



# **Results**

## **Full Year and Q4 2019**

**Quarterly report to shareholders**

**Eevia Health Oy**

**February 2020**

# CONTENT

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- **FOURTH QUARTER HIGHLIGHTS**
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# SAFE HARBOUR STATEMENT

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This announcement may contain forward-looking statements, including 'forward-looking statements' within the meaning of the United States Private Securities Litigation Reform Act of 1995. Words such as 'will', 'aim', 'expects', 'anticipates', 'intends', 'looks', 'believes', 'vision', or the negative of these terms and other similar expressions of future performance or results, and their negatives, are intended to identify such forward-looking statements. These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting the Eevia Health. They are not historical facts, nor are they guarantees of future performance.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. Among other risks and uncertainties, the material or principal factors which could cause actual results to differ materially are: Eevia Health's brands not meeting customer preferences; Eevia Health's ability to innovate and remain competitive; Eevia Health's investment choices; inability to find sustainable solutions to support long-term growth; the effect of climate change on Eevia Health's business; significant changes or deterioration in customer relationships; the recruitment and retention of talented employees; disruptions in our supply chain and distribution; increases or volatility in the cost of raw materials; the production of safe and high quality products; secure and reliable IT infrastructure; execution of acquisitions, divestitures and business transformation projects; economic, social and political risks and natural disasters; financial risks; failure to meet high and ethical standards; and managing regulatory, tax and legal matters.

These forward-looking statements speak only as of the date of this announcement. Except as required by any applicable law or regulation, Eevia Health expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Eevia Health's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Further details of potential risks and uncertainties affecting Eevia Health are described in Eevia Health's filings with the Finnish trade registry, including Eevia Health Annual Report and Accounts for 2018. The same report for 2019 is being audited and is forthcoming.

# Q4 2019 HIGHLIGHTS



## Customers and sales

- Multiyear contract made with Avena Oy (Aptit Oyj) in December on extraction of rape seed extract
- Garden of Life (US) launches new product based on **Fenoprolin® 70 Organic**. First order to be shipped February 2020
- Several large prospects for berry extracts in the pipeline for 2020 and timing aligned with factory upgrade
- Expected sales to Blackmores (Australia) delayed to 2020 and therefore Q4 turnover lower than projected in beginning of Q4-19, but still sales increased from 2018 to 2019 to approx. EUR 1,5 mill.



## Organization and operation

- Hans Hägg (Stockholm based) engaged as part time CFO from December. He has extensive background in financial management
- New plant and project manager, Kari Laine with extensive engineering background, started in October. New junior sales manager, Anna-Maija Vanhatalo started in December together with part time marketing manager Elena Kazakova
- Kosher certification in final stages of approval
- Upgrade-investment of functionalities and capacities initiated December after completion of equity issue.

Anna-Maija Vanhatalo



Hans Hägg



Elena Kazakova



Kari Laine



## Research and development, IPR

- A mice study report on **Retinari™** completed in October showed promising results. Scientific publications ready for filing to the *International Journal of Molecular Science*
- A patent application for **Retinari™** filed with help of Kolster Oy ([www.kolster.fi](http://www.kolster.fi))
- A preliminary scientific report from a study conducted by South Korean partner was provided end of December with promising data on anti-inflammatory properties of **Feno-Chaga® Organic**



## Finances

- Earnings after tax improving with EUR 467 000 from 2018 to 2019, to – EUR 365 752
- Equity issue EUR 1,2 million concluded, arranged by Partner Fondkommission ([www.partnerfk.se](http://www.partnerfk.se))
- Application for R&D loan EUR 300 000 to Business Finland handed in – Decision expected in week 7 2020
- Application to Horizon 2020 for EUR 2,5 million grant for **Retinari™** development project filed. Per week 6/20, Eevia among 10% best applications and accepted for final jury evaluation in Brussels. Decision expected in week 10.

