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2019 NINE MONTHS RESULTS UNAUDITED

Highlights

in EUR millions	9M 2019	% Change	9M 2018	FY 2018
Revenues	27.56	2.00	27.02	35.38
Gross Profit	10.57	0.09	10.56	13.94
Gross profit %	38.3%	-800bps	39.1%	39.4%
Operating profit/(loss)	(0.14)	-106.01	2.33	2.19
Net profit/(loss) after taxes after minority	(0.69)	-133.82	2.04	1.85
EBITDA*	2.52	-44.37	4.53	5.48
Earnings/(loss) per share in €	(0.17)	-132.08	0.53	0.47
Shareholders' equity	26.35	13.33	23.25	25.97

*EBITDA-Earnings before interest, taxes, depreciation and amortisation

2019 Nine Months Highlights – Consolidated Results:

- Revenues for the first nine months of 2019 increased 2.0% to €27.56m from €27.02m in 2018. The North American business growth was 1.8% for the nine months period. On a constant currency basis, the North American business revenue was down 4.2% for the nine months period ended 30/9/2019 compared to 2018. The lower North American business revenue is attributable to lower commodity prices on our container throughput business and lower RVM machine sales. The European revenue growth was 4.0% for the nine months ended 30/9/2019 compared to the same period for 2018.
- Gross profit for the first nine months of 2019 increased to €10.57m from €10.56m for the first nine months of 2018. After adjustment for the favourable USD to EUR currency rate; the gross profit declined €0.59m or 5.3% for the nine months ended 30/9/2019 compared to 2018.
- Gross profit margin was 38.3% for the first nine months of 2019 compared to 39.1% for the first nine months of 2018. The gross margin was negatively impacted by the mix of RVM machine sales and lower manufacturing overhead cost absorption.
- The operating result for the first nine months of 2019 was a loss of (€0.14m) compared to a profit of €2.33m for the first nine months of 2018. The North American operating profit at €3.46m for the nine-month period ended 30/9/2019 was flat with the same period ended 30/9/2018 after adjusting for the favourable one-time legal settlement of €0.62m realised in 2018. The European business operating profit/(loss) was a loss of (€1.63m) for the period ended 30/9/2019 compared to a loss of (€0.55m) for the period ended 30/9/2018. The European new market development expenses increased by €0.68m for the nine months 2019 compared to 2018. The European business was also negatively impacted for the nine-month period ended 30/9/2019 by start-up of our Romanian subassembly manufacturing operation, increased R&D expense and some reduction in gross margin due to the mix of RVM machine sales. The Holding company expenses increased to €1.97m for the nine months ended 30/9/2019 compared to €1.20m for the same period in 2018. This nine-month 2019 increase is principally attributed to increased IP litigation cost of €0.26m and increased R&D amortisation of €0.30m.
- EBITDA decreased to €2.52m for the first nine months of 2019 compared to €4.53m for the first nine months of 2018. After adjusting the 2018 first nine months results for the one-time legal settlement and after allowing for the 2019 DRS new market development costs and the increased IP litigation; the 2019 first nine months EBITDA results and the 2018 EBITDA results are €3.81m and €3.91m respectively.

Financial Position:

- The Company generated a positive €0.08m cash from its operating activities for the first nine months of 2019 versus €3.60m for the same period in 2018 due to higher working capital needs in 2019. The working capital increase reflects the planned increase in inventory to €11.34m at 30/9/2019 compared to €7.67m at 30/9/2018. This relates

to completed RVMs and long lead-time components in anticipation of RVM machine demands moving into 2020 in support of the Scotland and Greece markets.

- The Company's bank financing drawn was unchanged at €4.64m for 30/9/2019 and 30/9/2018. The Company has adequate bank facilities to fund its current requirements. The Company is also evaluating financing proposals to fund increased business activity going into 2021.
- Shareholders' equity at 30/09/2019 increased by €0.38m from year end 31/12/2018 based on the nine months 2019 net loss augmented by a positive translation reserve impact of €1.08m.

