



Q3 2022 results

November 24, 2022



Presenting team



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## Agenda



Highlights



Strategic review



Operations



Financials



Outlook and Summary



Q&A





## Highlights

# Key highlights Q3

## Operations

Another record quarter with revenue of **EUR 17.5 million**, representing **83%** year-on-year growth

Europe with all-time-high revenue of EUR 7.2 million, primarily driven by 415% year-on-year growth in RVM sales

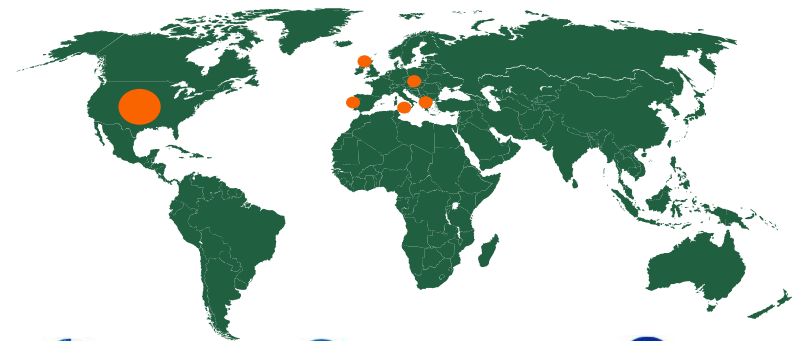
30% year-on-year revenue growth to EUR 10.2 million in North America, growth in both Program Service volumes and RVM sales

Gross margin 28.0% down from 35.6% in Q3'21 due to effects from RVM sales in Greece, ex-Greece gross margin 32.2%

Significant win with MOL Group additional two Scottish retailers

Obtained Cicero Dark Green rating for Green Finance framework

## Market highlights



Positioning business team on expansion initiatives in Massachusetts, New York, Connecticut, California and Quebec



Three tier one retailer wins to date, final stage negotiations of open tenders to be concluded by year end.

On track for go-live in August 2023



Hungary: Envipco selected as one of one two RVM providers for coming national DRS by MOL group

Romania: Operator has been appointed and activities now accelerating for an expected go-live early '24

Malta: Successful DRS go-live achieved on 14 November 2022



## Significant wins since Q3 2022



- MOL Group is an international, integrated oil, gas, petrochemicals, and consumer retail company and is the DRS operator in Hungary
- ~2,300 machines to be delivered in 2023 and 2024
  - Potential multi-year expansion of additional 2,000 machines
- One of only two RVM providers for DRS in Hungary, ~50% market share
- DRS in Hungary planned to operate from early 2024



Major retailer #1

- Selected to install over 200 RVMs in all their Scotland stores in 2023
- Optima technology platform

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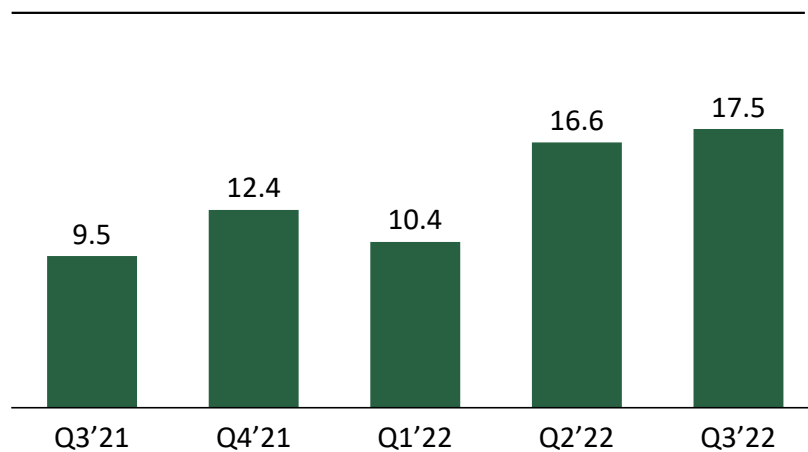
Major retailer #2

- Selected by a leading retailer to install 350 RVMs across all their Scotland stores to be installed in 2023
- Flex and Optima technology platforms

