

Evolve delivers accelerated revenue growth of 57% in 2022 and substantially improved profitability profile

Reinach, 9 March 2023 — Evolve (SIX: EVE), a pioneer in the field of natural molecules and industrial biotech, delivered a strong performance during 2022, fully meeting its targets. Total revenue increased by 57% (prior year +40%) to CHF 15.5 million, while product-related revenues even grew by 62% to CHF 14.8 million. Gross contribution margin turned positive and reached 16% for the full year, well in the targeted double-digit range. After 10.9% in 1H 2022, gross contribution margin increased to 21.6% in 2H. As a result of the revenue growth and increased gross contribution margin, EBITDA and Operating Cash Flow also improved significantly. With the organizational transformation achieved in 2022, Evolve has laid out the foundation for continued revenue growth and further increased profitability.

Business and corporate highlights

- Initial focus of the leadership team under new CEO Christian Wichert was on boosting the commercial performance in Flavor & Fragrances. Revenues more than tripled in 2022, giving a clear testimony of the success of these initiatives
- Key driver was the successful upscaling of Vanillin and subsequent delivery of commercial batches
- Nootkatone and Valencene also showed continuous profitable growth in 2022 and Evolve successfully introduced its new Natural Nootkatone with key European customers, further expanding the addressable market
- Health Ingredients has been managed for profitability in 2022 to ensure a positive gross contribution margin
- Focus now shifts to boosting the revenues of Resveratrol by targeting attractive new market segments – incl. the prepared launch of Resveratrol for Personal Care
- In Health Protection, NootkaSHIELD™ is yielding initial sales from test markets in South East Asia. In addition, Evolve has received prominent support from the US CDC (Centers of Disease Control) for the development of effective nature based products for the US market for tick bite repellency and prevention
- Strategic partnership with Grace Breeding to enter the agricultural market for bio-fertilizers based on Evolve's existing precision-fermentation platform to offer nature-based alternatives with favorable ecological footprint (reduced water and soil contamination as well as air pollution)
- Significantly strengthened CMO network and realized process technology improvements to create cost efficiencies
- Strengthened commercial teams in the USA and Europe

Financial highlights

- Total revenue increased from CHF 9.9 million to CHF 15.5 million (+57%) in 2022
- Product-related revenue grew by 62% to CHF 14.8 million, marking an acceleration from the 46% CAGR reached from 2017 to 2021
- Gross contribution margin turned positive, reaching 16% for the full year (10.9% in 1H with a sequential increase to 21.6% in 2H)
- Flavors & Fragrances experienced buoyant growth of 265%, mainly driven by Vanillin, but also thanks to good sales with Valencene and Nootkatone. Well positioned to expand the addressable market with new product launch of Natural Nootkatone for the EU in 2023 and beyond
- Health Ingredients efforts to focus on value and profitability resulted in lower sales (-32% in 2022). Expected to turn to profitable growth in 2023, supported by new and attractive segments (e.g. personal care)
- In Health Protection, NootkaSHIELD™ received prominent support in the USA by a grant from the US CDC (Centers of Disease Control) of USD 540,000
- Company remains positive on potential of EVERSWEET™ as sugar replacement although royalty revenues were below expectations in 2022
- Reduction of operating expenses by CHF 2.5 million as a result of cost efficiency initiatives
- Adjusted EBITDA improved by CHF 9.3 million to CHF -13.3 million (vs. CHF -22.6 million in 2021) driven by revenue growth and increased gross contribution margin
- Extraordinary non-cash impairment charge of CHF 17 million booked with the half year numbers
- Cash flow from operating activities improved by CHF 10.9 million to CHF -18.9 million
- Cash position of CHF 5.1 million at year-end and CHF 16 million of open financing lines

Outlook:

- Positive business momentum expected to continue
- Targeting revenue of more than CHF 20 million in 2023 and a gross contribution margin of above 20% in 2023
- Further improvement of EBITDA and Operating Cash in 2023
- Improved EBITDA and Operating Cash Flow
- Mid-term targets confirmed (CHF 45-50 million revenues as well as EBITDA and cash-breakeven in 2025)

Commenting on the full year 2022, Evolva CEO Christian Wichert said: "We demonstrated a strong performance during 2022 while at the same time transforming the organization for commercial success and laying the foundation for profitable growth. Our conservative mid-term plan is largely based on the existing product portfolio and aims at surpassing CHF 30 million in sales in 2024 and to reach a revenue level of between CHF 45-50 million as well as EBITDA and cash breakeven in 2025."

Christian Wichert further added: “We aim to become an industrial biotech leader, providing solutions around natural ingredients addressing the global megatrends of health, wellness and sustainability. Based on our proprietary precision-fermentation platform, we are uniquely positioned to resolve supply bottlenecks of nature. Thanks to our knowhow in process development and our ability of scaling up processes from the lab to industrial production, Evolva is set to benefit from global market trends and ensuing opportunities.”

Financial key figures¹⁾

CHF million	FY 2022 adjusted	FY 2021 adjusted	FY 2022 reported	FY 2021 reported
Revenue from contracts with customers	15.5	9.9	15.5	9.9
<i>Product-related revenues</i>	14.8	9.1	14.8	9.1
<i>Direct production costs</i>	(12.5)	(14.6)	(12.5)	(15.1)
Gross contribution	2.4	(5.4)	2.4	(5.9)
<i>in % of product-related revenue</i>	16.0%	-59.5%	16.0%	-64.7%
<i>Research & development revenue</i>	0.7	0.7	0.7	0.7
<i>Cost of goods sold (excl. direct production costs)</i>	(4.6)	(4.2)	(9.1)	(4.2)
Gross profit	(1.5)	(8.9)	(6.0)	(9.3)
Research & development expenses	(9.4)	(12.8)	(23.6)	(22.4)
Commercial, general & administrative expenses	(5.7)	(9.5)	(10.8)	(10.2)
Operating loss (EBIT)	(21.4)	(31.2)	(40.4)	(42.0)
Depreciation and amortization	(8.1)	(8.7)	(8.1)	(8.7)
Impairment of intangible assets	0.0	0.0	(17.0)	(9.6)
EBITDA	(13.3)	(22.6)	(15.3)	(23.6)
Cash position (end of period)	5.1	11.0	5.1	11.0
Extraordinary items	(19.0)	(10.6)		
- <i>impairment</i>	(17.0)	(9.6)		
- <i>inventory write-off</i>	(1.6)	0.0		
- <i>others</i>	(0.4)	(1.0)		

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.

Documentation

Results' documentation will be available on the company website at 07.00 CET under this link:
<https://evolva.com/financial-data/full-year-results/>

Webcast and Conference Call information:

Evolva will host a conference call with media and the financial community today, 10 a.m. CET.

- Registration link for conference call:
<https://webcast.meetyoo.de/reg/jq3C8QPMpqm7>
Following registration, participants will receive a confirmation e-mail with individual dial-in information.
- Webcast link for conference call participants
<https://www.webcast-egs.com/evolva-2022-fy/no-audio>
- Webcast link to the livestream:
<https://www.webcast-egs.com/evolva-2022-fy>

To ask questions during the Q+A session you must dial in to the moderated telephone conference.

A replay will be available after the call on the Evolva website.

Important dates

18 April 2023	Annual General Meeting
24 August 2023	Half-year 2023 results

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About Evolva

Evolva is a Swiss biotech company focused on the research, development and commercialization of ingredients based on nature. We have leading businesses in Flavors and Fragrances, Health Ingredients and Health Protection. Evolva's employees, half of which are women, are dedicated to make the best products that can contribute to health, wellness and sustainability. Find out more at evolva.com and connect with us on [LinkedIn](#).

For Evolva multimedia content, please visit: evolva.com/multimedia-library.

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