



## NEWS RELEASE



### Evolve to acquire Allylix

**Expands product portfolio and strengthens stevia franchise**

**Cargill to increase stake in Evolve**

**Reinach, Switzerland and San Diego, California, USA, 18 November 2014 - Evolve Holding SA (SIX: EVE)** has agreed to acquire San Diego-based Allylix, Inc., a privately held yeast fermentation company with a focus on high-value ingredients, in an all-stock transaction. The acquisition will immediately expand Evolve's product and IP portfolio and enhance the competitiveness of Evolve's stevia products. Evolve will acquire Allylix in return for an overall consideration of 46 million newly-issued Evolve shares (c. 14.1% of Evolve post transaction). Cargill (Evolve's partner on its stevia program) will invest USD 4 million in Evolve shares in support of the transaction. The transaction is expected to close by mid-December 2014.

The key benefits for Evolve shareholders are:

- **Improves global competitiveness of Evolve's next-generation stevia product.** Evolve gains know-how and issued patents that enhance Evolve's proprietary position and substantially improve stevia manufacturing efficiencies. Evolve's next-generation stevia ingredients, which include Reb D, Reb M and other steviol glycosides, will significantly improve the taste, affordability, supply-chain integrity, and environmental footprint of this sought-after zero-calorie sweetener.
- **Adds two new ingredients that Evolve will market in 2015,** together with the capabilities needed for global commercialisation.
  - Nootkatone – an aroma molecule that occurs in grapefruits. Commercially valuable as a flavour and fragrance, its greatest promise may well be as a safe and effective skin and home protectant against noxious pests such as ticks, mosquitoes, and bed bugs. US Centers for Disease Control research has demonstrated that nootkatone is a highly effective, rapid-acting natural agent against pests such as the ticks that transmit Lyme Disease.
  - Valencene – an orange flavour and fragrance used in food and drinks, personal care and household products, as well as an intermediate. It takes over 1 million kilos of oranges to extract 1 kilo of valencene. Fermentation production provides a more sustainable, economical, and reliable supply chain, creating broad new applications for this ingredient.

- **Expands product pipeline.** Like Evolva, Allylix has a pipeline of high-value ingredients made by brewing, with commercial applications in flavours, fragrances, cosmetics, food protection, household products and other industrial markets. For example, Allylix is developing a brewed version of sandalwood oil, a highly sought-after fragrance that is now in short supply because its natural source (the tropical sandalwood tree) has largely disappeared due to overharvesting and illegal logging.
- **Accelerates development of Evolva pipeline.** Allylix's technologies, strain development capabilities and fermentation know-how will enable Evolva to accelerate the development of its own products, particularly terpenes such as saffron and agarwood.
- **Strengthens core IP portfolio by more than one-third.** Evolva has around 330 patents and applications across 70 patent families, with around 120 granted. Allylix will add a further 160 patents and applications across 25 patent families, with more than 100 granted.
- **Major synergies throughout the entire "research-to-market" chain.** Both Evolva and Allylix are focused entirely on yeast, and its use to make valuable, sustainable, functional ingredients for health, wellness and nutrition. In consequence there are synergies in molecular biology, analytical chemistry, production, application development, regulatory, business development, marketing and sales. Evolva will conduct a review and potential realignment of its R&D portfolio as a result of the transaction. This is expected to complete in Q1 2015.

Evolva CEO, **Neil Goldsmith** said, "Allylix has developed a product line that is uniquely complementary to Evolva's, starting with nootkatone and valencene. Furthermore, its technical expertise and IP suite will give us additional competitive advantages in the global stevia market. Since both companies are focused on the production and sale of high value ingredients made from yeast, there are significant synergies at all stages of R&D, manufacturing and marketing. The combination creates a true powerhouse in yeast based fermentation technologies."

**Carolyn Fritz**, Allylix's CEO added, "Since our founding in 2004, Allylix has established a world-class R&D team in yeast metabolic engineering, scaled our processes to full industrial production, and commercialised two products. We have built a leading patent position on producing terpenes by fermentation, which has attracted interest from leading stevia players. We see Evolva and their partner Cargill as the best placed to achieve significant commercial success in fermentation-derived stevia."

Under the terms of the agreement, Evolva will acquire 100% of the share capital of Allylix in return for an overall consideration of 46 million shares from Evolva's authorised capital (16.5% of Evolva's issued share

capital before the transaction, 14.1% post-transaction). Part of these shares, currently estimated at approximately six million shares, will be sold over a period of time after closing, to offset certain liabilities and transaction expenses of Allylix. Further, 2.3 million shares will be held back for 18 months after closing to secure potential indemnification obligations of Allylix's security holders under the agreement. All other shares will be allocated to the Allylix security holders and will be subject to a staggered lock-up, such that the shares will be released in twelve tranches of approx. 3 million shares each, during the first year after the closing of the transaction. Evolva expects the newly created shares to be admitted to trading on the SIX Swiss Exchange by mid-December 2014.

The terms of the transaction have been approved by the Boards of both companies. The transaction is subject to listing of the new shares on the SIX Swiss Exchange. Upon completion of this transaction, Allylix will become a wholly owned subsidiary of Evolva.

Cargill, Inc., Evolva's partner on its stevia program, will support the transaction and subsequent integration through a USD 4 million equity investment in Evolva shares. The shares will be issued from Evolva's authorised capital, at market price based on the average Evolva share price for the last 30 days prior to closing and will be listed simultaneously with the shares issued to Allylix shareholders.

#### **Impact on financial outlook 2014**

Subject to closing of the transaction in December, Evolva now expects the cash outflow from operations in 2014 to reach about CHF 20 million. In view of Cargill's intended investment, Evolva reiterates the expectation that cash (including time deposits) at the end of 2014 will be at least CHF 50 million. The acquisition has no impact on the revenues forecast for 2014 (at least CHF 10 million).

- Ends -

#### **Press/analyst conference call at 10.00 AM CET on 18 November 2014**

Neil Goldsmith, CEO and Jakob Dynnes Hansen, CFO, will present the transaction 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 (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 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). Questions about our fermentation approach? Have a look at [our video](#).

### **About Allylix**

Allylix Inc. develops terpene products and their derivatives for the flavour and fragrance, food ingredient, pharmaceutical, agricultural and biofuel markets. Allylix's technology produces high-value natural terpenes in greater quantities, of higher quality, and at significantly lower cost than traditional sources.

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