



Q2 2022 results

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Presenting team



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Agenda



Highlights



Strategic review



Operations



Financials



Outlook and Summary



Q&A





Highlights

Key highlights Q2

Operations

Record quarter with 103% year-on-year revenue growth to **EUR 16.6 million** in Q2'22

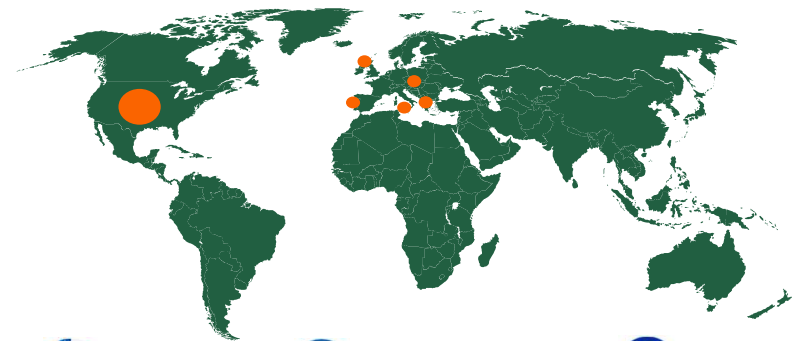
Europe YoY sales growth of 271% to EUR 5.3m driven by growth in RVM sales from Malta and Sweden

North America sales up 67% YoY to EUR 11.4m – strong growth in both program service volumes and RVM sales

Significant contract won with Iceland Foods to install RVMs in all stores operating in Scotland

Gross margin 33.3% up from 32.9% in Q1'22 from improved labor efficiencies and cost stabilization of components and logistics

Market highlights



Positioning business team on expansion initiatives in MA and NY

Renewed legislative activity in California tied to USD 100m RVM subsidies



Continued strong commercial activity in Scotland, recent win with Iceland Foods and final stage RFPs with Tier 1 retailers

On track for go-live in August 2023



Romania: Commercial activity with expected go-live in late 2023

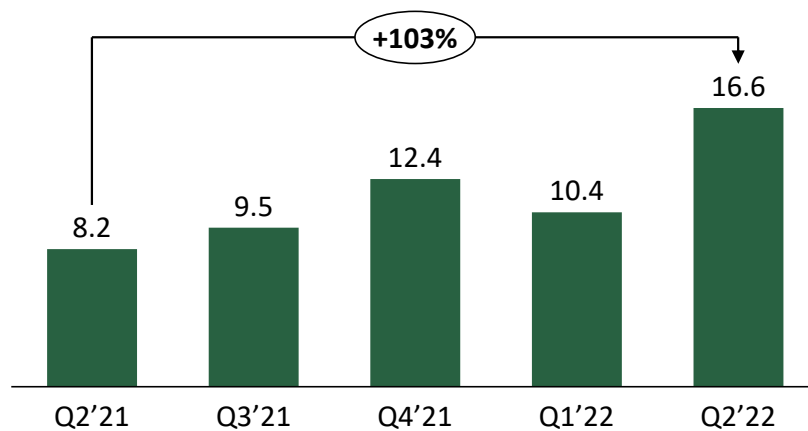
Malta: Final preparations for Go-Live H2'22

Portugal: Continued engagement with retailers & pilots for Go-live expected early '24

Key financials

Revenue development

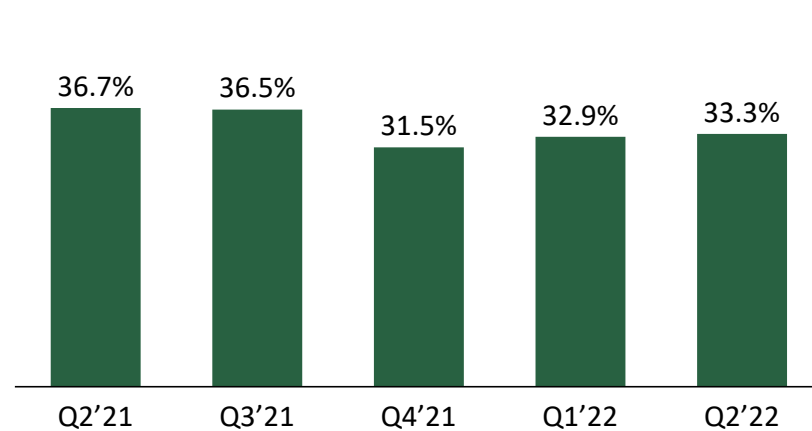
EUR million



103% year-on-year revenue growth to EUR 16.6 million

RVM sales EUR 8.3m (+468% YoY) and Program services EUR 8.3m (+24% YoY)

