

EVOLVA

**HALF-YEAR REPORT
FOR THE PERIOD FROM
1 JANUARY 2023 TO 30 JUNE 2023**

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Shareholder letter

Dear shareholders,

Following the focused built-up of a solid foundation for commercial success in 2022, the first year under the new leadership team during which revenue and profitability targets were fully met in the company's recent history, we were ready to build on the strong momentum and accelerate growth as of 2023 and beyond, in line with our mid-term plan already announced one year ago.

We were excited about the continuous progress we were making towards our major strategic initiatives also in the first half of 2023. As such, we achieved a major milestone in securing the continued strong growth in Flavors & Fragrances (F&F) by signing a multi-year agreement with a leading CMO partner to enable the supply of Vanillin to a global F&F customer of around CHF 35 million until 2026. Our Natural Nootkatone has been introduced in the EU markets in the first half of 2023 and has already met with good interest and demand. Furthermore, with an increased focus to also boost our Health Ingredients (HI) business for commercial performance, we entered new market segments with our responsible Veri-te™ Resveratrol. In addition to human dietary supplements and animal nutrition and health, we refined our value proposition and market approach by also going "Responsible Care" by the launch of Resveratrol and L-Arabinose for the personal care industry. We further developed promising future business opportunities with NootkaSHIELD™ by working on the development of new formulations and applications in the area of tick prevention together with the US Centers for Disease Control and Prevention (CDC). In March of 2023, we also entered into the field of eco-

friendly agro-solutions by partnering up with Grace Breeding to replace chemical fertilizers.

On the back of the good business momentum and significant progress on profitability improvements achieved in the first half of 2023, we were enthused about the further prospects with a significantly strengthened CMO network from 2024 onwards, major technology improvements, substantial cost efficiencies and a filled R&D pipeline. As such, Evolva was well underway to reach its ambition of EBITDA and cash break-even by 2025.

We were also convinced that, with the open financing lines with Nice & Green (N&G), we had sufficient short-term liquidity levels to support the further building of the New Evolva at least until the end of the first quarter of 2024. In addition, we were entertaining discussions with several potential strategic partners for minority investments in the company to cover the remaining financing needs until cash break-even in a shareholder friendly way, while at the same time strengthening our business model.

Beginning of June, N&G informed Evolva of their intention to not keep their financial commitments due to a different interpretation of their obligations under the then existing contractual agreement, creating an immediate emergency for Evolva. As a result, we were forced to negotiate a new agreement with N&G which secures the financing at least until the end of 2023. At the same time, we were required to initiate a review of strategic alternatives, including a potential sale of the company. The new financing agreement with N&G gives us the required time to conduct such review in an orderly manner and to find a

solution that is in the best interest of all stakeholders.

Revenue highlights

Evolve reported sales of CHF 4.5 million for the first half of 2023. The lower sales compared to the prior year period resulted from the absence of Vanillin deliveries in 1H 2023, which as previously communicated had been planned to take place in the second half of the year (and was now decided to move into 2024), as well as lower royalty income from EverSweet®. Adjusted for Vanillin and EverSweet®, product revenue grew by 11% in 1H 2023 despite the business disruptions created by the Nice & Green situation.

Flavors & Fragrances

The Flavors & Fragrances business achieved a major milestone during the first half of 2023 by signing a multi-year agreement with a leading CMO partner to enable the supply of Vanillin to a global F&F customer of around CHF 35 million by 2026. Valencene and Nootkatone delivered a solid sales growth of 7% and are expected to further increase during the second half of 2023 and beyond, supported by the broadened product offering with the launch of our Natural Nootkatone in the EU.

Health Ingredients

In the first half of 2023, Evolve extended its focus towards the Health Ingredients business. Health Ingredients revenues in the first half of 2023 amounted to CHF 2.5 million, 13% higher than in 1H 2022 (CHF 2.2 million), especially driven by Resveratrol. The good performance was achieved thanks to the pursuit of more focused market-segment and customer-specific strategies, a refined value proposition and go-to-market approach together with the onboarding of a new commercial team in

the USA and Europe. We see strong market interest especially for Resveratrol and are convinced that we can continue to grow also in the new market segments. At the in-cosmetics in Barcelona in March we launched our Responsible Care concept for the Personal Care industry based on two responsible ingredients, Resveratrol and L-Arabinose. At the Vitafoods Europe in Geneva in May we presented our responsible Veri-te™ Resveratrol ingredient for various food and dietary supplements.

Royalties from EverSweet®, marketed by Avansya, a joint venture between Cargill and DSM, were again below expectations in the first half of 2023. Evolve is in regular contact with Avansya and remains positive about the long-term potential of EverSweet® as a sugar replacement.

Profitability highlights

During the first half of 2023, Evolve generated a positive gross contribution margin of 30.4%, substantially above the 10.9% margin in the first half of 2022 and above the full year 2023 guidance of more than 20%. The increase was primarily driven by the strengthened production network and better value capturing on the pricing side. A further continuous increase in gross contribution margin is expected. Adjusted EBITDA in 1H 2023 improved by CHF 1.2 million to CHF -6.3 million.

Cash flow and balance sheet

During the period, operating free cash flow improved substantially by CHF 10.7 million to only CHF -4.0 million. This achievement was primarily driven by higher profitability and a reduction of net working capital. Cash flow from financing activities amount to CHF 3.3 million and mainly reflect placements to Nice & Green. The remaining financing lines of CHF 5.25 million can be drawn in full if the

proposed increase of the conditional capital is approved by the extraordinary general meeting on 24 August 2023 (more information on EGM: [Link](#)) and unless the following applies: If, on any given day until the end of 2023, the daily VWAP of an Evolva share is equal or lower than CHF 1.40, the investor is entitled to suspend the agreement for 7 trading days by written notice to the issuer.

