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## 2020 Q1 RESULTS UNAUDITED

### Highlights

in EUR millions	Q1 2020	% Change	Q1 2019	FY 2019
Revenues	7.80	-4.3	8.15	36.25
Gross Profit	2.74	-2.8	2.82	13.55
Gross profit %	35%	-	35%	37%
Operating profit/(loss)	-1.30	-11.1	-1.17	-2.58
Net profit/(loss) after taxes after minority	-1.64	-31.2	-1.25	-1.88
EBITDA*	-0.43	-95.5	-0.22	1.61
Earnings/(loss) per share in €	-0.40	-29.0	-0.31	-0.46
Shareholders' equity	23.26	-7.3	25.09	24.35

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

#### 2020 First Quarter Highlights – Consolidated Results

- On 11 March 2020, the World Health Organisation declared the outbreak of coronavirus (COVID-19) pandemic. The Company has been impacted by COVID-19 both in our European and North American operations. The impact in Europe has been reflected in reduced RVM sales during Q1 2020. The US response had the effect of temporarily suspending enforcement of retailer redemption services in certain US states. In that this occurred in March 2020, the impact on our container throughput program revenue was somewhat limited in Q1 2020.
- Revenues for Q1 2020 decreased 4.3% to €7.80m from €8.15m in Q1 2019. North America revenues were positively impacted by a 3.0% favorable currency translation of USD to EUR in Q1 2020 compared to Q1 2019. On a constant currency basis, North America revenue increased by 1.7% in Q1 2020 compared to Q1 2019. The European business experienced a revenue decline to €0.12m in Q1 2020 compared to €0.82m in Q1 2019. The COVID-19 impact was felt earlier in our European markets with an overall slowdown of RVM sales activities.
- Gross profit for Q1 2020 decreased 2.8% to €2.74m from €2.82m in Q1 2019 primarily as a result of lower European RVM sales.
- Gross profit margin remained stable at 35.0% when comparing Q1 2020 to Q1 2019.
- Operating profit/(loss) in Q1 2020 declined to a loss €1.64m from a loss of €1.25m in Q1 2019. This increased net loss was due to lost contribution on lower European RVM sales in Q1 2020 combined with an increase in research and development costs of €0.10m in Q1 2020.
- EBITDA for Q1 2020 was negative €0.43m compared to negative €0.22m for Q1 2019.
- Loss per share increased to €0.40 in Q1 2020 from €0.31 in Q1 2019.

#### Financial Position:

- Shareholders' equity at 31/03/2020 decreased by €1.64m from year end 31/12/2019 based on the Q1 2019 net loss offset by a positive translation reserve of €0.55m for the quarter.
- In March 2020, the US subsidiary obtained a new term loan of \$6.0m from its US banking relationship. The loan proceeds can be utilised for general purposes and European DRS market development expenses and associated inventory requirements.
- Utilising the \$6.0m term loan proceeds, Q1 2020 inventory investments have increased €1.5m, receivables have increased €1.4m due to some COVID-19 related payment delays and cash has increased €2.5m. The Company expects the cash position to improve during the year as receivables are reduced and inventories are normalised.

- In April 2020, our US subsidiary received a loan of \$1.8m under the government assistance Paycheck Protection Program (“PPP”). The loan provides a 1.0% interest rate over two years with deferred interest and principal payments for the first six months. Under this program, the Company may likely be eligible for forgiveness for a portion or all of the loan.
- Based on the new term loan \$6.0m proceeds, the PPP assistance \$1.8m proceeds and forecasted performance for 2020, the Company has sufficient liquidity to sustain operations and continue our European market development initiatives over the coming year.

#### Other Developments:

- The Scottish Government formally passed the DRS legislation on 20 May 2020 with the system go live date scheduled for 1 July 2022. A system administrator function is under establishment which will oversee the operational requirements to fulfill the DRS regulations. Envipco’s Scottish management team is well positioned and engaged with the retailer community. The Company anticipates that Scotland represents a total RVM market opportunity of 3,500+ machines.
- On 31 January 2020, the Company filed its appeal of the unfavourable decision by the German courts regarding its IP infringement litigation. The Company believes the basis of the appeal is well founded and that it will be successful. It is not expected that the defendant responses to the appeal will be filed until later this year and that the court ruling will come in early 2022. Based on the response timeframes on this matter, the Company expects that 2020 legal cost on this matter will be reduced from the 2019 cost of €0.80m.