Gross Margin development



Margin pressure seen throughout 2021 moderated and begun to stabilize

Improved labor efficiencies with reduction of temporary production labor

Core margin stabilization and improvement through price and cost focus



Strategic review



This is Envipco

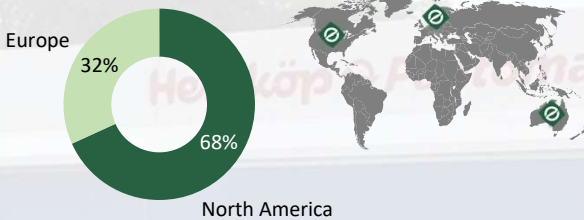
Envipco is a recycling technology company with over four decades of experience delivering reverse vending machines (RVMs) to leading customers across the world



Revenue (EURm)



Revenue distribution Q2'22



Total installed units

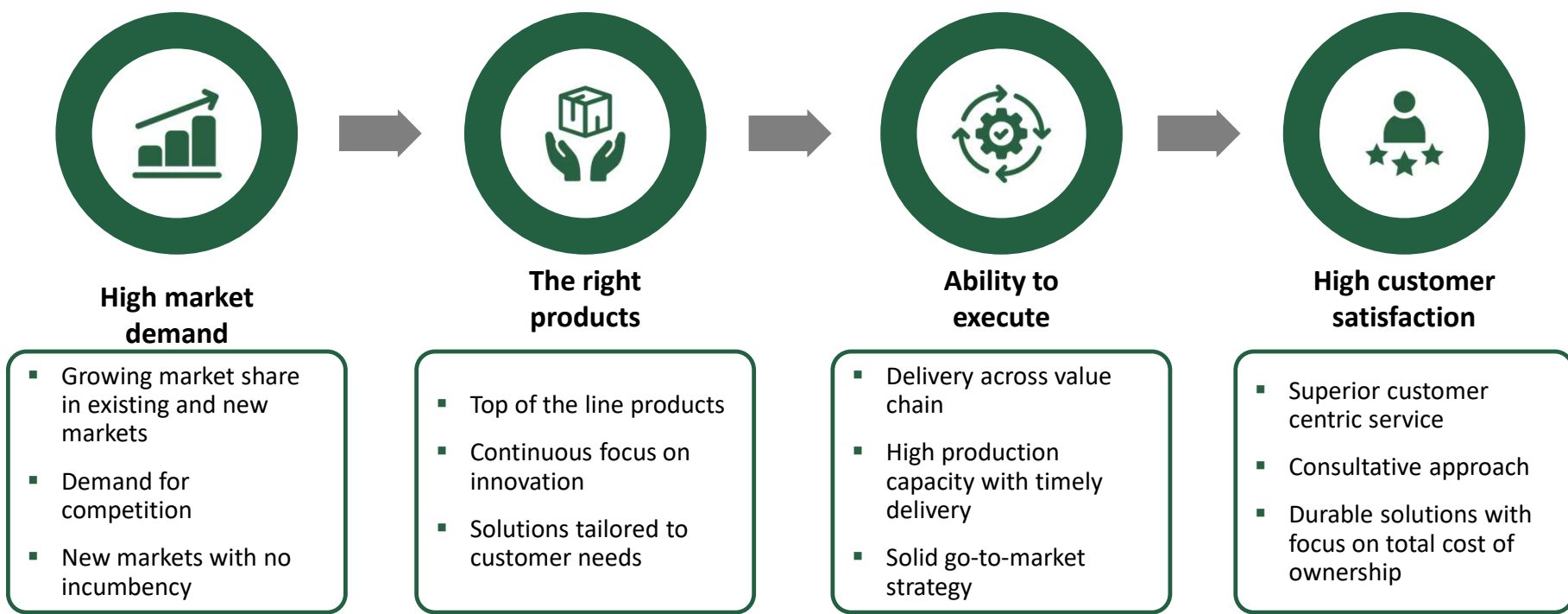
>8000

Selected customers

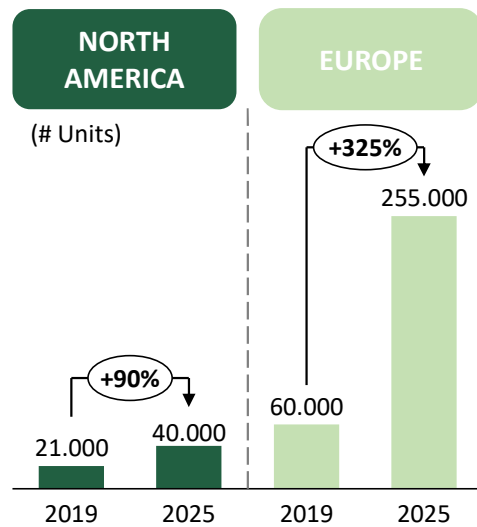




Highly competitive with ability to capture new markets

