

INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
30 JUNE 2021

## Consolidated Statement of Financial Performance

CHF 1,000	Note	Period from 1 January to 30 June	
		2021	2020
Revenue from contracts with customers	3	6'375.5	3'963.7
Cost of goods sold	4	(12'678.6)	(4'149.1)
<b>Gross profit</b>		<b>(6'303.1)</b>	<b>(185.4)</b>
Research & development expenses	5	(16'199.4)	(7'655.7)
Commercial, general & administrative expenses	6	(4'487.2)	(4'770.3)
<b>Total operating expenses</b>		<b>(20'686.6)</b>	<b>(12'426.0)</b>
<b>Operating loss</b>		<b>(26'989.7)</b>	<b>(12'611.4)</b>
Financial income	7	3'510.1	452.7
Financial expenses	7	(2'035.9)	(1'377.4)
<b>Net loss before tax</b>		<b>(25'515.5)</b>	<b>(13'536.1)</b>
Income tax		141.1	19.8
<b>Net loss for the period</b>		<b>(25'374.4)</b>	<b>(13'516.3)</b>
Basic and diluted loss per share (in CHF)		(0.03)	(0.02)

## Consolidated Statement of Comprehensive Income

CHF 1,000	Note	Period from 1 January to 30 June	
		2021	2020
<b>Net loss for the period</b>	-	<b>(25'374.4)</b>	<b>(13'516.3)</b>
<i>Items may be reclassified to statement of financial performance (net of tax)</i>			
- Translation differences	-	1'794.4	(995.0)
<i>Items not to be reclassified to statement of financial performance (net of tax)</i>			
- Remeasurement gain/(loss) on defined benefit plans	-	1'055.5	28.4
<b>Other comprehensive loss (net of tax)</b>		<b>2'850.0</b>	<b>(966.6)</b>
<b>Total comprehensive loss</b>		<b>(22'524.5)</b>	<b>(14'482.9)</b>

## Consolidated Statement of Financial Position

CHF 1,000	Note	30 June 2021	31 December 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	8	116'416.6	123'894.1
Property, plant and equipment	-	6'569.8	6'914.2
Financial assets	11	3'379.0	2'507.8
<b>Total non-current assets</b>		<b>126'365.4</b>	<b>133'316.1</b>
<b>Current assets</b>			
Inventories	10	9'881.8	9'125.3
Prepayments & deferred income	-	2'194.5	2'434.8
Trade and other receivables	-	4'559.1	2'347.3
Cash and cash equivalents	-	13'129.0	19'669.4
<b>Total current assets</b>		<b>29'764.3</b>	<b>33'576.8</b>
<b>Total Assets</b>		<b>156'129.7</b>	<b>166'892.9</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	46'343.9	41'093.9
Share premium	-	355'913.9	355'082.6
Treasury shares	13	(4'142.0)	(3'709.2)
Other reserves	-	38'970.9	39'233.0
Accumulated loss	-	(311'766.0)	(286'391.6)
Other components of equity	-	2'633.4	(216.6)
<b>Total equity</b>		<b>127'954.2</b>	<b>145'092.1</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	-	-	132.8
Pension liabilities	-	1'497.5	2'350.7
Lease liabilities	-	3'806.2	4'178.5
Provisions	14	506.8	-
<b>Total non-current liabilities</b>		<b>5'810.6</b>	<b>6'662.1</b>
<b>Current liabilities</b>			
Trade payables	-	3'567.7	2'128.3
Provisions and accrued liabilities	14	7'786.6	7'951.6
Convertible loan	15	9'538.8	3'785.8
Compound embedded derivative	15	461.2	214.2
Lease liabilities	-	1'010.6	1'058.8
<b>Total current liabilities</b>		<b>22'364.9</b>	<b>15'138.7</b>
<b>Total Equity and Liabilities</b>		<b>156'129.7</b>	<b>166'892.9</b>

## Consolidated Statement of Cash Flow

CHF 1,000	Note	Period from 1 January to 30 June	
		2021	2020
<b>Operating activities</b>			
Net loss for the period	-	(25'374.4)	(13'516.3)
<b>Non-cash adjustments to reconcile net loss for the period to net cash flows</b>			
- Depreciation of tangible assets	-	667.4	842.5
- Amortisation of intangible assets	8	3'663.7	3'465.8
- Impairment of patents and patent application	8	9'628.4	-
- Interest income	7	(101.8 )	-
- Financial expenses	7	639.3	311.4
- Net foreign exchange differences	7	(1'954.0)	788.7
- Share-based compensation	9	114.9	661.7
- Changes in deferred tax liability	-	(141.1)	-
- Change in current assets	-	(2'367.0)	(4'347.6)
- Change in current liability	-	857.0	(1'027.1)
- Change in provisions	-	710.0	646.2
- Change in pension liabilities	-	202.3	88.1
- Interest payments received	-	101.8	-
- Interest expenses paid	-	(179.3)	(311.4)
<b>Net cash flow from operating activities</b>		<b>(13'532.8)</b>	<b>(12'398.1)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	-	(324.9)	(703.6)
Disposal of property, plant & equipment	-	4.0	-
Capitalised development expenses <sup>1)</sup>	8	(2'503.0)	(878.1)
Financial loans	11	(1'941.5)	-
Withdrawal of financial deposit	11	1'074.8	(3.5 )
<b>Cash flow from investing activities</b>		<b>(3'690.7)</b>	<b>(1'585.2)</b>
<b>Financing activities</b>			
Proceeds from convertible loan	15	11'040.0	-
Cost of capital change	-	-	(98.6)
Payment of principal portion of lease liabilities	-	(422.0)	(520.7)
<b>Cash flow from financing activities</b>		<b>10'618.1</b>	<b>(619.3)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(6'540.3)</b>	<b>(14'602.5)</b>
Exchange gain/(loss) on cash and cash equivalents	-	65.1	(34.3)
Cash and cash equivalents, beginning of period	-	19'669.4	39'919.8
<b>Cash and cash equivalents, end of period</b>		<b>13'129.0</b>	<b>25'283.0</b>

<sup>1)</sup> Capitalized development expenses in 2020 have been reclassified to cash flow from investing activities from cash flow from operating activities. In 2020, cash flow from operating activities was TCHF (13,276.1) and cash flow from investing activities was TCHF (707.1). The net change in cash and cash equivalents remains unchanged.

## Consolidated Statement of Equity

CHF 1,000	Note	Share Capital	Share premium	Total capital paid in	Treasury shares	Other Reserves	Employee benefit reserve	Cumulative translation differences	Accumulated loss	Total Equity
<b>At 1 January 2020</b>		<b>159'375.6</b>	<b>230'834.0</b>	<b>390'209.6</b>	<b>(4'345.8)</b>	<b>39'081.3</b>	<b>(1'002.1)</b>	<b>5'140.3</b>	<b>(256'521.3)</b>	<b>172'562.1</b>
Loss for the period	-	-	-	-	-	-	-	-	(13'516.3)	(13'516.3)
Other comprehensive income	-	-	-	-	-	-	28.4	(995.0)	-	(966.6)
<b>Total comprehensive loss</b>	-	-	-	-	-	-	<b>28.4</b>	<b>(995.0)</b>	<b>(13'516.3)</b>	<b>(14'482.9)</b>
Share capital increase		-	-	-	-	-	-	-	-	-
Capital increase from issuance of treasury shares	12	5'000.0	2'050.0	7'050.0	(7'050.0)	-	-	-	-	-
Nominal value reduction	12	(123'281.7)	123'281.7	-	-	-	-	-	-	-
Cost of capital change	-	-	(98.6)	(98.6)	-	-	-	-	-	(98.6)
Effects of share based compensation	9	-	-	-	-	661.7	-	-	-	661.7
Vesting of shares for share-based compensation	9	-	-	-	635.6	(671.8)	-	-	36.2	-
<b>Balance at 30 June 2020</b>		<b>41'093.9</b>	<b>356'067.1</b>	<b>397'161.0</b>	<b>(10'760.2)</b>	<b>39'071.1</b>	<b>(973.7)</b>	<b>4'145.3</b>	<b>(270'001.4)</b>	<b>158'642.1</b>
<b>At 1 January 2021</b>		<b>41'093.9</b>	<b>355'082.6</b>	<b>396'176.5</b>	<b>(3'709.2)</b>	<b>39'233.0</b>	<b>(940.5)</b>	<b>723.9</b>	<b>(286'391.6)</b>	<b>145'092.1</b>
Loss for the period	-	-	-	-	-	-	-	-	(25'374.4)	(25'374.4)
Other comprehensive income	-	-	-	-	-	-	1'055.5	1'794.4	-	2'850.0
<b>Total comprehensive loss</b>	-	-	-	-	-	-	<b>1'055.5</b>	<b>1'794.4</b>	<b>(25'374.4)</b>	<b>(22'524.5)</b>
Capital increase from issuance of treasury shares	12	5'250.0	-	5'250.0	(5'250.0)	-	-	-	-	-
Cost of capital change	-	-	(228.4)	(228.4)	-	-	-	-	-	(228.4)
Vesting of shares for share-based compensation	9	-	-	-	377.0	(425.6)	-	-	-	114.9
Effects of share based compensation	9	-	-	-	-	163.5	-	-	-	-
Conversion of convertible loan		-	1'059.7	1'059.7	4'440.3	-	-	-	-	5'500.0
<b>Balance at 30 June 2021</b>		<b>46'343.9</b>	<b>355'913.9</b>	<b>402'257.9</b>	<b>(4'142.0)</b>	<b>38'970.9</b>	<b>115.0</b>	<b>2'518.3</b>	<b>(311'766.0)</b>	<b>127'954.2</b>

# Notes to the Interim Condensed Consolidated Financial Statements

## 1. Corporate information

Evolva Holding AG (the “Company”) together with its subsidiaries (collectively “Evolva”, the “Group” or “we”) is an

international group that researches, develops and commercialises high quality ingredients with applications in flavour & fragrances, health ingredients, health protection and other sectors. Evolva Holding AG is incorporated in Switzerland and has been the parent company of the Group since 11 December 2009. The shares of the Company are listed on the SIX Swiss Exchange (EVE).

