



Evolve Half-year 2023 results presentation

24 August 2023

Christian Wichert, CEO
Carsten Däweritz, CFO

EVOLVA

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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. 1H 2023 financial results**
Carsten Däweritz
- 3. Outlook 2023 and beyond**
Christian Wichert

Strong operational performance in 1H 2023 and progress in the transformation program, despite major challenges

Key achievements

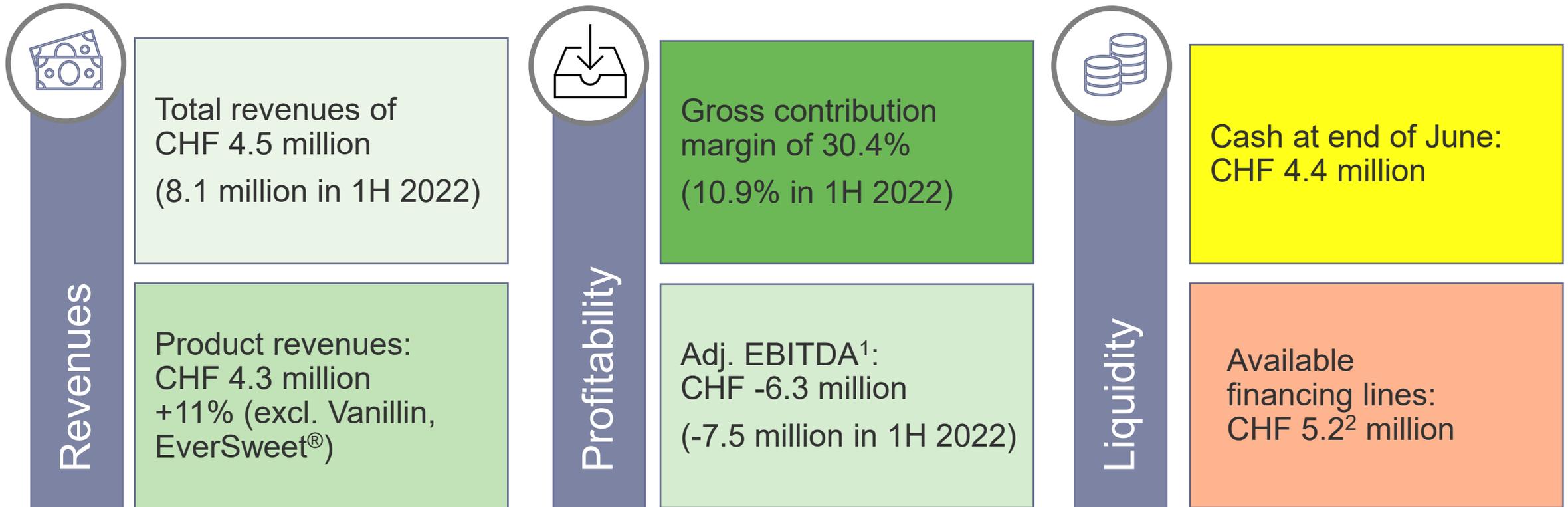
- Continuous **growth** of Valencene™ and Nootkatone™
- Solid profitable **growth** of Resveratrol initiated, substantial sales pipeline starting to materialize
- Gross contribution **margin** further increased
- **Major milestone**: multi-year agreement signed with leading CMO (Vanillin business, profitability gains)
- Entered **new market** segments with Resveratrol, launched L-Arabinose for Personal Care industry
- Successful **product launch** of Natural Nootkatone™
- **Partnership** signed with Grace Breeding to enter the field of sustainable Agro-solutions
- Very effective **cash management**: cost avoidance, cost reduction

Challenges

- **Nice & Green** informed about different interpretations of its contractual financing obligations
- Needed to **renegotiate** financing agreement with Nice & Green to secure **liquidity** at least until end-year
- **Strict cash management**, postponing certain activities into 2024
- **Strategic review** of all strategic alternatives including the potential sale of the company (process needed to secure going concern beyond January 2024)

Business highlights

Solid revenue growth (excl. Vanillin and EverSweet®) and significant progress in profitability and EBITDA in 1H 2023