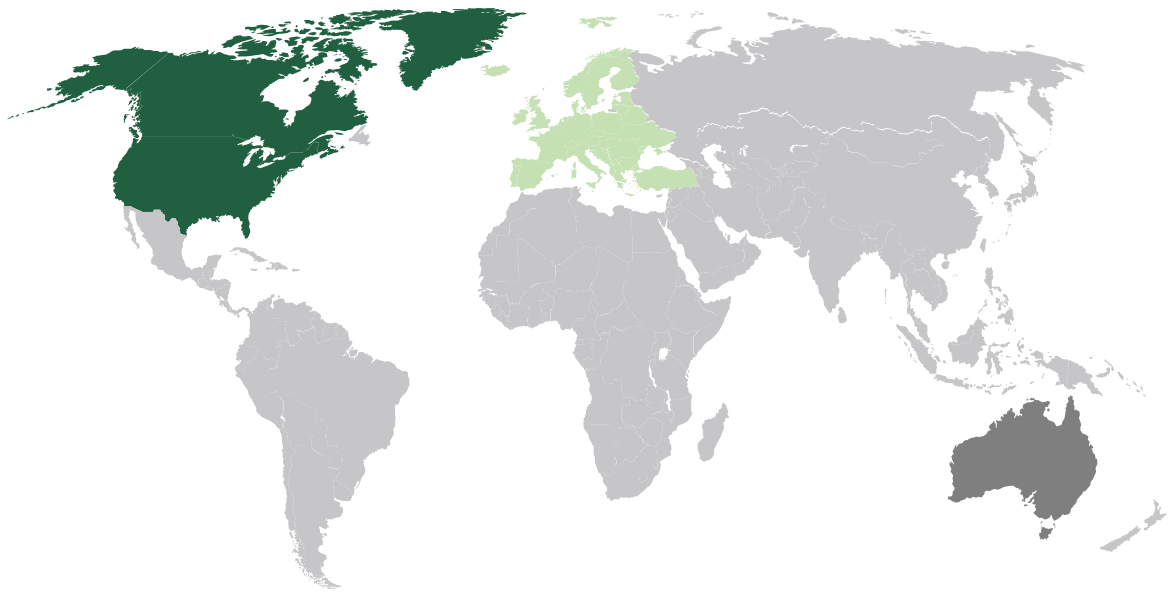


Expecting significant growth
in key global markets



Driven by increased awareness
and legislation

Global market growth towards
and beyond 2025





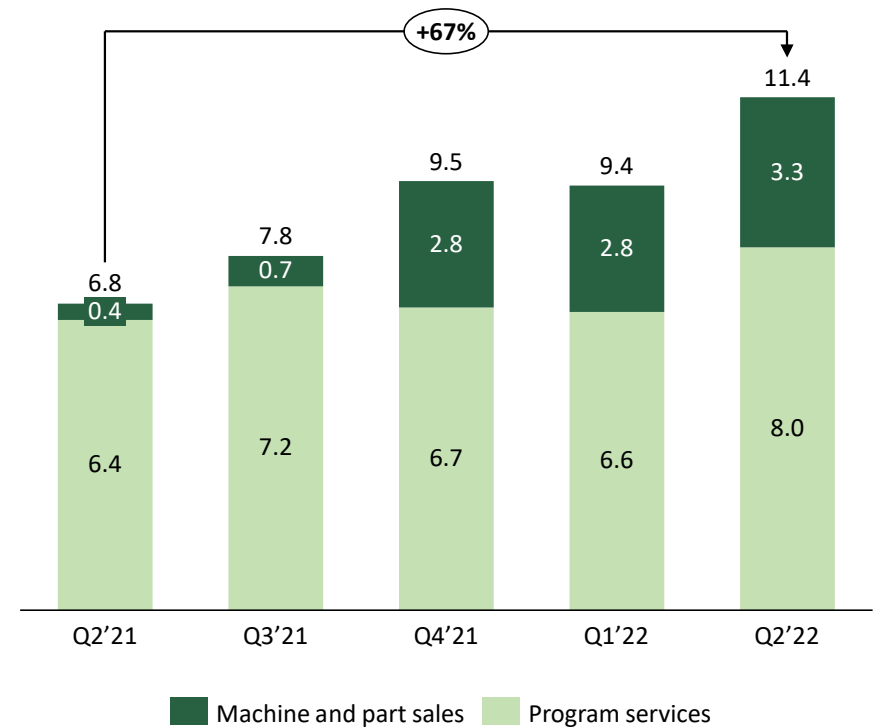
Operations



Progress in North America

- Strong quarter with 67% year-on-year revenue growth to EUR 11.4 million
 - Driven by strong growth in both Program Service volumes and RVM sales
- Program services up 25% year-on-year
 - Good seasonal weather and full opening of redemption and hospitality
- Machine sales with strong momentum and 18% quarter-on-quarter growth in Q2'22
 - 813% growth year-on-year from EUR 0.4m in Q2'21
- Built strong orderbook with key existing retailers for Q3'22

