

Highlights

in EUR millions	4Q 2020	4Q 2019	FY 2020	FY 2019
Revenues	8.04	8.69	30.82	36.25
Gross Profit	3.26	2.98	11.68	13.55
Gross profit %	40%	34%	38%	37%
Operating profit/(loss)	0.06	(2.44)	(1.40)	(2.58)
Net profit/(loss) after taxes after minority	0.32	(1.19)	(1.31)	(1.88)
EBITDA*	1.45	(0.90)	3.41	1.61
Earnings/(loss) per share in €	0.08	(0.29)	(0.32)	(0.46)
Shareholders' equity	21.34	24.35	21.34	24.35

*Earnings before interest, taxes, depreciation and amortisation

2020 Fourth Quarter – Consolidated Results:

- Continuing improvement in North America with reduced Covid 19 impact on container throughput volumes and recovery in RVM sales
- Strong performance in Europe/Sweden with 30% revenue growth
- Gross profit improvement to 40%
- Operating profit improvement to €0.06m from adjusted loss of €(1.44m) in 2019
- EBITDA improved to €1.45m from adjusted EBITDA of €0.10m in 2019

2020 Full Year – Consolidated Results:

- Revenues decreased 15% to €30.82m for the year as effect of Covid 19, recovery well underway heading into 2021
- Operating profit/(loss) improvement for FY 2020 to €(1.40m) despite a 15% reduction in revenues
- EBITDA improved 31% to €3.41m from an adjusted EBITDA of €2.61m in 2019

Simon Bolton, CEO of Envipco: “2020 has been quite challenging with Covid 19, I believe we executed in a superior way and we have come through the year stronger as a company. I look forward to improved performance and especially delivering on our exciting growth opportunities in Europe. I wish to thank our customers, employees, shareholders and all stakeholders for their support to the business in 2020 and we look forward to an exciting future together.”

2020 Q4 – Consolidated Results:

Overall revenue was down 7% in Q4 2020 to €8.04m from €8.69m in 2019. North America saw the revenue decline of 20% in the first 9 months 2020 improving to a 12% decline in Q4 2020 compared to 2019, showing a reduction of the Covid-19 impact. Europe, principally driven by Sweden had strong revenue growth of 30% in Q4 2020 to €1.27m from €0.98m in 2019.

Q4 2020 Gross profit of 40% was 600 basis points above last year's 34%, driven by increasing service revenues in Europe, lower depreciation and favorable product sales mix.

Operating profit improved in Q4 2020 to €0.06m from a loss of €(2.44m) in 2019. Excluding executive severance cost of €1.0m in Q4 2019, the adjusted Q4 2019 operating loss is €1.44m. Expense savings in Q4 2020 amounted to €1.03m, with the largest reductions being achieved through cost management €0.40m, lower market development expense €0.33m and lower travel cost €0.15m.

EBITDA improved in Q4 2020 to €1.45m from an adjusted EBITDA of €0.10m in 2019. The reported Q4 2019 EBITDA of €(0.90m) is adjusted to addback the executive severance cost.

2020 Full Year – Consolidated Results:

2020 Full Year 2020 Full Year revenues decreased 15% to €30.82m from €36.25m in 2019. The North American business was down 18% on the year due to the Covid 19 impact and resulting mandatory and voluntary closures of container redemption facilities during Q2 and Q3. As reported above, North American revenues have improved with a decline of 12% in Q4. The European sales and service business model was less impacted by Covid 19 and accordingly was able to deliver revenue growth of 13% for 2020 compared to 2019.

Gross profit for FY 2020 decreased to €11.7m from €13.6m in 2019, principally as a result of lower container throughput revenues in the North America business. Gross profit margin for the year 2020 improved to 38% from 37% in 2019.

