



Eevia Health Plc Interim Report Quarter 3–2021

THE BOARD AND CEO OF EEVIA HEALTH PLC NOW PRESENT THE INTERIM REPORT FOR THE THIRD QUARTER OF 2021, COVERING THE PERIOD 1 JULY THROUGH 30 SEPTEMBER 2021.







Significant events during the third quarter of 2021

Eevia experienced 350% growth in sales in Jan-Sep 2021, compared to the same period 2020.

Similarly, the Company had 125% growth in sales in Q3, 2021 compared to Q3, 2020.

We finalized a major part of the second phase of the 2021 investment plan in Q3, including several critical installations. New installations increased capacities, improved quality aspects, and implemented automation in production. While installations resulted in disruptions to production, the investments are key to securing profitable, high-volume production in the upcoming years and facilitate serving multiple large customers.

We also identified and initiated several new investment initiatives to further drive Eevia's focus on limiting the Company's environmental footprint. Eevia works to reduce all emissions in its drive to operate sustainably. The Company aims to be a global leader in environmentally friendly, green chemistry production of nutraceutical ingredients.

Over 1 million kg of high-quality berries (IQF¹) were procured during Q3-21, leaving the berry raw material inventory in warehouses near the factory at over 2 million kilos. This stock secures raw materials for significant portions of contracted sales for the rest of 2021 and 2022.

During Q3, Eevia received significant new customer prepayments for products, enabling Eevia to procure raw materials for its contracted volumes in 2022. These financing arrangements cement Eevia's strong relationship with customers and are a testament to its position as a trusted supplier.

The Eevia team implemented a new preventive maintenance system (Spotilla), a new Enterprise Resource Planning system (Lemonsoft ERP), and a new Business Intelligence system (Microsoft Power BI) during the quarter. These new management systems significantly improve management processes and quality.

Net sales amounted to KEUR 1,289 (KEUR 569) or KEUR 560, excluding trading revenue.

EBITDA for the period came in at KEUR -750 (KEUR -110).

¹ IQF – Individual Quick Frozen



Significant events after 30 September 2021

On 10th November 2021, Eevia announced that it has resolved, subject to approval at an Extraordinary General Meeting, on a directed share issue of SEK 20 million. The proceeds will be used primarily for investments in increased capacity to better meet current and future demand, as well as better utilization of waste streams and increased capacity to meet new unique commercial opportunities. A notice has been given to the shareholders of Eevia Health Abp (Plc) to the Extraordinary General Meeting to be held on 9th of December, 2021. The Board of Directors proposes that the Extraordinary General Meeting resolves to authorize the Board of Directors to decide, in one or more transactions, on the issuance of shares against payment. The number of shares to be issued based on the authorization may in total amount to a maximum of 2,061,856 shares.

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, such as **Feno-Myrtillus® Organic** (high concentrate bilberry extracts with 36% anthocyanins) and **Fenoprolin® 70 Organic** (pine bark extracts with 70% oligomeric proanthocyanidins), are organically certified.

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 2020, with the short name EEVIA.

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

Comments from our CEO

The last nine months have been eventful for Eevia Health. Since September last year, our team grew from nine people to a force of twenty-eight by November 2021. The execution of our business plan to secure large multi-year contracts started with the SEK 100 million agreement with a leading US customer announced in June. We are expanding our capacity to be able to accommodate additional customers. During the first nine months of 2021, we have increased our sales by 350%, and we are well-positioned for growth in 2022. I want to thank all colleagues, customers, and shareholders for enabling this development.

During the third quarter of 2021, we made significant improvements in our operations, installing several new machines and systems. New automation and software tools came online, allowing us to streamline our operational and financial processes further. We have trained new operators and prepared Eevia for the next phase of our growth trajectory. These efforts are showing positive results for us in terms of better capacity, productivity, and control. Installation work negatively impacted production volumes in Q3, but the start of Q4 shows a significant increase in production volumes compared to Q3.

The factors mentioned above negatively impacted deliveries and invoicing during the quarter, but did not result in lost sales. We still have a significant sales orders backlog. There is strong demand in the market and an increase in incoming inquiries.