Other:

- The Company is continuing its preparation for the Scottish DRS legislation which is expected to be implemented in April 2021. Our UK and Scottish management team based out of our Edinburgh showroom, is highly engaged in all the marketing activities with major UK grocery chains and independents. The Company has demonstrated the attractiveness and strength of our RVM technology through a number of successful pilots completed and currently operating. Envipco remains well positioned to succeed in this important market.
- Envipco has recently completed the renovation of a 15,000 square foot leasehold facility in Pallini, Greece. This facility includes a complete showroom and demonstration centre along with an RVM manufacturing assembly line. Envipco's demonstrated commitment to the Greek market along with our strong Texan S.A. distribution partner well positions the Company for success in this promising market.
- The Company substantially increased its IP litigation costs to €0.68m during the first nine months of 2019 as part of several court proceedings. The company previously reported in Q1 2019, that we received an unfavourable ruling on our patent being litigated. We have since reviewed the German courts report and have now filed an appeal of the court decision. We believe our appeal grounds are well founded and will be successful; accordingly, the Company expects to continue these proceedings.

Gool Santchurn, CEO of the Envipco Group: "I see the full year 2019 as establishing a solid foundation for the future of the Company. Sustained performance in North America and Sweden combined with realisation of the investments we are making in Scotland and Greece well positions the Company to prosper in these exciting new market opportunities."

Business Review – Segments

	3 rd Quarter		Nine months		Full Year
	2019	2018	2019	2018	2018
in EUR millions					
Revenues	10.14	11.59	27.56	27.02	35.38
North America	9.37	9.99	24.95	24.51	32.32
Europe	0.77	1.60	2.61	2.51	3.06
ROW	-	-	-	-	-
Gross Profit	4.29	4.67	10.57	10.56	13.94
Gross Profit in %	42%	40%	38%	39%	39%
Operating expenses excluding new market development costs	2.97	2.84	9.69	8.57	11.93
New market development costs	0.59	0.30	1.03	0.30	0.48
Operating expenses	3.56	3.14	10.72	8.87	12.41
Net profit/(loss) after taxes	0.33	1.45	(0.70)	2.03	1.85
EBITDA*	1.64	2.29	2.52	4.53	5.48
EBITDA Margin	16%	20%	9%	17%	16%
Earnings per share (EPS) in €	0.08	0.38	(0.17)	0.53	0.47

*Earnings before interest, taxes, depreciation and amortisation

2019 Third Quarter and Nine months:

North American revenues for the first nine months of 2019 increased to €24.95m from €24.51m in 2018. On a constant currency basis, first nine months 2019 revenue declined 4.2% compared to the first nine months 2018 revenue. The container throughput business is relatively flat for the nine months period 2019 compared to 2018 on a constant currency basis. This result reflects a recovery of container throughput volumes from the previously reported Q2 2019 decline. North American RVM machine sales declined to €2.79m for the nine-month period ended 30/9/2019 compared to €3.40m for the same period in 2018. The RVM sales decline is a result of lower new store and renovation construction during the nine-month period in 2019 compared to 2018. The Q3 2019 revenue results compared to Q3 2018 reflect a 2.7% increase in our container throughput business offset by a decline in RVM machine sales to €1.01m for the period from €1.85m in 2018.

European revenues for the first nine months of 2019 increased to €2.61m from €2.51m for the first nine months of 2018. For Q3 2019, European revenues declined to €0.77m compared to €1.61m in Q3 2018. For the nine months ended 30/9/2019, Sweden has performed very well with RVM sales and service revenue increasing 176.1% to €2.20m compared to 2018. The 2019 Sweden improvements are a direct result of the success of the Quantum modular concept completed in 2018. The Greece and France markets had a very good Q3 in 2018 with sales of a 116 RVMs during the period. There were no RVM sales during Q3 of 2019 for these markets. For the nine months ended 30/9/2019, RVM sales to Greece and France are down to €0.22m from €1.40m for the same period in 2018. Leveraging our recently completed Greece facility investments and overall increased market activities, we expect considerable RVM sales in Greece in 2020. Overall, we see strong growth potential in Europe with sustained Sweden momentum, Greece market expansion, renewed France opportunities and especially considerate of the Scotland DRS market potential.

