

**Evolva Holding SA in liquidation
Reinach (BL)**

Report of the Statutory Auditor
to the General Meeting
on the interim liquidation financial statements
for the year ended 31 December 2023

Report of the statutory auditor to the General Meeting of Evolva Holding SA in liquidation, Reinach (BL)

Report on the Audit of the Interim Liquidation Financial Statements

Opinion

We have audited the interim liquidation financial statements of Evolva Holding SA in liquidation (the Company), which comprise the statement of financial position as at 31 December 2023, the statement of financial performance, the statement of cash flows for the year then ended, and notes to the interim liquidation financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying interim liquidation financial statements comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Interim Liquidation Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Emphasis of matter

We draw attention to note 9 of the interim liquidation financial statements, which describes the effects of the change from going concern values to liquidation values. Our opinion is not modified in relation to this matter.

Other Information

The Liquidators are responsible for the other information. The other information comprises the information included in the annual report, but does not include the interim liquidation financial statements and auditor's reports thereon.

Our opinion on the interim liquidation financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the interim liquidation financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the interim liquidation financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Liquidators' Responsibilities for the Interim Liquidation Financial Statements

The Liquidators are responsible for the preparation of the interim liquidation financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Liquidators determines is necessary to enable the preparation of interim liquidation financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Interim Liquidation Financial Statements

Our objectives are to obtain reasonable assurance about whether the interim liquidation financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim liquidation financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the interim liquidation financial statements according to the instructions of the Liquidators.

We recommend that the interim liquidation financial statements submitted to you be approved.

Zurich, 21 March 2024

MAZARS AG

Roger Leu
Licensed audit expert
(auditor in charge)

Elisa Leu
Licensed audit expert

Evolve Holding SA in Liquidation

Liquidation interim financial statements

as of 31 December 2023

Statement of Financial performance

Evolva Holding SA in Liquidation

CHF 1'000	Note	2023	Dec 22, 2023 - Dec 31, 2023	Jan 1, 2023 - Dec 21, 2023	2022
Income from shareholdings	11	4'156.7	0.0	4'156.7	673.1
Total Revenue		4'156.7	0.0	4'156.7	673.1
General & administrative expenses		(3'650.5)	0.0	(3'650.5)	(1'396.7)
Financial income		0.1	0.0	0.1	22.6
Financial expenses		(1'218.3)	(0.0)	(1'218.3)	(675.0)
Value adjustment of long-term receivables from shareholdings and investments	8	0.0	0.0	0.0	(81'500.0)
Extraordinary gain	12	56.4	0.0	56.4	0.0
Gain on value adjustments to liquidation values	13	21'329.0	0.0	21'329.0	0.0
Loss on value adjustments to liquidation values	13	(121'888.7)	0.0	(121'888.7)	0.0
Net loss for the period		(101'215.2)	0.0	(101'215.2)	(82'876.1)

Statement of Financial Position

Evolve Holding SA in Liquidation

CHF 1'000	Note	31 Dec. 2023 liquidation values	21 Dec. 2023 liquidation values	31 Dec. 2022 going concern values
ASSETS				
Current Assets				
Cash and Cash equivalents		5'838.7	702.5	90.5
Short-term receivables	7	3'989.6	89.8	356.6
Total Current assets		9'828.2	792.3	447.1
Non-current assets				
Investments in subsidiaries	7	-	21'929.0	0.0
Long-term receivables from shareholdings	8	-	-	111'034.0
Total non-current assets		0.0	21'929.0	111'034.0
Total Assets		9'828.2	22'721.3	111'481.1
LIABILITIES AND EQUITY				
Current liabilities				
Short-term payables		91.4	39.5	35.6
Accrued and other current liabilities	9	2'604.9	3'370.1	575.3
Convertible loan	10	-	12'450.0	12'000.0
Total current liabilities		2'696.2	15'859.5	12'611.0
Accrued and other non-current liabilities	9	979.4	979.4	0.0
Provisions	13	600.0	600.0	0.0
Total non-current liabilities		1'579.4	1'579.4	0.0
Total Liabilities		4'275.7	17'438.9	12'611.0
Equity				
Share capital	4	7'230.6	6'827.0	56'064.0
Statutory contribution reserve	5	287'481.1	287'579.2	282'787.2
Other voluntary reserve		2'974.2	2'974.2	2'974.2
Treasury Shares	6	(18.0)	-	0.0
Reserve for treasury shares	6	-	17.3	218.9
Accumulated deficit		(292'115.4)	(292'115.4)	(243'174.3)
Total equity		5'552.6	5'282.4	98'870.1
Total Liabilities and Equity		9'828.2	22'721.3	111'481.1