Despite a 15% reduction in revenues for 2020, the company was able to manage operating cost and deliver an operating loss for FY 2020 of €(1.40m) compared to an adjusted operating loss of €(1.58m) in 2019. The reported 2019 operating loss of €(2.58m) is adjusted for executive severance cost of €1.0m. Reductions in 2020 operating expenses of €1.85m compared to 2019 comprised of reduced IP litigation cost (€0.65m), reduced market development cost (€0.48m), reduced travel (€0.20m) and the remaining being cost management.

Net profit/(loss) after taxes after minority improved to a loss of €(1.31m) compared to a loss of €(1.88m) for 2019. The loss is favorably impacted by positive currency translations adjustments of €0.69m in 2020 compared to €0.08m in 2019, offset by taxation expense of €0.30m in 2020 compared to a positive deferred tax asset of €0.89m recognized in 2019.

For the year 2020, EBITDA improved 31% to €3.41m from an adjusted EBITDA of €2.61m in 2019. Reported 2019 EBITDA of €1.61m is adjusted for executive severance cost of €1.0m.

Financial Position:

- The Company generated a negative €0.06m cash flow from its operating activities for FY 2020 versus a positive €0.80m for FY 2019.
- The Company's bank financing drawn was €8.82m at yearend 2020 compared with €4.15m at yearend 2019 due to increased borrowings during 2020 and also includes a €1.5m loan received by the US subsidiary under the Paycheck Protection Program (PPP). Under the terms of the PPP, this €1.5m loan is expected to be forgiven during 2021 and will be recognized as other income. The company had unused borrowing facilities of €1.7m at yearend 2020. In Q4 2020 the Company renewed the existing bank facility until May 2022.
- Shareholders' equity at yearend 2020 decreased by €1.31m compared to yearend 2019 based on the 2020 net loss plus a negative translation reserve impact of €1.70m.

Other Highlights:

- Subsequent to 31 December 2020 the Company raised €8.1m 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 will continue to trade on our listing at Euronext Amsterdam.
- On February 8, 2021, the Company and DPG Deutsche Pfandsystem GmbH announced that they have executed a settlement agreement, that resolved all pending legal matters between the parties in Germany. As part of the agreement, DPG will make a onetime lump sum payment of € 1.85 million to Envipco and Envipco will withdraw the appeal against the revocation of the patent in suit and the related infringement actions. Both parties expressed their satisfaction with the agreement and each party looks forward to a renewed and cooperative future business relationship. The €1.85m payment net of settlement expenses of €0.10m will be reflected in Q1 2021 as other income.
- We maintain our market development activities in Scotland and UK at large, whilst respecting Covid-19 restrictions. The system administrator has been formed as a legal entity (Circularity Scotland Ltd.), whilst the final stages of appointment are completed. Envipco's UK management team continues to engage with the retailer community in more advanced pilot projects. As RVM specifications are finalized, we expect commercial processes to fully begin this summer in support of formally announced implementation per July 2022.
- The Company is expanding market development activities in a number of other coming DRS markets. As part of building our leadership team in Europe, the company had the pleasure in welcoming Fons Buurman, who joined Envipco as VP Business Development Europe late 2020 reporting to the CEO.

Market Outlook

Overall market outlook for our North America and European businesses is improving as we continue to manage through the Covid-19 impact. We are confident in our strategy, the investments we are making and our ability to execute to deliver strong growth and improved financial performance in the future.

Please refer to our website www.envipco.com to download a full pdf version of our 2020 Fourth Quarter and Twelve Months Report.

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About Envipco Holding N.V.

Envipco Holding N.V. (Envipco), www.envipco.com, is a Netherlands-based holding company listed on Euronext Amsterdam (Symbol: ENVI) and Euronext Growth Oslo (Symbol: ENVIP). Envipco, with operations in several countries around the globe, is a recognized leader in the development and operation of reverse vending machines (RVMs), automated technological systems for the recovery of used beverage containers. Known for its innovative technology and market leadership, Envipco holds several intellectual property rights for RVM systems, including but not limited to beverage refund deposit markings, material type identification, compaction and accounting.

This announcement contains forward-looking statements concerning the condition and business of Envipco. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. All forward-looking statements contained in this announcement are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements.