



## Q4 & Full Year 2021 results

February 24, 2021



## Presenting team



SIMON BOLTON  
CEO



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Group CFO



BOB LINCOLN  
President, COO



## Agenda



Highlights



Strategic review



Operations



Financials



Outlook and Summary



Q&A





## Highlights

# Key highlights Q4

## Operations

54% revenue growth to EUR 12.4m Q4'21 vs Q4'20

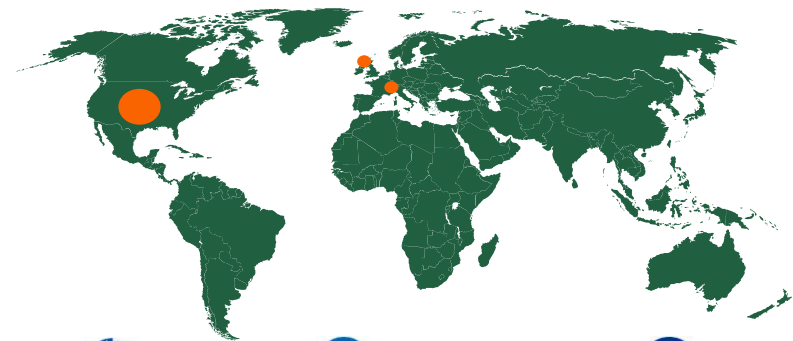
North America RVM sales growth of 41% tied to Connecticut DRS modernization and increased existing customer RVM placements

Europe revenue growth 124% driven by continued Sweden Quantum sales performance combined with new service contracts

Gross Margin impacted by (500) bps in Q4'21 vs Q3'21; rapid ramp of manufacturing activity, supply chain disruptions, temp labor and logistics cost

Malta orders of 300 machines in production, with expected deliveries in Q1 and Q2'22

## Market highlights



US DRS modernization, expansion, increased deposits underway. National bottle bill under consideration.



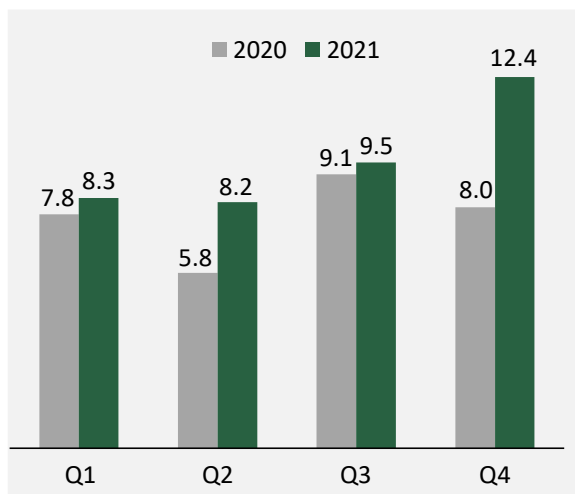
Scotland officially announced DRS go-live in August 2023. Acceleration of commercial activity.



Romania: DRS law passed; expected go-live 2023  
Ireland: business unit established, pilots in place; expected go-live Q4'23  
Portugal: presence established; commercial discussions; pilots conducted; expected go-live 2023

# Key financials

## Revenue development (EURm)

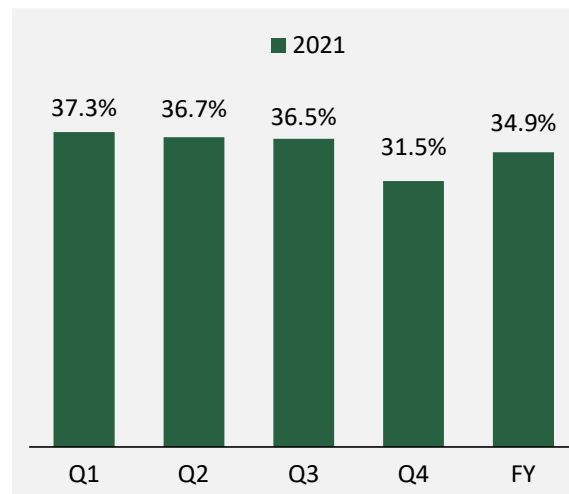


54% Revenue Growth Q4

25% YOY Revenue Growth

Strong Momentum

## Gross Margin development



Q4: Rapid ramp of manufacturing for North America & Malta; Supply Chain disruptions, Temp Labor & Logistics

