



For immediate release

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Eevia Health plans to divest its berry-manufacturing-related assets, providing compensation shares as dividends to Eevia's shareholders.

Eevia Health Plc ("Eevia" or "The Company") is planning to divest business assets for 2.5 – 3.0 MEUR related to the manufacturing of berry-based ingredients. The aim is to protect the value of market opportunities for Eevia's shareholders, which Eevia cannot commercialize with its current resource base. The divestment would be against shares in a start-up company, Baccas Salus Oy, a new company located in the northern town of Kemijärvi (Lapland, 66° North, inside the Arctic Circle). Baccas Salus will compensate Eevia for most of the divested assets with shares in the new business. Eevia will then transfer the received shares to its shareholders as one or more dividends. Baccas Salus will compensate for a smaller portion of the divestment in cash to Eevia Health and use it to pay down Eevia's debt.

Over the past five years, Eevia has built strong expertise in berry extract manufacturing. The significant improvement in elderberry production from 2021 to 2023 highlights its potential for future growth and productivity. Ongoing partnerships with top global brands reflect Eevia's quality level. While revenue and profitability have fluctuated due to various internal and external factors, the global market for berry-based extracts in supplements, food, cosmetics, and feed remains vast and growing. Much of this market follows compendial standards (e.g., European Pharmacopeia), making Eevia's bilberry extract identical in specification to those produced in Asia.

Hence, Eevia must develop a lower-cost model to be able to compete with major Asian manufacturers on price and grow profitability in compendial berry products. The ultra-low cost of goods sold can be achieved by improving raw material processing, reducing conversion costs (labor, energy, overheads), and enhancing the ability to produce different berry types. While Eevia has seen growth, its manufacturing space (600 m²) and consequent process line setup, limit its ability to achieve high yields and low costs. Despite significant equity investments, Eevia has struggled to secure national non-dilutive funding to improve its setup and manufacturing space. Lack of non-equity funding has limited progress, which partly contribute to Eevia adopting a new strategy focused on scientifically backed proprietary high-margin gut health products rather than competing on price alone with standard extracts.

Eevia knows how to increase yields and reduce conversion costs to become the industry's lowest-cost, most sustainable producer at scale. Recent tests at its facility show it can match top Asian producers. However, Eevia is under-resourced to pursue multiple opportunities and the new strategy prioritizes a value proposition for gut health solutions.

However, the opportunity to lead and grow in berry extracts remains intact. To protect the commercial opportunity in the cost-competitive compendial berry extract market, Eevia plans to sell its berry-based assets and operations to a new company, Baccus Health Oy. This company is located in Kemijärvi - the northernmost city of Finland at 66° North above the Arctic Circle. Yield improvements will require innovative process solutions that Eevia is unable to implement in its current facility, including new efficient energy usage, e.g., passive cooling from northern Finland's cool climate, nitrogen-to-inert processes, and shorter processing times to prevent degradation of unstable bioactives. These innovations will significantly lower the COGS of finished products.



Baccas will build a small, energy-smart and highly automated green-field manufacturing facility. This divestment will allow both Eevia and the new company to focus on its core commercial opportunity and secure better funding.

Eevia is currently conducting mandatory cooperation negotiations with employees for the restructuring and will seek creditor approval for the divestment and debt servicing plans for current debt. The company has engaged top legal counsel for the transaction, with final negotiations to be handled by Eevia's Board. In addition to selling equipment and assets, some Eevia employees will transfer to Baccas Salus Oy.

The goal is to create the world's most cost-efficient, sustainable, and socially responsible berry manufacturing facility using innovative technologies, automation, and nitrogen-based production at low temperatures. The Baccas Salus plant will be nimble, agile, and profitable at low volumes, with continuous production and high automation to reduce operational costs. The yield- and fixed costs improvements are not capital-intensive but require more space than Eevia's current 600 m². The estimated investment includes 2 MEUR for new equipment and installation, 2.5 – 3 MEUR for equipment purchase from Eevia, and €2 million for new buildings (rented and off-balance sheet). If financing for Baccas is in place by April 2025, the facility may be operational in the end of Q1-26.