The legal domicile of the Company is: Evolva Holding AG, Duggingerstrasse 23, 4153 Reinach, Switzerland. The group comprises the following subsidiaries:

Name	Domicile	Ownership <sup>1</sup>		Shareholder	Share capital
		30.06.2021	31.12.2020		
Evolva AG	Reinach, CH	100 %	100 %	Evolva Holding AG	CHF 6,369,540
Evolva Inc.	Lexington, USA	100 %	100 %	Evolva AG	USD 7,835
<b>Non-operational entities</b>					
Evolva Bio UK Ltd.	Cambridge, UK	100 %	100 %	Evolva AG	GBP 14.62
Evolva Singapore PTE. Ltd.	Singapore	100 %	100 %	Evolva AG	SGD 100
Evolva Biotech A/S <sup>2</sup>	Copenhagen, DK	100 %	100 %	Evolva AG	DKK 4,311,583
Evolva Biotech Private Limited <sup>2</sup>	Chennai, India	100 %	100 %	Evolva AG	INR 169,930

<sup>1</sup> Capital ownership is equal to voting ownership

<sup>2</sup> Company in liquidation

On 30 June 2021, Evolva employed 65 employees (HY1 2020: 67), of which 34 (HY1 2020: 33) were directly involved in research, development, and manufacturing activities while the remaining staff was employed with managerial, commercial, operations and administrative tasks.

These interim condensed consolidated financial statements were authorized for public disclosure in accordance with a resolution of the Board of Directors of the Company dated 23 August 2021.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The interim condensed consolidated financial statements for the six-month period ending 30 June 2021 have been prepared in accordance with IAS 34 (Interim Financial Reporting). The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should be read together with the Group's annual financial statements as of 31 December 2020. The financial statements are presented in Swiss francs (CHF) and all values are rounded to the nearest CHF 1,000 except where otherwise stated.

The exchange rates for the most significant foreign currencies are as follows:

Currency	Unit	2021		2020	
		30 June	Average rate <sup>1</sup>	30 June	Average rate <sup>1</sup>
EUR	1	1.11	1.10	1.08	1.08
DKK	100	14.94	14.87	14.55	14.49
INR	100	1.25	1.25	1.27	1.34
USD	1	0.93	0.91	0.96	0.98
GBP	1	1.29	1.26	1.18	1.25

<sup>1</sup> The average rates listed above are calculated for the reporting period (i.e. 1 January to 30 June)

## 2.2 Changes in accounting policies

The accounting policies adopted for the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

## 3. Segment and Geographical Information

Evolva researches, develops and commercialises high quality ingredients with applications in flavour & fragrances, health ingredients, health protection and other sectors. The Board of Directors and the Group Management Team (the chief operating decision-maker) do not base their decisions on geographical, demographical or sociographical criteria, but rather on strategic and operational factors related to research, development, manufacturing and commercialization of novel nutritional, healthcare and wellness ingredients. Therefore, the Group has identified one segment, which is equivalent to the Company's CGU, namely research, development, manufacturing and commercialization of novel food, nutritional and healthcare ingredients.

Set out below is the disaggregation of the Group's revenue from contracts with customers:

CHF 1,000	Period from 1 January to 30 June	
	2021	2020
<b>Type of goods or services</b>		
Product related revenue	6'009.9	3'755.2
Research & development revenue	365.6	208.5
<b>Total revenue from contracts with customers</b>	<b>6'375.5</b>	<b>3'963.7</b>
<b>Geographical allocation<sup>1)</sup></b>		
Switzerland	3'568.9	2'142.8
United States	2'806.6	1'820.9
<b>Total revenue from contracts with customers</b>	<b>6'375.5</b>	<b>3'963.7</b>
<b>Timing of revenue recognition</b>		
Revenue recognition at a point in time	6'009.9	3'755.2
Revenue recognition over a period of time	365.6	208.5
<b>Total revenue from contracts with customers</b>	<b>6'375.5</b>	<b>3'963.7</b>

1) The geographical allocation of revenue reflects the location where Evolva's invoices are generated (invoicing entity).

In 2021, Evolva's largest customer accounted for 13% (2020: 12%), the second largest for 10% (2020: 4%) and third largest customer for 6.0% (2020: 4%) of total Group revenues. Evolva constantly monitors the expected future credit losses, at the reporting date, Evolva has recognized CHF 0.07 million allowance for bad debt.

The geographical allocation of non-current assets (excluding financial assets) is as follows:

CHF 1,000	30 June 2021	31 Dec 2020
Switzerland	50'136.9	50'375.0
United States of America	72'336.0	79'282.3
Rest of the world	513.5	1'150.9
<b>Total non-current assets</b>	<b>122'986.4</b>	<b>130'808.1</b>

## 4. Cost of goods sold

CHF 1,000	Period from 1 January to 30 June	
	2021	2020
Product manufacturing cost	11'176.8	3'303.0
Staff compensation	782.6	620.5
Depreciation of tangible assets	103.4	56.3
Amortisation of intangible assets	615.8	169.3
<b>Total cost of goods sold</b>	<b>12'678.6</b>	<b>4'149.1</b>

Cost of goods sold mainly increased as a result of higher product related revenue, enlarging the supplier network und incurring scale-up cost (CHF 7.9 million; +70%). Additionally, staff supporting the increased activities with CMOs lead to an increase of CHF 0.2 million (+20%). Amortization of intangible assets is related to capitalized process and product development cost being amortized over time.