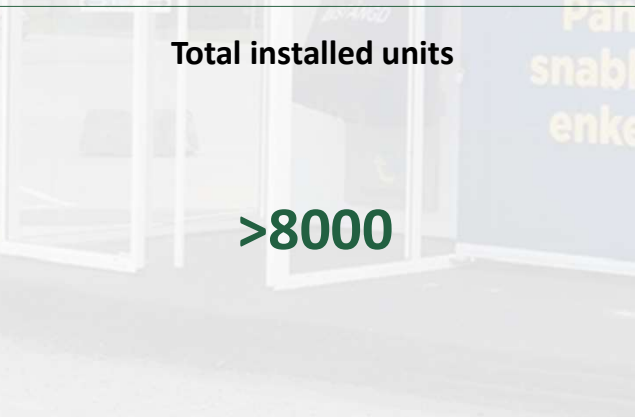
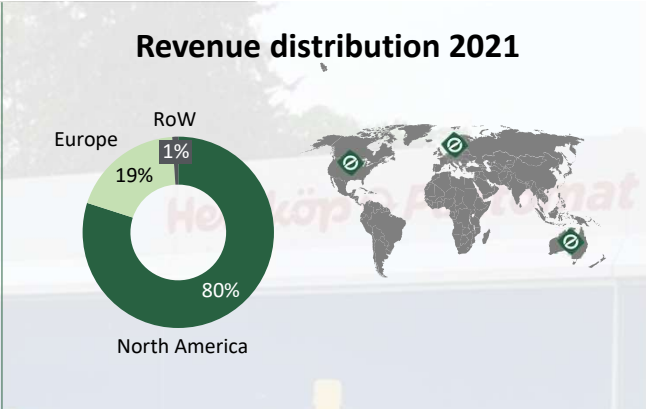


## Strategic review



# This is Envipco

Envipco is a recycling technology company with over four decades of experience delivering reverse vending machines (RVMs) to leading customers across the world





## Highly competitive with ability to capture new markets



### Market demand

- Growing market share in existing and new markets
- Demand for competition
- New markets with no incumbency



### The right products

- Top of the line products
- Continuous focus on innovation
- Solutions tailored to customer needs



### Ability to execute

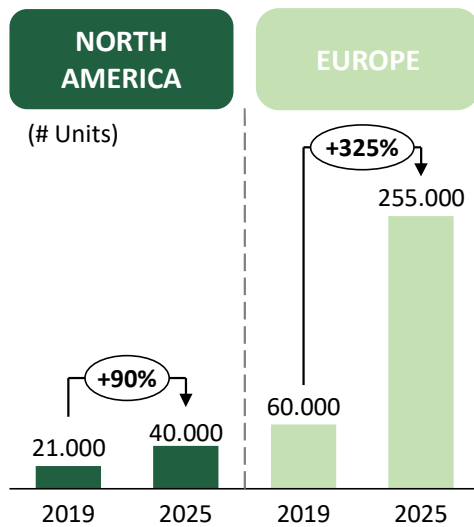
- Delivery across value chain
- High production capacity with timely delivery
- Solid go-to-market strategy



### High customer satisfaction

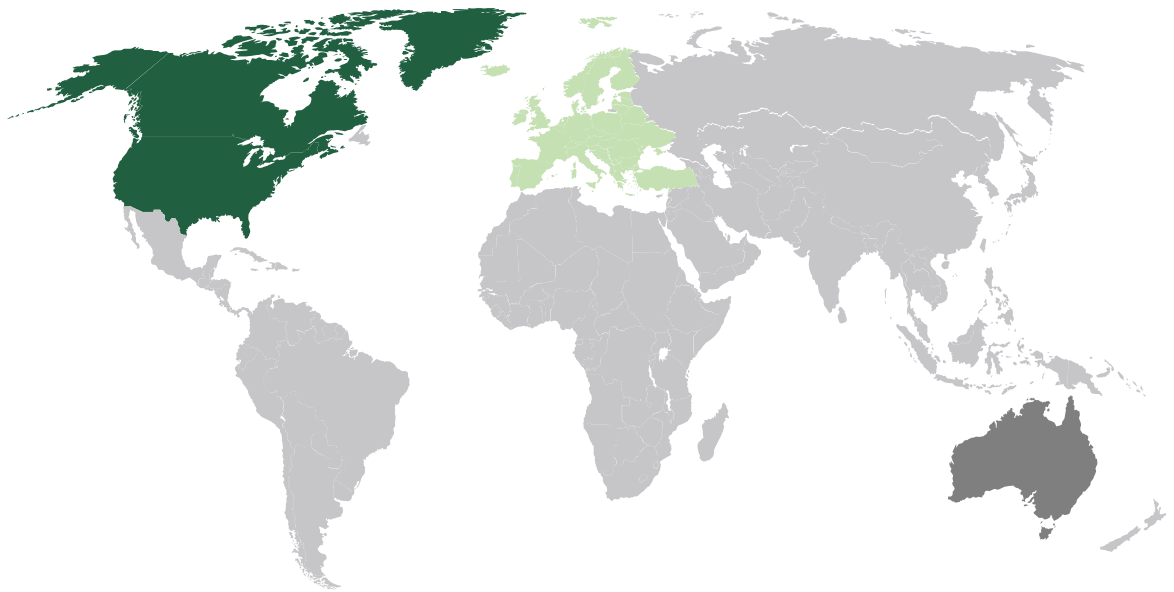
- Superior customer centric service
- Consultative approach
- Durable solutions with focus on total cost of ownership

