

# EVOLVA

**HALF-YEAR REPORT  
FOR THE PERIOD FROM  
1 JANUARY 2022 TO 30 JUNE 2022**

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## Shareholder letter

Dear shareholders,

We at Evolva are on a mission to take the company from a research & development focused boutique to the next level of development based on the good momentum we achieved in the first half of 2022 and our attractive product portfolio. With enhanced scale and commercialization capabilities, we have set ourselves clear priorities for 2022 and the mid-term. In addition, we have not only identified promising opportunities to increase organizational productivity, but are convinced that we can also address existing and evolving market demands and trends by developing novel molecules through our innovation pipeline over the coming years.

With our focus on nature-based ingredients for the flavors and fragrances, dietary supplements as well as health protection industries, we are addressing the global megatrends of health, wellness and sustainability. Based on our proprietary precision-fermentation platform, we are uniquely positioned to resolve supply bottlenecks of nature. Thanks to our know-how in process development and our ability of scaling up processes from the lab to industrial production, Evolva is set to benefit from current and future market opportunities.

Since 2017, Evolva has been able to grow product-related revenues by a compound annual growth rate (CAGR) of 46%. To further accelerate this development and bring the organization to the targeted next level, the Board of Directors appointed Christian Wichert as new CEO of Evolva in February this year. Under his new leadership, the entire Evolva team worked very hard over the last months to boost commercial performance of the existing

product portfolio. In addition, the implementation of a number of operational initiatives, while ensuring that cash is allocated to its most effective use, has allowed us to harvest initial low hanging fruits. As a result, we are proud to report a record half-yearly sales level of CHF 8.1 million, despite a slow start into the year. Gross contribution margin of product-related revenue was already slightly above 10% for the first half of 2022 and hence in line with our full year guidance.

During the first semester of 2022, the leadership team also conducted a rigorous strategic and operational review, developing a new mid-term strategy. The strategy was substantiated with a concrete action plan to achieve it. Evolva aims for a yearly revenue growth of 40-60%, reaching CHF 45-50 million of revenues in 2025. Thereby, we are confident to generate over CHF 20 million in revenue in 2023 and surpass the CHF 30 million revenue mark in 2024. The detailed business review also resulted in the identification of cost improvements of CHF 2 million compared to the original plan. These savings mainly concern administrative and overhead costs and will not limit Evolva's ability to succeed in the market. Rather, they will contribute to the profitable growth which we aim for in the future.

### Revenue highlights

Evolva achieved a strong sales performance with revenues of CHF 8.1 million in the first half of 2022. Growth was especially driven by Vanillin. Overall, revenues increased by 28% against a high basis from the prior year period. Sequentially, i.e. compared to the second semester of 2021, the increase was 132%.

With 54% of the targeted full-year revenues for 2022 already booked in the first half, we are well on track to reach our 2022 revenue guidance of CHF 15 million. This would result in a growth rate of 52% for the financial year and also correspond to the targeted revenue growth that we are aiming for in the mid-term.

### **Flavors & Fragrances**

Our initial focus to boost commercial performance was set on Flavors & Fragrances. As such, product-related revenues in this business reached CHF 5.5 million, an increase of 247%, thanks to strong contribution especially from Vanillin. Compared to the second half of 2021, the growth amounted to an impressive 308%. The achieved milestones for Vanillin with a global customer resulted in the successful production and delivery of first commercial batches in the second quarter and is a promising basis for developments in the future. Sales with Valencene and Nootkatone in the first half were ahead of plan and are expected to pick up further during the second half of 2022 and beyond.

### **Health Ingredients**

At CHF 2.2 million, product-related revenues in the Health Ingredients business were below the high basis from the prior year period, which benefited from inventory build-ups at various customers. The performance of Health Ingredients in the first half of 2022 was not satisfactory, although it represented a 36% subsequent growth compared to the second half of 2021. After focusing on Flavors & Fragrances first, we will now additionally turn our commercial attention to this area. This is supported by organizational changes as Anne De Vos, who has been leading the Flavors & Fragrances activities since October last year, now also assumed responsibility for the Health Ingredients

business, as new Chief Commercial Officer of Evolva. We see strong interest in the market, especially for Resveratrol, and are convinced that we have an excellent product offering to significantly grow also the Health Ingredients business.

### **Mid-term plan**

Our new mid-term plan is substantiated with a concrete action plan and foresees an annual revenue growth of 40-60% in the coming years. Specifically, the goal is to generate over CHF 20 million in revenue in 2023. For 2024, we aim to surpass the CHF 30 million mark and target to reach a revenue level of CHF 45-50 million in 2025. We based our mid-term planning mainly on our existing products where we now have much better visibility and predictability. At the same time, we are advancing our new product offerings, developing novel molecules through our innovation pipeline and are working on new potential business model expansions which can add to our growth potential.

### **Profitability highlights**

During the first half of the business year 2022, Evolva generated a positive double-digit product-related gross contribution margin of 10.9%. The guidance of reaching a double-digit gross contribution margin in the full year 2022 has hence already been met in the first half. This was achieved thanks to a significantly strengthened production network and better value capturing on the product side. Going forward, we expect the gross contribution margin to continue to increase significantly. Together with the targeted revenue growth, this will be the main driver to reach EBITDA and cash break-even in 2025. Adjusted EBITDA in 1H 2022 was still negative at CHF -7.5 million, yet a significant improvement compared to CHF -12.0 million in 1H 2021.

### Cash flow and balance sheet

During the period, operating free cash flow was negative at CHF -14.7 million (1H 2021: CHF -17.2 million). Cash flow from financing activities amounted to CHF 11.0 million and reflect three subscriptions with Nice & Green and a private placement with long-term institutional shareholders. In the private placement, members of the Board and management participated personally with CHF 1.0 million, demonstrating alignment with shareholders by having “skin in the game” and commitment to value creation. The cash position at the end of June 2022 amounted to CHF 7.4 million. To finance the further growth of Evolva, the company currently has open financing lines of CHF 20.0 million. Total balance sheet assets amounted to CHF 140.2 million as of 30 June 2022.

### Outlook

We expect ongoing strong demand for our nature-based ingredients in the Flavors & Fragrances business. In the Health Ingredients business, Resveratrol sales are expected to pick up and also contribute to the growth in the second half of the year and beyond. Thus, we are well on track to reach our 2022 revenue guidance of CHF 15 million, corresponding to full-year revenue growth of 52% at constant currencies. On gross contribution, we aim to continue to improve further as the year progresses and confirm our target of a double-digit gross contribution margin in 2022.