# PROFIT AND LOSS STATEMENT Q4-2019 AND 2019\*

(in Euros)	Q4-2019	%	Q4-2018	%	Δ in %	2019	%	2018	%	Δ in %
Operating income	344 576	100,0 %	636 102	100,0 %	-45,8 %	1 466 609	100,0 %	1 366 581	100,0 %	7,3 %
<b>Gross margin</b>	<b>198 165</b>	<b>57,5 %</b>	<b>130 843</b>	<b>20,6 %</b>	<b>51,5 %</b>	<b>821 707</b>	<b>56,0 %</b>	<b>493 383</b>	<b>36,1 %</b>	<b>66,5 %</b>
Other variable costs	-68 891	20,0 %	-112 998	17,8 %	39,0 %	-261 437	17,8 %	-297 446	21,8 %	12,1 %
Personnel costs	-62 246	18,1 %	-105 578	7,2 %	-36,5 %	-406 781	27,7 %	-515 521	16,5 %	-80,6 %
Other operating costs	-98 554	28,6 %	-47 184	7,4 %	-108,9 %	-365 384	24,9 %	-344 471	25,2 %	-6,1 %
<b>EBITDA</b>	<b>-53 831</b>	<b>-15,6 %</b>	<b>-134 917</b>	<b>-21,2 %</b>	<b>-60,1 %</b>	<b>-211 895</b>	<b>-22,3 %</b>	<b>-664 055</b>	<b>-48,6 %</b>	<b>-50,7 %</b>
Depreciations	-22 305	6,5 %	-72 826	11,4 %	69,4 %	-115 443	7,9 %	-148 697	10,8 %	21,8 %
<b>EBIT</b>	<b>-76 136</b>	<b>-22,1 %</b>	<b>-207 742</b>	<b>-32,7 %</b>	<b>63,4 %</b>	<b>-327 338</b>	<b>-30,2 %</b>	<b>-812 752</b>	<b>-59,4 %</b>	<b>45,4 %</b>
Financial items	-3 318	1,0 %	-7 643	1,2 %	56,6 %	-38 414	2,6 %	-22 068	1,6 %	-74,1 %
<b>Earnings before tax</b>	<b>-57 149</b>	<b>-16,6 %</b>	<b>-215 385</b>	<b>-33,9 %</b>	<b>73,5 %</b>	<b>-365 752</b>	<b>-24,9 %</b>	<b>-834 820</b>	<b>-61,0 %</b>	<b>56,1 %</b>
Taxes	-	0,0 %	-	0,0 %		-	0,0 %	-	0,0 %	
<b>Earnings after tax</b>	<b>-57 149</b>	<b>-16,6 %</b>	<b>-215 385</b>	<b>-33,9 %</b>	<b>73,5 %</b>	<b>-365 752</b>	<b>-24,9 %</b>	<b>-834 820</b>	<b>-61,0 %</b>	<b>56,1 %</b>
Earnings per share**	-3,46		-13,05		73,5 %	-22,16		-50,50		56,1 %

\* 2018 statements audited, 2019 statements unaudited

\*\* 16 813 shares used for EPS calculation

- The Q-on-Q turnover development from Q4-18 to Q4-19 was negative, mainly due to timing of order placement of low margin high concentrated bilberry extracts.
- Improved gross margin due to significant Y-on-Y and Q-on-Q ramp up of volume, including increased sales of **Fenoprolis®** and **Feno-Chaga®**
- Yield improvements in production provided for general improvements in product profitability, and gross margins. Earnings before tax was improved from Q4-18 to Q4-19, despite Q-on-Q growth in overhead costs
- The profitability of the high concentrate bilberry extracts will improve with the upcoming investments in new equipment