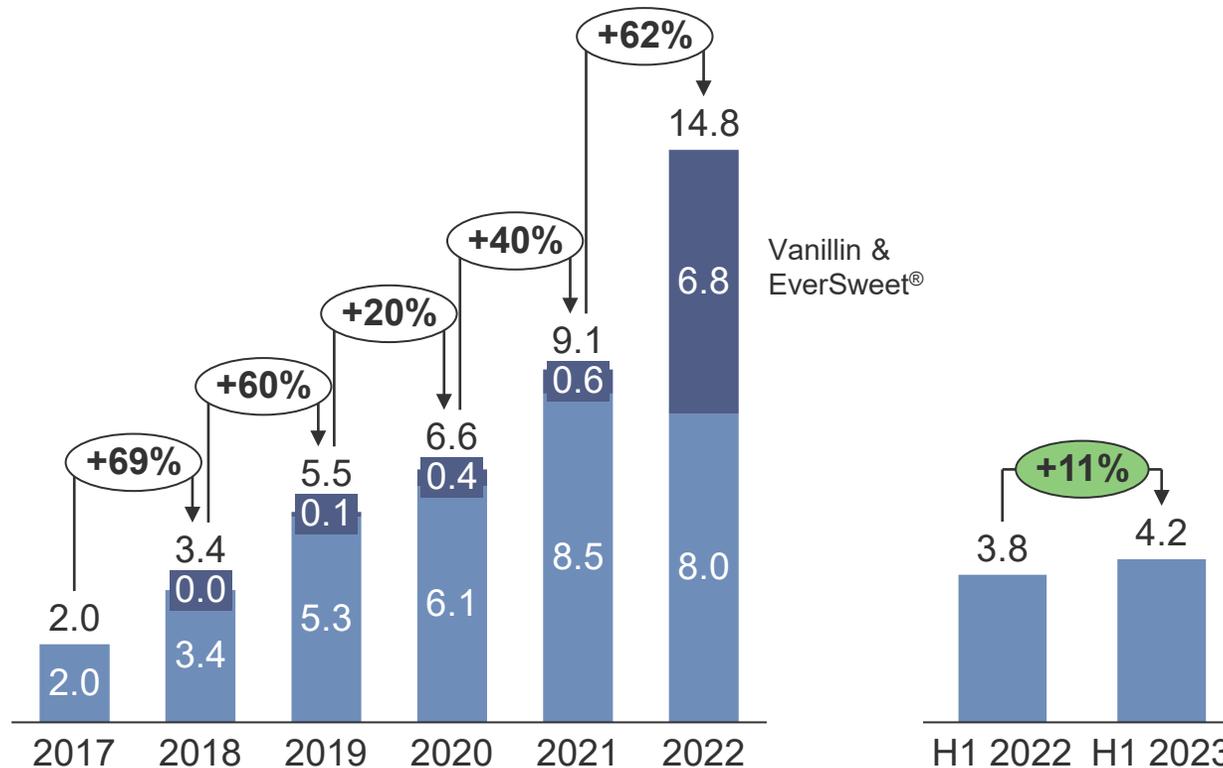
1) 2022 adjusted for extraordinary items of CHF 19.0 million, of which inventory write-off (CHF 1.6 million) and others (CHF 0.4 million) impacted EBITDA

2) Under the premises that the EGM of 24 August 2023 accepts BoD agenda item 1

Business highlights

11% product-related revenue growth, driven by Valencene™, Nootkatone™ and Resveratrol (excl. Vanillin and EverSweet®)

Product-related revenues (mCHF)



Comments:

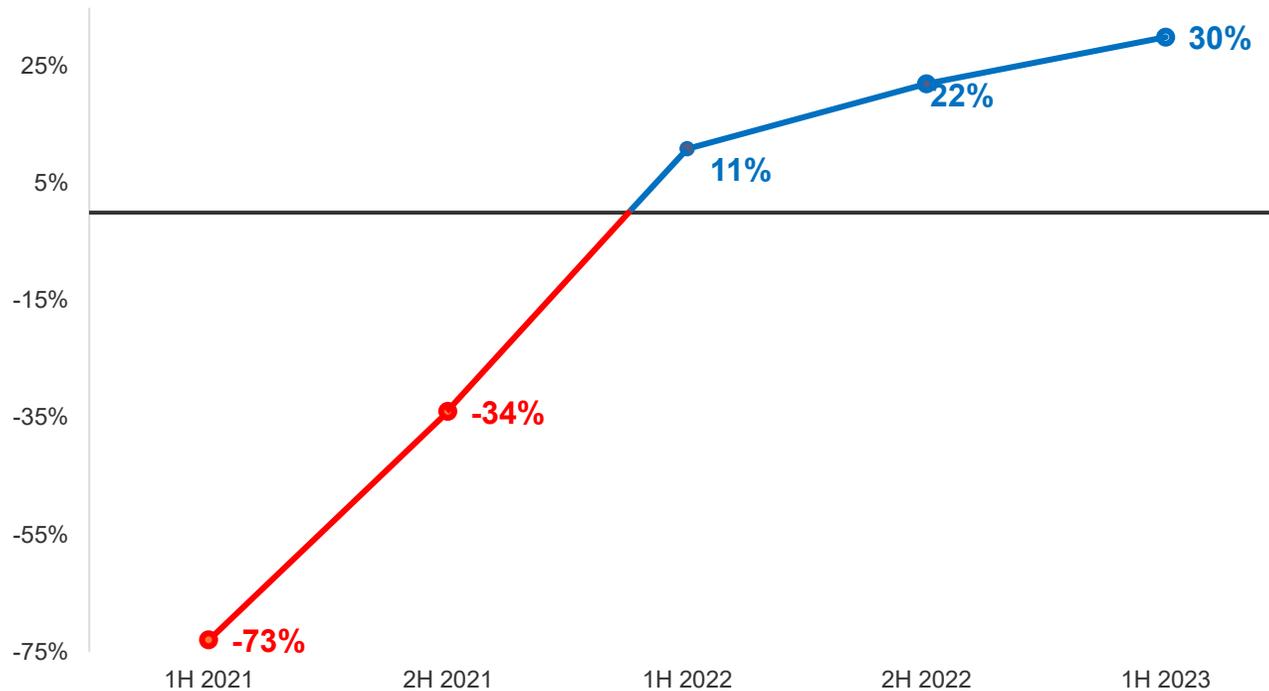
- Underlying revenue growth of 11%, excluding the impact from Vanillin sales, planned and budgeted into 2H 2023
- Growth driven by Valencene™, Nootkatone™, and especially Resveratrol
- Solid sales performance despite difficult market conditions (e.g. destocking activities of customers) and business disruption in May/June (Nice & Green)
- Strong sales pipeline starting to materialize and expected to further accelerate growth in 2H 2023
- EverSweet® royalties still below expectations