As previously announced, Evolva is exploring potential strategic partnerships to further strengthen the business model with complementary capabilities and synergies on both operational and commercial levels. Fruitful discussions with several potential strategic partners have been initiated and are currently ongoing. This can

also entail an equity or financing component. The interest which Evolva encounters underscores our strong position in nature-based products in the sweet spot of health, wellness and sustainability as well as the attractiveness of our markets.

### Thanks

Appreciation to you, esteemed shareholders, for your trust and continued support of our mission to bring Evolva to the next level of development. We also thank our employees for their dedication and commitment. It is great to see the new spirit in our corporate culture which we have been able to instill over the last months. Last but not least, our thanks also go out to our business partners and customers for their trust and close collaboration. We look forward to continuing to grow, expand opportunities and build the business together in the future.



Beat In-Albon  
Chairman



Christian Wichert  
CEO



## Financial key figures<sup>1)</sup>

CHF million	Period from 1 January to 30 June			
	2022 adjusted	2021 adjusted	2022 reported	2021 reported
Revenue from contracts with customers	8.1	6.4	8.1	6.4
<i>Product-related revenue</i>	7.8	6.0	7.8	6.0
<i>Direct production costs</i>	(6.9)	(10.4)	(6.9)	(10.8)
<b>Gross contribution</b>	<b>0.9</b>	<b>(4.4)</b>	<b>0.9</b>	<b>(4.8)</b>
<i>in % of product-related revenue</i>	10.9%	-72.6%	10.9%	-80.5%
<i>Research &amp; development revenue</i>	0.4	0.4	0.4	0.4
<i>Cost of goods sold (excl. direct production costs)</i>	(2.2)	(1.8)	(6.7)	(1.8)
<b>Gross profit</b>	<b>(1.0)</b>	<b>(5.8)</b>	<b>(5.5)</b>	<b>(6.3)</b>
Research & development expenses	(5.2)	(6.0)	(19.4)	(16.2)
Commercial, general & administrative expenses	(5.7)	(4.5)	(6.0)	(4.5)
<b>Operating loss (EBIT)</b>	<b>(11.9)</b>	<b>(16.4)</b>	<b>(30.9)</b>	<b>(27.0)</b>
Depreciation and amortization	(4.4)	(4.3)	(4.4)	(4.3)
Impairment of intangible assets	0.0	0.0	(17.0)	(9.6)
<b>EBITDA</b>	<b>(7.5)</b>	<b>(12.0)</b>	<b>(9.5)</b>	<b>(13.0)</b>
<b>Cash position (end of period)</b>	<b>7.4</b>	<b>13.1</b>	<b>7.4</b>	<b>13.1</b>
<b>Extraordinary items</b>	<b>(19.0)</b>	<b>(10.6)</b>		
- <i>impairment</i>	(17.0)	(9.6)		
- <i>inventory write-off</i>	(1.6)	0.0		
- <i>others</i>	(0.4)	(1.0)		

<sup>1)</sup> This table includes references to operational indicators and alternative performance measures (APM) that are not defined or specified by IFRS. These APM should be regarded as complementary information to and not as substitutes to the Group's consolidated financial results based on IFRS.

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
30 JUNE 2022**

## Consolidated Statement of Financial Performance

		Period from 1 January to 30 June	
CHF 1'000	Note	2022	2021
Revenue from contracts with customers	3	8'134.6	6'375.5
Cost of goods sold	4	(13'621.8)	(12'678.6)
<b>Gross profit</b>		<b>(5'487.1)</b>	<b>(6'303.1)</b>
Research & development expenses	5	(19'428.3)	(16'199.4)
Commercial, general & administrative expenses	6	(6'015.3)	(4'487.2)
<b>Total operating expenses</b>		<b>(25'443.6)</b>	<b>(20'686.6)</b>
<b>Operating loss</b>		<b>(30'930.8)</b>	<b>(26'989.7)</b>
Financial income	7	3'406.6	3'510.1
Financial expense	7	(1'332.6)	(2'035.9)
<b>Net loss before tax</b>		<b>(28'856.8)</b>	<b>(25'515.5)</b>
Income tax	-	-	141.1
<b>Net loss for the period</b>		<b>(28'856.8)</b>	<b>(25'374.4)</b>
Basic and diluted loss per share (in CHF)	-	(0.03)	(0.03)

## Consolidated Statement of Comprehensive Income

		Period from 1 January to 30 June	
CHF 1'000		2022	2021
<b>Net loss for the period</b>		<b>(28'856.8)</b>	<b>(25'374.4)</b>
<i>Items to be reclassified to the statement of financial performance (net of tax)</i>			
- Translation differences		1'633.4	1'794.4
<i>Items not to be reclassified to the statement of financial performance (net of tax)</i>			
- Remeasurement gain / (loss) on defined benefit plans		(581.9)	1'055.5
<b>Other comprehensive income / (loss) - (net of tax)</b>		<b>1'051.4</b>	<b>2'849.9</b>
<b>Total comprehensive loss</b>		<b>(27'805.4)</b>	<b>(22'524.5)</b>



## Consolidated Statement of Financial Position

CHF '000	Note	30 June 2022	31 December 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	8	96'596.9	113'301.9
Property, plant and equipment	9	5'874.2	5'952.7
Financial assets	12	3'367.3	3'364.5
<b>Total non-current assets</b>		<b>105'838.4</b>	<b>122'619.2</b>
<b>Current assets</b>			
Inventories	11	20'616.2	16'268.9
Compound embedded derivative	16	100.3	-
Prepayments & accrued income	-	898.3	1'782.3
Trade and other receivables	-	5'336.0	4'502.3
Cash and cash equivalents	-	7'399.0	11'000.7
<b>Total current assets</b>		<b>34'349.7</b>	<b>33'554.2</b>
<b>Total assets</b>		<b>140'188.2</b>	<b>156'173.4</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	55'361.5	51'531.5
Share premium	-	372'656.4	367'602.8
Treasury shares	14	(292.9)	(1'718.4)
Other reserves	-	39'691.0	39'552.0
Accumulated loss	-	(356'514.7)	(327'658.0)
Other components of equity	-	3'511.8	2'460.4
<b>Total equity</b>		<b>114'413.2</b>	<b>131'770.3</b>
<b>Non-current liabilities</b>			
Pension liabilities	-	2'187.7	1'689.3
Lease liabilities	-	3'176.7	3'574.0
Other payables	-	2'334.0	2'862.8
Provisions	15	1'103.5	1'056.5
<b>Total non-current liabilities</b>		<b>8'801.8</b>	<b>9'182.6</b>
<b>Current liabilities</b>			
Trade and other payables	-	5'188.7	4'876.9
Accrued liabilities	-	2'613.6	2'731.5
Convertible loan	16	8'356.4	6'430.9
Compound embedded derivative	16	-	346.8
Lease liabilities	-	814.5	834.4
<b>Total current liabilities</b>		<b>16'973.2</b>	<b>15'220.5</b>
<b>Total equity and liabilities</b>		<b>140'188.2</b>	<b>156'173.4</b>