# Key financials

## Revenue development

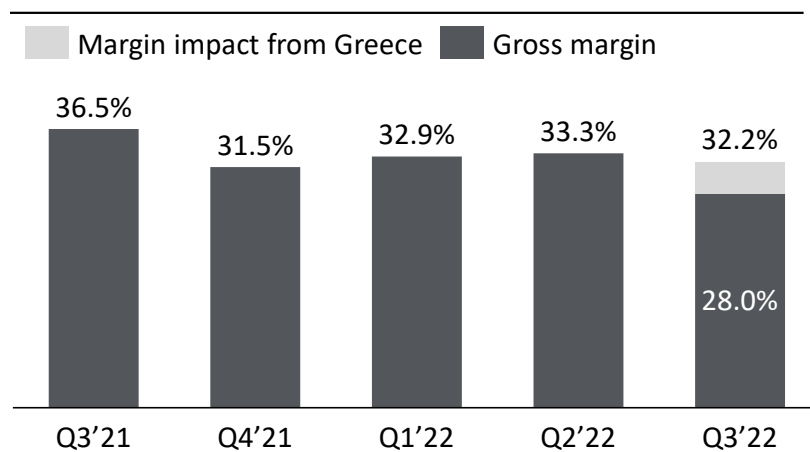
EUR million



83% year-on-year revenue growth to EUR 17.5 million

RVM sales EUR 8.6m (+322% YoY) and Program services EUR 8.9m (+19% YoY)

## Gross Margin development



Gross profit EUR 4.8 million, representing 28.0% gross margin

Margin negatively impacted by sales to Greece at reduced margin, ex-Greece margin 32.2%

Margin pressures expected to stabilize and improve over the medium term



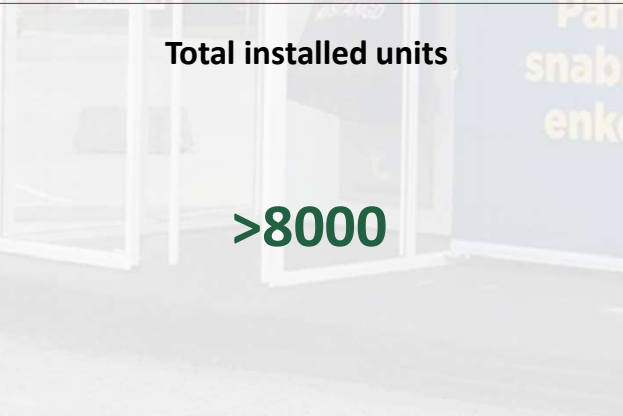
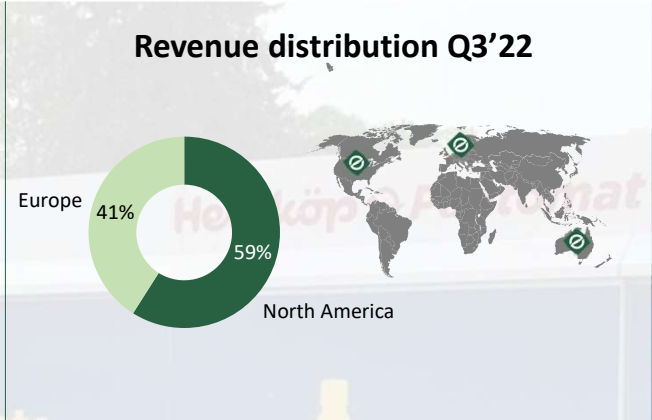


