

### **Evolva announces interim results for first six months of 2011**

**Reinach, Switzerland, 12 September 2011 – Evolva Holding SA** (SIX: EVE) today announced its financial results for the period 1 January to 30 June 2011. The condensed accounts are available on [Evolva's website](#).

#### **Key achievements 2011 to date:**

- New partnering contract with International Flavors & Fragrances
- New partnering contract with BASF
- FDA clearance to initiate clinical trials with EV-077 in influenza
- First milestone reached in Roche collaboration
- Abunda acquisition completed in July, adding Stevia and other assets to portfolio
- EV-077 completed Phase I studies
- Significant strengthening of management and boards
- Vanillin production reached commercial yields
- Systemic indication for EV-086 terminated

#### **Key financials:**

- Revenues of CHF 6.9 million (first half 2010: CHF 9.4 million); currency impact on revenues: -11%
- Cash outflow from operating and investing activities CHF 7.3 million (first half of 2010: CHF 8.5 million)
- Total cash position at 30 June 2011: CHF 29.9 million
- Additional funding of up to CHF 30 million secured

**Neil Goldsmith**, CEO and Managing Director of Evolva commented, "We have made strong progress across our business in the year so far. We have broadened our pipeline with the acquisition of Abunda, added new partnering contracts and hit our first milestone in the Roche collaboration. In addition, we have completed Phase I studies with EV-077 and achieved yields on vanillin that allow it to enter the market at a competitive price. At the same time, we have kept the costs under strict control and strengthened our financial position."

Goldsmith added, "Looking ahead, we expect to move our lead pharma compound EV-077 into Phase II later this year. The encouraging results we have achieved both in terms of compound diversity and of yield improvement indicate the power of our technology and we believe this will continue to attract partner interest going forward."

## Operational Review

### Partnering

**The first half of 2011 saw significant progress in projects carried out in collaboration with external partners. We expanded our product portfolio and achieved the first milestone in our project with Roche. Developments in the area of consumer healthcare and nutrition have been particularly dynamic in the year to date.**

In January 2011, Evolva entered into a collaboration and joint development agreement with International Flavors & Fragrances (**IFF**). The objective of the collaboration is to implement a commercially viable biosynthetic route for the production of a key flavouring ingredient. The project is progressing as planned.

In March 2011, the Company entered into a partnering agreement with **BASF**, covering two projects aimed at the design of novel and optimised biosynthesis routes for selected natural products with crop protection potential. Both projects are well on track with the potential to reach predefined milestones in 2012.

The discovery collaboration with **Roche**, focused on targets in oncology and anti-infectives, achieved its first milestone in June 2011 by obtaining diverse, purified active compounds that derive from Evolva's synthetic biology platform.

Our Human Defence programme, funded by the US Defense Threat Reduction Agency (**DTRA**), progressed to completion in August, as planned. Activities this year focused on the potential anti-viral application of EV-077 and in March 2011, the US Food and Drug Administration (FDA) cleared Evolva's request to test EV-077 in man, under an Investigational New Drug (IND) application for influenza. Evolva is in discussions with potential partners regarding the further development in this indication.

The project for the US Army Research Office (**ARO**) focuses on finding molecules that inhibit *Burkholderia pseudomallei* – a Gram-negative bacterium that causes Melioidosis, an endemic disease in Southeast Asia. In the year to date, MIC studies have been conducted on compounds with potential utility in bio-defence. Several of the compounds were selected for further investigation. Most activity has been on investigating EV-035, a promising novel broad-spectrum antibiotic. The ARO project is scheduled to end in January 2012.

## Proprietary pipeline

**The clinical programme for EV-077 saw strong progress in the year to date and the compound is expected to move into a Phase IIa trial in the fourth quarter of 2011.**

In July 2011 Evolva announced the completion of a Phase I multiple ascending dose study with an extended-release oral formulation of EV-077 for the treatment of complications of diabetes. Evolva is working on the preparations for a Phase IIa clinical trial in patients with Type 2 diabetes, which is expected to start in the fourth quarter of 2011. The study will be conducted in Germany and is intended to enrol up to 64 evaluable patients.

In parallel with the Phase I programme, Evolva has sponsored an *ex vivo* study to investigate the *in vitro* effect of EV-077 on platelet aggregation of patients with type 2 diabetes and coronary artery disease (CAD). The study data suggest that EV-077 might, in addition to the stand alone anti-thrombotic effects seen in Phase I, also have beneficial effects when provided in addition to aspirin in type 2 diabetics with CAD. It is conservatively estimated that 10-20 million diabetics in the developed world have concomitant CAD. The positive data were presented in July at the XXIII Congress of the International Society on Thrombosis and Haemostasis (ISTH) in Kyoto, Japan. An article on EV-077 is in press in a leading scientific journal.

With the acquisition of Abunda in July 2011, the **Stevia** high-intensity sweetener project became a proprietary programme within Evolva. The research team have successfully made the key individual molecules of Stevia via fermentation in yeast. Evolva believes the product has significant market potential by allowing for the first time the individual molecules to be blended to achieve customised taste profiles for particular products, in addition to greatly simplifying the Stevia supply chain. Over the next year, the focus will be on optimising the production host and associated manufacturing conditions.