## Consolidated Statement of Cash Flows

CHF '000	Note	Period from 1 January to 30 June	
		2022	2021
<b>Operating activities</b>			
Net loss for the period		(28'856.8)	(25'374.4)
<b>Non-cash adjustments to reconcile net loss for the period to net cash flows</b>			
- Depreciation of tangible assets	9	566.7	667.4
- Impairment of intangible assets	8	17'033.3	9'628.4
- Amortization of intangible assets	8	3'842.3	3'663.7
- Interest income	7	(35.3)	(101.8)
- Financial income and expenses	7	(100.7)	639.3
- Net foreign exchange differences	7	(2'176.9)	(1'954.0)
- Share-based compensation	10	283.6	114.9
- Change in deferred tax liability	-	-	(141.1)
- Change in current assets	-	(3'863.4)	(2'367.0)
- Change in current liability	-	29.9	857.0
- Change in provisions	-	-	710.0
- Change in pension liability	-	(83.5)	202.3
- Interest payments received	-	35.3	101.8
- Interest expenses paid	-	(170.0)	(179.3)
<b>Net cash flow from operating activities</b>		<b>(13'495.4)</b>	<b>(13'532.8)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	9	(477.4)	(324.9)
Disposal of property, plant and equipment	-	-	4.0
Capitalized development expenses	8	(763.2)	(2'503.0)
Issuance of financial loans	12	-	(1'941.5)
Reduction of financial deposits	12	-	1'074.8
<b>Cash flow from investing activities</b>		<b>(1'240.5)</b>	<b>(3'690.7)</b>
<b>Financing activities</b>			
Proceeds from convertible loan	16	5'760.0	11'040.0
Proceeds from private placement	-	6'327.4	-
Cost of capital change	-	(562.4)	-
Payment of principal portion of lease liabilities	-	(418.1)	(422.0)
<b>Cash Flow from financing activities</b>		<b>11'106.9</b>	<b>10'618.0</b>
<b>Net decrease in cash and cash equivalents</b>		<b>3'601.7</b>	<b>6'540.4</b>
Exchange gain on cash and cash equivalents		27.3	65.1
Cash and cash equivalents at the beginning of period		11'000.7	19'669.4
<b>Cash and cash equivalents at end of the period</b>		<b>7'399.0</b>	<b>13'129.0</b>

## Consolidated Statement of changes in Equity

CHF 1'000	Note	Share Capital	Share premium	Total capital paid in	Treasury shares	Other Reserves	Em- ployee benefit reserve	CTA	Accumu- lated loss	Total Equity
<b>Balance at 1 January 2021</b>		41'093.9	355'082.6	396'176.5	(3'709.2)	39'233.0	(940.5)	723.9	(286'391.6)	145'092.1
Loss of the period		-	-	-	-	-	-	-	(25'374.4)	(25'374.4)
Other comprehensive income		-	-	-	-	-	1'055.5	1'794.4	-	2'850.0
<b>Total comprehensive loss</b>		-	-	-	-	-	1'055.5	1'794.4	(25'374.4)	(22'524.5)
Capital increase from issuance of treasury shares	13	5'250.0	-	5'250.0	(5'250.0)	-	-	-	-	-
Cost of capital charge		-	(228.4)	(228.4)	-	-	-	-	-	(228.4)
Effects of share-based compensation	10	-	-	-	377.0	(262.1)	-	-	-	114.9
Conversion of convertible loan		-	1'059.7	1'059.7	4'440.3	-	-	-	-	5'500.0
<b>Balance at 30 June 2021</b>		<b>46'343.9</b>	<b>355'913.9</b>	<b>402'257.9</b>	<b>(4'142.0)</b>	<b>38'970.9</b>	<b>115.0</b>	<b>2'518.3</b>	<b>(311'766.0)</b>	<b>127'954.2</b>
<b>Balance at 1 January 2022</b>		<b>51'531.5</b>	<b>367'602.8</b>	<b>419'134.3</b>	<b>(1'718.4)</b>	<b>39'552.0</b>	<b>204.9</b>	<b>2'255.4</b>	<b>(327'657.9)</b>	<b>131'770.3</b>
Loss of the period		-	-	-	-	-	-	-	(28'856.8)	(28'856.8)
Other comprehensive income		-	-	-	-	-	(581.9)	1'633.4	-	1'051.4
<b>Total comprehensive loss</b>		-	-	-	-	-	<b>(581.9)</b>	<b>1'633.4</b>	<b>(28'856.8)</b>	<b>(27'805.4)</b>
Capital increase from private placement		3'830.0	5'216.4	9'046.5	-	-	-	-	-	9'046.5
Cost of capital charge		-	(162.8)	(162.8)	-	-	-	-	-	(162.8)
Effects of share-based compensation	10	-	-	-	144.6	139.0	-	-	-	283.6
Conversion of convertible loan		-	-	-	1'280.9	-	-	-	-	1'280.9
<b>Balance at 30 June 2022</b>		<b>55'361.5</b>	<b>372'656.4</b>	<b>428'017.9</b>	<b>(292.9)</b>	<b>39'691.0</b>	<b>(377.0)</b>	<b>3'888.8</b>	<b>(356'514.7)</b>	<b>114'413.2</b>

## Notes to the Interim Condensed Consolidated Financial Statements

### 1. Corporate information

Evolva Holding SA (the “Company”) together with its subsidiaries (collectively “Evolva”, the “Group” or “we”) is an international group that researches, develops and commercialises high quality ingredients with applications in flavour & fragrances, health ingredients, health protection and other sectors. Evolva Holding SA is incorporated in Switzerland and has been the parent company of the Group since 11 December 2009. The shares of the Company are listed on SIX Swiss Exchange (SIX: EVE) with a nominal value of CHF 0.05 per share.