## Strategic review



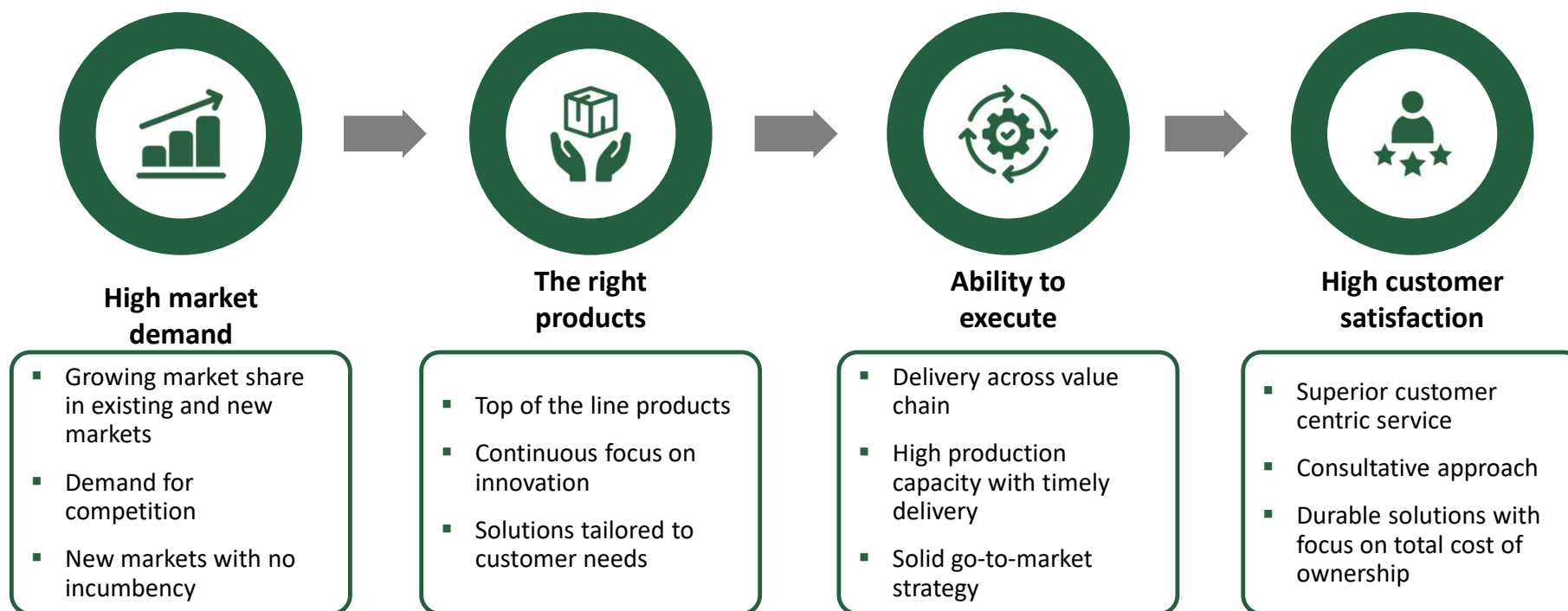
# This is Envipco

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

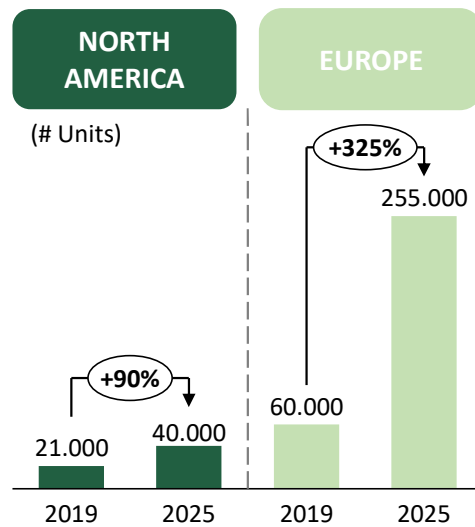




## Highly competitive with ability to capture new markets

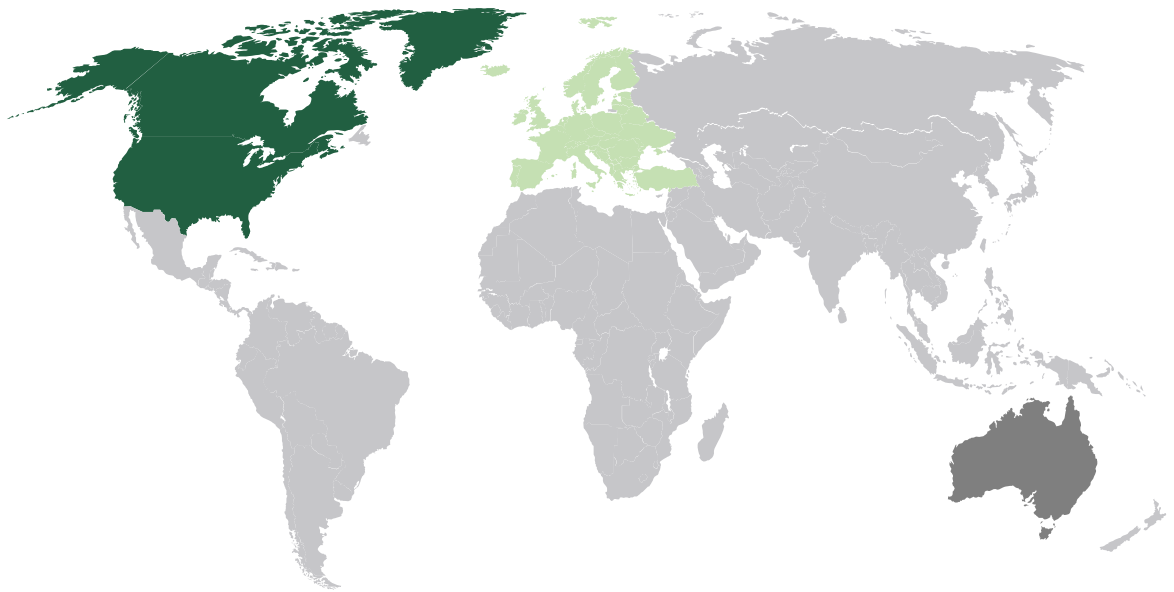


Expecting significant growth  
in key global markets



Driven by increased awareness  
and legislation

Global market growth towards  
and beyond 2025





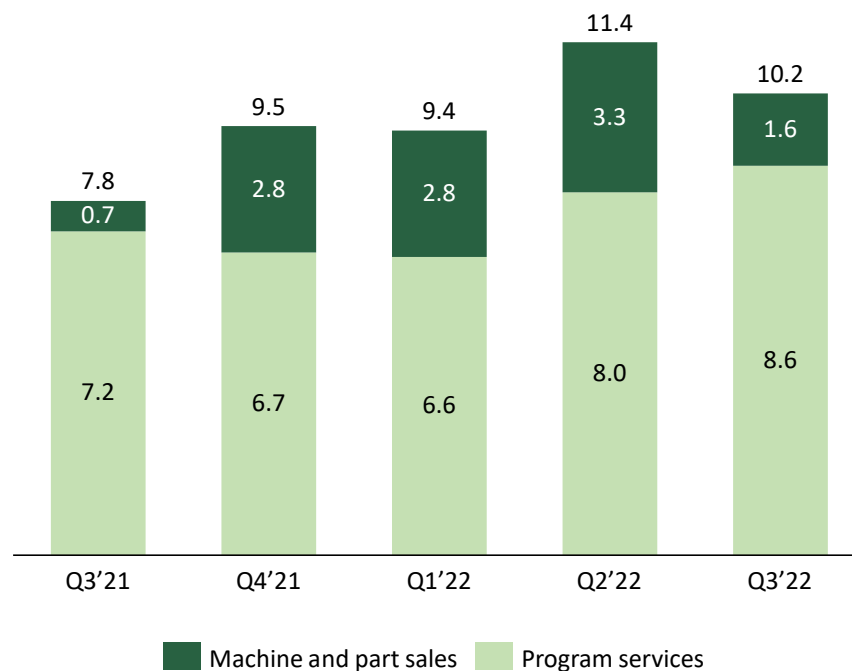
## Operations



## Progress in North America

- 30% year-on-year revenue growth to EUR 10.2m
  - Driven by strong growth in both Program Service volumes and RVM sales along
  - Positive currency effects
- Program services up 20% year-on-year to EUR 8.6m
  - Recovery of container volumes and improved service income
- Machine sales EUR 1.6m up 137% year-on-year
