

Evolve Full-year 2022 results presentation

09 March 2023

Christian Wichert, CEO
Carsten Däweritz, CFO

EVOLVΛ

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Against the background of these uncertainties, readers should not rely on forward-looking statements.

Evolva assumes no responsibility to update forward-looking statements or to adapt them to future events or developments.

Agenda

1. Business highlights

Christian Wichert

2. FY 2022 financial results

Carsten Däweritz

3. Outlook 2023 and beyond

Christian Wichert

Business highlights

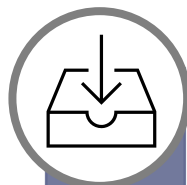
Financial highlights: strong revenue growth, positive double digit gross contribution, substantial progress on EBITDA



Revenues

Total revenues:
CHF 15.5 million
(+57%)

Product revenues:
CHF 14.8 million
(+62%)



Profitability

Gross contribution
margin of 16.0%
(-59% in FY 2021)

Adj. EBITDA¹:
CHF -13.3 million
(-22.6 million in FY
2021)



Liquidity

Cash at end of Dec:
CHF 5.1 million

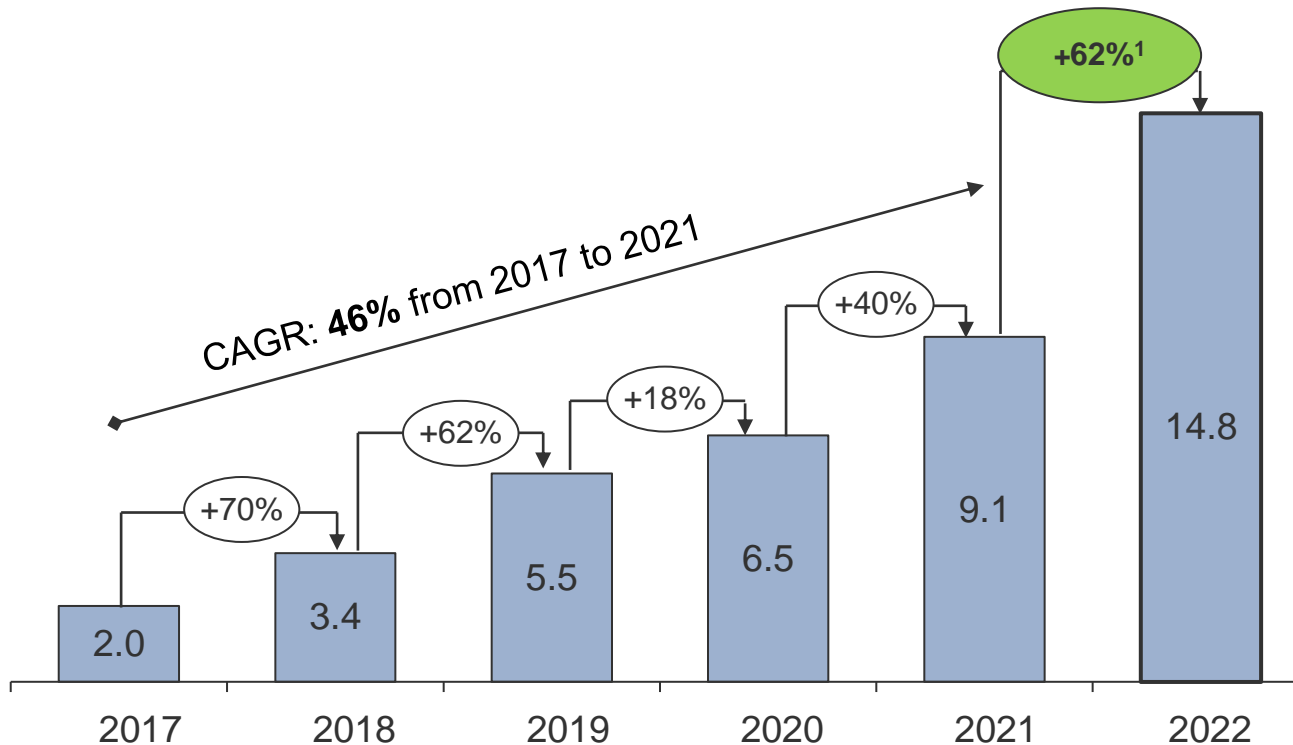
Available
financing lines:
CHF 16.0 million

1) Adjusted for extraordinary items of CHF 19.0 million, including impairment of CHF 17 million, inventory write-off CHF 1.6 million and others CHF 0.4 million

Business highlights

Strong product-related revenue growth of +62% vs. 2021, driven by initial focus on Flavors & Fragrances in 2022

Product-related revenues (CHF million)



Comments:

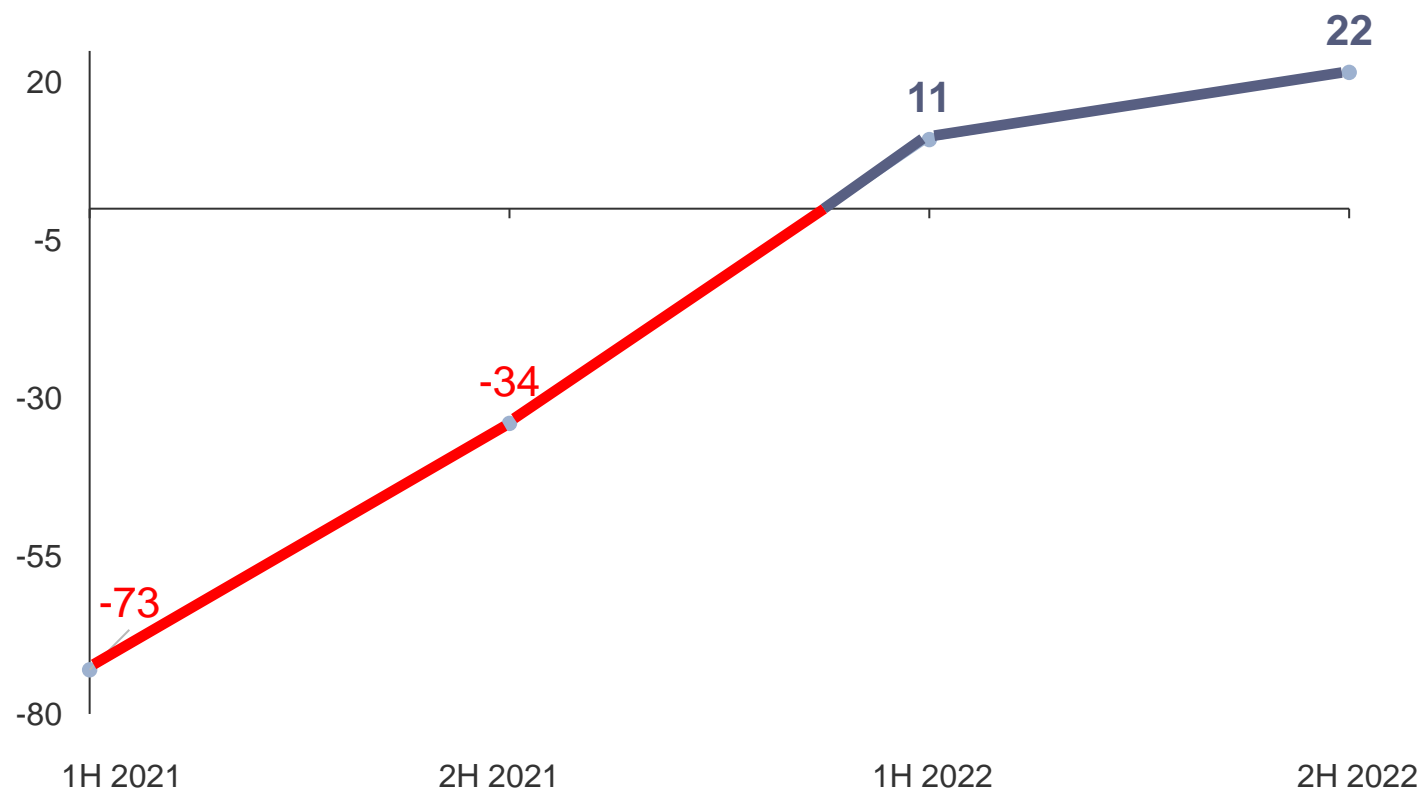
- Highest-ever revenue level in FY 2022 of CHF 15.5 million, with +57% fully achieving our target
- Increase of 62% in product-related sales to CHF 14.8 million, driven especially by Vanillin as well as by profitable growth of Valencene and Nootkatone