¹ as reported on 11 January 2023

Business highlights

Gross contribution margin further increased to +30%, driven by process cost improvements and value pricing

Half-Yearly development of Gross Contribution Margin (%)



Comments:

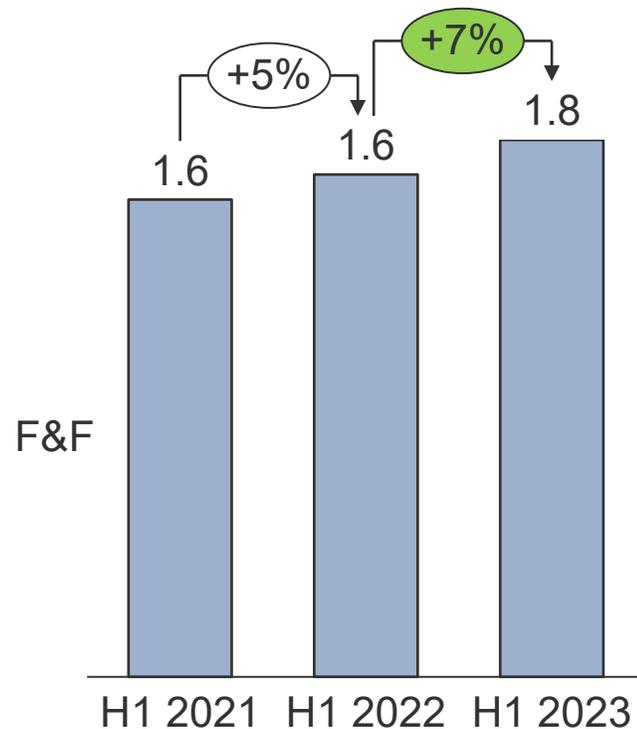
- Improved relationships with CMO network
- Process technology enhancements
- Value pricing to better capture the value we create for customers and consumers
- Additional margin upside as current margin levels still reflect the sell-off of existing inventories at higher cost from previous years

Evolve is active in three promising business areas

	Core business areas		Developing business area
Business Areas	 <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	<p>Valencene by EVOLVA™</p> <p>Nootkatone by EVOLVA™</p> <p>Vanillin by EVOLVA™</p> <p>Natural Nootkatone by EVOLVA™</p>	<p>Veri-te RESVERATROL</p> <p>L-Arabinose</p> <p>Cargill EVERSWEET</p> <p>JUNEO The Beauty Power House</p> <p>LARALLY The Skin Microbiome Influencer</p>	<p>Nootka SHIELD™</p>
<p>Evolve capitalizes on the global megatrends of health, wellness, and sustainability</p>			

Flavors & Fragrances: continuous growth with Valencene™ and Nootkatone™

F&F revenue (mCHF) excl. Vanillin



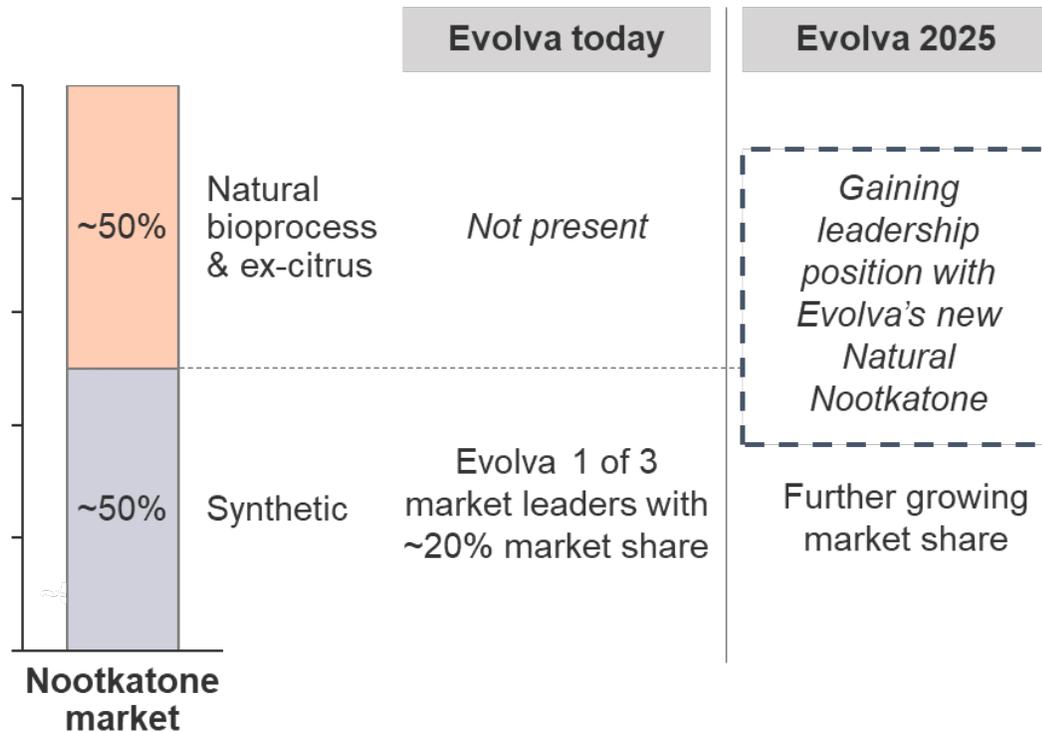
Comments:

- Valencene™ and Nootkatone™ continue to grow
- Broadened product offering with the successful launch of Natural Nootkatone™ for EU markets
- Multi-year agreement signed with leading CMO to enable Vanillin business