The legal domicile of the Company is: Evolva Holding SA, Duggingerstrasse 23, 4153 Reinach, Switzerland. The group comprises the following subsidiaries:

Name	Domicile	Ownership <sup>1</sup>		Shareholder	Share capital
		30.06.2022	31.12.2021		
Evolva AG	Reinach, CH	100%	100%	Evolva Holding SA	CHF 6'369'540
Evolva Inc.	Lexington, USA	100%	100%	Evolva AG	USD 7'835
<b>Non-operational entities</b>					
Evolva Bio UK Ltd	Cambridge, UK	100%	100%	Evolva AG	GBP 14.62
Evolva Singapore PTE. Ltd.	Singapore	100%	100%	Evolva AG	SGD 100
Evolva Biotech A/S <sup>2</sup>	Copenhagen, DK	100%	100%	Evolva AG	DKK 4'311'583
Evolva Biotech Private Limited <sup>2</sup>	Chennai, India	100%	100%	Evolva AG	INR 169'930

<sup>1</sup> Capital ownership is equal to voting ownership

<sup>2</sup> Company in liquidation

On 30 June 2022, Evolva employed 62 employees (1H 2021: 65), of which 25 (1H 2021: 34) were directly involved in research, development and manufacturing activities.

These interim condensed consolidated financial statements were authorized for public disclosure in accordance with a resolution of the Board of Directors of the Company dated 24 August 2022.

### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation

The interim condensed consolidated financial statements for the six-month period ending 30 June 2022 have been prepared in accordance with IAS 34 (Interim Financial Reporting). The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should be read together with the Group’s annual financial statements as of 31 December 2021. The financial statements are presented in Swiss francs (CHF) and all values are rounded to the nearest CHF 1'000 except where otherwise stated.

The exchange rates for the most significant foreign currencies are as follows:

Currency	Unit	2022		2021	
		30 June	Average rate <sup>1)</sup>	30 June	Average rate <sup>1)</sup>
USD	1	0.97	0.94	0.93	0.91
EUR	1	1.02	1.05	1.11	1.10
DKK	100	13.67	14.09	14.94	14.87
INR	100	1.22	1.25	1.25	1.25
GBP	1	1.18	1.24	1.29	1.26

1) The average rates listed above are calculated for the reporting period (i.e. 1 January to 30 June)

## 2.2 Changes in accounting policies

The accounting policies adopted for the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021 as well as for the interim condensed consolidated financial statements for the half-year ended 30 June 2021.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

## 3. Segment and geographical information

Evolve researches, develops and commercialises high quality ingredients with applications in flavour & fragrances, health ingredients, health protection and other sectors. The Board of Directors and the Group Management Team (the chief operating decision-maker) do not base their decisions on geographical, demographical or sociographical criteria, but rather on strategic and operational factors related to research, development, manufacturing and commercialization of novel nutritional, healthcare and wellness ingredients. Therefore, the Group has identified one segment, which is equivalent to the Company's CGU, namely research, development, manufacturing and commercialization of novel food, nutritional and healthcare ingredients.

Set out below is the disaggregation of the Group's revenue from contracts with customers:

CHF '000	Period from 1 January to 30 June	
	2022	2021
<b>Type of goods or services</b>		
Product-related revenue	7'782.9	6'009.9
Research & development revenue	351.7	365.6
<b>Total revenue from contracts with customers</b>	<b>8'134.6</b>	<b>6'375.5</b>
<b>Geographical allocation<sup>1)</sup></b>		
Switzerland	5'470.6	3'568.9
United States	2'664.0	2'806.6
<b>Total revenue</b>	<b>8'134.6</b>	<b>6'375.5</b>
<b>Timing of revenue recognition</b>		
Revenue recognition at a point in time	7'782.9	6'009.9
Revenue recognition over a period of time	351.7	365.6
<b>Total revenue from contracts with customers</b>	<b>8'134.6</b>	<b>6'375.5</b>

1) The geographical allocation of revenue reflects the location where Evolva's invoices are generated (invoice entity).

In 2022, Evolva's largest customer accounted for 51% (1H 2021: 13%) of total Group revenues. Evolva constantly monitors the expected future credit losses, at the reporting date, Evolva has recognized CHF 0.1 million allowance for bad debt (1H 2021: CHF 0.07 million).

The geographical allocation of non-current assets (excluding financial assets) is as follows:

CHF '000	30 June 2022	31 Dec 2021
Switzerland	45'889.3	50'098.7
United States	56'208.0	68'666.7
Rest of the world	373.7	489.4
<b>Total non-current assets</b>	<b>102'471.1</b>	<b>119'254.7</b>

#### 4. Cost of goods sold

CHF '000	Period from 1 January to 30 June	
	2022	2021
Direct production costs	6'932.2	10'825.6
Write-off of inventory	1'553.5	-
Staff compensation (incl. share-based compensation)	777.9	782.6
Other operating expenses	338.9	351.2
Amortization of intangible assets	1'050.1	615.8
Depreciation of tangible assets	95.4	103.4
Impairment of intangible assets	2'873.8	-
<b>Total cost of goods sold</b>	<b>13'621.8</b>	<b>12'678.6</b>

Total cost of goods sold increased by 7.4% compared to 2021. However, excluding the impairment of intangible assets and the write-off of inventory, total cost of goods sold decreased by 27% to CHF 9.2 million. Product manufacturing costs have decreased mainly due to significant improvements in the production costs. Staff compensation is in line with previous year. Amortization of intangible assets increased due to the additional amortization of product & process development costs for new products. The impairment of intangible assets consists of capitalized product & process development expenses.

#### 5. Research and development expenses

CHF '000	Period from 1 January to 30 June	
	2022	2021
Other research & development expenses	420.3	1'163.2
Staff compensation (incl. share-based compensation)	1'701.8	1'915.5
Amortization of intangible assets	2'792.2	3'047.8
Depreciation of tangible assets	354.4	444.4
Impairment of intangible assets	14'159.5	9'628.4
<b>Total research &amp; development expenses</b>	<b>19'428.3</b>	<b>16'199.4</b>

Total research and development expenses increased by 20% driven by the impairment of intangible assets. Excluding the impairment, research and development expenses decreased by CHF 1.3 million or 20%. Other research and development expenses decreased by CHF 0.7 million or 64%. CHF 0.5 million of the decrease is related to a non-recurring provision built in 2021, while the remaining decrease is related to cost efficiencies. Details on impairment of intangible assets can be found under note 8.

## 6. Commercial, general & administrative expenses

CHF '000	Period from 1 January to 30 June	
	2022	2021
Other commercial, general & administrative expenses	1'851.6	831.7
BoD, GMT and staff compensation	4'046.8	3'535.9
Depreciation of tangible assets	116.9	119.6
<b>Total commercial, general &amp; administrative expenses</b>	<b>6'015.3</b>	<b>4'487.2</b>

Commercial, general & administrative expenses have increased by CHF 1.5 million or 34%. The main reasons are related to increased business activities, restructuring and reorganisation expenses.

