



Eevia Health Plc Interim Report Quarter 2–2021

THE BOARD AND CEO OF EEVIA HEALTH PLC HEREBY PRESENT THE INTERIM REPORT FOR THE SECOND QUARTER 2021, COVERING THE PERIOD APRIL 1ST THROUGH JUNE 30TH, 2021.







Significant events during the second quarter of 2021:

Eevia experienced another reporting period with significant sales growth. Net sales for the second quarter of 2021 increased by over 250% compared to the same period in 2020. Net sales amounted to KEUR 1 491 (KEUR 423) or KEUR 1 369, excluding trading revenue. Eevia's strong revenue development during the quarter demonstrates the company's ability to deliver on its long-term growth plan despite the temporary disruptions following the installation of new machinery.

EBITDA for the period came in at KEUR -443 (KEUR -51) or KEUR -351 excluding transaction costs related to the IPO. EBITDA for the quarter was affected by non-recurring costs related to the installation of new machinery and the IPO.

On June 29th, Eevia was listed, and trading of shares started on Spotlight Stock Market in Sweden. In connection with the listing, the company carried out an oversubscribed initial public share offer (IPO), which provided approximately MEUR 2,5 in new equity funding before transaction costs.

Eevia completed a significant milestone in June, by entering into a multi-year sales agreement with a key international customer. The first three years of the sales agreement provides for minimum contracted sales of circa SEK 100 million. The new contract significantly increased the order reserve and, hence, created a strong base for operational planning for the next few years.

The company successfully executed the initial phase of the current year's two-step CAPEX plan, including the installation of a new evaporator, a thawing tank, a frozen block crusher, a new loading system, automation software, as well as other automation and process improvements. The installations were done in May and June, with completion of commissioning after the end of the quarter, in late July.

In May, the company signed a KEUR 400 loan agreement with OP-Pohjola bank, that enabled a kick-start of certain critical investments in new capacity, prior the finalization of the IPO fundraising.

A new Board was elected in May. Johanna Panula, who has a long and merited management career from Novo Nordisk, entered the Board, improving the Board competence within pharmacology, nutrition and regulatory affairs.

¹ [Net sales include trading of raw material as part of a raw material sourcing scheme, totaling KEUR 122 during Q2 2021. Deliveries of raw material ended as planned in April 2021, and total deliveries under this scheme during the first half of 2021 amounted to KEUR 1 440. 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.]

² <https://spotlightstockmarket.com/>



Significant events after 30 June 2021:

The first phase of a planned capacity increase and plant improvement as communicated in the Investor memorandum was completed with commissioning of the equipment in late July. The newly installed machines and technologies are working satisfactorily, with improved yield, productivity, and cost efficiency. These investments support the company's strong growth and strategic positioning, as communicated in the May 2021 information memorandum.

Eevia Health Plc

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

Eevia Health is fast-growing Finnish manufacturer of 100% organically certified plant extracts. Most of its raw materials, such as bilberry, lingonberry, chaga-mushroom, and pine bark, are wild-harvested in a sustainable fashion. The safe and effective ingredients of high quality, such as high concentrate bilberry anthocyanin extracts (36% anthocyanins) and pine bark extracts (70% oligomeric proanthocyanidins), are organically certified.

Eevia Health operates a modern green-chemistry production facility in Finland, located close to the raw material harvest areas. The short value-chain enables an environmentally friendly carbon footprint, competitive pricing, and extreme transparency. Eevia is listed at Spotlight Stock Market with the short name EEVIA.

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

Comments from our CEO

Eevia continued its strong development in the second quarter this year. The period became heavily dominated by three main activities:

- i) The final sales negotiations with a major US customer for a three-year sales agreement with sales value of SEK 100 million
- ii) The engineering, installation, and commissioning of several key new processing equipment in the first phase of a two-phase investment program for 2021; and
- iii) The preparations to list the company's shares on Spotlight Stock Market in Stockholm.

The efforts behind each of these activities were significant and came on top of normal operational activities. The organization delivered well on all three fronts. The company signed a major SEK 100 million sales agreement on June 11th. We commissioned several new equipment during the quarter, which was finally completed late July. And, on June 29th, the company was listed on Spotlight Stock Market, after a 400% subscribed IPO equity issue. All three activities are key enablers to achieving the company's long term business goals, and as CEO, I am both impressed and proud of the performance of the team, as well as the Board and our advisers. We came through and reached our targets, lifting the company to a new level while staking out a clear course for the next few years. I was also happy to see that at the end of the quarter, production started to capitalize on the new equipment, with improved capacity, yields and gross margins starting to materialize! While the commissioning of the new equipment during this summer also involved certain operational disruptions in July, we are in a good position for the second half of 2021.