¹ as reported on 11 January 2023

Business highlights

Gross contribution margin turned positive and double-digit, with 16% in line with full year guidance; 2H 2022 even at 22%

Half-yearly development of gross contribution margin (in %)

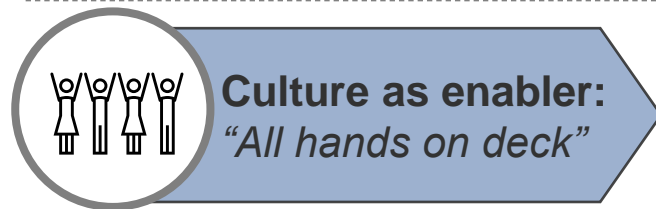
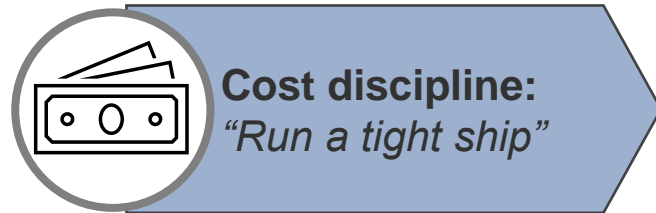


Key drivers:

- **Strengthened relationships** with our CMO network partners
- **Cost improvements** from process technology enhancements
- **Value pricing** to better capture the value Evolva creates for customers and consumers

Immediate levers remain in place, expanding the focus now towards HI and HP and to accelerate profitable growth

Immediate focus on 3 levers



Achievements in 2022

- Initial focus in 2022 was set on F&F
 - CMO network strengthened
 - Vanillin business started
 - Valence and Nootkatone above plan
 - New distributor Tovani in Brazil

- Shaping a lean & efficient organization
- Reducing admin-related expenses
- Cost improvements of CHF 2.5 million vs. original plan realized

- New culture: team, cross-functional
- Communication: townhall meetings
- MTP2025: strategy understood, priorities

Next steps





- Expand focus to Health Ingredients
 - Accelerate growth in dietary supplements
 - Penetrate pet animal health market
 - Enter Personal Care market
 - Launch of new Natural Nootkatone (EU)
 - Distributor management

- Selectively upgrade capabilities in Sales and R&D (US and CH)
- Continue to put funds to most effective use (strategic initiatives of MTP2025)

- Fast, agile, value-add, diverse
- Challenge, feedback
- Pragmatic execution of initiatives

Business highlights

Evolve is active in three promising business areas

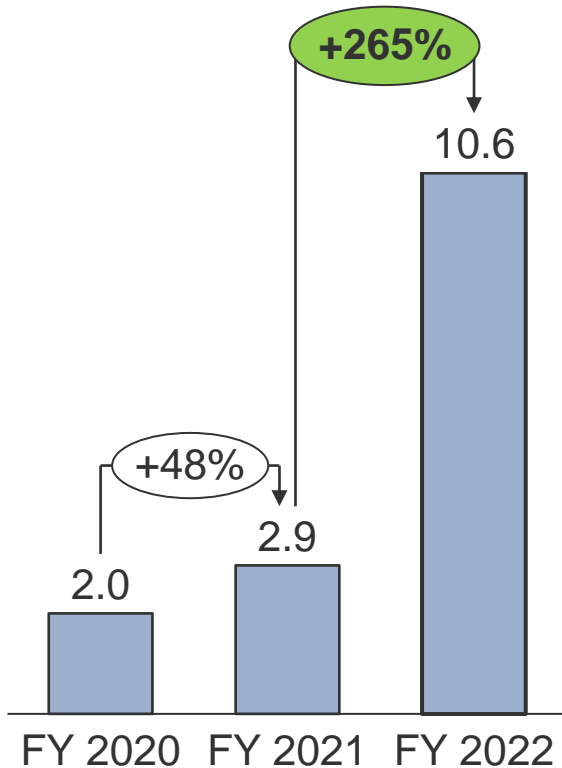
	Core business areas today		Developing business
Business	 <p>Flavors & Fragrances (F&F)</p>	 <p>Health Ingredients (HI)</p>	 <p>Health Protection (HP)</p>
Value Proposition	Nature-based ingredients for F&F that help resolve supply chain & resource bottlenecks of nature.	Nature-based ingredients for dietary supplements and cosmetics that contribute to health and wellness.	Nature-based products with high efficacy to protect humans and pets against insects and corresponding illnesses.
Products*	<ul style="list-style-type: none"> • Valencene • Nootkatone • Vanillin • L-Arabinose 	<ul style="list-style-type: none"> • Resveratrol • L-Arabinose • EVERSWEET™ 	<div>  <p>NootkaSHIELD™ (for now, reported under HI)</p> </div>
<p>Evolve capitalizes on the global megatrends of health, wellness, and sustainability</p>			

*Current revenue drivers in **bold**

Business highlights

Flavors & Fragrances: sales more than tripled with growth of +265% in FY 2022, mainly driven by Vanillin

Sales (CHF million)



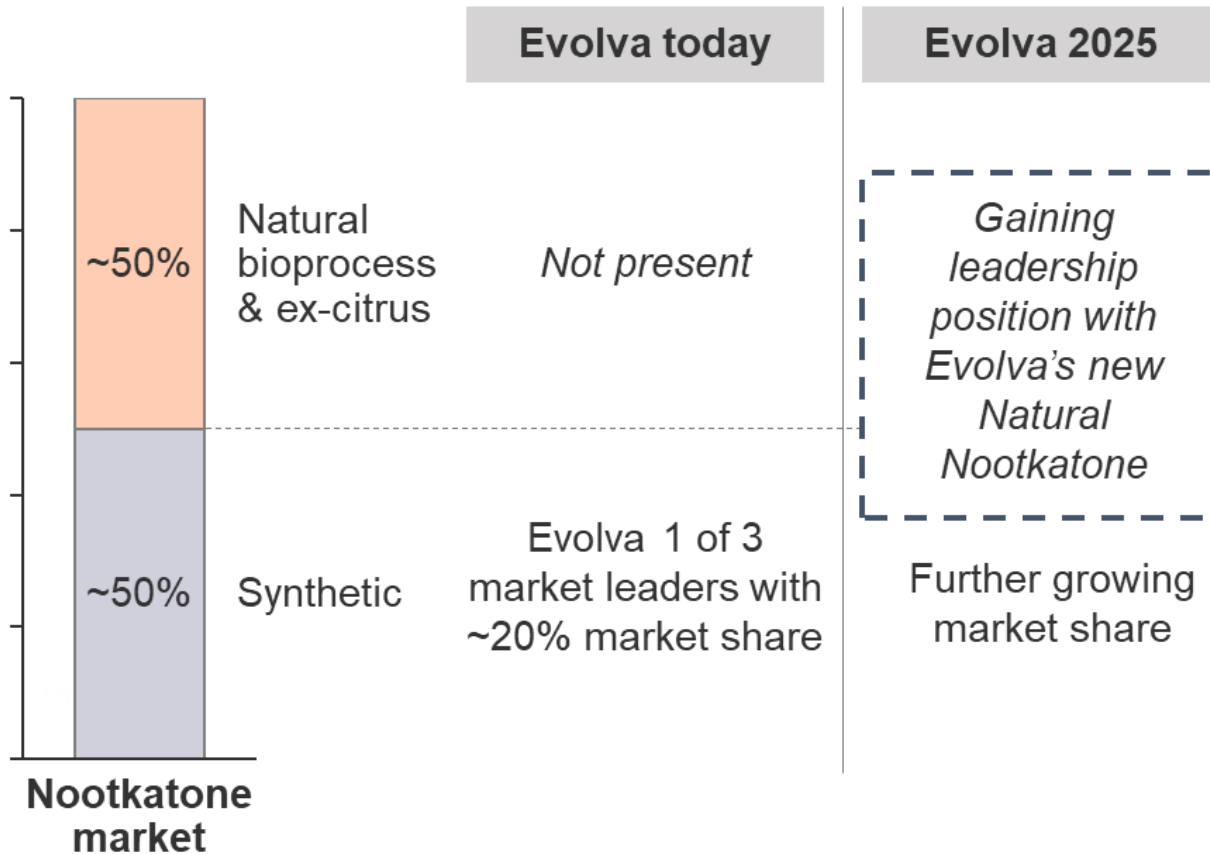
Main developments 2022

- Initial focus to boost commercial performance on F&F
- Resulting in 265% growth compared to FY 2021
- Vanillin main contributor: successfully delivered continuous commercial batches of Vanillin to global partner
- Both Valencene and Nootkatone with continuous profitable growth
- New product Natural Nootkatone (EU) successfully introduced at key accounts

Key drivers 2023

- Positive momentum continues
- Vanillin volumes expected to further increase (with deliveries planned for 2H)
- Poor citrus harvest expected, which further supports sales of Valencene and Nootkatone
- Expansion of addressable market for Nootkatone with full launch of Natural Nootkatone (EU), first sales expected in 4Q

Natural Nootkatone allows to target additional customers especially in Europe, addressing naturality & sustainability

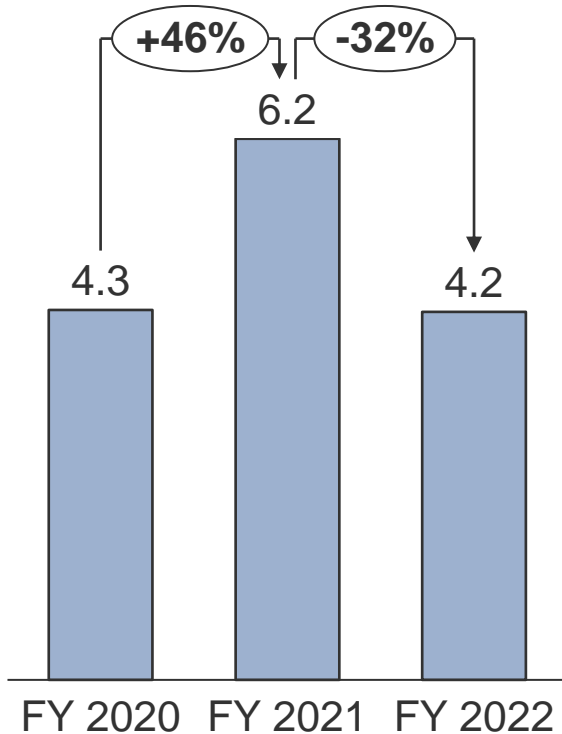


- A new fully natural flavor, with a distinct citrus and woody profile that fuels the bitter note in citrus and grapefruit flavor
- Allows to capture broad opportunities in food and beverage applications as well as in perfumery
- First evaluation and feedback from key customers in 1Q, promotional campaigns in 2Q and 3Q
- First sales expected in 4Q



Health Ingredients: managed for profitability in 2022; next focus area to boost commercial performance

Sales (CHF million)