Revenue North America
(EUR million)

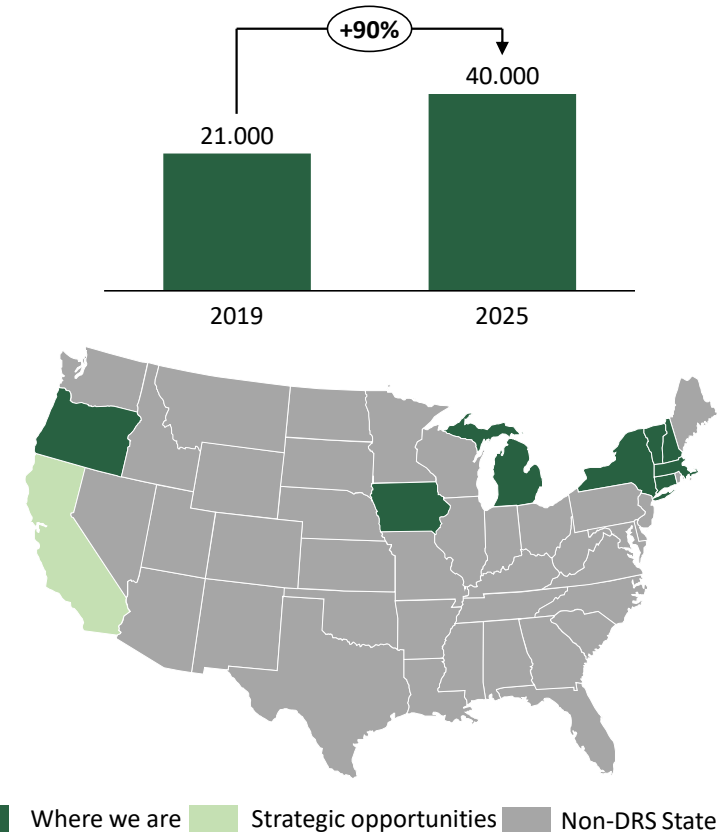




Expanding our position in North America

- Envipco continues to expand its presence in North America and expects several opportunities to materialize in the medium-term
- Positioning business team on legislative initiatives in Massachusetts and New York
- Renewed activity in California tied to proposed changes in deposit legislation and redeployment of USD 100 million of excess funds to encourage increased redemptions
- Continued focus on OBCR technology agreement as aged equipment is replaced and new RVM's deployed in Oregon
- Engagement in final tenders for earlier Connecticut expansion remaining

Market development in the United States (# Units)

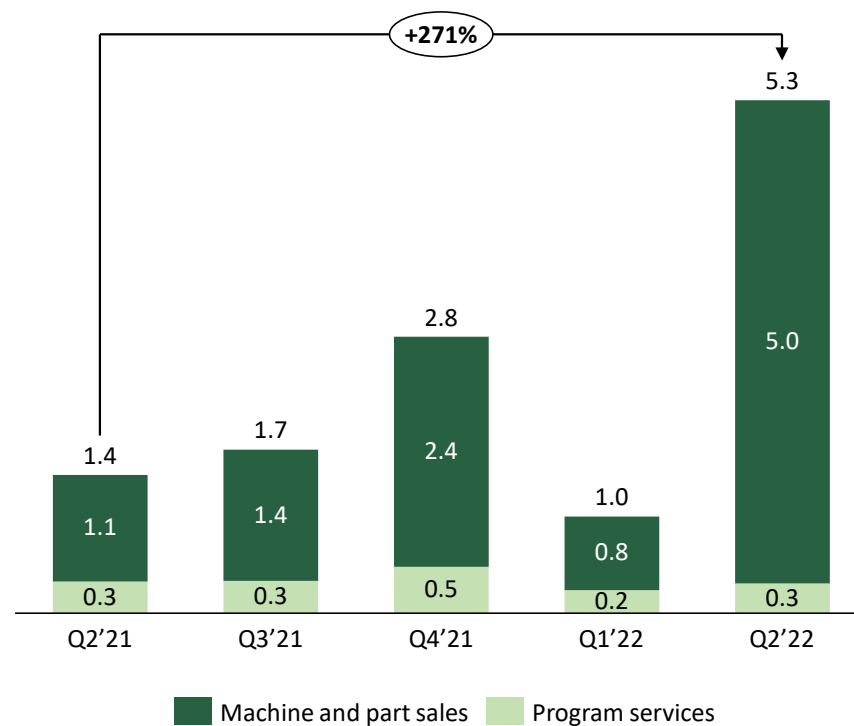




Progress in Europe

- Record quarter with revenue of EUR 5.3 million, up 271% from EUR 1.4 million in Q2'21
- Machine sales up 353% year-on-year
 - Revenue of EUR 3.6 million recognized from Malta contract
- Sweden revenue contribution EUR 1.5m
- Significant contract won with Iceland Foods to install RVMs in all stores operating in Scotland