As we are experiencing an increasingly advanced and automated production set-up, we are also working to develop deeper technical competence in the company's staff. Strong systems, competence and organizational agility are needed to run a more technically advanced manufacturing plant. Hence, developing the technical competence of our operators and shift leaders, through training and performance measurements, is a key target for the second half 2021.

The global market for nutraceutical ingredients is growing steadily. With the improved financial strength and new investments, Eevia is well placed to maintain its efforts to become a leading manufacturer globally of organically certified nutraceutical ingredients. We will continue these efforts in the second half of the year, capitalizing on our improved factory set-up by targeting new customers, while consolidating our relationship with existing clients.

With the improved financial strength and new investments, we are confident on delivering over MEUR 25 in turnover in 2024 with over 40% gross margin and EBITDA above 15% of turnover.

Wishing you a healthy and safe end of the summer.

Stein Ulve
CEO

Key ratios

The key ratios for January to June 2021 and 2020 are shown in the table below:

(KEUR)	1 Jan – 30 Jun		1 Jan– 31 Dec
	2021	2020	2020
NET sales, KEUR	4 724	763	2 866
EBITDA, KEUR	-539	-175	-694
Net result of the period, KEUR	-725	-244	-1 023
Earnings per share, EUR*	-0,05	-0,02	-0,07
Shareholders' equity per share, EUR*	0,26	0,09	0,03
Average number of employees	29	9	13

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

Earnings per share, EUR

Net result of the period / 13 682 700 shares

Shareholders' equity per share, EUR

Total Equity / 13 682 700 shares

The Share

Total current number of shares amounts to 13 682 700 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 persons of the company. The maximum number of shares that can be issued based on this option program is 706 000 shares.

Future Reports

Interim report July – September 2021 (Q3-21)	16th of November 2021
Year End report 2021 (Q4-21)	25th of February 2022
Interim report January – March 2022 (Q1-22)	20th of May 2022

Income Statement

(KEUR)	Ref.	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2020	Jan-Jun 2019
Net Sales	1	1 491	423	4 724	763
Other income	2	0	65	0	68
Total revenues	3	1 491	488	4 724	830
Operating Expenses					
Material and external expenses		-1 131	-262	-3 813	-419
Personnel expenses	4	-399	-135	-771	-273
Other operating expenses		-404	-142	-680	-313
Total Operating Expenses	3	-1 933	-539	-5 263	-1 005
EBITDA	3	-442	-51	-539	-175
Depreciation		-96	-36	-180	-66
OPERATING PROFIT (LOSS)		-538	-87	-719	-240
Financial income and expenses		-15	-2	-6	-4
PROFIT/-LOSS BEFORE TAXES		-553	-90	-725	-244
Taxes		0	0	0	0
NET PROFIT/-LOSS FOR THE PERIOD		-553	-90	-725	-244

¹⁾ For Apr-Jun 2021 Net sales includes in total KEUR 122 for sourcing and sale of raw material done as part of customer provided raw material financing. Similarly, Material, and external expenses include KEUR -122 for raw material costs under the same scheme. For Jan-Jun 2021 the corresponding amount related to sale of raw material for financing purposes was KEUR 1 440. These low-margin deliveries ended in April 2021. More info related to this can be found in the section "Segmentation of sales and gross margin" in this report

²⁾ Other income for year 2020 includes grants and subventions

³⁾ 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)

⁴⁾ 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. Consequently, total personnel expenses have been reduced with in total KEUR 30 in Q2, 2021 and H1, 2021.