Statement of Cash Flows

Evolva Holding SA in Liquidation

CHF 1'000	2023	Dec 22, 2023 - Dec 31, 2023	Jan 1, 2023 - Dec 21, 2023	2022
Operating activities				
Net loss for the period	(101'215.2)	0.0	(101'215.2)	(82'876.1)
Non-cash adjustments for reconcile net loss for the period to net cash flows				
- Financial income and expense	(3'462.1)	0.0	(3'462.1)	(33.1)
- Share-based compensation	(146.8)	0.0	(146.8)	(218.6)
- Value adjustment of long-term receivables from shareholdings and investments	0.0	0.0	0.0	81'500.0
- Gain on value adjustments to liquidation values	(21'329.0)	0.0	(21'329.0)	0.0
- Loss on value adjustments to liquidation values	121'888.7	0.0	121'888.7	0.0
- Change in Current assets	274.6	13.9	260.7	(31.3)
- Change in current liability	304.3	(427.8)	732.1	54.3
- Change in provisions	0.0	0.0	0.0	0.0
- Change in noncurrent accruals for liquidations costs	979.4	0.0	979.4	0.0
Net cash flow from operating activities	(2'706.0)	(413.9)	(2'292.2)	(1'604.7)
Investing activities				
Sale of subsidiaries	18'000.0	18'000.0	0.0	0.0
Cash Flow from investing activities	18'000.0	18'000.0	0.0	0.0
Financing activities				
Proceeds from convertible loan	7'055.4	0.0	7'055.4	9'560.0
Repayment of convertible loan	(12'450.0)	(12'450.0)	0.0	0.0
Payment of loans to subsidiaries	(4'037.1)	0.0	(4'037.1)	(14'697.1)
Proceeds from private placement	0.0	0.0	0.0	6'327.4
Cost of capital change	(114.1)	0.0	(114.1)	(281.9)
Cash flow from financing activities	(9'545.8)	(12'450.0)	2'904.2	908.4
Net increase / (decrease) in cash and cash equivalents	5'748.1	5'136.1	612.0	(696.3)
Cash and cash equivalents at the beginning of period	90.5	702.5	90.5	786.8
Cash and cash equivalents at end of the period	5'838.7	5'838.7	702.5	90.5

NOTES TO THE STATUTORY FINANCIAL STATEMENTS OF EVOLVA HOLDING SA in Liquidation

1. The Company

Evolva Holding SA in Liquidation ("the Company") is incorporated in Switzerland. The legal domicile of the Company is: Evolva Holding SA, Duggingerstrasse 23, 4153 Reinach, Switzerland. The shares of the Company are listed on the SIX Swiss Exchange (EVE). The Company has no employees.

2. Basis of preparation

The Company is subject to the provisions of the Articles of Association and to article 620 et seq. of the Swiss Code of Obligations (SCO), which describes the legal requirements for limited companies ("Aktiengesellschaft"). The company announced on 21 December 2023 that Shareholders approved its dissolution and liquidation as well as the delisting of the company from SIX Swiss Exchange. Therefore the balance sheets as of 21 December 2023 and 31 December 2023 were prepared based on liquidation values according to article 959b(4) of the Swiss Code of Obligations (SCO). With closing date 28 December 2023, the company sold 100% of its shares in Evolva AG to Danstar Ferment AG, a Swiss affiliate of Lallemand Inc. a global leader in the development, production, and marketing of yeast, bacteria and specialty ingredients.