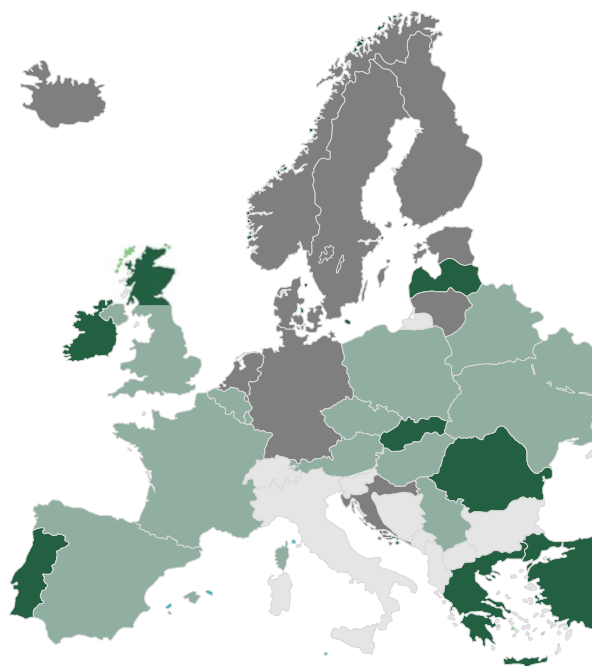
Revenue Europe (EUR million)





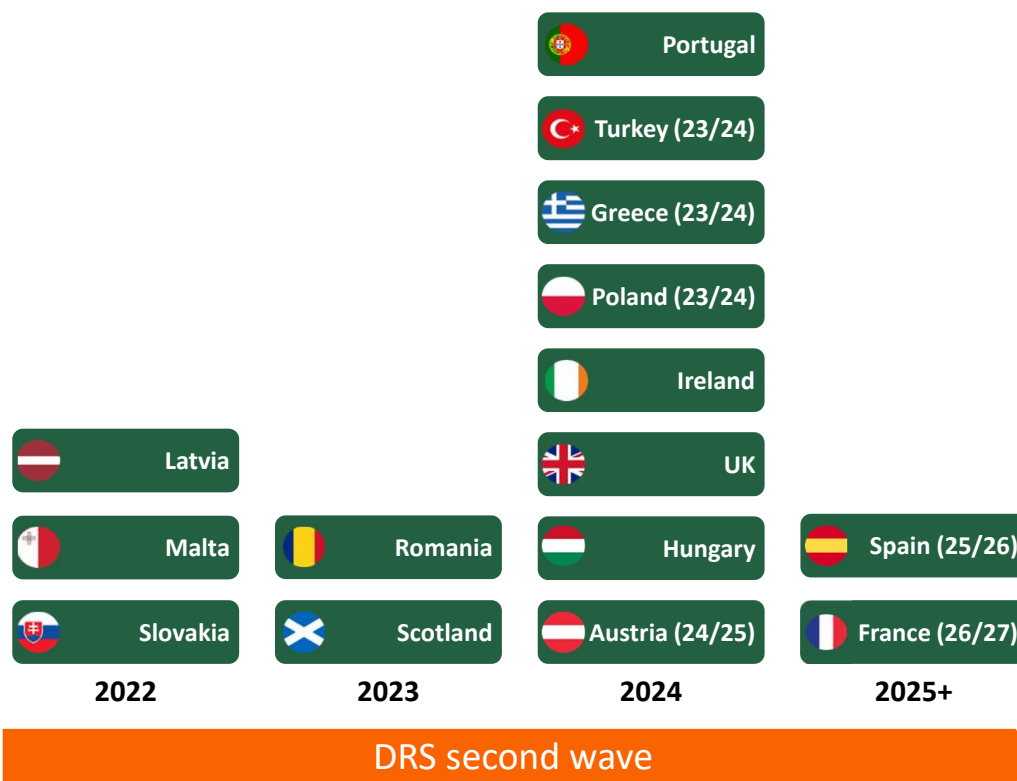
Large second wave of legislation to enter Europe