*Simon Bolton, CEO of Envipco Holding N.V.: “It has been my pleasure to join Envipco. I have been impressed with the strength, commitment and knowledge of the team along with the broad range of opportunities in front of us. Our first priority – like the world around us – has been to navigate the COVID-19 pandemic. We have worked hard to keep all our people safe, our customers serviced and supported, and we have secured government assistance in the US, Germany and Romania. Leveraging our solid foundation, I very much look forward to working with all stakeholders in realising our exciting future.”*

## Business Review – Segments

	1st Quarter		Full Year
	2020	2019	2019
in EUR millions			
<b>Revenues</b>	<b>7.80</b>	<b>8.15</b>	<b>36.25</b>
North America	7.68	7.33	32.65
Europe	0.12	0.82	3.60
<b>Gross Profit</b>	<b>2.74</b>	<b>2.82</b>	<b>13.55</b>
Gross profit %	35%	35%	37%
Operating expenses excluding new market development costs	3.75	3.64	14.73
New market development costs	0.30	0.36	1.40
Operating expenses	4.05	4.00	16.13
Net profit/(loss) after taxes	-1.64	-1.25	-1.88
EBITDA*	-0.43	-0.22	1.61
EBTIDA Margin	-6%	-3%	4%
Earnings per share (EPS) in €	-0.40	-0.31	-0.46

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

### 2020 First Three Months Highlights – Segments:

North America revenues for Q1 2020 increased 4.8% to €7.68m from €7.33m in Q1 2019. In USD local currency, North America Q1 2020 revenues increased by 1.7% due to a 4.5% increase in container volumes despite the COVID-19 impact at the end of March 2020. The North America RVM sales were comparable Q1 2020 to Q1 2019. COVID-19 will have a significant impact on Q2 with expected volumes of our throughput revenues down as much as 50% for the quarter. The Company expects that normalised container redemption volumes and services will return by Q3 2020 and continue for remainder of the year.

In local USD currency, North America Q1 2020 gross profit increased 1.9% to €2.71m compared to Q1 2019, while EBITDA increased 6.5% to €1.03m for Q1 2020 compared to Q1 2019. The North America business is expected to be significantly impacted in Q2 2020 by COVID-19 with lost contribution of €1.50m. This lost contribution will be largely funded by the \$1.8m proceeds of the PPP program loan and should the loan be forgiven, the negative net income impact will be offset.

European revenues for Q1 2020 decreased to €0.12m from €0.82m in Q1 2019 with essentially no RVM machine sales during the quarter. The COVID-19 impact was felt earlier in the quarter in Europe with the effect of a slowdown in RVM sales activities. This decrease in revenues was due mainly to lower Quantum sales in Sweden and Greece versus Q1 2019. Quantum sales in Sweden have resumed in Q2 2020 with the expectation that European revenues in Q2 2020 will be comparable to Q2 2019.

Operating expenses excluding new market development costs for Q1 2020 increased 3.0% to €3.75m compared to €3.64m Q1 2019. This was mainly due to normal cost increases along with increased research and development costs of €0.10m during Q1 2020.

New market development cost of €0.30m was slightly lower in Q1 2020 compared to €0.36m costs in Q1 2019. The majority of this cost was in respect of Scottish market development. The Company expects to continue to incur new market development costs in Europe around developing DRS opportunities.

## Market Outlook

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The Company certainly has and will be negatively impacted by COVID-19 during 2020. As described above, the majority of the North America impact will be felt in Q2 2020 with the expectation that North America will normalise thereafter for the remainder of the year. European operations are recovering in Q2 2020 with the expectation for sustained performance for the remainder of the year. Travel restrictions and specific market challenges may have some impact on European non-deposit markets and DRS initiatives. The Company does not however expect this to impact the Scottish market opportunity with DRS legislation formally passed on 20 May 2020 and announced implementation of 1 July 2022. The Company is well positioned financially to execute during this challenging period as a result of the new USD \$6.0m term loan and also the US PPP assistance loan of \$1.8m.