Evolva continued to work on the **vanilla** project that was initiated in 2010. The purpose of the project is to generate a commercially viable and environmentally acceptable process for the production of vanillin by fermentation. The production yield target that we expected to reach in 2011 has been achieved. Based on the yield we have reached, the production costs are lowered to a level where fermented vanillin would already be competitive in certain geographical markets. Recent EU regulatory changes have strengthened the competitive advantage of the proposed product. The next step will be to further increase the process yield while preparing to scale-up the process in 2012. The programme is supported by FØSU (the Danish Council for Strategic Research).

**Pomecins™** are Evolva's proprietary compounds with potential uses as broad spectrum antifungals for consumer healthcare, pharmaceuticals, crop and food protection. The Pomecins™ portfolio includes EV-086 and EV-050, and several other related compounds.

- **Pomecin A (EV-086)** Studies on EV-086 have recently led to the conclusion that the molecule has a shorter half-life in humans than in various animal models and therefore is unlikely to be an efficacious human systemic antifungal. Based on this, we have decided to terminate development in this indication. Work is progressing on certain back up molecules. The utility of EV-086 in the treatment of topical conditions and infections is unaffected by the systemic half-life discovery and work continues in this indication. A number of potential partners are evaluating the compound for applications in skin care and topical infections, including its topical application for the treatment of nail fungus.
- **Pomecin B (EV-050)** is a potent antifungal with stability and production properties that make it particularly suitable for use in applications such as crop protection, the treatment of post-harvest and food chain infections as well as fungal infections of farmed fish and livestock. In 2011, we conducted toxicology studies and developed a formulation suitable for application on plants. Studies against powdery mildew on grape vines are planned.

## **Personnel**

During the year to date, Evolva appointed new members to the management team and company boards.

- Dr Norbert Bender, MD, an experienced drug development professional with particular expertise in the cardiovascular space, joined Evolva as Chief Medical Officer. He has previously worked in various senior functions in pharmaceutical (Hoechst, Knoll) and biotech companies (Cardion, Trigen, ViroLogik), in both Europe and North America.
- Dr Ganesh Kishore and Dr Stuart Strathdee joined Evolva's Board of Directors upon completion of the takeover of Abunda. Dr. Ganesh Kishore has previously been Chief Biotechnology Officer of both Monsanto and DuPont. He was involved in the development of aspartame (a high intensity sweetener) as well as a key agricultural crop protection technology. Dr. Stuart Strathdee has held a number of senior management positions at Tate & Lyle and was closely involved in the development of Tate & Lyle's sucralose ingredient business as well as in various acquisitions and other growth initiatives.
- Dr Simon Waddington, the former president and CEO of Abunda, joined Evolva's Group Management Team. He combines extensive industry experience (Monsanto and ICI/Zeneca) with venture financing expertise (Polytechnos).

- Professor Jay Keasling and Dr Douglas Cameron, leading experts in the field of synthetic biology and metabolic engineering, joined Evolva's Scientific Advisory Board in early August.

The overall head count for the group was broadly unchanged at around 95 in the first half.

## Share Performance

The Evolva share showed a negative performance in the year to date, in line with the overall biotech sector. At the end of August, the stock traded at CHF 0.95 compared with CHF 1.55 at year-end 2010. In May 2011, a group of core shareholders, holding approximately 79% of its share capital agreed to extend the co-ordinated sale of part of their Evolva shares (which was due to expire on 23 May 2011). The coordinated sale process came to an end in August 2011. The lock-up on the remaining shares of this group of shareholders ended on 1 September 2011, as planned. Based on the increase in the free float, the Evolva stock entered the broad Swiss Performance Index (SPI<sup>®</sup>) in April of this year.

## Financial review

### Key financials (unaudited)

<b>CHF million (IFRS, consolidated)</b>	<b>First half 2011</b>	First half 2010
Revenues	<b>6.9</b>	9.4
Research & Development costs (R&D)	<b>-12.5</b>	-15.5
General & Administrative costs (G&A)	<b>-5.0</b>	-5.5
Net result	<b>-10.5</b>	-11.4
Cash flow from operating and investing activities	<b>-7.3</b>	-8.5
Equity financing (including option exercise)	<b>0.1</b>	4.0
Earnings per share (CHF)	<b>-0.08</b>	-0.08
	<b>30 June 2011</b>	31 December 2010
Cash at end of period	<b>29.9</b>	37.7
Equity at end of period	<b>45.1</b>	53.0

### Introduction

This review presents the financial development of Evolva Holding SA and its subsidiaries (together "the Evolva Group") for the first six months of 2011 ("1H2011").

## **Income statement**

The Evolva Group generated total revenues of CHF 6.9 million in 1H2011, compared with CHF 9.4 million in the corresponding period of 2010. The revenues were generated through R&D partnerships based on Evolva's technology. In addition to research fees, the revenues in the first half of 2011 contain a milestone payment related to the Roche collaboration.

The drop in revenues in 1H2011 was caused by two factors.

