



# **Eevia Health Plc Interim Report Quarter 4 – 2021**

**THE BOARD AND CEO OF EEVIA HEALTH PLC PRESENT  
THE YEAR-END REPORT FOR JANUARY 1 – DECEMBER 31, 2021,  
INCLUDING THE INTERIM REPORT FOR THE FOURTH QUARTER OF 2021.**









## Significant events during the fourth quarter and full-year 2021

Net sales for the year grew by over 130% compared to 2020, amounting to the total revenue of KEUR 6,671.

During Q4, 2021 Net sales amounted to KEUR 658 compared to KEUR 1,534 in 2020. The underlying Net Sales in Q4, 2021 was KEUR 801. The underlying revenue was higher than the reported revenue. Eevia credited one sold batch in Q4-21 that needed reprocessing. Eevia will resell the batch in Q1-22.

EBITDA for Q4, 2021 came in at KEUR -811 (KEUR -409).

Eevia added several new prospects to the pipeline during the period, and the Company has ongoing negotiations for long-term contracts.

The order reserve increased in Q4-21. As previously communicated, among new orders were:

- an MSEK 3,4 / MEUR 0,34 sales order for highly concentrated bilberry extract (Feno-Myrtillus® 36 Organic).
- New sales orders for organic pine bark extract (Fenoprolin® 70 Organic).

A human clinical study concluded on Feno-Chaga® Organic was completed with positive results, Scientific documentation of the efficacy of Eevia's plant extracts is a crucial factor in growing customer interest and sales of Eevia's products.

Eevia Health successfully completed an equity issue with proceeds of KEUR 1,903 in Q4-21.

Eevia made a significant drive in Q4-21 to become a leader in environmental sustainability and occupational safety. We launched several new actions to reduce emissions and strengthen our sustainability. The initiative included testing various technologies, such as reversed osmosis, nanofiltration, and ultrafiltration. The target is to minimize emissions of organic compounds to air and wastewater. Reducing emissions is the right thing for the environment and supports our brand as the most sustainable extracts producer.



## Significant events after December 31., 2021:

A new Chief Manufacturing Officer, Harri Salo, commenced a new management position in the production organization at the beginning of January, Q1-21. Harri Salo has a strong track record as an operational manager in several companies last 18 years. We communicated the new hire in a press release on January 10, 2022.

Eevia doubled its chromatography capacity on February 20<sup>th</sup>, by adding two new chromatography columns with a total of 1600 liter resin capacity. Eevia now holds a resin capacity of 4.000 liters and six columns. The added chromatography capacity will support both yield improvement and throughput (productivity through increased capacity)

## Proposal for the distribution of the result:

The Board of Directors proposes that the result for 2021 is carried forward to 2022. Accordingly, the Board of Directors proposes that no dividend is distributed for the financial year 2021

## Eevia Health Plc

Eevia Health Plc, founded in March 2017, addresses significant health problems with bioactive compounds extracted from plant materials. The materials are primarily wild-harvested from the pristine Finnish and Swedish forests near or above the Arctic Circle. The extracts are sold B2B as ingredients to dietary supplements and food brands globally. These global brands utilize the ingredients in their consumer product formulas.

Eevia Health is a fast-growing Finnish 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. Eevia's branded ingredients are organically certified. Our portfolio includes vital products such as Feno-Myrtillus® 36 Organic (high concentrate bilberry extracts with 36% anthocyanins) and Fenoprolin® 70 Organic (pine bark extracts with 70% oligomeric proanthocyanidins).

Eevia Health operates a modern green-chemistry production facility in Finland. The factory operates near the raw material harvest areas. A uniquely short value chain enables an environmentally friendly carbon footprint, competitive pricing, and extreme transparency. Eevia listed its shares at Spotlight Stock Market in Sweden in June 2021, with the short name EEVIA.

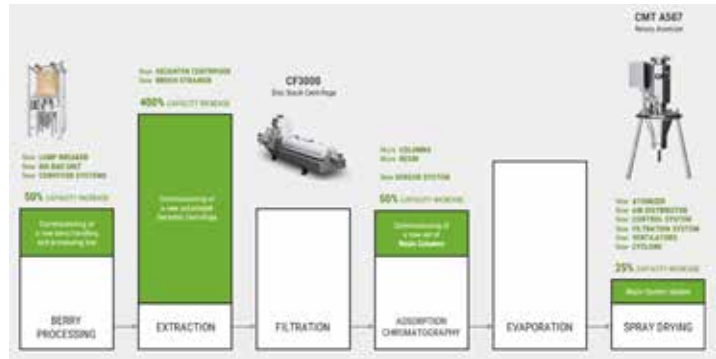
To learn more, please visit [www.eeviahealth.com](http://www.eeviahealth.com) or follow Eevia Health on LinkedIn @EeviaHealth.