Main developments 2022

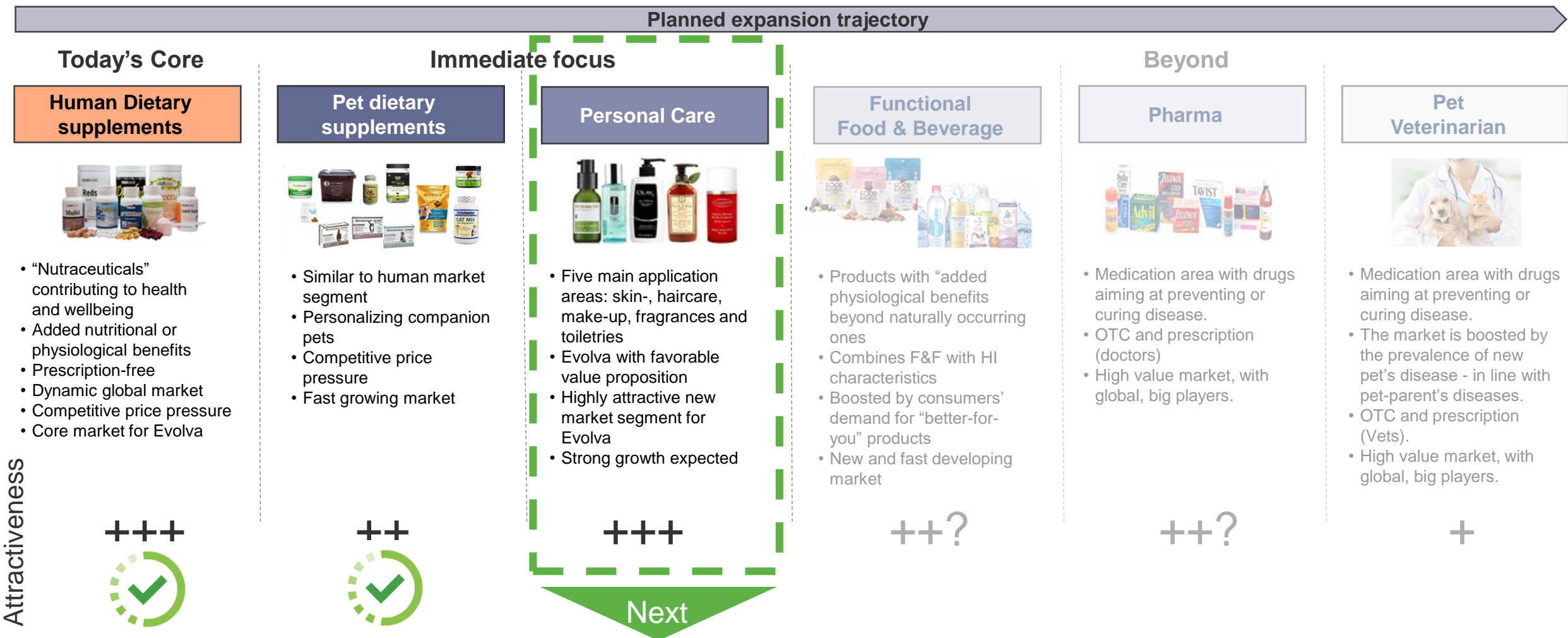
- Anne De Vos appointed Chief Commercial Officer as of 1 July 2022
- Market segmentation, refined value proposition and go-to-market approach per market segment
- Pricing strategies to manage for profitability with Veri-te™ Resveratrol
- Successfully onboarded new distribution partner Tovani Benzaquen in Brazil
- Approval of Veri-te™ Resveratrol for human dietary supplements and animal nutrition and health in Brazil
- EVERSWEET™ below expectations

Key drivers 2023

- Recruiting of new commercial team for HI in USA and Europe to grow business with direct customers
- Professional distributor management towards higher performance
- Segment- and customer-specific strategies, value-add, B2C-orientation and value pricing to boost performance
- Evolva goes Personal Care with Resveratrol and L-Arabinose at in-cosmetics® in Barcelona, 28-30 March 2023

Business highlights

Entering new market segments to boost Resveratrol sales



EVOLVA goes Responsible Care

Debottlenecking
N^ΛTURE



"TBC"
The Beauty
Powerhouse

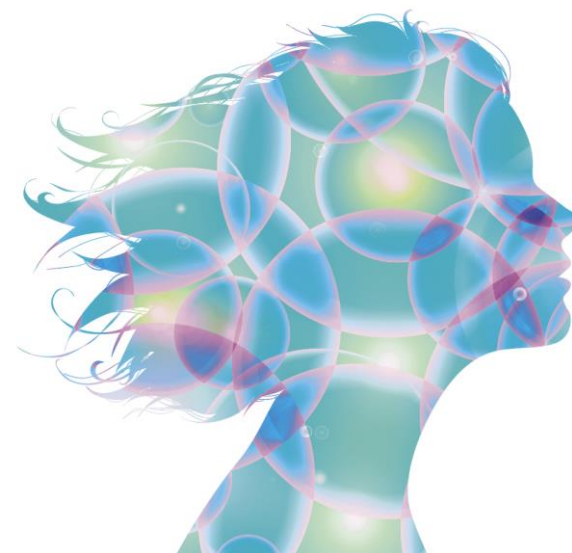
LARALLY
The Skin Microbiome
Influencer

From yeast to
YE^ΛH



Consumer-oriented,
concept selling

IM^ΛGINE
all the claims



in-cosmetics®
global
Barcelona • 28 - 30 March 2023

Business highlights

Health Protection: market tests in APAC ongoing, prominent support for NootkaSHIELD™ in the US from CDC



Personal Insect repellent



Household



Pet tick & flea prevention

Main developments 2022

- NootkaSHIELD™ approved for use as insect repellent in Hong Kong and Singapore
- NootkaSHIELD™ pilot launch with business partners successfully conducted in test markets in South-East Asia
- USD 540,000 grant from the US CDC (Centers of Disease Control) for the development of modern, easy-to-use and effective nature-based products using NootkaSHIELD™ for the US market

Key drivers 2023

- New Head of Health Protection recruited in the US, build a US-based HP team
- Consumer feedback from South-East Asian test markets expected for June, valuable insights for expansion plans
- Refine value proposition and market entry plan of NootkaSHIELD™ to prepare market launch in the US



goes Responsible Agriculture, protecting crops, air, soil and water



Safe and
sustainable
fertilization

Replacing chemical fertilizers with a nature-based alternative

- Nitrogen-based fertilization market estimated at \$118bn
- Nitrogen fertilizers are responsible for about 2.4% of global CO₂ emissions
- Increasing pressure to find natural alternatives due to consumer awareness, tightening regulations and geopolitical conflicts
- Applicable to crops including corn, wheat, and rice