Expecting significant growth  
in key global markets



Driven by increased awareness  
and legislation

Global market growth towards  
and beyond 2025





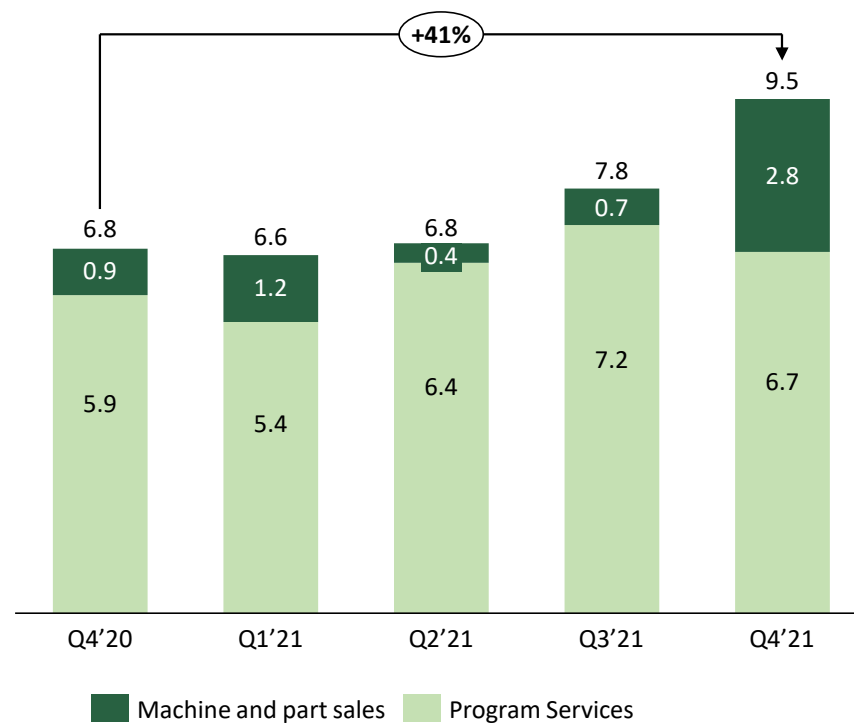
## Operations



## Progress in North America

- Strong quarter with Q4'21 revenue growth of 41% to EUR 9.5 million, driven by RVM sales following the Connecticut DRS modernization and existing customers
- FY'21 sales reached EUR 30.8m; 15% growth versus FY'20
- New large sales order in Q1 2022 from existing retailer

Revenue North America  
(EURm)

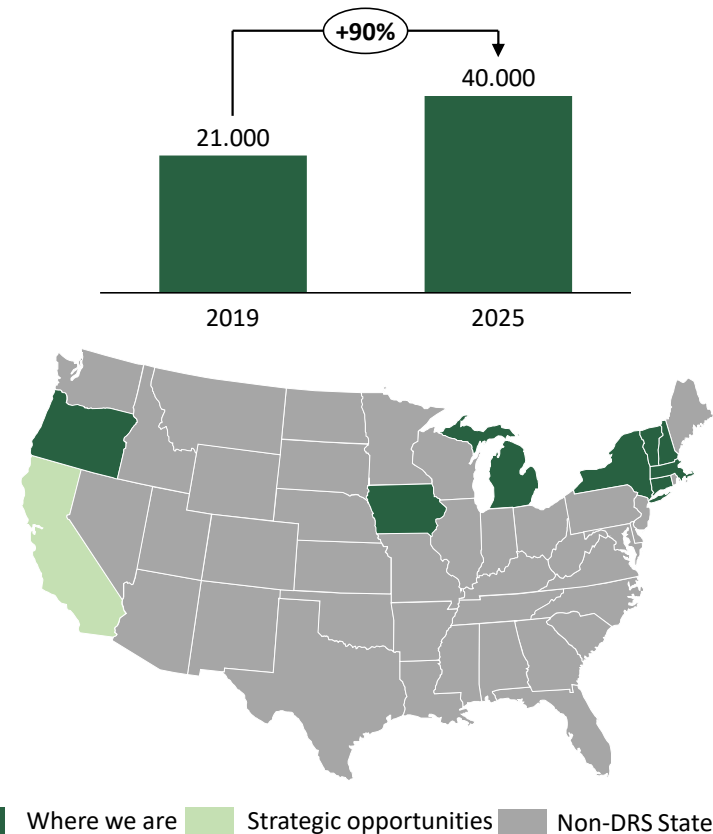




## Expanding our position in North America

- Continuing to expand in North America
- Competing for final open tenders from expansion into Connecticut
- New York increase of deposit value from \$.05 to \$.10 proposed
- OBCR technology agreement in Oregon for new RVM placements and replacement of aged equipment
- Massachusetts expansion bill gaining traction  
National bottle bill under consideration with aluminum industry support
- Expectations for Quebec to revamp deposit scheme, and California to introduce legislation in the medium term

### Market development in the United States (# Units)

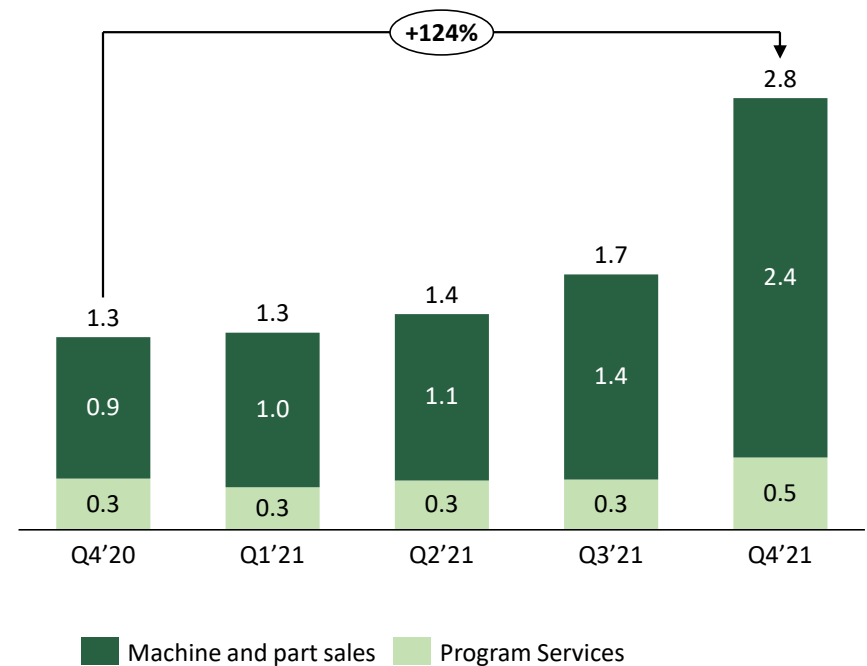




## Progress in Europe

- Revenue more than doubled in Q4 versus '20, as a result of Quantum sales in Sweden
- First RVM's in Slovakia delivered to outlets of major retail chain in December
- FY'21 sales reached EUR 7.2m; 76% growth versus FY'20
- Malta orders of 300 machines in production with expected deliveries in Q1 and Q2'22

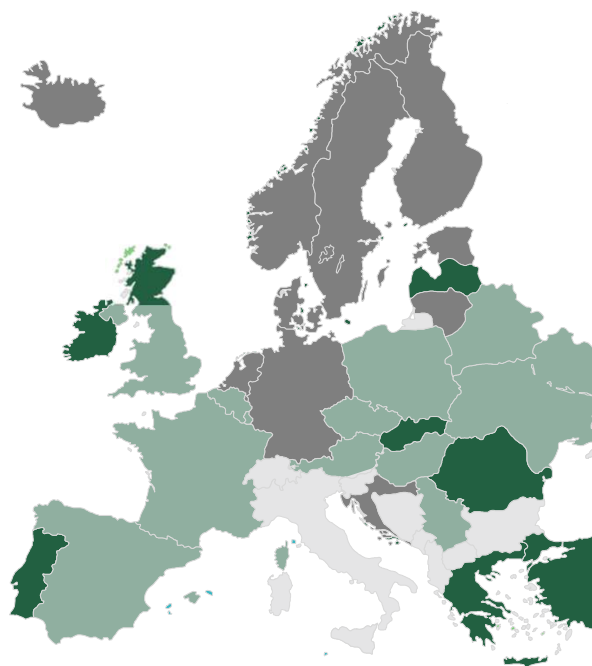
### Revenue Europe (EURm)