The major factor was the winding-down, as scheduled, of the US bio-defence contracts. As a consequence, the US bio-defence contracts only represented half of total revenues in the first half of 2011 versus 80% in the same period in 2010.

The second key factor was the strengthening of the Swiss Franc, our reporting currency. More than three-quarters of total revenues were invoiced in Euro and US Dollar. The weakening of these currencies accounted for 1/3 of the reduction in revenues in the first half.

Total operating costs declined by CHF 3.5 million. This was primarily due to a reduction in the activities related to the bio-defence projects. In addition, since around half of the operating expenses are incurred in other currencies than the Swiss Franc (in particular Euro and US Dollar), the strengthening of the Swiss Franc also lowered costs. Furthermore, the (non-cash) charge for the company's option program declined to CHF 2.5 million from CHF 3.7 million in 1H2010.

## **Balance sheet and cash flow**

The cash reserves declined from CHF 37.7 million at the end of 2010 to CHF 29.9 million as of 30 June 2011. This reflects two main factors:

- the operating cash flow (- CHF 6.7 million) and
- capital expenditure of CHF 0.6 million.

Equity decreased to CHF 45.1 million at 30 June 2011 compared with CHF 53.0 million at the end of 2010.

After the end of the reporting period, Evolva signed a Standby Equity Distribution Agreement (SEDA) with YA Global Master SPV Ltd. (YA Global). Under the terms of the agreement, YA Global has committed to provide up to CHF 30 million in equity financing to Evolva over a 36 month period in individual advances of up to CHF 600,000 with an initial advance of CHF 500,000. In exchange for the funds to be provided, YA Global will receive Evolva shares. It remains at the sole discretion of Evolva to determine when to draw the advances.

Also after the end of the reporting period, and as part of the acquisition of Abunda, Evolva took over Abunda's cash position which amounted to USD 3.5 million.

## **Outlook**

Total revenues in 2011 from existing contracts are expected to be CHF 10-11 million (2010: CHF 18.6 million). The three factors behind the drop in revenues are expiring US bio-defence contracts and currency effects (both already impacting the first half) as well as the Abunda acquisition (internalising a previously external project). Evolva is in discussions about new partnerships with significant revenue potential but the major P&L impact of these new contracts will be in 2012 and onwards. Partnership discussions cover both Evolva's technology platform and its product pipeline.

Evolva expects the net loss for 2011 to be about CHF 29 million (2010: CHF 23.3 million). The result includes non-cash expenses (options and depreciation) of about CHF 7 million.

Cash out-flow from operations and investment is expected to increase to about CHF 23 million for 2011 (2010: CHF 18.1 million). The increased loss is in line with our mid-term budgets and reflects increasing investments in our proprietary projects in pharma as well as nutrition, including the internalisation of the Abunda projects.

The cash position at the end of 2011 is expected to amount to CHF 19 million which will cover the Company's activities through the end of 2012. In August 2011, the Company obtained a stand-by equity financing of up to CHF 30 million which, if used in full, will extend the Company's runway by 12-18 months.

The Company is also investigating the potential for further acquisitions that support its overall business strategy of using synthetic biology to build a distinctive and balanced portfolio of products with strong profit potential.

- Ends -

## **Press/analyst conference call at 10.00am CET on 12 September 2011**

Neil Goldsmith, CEO and Jakob Dynnes Hansen, CFO, will present the results in a conference call for media and analysts.

The dial-in numbers:

+41 (0)91 610 5600           Switzerland / Continental Europe

+44 (0)203 059 5862       UK

+ 1 (1) 866 291 4166       (USA – Toll-Free)

A replay option will be available one hour after the call. Pin code: 11606, followed by #.

Dial-in details:

+41 (0)91 612 4330           Switzerland / Continental Europe

+44 (0)207 108 6233       UK

+ 1 (1) 866 416 2558       (USA – Toll-Free)

The news release, as well as the condensed financial statements (in English) and Powerpoint presentation are available on the [website](#).

### **About Evolva Holding SA**

Evolva is an international, innovative synthetic biology company with a world-class research platform. Evolva strives to improve people's lives by applying its technology and other resources to the discovery and development of new products and processes that benefit the health, well-being and financial economy of patients, consumers and partner companies around the world. Evolva uses biosynthetic and evolutionary technologies to artificially create and optimise small molecule compounds and their production routes. Our approach differs from that of the mainstream in the pharmaceutical and chemical industries. We have discovery partnerships ongoing pharma as well as in consumer healthcare and nutrition. In addition we have a pipeline of promising compounds aimed at infectious and cardio-renal indications. For more information see [www.evolva.com](http://www.evolva.com).

### **Contact Details**

Neil Goldsmith, CEO  
[neilg@evolva.com](mailto:neilg@evolva.com)  
+ 41 61 485 2005

Jakob Dynnes Hansen, CFO  
[jakobdh@evolva.com](mailto:jakobdh@evolva.com)  
+ 41 61 485 2034

Paul Verbraeken, IR  
[paulv@evolva.com](mailto:paulv@evolva.com)  
+ 41 61 485 2035

*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.*