Operating expenses excluding new market development costs for first nine months 2019 increased to €9.69m compared to €8.57m for first nine months 2018. The majority of this increase relates to increased IP litigation cost, increased R&D, and startup of the Romanian subassembly manufacturing operation. The operating expense increases moderated in Q3 2019 to €2.97m compared to €2.84m in Q3 2018.

Substantial new market development costs of €1.03m was incurred in first nine months 2019 compared to €0.30m in first nine months 2018. The majority of this cost was surrounding the impending Scottish DRS law and UK market development activities along with cost to establish facilities in Greece. The Company expects to continue to incur new market development costs in Europe around developing DRS opportunities.

Market Outlook

The Company maintains a positive outlook for the business considerate of sustained performance in North America and Sweden, market expansion opportunities in Greece and France and most importantly the impact of our new market business development investments surrounding impending European DRS legislation.

Extraordinary Meeting of Shareholders

An extraordinary meeting of shareholders is scheduled for 20 December 2019 in Amersfoort, The Netherlands. Notice of the meeting and the agenda has been posted on our website at www.envipco.com.

Risks and Uncertainties

- Legislation driven growth: Our RVM business, which is mainly dependent on deposit laws can have significant negative impact, if such laws are repealed or curtailed significantly.
- Major RVM customers going out of business may also have a significant negative impact, although unlikely due to the diversity of our customer base.
- The Group may be at risk from competition.
- At present, majority of the Group revenue is generated in USD, which can be subject to significant fluctuations that may have a negative or positive impact on the Group results depending upon whether it is a favourable or an unfavourable change.
- Non-availability of lines of credit or cash to continue to fund projects under development stage may impact long term viability of the Group.

Capital & Shareholding

Authorised and Issued Share Capital

The Company's authorised capital is €4,000,000 divided into 8,000,000 shares, each having a nominal value of €0.50. The issued share capital of the Company currently amounts to €2,048,803.50 divided into 4,097,607 shares, each having a nominal value of €0.50.

Substantial Shareholders

The Group has been notified of or is aware of the following 3% or more interest as at 30 September 2019.

	Number of Shares	Shareholding %	Voting Rights %
Alexandre Bouri/Megatrade International SA	2,168,068	52.91	52.91
Gregory Garvey/EV Knot LLC	521,513	12.73	12.73
Douglas Poling/GD Env LLC	200,000	4.88	4.88
B. Santchurn/Univest Portfolio Inc.	155,480	3.79	3.79
Otus Capital Management Ltd	247,727	6.05	6.05
Lazard Freres Gestion SAS	222,532	5.43	5.43

Amersfoort, 27 November 2019
Board of Directors
Envipco Holding N.V.

Bhajun G. Santchurn
CEO and Executive Board Member

Consolidated Statement of Comprehensive Income

in EUR thousands	Note	Q3 2019	Q3 2018	9M 2019	9M 2018	FY 2018
Revenues		10,138	11,589	27,558	27,015	35,380
Cost of revenue		(5,299)	(6,399)	(15,360)	(14,951)	(19,415)
Leasing depreciation		(553)	(515)	(1,631)	(1,500)	(2,026)
Gross Profit		4,286	4,675	10,567	10,564	13,939
Selling expenses		(223)	(309)	(904)	(807)	(1,118)
General and administrative expenses		(3,334)	(2,829)	(9,821)	(8,063)	(11,287)
Miscellaneous income /(expenses)	(4)	13	13	20	639	651
Operating Results		742	1,550	(138)	2,333	2,185
Financial expense		(51)	(58)	(151)	(175)	(226)
Financial income		-	-	-	-	3
Exchange gains/(losses)		(53)	(18)	(47)	(74)	(43)
Results before tax		638	1,474	(336)	2,084	1,919
Income taxes		(304)	(20)	(357)	(45)	(65)
Net Results		334	1,454	(693)	2,039	1,854
Other comprehensive income						
Items that will be reclassified subsequently to profit and loss						
Exchange differences on translating foreign operations		923	186	1,077	614	819
Other movements		-	-	(1)	(1)	(10)
Total other comprehensive income		923	186	1,076	613	809
Total comprehensive income		1,257	1,640	383	2,652	2,663
Profit attributable to:						
Owners of the parent						
Profit/(loss) for the period		332	1,451	(696)	2,034	1,848
Non-controlling interests						
Profit/(loss) for the period		2	3	3	5	6
Total						
Profit/(loss) for the period		334	1,454	(693)	2,039	1,854
Total comprehensive income attributable to:						
Owners of the parent		1,255	1,637	380	2,647	2,657
Non-controlling interests		2	3	3	5	6
		1,257	1,640	383	2,652	2,663
Number of weighted average (exclude treasury shares) shares used for calculations of EPS		4,097,607	3,837,607	4,097,607	3,837,607	3,981,744
- Basic (euro)		0.08	0.38	(0.17)	0.53	0.47
- Diluted (euro)		0.08	0.38	(0.17)	0.53	0.47
Earnings/(loss) per share for profit attributable to the ordinary equity holders of the parent during the period						
- Basic (euro)		0.08	0.38	(0.17)	0.53	0.47
- Fully diluted (euro)		0.08	0.38	(0.17)	0.53	0.47