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



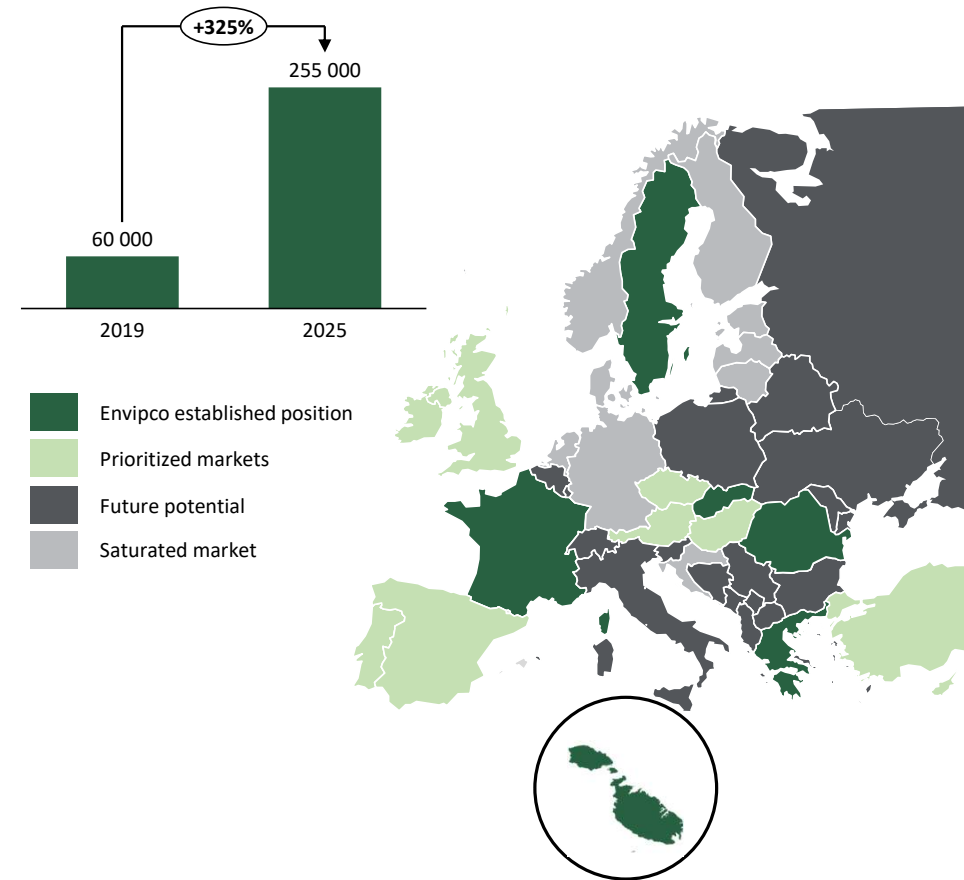
Sources: Reloop, European Packaging EPR Webinar (2019); Eunomia, PET Market In Europe (2020)



Strongly positioned to capture growing EU market

- Strong progress across European DRS markets supports a solid growth trajectory going forward
- Scotland significantly ramping
 - Signed contract with Iceland Foods for all 87 stores operating in Scotland
 - Final negotiations with several Tier 1 retailers
 - Promising follow-on opportunities in the UK
- Continued revenue contribution from Malta in Q3'22
 - Service revenue recognized from time of installation
- Revenue from Sweden in 2022 expected at same levels as 2021
- Engaged in a project with Greek distributor to ramp up Quantum production for local market

Market development in Europe (# Units)



