



**Envipco Holding N.V.**  
Interim Financial Report | First Quarter 2021

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## 2021 FIRST QUARTER CONSOLIDATED RESULTS UNAUDITED

### Highlights

in EUR millions	1Q 2021	1Q 2020	FY 2020
Revenues	8.34	7.80	30.82
Gross Profit	3.11	2.74	11.68
Gross profit %	37%	35%	38%
Operating profit/(loss)	2.72	(1.30)	(1.40)
Net profit/(loss) after taxes after minority	2.03	(1.64)	(1.72)
EBITDA (earnings before interest, taxes, depreciation and amortisation)	3.37	(0.43)	3.55
Earnings/(loss) per share in €	0.46	(0.40)	(0.42)
Shareholders' equity	31.11	23.26	20.96

#### 2021 First Quarter – Consolidated Results:

- Group revenues up 7% to €8.34m from €7.80m in Q1 2020. Currency adjusted for USD/EURO, revenue growth of 17%
- Strong RVM sales growth of 217% to €2.67m driven by North America, Sweden and renewed sales in Australia
- Gross profit improvement to 37% from 35% in Q1 2020
- Significant other income of €3.38m tied to IP litigation settlement and PPP loan forgiveness
- Operating profit improvement to €2.72m from a loss of €(1.30m) in Q1 2020; excluding other income in Q1 2021, operating profit/(loss) improved to a loss of €(0.66m)
- Successful share issue of €8.12m and listing on Oslo Euronext Growth market
- Second PPP loan of €1.64m received in March 2021; loan also eligible for forgiveness

Overall revenue was up 17% on a currency adjusted basis in Q1 2021 compared to Q1 2020. Strong RVM sales in North America, Sweden and Australia contributed to the overall growth. Throughput revenue in Q1 2021 was down 14% compared to Q1 2020. The North America container throughput business continued to be COVID impacted in the New York Metro area on slowed re-openings and weather during Q1 2021. More recently though, we have seen recovery in throughput volume as New York fully reopens.

Q1 2021 gross profit of 37% improved 200 basis points when compared to Q1 2020. This improvement was driven by higher RVM sales and net of lost contribution on lower throughput revenues.

Included in Q1 2021 operating profit, are other income items amounting to €3.38m. In February 2021, the company executed a settlement agreement with DPG Deutsche Pfandsystem GmbH in Germany to resolve all pending legal matters. The company recognized income of €1.85m on this settlement. In addition, the company also received formal forgiveness of the 2020 PPP loan and recognized income of €1.51m and sundry income of €0.02m. Without these items, operating profit/(loss) for Q1 2021 would have been a loss €(0.66m) compared to a loss of €(1.30m) in Q1 2020. The improvement in operating loss is driven by increased gross profit on higher RVM sales.

EBITDA improved in Q1 2021 to €3.37m from a negative EBITDA of €(0.43m) in Q1 2020. Excluding the other income items of €3.38m in Q1 2021, EBITDA would have improved to €(0.01m) compared to Q1 2020.

**Financial Position:**

- The Company generated €6.07m cash flow from its operating activities for Q1 2021 versus a negative €3.09m for Q1 2020. The Company had cash and cash equivalents of €12.85m at 31/03/2021 compared to €3.16m at 31/03/2020 and €1.11m at 31/12/2020.
- The Company's net bank repayment was €1.15m for Q1 2021 compared with a net bank borrowing of €6.14m on Q1 2020. The Company received a second PPP loan during Q1 2021 of €1.64m which should also be eligible for forgiveness. The Company had unused borrowing facilities of €2.55m at 31/03/2021.
- Shareholders' equity at 31/03/2021 increased by €10.15m from 31/12/2020 based on the Q1 2021 net profit, translation reserve and net proceeds from the new share issue