In 1H 2023 a non-cash relevant impairment of goodwill and other assets of CHF 68.3 million had to be recorded as result of the current financing situation. The underlying business expectations in the impairment test were not fundamentally changed.

Outlook

Based on the continued positive business momentum also experienced in the first half of 2023, Evolva is confident regarding its mid-term ambition, EBITDA and cash break-even by 2025 provided that the going concern of the company can be secured. However, the current financing situation poses a significant risk and forced the company to postpone some activities into 2024, for which reason we had to revoke our 2023 guidance. These decisions are purely liquidity-related and we still very much believe in the potential of Evolva. Our current focus remains on ensuring the best possible outcome for the company, our employees, shareholders, customers, and suppliers.

As mentioned, the Board of Directors has initiated a comprehensive review of strategic alternatives, including a potential sale of the company. Active discussions are ongoing with multiple interested parties. We will inform about the outcome of

these discussions in due course. At the latest by end of 2023, the Board of Directors is confident to have successfully implemented strategic measures that will secure sufficient liquidity and the going concern of the Group in the long term. If no buyer, strategic or financing partner can be found during the strategic review, or no other strategic transaction or measure can be implemented, the company would eventually have to cease its operations.

Dear shareholders, we thank you for your trust, understanding and support in this difficult situation. Our thanks go also to our employees for their dedication and commitment as well as our business partners and customers for their close collaboration. We deeply regret the course of actions which were forced upon us in the last months and ensure you that we will do our utmost to protect the company's future.



Stephan Schindler
Chairman



Christian Wichert
CEO

Financial key figures¹⁾

CHF million	Period from 1 January to 30 June			
	2023 adjusted	2022 adjusted	2023 reported	2022 reported
Revenue from contracts with customers	4.5	8.1	4.5	8.1
<i>Product-related revenue</i>	4.3	7.8	4.3	7.8
<i>Direct production costs</i>	(3.0)	(6.9)	(3.0)	(6.9)
Gross contribution	1.3	0.9	1.3	0.9
<i>in % of product-related revenue</i>	30.4%	10.9%	30.4%	10.9%
<i>Research & development revenue</i>	0.2	0.4	0.2	0.4
<i>Cost of goods sold (excl. direct production costs)</i>	(2.4)	(2.2)	(3.5)	(6.7)
Gross profit	(1.0)	(1.0)	(2.0)	(5.5)
Research & development expenses	(3.5)	(5.2)	(28.9)	(19.4)
Commercial, general & administrative expenses	(5.3)	(5.7)	(47.2)	(6.0)
Operating loss (EBIT)	(9.8)	(11.9)	(78.1)	(30.9)
Depreciation and amortization	(3.5)	(4.4)	(3.5)	(4.4)
Impairment of intangible assets	0.0	0.0	(66.3)	(17.0)
Impairment of tangible assets	0.0	0.0	(2.0)	0.0
EBITDA	(6.3)	(7.5)	(6.3)	(9.5)
Cash position (end of period)	4.4	7.4	4.4	7.4
Extraordinary items	(68.3)	(19.0)		
- <i>impairment</i>	(68.3)	(17.0)		
- <i>inventory write-off</i>	0.0	(1.6)		
- <i>others</i>	0.0	(0.4)		

1) 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 2023**

Consolidated Statement of Financial Performance

CHF '000	Note	Period from 1 January to 30 June	
		2023	2022
Revenue from contracts with customers	3	4'452.6	8'134.6
Cost of goods sold	4	(6'491.2)	(13'621.8)
Gross profit		(2'038.6)	(5'487.1)
Research & development expenses	5	(28'907.9)	(19'428.3)
Commercial, general & administrative expenses	6	(47'169.8)	(6'015.4)
Total operating expenses		(76'077.7)	(25'443.6)
Operating loss		(78'116.3)	(30'930.8)
Financial income	7	1'854.1	3'406.5
Financial expense	7	(3'382.9)	(1'332.5)
Net loss before tax		(79'645.1)	(28'856.8)
Income tax	-	-	-
Net loss for the period		(79'645.1)	(28'856.8)
Basic and diluted loss per share (in CHF)	13	(17.60)	(7.00)

Consolidated Statement of Comprehensive Income

CHF '000	Period from 1 January to 30 June	
	2023	2022
Net loss for the period	(79'645.1)	(28'856.8)
<i>Items to be reclassified to the statement of financial performance (net of tax)</i>		
- Translation differences	(292.5)	1'633.4
<i>Items not to be reclassified to the statement of financial performance (net of tax)</i>		
- Remeasurement gain / (loss) on defined benefit plans	79.0	(581.9)
Other comprehensive income / (loss) - (net of tax)	(213.6)	1'051.4
Total comprehensive loss	(79'858.6)	(27'805.4)

Consolidated Statement of Financial Position

CHF '000	Note	30 June 2023	31 December 2022
ASSETS			
Non-current assets			
Intangible assets	8	21'938.1	92'648.3
Property, plant and equipment	9	2'730.7	5'258.0
Financial assets	12	863.9	2'971.2
Total non-current assets		25'532.7	100'877.5
Current assets			
Inventories	11	15'889.0	18'392.0
Compound embedded derivative	16	527.3	70.6
Prepayments & accrued income	-	3'717.5	2'485.2
Trade and other receivables	-	3'033.9	4'039.3
Cash and Cash equivalents	-	4'436.6	5'142.7
Total Current assets		27'604.3	30'129.8
Total Assets		53'137.0	131'007.3
EQUITY AND LIABILITIES			
Equity			
Share capital	13	4'766.3	56'064.0
Share premium	-	373'993.1	372'969.8
Treasury shares	14	(17.2)	(218.9)
Other reserves	-	40'790.3	40'555.6
Accumulated loss	-	(398'395.3)	(371'024.3)
Other components of equity	-	7'679.2	7'892.8
Total equity		28'816.4	106'238.9
Non-current liabilities			
Pension liabilities	-	419.5	459.2
Lease liabilities	-	3'058.4	2'906.8
Other payables	-	1'569.3	1'670.8
Provisions	15	740.8	1'065.6
Total non-current liabilities		5'788.0	6'102.4
Current liabilities			
Trade and other payables	-	2'535.7	4'222.4
Accrued liabilities and provisions	-	2'295.4	2'292.8
Convertible loan	16	13'469.5	11'487.6
Lease liabilities	-	232.0	663.1
Total current liabilities		18'532.6	18'665.9
Total Equity and Liabilities		53'137.0	131'007.3

Consolidated Statement of Cash Flows

CHF '000	Note	Period from 1 January to 30 June	
		2023	2022
Operating activities			
Net loss for the period		(79'645.1)	(28'856.8)
Non-cash adjustments to reconcile net loss for the period to net cash flows			
- Depreciation of tangible assets	9	456.4	566.7
- Impairment of tangible assets	9	2'019.1	-
- Amortization of intangible assets	8	3'071.3	3'842.3
- Impairment of intangible assets	8	66'283.3	17'033.3
- Interest income	7	(2.8)	(35.3)
- Financial income and expenses	7	118.5	(100.7)
- Net foreign exchange differences	7	1'424.9	(2'176.9)
- Share-based compensation	10	552.0	283.6
- Change in current assets	-	3'956.8	(3'863.4)
- Change in current liability	-	(1'985.8)	29.9
- Change in provisions	-	(70.0)	-
- Change in pension liability	-	39.3	(83.5)
- Interest payments received	-	2.8	35.3
- Interest expenses paid	-	(161.0)	(170.0)
Net cash flow from operating activities		(3'940.2)	(13'495.4)
Investing activities			
Purchase of property, plant and equipment	9	(1'985.6)	(477.4)
Disposal of property, plant and equipment	9	2'026.6	-
Capitalized development expenses	8	(79.1)	(763.2)
Reduction of financial deposits	12	0.1	-
Cash flow from investing activities		(38.1)	(1'240.5)
Financing activities			
Proceeds from convertible loan	16	3'683.8	5'760.0
Proceeds from private placement	-	-	6'327.4
Cost of capital change	-	(111.1)	(562.4)
Payment of principal portion of lease liabilities	-	(279.5)	(418.1)
Cash Flow from financing activities		3'293.2	11'106.9
Net increase / (decrease) in cash and cash equivalents		(685.0)	(3'629.0)
Exchange gain on cash and cash equivalents		(21.0)	27.3
Cash and cash equivalents at the beginning of period		5'142.7	11'000.7
Cash and cash equivalents at end of the period		4'436.6	7'399.0

Consolidated Statement of changes in Equity

CHF 1'000	Note	Share Capital	Share premium	Total capital paid in	Treasury shares	Other Reserves	Employee benefit reserve	CTA	Accumulated loss	Total Equity
Balance at 1 January 2023		56'064.0	372'969.8	429'033.8	(218.9)	40'555.6	1'315.8	6'577.0	(371'024.3)	106'238.9
Loss of the period		-	-	-	-	-	-	-	(79'645.1)	(79'645.1)
Other comprehensive income		-	-	-	-	-	79.0	(292.5)	-	(213.6)
Total comprehensive loss		-	-	-	-	-	79.0	(292.5)	(79'645.1)	(79'858.6)
Capital increase from conditional capital		976.3	1'334.0	2'310.3	-	(315.1)	-	-	-	1'995.2
Capital increase from ordinary capital increase		0.0	-	0.0	-	-	-	-	-	0.0
Nominal value reduction		(52'274.1)	(199.6)	(52'473.7)	199.6	-	-	-	52'274.1	-
Cost of capital charge		-	(111.1)	(111.1)	-	-	-	-	-	(111.1)
Effects of share-based compensation	10	-	-	-	2.1	549.8	-	-	-	552.0
Conversion of convertible loan		-	-	-	-	-	-	-	-	-
Balance at 30 June 2023		4766.3	373'993.1	378'759.4	(17.2)	40'790.3	1'394.7	6'284.5	(398'395.3)	28'816.4
Balance at 1 January 2022		51'531.5	367'602.8	419'134.3	(1'718.4)	39'552.0	204.9	2'255.4	(327'657.9)	131'770.3
Loss of the period		-	-	-	-	-	-	-	(28'856.8)	(28'856.8)
Other comprehensive income		-	-	-	-	-	(581.9)	1'633.4	-	1'051.4
Total comprehensive loss		-	-	-	-	-	(581.9)	1'633.4	(28'856.8)	(27'805.4)
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
Balance at 30 June 2022		55'361.5	372'656.4	428'017.9	(292.9)	39'691.0	(377.0)	3'888.8	(356'514.7)	114'413.2

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 1.00 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 ¹		Shareholder	Share capital
		30.06.2023	31.12.2022		
Evolva AG	Reinach, CH	100%	100%	Evolva Holding SA	CHF 6'369'540
Evolva Inc.	Lexington, USA	100%	100%	Evolva AG	USD 7'835
Non-operational entities					
Evolva Bio UK Ltd. ²⁾	Cambridge, UK	100%	100%	Evolva AG	GBP 14.62
Evolva Singapore PTE. Ltd. ²⁾	Singapore	100%	100%	Evolva AG	SGD 100
Evolva Biotech Private Limited ²⁾	Chennai, India	100%	100%	Evolva AG	INR 169'930

¹ Capital ownership is equal to voting ownership

² Company in liquidation

On 30 June 2023, Evolva employed 49 employees (1H 2022: 62), of which 23 (1H 2022: 25) 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 23 August 2023.

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 2023 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 2022. 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	2023		2022	
		30 June	Average rate ¹⁾	30 June	Average rate ¹⁾
USD	1	0.91	0.93	0.97	0.94
EUR	1	0.98	1.00	1.02	1.05
INR	100	1.11	1.17	1.22	1.25
GBP	1	1.13	1.14	1.18	1.24

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 2022 as well as for the interim condensed consolidated financial statements for the half-year ended 30 June 2022.

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 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

3. Segment and geographical information

Evolva 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 1'000	Period from 1 January to 30 June	
	2023	2022
Type of goods or services		
Product-related revenue	4'282.2	7'782.9
Research & development revenue	170.5	351.7
Total revenue from contracts with customers	4'452.6	8'134.6
Geographical allocation¹⁾		
Switzerland	1'934.3	5'470.6
United States	2'518.3	2'664.0
Total revenue	4'452.6	8'134.6
Timing of revenue recognition		
Revenue recognition at a point in time	4'282.2	7'782.9
Revenue recognition over a period of time	170.5	351.7
Total revenue from contracts with customers	4'452.6	8'134.6

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

In 1H 2023, Evolva's largest customer accounted for 10.3% (1H 2022: 51%) of total Group revenues. Evolva constantly monitors the expected future credit losses, at the reporting date, Evolva has recognized CHF 0.2 million allowance for bad debt (1H 2022: CHF 0.1 million).

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

CHF 1'000	30 June 2023	31 Dec 2022
Switzerland	19'891.2	44'366.3
United States	4'777.7	53'183.5
Rest of the world	-	356.4
Total non-current assets	24'668.9	97'906.3

4. Cost of goods sold

CHF '000	Period from 1 January to 30 June	
	2023	2022
Direct production costs	2'981.0	6'932.2
Write-off of Inventory	247.4	1'553.5
Staff compensation (incl. share-based compensation)	561.4	777.9
Other operating expenses	382.4	338.9
Amortization of intangible assets	1'149.3	1'050.1
Impairment of intangible assets	-	2'873.8
Depreciation of tangible assets	109.5	95.4
Impairment of tangible assets	1'060.3	-
Total cost of goods sold	6'491.2	13'621.8

Total cost of goods sold decreased by 52.3% compared to 1H 2022. This is mainly due to lower production activity (Vanillin) in 1H 2023. However, excluding the impairment of intangible assets and the write-off of inventory, total cost of goods sold decreased by 32.1%. The overall lower headcount consequently led to lower staff compensation. Amortization of intangible assets increased slightly due to additionally capitalized costs.

5. Research and development expenses

CHF '000	Period from 1 January to 30 June	
	2023	2022
Other research & development expenses	43.4	420.3
Staff compensation (incl. share-based compensation)	1'513.8	1'701.8
Amortization of intangible assets	1'922.0	2'792.2
Impairment of intangible assets	24'814.6	14'159.5
Depreciation of tangible assets	67.4	354.4
Impairment of tangible assets	546.8	-
Total research & development expenses	28'907.9	19'428.3

Total research and development expenses increased by 48.3% due to the impairment recognized during 1H 2023 on intangible and tangible assets. Excluding the impairment, research and development expenses decreased by 22.3%. This is mainly due to lower staff compensation as well as other research and development expenses, which both decreased due to cost efficiency and fewer staff members.

6. Commercial, general & administrative expenses

CHF 1'000	Period from 1 January to 30 June	
	2023	2022
Other commercial, general & administrative expenses	1'911.0	1'851.6
BoD, GMT and staff compensation	3'244.8	4'046.8
Other income	(148.8)	-
Depreciation of tangible assets	282.0	116.9
Impairment of tangible assets	412.0	-
Impairment of intangible assets	41'468.7	-
Total commercial, general & administrative expenses	47'169.8	6'015.3

Commercial, general & administrative expenses decreased by 12.1% compared to 1H 2022. However, considering the impairment of intangible assets, which was recognized on goodwill in 1H 2023, commercial, general & administrative expenses increased by 684.2%.

7. Financial result

CHF 1'000	Period from 1 January to 30 June	
	2023	2022
Interest & bank expense	(86.3)	(47.3)
Effective interest on convertible note	(432.3)	(251.0)
Lease expenses	(74.7)	(122.7)
Foreign exchange loss	(2'789.7)	(911.6)
Total financial expense	(3'382.9)	(1'332.6)
Interest income	2.8	35.3
Foreign exchange gain	1'376.5	2'849.6
Fair value gain on embedded derivative	474.8	521.7
Total financial income	1'854.1	3'406.6
Net financial result	(1'528.8)	2'074.0

8. Intangible assets

CHF '000 Historical cost	Patents & patent ap- plications	Royalty & Li- cences	Product & process de- velopment	Goodwill	Total
1 January 2023	38'730.3	80'022.2	12'410.5	41'054.8	172'217.8
Additions	-	-	79.1	-	79.1
Translation effects	(988.8)	(1'584.5)	(54.0)	(659.4)	(3'286.7)
30 June 2023	37'741.4	78'437.7	12'435.6	40'395.4	169'010.2
Accumulated amortization					
1 January 2023	(27'692.5)	(44'893.6)	(6'983.3)	-	(79'569.5)
Amortization of the period	(692.3)	(1'229.7)	(1'149.3)	-	(3'071.3)
Impairment of the period	(10'070.7)	(11'490.3)	(4'326.9)	(40'395.4)	(66'283.3)
Translation effects	714.0	1'114.1	23.9	-	1'852.1
30 June 2023	(37'741.4)	(56'499.5)	(12'435.6)	(40'395.4)	(147'072.0)
Net book value at 30 June 2023	-	21'938.1	-	-	21'938.1