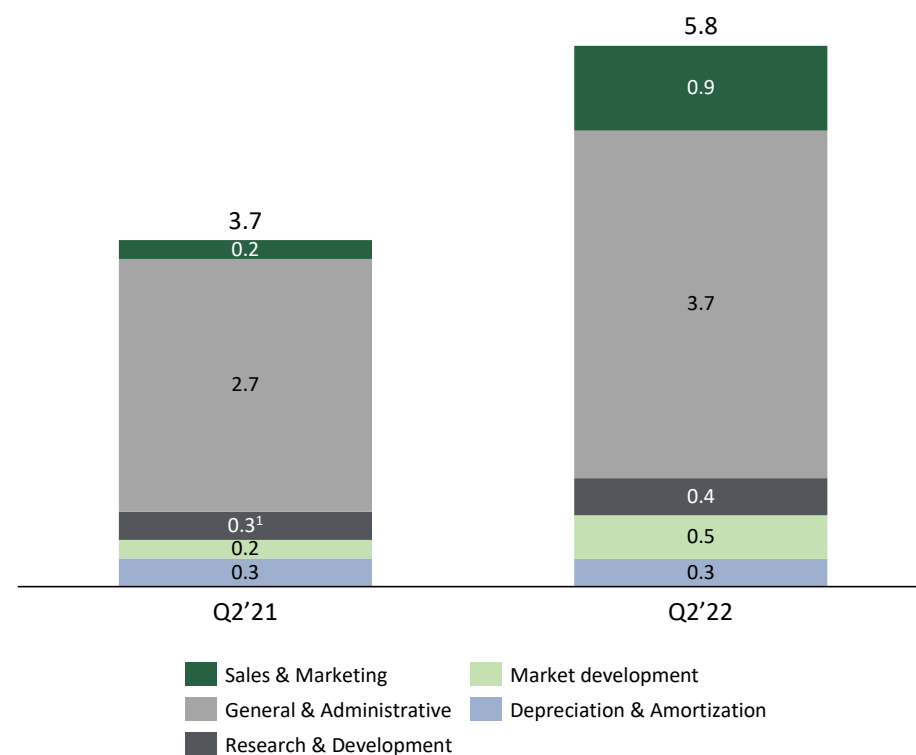


Continuously investing in growth

- Operating expenses EUR 5.8 million in Q1'22, compared to EUR 3.7¹ million in Q2'21
- Year-on-year increase from Q2'21 driven by continued scaling of operations and organization
- Increased sales and marketing activity mainly in Romania, Sweden and Malta
- Increased G&A costs for scaling of operations in production centers
- Market development in the UK, Ireland and Portugal
- Planned investments are critical to capitalize on upcoming business opportunities

1) Total operating expenses amounted to EUR 3.4 million in Q2'21. Research and development costs of EUR 0.3 million added in overview for comparison purposes, to align for different quarterly timing of R&D costs in 2021.

Operating expenses (EUR million)





Financials



Profit and Loss

(EUR million)	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Revenues	16.6	8.2	27.0	16.6	38.4
Cost of revenue	(11.1)	(5.2)	(18.1)	(10.4)	(25.0)
Gross profit	5.5	3.0	9.0	6.1	13.4
Gross margin, %	33.3%	37.0%	33.2%	37.0%	35.0%
Operating costs	(5.8)	(3.4)	(10.3)	(7.2)	(14.7)
EBIT	(0.2)	(0.2)	(1.4)	2.5 ¹	2.3 ¹
EBITDA	0.9	0.9	0.7	4.3	5.5
Net financial items	(0.1)	0.2	(0.3)	(0.2)	(0.8)
Net Profit	(0.4)	(0.1)	(1.8)	1.9	0.6

1) Including EUR 3.4m other income (DPG settlement and PPP forgiveness).

- 103% YoY revenue growth to EUR 16.6m
 - Strong growth in RVM sales and program services
- Gross margin 33.3% in Q2'22
 - Margin pressure moderated and begun to stabilize
 - Improved labor efficiencies with reduced temporary labor
- Stabilizing and improved margins expected
 - Short-term margin fluctuations from customer and product mix
 - Continued pricing and cost focus
 - Margins expected to stabilize and improve over the medium term



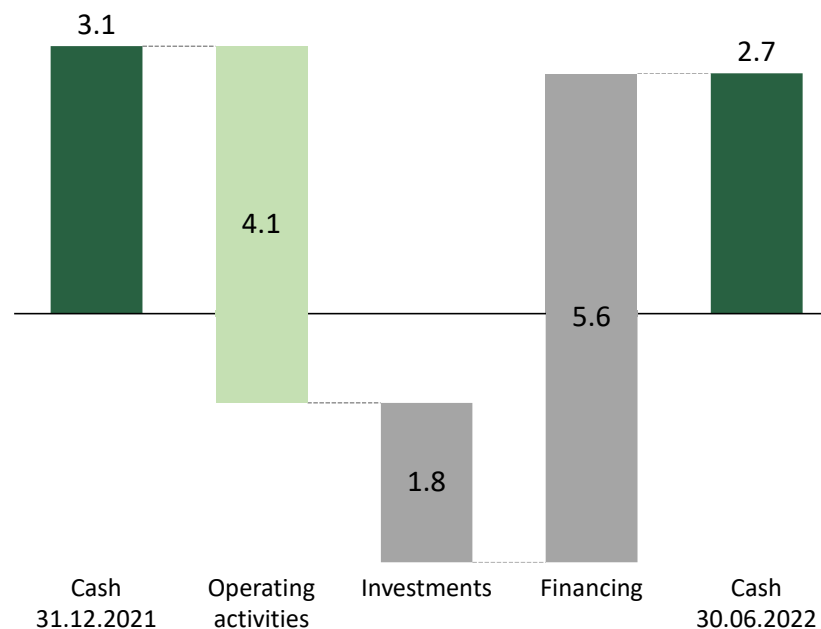
Cash Flow

- Cash generated from operating activities amounted to negative EUR 4.1m in H1'22
 - Increased inventories of EUR 7.3m related to execution of Malta and North America contracts, and Romania production preparations
 - EUR 3.0m increase of other payables, pre-payments for contracts from Malta and North America
 - Working capital levels to be reduced as these contracts are executed
- Cash flow from investing activities negative EUR 1.8m
 - Capitalized R&D EUR 0.8m
 - Investments in US and Romanian facilities of EUR 1.1m
- Cash flow from financing EUR 5.6m
 - EUR 6.8m in proceeds from EUR 2.9m term loan¹ and EUR 3.9m utilization of credit facility
 - Repayment of borrowings EUR 0.9m
- Net change in cash negative EUR 0.4m
 - Ending cash EUR 2.7m
 - Available line of credit of EUR 1.8 million

1) Term loan secured in June 2022.