Broadened product portfolio with successful introduction of Natural Nootkatone™ for EU markets at Simppar tradeshow

Nootkatone market penetration



Comments:

- Broadened existing Nootkatone™ offering that opens up new addressable markets based on naturality and sustainability
- Natural ingredient at the highest purity level (98%)
- Enables customers to create sensory experiences, combined with growing consumers' expectations for natural ingredients and environmentally friendly solutions
- Launched at Simppar, Paris in May 2023
- First sales expected in 4Q 2023



Business highlights

Major milestone achieved: multi-year agreement signed with leading CMO to ensure Vanillin business and gain enhanced profitability



EVOLVA

PRESS RELEASE | AD HOC ANNOUNCEMENT PURSUANT TO ART. 53 LR

Evolve signs multi-year agreement with leading CMO partner to enable supply of Vanillin to global F&F customer of around CHF 35 million until 2026

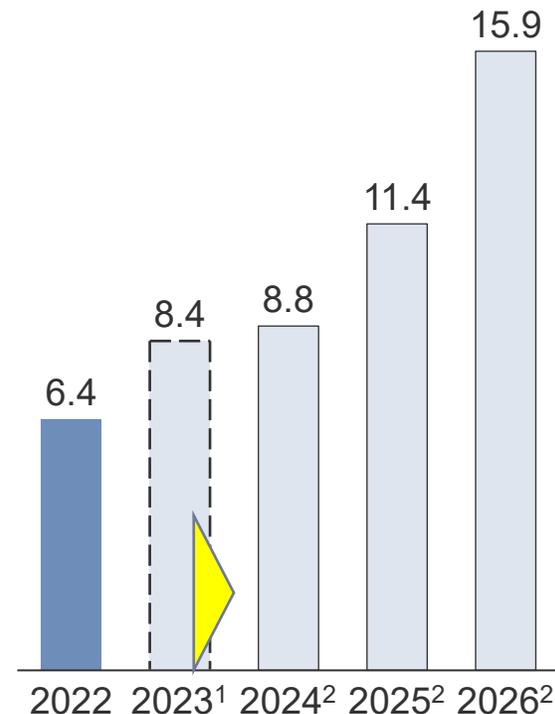
Basiglio, 5 May 2023 – Evolve (SIC: EVV), a pioneer in the field of natural molecules and industrial biotech, has reached a major milestone to boost its commercial performance by signing a multi-year agreement with a leading CMO partner as basis to secure the Vanillin business with a global F&F customer of around CHF 35 million until 2026.

Thanks to its proprietary precision-fermentation platform and the newly signed CMO agreement, Evolve is now able to supply Vanillin to a global customer in the Flavors & Fragrances industry (F&F) within a framework of defined volumes and very competitive pricing over a multi-year period. The move is a further testimony to Evolve's core capabilities of having successfully developed and upscaled high-grade Vanillin from lab to industrial scale production and now towards full commercialization.

Based on the newly signed agreement with the selected CMO partner, Evolve expects to generate revenues of around CHF 35 million over the next three and a half years from supplying a global customer with Vanillin for use as natural ingredient to the flavors industry. As such, the agreement further substantiates Evolve's mid-term plan.

In 2023, the corresponding revenues are expected to be in the mid-single digit range. For production reasons, these revenues will fully occur in the second half of the year, leading to a shift in revenues from the first to the second half of the year when compared to 2022.

Vanillin sales (mCHF)



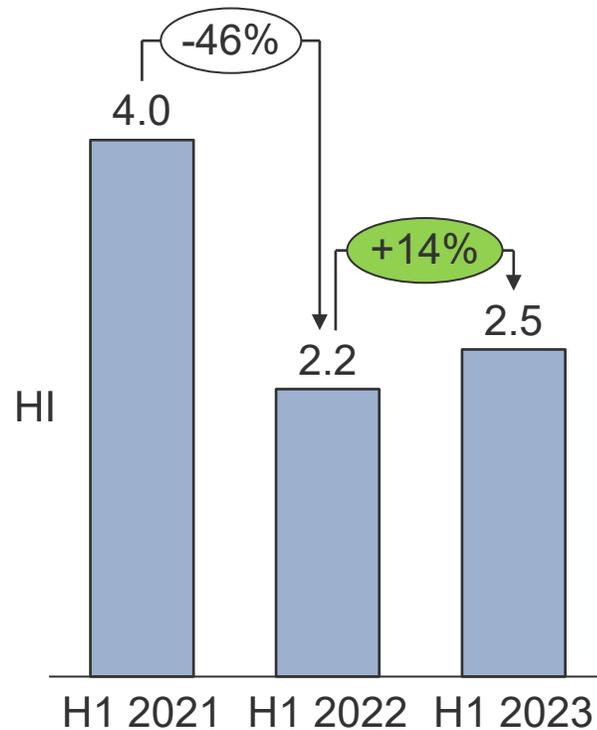
- 1) According to Budget 2023
2) According to Forecast

Comments:

- Multi-year agreement signed with leading CMO for several key products
- New contract enables Evolve first of all to supply its global F&F customer Vanillin volumes worth around CHF 35m by 2026
- In addition, much-enhanced profitability levels for several key products and revenue drivers
- Decision to move Vanillin production originally planned for 2H 2023 to 2024 to preserve cash and benefit from lower cost

Health Ingredients: further growth and market expansion

H1 revenue (mCHF) excl. EverSweet®



Comments:

- Solid growth of Veri-te™ Resveratrol thanks to improved go-to-market strategy
- Launched “Responsible Care” concept based on Resveratrol and L-Arabinose for the attractive Personal Care industry
- EverSweet® below expectation but market potential remains significant



Debottlenecking
N^ATURE

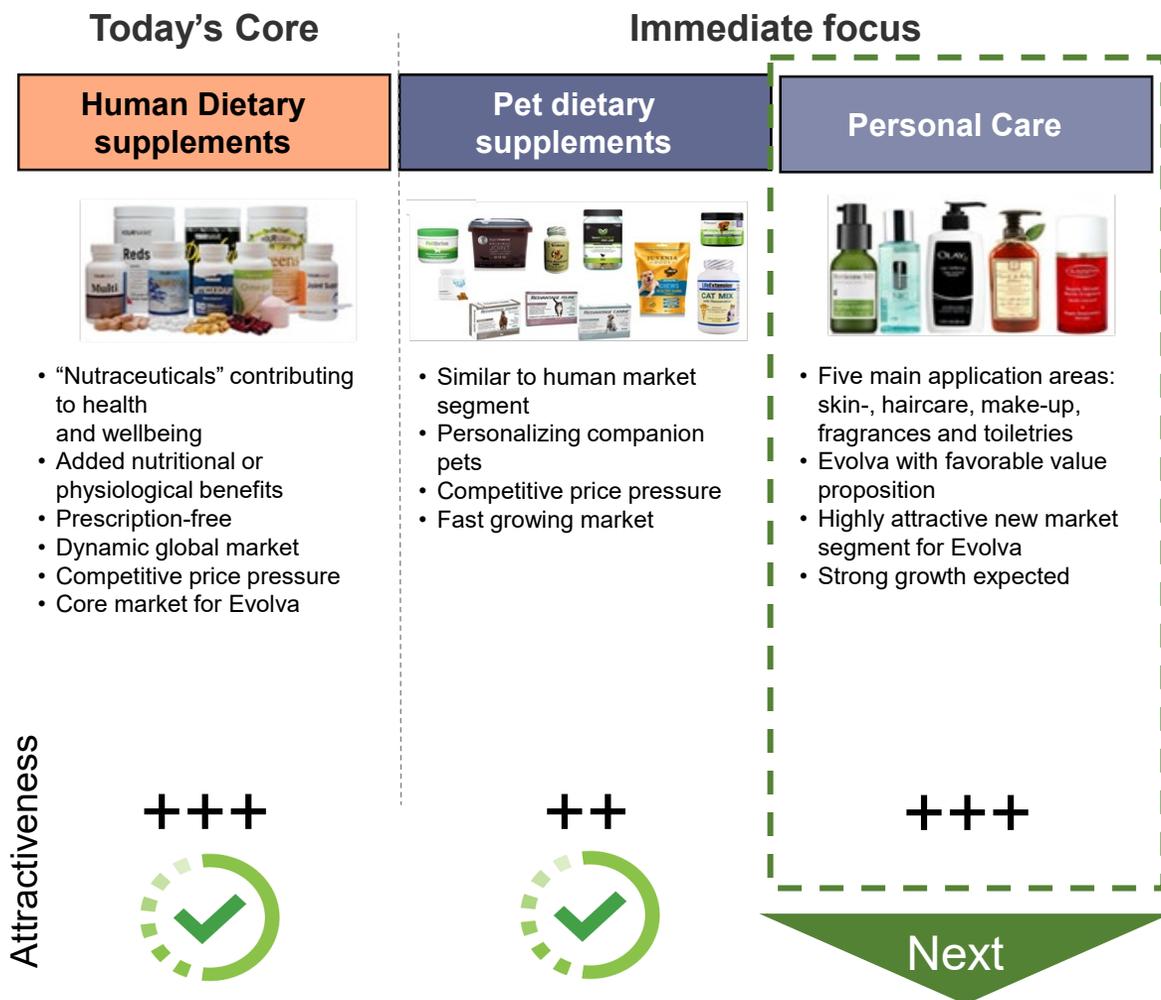


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CHEMISTS
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2023
SECAUCUS, NJ