Historical cost					
1 January 2022	30'943.9	79'542.3	10'654.9	40'889.1	162'030.2
Additions	-	-	763.2	-	763.2
Translation effects	1'470.4	2'499.0	69.1	1'030.4	5'068.9
30 June 2022	32'414.2	82'041.3	11'487.2	41'919.5	167'862.3
Accumulated amortization					
1 January 2022	(16'699.2)	(30'041.2)	(1'987.9)	-	(48'728.3)
Amortization of the period	(782.6)	(2'009.7)	(1'050.1)	-	(3'842.3)
Impairment of the period	(2'039.6)	(12'119.9)	(2'873.8)	-	(17'033.3)
Translation effects	(767.2)	(871.6)	(22.7)	-	(1'661.5)
30 June 2022	(20'288.5)	(45'042.4)	(5'934.5)	-	(71'265.5)
Net book value at 30 June 2022	12'125.6	36'998.9	5'552.7	41'919.5	96'596.6

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.

Evolva 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 2023, Evolva has recognised CHF 0.1 million as product & process development cost (1H 2022: CHF 0.8 million) of which the majority is related to manufacturing process improvements / developments of Evolva's on-market products.

Impairment test of goodwill and intangible assets

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 Group has identified one CGU, namely research, development, manufacturing and commercialization of novel food, nutritional and healthcare ingredients.

The Group has identified several events in the first half-year of 2023, where the carrying amount of equity exceeded the CGU's fair value less cost of disposal. Therefore, the Group has performed an impairment test to determine the recoverable amount. The value in use was determined based on a discounted cash flow model. The fair value less cost of disposal is represented by the market capitalization (fair value level 1) plus a Group specific control premium less cost of disposal.

As of reporting date, the value in use of the CGU exceeded the fair value less cost of disposal and is therefore determined as the recoverable amount. The carrying amount of equity exceeded the recoverable amount of the CGU by CHF 68.3 million. Consequently, a non-cash relevant impairment of CHF 68.3 million was recognized on goodwill, patents & patent application, product & process development, royalty & licences and property, plant and equipment. For further information on the impairment on property, plant and equipment see note 9.

To determine the value in use of the CGU, the key assumptions comprise market shares, corresponding profitability for individual products and investments in net working capital as well as capital expenditure assumptions. Basis for determining values assigned to the key assumptions are as follows:

- **Product specific market share**
Primarily based on management assumptions, whereas the overall market size is derived from external sources such as analyst and market reports.
- **Product specific profitability**
Based on contractually agreed production prices and past experience. Selling prices are based on market prices and adjusted for expected price developments, deemed reasonably achievable by management.
- **Investments in net working capital**
Primarily based on past experience and management assumptions.
- **Investments in capital expenditures**
Primarily based on contractual agreements, past experience and management assumptions.

The period over which management has projected cash flows based on approved forecasts is ten years. Management estimates that this period best reflects the growth potential of the Group's products as well as of its pipeline. The growth rate used to extrapolate cash flow projections beyond the period covered by the approved forecasts is 1.9% (31.12.2022: 1.7%). This growth rate does not exceed the long-term average growth rates of the relevant markets, in which the Group operates. The discount rate applied to the cash flow projections is 23.9% (31.12.2022: 13.2%). The discount rate increased significantly because the company-specific risk factor was adjusted as a result of the current financing situation.

Sensitivity Analysis

The sensitivity analysis demonstrates the sensitivity of the two key assumptions weighted average cost of capital (WACC) and terminal growth rate. WACC is used to discount the cash flow projections of the approved forecast periods, while terminal growth rate is used to extrapolate cash flow projections beyond the periods covered by approved forecasts. In previous periods the recoverable amount was fair value less cost of disposal.

The value in use as of 30 June 2023 amounts to CHF 28'816.4 million.

CHF T'000	30 June 2023	Absolute value change of value in use in CHF
Value in use with WACC -0.5%	30'394.8	1'578.4
Value in use with WACC -1.0%	32'084.0	3'267.6
Value in use with WACC +0.5%	27'340.3	-1'476.1
Value in use with WACC +1.0%	25'958.6	-2'857.8
Value in use with terminal growth rate -0.5%	28'358.1	-458.3
Value in use with terminal growth rate -1.0%	27'919.8	-896.6
Value in use with terminal growth rate +0.5%	29'296.0	479.6
Value in use with terminal growth rate +1.0%	29'798.4	982.0

9. Property, plant and equipment

CHF 1'000 Historical cost	Laboratory equip- ment	Office and IT equipment	Lease- hold improve- ments	Manu- facturing equip- ment	Right-of- use as- sets	Total
1 January 2023	9'286.2	511.9	914.6	2'041.0	8'505.4	21'259.1
Additions	-	5.3	-	-	1'980.3	1'985.6
Disposals	(2.4)	(14.0)	-	-	(4'006.2)	(4'022.6)
Translation effects	(92.0)	(0.0)	-	(12.1)	-	(104.1)
30 June 2023	9'191.8	503.2	914.6	2'028.9	6'479.6	19'118.0
Accumulated depreciation						
1 January 2023	(9'213.3)	(459.1)	(373.3)	(488.5)	(5'466.9)	(16'001.1)
Additions	(19.2)	(18.1)	(45.7)	(109.5)	(263.9)	(456.4)
Disposals	0.0	14.0	-	-	1'982.0	1'996.0
Impairment of assets	(51.2)	(40.1)	(495.6)	(1'432.2)	-	(2'019.1)
Translation effects	92.0	-	-	1.3	-	93.3
30 June 2023	(9'191.8)	(503.2)	(914.6)	(2'028.9)	(3'748.8)	(16'387.3)
Net book value at 30 June 2023	-	-	-	-	2'730.7	2'730.7

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	-	(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	0.0	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	
	2023	2022
Research & development	78.6	33.4
Operations & manufacturing	44.8	37.8
Commercial, general & administrative expenses	428.5	212.4
Total share-based compensation	552.0	283.6

In the first half-year 2023, 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 2023. In addition, an RSU plan to members of the board of directors was granted.