- RVM sales in Q4'22 will be less favorable compared strong performance Q4'21
- Continued program service momentum expected

Revenue North America  
(EUR million)

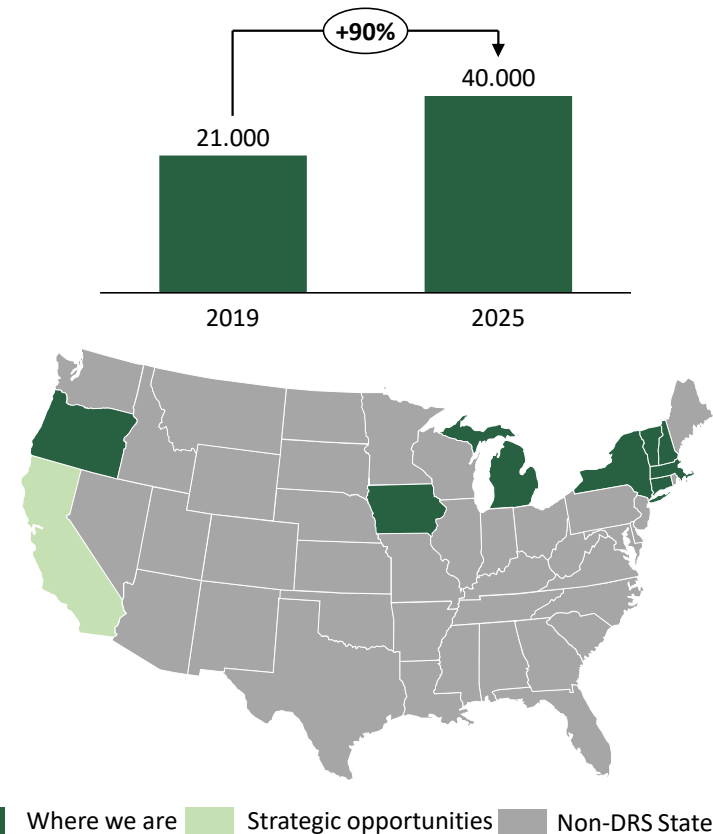




## Expanding our position in North America

- Increased service income expected in 2023
  - Machine orders received and installed during Q4'21 and 2022 will come of warranty
- Improved program service volume in Connecticut
  - Additional range of containers included from January 2023
- Continued orders from Oregon technology agreement
- Several opportunities expected in the medium-term
  - California passed USD 220m in subsidies over three years for increased recycling rates and financial support for RVM acquisition
  - Revised DRS in Quebec
  - Doubling of deposit value in Connecticut to 0.1\$ from January 2024
- Monitoring modernization bill in Massachusetts