Balance sheet

ASSETS (KEUR)	<i>Jun-30</i> 2021	<i>Jun-30</i> 2020
Fixed assets		
Intangible assets	765	405
Tangible assets		
Equipment, machines and tools	1 774	979
Total fixed assets	2 539	1 384
Other long-term receivables	24	27
Current assets		
Inventory	2 289	275
Trade receivables and other receivables	933	298
Cash at bank	2 331	70
Total current assets	5 553	644
TOTAL ASSETS	8 116	2 055

EQUITY AND LIABILITIES (KEUR)	<i>Jun-30</i> 2021	<i>Jun-30</i> 2020
Equity		
Share Capital	80	10
Reserve for invested unrestricted equity	6 898	3 167
Retained earnings/loss	-2 746	-1 723
Profit (loss) for the period	-725	-244
Total Equity	3 508	1 210
Long-term liabilities		
Loans from credit institutions	570	85
Other long-term liability	82	90
Current liabilities		
Other short-term loans	0	0
Advances received	2 255	64
Accounts payable	1 446	494
Other liabilities and accruals	255	111
Total liabilities	4 608	845
TOTAL EQUITY AND LIABILITIES	8 116	2 055

Cash Flow Statement

	Jan-jun 2021	Jan-Jun 2020
Operating activities		
Profit/-Loss before taxes	-725	-244
Adjustments for items not included in the cash flow:	180	67
Cash flow before change in working capital	-545	-178
Cash flow from changes in working capital:	-315	171
Increase (-) or decrease (+) in current interest-free receivables	-330	-90
Increase (-) or decrease (+) in inventories	1 185	39
Increase (+) or decrease (-) in current interest-free payables	-1 170	221
Cash flow from operations before financial items and taxes	-860	-6
Cash flow before extraordinary items	-860	-6
Cash flow from operating activities	-860	-6
Investment activities		
Investments in intangible and tangible assets	-1 092	-683
Cash flow from investment activities	-1 092	-683
Financing activities		
New Share issue	3 702	0
New loans	0	0
Repayment of long-term borrowings	-97	175
Cash flow from financing activities	3 605	175
Change in cash and equivalents	1 654	-514
Cash and cash equivalents at beginning of period	678	584
Cash and cash equivalents at end of period	2 331	70

Segmentation of sales and gross margin

During January to April of 2021 Eevia's Net Sales included revenue related to so called trading activities, which were related to sourcing of raw materials. The raw materials were sourced to secure future production volumes, but traded in a financing scheme with key customers, whereby the customer retains title until consumed by Eevia. The trading of raw materials was conducted with insignificant margins, under the understanding that Eevia will call on such raw materials, when required for production purposes to satisfy customer orders. This set-up inflated total net sales and reduced relative (percentage) gross margin levels particularly for the first quarter of 2021. The sourcing scheme was ended in April 2021 and in Q2,2021 the total trading revenue amounted to KEUR 122.

In Q2, Eevia also had approximately KEUR 280 in IPO related transaction costs. KEUR 188 of the transaction costs will be capitalized in accordance with FAS (Finnish Accounting Standards) and the remaining KEUR 92 have been charged to expense in the Income statement.

In the table below, the core business operations have been separated from extraordinary items such as IPO related costs and the now ended trading of raw materials described above. The trading revenue is excluded from Net Sales with the corresponding amount being excluded from material and external expenses. IPO related expenses charged to the Income statement have also been excluded.

(KEUR)	Segmentation of EBITDA, Apr-Jun 2021			Reported Income Statement
	Operations	Trading	IPO Costs	
Net Sales	1 369	122		1 491
Other income				
Total revenues	1 369	122	0	1 491
Operating Expenses				
Material and external expenses	-1 009	-122		-1 131
Personnel expenses	-399			-399
Other operating expenses	-312		-92	-404
Total Operating Expenses	-1 720	-122	-92	-1 934
EBITDA	-351	0	-92	-443

	Jan-Mar	Apr-Jun
Product Sales	1 917	1 369
Material and external expenses	-1373	-1 009
Gross margin	544	361
Gross margin %	28 %	26 %

The adjusted gross margin for Q2 decreased from 28% to 26%. The decrease is mainly due to one-time costs related to installation, testing and commissioning activities of new production equipment. Eevia maintains a long-term target gross margin level above 40% by 2024.

Basis of preparation

The financial information in this interim financial report has been prepared in accordance with 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 its financial statements for the financial year ended 31 December 2020.

The change of finished and semi-finished goods disclosed as separate line item in the income statement is disclosed as part of Material and external expenses.

The income for entity's own use disclosed as a separate line item in the income statement is offsetting 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 do hereby certify that this interim report contains a fair representation of the Company's operations, financial position, and results, as well as 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 on the report's publishing date. As with all forecasts, such statements contain risks and uncertainties, and the actual results can differ.

Seinäjoki, 13 August 2021

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

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