As a result of the reverse split approved by the AGM 2023, all instruments (incl. fair values at grant and exercise prices) were adjusted in the new ratio of 250:1.

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 4	PSU	01.07.2021	30.06.2024	CHF 27.50	20'688
LTI 5	PSU	01.07.2022	01.04.2025	CHF 22.38	55'581
STI 6	PSU	01.04.2023	31.03.2024	CHF 20.68	34'128
EVE 10	RSU	10.02.2017	Several ¹⁾	CHF 137.50	12'044
EVE 21	RSU	18.04.2023	16.04.2024	CHF 17.95	13'368
Total					135'809

¹⁾ 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:

	Number of share units	
	30 June 2023	31 Dec 2022
Outstanding at 1 January	41'614'213	26'507'717
Adjustment due to reverse split (ratio 250:1)	41'479'275	-
Granted	47'496	22'281'246
Vested	46'625	4'320'479
Forfeited	-	2'854'271
Outstanding at end of period	135'809	41'614'213

Incentive share option plans

The fair value of share option awards granted (EVE 6 – 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 at CHF
EVE 9	15.02.2016	14.02.2026	192.50	200.00	42.70%	0.00%	75.00
EVE 8	01.01.2015	31.12.2024	330.00	327.50	45.00%	0.36%	155.00
EVE 7	01.01.2014	31.12.2023	247.50	245.00	52.50%	1.25%	127.50
EVE 6	01.07.2013	30.06.2023	167.50	160.00	52.50%	1.07%	87.50

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 2023.

Plan name	Year of grant	WAEP	Number of options	WAYCL
EVE 9	2016	200.00	30'781	4.1
EVE 8	2015	327.50	19'945	3.0
EVE 7	2014	245.00	21'125	2.0
EVE 6	2013	160.00	11'747	1.5
Total		220.00	83'598	2.7

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

	Number of options	
	30 June 2023	31 Dec 2022
Outstanding at 1 January	23'626'232	23'626'232
Adjustment due to reverse split (ratio 250:1)	23'542'634	-
Forfeited	-	-
Expired	-	-
Outstanding at end of period	83'598	23'626'232
-of which exercisable	83'598	23'626'232

11. Inventories

CHF '000	30 June 2023	31 December 2022
Raw materials	270.1	252.0
Intermediate products	2'434.9	3'403.6
Finished products	13'184.0	14'734.8
Stock in transit	-	1.6
Total Inventories	15'889.0	18'392.0

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 2023 a write-down of inventory to net realisable value in the amount of CHF 0.2 million (1H 2022: CHF 1.5 million) was recorded. The overall inventory decrease is mainly due to increased commercial activity as well as increased customer demand.

12. Financial assets

CHF '000	30 June 2023	31 December 2022
Financial deposits	608.4	608.6
Financial loans	2'140.1	1'787.2
Prepayments to supplier	-	289.4
Investment in non-listed R&D company	255.5	285.9
Total financial assets	3'003.9	2'971.2

The changes in financial deposits and Investment in a non-listed R&D company result from fluctuations in foreign currencies only. The increase in financial loans is the result of renegotiations of a loan agreement with one of Evolva's manufacturing partners. Starting in 2021, the loan was recognized at amortized cost until 31 December 2022 and depreciated over seven years, which represented the lifetime of the old agreement. Due to the renegotiations the loan is now disclosed at nominal value. The manufacturing partner will pay back the nominal value of the loan to Evolva in 2H 2023. Under the new agreement, Evolva committed to an additional CAPEX investment, which will also take place in 2H 2023. For further information see Note 18.

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
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	220'720	220.7
30 June 2023	4'766'292	4'766.3

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 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 June 2023 Evolva issued an additional 220'720 shares from conditional capital. Thereof, 211'954 shares at an average price of CHF 5.897 per share to cover bond conversions and 8'766 shares at nominal value of CHF 1 to cover the vesting of EVE 20.

Due to the fact that the number of ordinary shares outstanding decreased as a result of a reverse share split, the calculation of basic and diluted earnings per share has been adjusted for the comparative period. The disclosed earning per share of CHF -7.00 in the statement of financial performance is equivalent to the previously disclosed earning per share of CHF -0.03.

14. Treasury shares

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

	Treasury shares	
	Shares	CHF t'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)
<i>pre reverse split AGM 2023</i>	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	(153)	(0.2)
30 June 2023	17'204	17.2

15. Provisions

CHF t'000	30 June 2023	31 December 2022
Beginning of period	1'065.6	1'056.5
Provisions made during the year	70.0	-
Provisions used during the year	-	-
Provisions reversed during the year	(293.7)	-
Currency translation effect	(31.1)	9.2
End of period	810.8	1'065.6
- of which non-current	740.8	1'065.6
- of which current	70.0	-

As of 30 June 2023, the provisions consisted of CHF 0.8 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. One of the underlying amounts of the provisions was partially reversed in 1H 2023. The reversed amount relates to late fees and interest. Additionally, a short-term provision was recognized for legal fees in connection with a dispute, in which Evolva is the plaintiff.