Consolidated Balance Sheet

in EUR thousands	Note	9M 2019	9M 2018	FY 2018
ASSETS				
Non-current assets				
Intangible assets		6,397	6,191	6,016
Property, plant and equipment		9,249	9,309	9,165
Financial assets		572	334	349
Deferred tax assets		1,911	1,793	1,819
Total non-current assets		18,129	17,627	17,349
Current assets				
Inventory		11,341	7,674	8,525
Trade and other receivables		13,245	12,303	10,021
Cash and cash equivalents		1,481	1,442	4,107
Total current assets		26,067	21,419	22,653
Total assets		44,196	39,046	40,002
EQUITY				
Share capital		2,049	1,919	2,049
Share premium and legal reserves		57,403	54,822	57,403
Retained earnings		(38,014)	(37,123)	(37,318)
Translation reserves		4,915	3,633	3,838
Equity attributable to owners of the parent		26,353	23,251	25,972
Non-controlling interests		29	26	27
Total equity		26,382	23,277	25,999
Liabilities				
Non-current liabilities				
Borrowings	(7)	3,312	3,241	3,014
Other liabilities		120	220	220
Total non-current liabilities		3,432	3,461	3,234
Current liabilities				
Borrowings	(7)	1,329	1,398	1,420
Trade creditors		9,757	8,493	6,406
Accrued expenses		2,576	1,888	2,554
Provisions		319	105	77
Tax and social security		401	424	312
Total current liabilities		14,382	12,308	10,769
Total liabilities		17,814	15,769	14,003
Total equity and liabilities		44,196	39,046	40,002

Consolidated Cash Flow Statement

in EUR thousands	Note	9M 2019	9M 2018	FY 2018
Cashflow from operating activities				
Operating results		(138)	2,333	2,185
Adjustment for:				
Depreciation and amortisation		2,703	2,271	3,364
Interest received		1	1	3
Interest paid		(151)	(176)	(226)
Changes in trade and other receivables		(2,965)	(2,587)	(269)
Changes in inventories		(2,050)	(366)	(583)
Changes in provisions		274	(131)	94
Changes in trade and other payables		2,762	2,303	135
Cash generated from operations		436	3,648	4,703
Income taxes (payment)/refund		(357)	(45)	(65)
Net cash flow from operating activities	(8)	79	3,603	4,638
Investing activities				
Investment in intangible fixed assets		(1,230)	(1,178)	(1,488)
Investments in property, plant & equipment		(1,517)	(1,795)	(2,307)
Net cash flow used in investing activities	(8)	(2,747)	(2,973)	(3,795)
Financial activities				
Proceeds from sale of shares		-	-	2,711
Changes in borrowings – proceeds		1,062	-	-
Changes in borrowings – repayments		(1,077)	(1,009)	(1,298)
Net cash flow from financing activities	(8)	(15)	(1,009)	1,413
Net increase/(decrease) in cash and cash equivalents				
		(2,683)	(379)	2,256
Opening position		4,107	1,788	1,788
Foreign currency differences on cash and cash equivalents		85	(8)	58
Foreign currency differences and other changes		(28)	41	5
Closing position		1,481	1,442	4,107
The closing position consists of:				
Cash and cash equivalents		1,481	1,442	4,107
Total closing balance in cash and cash equivalents		1,481	1,442	4,107