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

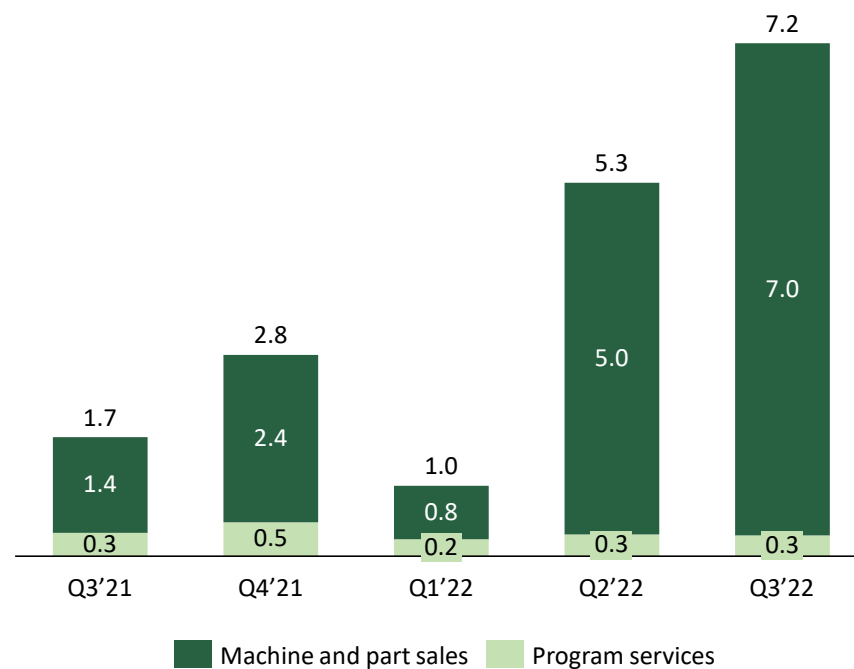




## Progress in Europe

- Record quarter with revenue of EUR 7.2 million, up 331% from EUR 1.7m in Q3'21
- Machine sales EUR 7.0m up 353% year-on-year
  - Revenue of EUR 3.3m recognized from Malta contract
  - EUR 1.7m from Greece
- Sweden revenue contribution EUR 1.5m
  - Sustained Quantum sales
- Strong orderbook developed for 2023
- Significant contracts won with MOL Group in Hungary and two additional major Scottish retailers

Revenue Europe  
(EUR million)