## Comments from our CEO

In two to three years, I expect that we will look back at 2021 as the year of adolescence for Eevia Health.

2021 came with significant milestones for the Company in organizational development, production capacity, business systems, and information technology. In addition, it made considerable leaps in customer size, quality, and incoming prospects; and, importantly, it was a year of vital improvements in professionalism and reporting.

In 2021, we almost tripled our workforce; in certain areas, we tripled production capacity (as the picture to the right illustrates). Furthermore, we implemented new advanced business systems, such as ERP and business intelligence systems. We strengthened our capability for preventive maintenance through new routines and the implementation of a modern surveillance and control system (Spotilla.fi). Finally, we added our first large multi-year contract, worth c. MSEK 100 in revenue, and we listed the Company's shares on Spotlight Stock Market.



We often recognize adolescence by the excitement of fast growth and disruption, growth pains, unexpected challenges, and sometimes frustration. Eevia Health certainly experienced all of these during the year, with the fourth quarter of 2021 being no exception.

Firstly, in Q4-21, it became even more evident that Eevia Health faces significant market opportunities in the next few years. We saw a surge in requests for quotes and sales contracts from leads, prospects, and customers during the quarter despite meager marketing efforts. The high level of interest demonstrates the position Eevia Health is moving into and the depth of the nutraceutical market.

We still have a significant sales order backlog. Due to the production disruptions experienced during the year, Eevia needed to delay deliveries to customers. The delays have forced us to remain cautious in accepting new orders, carefully managing the incoming demand from customers, and increasing inquiries. In November, we visited customers in the USA. The trip provided encouraging confirmations about the strength of the market for nutraceuticals and our market position. We expect the US market to remain a strong driver of our growth in the next few years.

On the other hand, Q4 served us specific unexpected production challenges too. While the start of Q4 showed improvements in production volumes compared to Q3, productivity and yields remained a challenge throughout the quarter. These challenges were further amplified by discrepancies between internationally accepted measurement method standards for expressing the amount of bioactive in a key product manufactured by Eevia. Analytical issues led to delays in shipments of products produced during the quarter, and hence a delay in realized sales.

Strong investigative efforts by Eevia experts resolved the misalignment in the measurement method. The Company is looking to recover the economic effects of the misalignment in 2022 and propose improvements to the United States Pharmacopeia monograph for these methods.

Following the installation of new equipment, lower productivity rates resulting from a natural learning curve are to be expected. The Eevia-team identified the root causes of the manufacturing challenges in late Q4, and we are implementing a plan for mitigating these causes. We continue to show improvements in our manufacturing processes as we speak and expect to improve both yields (margins) and productivity during the first half-year of 2022.

All in all, 2021 was a transformational year. Eevia Health was a very different company exiting 2021 than entering it. I expect 2022 to be the first year of young adulthood for Eevia Health, with new competitive advantages and continued rapid growth.

I am sincere in my conviction that we are in the process of building a unique and competitive international ingredients business. We are committed to delivering over MEUR 25 in turnover in 2024, with over 40% gross margin and EBITDA above 15% of turnover. I thank all colleagues, customers, and shareholders for your trust and patience, and I look forward to enjoying a positive development in 2022.

*Sincerely yours,*

**Stein Ulve, CEO**



## Key ratios

The table below shows the critical ratios for January to December 2021 and 2020:

(KEUR)	1 January – 31 December	
	2021	2020
NET sales, KEUR	6 671	2 866
EBITDA, KEUR	-2 099	-694
Net result of the period, KEUR	-2 635	-1 023
Earnings per share, EUR*	-0,16	-0,06
Shareholders' equity per share, EUR*	0,22	0,03
Average number of employees	28	9

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

Earnings per share, EUR

Net result of the period / 15,973,356 shares

Shareholders' equity per share, EUR

Total Equity / 15,973,356 shares

## The Share

The total current number of shares amounts to 15,973,356 shares. Eevia has only one share series.

At the Annual General Meeting in June 2021, the shareholders resolved to authorize the Board of Directors to decide on the issuance of options to key employees. The AGM approved a maximum number of 706,000 shares for this option program. Based on this authorization, the Board has distributed 200,000 share options so far.

## Annual general meeting 2022 and Financial Statement for 2021

The Board is arranging for the Annual General Meeting 2022 on June 21, 2022, and the Financial Statement for the year 2021 will be published on the Company's website ([www.eeviahealth.com](http://www.eeviahealth.com)) 3 weeks before the meeting at the latest.