## Annual General Meeting

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The annual general meeting of the shareholders is scheduled for 29 June 2020 in Amersfoort. Notice of the meeting and the agenda have been posted on our website at [www.envipco.com](http://www.envipco.com)

## Capital and Shareholding

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### 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 31 March 2020.

	Number of Shares	Shareholding %	Voting Rights %
Alexandre Bouri/Megatrade International SA	2,168,068	52.91	52.91
Gregory Garvey	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

## Risks and Uncertainties

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- 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 United States Dollar, 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.
- COVID-19: the Company has prepared and is positioned to manage the expected impact from COVID-19 during 2020. Should however, the COVID-19 impact continue for an extended period or result in further economic shutdowns, the impact could raise additional challenges for the Company.

*Amersfoort, 31 May 2020*  
*Board of Directors*  
*Envipco Holding N.V.*

*Gregory Garvey*  
*Executive Board Member*

## Consolidated Statement of Comprehensive Income

in EUR thousands	Note	Q1 2020	*Q1 2019	FY 2019
Revenues	(3)	7,801	8,154	36,251
Cost of revenue		(5,058)	(5,330)	(22,699)
<b>Gross Profit</b>		<b>2,743</b>	<b>2,824</b>	<b>13,552</b>
Selling expenses		(703)	(603)	(1,074)
General and administrative expenses		(2,893)	(2,933)	(13,762)
Research and development expenses		(457)	(464)	(1,323)
Other income/(expenses)	(3)	7	9	26
<b>Operating Results</b>		<b>(1,303)</b>	<b>(1,167)</b>	<b>(2,581)</b>
Financial expense		(299)	(59)	(273)
Financial income		1	5	93
Net finance (cost) and or income		(298)	(54)	(180)
<b>Results before tax</b>		<b>(1,601)</b>	<b>(1,221)</b>	<b>(2,761)</b>
Income taxes		(39)	(33)	882
<b>Net Results</b>		<b>(1,640)</b>	<b>(1,254)</b>	<b>(1,879)</b>
<b>Other comprehensive income</b>				
<b>Items that will be reclassified subsequently to profit and loss</b>				
Exchange differences on translating foreign operations		551	372	265
Total other comprehensive income		551	372	265
<b>Total comprehensive income</b>		<b>(1,089)</b>	<b>(882)</b>	<b>(1,614)</b>
<b>Profit attributable to:</b>				
<b>Owners of the parent</b>				
Profit/(loss) for the period		(1,640)	(1,254)	(1,883)
<b>Non-controlling interests</b>				
Profit/(loss) for the period		-	-	4
<b>Total</b>				
<b>Profit/(loss) for the period</b>		<b>(1,640)</b>	<b>(1,254)</b>	<b>(1,879)</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent		(1,089)	(882)	(1,619)
Non-controlling interest		-	-	5
		<b>(1,089)</b>	<b>(882)</b>	<b>(1,614)</b>
Number of weighted average (exclude treasury shares) shares used for calculations of EPS				
- Basic (euro)		4,097,607	4,097,607	4,097,607
- Diluted (euro)		4,097,607	4,097,607	4,097,607
Earnings/(loss) per share for profit attributable to the ordinary equity holders of the parent during the period				
Basic (euro)		(0.40)	(0.31)	(0.46)
Fully diluted (euro)		(0.40)	(0.31)	(0.46)

