

### Evolva reports interim results for first six months of 2013

Reinach, Switzerland, 22 August 2013 – Evolva Holding SA (SIX: EVE) today announced its financial results for the period 1 January to 30 June 2013. The condensed half-year accounts are available [on Evolva's website](#).

#### Key achievements:

- Stevia product partnered with Cargill
- Collaboration with Ajinomoto in the personal care area
- Vanillin project progressing well in pre-production phase with IFF
- Milestone in BASF collaboration

#### Key financials:

- Oversubscribed capital increase raised CHF 31m
- Revenues of CHF 4m (+13%)
- Cash position at 30 June 2013: CHF 31.8m

**Neil Goldsmith**, CEO of Evolva said, “After the impressive progress we made in the first quarter of the year, we are now moving full-steam to advance our products and partnerships. Vanillin is getting close to market launch and we are very pleased with the progress we are achieving with IFF. The Cargill collaboration on stevia is off to an excellent start and we are confident we have the right team to make this a success. Overall, Evolva is decisively moving ahead. We look forward to hitting key milestones in the coming quarters.”

CFO **Jakob Dynnes Hansen** commented, “The fundraising in the first quarter of the year significantly boosted our financial position. The capital increase was clearly oversubscribed, showing investor confidence in our products and business model. Our cash position is continuing to develop as planned and we are on track to end the year with at least CHF 25 million in the bank, as forecast in April. ”

## **Operational Review**

### **Products**

**Evolva has a proprietary, fermentation-based platform that allows radically different approaches to the production of ingredients for the food, beverage and consumer health sectors.**

### **Resveratrol**

Evolva acquired its resveratrol product from Fluxome Sciences A/S (Denmark) (“Fluxome”) in November 2012. The Fluxome product has been on the US market since 2010, but primarily due to Fluxome’s high production costs has not generated significant sales. It has Self-Affirmed GRAS (“Generally Recognised As Safe”) status in the United States and obtained Novel Foods authorisation from the European Commission in January 2012 through the notification procedure. A recent ruling by the Japanese Ministry of Health, Labor and Welfare, classifying Evolva’s resveratrol in the non-drug material group, significantly facilitates the approval process for the product in Japan.

Evolva has continued work on the optimisation of the existing resveratrol production process. Evolva is also investigating longer-term solutions to significantly reduce the cost of goods. We are currently engaging various specialty ingredient companies to identify a suitable commercial partner to work with us in growing a significant resveratrol business.

### **Stevia - zero-calorie, natural sweetener**

On 6 March 2013, we entered into an agreement with Cargill to jointly develop and commercialise fermentation-derived steviol glycosides. Cargill made a CHF 4.5 million equity investment in Evolva and in addition Evolva stands to receive up to USD 7.5 million in milestone payments. While Cargill will be responsible for the commercialisation, Evolva has the right to a participation of up to 45% in the final business. If Evolva decides not to exercise this option it will receive royalty payments from global sales of the co-developed steviol glycoside products; these royalties will scale from mid-single digit to low double-digit percentages as a function of sales volume and other parameters. Cargill brings to the collaboration its vast manufacturing and commercial expertise in bulk sweeteners, food ingredients, and of course stevia sweeteners. Cargill is a global market leader in the stevia-based sweetener category with consumer products and as an ingredient, which can be found in a variety of branded food products and beverages sold in the U.S., Europe, Mexico, and South America. The steviol glycoside product continues on track to progress into pilot scale in 2014.

### **Vanilla – a sustainable production route**

Evolve has successfully constructed the production route to vanillin and has filed a number of patent applications (some already granted) for its approach. Evolve has achieved the production yield, titre (i.e. concentration) and productivity that will allow commercial launch.

Evolve is continuing to research ways to further improve the production process with the aim of lowering the cost of goods over time. On 5 February 2013, Evolve and International Flavors & Fragrances (IFF) announced entering into the pre-production phase to develop and scale up, via a third party, the manufacturing process of fermentation-derived vanillin.

Evolve and IFF are on target to meet the previously disclosed commercial launch in 2014. The two companies are working on scalability of the process and are in the process of selecting a contract manufacturer to produce its cost-effective and natural fermentation-derived vanillin through a sustainable route.