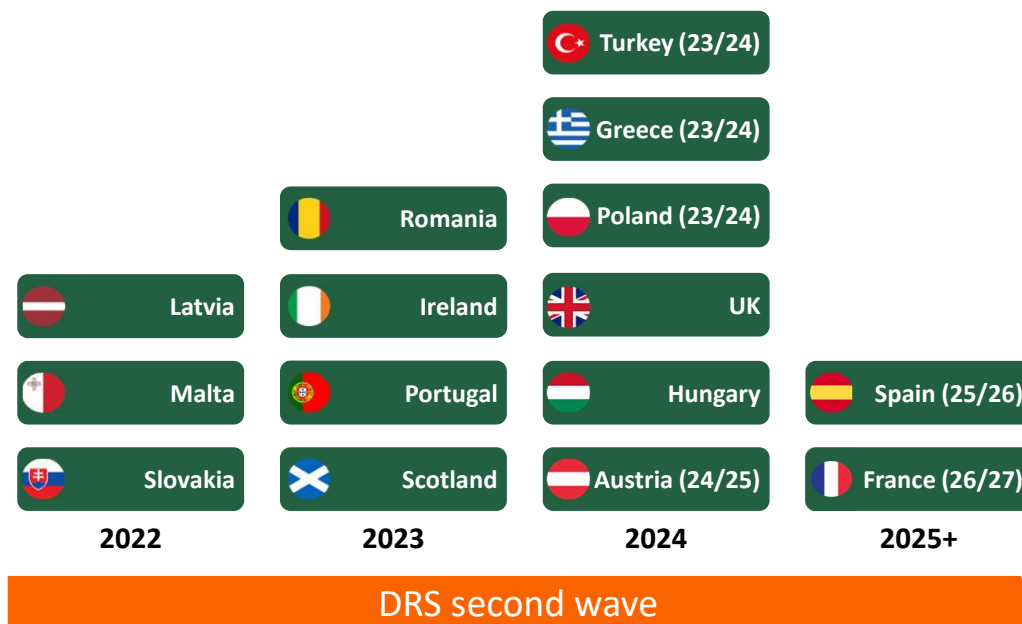
# Large second wave of legislation to enter Europe

20 European countries are either operating, have legislated or are politically discussing DRS today



- DRS legislated/planned
- DRS in consultation / current political discussion
- DRS in operation
- Affected by EU Directive

Planned legislation core driver for second wave



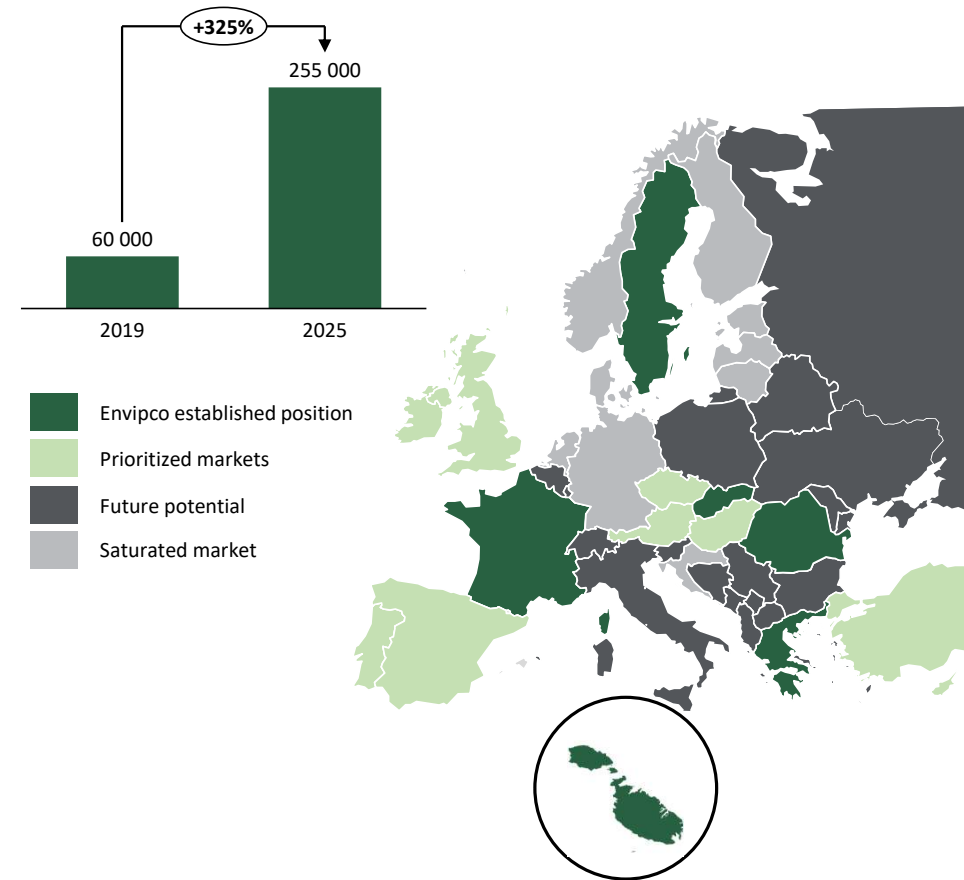
Sources: Reloop, European Packaging EPR Webinar (2019); Eunomia, PET Market In Europe (2020)