Health Ingredients: launching new products and entering new market segments



JUNEO The Beauty Power House



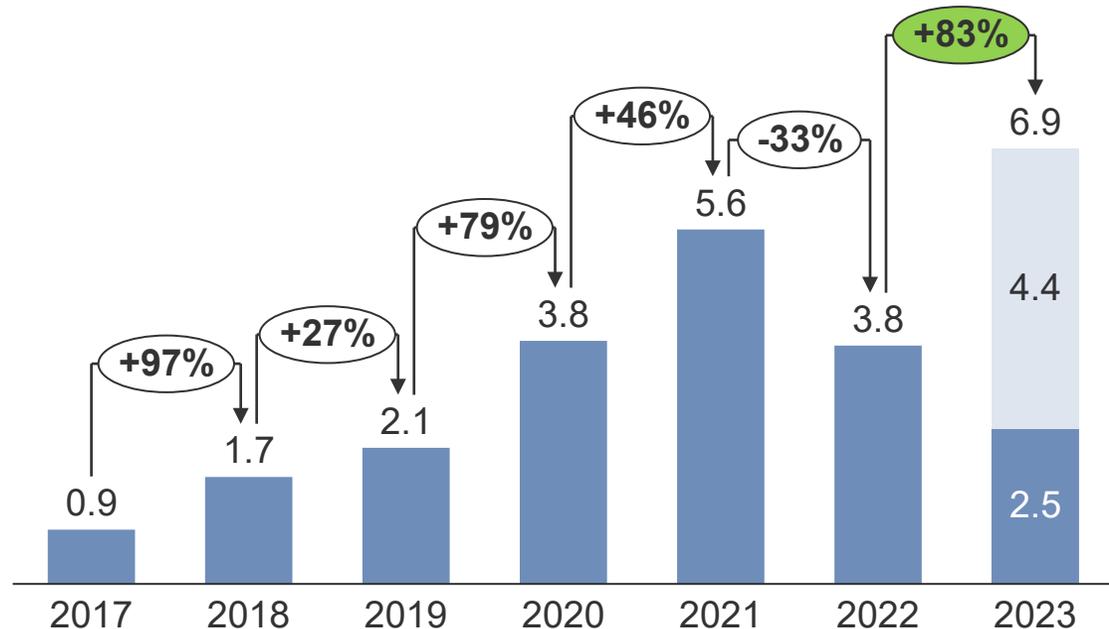
LARALLY The Skin Microbiome Influencer



Business highlights

Resveratrol: strong sales pipeline materializing especially in 2H 2023 with growth expected >80% by year-end

Resveratrol sales (mCHF)



Comments:

- Strong Sales Pipeline starting to materialize
- Resveratrol on track to reach close to 7m CHF in 2023, representing an expected growth of 83% compared to 2022
- Much improved gross contribution margin due to value pricing
- Further substantially increasing margin from 2024 onwards on the back of the new CMO agreement

Business highlights

EverSweet®: high potential, still disappointing, high hopes



Avansya:

- ✓ Successful launch of Eversweet® with double digit sales in first commercial year 2020
- ✓ Good commercial progress despite COVID depressing the beverages industry and limiting development work and new launches
- ✓ Eversweet® seen as best in class to replace artificial sweeteners
- ✓ Sales estimated at €100m in 3-4 years
- ✓ Market potential €1-2bn

Comments:

- Joint venture between Cargill and DSM formed in 2019
- CEO change from DSM to Cargill as of July 2022
- Evolva is in contact with Avansya's senior management
- Market potential remains huge
- Impact of COVID-19 pandemic in 2020 and 2021, timing
- Project to accelerate EverSweet® market performance
- Innovation award won



2023 Edison Award
Recipient

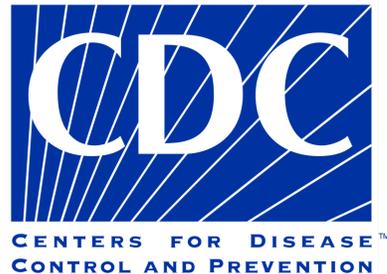
Award-winning innovation

EverSweet® stevia sweetener + ClearFlo™ natural flavor has been recognized with a 2023 Bronze Edison Award™ for innovation in Food and Agricultural Advancements. [Learn more about the awards.](#)

Finally, there's a solution for fully utilizing stevia sweeteners' sugar reduction potential without bitterness or licorice notes: EverSweet® + ClearFlo™ – a stevia sweetener and natural flavor in a single ingredient.

Business highlights

Health Protection: promising partnerships to enter new markets based on Nootkatone technology platform



Comments:

- Test markets with NootkaSHIELD™ in Southeast Asia successfully conducted
- Developing new application forms for NootkaSHIELD™ in the area of tick prevention with the US Centers for Disease Control and Prevention (CDC)
- Partnership with Grace Breeding to enter the high-volume market of sustainable Agro-solutions to replace chemical fertilizers

After Nice & Green situation, we needed to implement strict cash management and launch Strategic Review



Boost commercial performance

Commercialize product portfolio towards its full potential, at a much-increased gross contribution margin



Cost discipline

Put funds into the most promising strategic initiatives, and rigorously cut expenditures that are non-value-add



Culture as an enabler

Foster cross-functional teamwork, create trust, become flexible and agile



Strict cash management

Ensure liquidity as long as possible to enable Strategic Review, postponing relevant activities