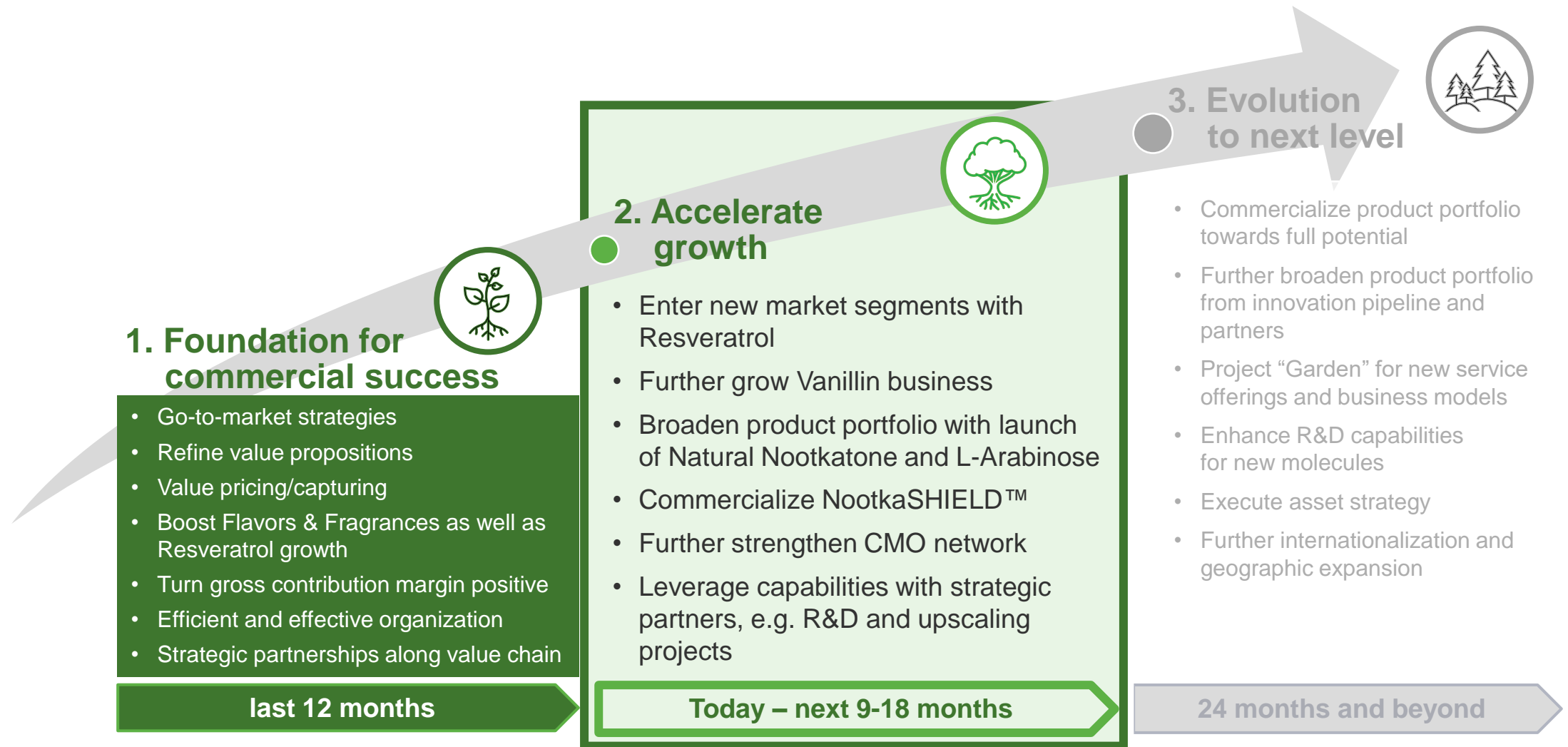
Leveraging existing technologies to enter an attractive, sizeable market

- Strategic partnership with Grace Breeding
- Evolva's precision fermentation platform enabling eco-friendly and cost-effective nitrogen-fixation technology
 - Proven effectiveness in farm-scale studies
 - Boosted farm yields and increased resistance of plants regarding extreme climate changes
 - Favorable ecological footprint (reduced air pollution, water and soil contamination)



Avoiding soil
and surface
water conta-
mination

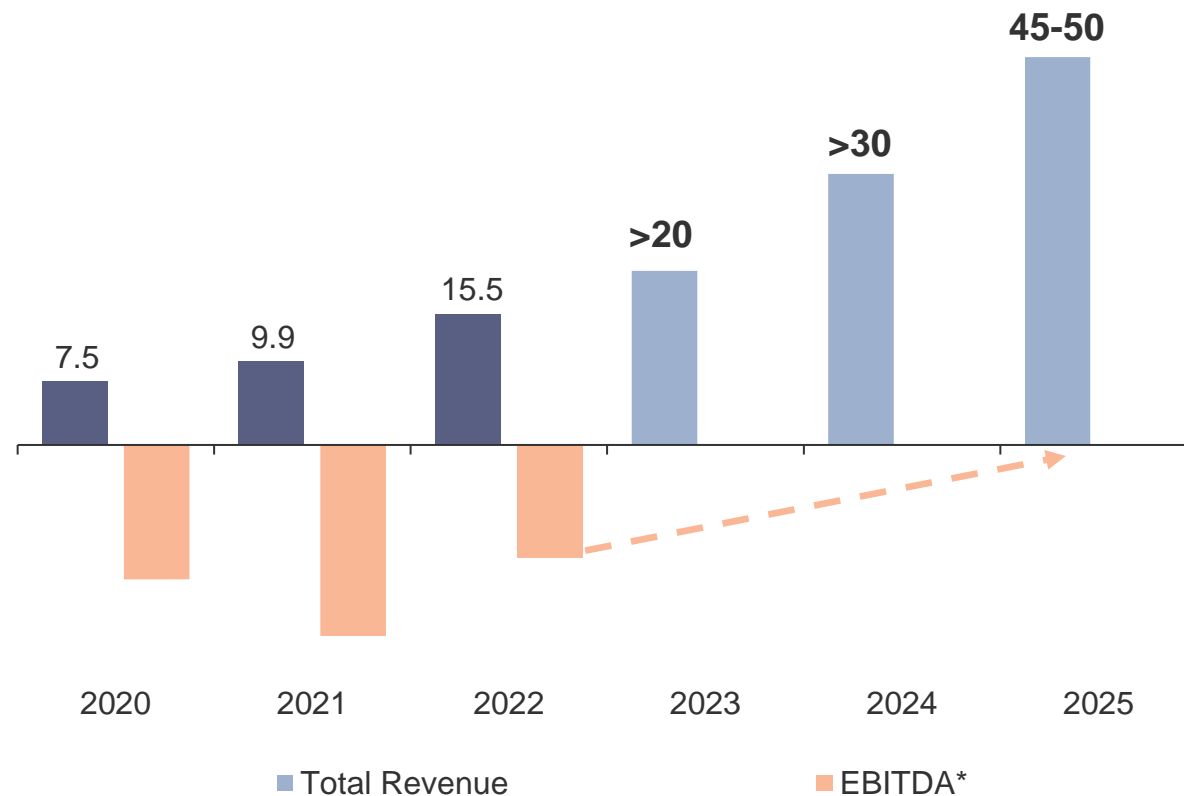
We built a solid foundation, now accelerating profitable growth