## Other Highlights:

- During Q1 2021, the Company raised €8.12m by an issue of 507,521 new shares representing 12% of the then outstanding shares. This equity raise was accomplished in combination with a secondary listing at Oslo's Euronext Growth exchange and began trading 18/2/2021. Envipco shares continue to trade at Euronext Amsterdam.
- The Company continues to build for the future, in particular focusing on new market development in Europe. Key developments this quarter include:
  - Scotland/UK – At the beginning of the year, the appointment of Circularity Scotland as operator was a positive step forward in the DRS scheme implementation in Scotland. A cross party committee has been formed by the Scottish government to determine if a 6-to-9-month delay to the existing go live of July 1 2022 is warranted. This will involve a polling of all relevant stakeholders on their preparedness and may take several months to reach a conclusion. The law remains in effect for July 1 start and extensive commercial activities are moving forward without delay through Envipco's UK team. For the wider UK, the UK Government Department for Environment Food and Rural Affairs (DEFRA) opened a second consultation for "Introducing a Deposit Return Scheme in England, Wales and Northern Ireland" which will run until June 4, 2021. The consultation documents re-confirm commitment to introduce a wider DRS in England, Wales and Northern Ireland with a go-live date in 2024.
  - Romania – In parallel with accelerating manufacturing investments in the country, the Company is developing strong market presence within both the retail and municipality segments. This quarter saw initial pilots start with two leading retail chains in Romania, and the launch of a unique recycling concept for smaller villages and towns in the country with excellent local government collaboration. Manufacturing plans are focused on building out a Centre of Excellence within the country which can be scaled to more than 2x current global capacity.
  - Portugal - DRS go live date is expected during early 2023. The company is currently engaged in detailed discussions with the market leading retailer on the best technology fit across a broad range of store sizes. To this end we have a successful ongoing test location in the market today and will demonstrate our full product range during Q2/Q3. The company has identified a leading service provider with extensive operations throughout the country and recently concluded recruitment of a Portuguese Managing Director.
  - Other European Markets – The Company is establishing a local Central Europe team to cover Slovakia, Czech Republic, Austria and Hungary. Ongoing work in existing markets continues in France and Greece.
  - Rest of World – The first 'Superkiosk' was launched in Ipswich, Queensland, Australia by the Company's long-term partner Envirobank; we expect this concept to be replicated in other States / territories as expansion follows a more traditional RVM investment structure. The company sees momentum building again in Australia as Queensland and Western Australia move to RVM based collection centers. Our partner Envirobank is in close collaboration with Envipco on developing a market winning strategy for the large new DRS market in Victoria which will release their first consultation review in November of this year.
- General Meeting of Shareholders to be held 23, June 2021 at the company's office in Amersfoort. Included in the GMS agenda are proposed changes to the Board of Directors and a proposal to shareholders to split the shares "1 to 10".

"Q1 2021 sees the Company continuing its recovery from 2020; this quarter shows quarterly revenues now above both 2020 and 2019 levels. We successfully concluded a private placement and share listing on the Oslo Growth Market, a satisfactory settlement with DPG in a long-running litigation case, and confirmation of forgiveness of our initial PPP loan. These developments have strengthened our financial position. We continue to focus on building the business to execute on future growth including market development organization and capability, product development, and manufacturing capacity. I am excited about the company we are building and its prospects in 2021" **Simon Bolton, CEO**

## Business Segment Review

in EUR millions	1st Quarter		Full Year
	2021	2020	2020
<b>Revenues</b>	<b>8.34</b>	<b>7.80</b>	<b>30.82</b>
North America	6.63	7.68	26.75
Europe	1.30	0.12	4.07
ROW	0.41	-	-
<b>Gross Profit</b>	<b>3.11</b>	<b>2.74</b>	<b>11.68</b>
Gross Profit in %	37%	35%	38%
Operating expenses			
excluding new market development costs	(3.49)	(3.75)	(12.19)
New market development costs	(0.27)	(0.30)	(0.92)
Operating expenses	(3.76)	(4.05)	(13.11)
Other income	3.38	0.01	0.03
Operating profit/(loss)	2.72	(1.30)	(1.40)

### Business Segments 1Q 2021:

#### North America

North America revenue declined 14% to €6.63m in Q1 2021 compared to €7.68m in Q1 2020. On a constant currency basis, the decline in North America revenue was limited to 5%. North America had a strong Q1 machine sales quarter, revenue +53% to €1.24m compared to €0.81m in Q1 2020 as new accounts were brought on stream and refurbishment programs re-commenced. Our container throughput revenue business however, had a decline of 14% on a constant currency basis Q1 2021 compared to Q1 2020. Q1 2020 throughput was largely Covid unaffected as closure of redemption facilities started in spring 2020. While volume has steadily recovered during 2020, we continue to see impact on our New York metro business in both Sortafter and RVM volumes. In addition, our New York business was particularly hard hit by adverse weather during February 2021. As New York fully reopens this Spring, we see positive trends to normalized throughput revenues.