## Strongly positioned to capture growing EU market

- Continued development of markets initiated in 2021
- Expanding position in Sweden
  - Increasing service revenues as market position matures
- Building organization and driving position in the United Kingdom in preparation for the expected 2023 DRS go-live in Scotland
  - All UK retailers engaged in final steps of Request for Proposals to meet August 2023 go-live
- Ireland pilots underway and retailers engaged for expected go-live H2 of 2023
  - Irish management team in place
- Expanding local teams and pilots with retailers in Slovakia, Romania and Portugal

### Market development in Europe (# Units)



# Building organization to enable scale



## Market development

- ✓ Actively positioning Envipco in the focus markets
- ✓ Recruitment in prioritized locations



## Global supply chain

- ✓ Recruited global supply chain leader to improve processes and standards
- ✓ Hiring focused manager for improving international freight



## Marketing & Communication

- ✓ Expanding marketing organization
- ✓ Development of IR functions and communication team



## Technology

- ✓ Continuing to build and deliver New Product Pipeline
- ✓ Business systems – Launched new Global ERP project



## Finance

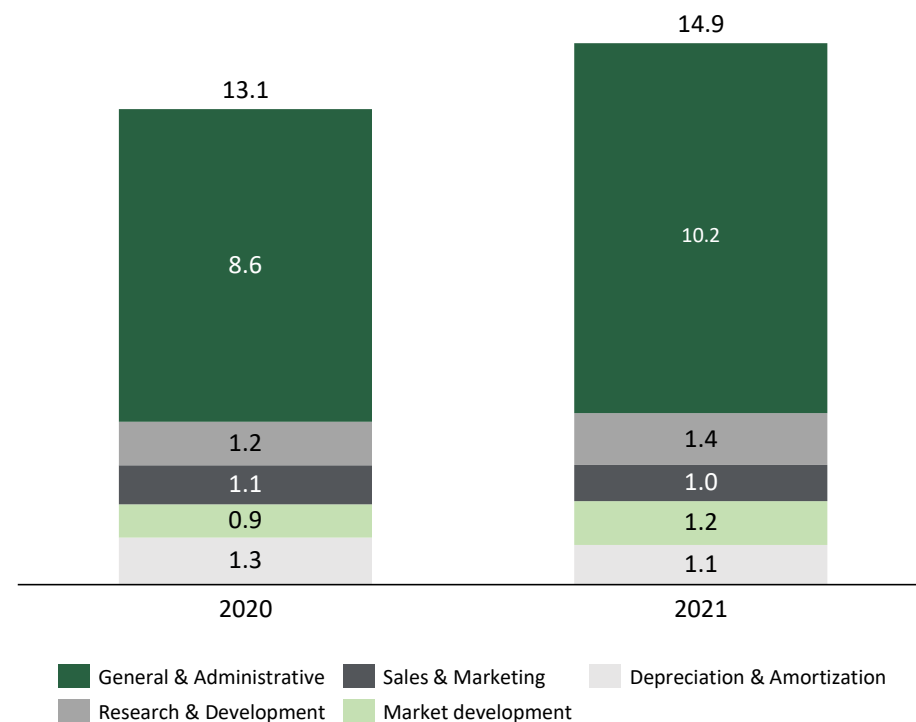
- ✓ Improving planning, reporting and consolidation processes through new-hires, systems and processes



## Continuously investing in growth

- Investing to grow organization enabling scale and expansion
- Key personnel additions to Europe based management team, supply chain, logistics, and marketing
- Market development in the UK and establishing organizations in Ireland, Portugal and Slovakia
- Expected continued investment as we expand our presence in new and existing locations

### Operating expenses (EURm)





## Financials



## Profit and Loss

(EUR million)	Q4 2021	Q4 2020	FY 2021	FY 2020
Revenues	12.4	8.0	38.4	30.8
Cost of revenue	(8.5)	(4.8)	(25.0)	(19.1)
Gross profit	3.9	3.3	13.4	11.7
Operating costs	(4.3)	(3.2)	(14.9)	(13.1)
EBIT	(0.4)	0.1	2.1*	(1.4)
EBITDA	0.3	1.6	5.2	3.5
Net financial items	(0.3)	0.4	(0.8)	0.5
<b>Net Profit</b>	<b>(0.8)</b>	<b>0.3</b>	<b>0.7</b>	<b>(1.7)</b>

\*) Including other income (DPG settlement and PPP forgiveness).