### **Saffron – colour, flavour and fragrance**

Our work on saffron is primarily conducted at Evolve's Chennai site. We have identified pathways for the production via fermentation of the key saffron components and filed multiple patent applications. We are continuing our optimisation work with the aim of establishing a commercially viable route for the production of these compounds in yeast. We expect products to be available either in 2015 or 2016.

## **Partnerships**

**Evolve has, and intends to maintain, a number of partnerships around its technology and research capabilities – deploying its technology to provide a competitive edge to partner companies and sharing in the returns they make. The first half of 2013 brought several breakthroughs in our partnering portfolio.**

On average, a total of approximately 45 Evolve R&D employees (73% of total R&D staff) were working on partner-funded projects in the first half of 2013.

The **Roquette** project aims to find novel and optimised biosynthetic production routes for an ingredient with important applications in food products. It is progressing well and according to stipulated timelines.

In 2012, Evolve and **IFF** expanded the collaboration between the two companies to an additional flavouring ingredient beside vanillin. After one year of this four-year effort, the collaboration is on-going and on track to deliver a commercially viable biosynthetic route to this ingredient.

After initially covering two projects, the collaboration with **BASF** is now focusing on the more promising of the two. The programme is progressing according to plan and in January Evolva announced that a key milestone in this collaboration was achieved.

In January 2013, Evolva entered into an R&D partnership with **Ajinomoto Co., Inc.**, a global manufacturer of seasonings, processed foods, beverages, amino acids, pharmaceuticals and specialty chemicals. Under this 3½ year agreement, Evolva is developing new production routes for a natural ingredient for use by Ajinomoto in personal care products. The project has had a good start and is progressing according to plan. Activities in the EU funded programs are progressing well. The **Divinocell** program has almost been concluded and the **Diabat** program is also progressing according to plan. Evolva is now part of the IMI **Chem21** project, the Marie Curie ITN program **Yeastcell** and the Danish Strategic Research Council-funded **Plantpower** program.

## **Personnel**

As of 30 June 2013, the total headcount of Evolva amounted to 82 FTE (year-end 2012: 82), of which 62 (year-end 2012: 61) are directly involved in R&D activities while the remaining staff are employed with managerial, commercial and administrative tasks. Since half year Evolva has added 15 new R&D staff not reflected in the above numbers. These are primarily deployed to our stevia, resveratrol and Ajinomoto projects. In May 2013, Evolva's shareholders elected former Chief Scientific Officer, Professor Dr Jutta Heim, to the Board of Directors. Jutta Heim was succeeded as CSO by Dr Jørgen Hansen. He has managed Evolva's Danish research team for the last eight years, during which time he has been in particular responsible for the vanillin and stevia projects.

## **Share Performance**

The Evolva stock price ended the first half of 2013 at CHF 0.67, up from CHF 0.36 at the end of 2012. On average, some 1.2 million Evolva shares were traded per day during the first half (first half of 2012: 0.3 million).

## **Financial review**

### **Technical notes**

The adoption of revised accounting guidelines for pensions (IAS 19R), with retrospective effect as of 1 January 2012, has led to a restatement of the relevant items in the financial accounts of 2012. These are explained in Notes 2 and 12 of the Interim condensed consolidated statements which [are available on our website](#).

### Key financials (unaudited)

CHF million (IFRS, consolidated)	January - June 2012 (restated to reflect IAS 19R)	January - June 2013	2013 guidance
Revenues	3.5	4.0	8 to 11
Research & development expenses (R&D)	-9.9	-9.6	
Selling, general & administrative expenses (SG&A)	-4.6	-3.4	
Net result	-10.6	-8.7	
Cash flow from operating and investing activities	-8.5	-7.5	-12 to -15
Net change in cash position	-7.5	+22.7	
Equity financing (including option exercise)	1.2	30.6	
Earnings per share (CHF)	-0.07	-0.03	
	31 Dec. 2012	30 June 2013	
Cash at end of period (excluding restricted cash)	9.1	31.8	≥ 25
Equity at end of period	60.5	88.4	

### Income statement

Revenues grew by 13% to CHF 4.0 million in the first 6 months of 2013 compared with the same period in 2012. The revenues were almost entirely derived from commercial partners such as Ajinomoto, IFF and Roquette. About 8 % of revenues (4% in the first half of 2012) were generated in projects funded by the European Union or the Danish government.