## 5. Research & development expenses

CHF 1,000	Period from 1 January to 30 June	
	2021	2020
Consumables, consultancy and services	516.5	652.4
Staff compensation	1'915.5	2'250.6
Facility and maintenance	139.9	78.0
Operational provisions	506.8	680.1
Depreciation of tangible assets	444.4	698.1
Amortisation of intangible assets	3'047.8	3'296.5
Impairment of patents and patent applications	9'628.4	-
<b>Total research &amp; development expenses</b>	<b>16'199.4</b>	<b>7'655.7</b>

Following an internal intellectual property & patent review, an impairment of patents and patent application was recorded under research and development expenses resulting in a non-recurring charge of CHF 9.6 million (see Note 8). Excluding this non-recurring charge, R&D expenses decreased by CHF 1.1 million (14%) mainly because of lower staff expenses CHF -0.3 million and lower depreciation and amortization. In the reporting period Evolva capitalized CHF 2.5 million (HY1 2020: CHF 0.9 million) in directly attributable development expenses. These consist of product and process development expenses.

## 6. Commercial, general and administrative expenses

CHF 1,000	Period from 1 January to 30 June	
	2021	2020
Compensation to BoD, GMT and staff	3'535.9	3'464.9
Other commercial, general & administrative expenses	825.1	1'216.6
Facility and maintenance	6.6	0.7
Depreciation of tangible assets	119.6	88.1
<b>Total commercial, general &amp; administrative expenses</b>	<b>4'487.2</b>	<b>4'770.3</b>

The overall decrease of CHF 0.3 million resp, 6% result mainly from reduced commercial expenses (travel, trade shows, etc.) as a result of efficient expense management, Covid-19 restrictions and reduced consulting and legal expenses due to further optimization of the organization.



## 7. Financial result

CHF 1,000	Period from 1 January to 30 June	
	2021	2020
Interest & bank expenses	(32.0)	(140.0)
Convertible loan transaction cost	(460.0)	-
Interest in lease expenses	(147.3)	(171.4)
Foreign exchange loss	(1'396.6)	(1'065.9)
<b>Total financial expenses</b>	<b>(2'035.9)</b>	<b>(1'377.4)</b>
Interest income	101.8	-
Foreign exchange gain	3'408.2	452.7
<b>Total financial income</b>	<b>3'510.1</b>	<b>452.7</b>
<b>Net financial result</b>	<b>1'474.1</b>	<b>(924.7)</b>

## 8. Intangible assets

CHF 1,000	Patents & patent applications	Royalty & Licences	Product & process development	Goodwill	Total
<b>Historical costs</b>					
<b>1 January 2020</b>	<b>40'607.8</b>	<b>82'786.6</b>	<b>2'928.5</b>	<b>42'262.7</b>	<b>168'585.6</b>
Additions	-	-	878.1	-	878.1
Translation effects	(741.4 )	(1'039.3 )	(35.3 )	(468.7 )	(2'284.7 )
<b>30 June 2020</b>	<b>39'866.4</b>	<b>81'747.3</b>	<b>3'771.3</b>	<b>41'794.0</b>	<b>167'179.0</b>
<b>Accumulated amortisation</b>					
<b>1 January 2020</b>	<b>(11'467.7 )</b>	<b>(23'179.4 )</b>	<b>-</b>	<b>-</b>	<b>(34'647.1 )</b>
Amortisation of the period	(1'014.7 )	(2'281.7 )	(169.3 )	-	(3'465.7 )
Translation effects	209.1	405.7	2.0	-	616.8
<b>30 June 2020</b>	<b>(12'273.3 )</b>	<b>(25'055.4 )</b>	<b>(167.3 )</b>	<b>-</b>	<b>(37'496.0 )</b>
<b>Net book value at 30 June 2020</b>	<b>27'593.1</b>	<b>56'691.9</b>	<b>3'604.0</b>	<b>41'794.0</b>	<b>129'683.0</b>
<b>Historical costs</b>					
<b>1 January 2021</b>	<b>37'224.5</b>	<b>77'557.1</b>	<b>7'149.1</b>	<b>40'039.5</b>	<b>161'970.2</b>
Additions	-	-	2'503.0	-	2'503.0
Translation effects	1'430.5	2'307.8	65.9	995.5	4'799.8
<b>30 June 2021</b>	<b>38'655.0</b>	<b>79'865.0</b>	<b>9'718.0</b>	<b>41'035.0</b>	<b>169'273.0</b>
<b>Accumulated amortisation</b>					
<b>1 January 2021</b>	<b>(12'473.2 )</b>	<b>(25'266.9 )</b>	<b>(336.0 )</b>	<b>-</b>	<b>(38'076.1 )</b>
Amortisation of the period	(949.5 )	(1'962.3 )	(751.8 )	-	(3'663.7 )
Impairment of the period	(9'628.4 )	-	-	-	(9'628.4 )
Translation effects	(507.0 )	(967.1 )	(14.0 )	-	(1'488.2 )
<b>30 June 2021</b>	<b>(23'558.1 )</b>	<b>(28'196.4 )</b>	<b>(1'101.8 )</b>	<b>-</b>	<b>(52'856.3 )</b>
<b>Net book value at 30 June 2021</b>	<b>15'096.9</b>	<b>51'668.6</b>	<b>8'616.2</b>	<b>41'035.0</b>	<b>116'416.6</b>

Amortization of patents, patent applications and royalty & licences is recorded under research and development expenses, while amortization of product and process development expenses is recorded under operations expenses and reported within cost of goods sold.