The move to Kemijärvi in Lapland offers a geographic advantage. It is in the heart of Finland and Sweden's top wild berry harvest areas. This proximity ensures short supply routes, unmatched raw material freshness and quality, a reduced carbon footprint, and higher yields from more potent berries.

The processing improvements will apply to various berry species. Unlike Eevia Health's need to focus on a few specific products, Baccas Salus's new facility will serve as a "platform" for manufacturing a wide range of berries, including bilberries, lingonberries, rowberries, cloudbberries, tart cherries, elderberries, aronia, haskap berries, rowan berries and other interesting sources for human nutrition and health purposes. This capability, combined with existing expertise, will open new revenue streams with innovative nutrition products. By reducing conversion costs to Asian levels or lower, it can compete on price while offering superior purity and sustainability.

Baccas will set up the new facility to handle side streams like liquid sugars, bioactive fibers, and other byproducts, maximizing raw material use and increasing revenue. It aims to become a zero-emission facility, unlocking new opportunities as customers prioritize sustainability.

Eevia Health plans to divest €2.5 – 3.0 million worth of equipment to Baccas Salus Oy as an equity investment, reducing the need for new equipment. New investments will be primarily funded through loans and grants. Achieving non-dilutive funding is a critical assumption of the plan's success. Baccas Salus seeks financing from commercial banks, the EU Rural Fund, Finnvera, Business Finland, and other sources, potentially adding direct corporate venture fund equity contributions.

After restructuring manufacturing assets, Eevia's existing facility will focus on wood-based ingredient products, scaling down production and staff to pilot-plant levels until demand grows. With stakeholder consent and funding for Havu Health Oy (see yesterday's press release), Eevia plans to negotiate the sale of wood-based ingredients and manufacturing assets in Kauhajoki to Havu Health in 2025, effective in early 2026.

Eevia will receive a cash payment for part of the assets divested to Baccas Salus Oy, with the rest paid in shares. These shares will be distributed to Eevia Health Plc shareholders as a dividend. Eevia will also work with a corporate finance house in Stockholm to facilitate block sales of Bacca's shares, offering liquidity or exit options for shareholders before an IPO, industrial exit, or future cash dividend.

The restructuring is a divestment, not a demerger, with shares received by Eevia distributed as dividends. The result will be separate companies with independent governance, though the three businesses may collaborate and share certain services (lab, QA) as a cluster.



"We warmly welcome Baccas Salus Oy as they establish berry extract manufacturing in Kemijärvi! We will offer our full support to help ensure the company's success with the resources at our disposal," says Jukka Rinne, CEO of Business Kemijärvi (Local municipal business service agency)

"Eevia has developed expertise in berry extract manufacturing and identified three valuable commercial opportunities. However, its size and resources limit its ability to handle such an ambitious agenda. The core Eevia business must focus on revenue and profit, while non-dilutive funding for R&D and investments is organized separately. Each commercial opportunity needs a separate strategy for success. By offering these opportunities to Eevia's shareholders, they gain three chances for success instead of one," says Stein Ulve, Eevia's CEO.

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This information is required for Eevia Health Plc to make public in accordance with the EU's Market Abuse Regulation (MAR). The Company's contact person above made it public on 17 January 2025 at 11:30 CET.

INFORMATION ABOUT EEVIA HEALTH PLC

Eevia Health Plc, founded in March 2017, addresses global health challenges with bioactive compounds sustainably extracted from renewable plant materials. It focuses on the gut and related health, including kidney and urinary health.

Eevia Health is a manufacturer of 100% organically certified plant extracts. 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, and these global brands utilize the ingredients in their consumer product formulas.

As a pioneering company, Eevia is developing biomaterials that may dramatically impact human health. Eevia Health operates a modern green-chemistry production facility in Finland with a short value chain and environmentally friendly carbon footprint. Eevia listed its shares at the Spotlight Stock Market in Sweden in June 2021, with the short name (ticker) EEVIA.

To learn more, please visit www.eeviahealth.com or follow Eevia Health on LinkedIn@EeviaHealth.