Cash flow H1'22

EUR million



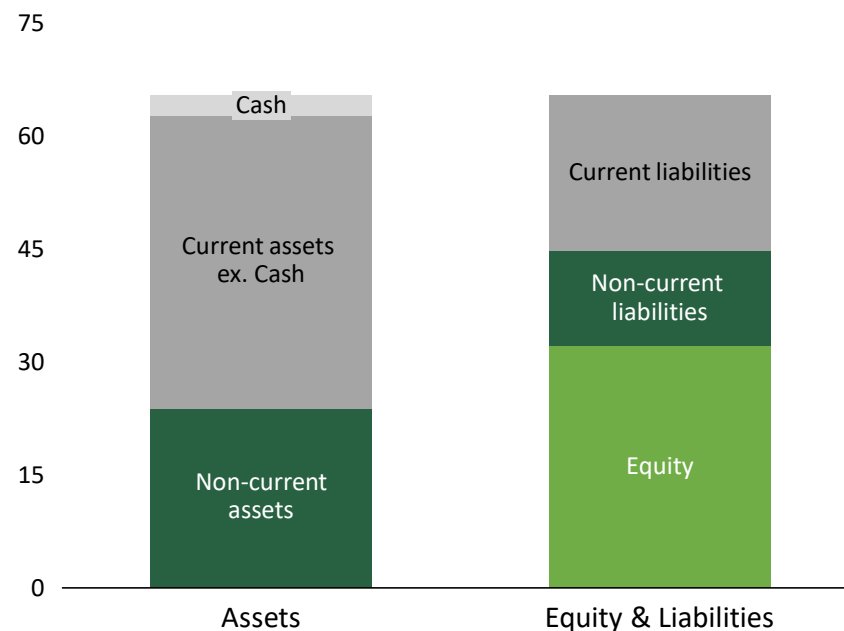


Financial position

- Total assets of EUR 65.5m, compared with EUR 49.1m at the end of H1'21
- Total equity of EUR 32.1m, corresponding to an equity ratio of 49%
 - EUR 30.9m in H1'21 (63% equity ratio)
- Total borrowings of EUR 13.6m compared to EUR 7.5m in H1'21
 - EUR 6.8m in proceeds from term loan and credit facility utilization in H1'22
 - Borrowings include second PPP loan of EUR 1.8m; forgiveness confirmed in July 2022, to be recognized as income in Q3'22
- Evaluating options for long-term debt financing to fund growth and ongoing operations

Balance sheet (30/06/22)

EUR million



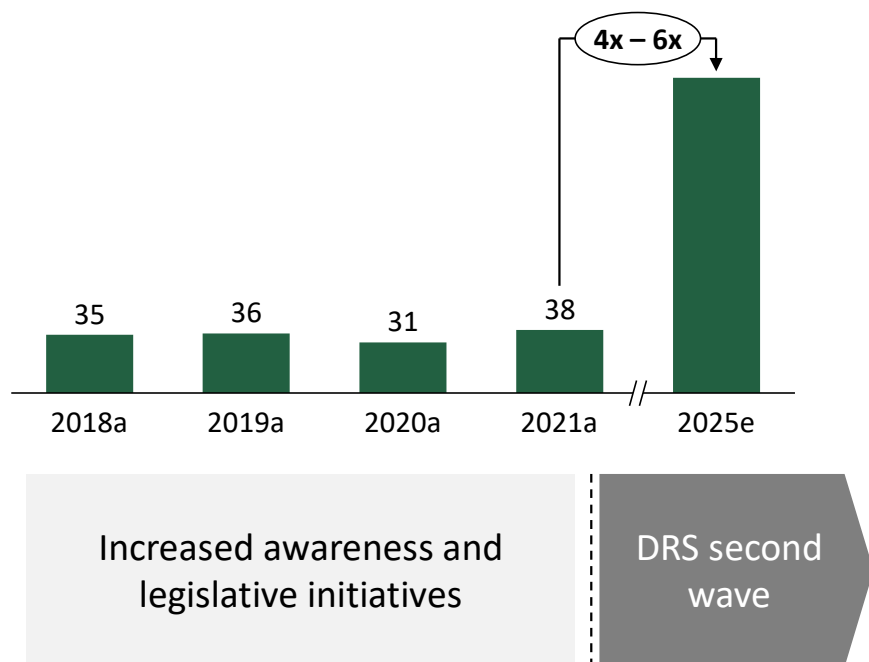


Outlook and Summary



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%



Q&A



Next event:
3rd quarter 2022 results
November 24, 2022



APPENDIX











Proven track record of market expansion and innovation





We offer an advanced and specialised product portfolio

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



Key volume drivers