## 7. Financial result

CHF '000	Period from 1 January to 30 June	
	2022	2021
Interest & bank expense	(47.3)	(32.0)
Effective interest on convertible note	(251.0)	(460.0)
Lease expenses	(122.7)	(147.3)
Foreign exchange loss	(911.6)	(1'396.6)
<b>Total financial expense</b>	<b>(1'332.6)</b>	<b>(2'035.9)</b>
Interest income	35.3	101.8
Foreign exchange gain	2'849.6	3'408.2
Fair value gain on embedded derivative	521.7	-
<b>Total financial income</b>	<b>3'406.6</b>	<b>3'510.1</b>
<b>Net financial result</b>	<b>2'074.0</b>	<b>1'474.1</b>



## 8. Intangible assets

CHF '000 Historical cost	Patents & patent ap- plications	Royalty & Licences	Product & process de- velopment	Goodwill	Total
<b>1 January 2021</b>	<b>37'224.5</b>	<b>77'557.1</b>	<b>7'149.1</b>	<b>40'039.5</b>	<b>161'970.2</b>
Additions	-	-	2'503.0	-	2'503.0
Translation effects	1'430.5	2'307.8	65.9	995.5	4'799.8
<b>30 June 2021</b>	<b>38'655.0</b>	<b>79'865.0</b>	<b>9'718.0</b>	<b>41'035.0</b>	<b>169'273.0</b>
<b>Accumulated amortization</b>					
<b>1 January 2021</b>	<b>(12'473.2)</b>	<b>(25'267.0)</b>	<b>(336.0)</b>	-	<b>(38'076.1)</b>
Amortization of the pe- riod	(949.5)	(1'962.3)	(751.8)	-	(3'663.7)
Impairment of the pe- riod	(9'628.4)	-	-	-	(9'628.4)
Translation effects	(507.0)	(967.1)	(14.0)	-	(1'488.2)
<b>30 June 2021</b>	<b>(23'558.1)</b>	<b>(28'196.5)</b>	<b>(1'101.8)</b>	-	<b>(52'856.4)</b>
<b>Net book value at 30 June 2021</b>	<b>15'096.9</b>	<b>51'668.5</b>	<b>8'616.2</b>	<b>41'035.0</b>	<b>116'416.6</b>
<b>Historical cost</b>					
<b>1 January 2022</b>	<b>30'943.9</b>	<b>79'542.3</b>	<b>10'654.9</b>	<b>40'889.1</b>	<b>162'030.2</b>
Additions	-	-	763.2	-	763.2
Translation effects	1'470.4	2'499.0	69.1	1'030.4	5'068.9
<b>30 June 2022</b>	<b>32'414.3</b>	<b>82'041.3</b>	<b>11'487.2</b>	<b>41'919.5</b>	<b>167'862.3</b>
<b>Accumulated amortization</b>					
<b>1 January 2022</b>	<b>(16'699.2)</b>	<b>(30'041.2)</b>	<b>(1'987.9)</b>	-	<b>(48'728.2)</b>
Amortization of the pe- riod	(782.6)	(2'009.7)	(1'050.1)	-	(3'842.3)
Impairment of the pe- riod	(2'039.6)	(12'119.9)	(2'873.8)	-	(17'033.3)
Translation effects	(767.2)	(871.6)	(22.7)	-	(1'661.5)
<b>30 June 2022</b>	<b>(20'288.5)</b>	<b>(45'042.3)</b>	<b>(5'934.5)</b>	-	<b>(71'265.4)</b>
<b>Net book value at 30 June 2022</b>	<b>12'125.8</b>	<b>36'998.9</b>	<b>5'552.7</b>	<b>41'919.5</b>	<b>96'596.9</b>

Amortization of patents, patent applications and royalty & licences (EVERSWEET™) is recorded under research and development expenses, while amortization of product and process development expenses is recorded under cost of goods sold.

Evolve continuously improves the efficacy and efficiency of production processes for its own products. Related costs that meet the capitalization criteria outlined in IAS 38 are recognized as 'Product & process development' cost. In the first half-year 2022, Evolve has recognised CHF 0.8 million as product & process development cost (1H 2021: CHF 2.5 million) of which the majority is related to manufacturing process improvements / developments of Evolve's on-market products.

## Impairment test of goodwill and intangible assets

Intangible assets other than goodwill are tested for possible impairment when an impairment indicator is identified.

In the first half-year of 2022, Group management has conducted a detailed business review and approved a new mid-term plan. In the course of this review all intangible assets other than goodwill were strategically reassessed based on new business insights. As a result of this, a non-cash relevant impairment of CHF 17 million was recognized on intangible assets. The impairment was recognized on patents & patent applications (CHF 2 million), royalty & licences (CHF 12.1 million) and product & process development (CHF 2.9 million). The main product concerned is EVERSWEET™ due to the slower than expected market uptake. The impairment expense was recorded under cost of goods sold (CHF 2.9 million) and research and development expenses (CHF 14.1 million).

The Group performs the goodwill impairment test annually or when an impairment indicator is identified by determining the recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value in use. The cash-generating unit's fair value less costs of disposal is represented by the market capitalization (fair value level 1) plus a Group specific control premium less costs of disposal. The Group has identified one CGU, namely research, development, manufacturing and commercialization of novel food, nutritional and healthcare ingredients.

The impairment test for the Groups CGU demonstrates positive headrooms for all periods.

CHF '000	30 June 2022	31 Dec 2021	30 June 2021
Total number of shares	1'107'229.9	1'030'629.4	926'878.2
Treasury shares	5'857.6	34'367.5	82'839.6
Shares outstanding	1'101'372.3	996'261.8	844'038.7
Share price in CHF	0.0890	0.1340	0.1762
<b>Market capitalisation</b>	<b>98'022.1</b>	<b>133'499.1</b>	<b>148'719.6</b>
Control premium (25%)	24'505.5	33'374.8	37'179.9
<b>Fair value</b>	<b>122'527.7</b>	<b>166'873.9</b>	<b>185'899.5</b>
Cost of disposal (2.5%)	3'063.2	4'171.8	4'647.5
<b>Fair value less cost of disposal</b>	<b>119'464.5</b>	<b>162'702.0</b>	<b>181'252.0</b>
Carrying amount of equity	114'413.2	131'770.3	127'954.2
Fair value less cost of disposal	119'464.5	162'702.0	181'252.0
<b>Headroom</b>	<b>5'051.3</b>	<b>30'931.7</b>	<b>53'297.8</b>

## Sensitivity Analysis

CHF '000	30 June 2022	31 Dec 2021	30 June 2021
<b>Market capitalisation</b>	<b>93'877.5</b>	<b>108'119.2</b>	<b>104'988.0</b>
Control premium (25%)	23'469.4	27'029.8	26'247.0
<b>Fair value</b>	<b>117'346.8</b>	<b>135'149.0</b>	<b>131'235.1</b>
Cost of disposal (2.5%)	2'933.7	3'378.7	3'280.9
<b>Fair value less cost of disposal</b>	<b>114'413.2</b>	<b>131'770.3</b>	<b>127'954.2</b>
Carrying amount of equity	114'413.2	131'770.3	127'954.2
Fair value less cost of disposal	114'413.2	131'770.3	127'954.2
<b>Headroom</b>	<b>0</b>	<b>0</b>	<b>0</b>
Reduction of market capitalization	(4'144.7)	(25'379.9)	(43'731.6)
Reduction of share price in CHF	-0.0038	-0.0255	-0.0518
Reduction of market capitalization and share price in %	(4.2)%	(19.0)%	(29.4)%

As of 30 June 2022 the market capitalization would need to decrease by CHF 4.1 million (-4.2%) and the share price would need to decrease by CHF 0.0038 (-4.2%) to be equal to the carrying amount of the CGU.