As I write this letter, I am visiting the US for the first time in over a year. Meeting with customers provides encouraging confirmations about the strength of the market for nutraceuticals, particularly plant extracts. The pandemic boosted the demand for nutraceuticals, especially in areas such as immune health. At the same time, there is a shift from artificial ingredients to completely natural products. Our customers in the US see no signs of the growth slowing down. The market for plant extracts is expected to double between 2020 and 2025.

As manifested during Q3, our main challenge is ramping up production to meet customer demand. Besides the planned capacity investments, we identified in Q3 several new investment opportunities with short payback time, which will allow us to produce specific products in parallel and at a lower cost. These investments also support our drive for sustainability. New solutions will lower our emissions, utilize waste streams as sellable products, and reduce the consumption of resources such as water. To finance the additional CAPEX related to these initiatives, we decided to fundraise in November.

As we move into the latter parts of a highly eventful year for Eevia, I am encouraged by the positive outlook of our customers and their confidence in continued market growth. I am proud of the respect and positioning we have established with our key customers; and with production volumes now picking up, I remain confident in our ability to continuously increase productivity and achieve our long term goals. We have a sizeable sales-order reserve and a strong pipeline of prospects and leads, which will drive growth also in 2022 and 2023. We have procured a large portion of the required raw materials for sales in 2022, and with improved operations, we enter 2022 with a strong posture. We are committed to the financial target of delivering over MEUR 25 in turnover in 2024 with over 40% gross margin and EBITDA above 15% of turnover.

Greetings from America,

Stein Ulve
CEO

Key ratios

The table below shows the key ratios for January to September 2021 and 2020:

(KEUR)	1 Jan – 30 Sep		1 Jan – 31 Dec
	2021	2020	2020
Net sales, KEUR	6 013	1 332	2 866
EBITDA, KEUR	-1 289	-285	-694
Net result of the period, KEUR	-1 604	-434	-1 023
Earnings per share, EUR*	-0,11	-0,03	-0,07
Shareholders' equity per share, EUR*	0,19	0,07	0,03
The average number of employees	28	9	13

We have calculated share related key ratios according to the following formulas:

Earnings per share, EUR

The net result of the period / 13,951,500 shares

Shareholders' equity per share, EUR

Total Equity / 13,951,500 shares

The Share

The total current number of shares amounts to 13,951,500 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 authorized a maximum number of 706,000 shares for this option program.

Future Reports

Year-End report 2021 (Q4-21)	25 February 2022
Interim report January – March 2022 (Q1-22)	20 May 2022
Interim report April – June 2022 (Q2-22)	12 August 2022

Income Statement

(KEUR)	Ref.	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Net Sales	1	1 289	569	6 013	1 332
Other income	2	13	44	13	112
Total revenues	3	1 302	614	6 026	1 444
Operating Expenses					
Material and external expenses		-1 367	-395	-5 187	-857
Personnel expenses	4	-339	-153	-1 110	-382
Other operating expenses		-345	-176	-1 018	-489
Total Operating Expenses	3	-2 052	-724	-7 315	-1 729
EBITDA	3	-750	-110	-1 289	-285
Depreciation		-109	-47	-288	-112
OPERATING PROFIT (LOSS)		-859	-157	-1 577	-397
Financial Income and expenses		-21	-32	-26	-36
PROFIT/-LOSS BEFORE TAXES		-880	-189	-1 604	-433,55
Taxes		0	0	0	0
NET PROFIT/-LOSS FOR THE PERIOD		-880	-189	-1 604	-434

¹⁾ For Jul-Sep 2021, Net sales include in total KEUR 730 for sourcing and sale of raw materials, which was done as part of a 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. Eevia undertook these revenues without margins. This raw material arrangement is in addition to prepayments from customers to secure raw materials, which Eevia holds in its own balance sheet.

²⁾ Other Income for the 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 following Finnish Accounting Standards (FAS).

⁴⁾ Salary expenses related to installing new production equipment are, according to FAS, presented as separate line items as Income for the company's own use. This expense has been capitalized and is now offsetting the personnel expenses in the Income Statement. Consequently, we reduced total personnel expenses with a total of KEUR 63 in Q3, 2021 and KEUR 93 in Jan-Sep, 2021.