These financial statements are prepared in accordance with the provisions of commercial accounting outlined in art. 957-963b SCO (effective 1 January 2013).

3. Principles

3.1. Foreign currency translation

These financial statements are expressed in Swiss francs (CHF).

Transactions in foreign currencies are initially recorded at their respective currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in the statement of financial performance.

The exchange rates (in CHF) for the Company's significant foreign currencies are as follows:

Currency	Unit	2023		2022	
		Closing rate	Average rate	Closing rate	Average rate
USD	1	0.85	0.90	0.93	0.96
EUR	1	0.94	0.96	0.99	1.02

3.2. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments that are readily convertible to known amounts and have a maturity of three months or less.

3.3. Long-term receivables from shareholdings

Long-term receivables from shareholdings are tested for impairment annually and are carried at acquisition cost less adjustments for impairment of value. At balance sheets as of 21 December 2023 and 31 December 2023 all assets are valued at liquidation values.

3.4. Accrued liabilities

Evolva recognizes accrued and other current liabilities if a present legal or constructive obligation exists to transfer economic benefits as a result of past events, if a reasonable estimate of the obligation can be made and if an outflow of assets is likely. At balance sheets as of 21 December 2023 and 31 December 2023 all liabilities are valued at liquidation values.

4. Share capital

The development of the issued share capital over the past two years is as follows:

	Total number of shares	CHF 1,000
1 January 2022	1'030'629'353	51'531.5
Shares from authorized capital	62'647'026	3'132.4
Shares from conditional capital	28'003'988	1'400.2
1 January 2023	1'121'280'367	56'064.0
Shares from conditional capital	15'112'404	755.6
Shares from ordinary capital increase	229	0.0
pre reverse split AGM 2023	1'136'393'000	56'819.7
Reverse split (ratio 250:1)	4'545'572	56'819.7
Nominal value reduction	-	4'545.6
Shares from conditional capital	2'685'054	2'685.1
31 December 2023	7'230'626	7'230.6

During January and March 2023, Evolva issued 15.1 million shares from conditional capital. Thereof, 9.0 million shares were issued at an average price of CHF 0.0835 per share to cover bond conversions and 6.1 million shares were issued at nominal value of CHF 0.05 to cover the vesting of STI 5. Additionally, an ordinary capital increase of 229 shares at nominal value of CHF 0.05 was approved by the Annual General Meeting (AGM) to obtain a number of shares divisible by 250. The reverse split in the ratio of 250:1 was approved by the AGM and the first trading day of the new shares was Wednesday, 26 April 2023.

The reverse split in the ratio of 250:1 resulted in a new nominal value of CHF 12.5 per share. The AGM approved a nominal value reduction by CHF 11.50 per share to a new nominal value of CHF 1 per share. The reduction amount was allocated to the accumulated deficit.

During May to December 2023 Evolva issued an additional 2'685'054 shares from conditional capital. Thereof, 2'272'674 shares at an average price of CHF 3.9821 per share to cover bond conversions and 412'380 shares at nominal value of CHF 1 to cover the vesting of EVE 20 and all not yet vested share base payment plans on Dec, 28, 2023.

5. Statutory contribution reserve

As of 31 December 2023 the Federal Tax Authority has recognized CHF 84.2 million as capital contribution reserves (2022: CHF 84.2 million). The remaining amount is currently in the approval process.