Outlook for North America in 2021 continues to be recovery to pre-COVID levels in the first half of the year combined with renewed growth on a constant currency going into 2022. The company has seen considerable pick up in legislative activity in both establishing new deposit markets and strengthening existing deposit legislation. We believe this bodes well for substantial North America growth opportunities in the coming years which the company is well positioned to take benefit of.

#### Europe

Europe recovered well from a Covid impacted Q1 2020. Revenue increased to €1.30m in Q1 2021 from €0.12m in Q1 2020. Sweden continues to perform well with sustained RVM Quantum sales and a strong order book for the year. In addition, Sweden service revenues grew nearly 2 times on the expanding Quantum installation base. Outside of Sweden, there was considerable activity in our other existing non-deposit markets in France and Greece which we expect to lead to orders later in the year.

New market development costs were relatively constant at €0.27m for Q1 2021 compared to €0.30m for Q1 2020. The majority of this cost has been incurred in development of the UK/Scotland DRS opportunity.

Outlook for Europe in 2021 includes continued strong performance for our Swedish business along with orders in support of launch of the Scottish DRS. We also expect revenue potential from a number of our expanding business development markets including our existing non-deposit markets.

## **ROW**

ROW activities have been focused on Australia and in support of our distribution partner, Envirobank. Expansion of DRS to other Australia territories is following a more traditional RVM investment structure. Our first shipment in two years generated revenue of €0.41m Q1 2021. The Outlook for ROW/Australia is improving with the expectation for follow-on orders during 2021.

## **Market Outlook**

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The overall market outlook for our North America and European business remains strong. We are confident in our strategy, our investments and our ability to execute in delivering strong growth and financial performance in the future.

The company's recent successful capital raise, the litigation settlement, forgiveness of the original PPP loan, a new PPP loan and our existing credit facilities assure us that we have adequate financial resources to aggressively execute on our growth plans. Thereafter, sustained performance and delivery on our growth targets will provide the company ample financing and equity opportunities to fund future growth.

## 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, the majority of the Group revenue is generated in USD, which can be subject to significant currency fluctuations that may have a negative or positive impact on the Group results.
- 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 managed and continues to manage the challenges of Covid-19. The uncertainty of the timing of recovery from Covid-19 could mean continuing negative impact on company operations.

## Capital & 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 per 31/03/2021 amounted to €2,302,564 divided into 4,605,128 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 2021.

	Number of Shares	Shareholding %	Voting Rights %
Alexandre Bouri/Megatrade International SA	2,168,068	47.08	47.08
Gregory Garvey	567,698	12.33	12.33
Otus Capital Management Ltd	247,727	5.38	5.38
Lazard Freres Gestion SAS	222,532	4.83	4.83
Douglas Poling/GD Env LLC	200,000	4.34	4.34
B. Santchurn/Univest Portfolio Inc.	155,480	3.38	3.38