# BALANCE SHEET STATEMENT 31.12.2019

ASSETS (in Euros)	31.12.2019	%	31.12.2018	%	Δ in %
Intangible assets	226 483	12 %	181 894	19 %	24,5 %
Tangible assets	460 689	25 %	311 988	32 %	47,7 %
<b>Sum non-current assets</b>	<b>687 172</b>	<b>37 %</b>	<b>493 883</b>	<b>51 %</b>	<b>39,1 %</b>
Inventories	314 933	17 %	242 736	25 %	29,2 %
Receivables	245 903	13 %	116 680	12 %	110,7 %
Cash at banks	584 496	32 %	108 994	11 %	436,3 %
<b>Sum current assets</b>	<b>1 145 331</b>	<b>63 %</b>	<b>468 410</b>	<b>49 %</b>	<b>143,9 %</b>
<b>TOTAL ASSETS</b>	<b>1 832 503</b>	<b>100 %</b>	<b>962 292</b>	<b>100 %</b>	<b>90,2 %</b>

EQUITY AND LIABILITIES (in Euros)	31.12.2019	%	31.12.2018	%	Δ in %
Subscribed equity	3 077 658		1 535 572		
Retained earnings/loss	-1 315 187		-480 367		
Profit (loss) for the financial year	-365 752		-834 820		
<b>Sum equity</b>	<b>1 396 719</b>	<b>76,2 %</b>	<b>220 385</b>	<b>23,0 %</b>	<b>530,6 %</b>
Accounts payable	342 325	18,7 %	672 781	69,8 %	-49,1 %
Othe liabilities and accruals	93 459	5,1 %	69 126	7,2 %	35,2 %
<b>Sum liabilities</b>	<b>435 784</b>		<b>741 907</b>		<b>-41,3 %</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 832 503</b>	<b>100,0 %</b>	<b>962 292</b>	<b>100,0 %</b>	<b>90,2 %</b>

- Total assets almost doubled from 2018 to 2019. The equity was improved with 530% to EUR 1,39 million through an equity issue in December 2019
- Cash position end of year 2019 improved vs 2018
- Company has no loans nor long term credits per 31.12.19

# ACTUAL P&L 2019 VS. EARLIER PROJECTIONS

In table below, the actual P&L for 2019 is compared with projected P&L 2019 which was presented during pitching sessions/investor road-show in October-November 2019:

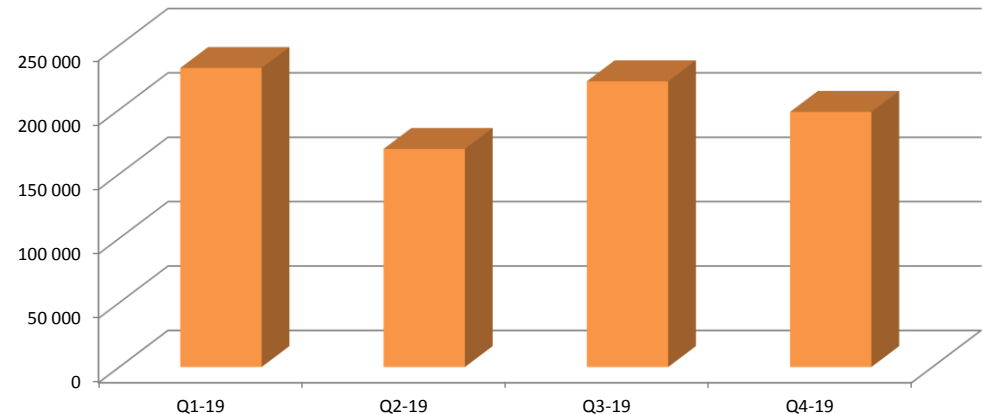
	2019 Act	%	2019 FC	%	Δ in %
Operating income	1 466 609	100,0 %	1 774 000	100,0 %	-17,3 %
<b>Gross margin</b>	<b>821 707</b>	<b>56,0 %</b>	<b>765 000</b>	<b>43,1 %</b>	<b>7,4 %</b>
<b>EBITDA</b>	<b>-211 895</b>	<b>-14,4 %</b>	<b>-196 000</b>	<b>-11,0 %</b>	<b>-8,1 %</b>
Depreciations	-115 443	7,9 %	-124 000	7,0 %	6,9 %
<b>EBIT</b>	<b>-327 338</b>	<b>-22,3 %</b>	<b>-320 000</b>	<b>-18,0 %</b>	<b>-2,3 %</b>
<b>Earnings after tax</b>	<b>-365 752</b>	<b>-24,9 %</b>	<b>-350 000</b>	<b>-19,7 %</b>	<b>-4,5 %</b>