6. Treasury shares

The development of treasury shares held by the group over the past two years is as follows:

	Treasury Shares	CHF 1'000
1 January 2022	34'367'504	1'718.4
Use of shares for financing purposes	(25'617'534)	(1'280.9)
Use of shares for share-based compensation	(4'371'147)	(218.6)
1 January 2023	4'378'823	218.9
Use of shares for share-based compensation	(39'476)	(2.0)
pre reverse split AGM 2023	4'339'347	217.0
Reverse split (ratio 250:1)*	17'357	217.0
Nominal value reduction*	17'357	17.4
Use of shares for share-based compensation	-472	(0.5)
Not allocated shares out of share-based compensation	2'189	1.1
31 December 2023	19'074	18.0

*As described in note 4

7. Investments

Name	Domicile	Ownership		Shareholder	Share capital
		31.12.2023	31.12.2022		
Evolva AG ¹	Reinach, CH	-	100 %	Evolva Holding SA	CHF 6,369,540
Evolva Inc.	Lexington, USA	-	100 %	Evolva AG	USD 7,835
Non-operational entities					
Evolva Bio UK Ltd. ²	Cambridge, UK	-	100 %	Evolva AG	GBP 14.62
Evolva Singapore PTE. Ltd.	Singapore	-	100 %	Evolva AG	SGD 100
Evolva Biotech Private Limited ³	Chennai, India	-	100 %	Evolva AG	INR 169,930

¹ Company sold in 2023

² Company liquidated in 2023

³ Company in liquidation

Evolva Holding SA announced on 21 November 2023 that it signed a share purchase agreement (SPA) with Danstar Ferment AG, a Swiss affiliate of Lallemand Inc., a global leader in the development, production, and marketing of yeast, bacteria and specialty ingredients. Danstar Ferment AG has acquired 100% of the shares in Evolva AG (including its subsidiaries) from Evolva Holding SA.

The purchase price was set at CHF 20 million, subject to upward or downward adjustments depending on certain post-signing / completion adjustments. The company received cash proceeds of CHF 18 million on 28 December 2023 and CHF 2 million of the purchase price were transferred to an escrow account. The purchase price adjustment was finalized in March 2024 and resulted in a positive (upward) adjustment of CHF 1.929 million.

In addition, Evolva Holding SA and Danstar Ferment AG have entered into an earn-out agreement providing for an additional future contingent purchase price payments of up to CHF 10 million, depending on the achievement of certain product-based sales targets.

8. Long-term receivables from shareholdings and investments

Operations in the Group were, until 28 December 2023, conducted or managed by Evolva AG and its subsidiaries whereas Evolva Holding SA had limited operations within the Group. To fund the Group's operations, Evolva Holding SA granted loans and held the investments to its subsidiaries.

In 2023, Evolva Holding SA has sold all shares of Evolva AG. Preceding this transaction, the receivables from shareholdings of CHF 286.6 million were fully waived. CHF 166.5 million of these receivables were already impaired in previous years, the remaining amount of CHF 120.1 million is shown as loss on value adjustment to liquidation value.

9. Accrued and other liabilities

CHF 1'000	31 Dec. 2023 liquidation values	21 Dec. 2023 liquidation values	31 Dec. 2022 going concern values
Accrual for liquidation costs	1'785.0	1'785.0	0.0
Other accrued and other current liabilities	1'799.3	2'564.5	575.3
Total accrued and other liabilities	3'584.3	4'349.5	575.3
thereof			
- current	2'604.9	3'370.1	575.3
- non-current	979.4	979.4	0.0

As of 21 December 2023, all estimated costs until final liquidation of the company have been accrued for. The amount in the position "Other accrued and other current liabilities" consists of positions related to obligations already existing before the liquidation was decided and in 2023 includes costs in relation to the sale of Evolva AG.

10. Convertible loan

After the sale of Evolva AG the remaining amount of the convertible loan and the interest on it were fully repaid.

11. Income from shareholdings

Evolva Holding SA grants loans to its subsidiaries to fund the Group's research and development activities. The interest rates applied to these loans are determined following legal and tax requirements applicable to interests on intercompany loans (2023: 1.5%; 2022: 0.25%).

12. Extraordinary gain

In 2023 an amount of CHF 0.06 million could be realized related to a liability that no longer needed to be settled against cash.