Amersfoort, May 31 2021  
Board of Directors  
**Envipco Holding N.V.**

Simon Bolton  
CEO and Executive Board Member



## Consolidated Statement of Comprehensive Income

in EUR thousands	Note	Q1 2021	Q1 2020	FY 2020
Revenues		8,341	7,801	30,815
Cost of revenue		(5,232)	(5,058)	(19,132)
<b>Gross Profit</b>		<b>3,109</b>	<b>2,743</b>	<b>11,683</b>
Selling and distribution expenses		(279)	(329)	(1,071)
General and administrative expenses		(2,849)	(3,267)	(10,834)
Research and development expenses		(633)	(457)	(1,204)
Other income /(expenses) Note (4)		3,375	7	30
<b>Operating Results</b>		<b>2,723</b>	<b>(1,303)</b>	<b>(1,396)</b>
Financial expense		(120)	(299)	(333)
Financial income		(261)	1	856
Net finance (cost) and or income		(381)	(298)	523
<b>Results before tax</b>		<b>2,342</b>	<b>(1,601)</b>	<b>(873)</b>
Income taxes		(315)	(39)	(849)
<b>Net Results</b>		<b>2,027</b>	<b>(1,640)</b>	<b>(1,722)</b>
<i><b>Other comprehensive income</b></i>				
<i><b>Items that will be reclassified subsequently to profit and loss</b></i>				
Exchange differences on translating foreign operations		749	551	(1,669)
Total other comprehensive income		749	551	(1,669)
<b>Total comprehensive income</b>		<b>2,776</b>	<b>(1,089)</b>	<b>(3,391)</b>
<b>Profit attributable to:</b>				
<b>Owners of the parent</b>				
Profit/(loss) for the period		2,025	(1,640)	(1,723)
<b>Non-controlling interests</b>				
Profit/(loss) for the period		2	-	1
<b>Total profit/(loss) for the period</b>		<b>2,027</b>	<b>(1,640)</b>	<b>(1,722)</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent		2,774	(1,089)	(3,392)
Non-controlling interests		2	-	1
		<b>2,776</b>	<b>(1,089)</b>	<b>(3,391)</b>
Number of weighted average (exclude treasury shares) shares used for calculations of EPS		4,390,841	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)		0.46	(0.40)	(0.42)
- Fully diluted (euro)		0.46	(0.40)	(0.42)

## Consolidated Balance Sheet

	Note	Q1 2021	Q1 2020	FY 2020
in EUR thousands				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets		6,552	5,974	6,693
Property, plant and equipment		9,112	9,409	8,973
Financial assets		140	230	115
Deferred tax assets		2,144	3,002	2,245
<b>Total non-current assets</b>		<b>17,948</b>	<b>18,615</b>	<b>18,026</b>
<b>Current assets</b>				
Inventory		8,942	11,841	9,006
Trade and other receivables		9,422	11,395	10,611
Cash and cash equivalents		12,850	3,161	1,109
<b>Total current assets</b>		<b>31,214</b>	<b>26,397</b>	<b>20,726</b>
<b>Total assets</b>		<b>49,162</b>	<b>45,012</b>	<b>38,752</b>
<b>EQUITY</b>				
Share capital		2,303	2,049	2,049
Share premium		58,206	51,703	51,085
Translation reserves		3,173	4,644	2,424
Legal reserves		6,318	5,700	6,318
Retained earnings		(38,890)	(40,832)	(40,915)
<b>Equity attributable to owners of the parent</b>		<b>31,110</b>	<b>23,264</b>	<b>20,961</b>
Non-controlling interests		35	32	33
<b>Total equity</b>		<b>31,145</b>	<b>23,296</b>	<b>20,994</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings	(6)	6,553	9,372	7,271
Lease commitments		413	481	365
Other liabilities		120	120	120
Deferred tax liabilities		46	-	46
<b>Total non-current liabilities</b>		<b>7,132</b>	<b>9,973</b>	<b>7,802</b>
<b>Current liabilities</b>				
Borrowings	(6)	1,456	1,075	1,554
Trade creditors		5,032	6,651	4,780
Accrued expenses		3,328	2,953	2,481
Provisions		357	324	338
Lease commitments		281	384	309
Tax and social security		431	356	494
<b>Total current liabilities</b>		<b>10,885</b>	<b>11,743</b>	<b>9,956</b>
<b>Total liabilities</b>		<b>18,017</b>	<b>21,716</b>	<b>17,758</b>
<b>Total equity and liabilities</b>		<b>49,162</b>	<b>45,012</b>	<b>38,752</b>