As of 31 December 2021 the market capitalization would need to decrease by CHF 25.4 million (-19.0%) and the share price would need to decrease by CHF 0.0255 (-19.0%) to be equal to the carrying amount of the CGU.

As of 30 June 2021 the market capitalization would need to decrease by CHF 43.7 million (-29.4%) and the share price would need to decrease by CHF 0.0518 (-29.4%) to be equal to the carrying amount of the CGU.

## 9. Property, plant and equipment

CHF '000	Laboratory equipment	Office and IT equipment	Leasehold improvements	Manufacturing equipment	Right-of-use assets	Total
Historical cost						
1 January 2021	13'098.4	1'956.4	2'747.7	1'575.9	7'300.0	26'678.4
Additions	-	6.1	-	312.5	-	318.7
Disposals	-	-	-	-	-	-
Transfers	25.9	-	-	-	-	25.9
Translation effects	180.3	20.0	4.5	11.9	2.0	218.6
30 June 2021	13'254.5	1'982.6	2'752.2	1'900.4	7'302.0	27'191.6

### Accumulated depreciation

1 January 2021	(12'829.7)	(1'830.1)	(2'023.5)	(372.7)	(2'708.3)	(19'764.3)
Additions	(112.0)	(23.7)	(45.7)	(103.4)	(402.2)	(687.1)
Disposals	-	(4.0)	-	-	-	(4.0)
Transfers	-	-	-	-	-	-
Translation effects	(180.3)	(19.9)	(4.5)	(11.3)	(0.6)	(216.5)
30 June 2021	(13'071.9)	(1'877.6)	(2'073.7)	(487.4)	(3'111.1)	(20'621.7)
Net book value at 30 June 2021	182.6	105.0	678.5	1'412.9	4'190.9	6'570.0

Historical cost						
1 January 2022	12'410.6	1'806.0	914.6	1'616.1	8'560.7	25'308.0
Additions	28.7	10.3	-	438.4	-	477.4
Disposals	0.0	(14.1)	-	(8.4)	-	(22.5)
Transfers	-	-	-	-	-	-
Translation effects	145.3	0.1	-	10.2	2.5	158.1
30 June 2022	12'584.6	1'802.3	914.6	2'056.4	8'563.1	25'920.9
Accumulated depreciation						
1 January 2022	(12'307.3)	(1'715.9)	(281.9)	(292.1)	(4'758.1)	(19'355.3)
Additions	(36.8)	(28.4)	(45.7)	(95.4)	(360.4)	(566.7)
Disposals	-	14.1	-	8.4	-	22.5
Transfers	-	-	-	-	-	-
Translation effects	(145.3)	(0.1)	-	(0.1)	(1.8)	(147.3)
30 June 2022	(12'489.4)	(1'730.3)	(327.6)	(379.2)	(5'120.2)	(20'046.7)
Net book value at 30 June 2022	95.2	71.9	587.0	1'677.2	3'442.9	5'874.2

## 10. Share-based compensation

The Board of Directors administers the Group's incentive equity plans. Equity instruments are granted according to the Group's plan regulations. Members of the Board of Directors, Group Management Team and selected staff are eligible for receiving equity instruments.

Total share-based compensation summarizes as following:

CHF '000	Period from 1 January to 30 June	
	2022	2021
Research & development	33.4	28.6
Operations & manufacturing	37.8	(1.3)
Commercial, general & administrative expenses	212.4	87.6
<b>Total share-based compensation</b>	<b>283.6</b>	<b>114.9</b>

In the first half-year 2022, Evolva granted a short-term plan (STI) to Group Management and Senior Management members with a one-year vesting period. The number of shares to vest under the STI plan is subject to the achievement of agreed company and individual targets in the financial year 2022. In addition, an RSU plan to members of board of directors was granted.

The key parameters and the number of outstanding RSUs and PSUs are as follows:

Plan name		Grant date	Vesting date	Fair value at grant	Number of units
LTI 3	PSU	01.07.2020	01.04.2023	CHF 0.20	7'760'983
LTI 4	PSU	01.07.2021	30.06.2024	CHF 0.11	9'473'545
STI 5	PSU	28.06.2022	01.04.2023	CHF 0.12	5'615'548
EVE 10	RSU	10.02.2017	Several <sup>1)</sup>	CHF 0.55	3'586'054
EVE 20	RSU	05.05.2022	04.05.2023	CHF 0.11	240'000
<b>Total</b>					<b>26'676'130</b>

<sup>1)</sup> Vesting dates: 1 May 2020, 1 May 2021 and 1 May 2022 each 1/3 of granted RSU. Settlement of shares upon request of plan beneficiaries.

Reconciliation of outstanding share units:

	30 June 2022	31 Dec 2021
Outstanding at 1 January	26'507'717	31'373'501
Granted	5'855'548	14'391'079.00
Vested	2'892'371	7'816'582.00
Forfeited	2'794'764	11'440'281.00
<b>Outstanding at end of period</b>	<b>26'676'130</b>	<b>26'507'717</b>

### Incentive share option plans

The fair value of share option awards granted (EVE 5 – EVE 9) was determined by using a binomial option valuation model. The resulting expenses for the Group are recognized over the vesting period (in general four years). The key parameters in the valuation model are as follows:

Plan name	Grant date	Expiry date	Share price at grant in CHF	Exercise price in CHF	Volatility	Risk-free rate	FV at grant in CHF
EVE 9	15.02.2016	14.02.2026	0.77	0.80	42.70%	0.00%	0.30
EVE 8	01.01.2015	31.12.2024	1.32	1.31	45.00%	0.36%	0.62
EVE 7	01.01.2014	31.12.2023	0.99	0.98	52.50%	1.25%	0.51
EVE 6	01.07.2013	30.06.2023	0.67	0.64	52.50%	1.07%	0.35
EVE 5	01.07.2012	31.12.2022	0.40	0.37	52.50%	0.68%	0.23

One share option entitles the option holder to purchase one Evolva share at a fixed price (“the exercise price”). The volatility applied reflects Evolva’s share price volatility for the last three years. Risk-free rate is based on ten-years Swiss government bonds.