16. Convertible loan

On 26 June 2020, Evolva Holding SA (“issuer”) entered into an agreement for the issuance and subscription of convertible notes with Nice & Green SA, a company incorporated and registered in Switzerland (“investor”). Under the terms of the agreement and the subsequent amendments in 2020, 2021, 2022, the investor has committed to invest up to an amount of CHF 56 million (“maximum commitment”), divided into tranches, until March 2024 (“the commitment period”).

On 23 June 2023, the parties have signed a new agreement for the issuance and subscription of convertible notes that replaces the agreement of 26 June 2020 (as amended). The maximum commitment remained unchanged.

A. General changes

In the new agreement, the parties have agreed, *inter alia*, on specific terms applicable to each outstanding convertible note regarding (i) the nominal value, (ii) the conversion period and (iii) an interest component for outstanding convertible notes in the amount of CHF 5 million.

Regarding change (i), it was agreed that each outstanding convertible note shall be split so that the nominal value of each outstanding convertible note shall be CHF 10'000.

Regarding change (ii), it was agreed that the conversion period for each outstanding convertible note shall be extended for 12 months starting from 23 June 2023 (signing date).

Regarding change (iii), it was agreed that outstanding convertible notes in the amount of CHF 5 million bear interest from the signing date of the new agreement until 31 December 2023 (“special investment period”) in the amount of the relevant Swiss Average Rate Overnight of three months (SARON 3 months compound rate), calculated on a 365/365 basis. Except as a result of an event of default, the interest bearing outstanding convertible notes shall not be converted into shares until 31 December 2023.

B. Changes regarding subscription terms

In the new agreement, the parties agreed on the following specific terms regarding the commitment to subscribe for new convertible notes.

From the date of the amendment until 31 December 2023, the issuer may utilize the maximum commitment by up to CHF 5.25 million in six tranches as follows:

- (i) Tranche 1: up to CHF 1 million of convertible notes by 10 July 2023 (the tranche 1 convertible notes I)
- (ii) Tranche 2: up to CHF 0.5 million of convertible notes by 10 August 2023 (the tranche 2 convertible notes I)
- (iii) Tranche 3: up to CHF 1.5 million of convertible notes by 10 September 2023 (the tranche 3 convertible notes I)
- (iv) Tranche 4: up to CHF 1 million of convertible notes by 10 October 2023 (the tranche 4 convertible notes I)

- (v) Tranche 5: up to CHF 0.75 million of convertible notes by 10 November 2023 (the tranche 5 convertible notes I)
- (vi) Tranche 6: up to CHF 0.5 million of convertible notes by 10 December 2023 (the tranche 6 convertible notes I)
- (vii) Tranche 7: up to an amount for which no subscription requests have been made under Tranche 1 to 6 by the end of December 2023 (tranches 1-7 are referred to as new convertible notes I).

It was further agreed that the issuer owes the investor a total amount of approx. CHF 0.27 million (based on the three-day VWAP 20 June to 22 June 2023). The parties have agreed that of this amount, (i) CHF 0.15 million shall be repaid by offsetting against the above-mentioned tranches, each pro rata of the above-mentioned amounts under tranche 1-6, and (ii) the remaining amount of CHF 0.12 million shall be repaid by pro-rata offsetting against any tranches drawn by the issuer in return for the issuance of new convertible notes II.

In addition to the new convertible notes I, the issuer may utilize, from 30 September 2023 at the end of every month during the special investment period, the maximum commitment by an aggregate amount of up to CHF 2.75 million (new convertible notes II). New convertible notes II may be issued by the issuer subject to the investor's ability to sell a certain volume of shares in the market, i.e., in accordance with following formula:

Total principal amount of new convertible notes II = 2/3 of the gross proceeds from the sale of shares by the investor in the period from 1 June 2023 to the respective date of subscription minus aggregate principal amount of new convertible notes I drawn as per the respective date of subscription.

During the special investment period, except for the new convertible notes I and new convertible notes II, the investor shall not be obliged to subscribe for any additional convertible notes.

C. Termination and suspension

If, on any given day during the special investment period, the daily VWAP of an Evolva share is equal or lower than CHF 1.40, the investor is entitled to suspend the agreement for 7 trading days by written notice to the issuer.

After the end of the special investment period, the investor has the right to terminate the agreement by written notice to the issuer if the share market closing price is equal to or lower than a price per share reflecting a market capitalization of the issuer of CHF 25 million for a period of 20 consecutive trading days during the commitment period.

If, after the end of the special investment period, Evolva's market capitalization is not lower than CHF 25 million, Evolva may require the investor to subscribe to further tranches in the amount of at least CHF 4 million and up to the maximum commitment.

If the agreement is terminated, the maximum commitment ceases to exist and the issued convertible notes shall, at the investor's discretion, be (i) either converted until the expiry of the conversion period, or (ii) repaid in cash by the issuer in quarterly instalments of at least CHF 0.25 million within 5 years from the date of termination of the agreement.

D. Commercial terms and fees

The investor is obliged to request conversion of each convertible note no later than at the expiration of the conversion period. If the investor 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 10'000 (31.12.2022: 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, the investor may at any time request full or partial conversion of each convertible note.

Evolva Holding SA must pay a commitment fee equal to 5% of the maximum commitment to the investor, based on the convertible notes requested.