Consolidated Statement of Changes in Equity

in EUR thousands	Share Capital	Share Premium	Legal Reserve	Retained Earnings	Translation Reserve	Total	Non-Controlling Interests	Total Equity
Balance at 1 January 2019	2,049	51,874	5,529	(37,318)	3,838	25,972	27	25,999
Net profit/(loss) for the period	-	-	-	(696)	-	(696)	3	(693)
Other comprehensive income								
- Currency translation adjustment	-	-	-	-	1,077	1,077	-	1,077
- Other movements	-	-	-	-	-	-	(1)	(1)
Total recognised movements for the period ended 30 Sep. 2019	-	-	-	(696)	1,077	381	2	383
Balance at 30 September 2019	2,049	51,874	5,529	(36,622)	4,915	26,353	29	26,382

	Q3 2019	Q3 2018	9M 2019	9M 2018	FY 2018
Opening Balance	25,125	21,637	25,999	20,625	20,625
Net profit/(loss) for the period	334	1,454	(693)	2,039	1,854
Other comprehensive income:					
- Currency translation adjustment	923	186	1,077	614	819
- Other movements	-	-	(1)	(1)	(10)
Total recognised movements for the period	1,257	1,640	383	2,652	2,663
Sale of shares	-	-	-	-	2,711
Closing Balance	26,382	23,277	26,382	23,277	25,999

1. General

Activities

Envipco Holding N.V. is a public limited liability company incorporated in accordance with the laws of The Netherlands, with its registered address at Arnhemseweg 10, 3817 CH Amersfoort, The Netherlands.

Envipco Holding N.V. and Subsidiaries (“the Company” or “Envipco”) are engaged principally in Recycling in which it develops, manufactures, assembles, leases, sells, markets and services a line of “reverse vending machines” (RVMs) in the USA, Europe, Australia, Middle East and the Far East.

Basis of Preparation

The consolidated interim financial information for the nine months ended 30 September 2019 has been prepared in accordance with IAS 34 “interim financial reporting.” The consolidated interim financial information should always be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with IFRS as endorsed by the European Union.

All financial information is reported in thousands of euros unless stated otherwise.

2. Accounting Policies

Except as set out below, the accounting policies of these interim financial statements are consistent with the annual financial statements for the year ended 31 December 2018.

- Taxes on income in the period are accrued using the tax rate that would be applicable to expected total annual earnings.
- The annual impairment tests on goodwill and intangible assets with indefinite life will be carried out at the end of fiscal year 2019. Consequently, any impairment losses will only be recognised in the annual financial statements over the fiscal year 2019.
- These unaudited interim financial statements have not been reviewed by our auditors.

The company has implemented the new standard IFRS 16 Leases with effect from 1 January 2019. See Note 5 for details.

3. Segment Reporting

In accordance with the provisions of IFRS 8, the segments are identified based on internal reporting. The senior management board has been identified as the chief operating decision-maker. The senior management board reviews internal reporting on a periodical basis. The Group’s two segments are the RVM and Holding company functions.

- RVM Segment: The deposit market activities under this segment include operation of systems to redeem, collect, account for and processing of post-consumer beverage containers in the legislated environment including other related activities like sale and lease of RVMs, container data handling, management and deposit clearing functions. The non-deposit market activities under this segment include sales and market development activities for the automated recovery of used beverage containers in non-legislated environments. All of the Group’s RVM related research and development activities are also included under this segment.
- Holding Segment: This comprises of all Holding company activities including head office and corporate expenses.

in EUR thousands	RVM Segment	Holding Segment	Total
Segment Results – 30 September 2019			
Revenue from external customers	27,558	-	27,558
Other income /(expenses)	13	-	13
Depreciation & amortisation	1,866	837	2,703
Net profit attributable to owners of the parent	530	(1,223)	(693)
Segment Assets – 30 September 2019	36,981	7,215	44,196
Segment Results – 30 September 2018			
Revenue from external customers	27,015	-	27,015
Other income/(expenses)	639	-	639
Depreciation & amortisation	1,730	541	2,271
Net profit attributable to owners of the parent	3,244	(1,210)	2,034
Segment Assets – 30 September 2018	32,127	6,919	39,046

4. Other Income / (Expenses)

Other income for the first nine months 2018 resulted from a one-time contract settlement of €0.62m.