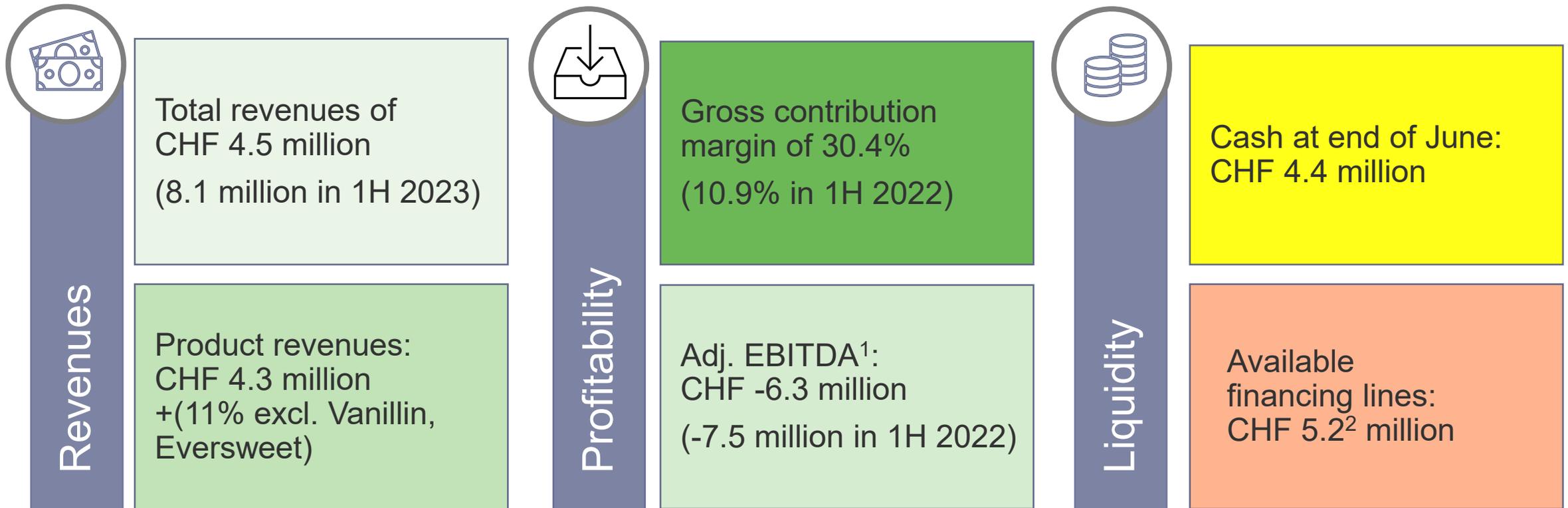
Strategic Review

Evaluate all strategic alternatives until the end of 2023, and find an appropriate solution

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2. **1H 2023 financial results**
Carsten Däweritz
3. Outlook 2023 and beyond
Christian Wichert

Solid revenue growth (excl. Vanillin and EverSweet®) and significant progress in profitability and EBITDA in 1H 2023



1) 2022 adjusted for extraordinary items of CHF 19.0 million, of which inventory write-off (CHF 1.6 million) and others (CHF 0.4 million) impacted EBITDA

2) Under the premises that the EGM of 24 August 2023 accepts BoD agenda item 1

P&L highlights: Strong product-related revenue growth excluding Vanillin and EverSweet® of 11% and improved profitability

CHF million	1H 2023 adjusted	1H 2022 adjusted
Revenue from contracts with customers	4.5	8.1
Product-related revenues	4.3	7.8
Direct production costs	(3.0)	(6.9)
Gross contribution	1.3	0.9
in % of product-related revenue	30.4%	10.9%
Research & development revenue	0.2	0.4
Cost of goods sold (excl. direct production costs)	(2.4)	(2.2)
Gross profit	(1.0)	(1.0)
Research & development expenses	(3.5)	(5.2)
Commercial, general & administrative expenses	(5.3)	(5.7)
Operating loss (EBIT)	(9.8)	(11.9)
Depreciation and amortization	(3.5)	(4.4)
Impairment of intangible assets	0.0	0.0
EBITDA	(6.3)	(7.5)
Cash position (end of period)	4.4	7.4
Extraordinary items for adjustments ¹	(68.3)	(19.0)
- impairment	(68.3)	(17.0)
- inventory write-off	(0)	(1.6)
- others	(0)	(0.4)

- 11% growth of product-related revenues excl. Vanillin and EverSweet®
- Gross contribution margin of product-related revenues showing substantial improvement, above FY guidance
- Gross profit stable despite lower revenue level
- Adjusted EBITDA improved by CHF 1.2 million
- Recurring operating expenses reduced by CHF 2.1 million
- The extraordinary impairment of CHF 68.3 million relates to a non-cash relevant impairment of goodwill and other assets as a result of the current financing situation

¹ The extraordinary impairment in 1H 2023 of CHF 68.3 million relates to goodwill (CHF 40.4 million), patents and patent applications (CHF 10.1 million), royalty and licenses (CHF 11.5 million), product and process development (CHF 4.3 million) and property, plant and equipment (CHF 2.0 million)

Key balance sheet items - Assets

CHF million	30 June 2023	31 Dec 2022
Assets		
Intangible assets	21.9	92.6
Property, plant and equipment	2.7	5.3
Financial assets	3.0	3.0
Total non-current assets	27.7	100.9
Inventories	15.9	18.4
Prepayments & accrued income & others	2.1	2.5
Trade and other receivables	3.0	4.0
Cash and Cash equivalents	4.4	5.1
Total current assets	25.5	30.1
Total assets	53.1	131.0

- Intangible assets reduced through CHF 66.3 million extraordinary impairment of goodwill (CHF 40.4 million), royalties and licenses (11.5), patents and patent applications (10.1), and product and process development (4.3)
- A result of the current financing situation, the company-specific risk factor was increased, leading to a WACC of 23.9% (2022: 13.2%)
- The underlying business expectations of the valuation model are not fundamentally changed
- Property, plant, and equipment reduced through extraordinary impairment by CHF 2.0 million
- Inventories reduced by CHF 2.5 million
- Cash Position at CHF 4.4 million at the end of June

Key balance sheet items – Equity and liabilities

CHF million	30 June 2023	31 Dec 2022
Equity and liabilities		
Total equity	28.8	106.2
Total non-current liabilities	5.8	6.1
Total current liabilities	18.5	18.7
Total Equity and Liabilities	53.1	131.0

- Equity decrease through extraordinary impairment of CHF 68.3 million due to current financing situation
- Equity increase through placements to Nice & Green CHF 4.0 million
- Non-current liabilities include as main component lease and pension liabilities
- Current liabilities include convertible loan (Nice & Green)

1H 2023 financial results

Operating free cash flow

CHF million	1H 2023	1H 2022
Cash Flow		
Cash position at beginning	5.1	11.0
Cash flow from operating activities	(3.9)	(13.5)
Cash flow from investing activities	(0.0)	(1.2)
Cash flow from financing activities	3.3	11.1
Cash position end of period	4.4	7.4