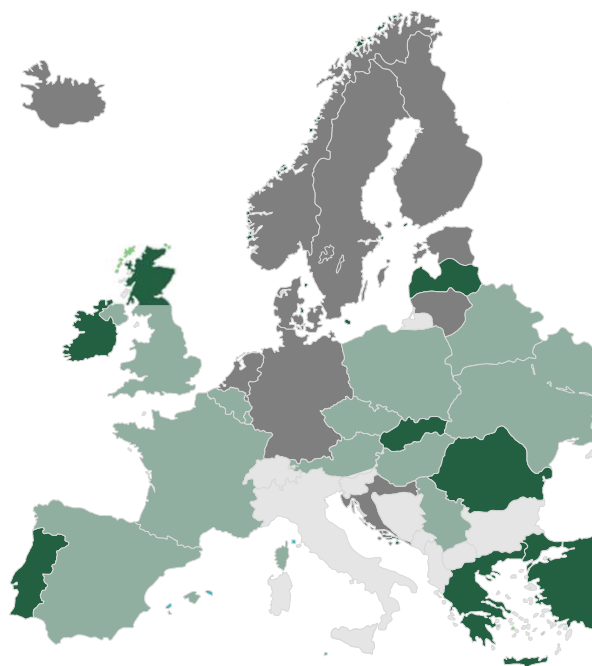






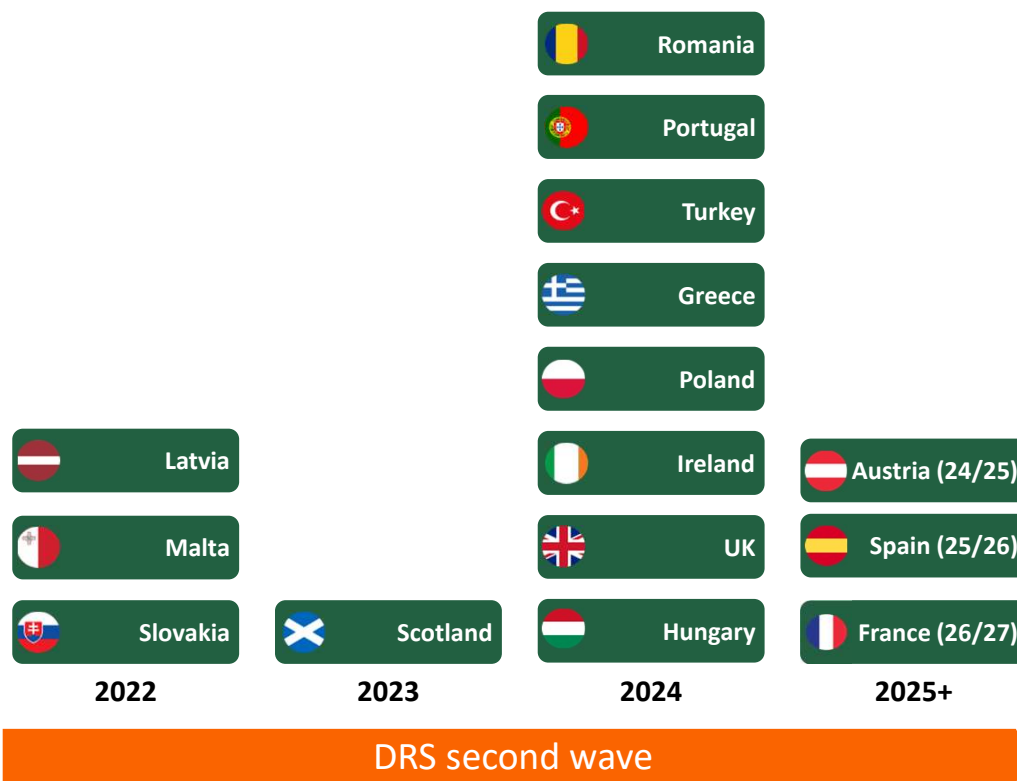
# Large second wave of legislation to enter Europe

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



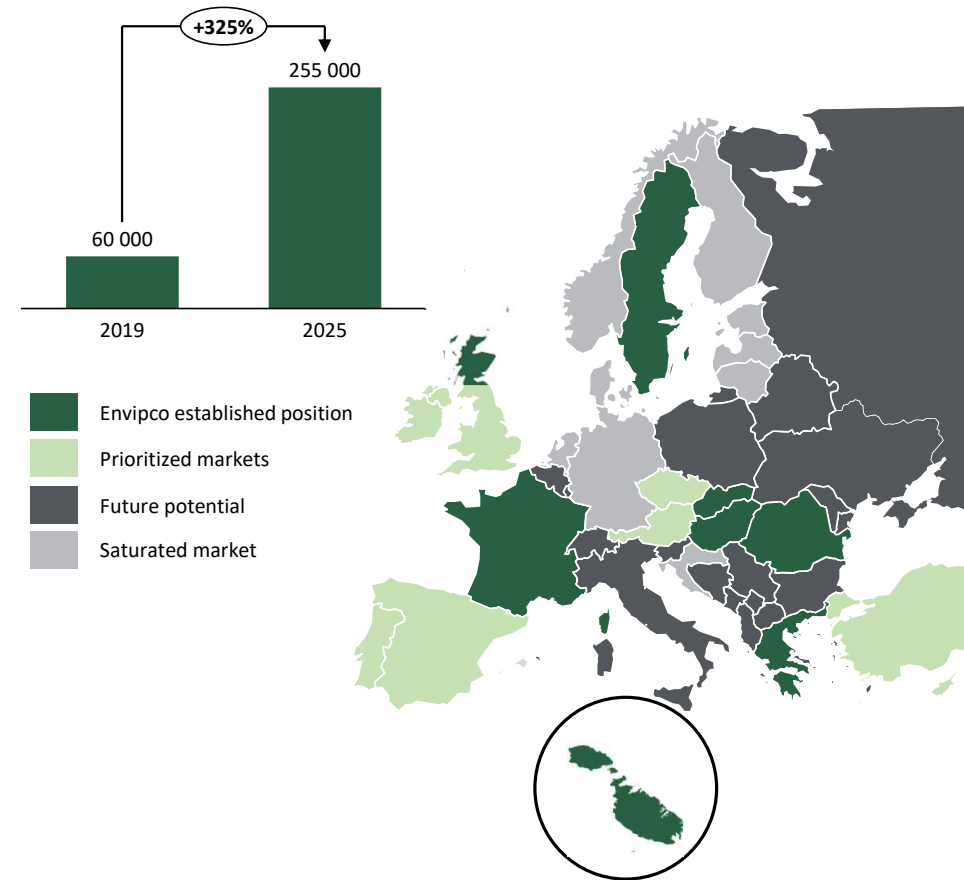
Sources: Reloop, European Packaging EPR Webinar (2019); Eunomia, PET Market In Europe (2020)



## Strongly positioned to capture growing EU market

- Significant momentum in new European markets as DRS approaches go-live
- Final stage negotiations of open tenders in Scotland to be concluded by year end
- Successful DRS go-live in Malta in November 2022
- Target go-live in Hungary January 2024
- Anticipated further tenders to be concluded in Q4'22 and early Q1'23
- Strong growth trajectory in the coming years