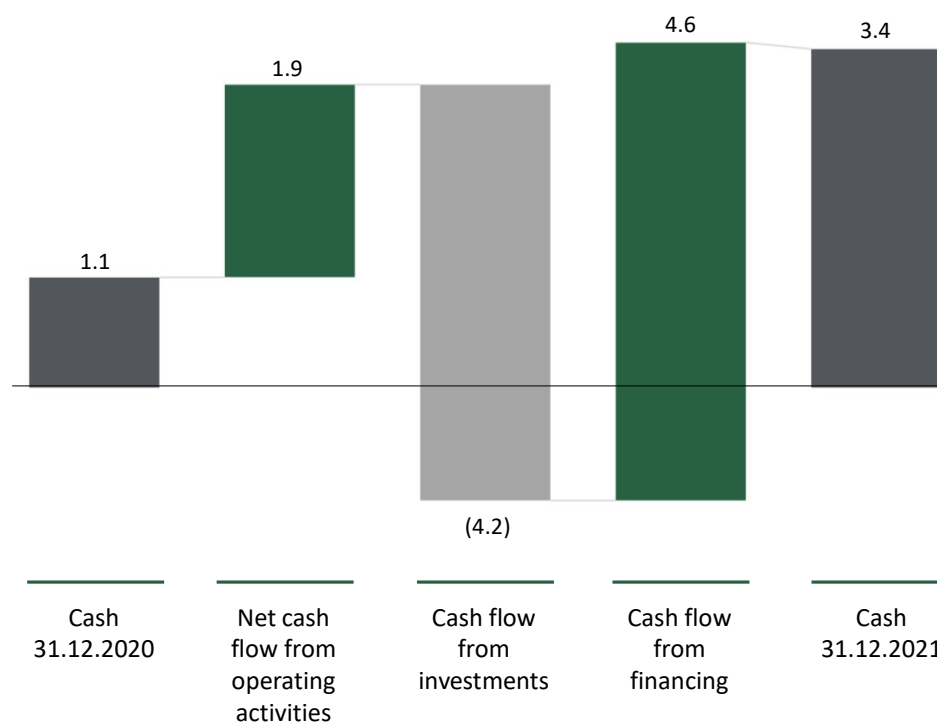
- Strong Q4 with 54% revenue growth to EUR 12.4m
  - Strong RVM sales in both North-America and Sweden
- Gross margin 31.5% in Q4'21
  - RVM sales margin impacted by product mix, inflationary pressures on labor, component cost, and logistics
  - Program Services margin impacted by inflationary labor and transportation cost
- Improved gross margins going forward
  - RVMs: Scaling of Supply Chain, Romanian production, normalization logistic cost
  - Program Services: Recovery of covid impacts, DRS modernization activities, increasing container volumes
- 14% EBITDA margin in FY'21, up from 11% in FY'20, including other income



# Cash Flow

- Cash generated from operating activities amounted to EUR 1.9m in 2021
  - Driven by improved operating results and other income
  - Inventory build-up of EUR 6.1m, preparing for delivery of 2022 orders
  - Receivable increase of EUR 2.9m, due to high level of RVM Q4 sales
- Cash flow from investing activities EUR 4.2 negative
  - Capitalized R&D EUR 1.8m
  - Investments in PP&E EUR 2.4m
- Cash flow from financing EUR 4.6m
  - Proceeds from February '21 share issue EUR 7.4m
  - Repayment of debt EUR 4.0m, inc. forgiveness First PPP loan
- Net change in cash EUR 2.4m positive; ending cash EUR 3.4m, not including EUR 2.6m credit line

## Cash flow 2021 EURm



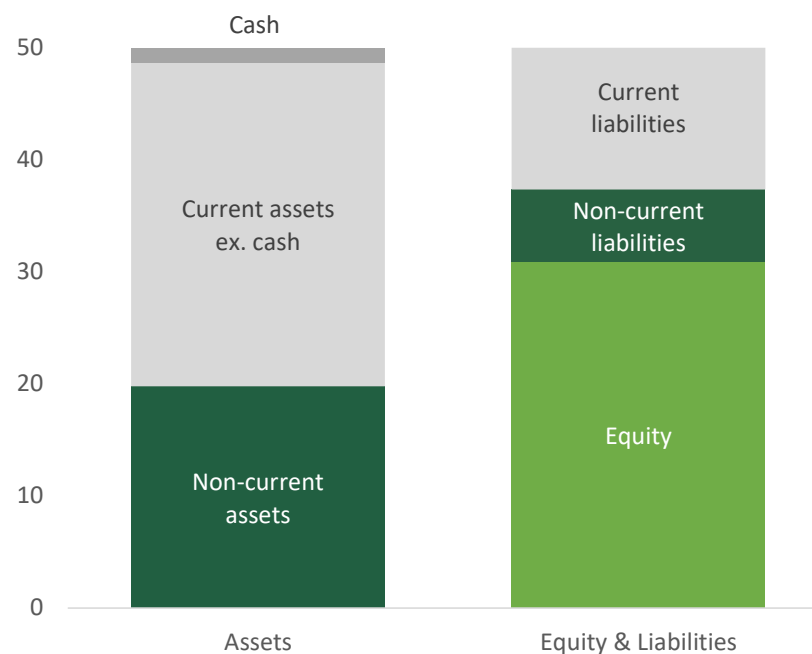


## Financial position as per year end '21

- Total assets of EUR 52.1m, compared with EUR 38.8m at the end of 20
- Total equity of EUR 30.8m, corresponding to an equity ratio of 59% ('20 54%)
- Total borrowings amounted to EUR 7.1m compared to EUR 8.8m at the end of 2020
  - Borrowings include second PPP loan of EUR 1.6m expected to be forgiven in H1'22
- As part of financing working capital requirements, we are evaluating several debt financing opportunities