Business highlights

Mid-term plan expected to accelerate the positive trend with revenues up to 45-50M and EBITDA/Cash break-even in 2025

Key development targets (CHF million)



Key targets and highlights:

- 2022 guidance achieved
- Confirming that we are on track with mid-term plan to reach the targets:
 - Sales of more than CHF 30 million in 2024 and CHF 45-50 million in 2025
 - Continuous increase of gross contribution margin targeted
 - EBITDA and Cash break-even in 2025

* Dashed EBITDA line for illustrative purposes only

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1. Business highlights

Christian Wichert

2. **FY 2022 financial results**

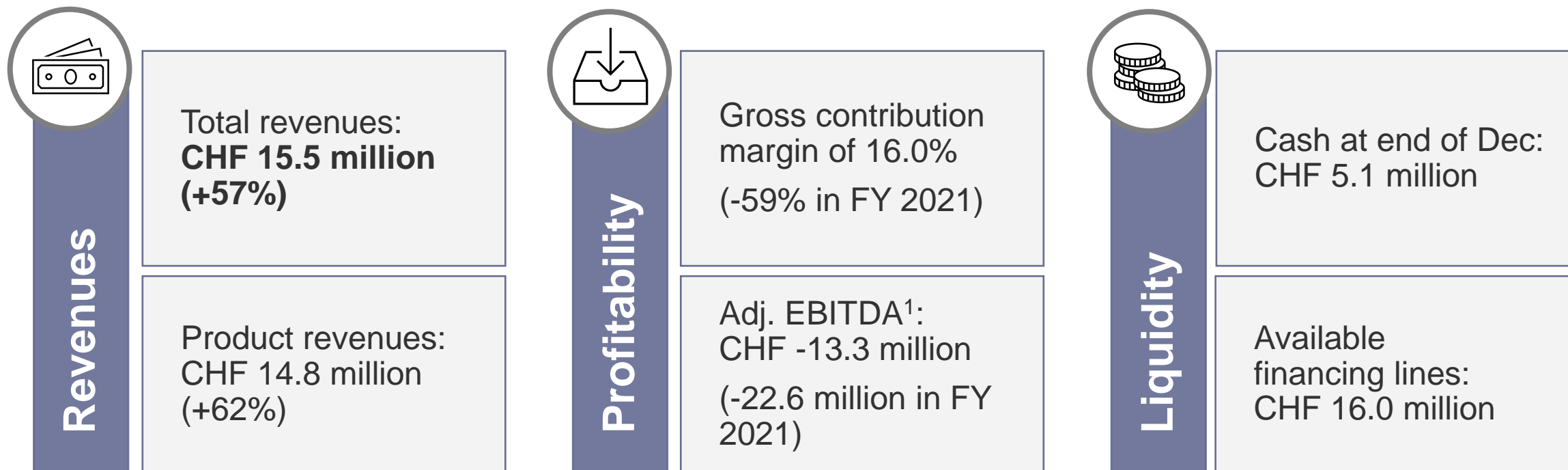
Carsten Däweritz

3. Outlook 2023 and beyond

Christian Wichert

Business highlights

Financial highlights: strong revenue growth, positive double digit gross contribution, substantial progress on EBITDA



1) Adjusted for extraordinary items of CHF 19.0 million, including impairment of CHF 17 million, inventory write-off CHF 1.6 million and others CHF 0.4 million

P&L highlights: Strong product-related revenue growth of 62% and improved profitability

CHF million	FY 2022 adjusted	FY 2021 adjusted
Revenue from contracts with customers	15.5	9.9
Product-related revenues	14.8	9.1
Direct production costs	(12.5)	(14.6)
Gross contribution	2.4	(5.4)
in % of product-related revenue	16.0%	-59.5%
Research & development revenue	0.7	0.7
Cost of goods sold (excl. direct production costs)	(4.6)	(4.2)
Gross profit	(1.5)	(8.9)
Research & development expenses	(9.4)	(12.8)
Commercial, general & administrative expenses	(10.5)	(9.5)
Operating loss (EBIT)	(21.4)	(31.2)
Depreciation and amortization	8.1	8.7
Impairment of intangible assets	0.0	0.0
EBITDA	(13.3)	(22.6)
Cash position (end of period)	5.1	11.0
Extraordinary items for adjustments	(19.0)	(10.8)
- impairment	(17.0)	(9.5)
- inventory write-off	(1.6)	0.0
- others	(0.4)	(1.2)

- 62% growth of product-related revenues
- Gross contribution margin of product-related sales turning positive and well in the double-digit range, in line with FY guidance
- Gross profit substantially improved by CHF 7.4 million and adjusted EBITDA improved by CHF 9.3 million
- Recurring operating expenses reduced by CHF 2.5 million
- The extraordinary impairment of CHF 17.0 million relates to patents and patent applications (CHF 2.0 million), royalty and licenses (12.1 million EVERSWEET™) and product and process development (2.9 million)

Key balance sheet items - Assets

CHF million	2022	2021
Assets		
Intangible assets	92.6	113.3
Property, plant and equipment	5.3	6.0
Financial assets	3.0	3.4
Total non-current assets	100.9	122.6
Inventories	18.4	16.3
Prepayments & accrued income & others	2.5	1.8
Trade and other receivables	4.0	4.5
Cash and Cash equivalents	5.1	11.0
Total current assets	30.1	33.6
Total assets	131.0	156.2

- Intangible assets reduced through CHF 17.0 million extraordinary impairment of royalty & licenses, patents & patent applications and product & process development
- Inventories increased in 1H by CHF 4.3 million driven by new products to support the targeted growth, followed by a decrease of 2.2 million in 2H
- Cash Position at CHF 5.1 million at year end
- Open financing line of CHF 16.0 million

Key balance sheet items – Equity and liabilities

CHF million	2022	2021
Equity and liabilities		
Total equity	106.2	131.8
Total non-current liabilities	6.1	9.2
Total current liabilities	18.7	15.2
Total Equity and Liabilities	131.0	156.2

- Successful capital increase in May 2022 through placement of CHF 6.3 million to several long-term institutional investors, Members of the Board and Management at no discount
- Members of the Board and Management participated with CHF 1.0 million in the capital increase, demonstrating their commitment and alignment with shareholders
- Additional capital increase through placements to Nice & Green CHF 10.0 million