- forecasted sales of low margin bilberry extracts to Australian customer got pushed into 2020, causing a decline in Q4-2019 turnover compared to Q4-18 and also earlier forecasts.
- However, due to low margin this reduction had little effect on end of year gross margin and earnings before tax, which ended close to forecasted levels.
- Personnel costs for the year 13% less than projected due to delayed recruitments
- Other operating costs 25% less due to general cost savings

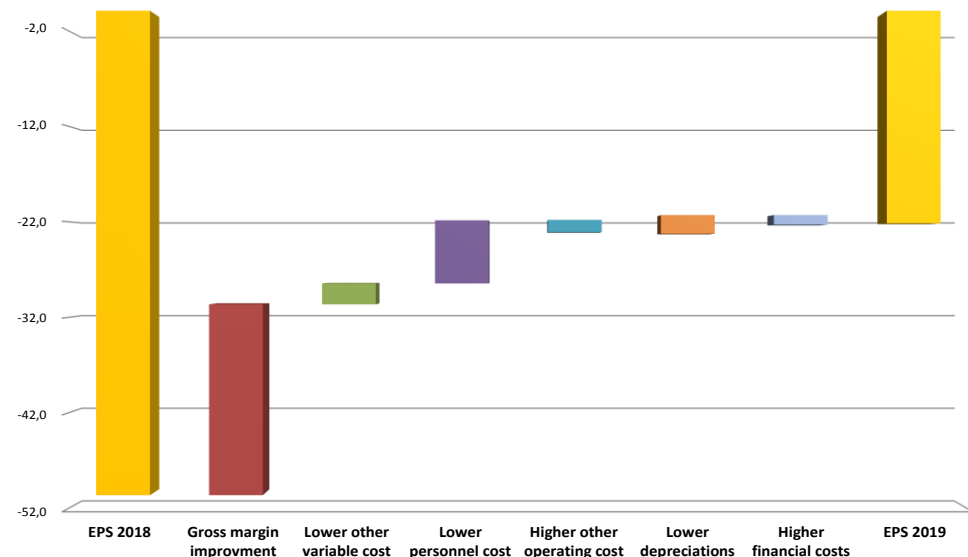
# OPERATIONAL UPDATE

- Gross margin volatile due to shifting quarterly composition of product sales and large differences in product margins between products
- improvements in gross margin from 2018 to 2019 due to better yields on all products as well as volume on higher margin products
- Improvement in Earnings per share (EPS) from – EUR 52 in 2018 to –EUR 22 in 2019 mainly stems from improvement in gross margin and personnel cost
- Upgrades to facility have been carefully engineered and investment project was commenced same day as proceeds from equity issue was confirmed in December.
- Some individual investments have been undertaken and installed, but the upgrade-project overall is slightly delayed and is now expected to be commissioned in early March.
- The factory upgrade will increase capacity and improve profitability of high concentrates

**Quarterly gross margin development 2019**



**Earnings per share development 2018 to 2019**





# SOLVING AMD (AGE-RELATED MACULAR DEGENERATION)

- The **Retinari™** project got a major boost with the reporting by University of Eastern Finland from the latest mice study. The report provided very promising results in the RPE cells in DkO mice.
- A publication in an international scientific journal has been prepared for filing, which is a key action to gain awareness among key opinion leaders world wide
- Eevia Health filed a patent prepared in cooperation with Kolster Oy, with the Finnish patent office (patent application number 20205012)
- An application for development grant was filed with the EIC Pilot at Horizon 2020 (EU funding organization) for a EUR 2,5 million development grant. When this report is issued, Eevia Health has been picked out as among the 10% top applicants out of thousands of applications EU wide, and invited to final evaluation on February 17th in Brussels. A ten minute pitch will be delivered to an expert jury panel.
- A major global eye-health powerhouse, a US based brand company is interested in getting exclusive rights in certain territories and discussions have been initiated about due diligence efforts.