Evolva continuously improves the efficacy and efficiency of production processes for its own products. Related costs that meet the capitalization criteria outlined in IAS 38 are recognized as 'Product & process development' cost. In the first half-year 2021, Evolva has recognised CHF 2.5 million as product & process development cost (HY1 2020: CHF 0.9 million) of which the majority is related to manufacturing process improvements/ developments of Evolva's on-market products.

#### **Impairment test of goodwill and intangible assets**

Intangible assets are tested for possible impairment at least annually on Group level or when an impairment indicator is identified. The Group performs the impairment test by determining the recoverable amount based on the cash-generating unit's fair value represented by the market capitalization (Fair value Level 1). The Group has identified one CGU, namely research, development, manufacturing and commercialization of novel food, nutritional and healthcare ingredients.

As of the reporting date, the Group has not identified any triggering event.

As of 30 June 2021, the share price is CHF 0.1762 and the amount of shares outstanding (excl. treasury shares) is 844,038,662 leading to a market capitalization of CHF 148.7 million. Compared to the carrying amount of the CGU of CHF 127.9 million, the market capitalization exceeds the carrying amount of the CGU by CHF 20.7 million.

As of 30 June 2020, the share price was CHF 0.2300 and the amount of shares outstanding (excl. treasury shares) was 778,516,806 leading to a market capitalization of CHF 179.0 million. Compared to the carrying amount of the CGU of CHF 158.6 million, the market capitalization exceeds the carrying amount of the CGU by CHF 20.4 million.

#### **Sensitivity Analysis**

As of 30 June 2021 the market capitalization would need to decrease by CHF 20.7 million (-13.9 %) to be equal to the carrying amount of the CGU. With regard to the share price, the share price would need to decrease from CHF 0.1762 to CHF 0.1516 (-13.9 %) to be equal to the carrying amount of the CGU.

As of 30 June 2020 the market capitalization would need to decrease by CHF 20.4 million (-11.4%) to be equal to the carrying amount of the CGU. With regard to the share price, the share price would need to decrease from CHF 0.2300 to CHF 0.2037 (-11.4 %) to be equal to the carrying amount of the CGU.

#### **Impairment of Patents and Patent application**

During the first half year 2021, the management has strategically reviewed Evolva's intellectual property and patent portfolio. Based on this analysis management has concluded to discontinue some intellectual property rights and patent families which Evolva deems no longer strategically relevant for Evolva's product portfolio. Evolva focuses resources on the development of the most promising pipeline candidates. The discontinued IP rights origin from company acquisitions in previous years, which were classified as intangible assets with definite useful life of 20 years. The discontinued assets have been amortized since acquisition and had a remaining useful life of 10 to 13 years. The majority of the discontinued IP rights relates to one product candidate in a similar application field as other developed candidates in Evolva's product pipeline.

In total this led to an impairment of CHF 9.6 million. The impairment expense was recorded under research and development expenses with effect on Evolva's one CGU, namely Research, Development, Manufacturing and Commercialization of Novel Food, Nutritional and Health Care Ingredients.

## 9. Share based compensation

The Board of Directors administers the Group's incentive equity plans. Equity instruments are granted according to the Group's plan regulations. Members of the Board of Directors, Group Management Team and selected staff are eligible for receiving equity instruments.

Total share-based compensation summarizes as following:

CHF 1,000	Period from 1 January to 30 June	
	2021	2020
Operations expenses	28.6	24.3
Research & development expenses	(1.3)	105.9
Commercial, general & administrative expenses	87.6	531.4
<b>Total share based compensation</b>	<b>114.9</b>	<b>661.7</b>

In the first half-year 2021, Evolva granted a short-term plan (STI) to Group Management and Senior Management members with a one-year vesting period. The number of shares to vest under the STI plan is subject to the achievement of agreed company and individual targets in the financial year 2021. In addition, an RSU plan to members of board of directors was granted.

The key parameters and the number of outstanding RSUs and PSUs are as follows:

Plan name		Grant date	Vesting date	Fair value at grant	Number of units
LTI 1	PSU	01.07.2018	Several <sup>1</sup>	CHF 0.23	3,494,556
LTI 2	PSU	01.04.2019	Several <sup>2</sup>	CHF 0.24	5,283,323
LTI 3	PSU	01.07.2020	01.04.2023	CHF 0.20	7,760,983
STI 4	PSU	08.03.2021	01.04.2022	CHF 0.22	3,927,389
EVE 10	RSU	10.02.2017	Several <sup>3</sup>	CHF 0.55	4,217,964
EVE 19	RSU	09.04.2021	08.04.2022	CHF 0.20	990,145
<b>Total</b>					<b>25,674,360</b>

<sup>1)</sup> Vesting dates: 1 July 2021, 1 July 2022 and 1 July 2023, each 1/3 of granted PSU.