## Future Reports

Interim report January – March 2022 (Q1-22)	May 27, 2022
Annual General Meeting 2022	June 21, 2022
Interim report April – June 2022 (Q2-22)	August 22, 2022

## Income Statement

(KEUR)	Ref.	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net Sales	1	658	1 534	6 671	2 866
Other income	2	2	5	15	117
<b>Total revenues</b>	<b>3</b>	<b>660</b>	<b>1 538</b>	<b>6 686</b>	<b>2 982</b>
<b>Operating Expenses</b>					
Material and external expenses		-660	-1 343	-5 847	-2 200
Personnel expenses	4	-392	-316	-1 502	-698
Other operating expenses		-419	-288	-1 437	-778
<b>Total Operating Expenses</b>	<b>3</b>	<b>-1 471</b>	<b>-1 947</b>	<b>-8 786</b>	<b>-3 676</b>
<b>EBITDA</b>	<b>3</b>	<b>-811</b>	<b>-409</b>	<b>-2 099</b>	<b>-694</b>
Depreciation		-200	-117	-490	-229
<b>OPERATING PROFIT (LOSS)</b>		<b>-1 011</b>	<b>-526</b>	<b>-2 589</b>	<b>-923</b>
Financial income and expenses		-20	-64	-46	-100
<b>PROFIT/-LOSS BEFORE TAXES</b>		<b>-1 030</b>	<b>-590</b>	<b>-2 635</b>	<b>-1 023</b>
Taxes		0	0	0	0
<b>NET PROFIT/-LOSS FOR THE PERIOD</b>		<b>-1 030</b>	<b>-590</b>	<b>-2 635</b>	<b>-1 023</b>

<sup>1)</sup> For the period Q4, 2020 Net sales includes in total KEUR 572 for sourcing and sale of raw material done as part of customer provided raw material financing. The deliveries were done to secure raw material that Eevia can call on in the future to secure customer orders. As such, these revenues are completed with insignificant margins. The company did not have any similar revenue from sourcing of raw material in Q4,2021.

<sup>2)</sup> Other income for year 2020 includes grants and subventions.

<sup>3)</sup> Total revenues, Total Operating Expenses and EBITDA are not recognized line items included in the statutory financial statements prepared in accordance with Finnish Accounting Standards (FAS)

<sup>4)</sup> Salary expenses related to installation of new production equipment is according to FAS presented as separate line item as Income for company's own use. This expense has been capitalized and is now off-setting the personnel expenses in the Income Statement. As a consequence, total personnel expenses have been reduced with in total KEUR 44 in Q4, 2021 and KEUR 138 in Jan-Dec, 2021

## Balance sheet

<b>ASSETS (KEUR)</b>	<i>Dec-31</i> <b>2021</b>	<i>Dec-31</i> <b>2020</b>
<b>Fixed assets</b>		
Intangible assets	716	406
<b>Tangible assets</b>		
Equipment, machines and tools	2 559	1 221
<b>Total fixed assets</b>	<b>3 275</b>	<b>1 627</b>
<b>Other long-term receivables</b>	<b>24</b>	<b>23</b>
<b>Current assets</b>		
Inventory	2 369	3 474
Trade receivables and other receivables	1 011	603
Cash at bank	1 859	678
<b>Total current assets</b>	<b>5 239</b>	<b>4 755</b>
<b>TOTAL ASSETS</b>	<b>8 538</b>	<b>6 406</b>

<b>EQUITY AND LIABILITIES (KEUR)</b>	<i>Dec-31</i> <b>2021</b>	<i>Dec-31</i> <b>2020</b>
<b>Equity</b>		
Share Capital	80	10
Reserve for invested unrestricted equity	8 802	3 167
Retained earnings/loss	-2 746	-1 722
Profit (loss) for the period	-2 635	-1 023
<b>Total Equity</b>	<b>3 501</b>	<b>431</b>
<b>Long-term liabilities</b>		
Loans from credit institutions	406	170
Other long-term liability	0	82
<b>Current liabilities</b>		
Other short-term loans	145	596
Advances received	2 939	3 945
Accounts payable	1 129	983
Other liabilities and accruals	418	198
<b>Total liabilities</b>	<b>5 037</b>	<b>5 974</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8 538</b>	<b>6 406</b>