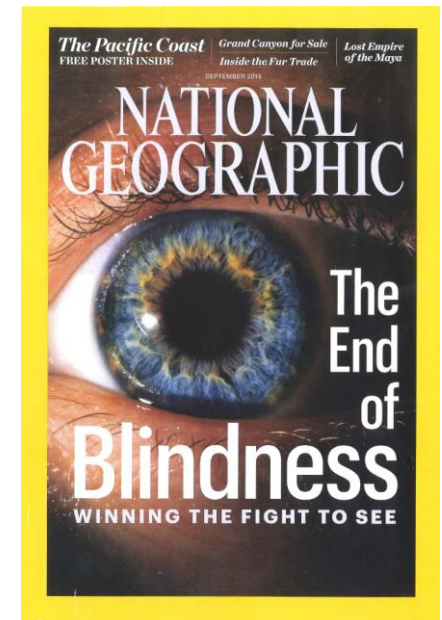
1 Research Article

## 2 Treatment with Pinosylvin-extract Retinari™ Sustains 3 Electrophysiological Function and Prevents Thinning of 4 Retina in NFE2L2 Knock-Out Mice

5  
6 **Abstract:** Circadian clocks in the eye are critical for normal visual function. They regulate periodical  
7 renewal of photoreceptor outer segments and oxidative stress responses. Chronic oxidative stress  
8 leads eventually to protein aggregation in combination with impaired autophagy which may lead  
9 to age-related macular degeneration (AMD). Impaired circadian rhythm can thus contribute to the  
10 pathogenesis of AMD. To reduce chronic oxidative stress, commercial natural pinosylvin extract,  
11 Retinari™, was studied. We investigated the relative change in electroretinogram (ERG) metrics of  
12 mice raised in 12:12-hour light-dark cycle and after a two-week 24-hour dark-dark cycle in wild  
13 type (WT), PGC-1α knock-out (KO) and NFE2L2 KO mice. Additionally, all three types of mice  
14 were raised and fed with regular-feed or pinosylvin-feed two months prior to ERG recordings. The  
15 two-week dark period resulted in significantly improved retinal function in WT mice in scotopic  
16 and photopic ERG, while the opposite was true for NFE2L2 KO mice. Retinari™-treatment in  
17 NFE2L2 KO mice resulted in significant increase in retinal function and total retinal thickness while  
18 PGC-1α KO mice experienced worse retinal function and no detectable effect took place in WT  
19 mice. Pinosylvin-supplementation could potentially lower the risk of AMD onset and slow the dis-  
20 ease progression.

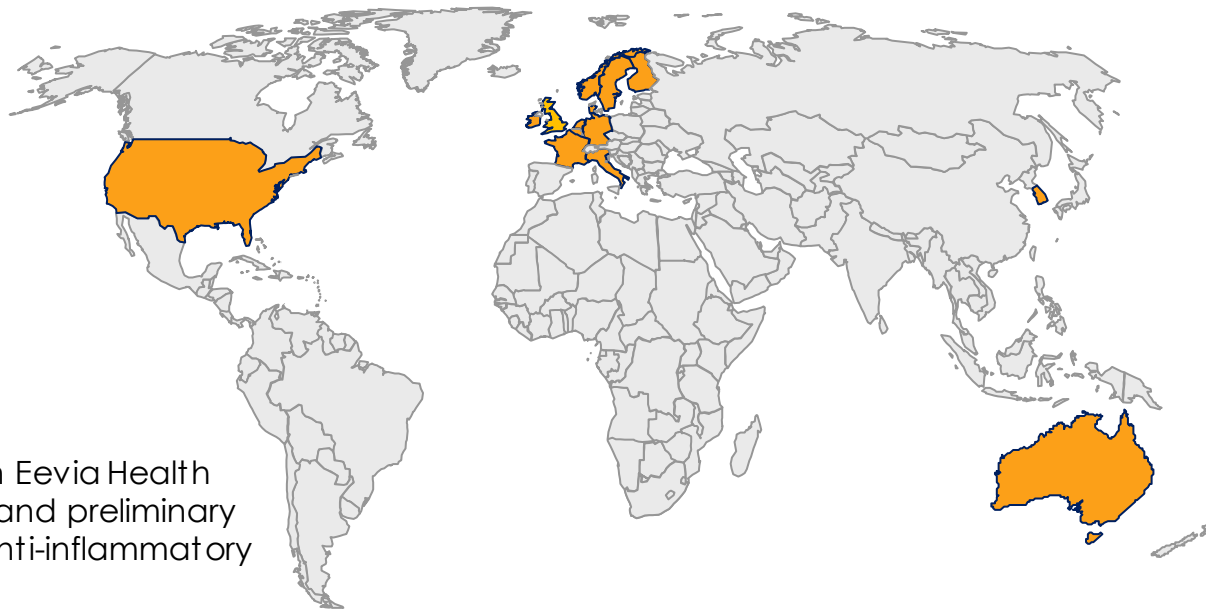
21  
22 **Keywords:** NFE2L2; pinosylvin; age-related macular degeneration; circadian rhythm; autophagy.  
23 Retinari