Operating free cash flow

CHF million	2022	2021
Cash Flow		
Cash position at beginning	11.0	19.7
Cash flow from operating activities	(18.9)	(29.8)
Cash flow from investing activities	(1.8)	(4.6)
Cash flow from financing activities	14.8	25.7
Cash position end of period	5.1	11.0

- Operating activities include CHF 2.2 million increase in Net Working Capital, driven by build-up of finished products inventory in 1H (NWC increase in 1H of 4.8 million, followed by a reduction of CHF 2.6 million in 2H)
- Investing activities include capitalized development expenses of CHF 1.8 million
- Financing activities reflect a private placement in 2Q 2022 with long-term institutional investors, Members of the Board and Management, and placements to Nice & Green
- Open financing lines of CHF 16 million

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Outlook 2023 and beyond

On track to further grow revenues and profitability

Outlook 2023

- Ongoing positive business momentum
- Continued revenue growth to more than CHF 20 million at constant currencies vs. FY 2022
- Gross contribution margin above 20%

Mid-term targets¹

- More than CHF 30 million revenues in 2024, CHF 45-50 million in 2025
- Continuous improvement of gross contribution and gross profit
- Cash and EBITDA break-even in 2025

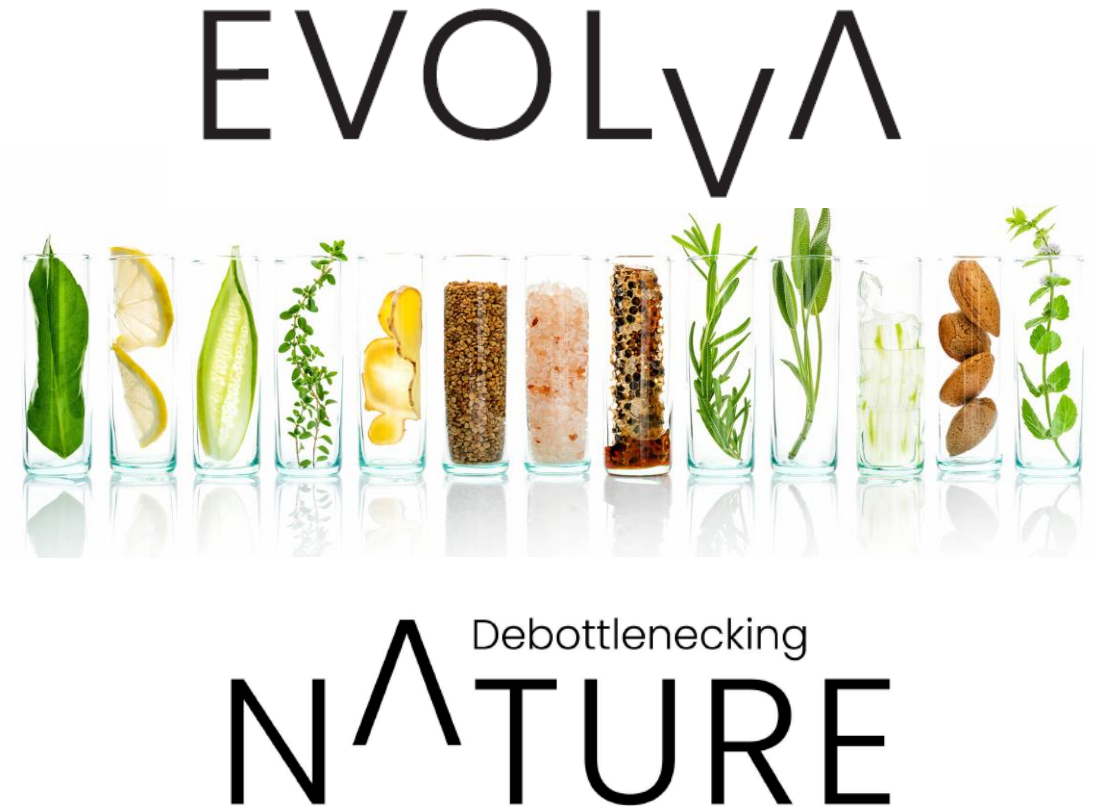
Strong position in nature-based products in the sweet spot of health, wellness and sustainability with attractive potential to expand addressable markets

1) As communicated with HY22 results on 25 August 2022
© Evolva 2023 – FY 2022 results – 09 March 2023

Outlook 2023 and beyond

Investment highlights

1. **Capitalizing on global megatrends**
health, wellness, and sustainability
2. **Unique precision-fermentation platform**
with proprietary technology
3. **Mid-term plan based on existing products,**
conservative planning
4. **Upside potential** from innovation pipeline and
business model expansions
5. **Foundation built for future profitable growth**



Q&A

We are happy to
answer your questions.

Financial Calendar

Annual General Meeting	18 April 2023
HY 2023 Results	24 August 2023

Appendix

More detailed information about our full-year
2022 financial results can be found here:
<https://evolva.com/financial-data/full-year-results/>

Gross contribution as key performance measure



Sales



- Direct production costs → Declining unit costs due to efficiency gains

= **Gross contribution** → Going forward: positive and increasing



- Operational costs



- Operational staff

} Largely fix (around CHF 2.5 million)



- D&A → Mainly capitalized R&D expenses

= **Gross profit**



Positive (increasing) gross contribution and sales growth
key to become profitable

Precision-fermentation to solve FMCG's challenge to ensure both functionality and sustainability of their products

Our USP

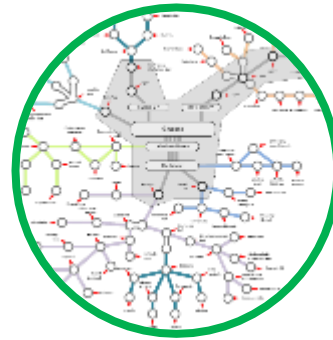
Functionality

Consumers want a product
"that works"

But natural ingredients have
significant disadvantages



Fluctuating supply, volatile prices,
limited availability, harm from intense
farming, high environmental impact



EVOLVA
FERMENTATION

- ✓ Consistently high quality
- ✓ Abundant availability
- ✓ Pure and save
- ✓ Sustainable

Sustainability

Consumers want a product
"that doesn't harm them nor the
planet"

But synthetic ingredients have
significant disadvantages as well



Utilizing unsustainable "virgin" fossil
fuels, synthetic production of molecules,
use of solvents, catalysts

Strong proprietary technology platform as backbone

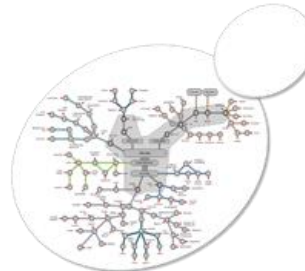
Technology platform

STARTING MATERIAL

We are using sugar, water, salts vitamins and minerals to grow our proprietary yeast enabled to produce our nature-based ingredients.