## Consolidated Cash Flow Statement

in EUR thousands	Note	Q1 2021	Q1 2020	FY 2020
<b>Cashflow from operating activities</b>				
Operating results		2,724	(1,303)	(1,396)
Adjustment for:				
Amortisation		223	365	1,071
Depreciation		687	579	3,014
Changes in trade and other receivables		1,382	(1,219)	(651)
Changes in inventories		427	(1,433)	607
Changes in provisions		18	2	25
Changes in trade and other payables		1,042	39	(2,426)
<b>Cash generated from operations</b>		<b>6,503</b>	<b>(2,970)</b>	<b>244</b>
Interest received and paid		(114)	(81)	(299)
Income taxes (payment)/refund		(315)	(39)	(354)
<b>Net cash flow from operating activities</b>	(7)	<b>6,074</b>	<b>(3,090)</b>	<b>(409)</b>
<b>Investing activities</b>				
Investment in intangible fixed assets		-	(113)	(1,619)
Investments in property, plant & equipment		(450)	(259)	(2,319)
<b>Net cash flow used in investing activities</b>	(7)	<b>(450)</b>	<b>(372)</b>	<b>(3,938)</b>
<b>Financial activities</b>				
Share issue – proceeds		7,375	-	-
Changes in borrowings – proceeds		1,603	6,503	8,807
Changes in borrowings – repayments		(2,749)	(367)	(3,428)
Changes in lease commitments		(96)	(175)	(541)
<b>Net cash flow from financing activities</b>	(7)	<b>6,133</b>	<b>5,961</b>	<b>4,838</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>11,757</b>	<b>2,499</b>	<b>491</b>
Opening position		1,109	675	675
Foreign currency differences on cash and cash equivalents		(16)	(13)	(57)
Closing position		12,850	3,161	1,109
<b>The closing position consists of:</b>				
Cash and cash equivalents		12,850	3,161	1,109
<b>Total closing balance in cash and cash equivalents</b>		<b>12,850</b>	<b>3,161</b>	<b>1,109</b>

## Consolidated Statement of Changes in Equity

in EUR thousands	Share Capital	Share Premium	Translation Reserve	Legal Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
<b>Balance at 1 January 2021</b>	<b>2,049</b>	<b>51,085</b>	<b>2,424</b>	<b>6,318</b>	<b>(40,915)</b>	<b>20,961</b>	<b>33</b>	<b>20,994</b>
Net profit/(loss) for the period	-	-	-	-	2,025	2,025	2	2,027
Other comprehensive income								
- Currency translation adjustment	-	-	749	-	-	749	-	749
Total comprehensive income for the period ended 31 March 2021	-	-	749	-	2,025	2,774	2	2,776
Share issue	254	7,121	-	-	-	7,375	-	7,375
Legal reserve	-	-	-	-	-	-	-	-
<b>Balance at 31 March 2021</b>	<b>2,303</b>	<b>58,206</b>	<b>3,173</b>	<b>6,318</b>	<b>(38,890)</b>	<b>31,110</b>	<b>35</b>	<b>31,145</b>

	Q1 2021	Q1 2020	FY 2020
<b>Opening Balance</b>	<b>20,994</b>	<b>24,385</b>	<b>24,385</b>
Net profit/(loss) for the period	2,027	(1,640)	(1,722)
Other comprehensive income:			
- Currency translation adjustment	749	551	(1,669)
Total comprehensive income for the period	2,776	(1,089)	(3,391)
Share issue	7,375	-	-
<b>Closing Balance</b>	<b>31,145</b>	<b>23,296</b>	<b>20,994</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 Van Asch van Wijckstraat 4, 3811 LP 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) mainly in the USA and Europe.

#### Basis of Preparation

The consolidated interim financial information for the first quarter ended 31 March 2021 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 2020, 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 2020.

- 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 2021. Consequently, any impairment losses will only be recognised in the annual financial statements over the fiscal year 2021.
- These interim financial statements have not been reviewed by our auditors.

### 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
<b>Segment Results – 31 March 2021</b>			
Revenue from external customers	30,815	-	30,815
Other income/(expenses)	3,375	-	3,375
Depreciation & amortisation	687	223	910
Net profit attributable to owners of the parent	1,226	799	2,025
<b>Segment Assets – 31 March 2021</b>	<b>33,547</b>	<b>15,615</b>	<b>49,162</b>
<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>

#### 4. Other Income

The Company received a PPP loan forgiveness of €1.51m, a DPG settlement of €1.85m and sundry income of €0.02m during Q1 2021 (2020: €0.01).

#### 5. Transactions with Related Parties

A loan receivable of €0.69m (2020: €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 2021	3 months to 31 March 2020
At beginning of period	8,825	4,146
Additions	1,603	6,503
Repayments	(2,749)	(367)
Translation effect	330	165
<b>At end of period</b>	<b>8,009</b>	<b>10,447</b>

#### 7. Consolidated Cash Flow

The group generated €6.07m cash from its operating activities for Q1 2021 versus a negative €3.09m for the same period in 2020. Investments in tangible and intangible assets were €0.45m for the first quarter 2021 (2020 €0.37m). Net repayments in the first quarter of 2021 amounted to €1.15m compared to net borrowings of €6.14m in the first quarter of 2020.