The decrease in R&D expenses was largely caused by lower (non-cash) charges for the Company's incentive option programmes which also played a role in the reduction of SG&A expenses. In total the option charges decreased by CHF 0.5 million to CHF 1.1 million in the first half of 2013. Furthermore, the shift from clinical development towards research and development of nutritional and personal healthcare products continued to lower the R&D expenses.

Due to increasing revenues and declining expenses, the net loss was reduced by 18% to CHF 8.7 million in the first half of 2013 relative to the same period in 2012. This was achieved despite the fact that last year's positive effect of CHF 0.4 million related to the Abunda purchase did not recur in the first half of 2013.

## **Balance sheet and cash flow**

The key financial event for Evolva during the first half of 2013 was the equity financing in March which provided net proceeds of CHF 28.7 million. This boosted both the Company's cash and its equity position. Evolva issued 52.2 million new shares in a 3-for-10 rights issue at CHF 0.60 per share, as well as 14 million treasury shares. Of the treasury shares, 6 million were initially earmarked for private placements under the Standby Equity Distribution Agreement (SEDA) with Yorkville (YA Global). Evolva's Board of Directors recently decided to expand the potential use of these 6 million shares to include private placements to investors other than YA Global, provided these occur on conditions at least as favourable as those of the SEDA.

Evolva's non-current liabilities decreased by CHF 4 million relative to year-end 2012 due to a reclassification of preference shares in Evolva India from debt to non-controlling interests. This reflects that the minority investors in Evolva India have waived the cash redemption right on their preference shares. As these shares are no longer redeemable in cash, they are now fully recognised under equity.

The cash outflow from operating activities amounted to CHF 7.3 million in the first half of 2013, compared to CHF 8.4 million in the same period of last year, mainly driven by the reduced net loss. The sale of treasury shares under the SEDA facility provided CHF 0.9 million in fresh funds in the first six months of 2013, versus CHF 1.2 million in the first half of 2012.

At the end of June 2013 the cash position amounted to CHF 31.8 million (31 December 2012: CHF 9.1 million), excluding CHF 1 million of restricted cash.

## **Outlook**

The Company expects revenues in 2013 to increase to CHF 8-11 million (2012: CHF 7 million) compared with the previous forecast of CHF 10-13 million. This change is driven by timing - the Company is in several discussions about new partnerships and if anything the pipeline for additional partnerships has improved, rather than declined. However the timing is such that we believe some of these partnerships may not be signed until early 2014, and others may only have a limited impact on revenues in 2013.

Operating costs are expected to increase for the full year as a consequence of new R&D partnerships and additional investment in own products (incl. stevia partnered with Cargill). The Company reiterates the outlook for the net cash outflow from operating and investing activities, which is expected to be approx. CHF 12-15 million in 2013 (2012: CHF 14 million). Based on the cash position at 30 June 2013 and the projected cash flow, the Company expects the cash position at the end of 2013 to be at least CHF 25 million excl. restricted cash.

### **Press/analyst conference call on 22 August 2012 at 3.00 PM CET**

Neil Goldsmith, CEO and Jakob Dynnes Hansen, CFO, will present the results in a conference call for media and analysts. The call will be accessible via dial-in. The dial-in numbers:

+41 (0)58 310 50 00	Switzerland / Continental Europe
+44 (0)203 059 58 62	UK
+1 (1)631 570 5613	USA

A replay will be available as a podcast for 2 weeks after the call. The link to the podcast will be posted on Evolva's website. The news release and the Powerpoint presentation are available on the [website](#)

### **About Evolva**

Evolva is a pioneer and global leader in sustainable, fermentation-based approaches to ingredients for health, wellness and nutrition. Evolva's products include stevia, vanilla, saffron and resveratrol. As well as developing its own proprietary ingredients, Evolva also deploys its technology for partners, providing them with a competitive edge and sharing in the returns they make. For more information see [www.evolva.com](http://www.evolva.com).

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