<sup>2)</sup> Vesting dates: 1 May 2022, 1 May 2023 and 1 May 2024, each 1/3 of granted PSU.

<sup>3)</sup> Vesting dates: 1 May 2020, 1 May 2021 and 1 May 2022 each 1/3 of granted RSU. Interest rate at grant: 0%.

Reconciliation of outstanding share units:

	30 June 2021	31 Dec 2020
Outstanding at 1 January	31'373'501	25'362'809
Granted	4'917'534	12'285'791
Vested	7'595'383	3'404'908
Forfeited	3'021'292	2'870'191
<b>Outstanding end of period</b>	<b>25'674'360</b>	<b>31'373'501</b>

### Incentive share option plans

The fair value of share option awards granted (EVE 4 – EVE 9) was determined by using a binomial option valuation model. The resulting expenses for the Group are recognized over the vesting period (in general four years). The key parameters in the valuation model are as follows:

Plan name	Grant date	Expiry date	Share price at grant in CHF	Exercise price in CHF	Volatility	Risk-free rate	FV at grant in CHF
EVE 9	15.02.2016	14.02.2026	0.77	0.80	42.7%	0.00%	0.30
EVE 8	01.01.2015	31.12.2024	1.32	1.31	45.0%	0.36%	0.62
EVE 7	01.01.2014	31.12.2023	0.99	0.98	52.5%	1.25%	0.51
EVE 6	01.07.2013	30.06.2023	0.67	0.64	52.5%	1.07%	0.35
EVE 5	01.07.2012	31.12.2022	0.40	0.37	52.5%	0.68%	0.23
EVE 4	01.01.2012	31.12.2021	0.54	0.55	52.5%	1.12%	0.26

One share option entitles the option holder to purchase one Evolva share at a fixed price (“the exercise price”). The volatility applied reflects Evolva’s share price volatility for the last three years. Risk-free rate is based on ten-years Swiss government bonds.

The table below illustrates the number-weighted average exercise price in CHF (WAEP), the number of share options outstanding and the weighted average years remaining contractual life (WAYCL) as at 30 June 2021.

Plan name	Year of grant	WAEP	Number of	WAYCL
EVE 9	2016	0.80	7,713,763	4.6
EVE 8	2015	1.31	5,004,208	3.5
EVE 7	2014	0.98	5,308,085	2.5
EVE 6	2013	0.64	2,951,980	2.0
EVE 5	2012	0.37	2,648,196	1.5
EVE 4	2012	0.55	4,500,840	0.5
<b>Total</b>		<b>0.83</b>	<b>28,127,072</b>	<b>2.8</b>

A summary of share options granted, exercised, forfeited and outstanding for the above plans is as follows:

	Number of options	
	30 June 2021	31 Dec 2020
Outstanding at 1 January	30'807'007	30'836'155
Forfeited	-	29'148
Expired	2'679'935	-
<b>Outstanding end of period</b>	<b>28'127'072</b>	<b>30'807'007</b>
-of which exercisable	28'127'072	30'807'007

## 10. Inventories

CHF 1,000	30 June 2021	31 Dec 2020
Raw materials	466.2	937.0
Intermediate products material	1'025.0	1'446.9
Finished products	8'390.6	6'741.4
<b>Total</b>	<b>9'881.8</b>	<b>9'125.3</b>

Total inventories are stated at the lower of production costs and net realizable value. As of the reporting date, finished products consist of nootkatone, valencene and resveratrol. In the first half-year 2021 a write-down of inventory to net realisable value in the amount of CHF 0.4 million was recorded (HY1 2020: reversal of write-down of CHF 0.4 million).

## 11. Financial Assets

CHF 1,000	30 June 2021	31 Dec 2020
Financial deposits	1'103.7	2'177.7
Financial loans	1'941.5	-
Shareholding in non listed R&D company	333.7	330.1
<b>Total</b>	<b>3'379.0</b>	<b>2'507.8</b>

During the 1 HY 2021 Evolva has agreed to a reduction of the rent deposit for the HQ facility. Consequently the rent deposit was reduced and reimbursed by CHF 1.1 million. In addition, Evolva has granted a loan to one of Evolva's manufacturing partners for manufacturing, supply, and CAPEX. This loan is recognized at amortized cost, the recoverability of the loan is reviewed when a triggering event occurs, such as changes in the business collaboration, etc. Evolva holds an investment in equity shares in a non-listed R&D company (see Note 16).

## 12. Share capital

The development of the issued share capital over the past three years is as follows:

	Total number of shares Evolva Holding SA	CHF 1,000
<b>1 January 2020</b>	<b>796'878'237</b>	<b>159'375.6</b>
Shares from conditional capital	25'000'000	5'000.0
Nominal value reduction	-	(123'281.7)
<b>1 January 2021</b>	<b>821'878'237</b>	<b>41'093.9</b>
Shares from authorized capital	105'000'000	5'250.0
<b>30 June 2021</b>	<b>926'878'237</b>	<b>46'343.9</b>

On 22 February 2021 the Group has subscribed treasury shares of CHF 5.25 million.