### Balance sheet (31/12/21)

EUR million



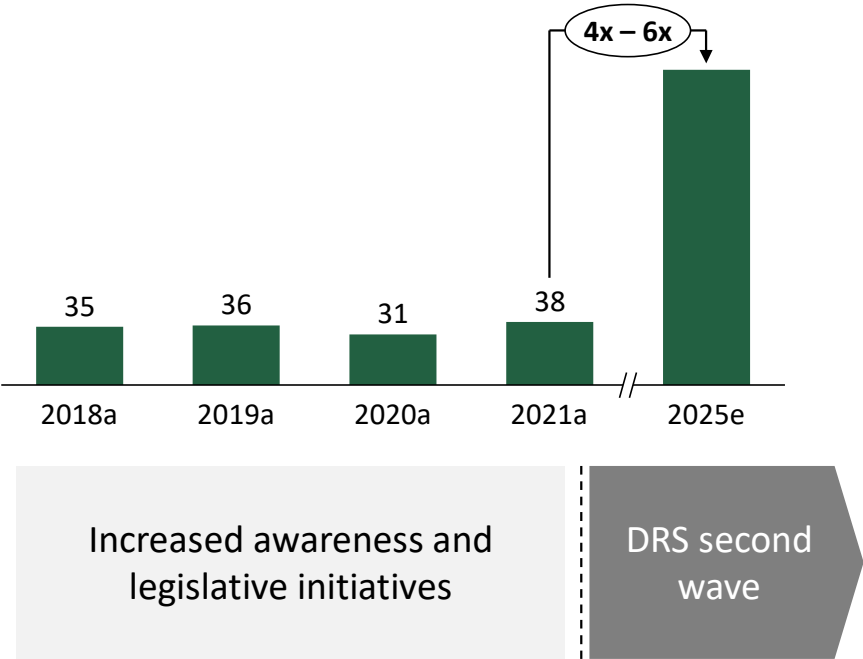


## Outlook and Summary



# Positioned to achieve ambitious long-term targets

Long-term revenue target  
(EURm)



## Ambition towards 2025

Growth

4x – 6x

Market share in new markets

30+%

Gross margin

40%



Next event:  
1<sup>st</sup> quarter 2022 results  
May 26, 2022



Q&A



## APPENDIX











# Proven track record of market expansion and innovation





# We offer an advanced and specialised product portfolio

PRODUCT	KEY FEATURES	TARGET MARKET
 <p><b>FLEX</b> Smallest, low-cost RVM</p>	<ul style="list-style-type: none"><li>▪ 40 containers/min</li><li>▪ Small Footprint (60cm wide)</li><li>▪ Glass side sort option</li></ul>	<ul style="list-style-type: none"><li>▪ Convenience stores</li><li>▪ Gas stations</li><li>▪ Schools</li></ul> 
 <p><b>ULTRA</b> Single commodity feed RVM</p>	<ul style="list-style-type: none"><li>▪ 42 containers/min</li><li>▪ Market leading compaction</li><li>▪ In-store / standard size for retail</li></ul>	<ul style="list-style-type: none"><li>▪ Supermarkets</li><li>▪ Hypermarkets</li></ul> 
 <p><b>OPTIMA</b> All-in-one commodity feed RVM</p>	<ul style="list-style-type: none"><li>▪ 42 containers/min</li><li>▪ Market leading compaction</li><li>▪ Shape system</li><li>▪ Camera recognition</li></ul>	<ul style="list-style-type: none"><li>▪ Supermarkets</li><li>▪ Hypermarkets</li><li>▪ Redemption centers</li></ul> 
 <p><b>QUANTUM</b> Breakthrough bulk-feed RVM</p>	<ul style="list-style-type: none"><li>▪ 100 containers/min</li><li>▪ Maximum convenience</li><li>▪ Deposit / Non-deposit</li><li>▪ In-store / Outdoor</li></ul>	<ul style="list-style-type: none"><li>▪ Large supermarkets</li><li>▪ Hypermarkets</li><li>▪ Recycling centers</li></ul> 



## Our strategy is based on six pillars





## Key volume drivers