The table below illustrates the number-weighted average exercise price in CHF (WAEP), the number of share options outstanding and the weighted average years remaining contractual life (WAYCL) as at 30 June 2022.

Plan name	Year of grant	WAEP	Number of options	WAYCL
EVE 9	2016	0.80	7'713'763	4.1
EVE 8	2015	1.31	5'004'208	3.0
EVE 7	2014	0.98	5'308'085	2.0
EVE 6	2013	0.64	2'951'980	1.5
EVE 5	2012	0.37	2'648'196	1.0
<b>Total</b>		<b>0.88</b>	<b>23'626'232</b>	<b>2.7</b>

A summary of share options granted, exercised, forfeited and outstanding for the above plans is as follows:

	Number of options	
	30 June 2022	31 Dec 2021
<b>Outstanding at 1 January</b>	23'626'232	30'807'007
Forfeited	0.0	0.0
Expired	0.0	7'180'775
<b>Outstanding at end of period</b>	<b>23'626'232</b>	<b>23'626'232</b>
-of which exercisable	23'626'232	23'626'232

## 11. Inventories

CHF '000	30 June 2022	31 December 2021
Raw materials	252.7	254.8
Intermediate products	2'831.1	2'499.1
Finished products	16'431.7	13'299.2
Stock in transit	1'100.7	215.9
<b>Total Inventories</b>	<b>20'616.2</b>	<b>16'268.9</b>

Total inventories are stated at the lower of production costs and net realizable value. As of the reporting date, finished products consist of nootkatone, valencene, resveratrol, L-Arabinose and Vanillin. In the first half-year of 2022 a write-down of inventory to net realisable value in the amount of CHF 1.5 million (1H 2021: CHF 0.4 million) was recorded. The overall inventory increase is mainly due to frontloaded production schedule and new products to support the targeted growth.

## 12. Financial assets

CHF '000	30 June 2022	31 December 2021
Financial deposits	1'088.3	1'088.1
Financial loans	1'649.2	1'581.5
Prepayments to supplier	331.7	378.8
Investment in non-listed R&D company	298.1	316.1
<b>Total financial assets</b>	<b>3'367.3</b>	<b>3'364.5</b>

The changes in financial loans and Investment in a non-listed R&D company result from fluctuations in foreign currencies only. In 2021, Evolva has granted a loan to one of Evolva's manufacturing partners for manufacturing, supply and CAPEX. This loan is recognized at amortized cost and the recoverability reviewed when a triggering event occurs, such as changes in the business collaboration.

### 13. Share capital

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

	Total number of shares Evolva Holding SA	CHF 1'000
<b>1 January 2021</b>	<b>82'878'237</b>	41'093.9
Shares from authorized capital	208'751'116	10'437.6
<b>1 January 2022</b>	<b>1'030'629'353</b>	<b>51'531.5</b>
Shares from authorized capital	62'647'026	3'132.4
Shares from conditional capital	13'953'488	697.7
<b>30 June 2022</b>	<b>1'107'229'867</b>	<b>55'361.5</b>

On 25 May 2022 the Group successfully executed a capital increase from authorized capital in the form of a private placement of 62.6 million shares at a subscription price of CHF 0.101 per share and CHF 6.3 million in gross proceeds. Additionally, 13.9 million shares were issued from conditional capital at a price of CHF 0.086 per share, amounting to a total of CHF 1.2 million to cover bond conversions.

### 14. Treasury shares

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

	Treasury shares	
	Shares	CHF 1'000
<b>1 January 2021</b>	<b>15'148'270</b>	<b>3'709.2</b>
Issuance of shares	208'751'116	10'437.6
Use of shares for financing purposes	(173'789'793)	(11'644.1)
Use of shares for share-based compensation	(15'742'089)	(784.3)
<b>1 January 2022</b>	<b>34'367'504</b>	<b>1'718.4</b>
Use of shares for financing purposes	(25'617'534)	(1'280.9)
Use of shares for share-based compensation	(2'892'371)	(144.6)
<b>30 June 2022</b>	<b>5'857'599</b>	<b>292.9</b>



## 15. Provisions

CHF '000	30 June 2022	31 December 2021
<b>Beginning of period</b>	<b>1'056.5</b>	<b>4'777.7</b>
Provisions made during the year	-	524.7
Provisions used during the year	-	-4'425.5
Provisions reversed during the year	-	-
Currency translation effect	47.0	179.6
<b>End of period</b>	<b>1'103.5</b>	<b>1'056.5</b>
- of which non-current	1'103.5	1'056.5
- of which current	-	-

As of 30 June 2022, the provision consisted of CHF 1.1 million for the potential repayments of contractual fees related to two R&D contracts, which were successfully completed from an R&D perspective in 2010 and 2011 respectively. The underlying amounts of the provisions in the original USD currency are unchanged compared to 2021.

## 16. Convertible loan

In 2020, Evolva Holding SA entered into an agreement for the issuance and subscription of convertible notes with Nice & Green SA, a company incorporated and registered in Switzerland. Under the terms of the agreement and the subsequent amendments in 2020 and 2021, Nice & Green has committed to invest up to an amount of CHF 56 million, divided into tranches, until the end of the financial year 2023 (“the conversion period”).

Nice & Green SA is obliged to request conversion of each convertible note no later than at the expiration of the conversion period. If Nice & Green SA fails to request conversion prior the date falling 10 business days prior to the expiration of the conversion period, Evolva Holding SA is entitled to request conversion during the last 10 business days of the conversion period.

The amount of each convertible note is, at Evolva’s discretion, either repayable by way of conversion into ordinary shares of Evolva Holding SA or in cash. The nominal value of one convertible note is CHF 50’000. The conversion price for shares is 95 percent of the lowest daily volume weighted average price (VWAP) for a share on the SIX Swiss Exchange during the six trading days immediately preceding the conversion date. The conversion price for cash redemption is calculated as the nominal value divided by 0.97 of a convertible note. During the conversion period, Nice & Green may at any time request full or partial conversion of each convertible note.