### Market development in Europe (# Units)



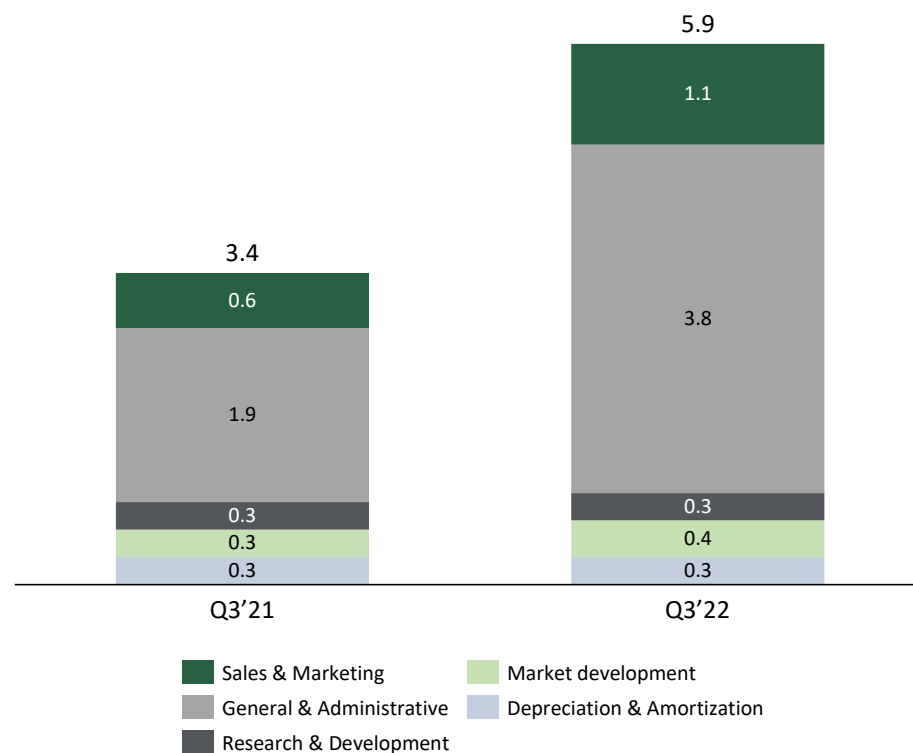


## Continuously investing in growth

- Scaling of operations in production centers
  - Production facilities in Romania and the US prepared for larger scale to support the significant rollout
  - Operational leverage and reduced freight costs to positively impact gross margins in the medium term
- Building organization to drive growth
- Increased sales and marketing activities, especially in Romania and Malta
- Foreign exchange effect EUR 0.4m year-on-year
- Planned investments critical to enable profitable growth and capitalize on upcoming business opportunities

1) Excluding other income.

### Operating expenses<sup>1</sup> (EUR million)





## Financials



## Profit and Loss

(EUR million)	Q3 2022	Q3 2021	9M 2022	9M 2021	FY 2021
Revenues	17.5	9.5	44.5	26.1	38.4
Cost of revenue	(12.6)	(6.1)	(30.7)	(16.6)	(25.0)
Gross profit	4.9	3.4	13.9	9.5	13.4
Gross margin, %	28.0%	35.6%	31.1%	36.5%	35.0%
Operating costs	(5.9)	(3.4)	(16.3)	(10.6)	(14.7)
EBIT	0.9 <sup>1</sup>	(0.1)	(0.4)	2.5 <sup>1</sup>	2.3 <sup>1</sup>
EBITDA	2.1	0.7	2.8	5.0	5.5
Net financial items	(1.0)	(0.3)	(1.3)	(0.5)	(0.8)
<b>Net Profit</b>	<b>(0.5)</b>	<b>(0.4)</b>	<b>(2.3)</b>	<b>1.5</b>	<b>0.6</b>

1) Including other income 2022 of 1.9 million positive (PPP forgiveness) and 2021 3.4 million positive (DPG settlement, PPP forgiveness).

- 83% YoY revenue growth to EUR 17.5m
  - 322% growth in RVM sales and 19% growth program services
- Gross margin 28.0% in Q3'22
  - Ex-Greece gross margin 32.2%
- Stabilizing and improved margins expected
  - Scaling of manufacturing platforms and executing on operational efficiencies
  - Margin pressures continuing to stabilize
  - Execution of pricing opportunities
  - Short-term margin fluctuations from customer and product mix

