> 2022	<i>Dec-31</i> 2021
FIXED ASSETS				
Intangible assets		1 065	602	716
Equipment, machines and tools		2 371	2 756	2 559
Total fixed assets		3 436	3 358	3 275
CURRENT ASSETS				
Inventory		1 712	2 719	2 369
Trade receivables and other receivables		876	517	1 011
Cash in hand and at banks		138	638	1 859
Total current assets		2 426	3 873	5 239
TOTAL ASSETS		5 857	7 231	8 538

EQUITY AND LIABILITIES (KEUR)	Ref	<i>Dec-31</i> 2023	<i>Dec-31</i> 2022	<i>Dec-31</i> 2021
EQUITY				
Share capital		80	80	80
Reserves for unrestricted equity		11 680	10 714	8 802
Retained earnings/loss		-7 424	-5 381	-2 748
Profit (loss) for the period		274	-1 758	-2 635
Total equity		4 062	3 654	3 501
CREDITORS				
Long-term liabilities				
Loans from credit institutions		724	304	406
Current liabilities				
Other short term loans		75	678	145
Advances received		0	1 337	2 939
Accounts payable		832	852	1 129
Other creditors and accruals		470	628	418
Total current liabilities		1 377	3 494	4 631
Total liabilities		2 101	3 799	5 037
TOTAL EQUITY AND LIABILITIES		5 857	7 231	8 538

Cash Flow Statement

(KEUR)	Oct-Sep 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Operating activities				
Profit/-Loss before taxes	-388	-512	-274	-1 758
Adjustments for items not included in the cash flow:	202	183	803	772
Cash flow before change in working capital	-186	-329	529	-986
Increase (-) or decrease (+) in current interest-free receivables	-84	113	-360	518
Increase (-) or decrease (+) in inventories	130	-815	1 102	-350
Increase (+) or decrease (-) in current interest-free payables	256	102	-20	-68
Cash flow from changes in working capital:	301	-600	723	100
Cash flow from operations before financial items and taxes	115	-929	1 252	-886
Cash flow from extraordinary items	-	-	-	-
Cash flow after operating activities	115	-929	1 252	-886
Investment activities				
Investments in intangible and tangible assets	-307	-146	-881	-855
Cash flow from investment activities	-307	-146	-881	-855
Financing activities				
New Share issue	0	1 912	966	1 912
Advances received	0	0	-1 562	-1 602
New loans	0	-274	495	567
Repayment of short-term borrowings	-89	-	-694	-
Repayment of long-term borrowings	-75	-40	-75	-136
Equity restatement 2021	0	0	0	-221
Cash flow from financing activities	-165	-1 598	-870	520
Change in cash and equivalents	-357	523	-500	-1 221
Cash and cash equivalents at the beginning of the period	495	115	638	1 859
Cash and cash equivalents at the end of the period	138	638	138	638

Segmentation of sales and gross margin

The gross profit margin increased from 38% in Q3-23 to 63% in Q4-23, mainly due to a change in product mix as explained above. The average gross margin % for 2023 landed at 58%⁶.

(KEUR)	Segmentation of EBITDA, Oct-Dec 2023				Reported Income Statement
	Ref.	Operations	Credits/ product return	Non-recurring	
Net Sales	1	560	-243	0	317
Other income		0	0	177	177
Total revenues		560	-243	0	493
Operating Expenses					
Material and external expenses		-205	140	-70	-135
Personnel expenses		-205	0	-88	-293
Other operating expenses		-193	0	-19	-212
Total Operating Expenses		-603	140	-177	-641
EBITDA		-43	-103	0	-148

	Oct-Dec 22	Jan-Mar 23	Apr-Jun 23	Jul-Sept 23	Oct-Dec 23
Product sales	1 420	1 710	1 985	917	560
Credit notes product returns	0	0	0	0	-243
Reclassification	0	0	0	0	0
Net Sales	1 420	1 4710	1 985	917	317

	Oct-Dec 22	Jan-Mar 23	Apr-Jun 23	Jul-Sept 23	Oct-Dec 23
Product sales	1 420	1 710	1 985	917	560
Material and external expenses	-454	-721	-633	-569	-205
Gross Profit	966	989	1 352	347	355
Gross margin %	68%	58%	68%	38%	63%

¹⁾ Revenue adjustment for product returns and credit notes due to reclassification of products after analytical reports were retracted and reissued with new results

⁶⁾ For simplicity for external financial analysis, the annual gross margin is not adjusted for non-recurring items

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.

Proposal for the distribution of the result:

The Board of Directors proposes that the result for 2023 be carried forward to 2024. Accordingly, the Board of Directors proposes that no dividend be distributed for the financial year 2023.

The Share and shareholders

The total current number of shares per 31.12.2023 amounted to 35 713 884 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 4 635 487.

Annual General Meeting 2024 and Financial Statement for 2023

The Board is arranging for the Annual General Meeting 2024 on May 31, 2024, and the Financial Statement for the year 2023 will be published on the Company's website (www.eeviahealth.com) three weeks before the meeting at the latest. The Financial calendar has been updated to reflect this.

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 14, 2024

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:



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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 February 14, 2024.