## Cash Flow Statement

<b>(KEUR)</b>	<i>Jan-Dec</i> <b>2021</b>	<i>Jan-Dec</i> <b>2020</b>
<b>Operating activities</b>		
Profit/-Loss before taxes	-2 635	-1 023
Adjustments for items not included in the cash flow:	497	233
<b>Cash flow before change in working capital</b>	<b>-2 138</b>	<b>-790</b>
<b>Cash flow from changes in working capital:</b>	<b>58</b>	<b>1 124</b>
Increase (-) or decrease (+) in current interest-free receivables	-408	-395
Increase (-) or decrease (+) in inventories	1 105	-3 159
Increase (+) or decrease (-) in current interest-free payables	-640	4 678
<b>Cash flow from operations before financial items and taxes</b>	<b>-2 080</b>	<b>335</b>
Cash flow before extraordinary items	-2 080	335
<b>Cash flow from operating activities</b>	<b>-2 080</b>	<b>335</b>
<b>Investment activities</b>		
Investments in intangible and tangible assets	-2 138	-1 090
<b>Cash flow from investment activities</b>	<b>-2 138</b>	<b>-1 090</b>
<b>Financing activities</b>		
New Share issue	5 606	0
New loans received	400	848
Repayment of loans	-606	0
<b>Cash flow from financing activities</b>	<b>5 400</b>	<b>848</b>
Change in cash and equivalents	1 182	93
Cash and cash equivalents at beginning of period	678	584
<b>Cash and cash equivalents at end of period</b>	<b>1 859</b>	<b>678</b>

## Segmentation of sales and gross margin

Eevia's Net Sales in Q4-21 included no sales related to sourcing raw materials. Raw materials are sourced to secure future production volumes but traded in a financing scheme with key customers, whereby the customer retains title until consumed by Eevia. Eevia trades raw materials without margins, with the understanding that Eevia will call on such raw materials when required for production to satisfy registered customer sales orders for products.

The adjusted gross margin for Q4 decreased from 25% to 21%. The decrease is mainly due to reduced yields and productivity in connection to the commissioning of new production equipment. Eevia maintains a long-term target gross margin level above 40% by 2024.

### Segmentation of EBITDA, Oct-Dec 2021

(KEUR)	Ref.	Operations	Trading	Non-recurring	Reported Income Statement
Net Sales	1	801		-143	658
Other income		2			2
<b>Total revenues</b>		<b>803</b>	<b>0</b>	<b>-143</b>	<b>660</b>
<b>Operating Expenses</b>					
Material and external expenses	2	-633		-27	-660
Personnel expenses		-392			-392
Other operating expenses	3	-395		-25	-419
<b>Total Operating Expenses</b>		<b>-1 419</b>	<b>0</b>	<b>-52</b>	<b>-1 471</b>
<b>EBITDA</b>		<b>-616</b>	<b>0</b>	<b>-195</b>	<b>-811</b>

(KEUR)	Ref.	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
Product sales		1 917	1 369	560	801
Product restandardization	1				-143
Raw material sales		1 317	122	730	0
<b>Net Sales</b>		<b>3 234</b>	<b>1 491</b>	<b>1 289</b>	<b>658</b>

(KEUR)	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
Product sales	1 917	1 369	560	801
Material and external expenses	-1 373	-1 009	-422	-633
<b>Gross margin</b>	<b>544</b>	<b>360</b>	<b>138</b>	<b>168</b>
<b>Gross margin %</b>	<b>28 %</b>	<b>26 %</b>	<b>25 %</b>	<b>21 %</b>

<sup>11</sup> Delivery for KEUR 143 to customer that was returned for restandardization and will be shipped again in Q1, 2022

<sup>21</sup> Non-recurring, net KEUR 27 consists of returned product and material for testing of new production equipment and transactions related to return of product to inventory for standardization

<sup>31</sup> Correction of IPO related re-bookings from capitalization and charged to expense and transactions related to products returned for standardization

## Basis of preparation

Eevia prepared the financial information in this interim financial report 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 in the financial statements for the financial year ended December 31, 2021.

As part of the material and external expenses, the change of finished and semi-finished goods is disclosed as a separate line item in the income statement.

The Income capitalized for labor for the entity's use is disclosed as a separate line item in the income statement, off-setting the personnel expenses. The comparative periods are adjusted accordingly.

This interim financial report is unaudited.

## Statement by the Board of Directors

The Board of Directors and the Chief Executive Officer certify that this interim report contains a fair representation of the Company's operations, financial position, and results and describes any significant risks and uncertainties the Company faces.

The Company's employed its best assessments on the report's publishing date for all statements of a forecasting nature in this report. As with all forecasts, such announcements contain risks and uncertainties, and the actual results can differ.

**Seinäjoki, Finland - 25 February 2022,**

**The Board of Directors and the CEO of Eevia Health Plc**

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