## 13. Treasury shares

The development of treasury shares held by the Group over the past two years is as follows:

	Shares	CHF 1,000
<b>1 January 2020</b>	<b>21'539'616</b>	<b>4'345.8</b>
Issuance of shares	25'000'000	7'050.0
Use of shares for financing purposes	(27'895'472)	(6'830.6)
Use of shares for share-based compensation	(3'495'874)	(856.0)
<b>1 January 2020</b>	<b>15'148'270</b>	<b>3'709.2</b>
Issuance of shares	105'000'000	5'250.0
Use of shares for financing purposes	(29'713'312)	(4'440.3)
Use of shares for share-based compensation	(7'595'383)	(377.0)
<b>30 June 2021</b>	<b>82'839'575</b>	<b>4'142.0</b>

## 14. Provisions and accrued liabilities

in CHF 1,000	Operational provisions	Financial accruals	Employee accruals	Other accrued liabilities	Total
<b>1 January 2020</b>	<b>5'522.8</b>	<b>1'657.2</b>	<b>723.0</b>	<b>191.6</b>	<b>8'094.6</b>
Made during the year	860.3	1'145.7	383.0	-	2'389.0
Used during the year	(699.2)	(1'524.0)	(153.7)	(10.9)	(2'387.8)
Reversed during the year	(0.1)	(144.0)	-	-	(144.1)
<b>31 December 2020</b>	<b>5'683.8</b>	<b>1'134.9</b>	<b>952.3</b>	<b>180.6</b>	<b>7'951.6</b>
- of which current	5'683.8	1'134.9	952.3	180.6	7'951.6
- of which non-current	-	-	-	-	-
<b>31 December 2020</b>	<b>5'683.8</b>	<b>1'134.9</b>	<b>952.3</b>	<b>180.6</b>	<b>7'951.6</b>
<b>1 January 2021</b>	<b>5'683.8</b>	<b>1'134.9</b>	<b>952.3</b>	<b>180.6</b>	<b>7'951.6</b>
Made during the year	1'598.5	228.4	833.0	21.7	2'681.6
Used during the year	(1'583.2)	(474.4)	(116.3)	(165.8)	(2'339.7)
<b>30 June 2021</b>	<b>5'699.0</b>	<b>888.9</b>	<b>1'668.9</b>	<b>36.5</b>	<b>8'293.4</b>
- of which current	5'192.2	888.9	1'668.9	36.5	7'786.6
- of which non-current	506.8	-	-	-	506.8
<b>30 June 2021</b>	<b>5'699.0</b>	<b>888.9</b>	<b>1'668.9</b>	<b>36.5</b>	<b>8'293.4</b>

### Operational provisions

Operational provisions consist of various items related to the Company's R&D and manufacturing activities. Predominately, they consist of a provision of CHF 5.0 million (2020: CHF 4.8 million), the underlying amount of the provision in the original USD currency is unchanged compared to 2020, recorded for potential repayments of contractual fees related to work for the US Defence Threat Reduction Agency (DTRA) in the past. These fees relate to two projects that have been successfully completed from an R&D perspective in 2010 and 2011 respectively. The audit of some project accounts has not yet been completed by the relevant US audit agency. In 2021 the provision was increased by CHF 0.5 million for a potential risk related to a contractual R&D agreement from previous years.

**Financial accruals**

Financial provisions include mainly unsettled financial, tax and consulting related items incurred during the ordinary business course of the Company. The timing of these cash outflows is reasonably certain.

**Employee accruals**

These provisions mostly relate to employee benefits and accumulated vacation. The timing of the cash outflow is by nature difficult to predict.

**Other accrued liabilities**

Other provisions and liabilities mainly consist of accrued royalty fees for technology in use of the manufactured products sold.

**15. Convertible loan**

In 2020, Evolva Holding AG entered into an agreement for the issuance and subscription of convertible notes with Nice & Green SA, a company incorporated and registered in Switzerland. Under the terms of the agreement and the subsequent amendments in 2020 and 2021, Nice & Green has committed to invest up to an amount of CHF 44 million, divided into tranches, over a period of 30 months ("the conversion period").

Nice & Green SA is obliged to request conversion of each convertible note no later than at the expiration of the conversion period. If Nice & Green SA fails to request conversion prior the date falling 10 Business days prior to the expiration of the conversion period, Evolva Holding AG is entitled to request conversion during the last 10 business days of the conversion period.

The amount of each convertible note is, at Evolva's discretion, either repayable by way of conversion into ordinary shares of Evolva Holding AG or in cash. The nominal value of one convertible note is CHF 50'000. The conversion price for shares is 95 percent of the lowest daily volume weighted average price for a share on the SIX Swiss Exchange during the 6 trading days immediately preceding the conversion date. The conversion price for cash redemption is calculated as the nominal value divided by 0.97 of a convertible note. During the conversion period, Nice & Green may at any time request full or partial conversion of each convertible note.

In the case that the share market closing price of Evolva Holding AG is equal or lower than CHF 0.08, Nice & Green is entitled to suspend the agreement until the share market closing prices equals or exceeds CHF 0.08. If the share market closing price is equal to or lower than CHF 0.08 for 20 consecutive trading days or the suspension period exceeds 3 months, Nice & Green has the right to early terminate the agreement. In the case of early termination, all issued convertible notes shall be converted into shares or repaid in cash within 30 days.