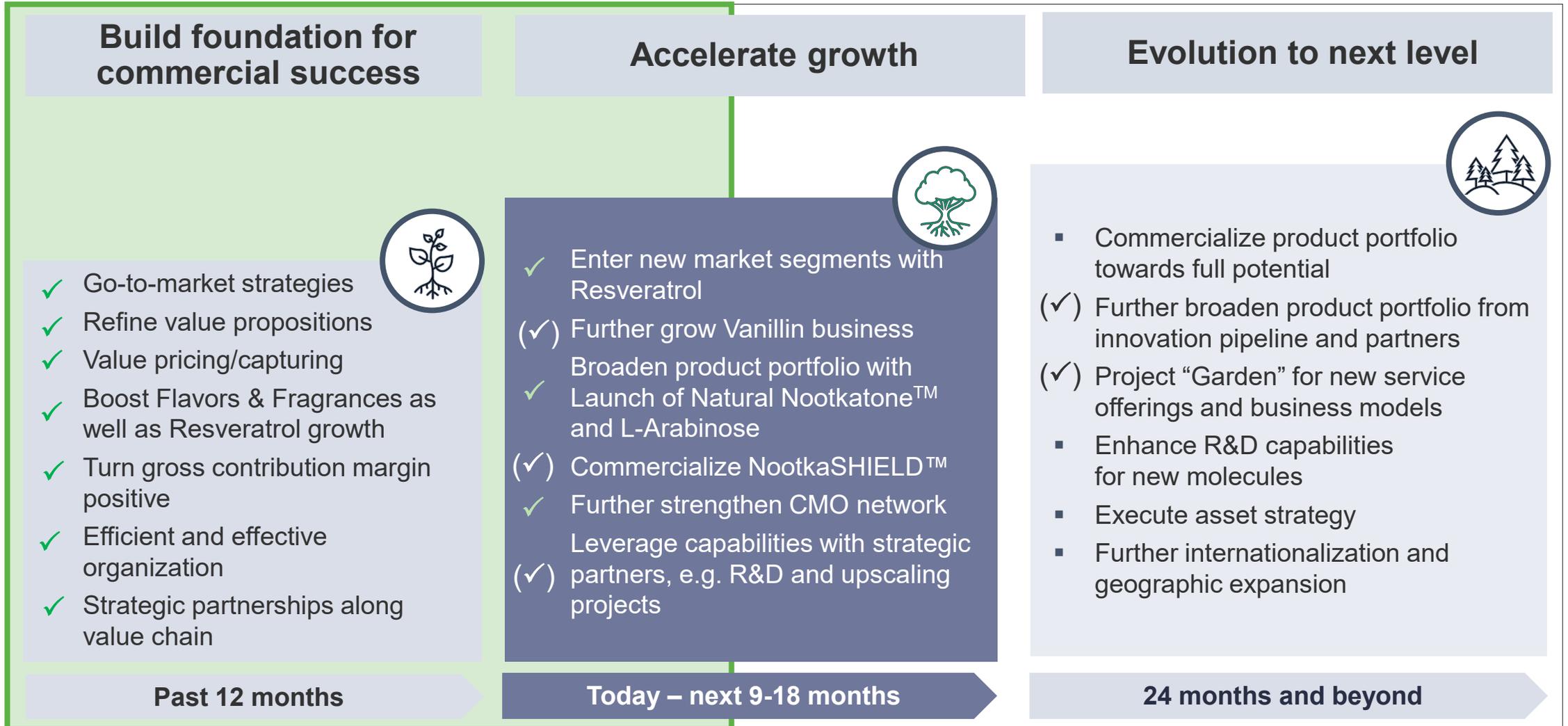
- Cash flow from operating activities significantly improved by CHF 9.6 million due to higher profitability and a reduction of Net Working Capital
- Cash flow from investing activities improved by CHF 1.2 million due to lower capitalized development expenses and no capital expenditures at our CMOs
- Financing activities mainly reflect placements to Nice & Green
- Open financing lines of CHF 5.25¹ million
- Additional financing lines of CHF 6.75 million dependent on certain share trading volumes and market capitalization level

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Christian Wichert

Evolve was well on track with its transformation program



Way forward: Strict cash management, ensure sufficient liquidity until year-end, successful strategic review

2023

- Current financing situation (N&G) forced Evolva to implement strict cash management and postpone certain activities
- Revenue expected in the range of lower double-digit millions CHF
- Further improvement of EBITDA and cash flow

Short-term

- Accelerated increase in revenues
- Continuous increase in gross contribution margin
- Further improvement of EBITDA
- Successful strategic review, finding the right partner for Evolva

Mid-term

- EBITDA/ Cash break-even still targeted for 2025, provided going concern can be secured
- Slightly lower revenues than the presented MTP, (up to ~45m)
- Higher profitability than the presented MTP

Update on Strategic Review *(excerpt of half-year report 1H 2023)*

- 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 discussions with multiple interested parties.**
- The Board of Directors estimates that the **most likely scenario is a sale of the company.**
- By the publication date of this half-year report, **no decision has been taken** regarding a potential buyer yet.
- At the latest **by the end of 2023**, the Board of Directors is **confident to have found a suitable solution** that will secure the going concern of the Group in the long term.
- 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.

Q&A

We are happy to
answer your questions.

Financial Calendar

Extraordinary General Meeting 24 August 2023, 11.00 CET in Basel

Appendix

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