Balance sheet

ASSETS (KEUR)	<i>Sep-30</i> 2021	<i>Sep-30</i> 2020
Fixed assets		
Intangible assets	764	414
Tangible assets		
Equipment, machines, and tools	2 162	1 137
Total fixed assets	2 926	1 551
Other long-term receivables	24	23
Current assets		
Inventory	1 966	2 763
Trade receivables and other receivables	750	623
Cash at bank	1 408	502
Total current assets	4 125	3 888
TOTAL ASSETS	7 076	5 462

EQUITY AND LIABILITIES (KEUR)	<i>Sep-30</i> 2021	<i>Sep-30</i> 2020
Equity		
Share Capital	80	10
Reserve for invested unrestricted equity	6 898	3 167
Retained earnings/loss	-2 746	-1 722
Profit (loss) for the period	-1 604	-434
Total Equity	2 629	1 021
Long-term liabilities		
Loans from credit institutions	570	170
Other long-term liabilities	86	663
Current liabilities		
Other short-term loans	0	0
Advances received	2 358	1 971
Accounts payable	730	1 535
Other liabilities and accruals	703	101
Total liabilities	4 447	4 441
TOTAL EQUITY AND LIABILITIES	7 076	5 462

Cash Flow Statement

	<i>Jan-Sep</i> 2021	<i>Jan-Sep</i> 2020
Operating activities		
Profit/-Loss before taxes	-1 604	-434
Adjustments for items not included in the cash flow:	288	118
Cash flow before change in working capital	-1 316	-316
Cash flow from changes in working capital:	24	297
Increase (-) or decrease (+) in current interest-free receivables	-147	-415
Increase (-) or decrease (+) in inventories	1 508	-2 448
Increase (+) or decrease (-) in current interest-free payables	-1 336	3 159
Cash flow from operations before financial items and taxes	-1 291	-19
Cash flow before extraordinary items	-1 291	-19
Cash flow from operating activities	-1 291	-19
Investment activities		
Investments in intangible and tangible assets	-1 587	-897
Cash flow from investment activities	-1 587	-897
Financing activities		
New Share issue	3 702	0
New loans received	400	833
Repayment of loans	-493	0
Cash flow from financing activities	3 609	833
Change in cash and equivalents	731	-83
Cash and cash equivalents at the beginning of the period	678	584
Cash and cash equivalents at the end of the period	1 408	502

Segmentation of sales and gross margin

Eevia's Net Sales in Q3 included revenue related to the 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. Eevia traded raw materials without margins, assuming that Eevia will call on such raw materials when required for production purposes to satisfy registered customer sales orders for products.

In Q3, Eevia also had approximately KEUR 215 in non-recurring costs related to commissioning and testing of new production equipment. These costs consist of raw material costs associated with testing runs of new equipment and other non-recurring commissioning costs. In the table below, we separated the core business operations from extraordinary items and the trading of raw materials described above. In this overview, we excluded the trading revenue from Net Sales and the corresponding amount excluded from material and external expenses. Similarly, we split out non-recurring costs charged to the Income statement.

(KEUR)	Jan-Mar	Apr-Jun	Jul-Sep
Product Sales	1 917	1 369	560
Raw material sales	1 317	122	730
Net Sales	3 234	1 491	1 289

	Segmentation of EBITDA, Jul-Sep 2021			Reported Income Statement
	Operations	Trading	Non- recurring	
Net Sales	560	730		1 289
Other income	13			13
Total revenues	573	730	0	1 302
Operating Expenses				
Material and external expenses	-422	-730	-215	-1 367
Personnel expenses	-339			-339
Other operating expenses	-345			-345
Total Operating Expenses	-1 107	-729,6	-215	-2 052
EBITDA	-534	0	-215	-750

	Jan-Mar	Apr-Jun	Jul-Sep
Product Sales	1 917	1 369	560
Material and external expenses	-1 373	-1 009	-422
Gross margin	544	360	138
Gross margin %	28 %	26 %	25 %

The adjusted gross margin for Q3 decreased from 26% to 25%. 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.

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 its financial statements for the financial year ended 31 December 2020.

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

The Income for the entity's own use is disclosed as a separate line item in the income statement 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 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 statements contain risks and uncertainties, and the actual results can differ.

Seinäjoki, Finland - 16 November 2021

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

For additional information, please contact:

Kim Nurmi-Aro, CFO

Eevia Health Plc

Mobile: +358 50 444 0717

Email: kim@eeviahealth.com