Sugar



Baker's Yeast



**Resveratrol
L-Arabinose
Vanillin**

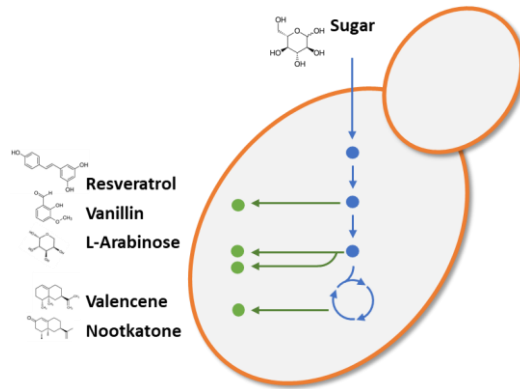
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TECHNOLOGY

*We are using bakers yeast as our main production host.
Via metabolic engineering we transform it into our production factory able to convert sugar into our desired ingredient.
Using fermentation we can grow these little factories, multiply them and increasing the amount of product made.
Our ingredients are recovered and purified leading to products with more than 98% purity.
All processes are performed at large-scale and under high quality standards.*

Multiple technology approach enables access to many different compound classes

Technology approach



de novo BIOSYNTHESIS

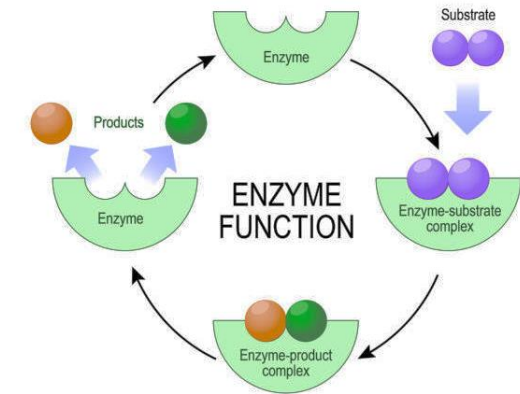
Using **metabolically engineered microbial cell factories**, simple carbon substrates such as **sugar** can be **converted** to much more **complex molecules**.

This approach allows the biosynthesis of **very complex molecules** where a **big number of enzymatic steps** are **required**. However, setting up is more time consuming.

Conversion of glucose to RebM, Resveratrol, Vanillin, L-Arabinose, Valencene or Nootkatone

Sugars
Terpenes
Flavones
Phenylpropanoids
Flavonoids
Stilbenes

Many different compound classes



BIOTRANSFORMATION/BIOCONVERSION

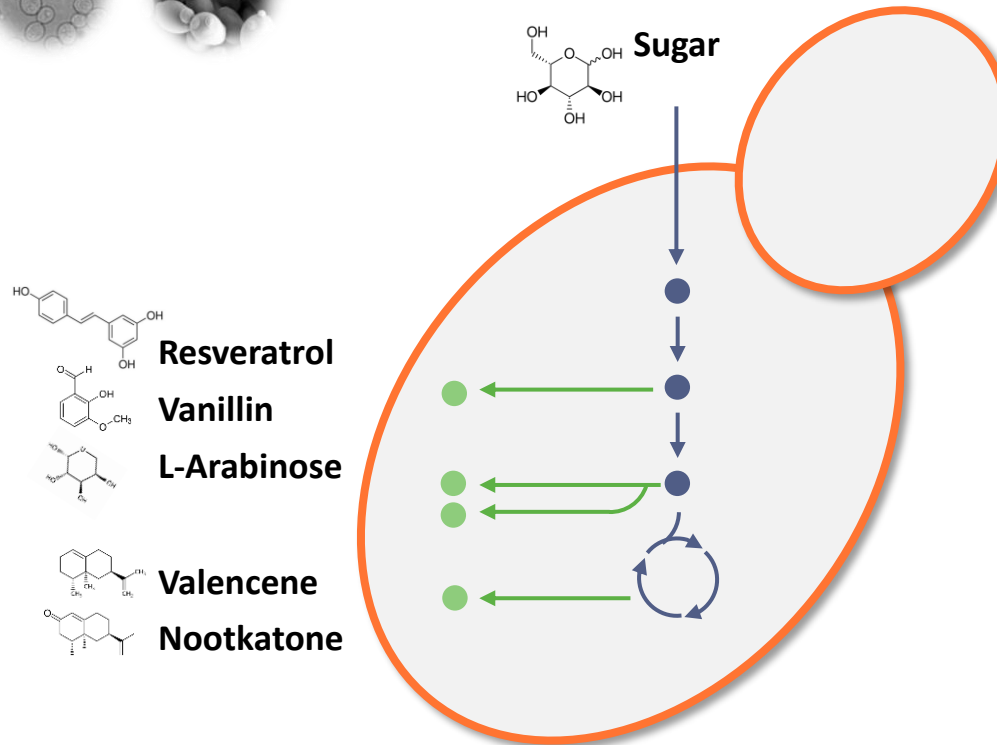
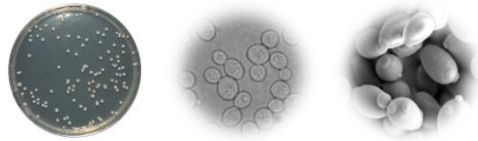
Using **enzymes or microbial cells**, **inexpensive** and easily available **precursor substances** can be specifically **modified or interconverted** to structurally similar, but more **valuable compounds**.

In part higher yields than *de novo* biosynthesis and thus, more economic processes. However, **only applicable** if a **limited number of steps** is required.

*Biotransformation of Ferulic Acid to Vanillin using B. subtilis
Limonene to terpineol, carvone, menthol using Pseudomonas spp.*

Evolva's strain engineering with new and optimized pathways

Strain engineering



METABOLIC PATHWAYS

Consist of a number of different enzymes successively lined up that metabolize sugar and further convert it into new molecules.

Yeast Metabolism

Yeast is able to **metabolize sugar towards a certain intermediate** that can be used as **starting point** for the biochemical pathway required for the **biosynthesis of the new molecule**.

New Pathway/Enzymes

In order to synthesise new molecules a **new pathway and additional enzymes** have to be **introduced** and expressed in yeast. This is achieved by integrated new genes into the genome of yeast. These new enzymes further convert the yeast intermediate into the desired new molecule.

Pathway Optimization

Once the pathway has been established further work is required in order to increase the carbon flow towards the new pathway and molecule and to reduce the amount of side products, thus increasing yields.

Evolva runs on fully-fledged organizational capabilities

Organizational capabilities