\*Certain numbers have been restated for comparative purposes



## Consolidated Balance Sheet

in EUR thousands	Note	Q1 2020	*Q1 2019	FY 2019
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets		5,974	5,934	6,160
Property, plant and equipment	(4)	9,409	10,251	9,668
Financial assets		230	125	208
Deferred tax assets		3,002	1,855	2,934
<b>Total non-current assets</b>		<b>18,615</b>	<b>18,165</b>	<b>18,970</b>
<b>Current assets</b>				
Inventory		11,841	9,173	10,341
Trade and other receivables		11,395	9,581	9,960
Cash and cash equivalents		3,161	3,597	675
<b>Total current assets</b>		<b>26,397</b>	<b>22,351</b>	<b>20,976</b>
<b>Total assets</b>		<b>45,012</b>	<b>40,516</b>	<b>39,946</b>
<b>EQUITY</b>				
<b>Equity</b>				
Share capital		2,049	2,049	2,049
Share premium		51,703	51,947	51,703
Translation reserve		4,644	4,210	4,093
Legal reserves		5,700	5,456	5,700
Retained earnings		(40,832)	(38,572)	(39,192)
<b>Equity attributable to owners of the parent</b>		<b>23,264</b>	<b>25,090</b>	<b>24,353</b>
Non-controlling interest		32	27	32
<b>Total equity</b>		<b>23,296</b>	<b>25,117</b>	<b>24,385</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings	(6)	9,372	3,003	2,975
Lease commitments	(4)	481	291	366
Other liabilities		120	221	120
<b>Total non-current liabilities</b>		<b>9,973</b>	<b>3,515</b>	<b>3,461</b>
<b>Current liabilities</b>				
Borrowings	(6)	1,075	1,449	1,171
Trade creditors		6,651	6,062	6,569
Accrued expenses		2,953	3,617	3,440
Provisions		324	160	314
Lease commitments	(4)	384	253	388
Tax and social security		356	343	218
<b>Total current liabilities</b>		<b>11,743</b>	<b>11,884</b>	<b>12,100</b>
<b>Total liabilities</b>		<b>21,716</b>	<b>15,399</b>	<b>15,561</b>
<b>Total equity and liabilities</b>		<b>45,012</b>	<b>40,516</b>	<b>39,946</b>

\*Certain numbers have been restated for comparative purposes

## Consolidated Cash Flow Statement

in EUR thousands	Note	Q1 2020	*Q1 2019	FY 2019
<b>Cashflow from operating activities</b>				
Operating results		(1,303)	(1,167)	(2,581)
Adjustment for:				
Amortisation		365	257	1,187
Depreciation		579	610	2,488
Changes in trade and other receivables		(1,219)	810	61
Changes in inventories		(1,433)	(629)	(1,418)
Changes in provisions		2	83	244
Changes in trade and other payables		39	363	1,312
Changes in other liabilities		-	-	(100)
<b>Cash generated from operations</b>		<b>(2,970)</b>	<b>327</b>	<b>1,193</b>
Interest received and paid		(81)	(58)	(189)
Income taxes (payment)/refund		(39)	(33)	(199)
<b>Net cash flow from operating activities</b>		<b>(3,090)</b>	<b>236</b>	<b>805</b>
<b>Investing activities</b>				
Development expenditure, patents		(113)	(200)	(1,386)
Investments in property, plant & equipment		(259)	(444)	(1,982)
<b>Net cash flow used in investing activities</b>		<b>(372)</b>	<b>(644)</b>	<b>(3,368)</b>
<b>Financial activities</b>				
Changes in borrowings – proceeds		6,503	288	1,072
Changes in borrowings – repayments		(367)	(357)	(1,450)
Changes in lease commitments		(175)	(82)	(527)
<b>Net cash flow from financing activities</b>		<b>5,961</b>	<b>(151)</b>	<b>(905)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,499</b>	<b>(559)</b>	<b>(3,468)</b>
Opening position		675	4,107	4,107
Foreign currency differences on cash and cash equivalents		(13)	49	36
Closing position		3,161	3,597	675
<b>The closing position consists of:</b>				
Cash and cash equivalents		3,161	3,597	675
<b>Total closing balance in cash and cash equivalents</b>		<b>3,161</b>	<b>3,597</b>	<b>675</b>