5. IFRS 16

On 1 January 2019, the Company adopted IFRS 16 leases. The Company applied the modified retrospective transition method. Applying this method, the comparative information for 2018 has not been restated. The Company has also elected to a transition practical expedient that permits the entity not to reassess if a contract is, or contains, a lease at the date of initial application. In addition, the Company applies the recognition exemptions for short-term leases for which the underlying asset is of low value. Right-of-use assets with a value of €0.66m have been included in tangible assets.

The impact of IFRS 16 adjustments is given below:

Income Statement in EUR thousands	NINE MONTHS 2019		
	Before	IFRS 16	After
Revenues	27,558	-	27,558
Cost of goods/services	(16,991)	41	(16,950)
Gross profit	10,567	41	10,608
Operating expenses	(10,725)	1	(10,724)
EBITDA	2,515	327	2,842
Depreciation/amortisation costs	2,703	285	2,988
EBIT	(188)	42	(146)
Net finance	(148)	(38)	(186)
Profit before tax	(336)	4	(332)
Taxes	(357)	-	(357)
Net profit	(693)	4	(689)
Details of impact on COGS/op. exp.:			
Lease expenses under COGS	320	(320)	-
Depreciation under COGS	1,693	279	1,972
Total COGS effect	2,013	(41)	1,972
Lease expenses under op. exp.	8	(8)	-
Depreciation under op. exp.	148	6	154
Total op. exp. effect	156	(2)	154
EBITDA	2,515	327	2,842

Balance Sheet in EUR thousands	NINE MONTHS 2019		
	Before	IFRS 16	After
Intangible assets	6,397	-	6,397
Tangible fixed assets	9,249	655	9,904
Non-current assets	2,483	-	2,483
Current assets	26,067	-	26,067
Total assets	44,196	655	44,851
Current liabilities	14,382	340	14,722
Long-term liabilities	3,432	311	3,743
Equity	26,353	4	26,357
Minority	29	-	29
Total equity and liabilities	44,196	655	44,851
Details of impact on right-of-use assets:			
Office Space	117	-	117
Plant & Machinery	192	-	192
Office equipment	60	-	60
Motor vehicles	286	-	286
Total	655	-	655

Cash Flow in EUR thousands	NINE MONTHS 2019		
	Before	IFRS 16	After
Operating profit/(loss)	(138)	4	(134)
Finance Charges	(150)	-	(150)
Change in working capital	724	-	724
Other operating changes	(357)	323	(34)
Total cashflow from operations	79	327	406
Cashflow from investments	(2,747)	-	(2,747)
Cashflow from financing	(15)	(327)	(342)
Total cashflow for the period	(2,683)	-	(2,683)
Details of impact on cash flow items:			
Profit before tax	4	-	4
Other operating charges	(4)	-	(4)
Net profit impact	-	-	-
Lease payments	327	-	327
Effect on cashflow from operations	327	-	327
Effect on cashflow from investments	-	-	-
Lease payments	(327)	-	(327)
Effect on cashflow from financing	(327)	-	(327)

6. Transactions with Related Parties

There is a loan receivable of €0.66m due from an affiliate under common control of the majority shareholder.

7. Borrowings – Third Parties

<i>in EUR thousands</i>	9 months to 30 Sep. 2019	9 months to 30 Sep. 2018
At beginning of period	4,434	5,498
Additions	1,062	-
Repayments	(1,077)	(1,009)
Translation effect	222	150
At end of period	4,641	4,639

8. Consolidated Cash Flow

Group generated a positive €0.08m cash from its operating activities for the first nine months of 2019 versus €3.60m for the same period in 2018. Investments in tangible and intangible assets were €2.75m for the nine months 2019 (first nine months 2018 - €2.97m). Net debt repayment was €0.02m for the nine months 2019 compared to €1.00m in the nine months of 2018.

9. Post balance sheet events

There are no post balance sheet events.