Evolva Holding AG must pay a commitment fee equal to 4% of the maximum commitment to Nice & Green SA, based on the convertible notes requested.

Nice & Green SA must pay an incentive fee equal to 10% of the sharing basis to Evolva Holding SA. The sharing basis shall be the positive difference between the net capital gain and the net capital loss. The net capital gain is the positive difference between the sale price of all new shares sold by Nice & Green SA and the conversion price paid for the relevant sold new share minus transaction costs.

Convertible notes issued in 2021	CHF 11.5 million
Transaction costs in 2021	CHF 0.5 million
Net proceeds from convertible notes in 2021	CHF 11.0 million

The net proceeds received from the issue of the convertible notes have been split between the non-derivative host and the embedded derivative.

CHF 1,000	No. of tranches at CHF 50,000	Non-derivate host	Embedded derivate	Net proceeds
Convertible notes 1.1.2020	-	-	-	-
Notes issued in HY2 2020	200	8,720.7	1,279.3	9,600.0
Notes converted in HY2 2020	120	(4,934.9)	(1,065.1)	
<b>Convertible notes outstanding at 31.12.2020</b>	<b>80</b>	<b>3,785.8</b>	<b>214.2</b>	
Notes issued in HY1 2021	230	10,938.9	561.1	11,040.0
Notes converted in HY1 2021	110	(5,185.9)	(314.1)	
<b>Convertible notes outstanding at 30.06.2021</b>	<b>200</b>	<b>9,538.8</b>	<b>461.2</b>	

For the conversion of 110 convertible notes (CHF 5.5 million), Evolva has delivered 29.7 million treasury shares at an average conversion price of CHF 0.185 per share.

The impact of the changes in fair value of the embedded derivative amounts to CHF 0.02 million (HY 2020: none). This amount is included in financial income. Directly related transaction expenses of CHF 0.5 million (commitment fee) are amortized using the effective interest method.

## 16. Fair Value of Financial Instruments

Financial assets CHF 1,000	Valuation category	FV Level	Fair Value
<b>1 January 2021</b>			
Shareholding in non listed R&D company	FVTPL	Level 3	330.1
Currency translation adjustment trough OCI			3.6
<b>30 June 2021</b>			
Shareholding in non listed R&D company	FVTPL	Level 3	<b>333.7</b>

Financial Liabilities CHF 1,000	Valuation category	FV Level	Fair Value
<b>1 January 2021</b>			
Compound embedded derivative	FVTPL	Level 3	214.2
Notes issued in HY1 2021			561.1
Notes converted in HY1 2021			(314.1)
<b>30 June 2021</b>			
Compound embedded derivative	FVTPL	Level 3	<b>461.2</b>

FVTPL = Financial asset or liability measured at fair value through profit and loss

There were no transfers between the different hierarchy levels during the reporting period, nor in the previous year. The carrying amounts of all other financial measured at amortized cost are reasonable approximations of their fair values.

Evolva holds an investment in equity shares in a non-listed R&D company. The Group considers the investment as not strategic in nature. The investment is categorized as fair value (Level 3), with initial recognition at cost, and non-recurring fair value measurement.

In 2020, Evolva Holding AG entered into an agreement for the issuance and subscription of convertible notes with Nice & Green SA. For detailed information on the compound embedded derivative see Note 15.



## **17. Commitments and contingencies**

As part of its research activities, Evolva is involved in several projects funded by governmental and other public entities. These contracts include clauses that might result in reclaims of funding that Evolva has received. The Group has entered various purchase commitments for manufacturing, material and services as part of its ordinary business. The total amount of commitment for manufacturing with manufacturing organizations for the next years amount to CHF 56.1 million (31.12.2020: CHF 58.5 m). These commitments are not in excess of current market prices and reflect normal business operations.

## **18. Related party transactions**

In 2021, Evolva has sold products for CHF 0.068 million to a company where a member of the board of Evolva is part of the board of the customer (2020: CHF 0 million). As of the reporting date, Evolva has no outstanding receivable from transactions with related parties (2020: CHF 0 million).

## **19. Subsequent event**

No significant events to be disclosed have occurred after the reporting period up to the date of the authorisation of these consolidated financial statements.

**Report of the Independent Auditor to the Board of Directors of  
Evolva Holding AG, Reinach (BL)****Report on the Review of the Interim condensed consolidated financial statements****Introduction**

We have reviewed the interim condensed consolidated financial statements (Consolidated Statement of Financial Performance, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flow, Consolidated Statement of Equity and Notes) of Evolva Holding AG for the period from 1 January 2021 to 30 June 2021.

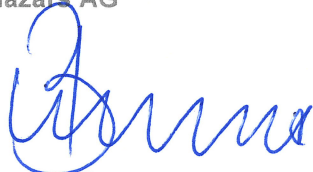
The Board of Directors is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

**Mazars AG**

Cyprian Bumann  
Licensed Audit Expert  
(Auditor in Charge)



Roger Leu  
Licensed Audit Expert

Zurich, 23 August 2021