For the period from 1 January 2023 to 30 June 2023:

Convertible notes issued	CHF 4 million
Transaction costs	CHF 0.32 million
Net proceeds from convertible notes	CHF 3.68 million

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

in CHF 1'000	No. of tranches at CHF 50'000	Non-deriv- ative host	Embedded derivative	Net proceeds
Convertible notes 01.01.2022	134	6'430.9	346.8	
Notes issued in 2022	200	9'601.4	398.7	9'560.0
Notes converted in 2022	94	(4'544.7)	(815.9)	
Convertible notes outstanding 31.12.2022	240	11'487.6	(70.6)	

in CHF 1'000	No. of tranches at CHF 10'000	Non-deriv- ative host	Embedded derivative	Net proceeds
Convertible notes 01.01.2023	240	11'487.6	(70.6)	
Notes issued in HY1 2023	400	3'868.1	131.9	3'683.8
Notes converted in HY1 2023	200	(1'886.2)	(588.6)	
Convertible notes outstanding 30.06.2023	440	13'469.5	(527.3)	

In the new agreement dated 23 June 2023, the parties have agreed for the nominal value of each convertible note to be changed from CHF 50'000 to CHF 10'000.

For the conversion of 40 convertible notes (CHF 2.0 million), Evolva has delivered 0.2 million shares created from conditional capital at an average conversion price of CHF 8.07.

The impact of the changes in fair value of the embedded derivative amounts to CHF 0.3 million (1H 2022: 0.5 million). This amount is included in financial income. Directly related transaction expenses of CHF 0.4 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
1 January 2023			
Shareholding in non-listed R&D company	FVTPL ¹⁾	Level 3	285.9
Foreign exchange loss			-30.4
30 June 2023			
Shareholding in non-listed R&D company	FVTPL ¹⁾	Level 3	255.5
Financial liabilities			
CHF '000	Valuation category	FV level	Fair value
1 January 2023			
Compound embedded derivative	FVTPL ¹⁾	Level 3	-70.6
Notes issued in 1H 2023			131.9
Notes converted in 1H 2023			-588.6
30 June 2023			
Compound embedded derivative	FVTPL ¹⁾	Level 3	-527.3

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, Evolva is involved in several projects funded by governmental and other public entities. These contracts include clauses that might result in reclaims of funding that Evolva 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 52.2 million (31.12.2022: CHF 45.9 m). These commitments are not in excess of current market prices and reflect normal business operations.

The Group entered into a manufacturing and supply agreement with one of its manufacturing partners. In accordance with the terms of this agreement, Evolva committed to a CAPEX investment of CHF 1.0 million, which will be executed in 2H 2023.

As part of the manufacturing and supply agreement Evolva committed to purchase a minimum number of batches in the years 2023 to 2028. If, at the end of the term of the agreement the minimum number of batches has not been purchased, Evolva shall pay a lump sum compensation in the maximum amount of EUR 3.3 million.

19. Related party transactions

In the first half-year 2023, Evolva has not entered into transactions with related parties (1H 2022: CHF 0.05 million). As of the reporting date, Evolva has no outstanding receivable from transactions with related parties (1H 2022: CHF 0 million).

20. Going concern

On 14 June 2023, Evolva informed about ongoing discussions with its financing partner Nice & Green after disagreements regarding the outstanding financing lines under the existing agreement. A new agreement was reached and published on 26 June 2023. The new agreement consists of CHF 12 million financing lines convertible into Evolva shares. With the new agreement, Evolva expects to have secured financing at least until the end of 2023 thanks to the CHF 5.25 million it can draw in 2023 in accordance with the schedule disclosed in note 16. However, the full amount of CHF 5.25 million can only be drawn if the following two conditions are met. Firstly, the extraordinary general meeting on 24 August 2023 must approve the increase of the conditional capital. Secondly, if the share price of Evolva is equal to or lower than CHF 1.40 on any given day until 31 December 2023, the investor is entitled to suspend the agreement for seven trading days. In addition, up to CHF 2.75 million can be drawn in 2023 subject to Nice & Green's ability to sell a certain volume of Evolva shares in the market. Any remainder of the CHF 12 million can be drawn in 2024. However, if Evolva's market capitalization falls below CHF 25 million for 20 consecutive trading days in 2024, Nice & Green is entitled to terminate the agreement. For more details regarding the new agreement and related termination conditions see Note 16.

The Board of Directors initiated a comprehensive review of strategic alternatives, to accelerate discussions with strategic partners or to facilitate other strategic transactions, including a potential sale of the company. Evolva is currently in active negotiations with multiple interested parties. During the period between the balance sheet date of this half-year report and the end of 2023, Evolva can still rely on financing from Nice & Green.

At the latest by the end of 2023, the Board of Directors is confident to have successfully implemented strategic measures that will secure sufficient liquidity and the going concern of the Group in the long term.

There is a material uncertainty related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern beyond 2023. The Board of Directors estimates that the most likely scenario is a sale of the company. However, if no buyer, strategic or financing partner can be found during the strategic review, or no other strategic transaction or measure can be implemented, the company would eventually have to cease its operations and enter into liquidation.

21. Events subsequent to the reporting date

Evolva has signed 24 non-disclosure agreements with interested parties. By publication date of this half-year report, no decision has been taken regarding a potential buyer yet.

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 2023 to 30 June 2023.

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".

Emphasis of matter on material uncertainties regarding going concern

The accompanying interim condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 20 to the interim condensed consolidated financial statements, the Company is facing liquidity issues. The going concern assumption relies on the approval of the conditional capital increase by the extraordinary General Assembly on 24 August 2023 to ensure immediate financing. Further significant uncertainties regarding the going concern assumption remain after this event, such as the implementation of the strategic measures to ensure sufficient liquidity and the compliance with covenants under the existing financing agreement. This raises substantial doubt about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding this matter are also described in Note 20. Our conclusion is not modified with respect to that matter.

Mazars AG

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(Auditor in Charge)

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Licensed Audit Expert

Zurich, 23 August 2023

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Financial calendar

7 March 2024	FY 2023 report
16 April 2024	Annual General Meeting

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