

Evolva achieves financial performance targets and makes significant progress in building the business

Reinach, 18 March 2020 – Evolva (SIX:EVE) today announced results for the full year 2019 and provided a regulatory update on nootkatone in the US.

- Full year revenue increased to CHF 11.6 million in 2019 (+30%) mainly driven by product-related revenues growing by 59% to CHF 5.5 million
- EBITDA up 47% compared to previous year (CHF -12.3 million versus CHF -23.2 million in 2018)
- Operating free cash flow improved to CHF -14.3 million (+40%)
- Operating expenses declined by 23% (CHF -7.5 million), reflecting a leaner, focused structure
- Developed Evolva as a biotech company focused on the research, development and commercialization of products based on nature:
 - Driving focused innovation approach through biotechnology thus continuing to build our product portfolio
 - Advancing the registration process for nootkatone in the US: all required studies have been submitted to the EPA and the additional information submitted by September 2019 has been accepted. The registration process is continuing.
 - Building additional capacity through third party organizations (CMOs) in different geographies to support future revenue growth
 - Major progress in developing a new product, EVE-X157/Z4, to be launched in late 2020. The product is targeting the market segments of Flavors and Fragrances and Health Ingredients

“In 2019 we have made material progress across the board in building our business, creating quickly increasing demand with customers in Health Ingredients, making a major step in the registration with the EPA and putting us in a position to launch a major new product in 2020. At the same time, we have made solid progress in further building our organization to cope with the quickly growing business. With sustainable innovation at our core, we are targeting continued sales growth and cash break-even by 2023,” said Oliver Walker, Chief Executive Officer, Evolva.

Strategy Update

In 2019, we finalized the development of our business for its next growth phase. The most conspicuous steps in this process were the focus on sustainable innovation and commercial efforts on products with a strong revenue growth trend line. We currently have five products on the market, with more to be launched in the coming years. Our focus is on the execution of our three key strategic priorities: champion sustainable innovation, improve productivity and deliver profitable growth.

Thanks to our investments in research and development, and our partnerships, we’ve seen products like Eversweet™, a non-artificial, zero-calorie stevia sweetener, come to market. In November 2019, commercial-

scale production of this stevia sweetener started at Cargill's fermentation production facility in Blair, Nebraska, as consumers increasingly demand reduced-calorie food and beverages.

Another standout of Evolva's innovation is nootkatone-based NootkaShield™, a next-generation solution for pest control applications. The long term, strong collaboration between Evolva and the US authorities resulted in a registration process of nootkatone for pest control applications.

In line with the strategy, Evolva delivered its financial performance targets, with consistent sales growth above market. Cash loss was reduced significantly, and we are making major progress in building the business.

Commercial Operations

We continue to grow across geographies, with focus on our key business segments:

- **Flavors and Fragrances** grew in line with expectations. The focus areas are food, beverages, personal care and home care. Currently, we can count on an international network covering all relevant geographies and are well positioned to exploit the growing demand in emerging markets, especially in Asia. We have launched three new variants of our nootkatone and valencene products. These variants have been introduced to meet defined needs of customers in geographies, which have specific regulatory requirements. We plan to launch further innovative products in the coming years.
- **Health Ingredients** accelerated sales across regions. In APAC, we broadened our customer base and we expect this to be an area of significant growth in 2020. In Europe, the solid growth seen in 2018 continued at an accelerated pace in 2019, which was the result of both the success by the resveratrol team in inspiring new product development and the great work of our key distribution partners in this region. In the US, Evolva saw solid sales growth in the Companion Animal sector. The signing up of a new key strategic distribution partner in the US in Q3 2019 started to drive interest from new large key accounts. A study, called Resveratrol Supporting Healthy Aging in Women (RESHAW), conducted in a two-year clinical trial by the University of Newcastle in Australia, showed that subjects taking Veri-te resveratrol experienced enhanced cognitive performance, improved arterial function, increased healthy blood flow, and improved bone mineral density. The results of this recently concluded study have started to further raise commercial interest.
- **Health Protection** continued discussions with the US EPA to complete the registration of nootkatone as a novel active ingredient. All required studies have been submitted to the EPA and the additional information submitted by September 2019 has been accepted. The registration process is continuing. The registration of nootkatone as a novel active ingredient is the pivotal step on this product's regulatory path. Upon registration, EPA's evaluation of formulated end-use products containing Evolva's nootkatone (NootkaShield™) can follow. Evolva has evaluated potential collaborations and started to collaborate with selected companies to secure the registration of end-user products targeting first sales in late 2021

Other products: In early 2019, Cargill and DSM established a joint venture called Avansya (for more information: www.avansya.com), which markets its fermentation-based sweetener products under the brandname EverSweet™. Evolva receives royalty payments on all EverSweet™ sales. The first commercial-

scale production of EverSweet™, a non-artificial, zero-calorie stevia sweetener, has started on November 14, 2019 at Cargill's fermentation production facility in Blair, Nebraska (USA). Based on this increased capacity, Evolva anticipates its royalty income to grow over time.