The investor has the right to terminate the agreement by written notice to the Issuer if: (i) the share market closing price is equal to or lower than CHF 0.07 for a period of 20 consecutive trading days during the commitment period; (ii) an issuer suspension period exceeds three months (2021: CHF 0.07 for 20 consecutive trading days). The investor may elect, at its own discretion, to suspend the new subscriptions if the daily VWAP of any of the ten consecutive trading days immediately preceding the date of subscription request is equal to or falls below CHF 0.07 until the daily VWAP for a period of ten consecutive trading days again equals or exceeds CHF 0.07 by written suspension notice to the issuer (2021: CHF 0.07 ten consecutive trading days). In the case of early termination, all issued convertible notes shall, at the Issuer’s discretion, be converted into shares or repaid in cash within 30 days.

Evolva Holding SA must pay a commitment fee equal to 4% of the maximum commitment to Nice & Green SA, based on the convertible notes requested. Nice & Green SA must pay an incentive fee equal to 10% of the sharing basis to Evolva Holding SA. The sharing basis shall be the positive difference between the net capital gain and the net capital loss. The net capital gain is the positive difference between the sale price of all new shares sold by Nice & Green SA and the conversion price paid for the respective portion of shares sold minus transaction costs.

For the period from 1 January 2022 to 30 June 2022:

Convertible notes issued	CHF 6 million
Transaction costs	CHF 0.24 million
Net proceeds from convertible notes	CHF 5.76 million

The net proceeds received from the issue of the convertible notes have been split between the non-derivative host and the embedded derivative.

CHF 1'000	No. of tranches at CHF 50'000	Non-derivative host	Embedded derivative	Net proceeds
<b>Convertible notes 01.01.2021</b>	<b>80</b>	<b>3'785.8</b>	<b>214.2</b>	
Notes issued in HY1 2021	230	10'938.9	561.1	11'040.0
Notes converted in HY1 2021	110	-5'185.9	-314.1	
Notes issued in HY2 2021	170	8'171.5	328.5	8'160.0
Notes converted in HY2 2021 and fair value adjustment on embedded derivative	236	-11'279.4	-442.9	
<b>Convertible notes outstanding 31.12.2021</b>	<b>134</b>	<b>6'430.9</b>	<b>346.8</b>	
Notes issued in HY1 2022	120	5'793.3	206.7	5'760.0
Notes converted in HY1 2022 and fair value adjustment on embedded derivative	80	-3'867.9	-653.8	
<b>Convertible notes outstanding 30.06.2022</b>	<b>174</b>	<b>8'356.4</b>	<b>-100.3</b>	

For the conversion of 80 convertible notes (CHF 4.1 million), Evolva has delivered 13.9 million shares created from conditional capital at an average conversion price of CHF 0.09 and 25.6 million treasury shares at an average conversion price of CHF 0.11 per share.

The impact of the changes in fair value of the embedded derivative amounts to CHF 0.5 million (1H 2021: 0.02 million). This amount is included in financial income. Directly related transaction expenses of CHF 0.3 million (commitment fee) are amortized using the effective interest method.

## 17. Fair value of financial instruments

Financial assets CHF '000	Valuation category	FV level	Fair value
<b>1 January 2022</b>			
Shareholding in non-listed R&D company	FVTPL <sup>1)</sup>	Level 3	316.1
Foreign exchange loss			-18.0
<b>30 June 2022</b>			
Shareholding in non-listed R&D company	FVTPL <sup>1)</sup>	Level 3	<b>298.1</b>
<b>Financial liabilities</b>			
CHF '000	Valuation category	FV level	Fair value
<b>1 January 2022</b>			
Compound embedded derivative	FVTPL <sup>1)</sup>	Level 3	346.8
Notes issued in HY1 2022			206.7
Notes converted in HY1 2022			-653.8
<b>30 June 2022</b>			
Compound embedded derivative	FVTPL <sup>1)</sup>	Level 3	<b>-100.3</b>

1) FVTPL = Financial asset or liability measured at fair value through profit or loss

There were no transfers between the different hierarchy levels during the reporting period, nor in the previous year. The carrying amounts of all other financial assets and liabilities measured at amortized cost are reasonable approximations of their fair values.

Evolve holds an investment in equity shares in a non-listed R&D company. The Group considers the investment as not strategic in nature. The investment is categorized as fair value (Level 3). The valuation of this financial asset is based on the most recent share price of a capital increase by the R&D company. The Group obtained this information directly from the R&D company.

In 2020, Evolve Holding SA entered into an agreement for the issuance and subscription of convertible notes with Nice & Green SA. For detailed information on the compound embedded derivative see Note 16.

## 18. Contingent liabilities and commitments

As part of its research activities, Evolve is involved in several projects funded by governmental and other public entities. These contracts include clauses that might result in reclaims of funding that Evolve has received.

The Group has entered into various purchase commitments for manufacturing, material and services as part of its ordinary business. The total amount of commitment for manufacturing with manufacturing organizations for the next years amounts to CHF 50.2 million (31.12.2021: CHF 57.6 m). These commitments are not in excess of current market prices and reflect normal business operations.

On 20 June 2022, Evolva was presented with a sanctions proposal of SIX Exchange Regulation AG (SER) concerning potential violations of the Rules regarding Financial Reporting (Art. 51 LR). The alleged violations concern the treatment of intangible assets in Evolva's IFRS annual financial statements 2019 und 2020. Evolva disputes the main allegations and submitted a respective statement to the Sanctions Commission on 4 August 2022. The amount which Evolva will have to pay will be determined by the Sanctions Commission. Therefore, neither timing nor amount can be reliably estimated at reporting date. If the proposed sanction enters into force and effect, the estimated financial impact could amount up to CHF 200'000 plus costs of proceedings. The Group does not have any possibility of reimbursement.

### **19. Related party transactions**

In the first half-year 2022, Evolva has sold products for CHF 0.05 million to a company where a member of the board of Evolva is also a member of the board of the customer (2021: CHF 0.1 million). As of the reporting date, Evolva has no outstanding receivable from transactions with related parties (1H 2021: CHF 0 million).

### **20. Events subsequent to the reporting date**

No significant events to be disclosed have occurred after the reporting period up to the date of the authorisation of these consolidated financial statements.

## Report of the Independent Auditor

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### Report of the independent auditor to the Board of Directors of Evolva Holding SA, Reinach (BL)

#### Report on the review of the interim condensed consolidated financial statements

##### Introduction

We have reviewed the interim condensed consolidated financial statements (consolidated statement of financial performance, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and notes) of Evolva Holding SA for the period from 1 January 2022 to 30 June 2022.

The Board of Directors is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

##### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

##### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Mazars AG



Cyprian Burmann  
Licensed Audit Expert  
(Auditor in Charge)



Roger Leu  
Licensed Audit Expert

Zurich, 24 August 2022

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### Financial calendar

9 March 2023	FY 2022 report
18 April 2023	Annual General Meeting

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