13. Gain / Loss on value adjustments to liquidation values

CHF 1'000	2023	Dec 22, 2023 - Dec 31, 2023	Jan 1, 2023 - Dec 21, 2023	2022
Adjustment value of Evolva AG	21'929.0	0.0	21'929.0	0.0
Provision for potential price adjustment sale of Evolva AG	(600.0)	0.0	(600.0)	0.0
Gain on value adjustments to liquidation values	21'329.0	0.0	21'329.0	0.0
Value adjustment on Long-term receivables from shareholdings	120'086.4	0.0	120'086.4	0.0
Estimated costs of liquidation	1'785.0	0.0	1'785.0	0.0
Value adjustments on other assets and liabilities	17.2	0.0	17.2	0.0
Loss on value adjustments to liquidation values	121'888.7	0.0	121'888.7	0.0

14. Holdings of shares and share options

The number of Evolva Holding SA shares and equity rights held by members of the Board of Directors and the Group Management Team are presented in the table below.

	31 December 2023		31 December 2022	
	Shares	Equity rights	Shares ³⁾	Equity rights ³⁾
Board of Directors				
Stephan Schindler (Chairman)	10'652	-	4'694	1'502
Beat In-Albon	15'381	-	10'149	3'005
Christoph Breucker ¹⁾	8'482	-	4'753	1'502
Andreas Pfluger ¹⁾	3'730	-	-	1'502
Andreas Weigelt ¹⁾	3'730	-	-	1'502
Total members of the Board	41'975	0	14'901	7'512
Group Management Team				
Christian Wichert (CEO) ²⁾	105'851	-	10'099	18'314
Carsten Däweritz (CFO) ²⁾	69'552	-	4'172	15'288
Total Group Management Team	175'403	0	14'271	33'602

¹⁾ Mr. Andreas Pfluger, Mr. Andreas Weigelt and Mr. Christoph Breucker resigned on 28 December 2023

²⁾ Mr. Christian Wichert and Mr. Carsten Däweritz left the Group as part of the sale of Evolva AG on 28 December 2023

³⁾ For better comparison, the number of Shares and Equity rights are displayed as after the reverse split in April 2023 (ratio 1:250)

15. Significant shareholders

As of 31 December 2023, Nice + Green AG has shareholdings of 18.71% (2022: < 3%), Pegasus Global Opportunity Fund Ltd has shareholdings of 4.68% (2022: <3%), North Certus SA has shareholdings of 4.34% (2022:<3), Veraison Capital AG has shareholdings of 3.53%% (2022: 5.69%), Pictet Asset Management SA has shareholdings of <3% (2023: 8.60%), and 3V Asset Management AG has shareholdings of <3% (2023: 4.19%) of the total outstanding shares.

16. Audit fees

During 2023, Mazars charged CHF 88'410 in total audit fees and audit related fees and CHF 21'600 for capital increase related services performed.

17. Events subsequent to the reporting date

As communicated on 7 March 2024, the largest shareholder Nice & Green SA asked for three additional items to be included to the Annual General Meeting (AGM) agenda, to be held on 12 April 2024. The first agenda item requests the revocation of the liquidation resolution, the second item the revocation of the delisting of the EVE shares from SIX Swiss Exchange, and the third item the introduction of an opting-out clause in Evolva's articles of association. Nice & Green SA argues that approval of the three agenda items would allow Evolva to seize market opportunities in the area of public mergers and acquisitions, in particular so-called 'reverse takeovers'.

The Board of Directors recommends the approval of the first (AGM item 8.1) and – if the first item is approved by shareholders – also of the second (AGM item 8.2) proposed items by Nice & Green SA. Regarding the third item (AGM item 8.3), since the Board of Directors has no knowledge of any specific transaction proposal, it has concluded that it cannot provide a positive recommendation and instead outlines the advantages and disadvantages. Reference is made to the detailed explanations in the AGM Invitation.

If the first (AGM item 8.1) is approved by shareholders and the liquidation resolution is revoked, the future financial statements would be prepared based on going concern values again. Therefore, accrual for liquidation costs would be released completely. Cost to run the company would be shown as ordinary expenses in the Statement of Financial Performance.