\*Certain numbers have been restated for comparative purposes

## Consolidated Statement of Changes in Equity

in EUR thousands	Share Capital	Share Premium	Translation Reserve	Legal Reserve	Retained Earnings	Total	Non-controlling interests	Total
<b>Balance at 1 January 2020</b>	<b>2,049</b>	<b>51,703</b>	<b>4,093</b>	<b>5,700</b>	<b>(39,192)</b>	<b>24,353</b>	<b>32</b>	<b>24,385</b>
Net profit/(loss) for the period	-	-	-	-	(1,640)	(1,640)	-	(1,640)
Other comprehensive income								
- Currency translation adjustment	-	-	551	-	-	551	-	551
Total recognised movements for the period ended 31 March 2020	-	-	551	-	(1,640)	(1,089)	-	(1,089)
<b>Balance at 31 March 2020</b>	<b>2,049</b>	<b>51,703</b>	<b>4,644</b>	<b>5,700</b>	<b>(40,832)</b>	<b>23,264</b>	<b>32</b>	<b>23,296</b>

	Q1 2020	Q1 2019	FY 2019
<b>Opening Balance</b>	<b>24,385</b>	<b>25,999</b>	<b>25,999</b>
Net profit/(loss) for the period	(1,640)	(1,254)	(1,879)
Other comprehensive income:			
- Currency translation adjustment	551	372	265
Total recognised movements for the period	(1,089)	(882)	(1,614)
<b>Closing Balance</b>	<b>23,296</b>	<b>25,117</b>	<b>24,385</b>

### 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 first quarter ended 31 March 2020 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 2019, 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 2019.

- 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 2020. Consequently, any impairment losses will only be recognised in the annual financial statements over the fiscal year 2020.
- These unaudited interim financial statements have not been reviewed by our auditors.

### 3. Segment Reporting

Envipco considers geography as its main segments. Management measures geographical segment performance based on the segment's profit. Similarly, the respective assets and liabilities are allocated to the geographical segments. The segments are identified on the basis of internal reports about components of the entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess its performance. The Group's main continuing operations relate to its core activity of Recycling. This activity has a single main operating segment – RVMs. The RVM business segment includes operations in the USA and Europe due to RVM sales, and services. The other unallocated amounts include the Holding Company and rest of the non-active Group entities. Segment information for continuing operations is presented by geographical areas where a segment is based.

in EUR thousands	RVM Segment	Holding Segment	Total
<b>Segment Results – 31 March 2020</b>			
Revenue from external customers	7,801	-	7,801
Other income / (expenses)	7	-	7
Depreciation & amortisation	579	365	944
Net profit attributable to owners of the parent	(833)	(807)	(1,640)
<b>Segment Assets – 31 March 2020</b>	<b>37,709</b>	<b>7,303</b>	<b>45,012</b>
<b>Segment Results – 31 March 2019</b>			
Revenue from external customers	8,154	-	8,154
Other income/(expenses)	9	-	9
Depreciation & amortisation	610	257	867
Net profit attributable to owners of the parent	(488)	(766)	(1,254)
<b>Segment Assets – 31 March 2019</b>	<b>32,452</b>	<b>7,520</b>	<b>39,972</b>

### 4. IFRS 16

On 1 January 2019, the Company adopted IFRS 16 leases. Right-of-Use assets with a value of €0.88m (2019: €0.54m) have been included in tangible assets, short-term lease commitments of €0.38m (2019: €0.25m) and long-term lease commitments of €0.48m (2019: €0.29m) have been included in the current liabilities and long-term liabilities respectively.

### 5. Transactions with Related Parties

There is a net loan receivable of €0.67m due from an affiliate under common control of the majority shareholder.

## 6. Borrowings – Third Parties

in EUR thousands	3 months to 31 March 2020	*3 months to 31 March 2019
At beginning of period	4,146	4,434
Additions	6,503	288
Repayments	(367)	(357)
Translation effect	165	87
<b>At end of period</b>	<b>10,447</b>	<b>4,452</b>

*\*Certain numbers have been restated for comparative purposes*

## 7. Consolidated Cash Flow

Group generated a negative €3.09m cash from its operating activities for the first quarter 2020 versus a €0.24m positive for the same period in 2019. Investments in tangible and intangible assets were €0.37m for the first quarter 2020 (Q1 2019: €0.64m). Net borrowing was €6.14m for the first quarter 2020 compared to net repayment of €0.07m in the first quarter of 2019.