Financials

Key Figures

CHF million	2019	2018	% change
Product-related revenue	5.5	3.4	+59%
Research & development revenue	6.1	5.5	+12%
Total revenue	11.6	8.9	+30%
Gross profit	5.3	2.1	
Total operating expenses	-25.4	-32.9	+23%
Operating loss (EBIT)	-20.1	-30.7	+35%
Depreciation & amortization	-7.8	-7.5	
EBITDA	-12.3	-23.2	+47%
Operating free cash flow¹	-14.3	-23.7	+40%
Earnings per share (CHF)	-0.03	-0.04	
Cash position at year-end	39.9	60.4	

¹ Operating free cash flow: Cash flow from operating activities + operating capital investment, excluding contractual obligations related to EverSweet™

Total revenue increased to CHF 11.6m from CHF 8.9m (+30%). This includes R&D revenue (CHF 6.1m, +12%) predominantly from a contract with the US “Biomedical Advanced Research and Development Authority” (BARDA). Biggest driver to total revenue expansion was Product related revenue growing by 59% to CHF 5.5 m, in line with guidance.

Gross profit increased to CHF 5.3m from CHF 2.1m in 2019 (+152%), mainly as a result of the increase of R&D revenue while cost of products sold per kg decreased.

Total operating expenses decreased by 23% (-CHF 7.5m), reflecting a leaner, focused structure. Headcount reductions and a focus on value generating products in R&D contributed with CHF 4.9m (-26%) to this expense reduction. In addition, the centralization of corporate functions at the headquarters and the clear

focus on sales generating activities led to a decrease of commercial and administrative expenses of CHF 2.6m (-18%). Consequently, both operating result (EBIT) and EBITDA improved significantly.

Changes in income taxes (of CHF 2.1m) resulted from deferred tax adjustments only.

Balance sheet and cash flow

Because of mandatory adoption of new reporting standard (IFRS 16), property, plant and equipment increased net by CHF 2.4m. Apart from this change, Evolva made no significant investments in equipment. This first-time recognition simultaneously led to an increase of finance lease liabilities of net CHF 2.9m in 2019.

Intangible assets decreased in total by CHF 4.9m. This results mainly from the regular amortization in the amount of CHF 6.1m and from capitalizing product and development costs amounting to CHF 2.5m in 2019. Evolva is reviewing, changing and testing its commercial manufacturing processes on an ongoing basis with the aim to implement improved processes that reduce manufacturing costs. In addition, new product blends are developed and tested for commercialization.

In 2019, Evolva settled its remaining financial obligation related to the EverSweet™ agreement (CHF 5.5m), which led to a decrease of provision and accrued liabilities in the balance sheet.

Cash position decreased to CHF 39.9m at year-end 2019, of which CHF 14.3m results from operating free cash flow¹, CHF 5.2m from payments related to EverSweet™ and CHF 0.9m from finance lease payments and other financing activities. Overall, operating free cash-flow improved significantly by 40% from -23.7m to -CHF 14.3m in 2019.

2020 Outlook

In 2020, we expect consistent product related revenue growth across business segments, and a decline in R&D revenue following the completion of the contract with BARDA. As product related-revenue becomes the main driver to the top line, EBITDA is expected to remain broadly at around prior-year level.

Barring unforeseen events, we are confident the EPA will complete its registration of nootkatone as a novel active ingredient in the next few months. This will allow the start of the registration process of end-use products for different applications within pest control, before commercial sales may start. For this, we are in advanced discussions with leading companies in the pest control industry.

We anticipate cash outflows to be slightly above the 2019 level. This will be driven by investments related to scale up of additional production capacities to keep up with increasing customer demand, launch of a major new product, building of necessary stock levels, and activities to progress nootkatone in the registration process for end-use products. To finance future growth until cash break-even, we are currently evaluating multiple options, including a capital increase.

The above outlook excludes any impact on Evolva's business from Coronavirus (COVID-19) which cannot be

estimated at this point in time.

Disclaimer

This press release contains specific forward-looking statements, e.g. statements including terms like believe, assume, expect or similar expressions. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may result in a substantial divergence between the actual results, financial situation, development or performance of the company and those explicitly or implicitly presumed in these statements. Against the background of these uncertainties readers should not place undue reliance on forward-looking statements. The company assumes no responsibility to update forward-looking statements or to adapt them to future events or developments.

About Evolva

Evolva is a Swiss biotech company focused on the research, development and commercialization of products based on nature. We have leading businesses in Health Ingredients, Flavors and Fragrances and Human Protection. Evolva's employees, half of which are women, are dedicated to make the best products that can contribute to health, wellbeing and sensory enjoyment. Find out more at www.evolva.com.

Evolva will conduct a conference call with media and analysts to discuss FY Results 2019 today at 10:00 Central European time. A replay will be available after the call on the Evolva website.

Today's annual results presentation can be found at <https://www.evolva.com/investors/>.

Evolva issued its 2019 Annual Report today, and it's available at <https://www.evolva.com/investors/>.

Important Dates

April 15, 2020 Annual General Meeting

August 26, 2020 Half Year Results 2020

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