24  
25



# IMPROVING MARKET PENETRATION AND DISTRIBUTION

- During Q4-19 efforts were made to improve our market penetration.
- A cooperation with US Pharmacopeia ([www.usp.org](http://www.usp.org)) was initiated to establish own monographs for extracts from Finnish pine bark (*pinus sylvestris*), Nordic lingonberry (*vitis idaeae*) and Finnish chaga (*Inonotus Obliquus*)
- In South-Korea a clinical study on Eevia Health Feno-Chaga has been ongoing and preliminary results are promising regarding anti-inflammatory properties
- Eevia Health is strengthening the positioning of our products through further substantiation efforts and more articulated expressions of our value proposition of organic products, sustainability and transparency. Unique product benefits will be highlighted through deeper technical characterization, non-targeted biomapping and also targeted studies on key indication, most specifically low grade inflammation. Many scientists has started to recognize SCI (Systemic Chronic Inflammation) as a global health crisis as it may lead to a range of health problems. Our products may target this problem.
- During Q4-19 we initiated discussions with new distributor candidates in various territories and focus for 2020 is to strengthen distribution, technical sales representation and marketing, especially in Europe and the US.



# OUTLOOK

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## Investments in upgraded facility

- Parts of the investment in equipment and new functionalities have been undertaken combined with small improvements to current equipment.
- The new evaporator is arriving in week 7 according to plan and will be commissioned first week of March (Week 10 or 11)
- The overall timeline is delayed with 4 weeks, but the project is otherwise on schedule and under control



## Customers and sales

- In Q4-19 there were efforts to update the positioning of products, renew market material and implementation of an upgraded CRM system and customer service functions.
- In addition to the Garden of Life launch, we expect one further brand launch in the US with **Fenoprolis® 70 Organic**. Similarly one launch for **Feno-Chaga®** is expected
- Sales efforts against large bilberry extract prospects are being intensified now when the end of the investment project is in sight, and look to close contract.....



## Research and development, IPR

- If the grant-application to Horizon 2020 for **Retinari™** is accepted, Eevia Health will have the option to redirect the strategy and business development towards capitalizing of an unique, proprietary product with largemarket potential. The critical path for the Go To Market timeline of **Retinari™** is dependent on the execution of a safety study compliant with FDA and EFSA regulations.



## Corporate governance, finances and value drivers

- There are ongoing efforts to recruit new Board members and election expected in March.
- The Board has reconfirmed the decision to prepare for listing at an MTF exchange in Stockholm. The target for the listing and an IPO is by Mid Q2-20. Choice of exchange has not been finalized yet.
- The financial development for Q1-20 is quite secured in orders. The rapid growth during Q2-20 to Q4-20 will require significant increase in order income in Q1-20 and through Q2-20. Currently, this is still realistic, but major contracts have not been concluded yet, waiting for finalization of new capacity.

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