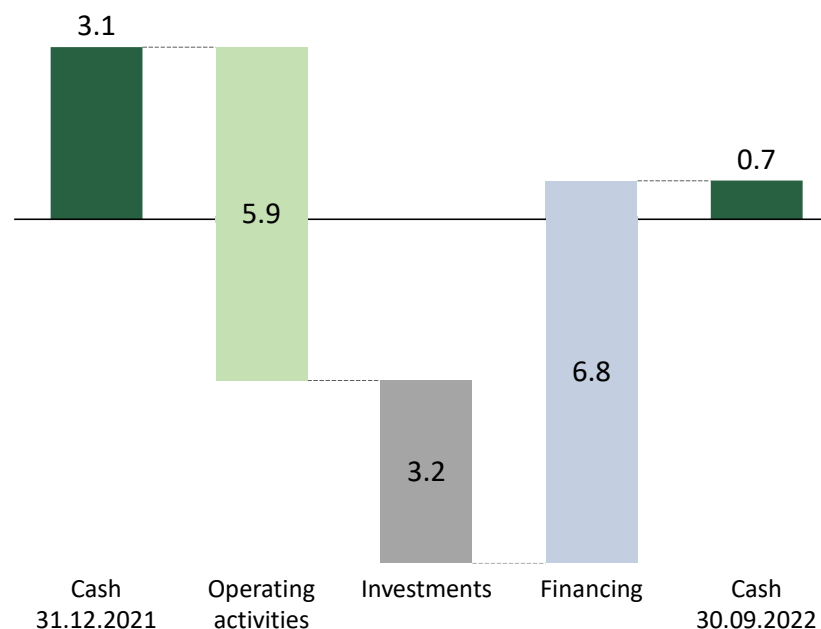


# Cash Flow

- Cash generated from operating activities amounted to negative EUR 5.9m in 9M'22
  - Increased working capital enabling growth and execution of contracts
  - EUR 8.0m inventory build-up in production sites Naugatuck, Westerkappeln and Alba Iulia
- Cash flow from investing activities negative EUR 3.2m
  - Capitalized R&D EUR 1.2m
  - Investments in US and Romanian facilities of EUR 2.1m
- Cash flow from financing EUR 6.8m
  - EUR 9.1m in proceeds from EUR 2.9m term loan<sup>1</sup> and EUR 6.2m utilization of credit facility
  - Repayment of borrowings EUR 1.7m
- Net change in cash negative EUR 2.4m
  - Ending cash EUR 0.7m
  - Available line of credit of EUR 1.0 million

## Cash flow 9M'22

EUR million



1) Term loan secured in June 2022.

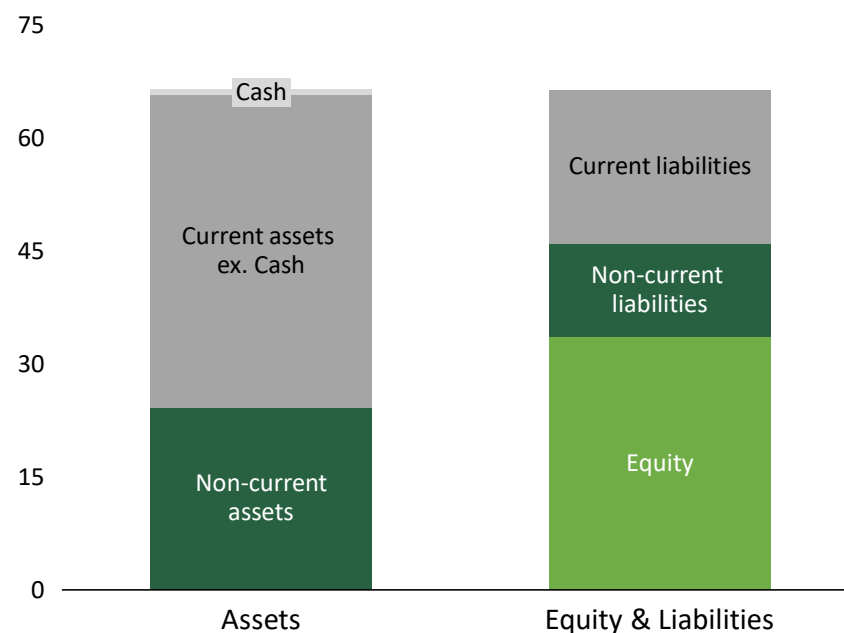


## Financial position

- Total assets of EUR 66.5m, compared with EUR 50.1m at the end of September 2021
- Total equity of EUR 33.6m, corresponding to an equity ratio of 51%
  - EUR 30.9m in 9M'21 (62% equity ratio)
- Total borrowings of EUR 13.6m compared to EUR 7.2m in 9M'21
  - EUR 9.1m in proceeds from term loan and credit facility utilization
  - Second PPP loan of EUR 1.9 million forgiven in Q3'22, recognized as other income
- Progressing with debt financing opportunities to finance cash requirements to fund growing order book

### Balance sheet (30/09/22)

EUR million





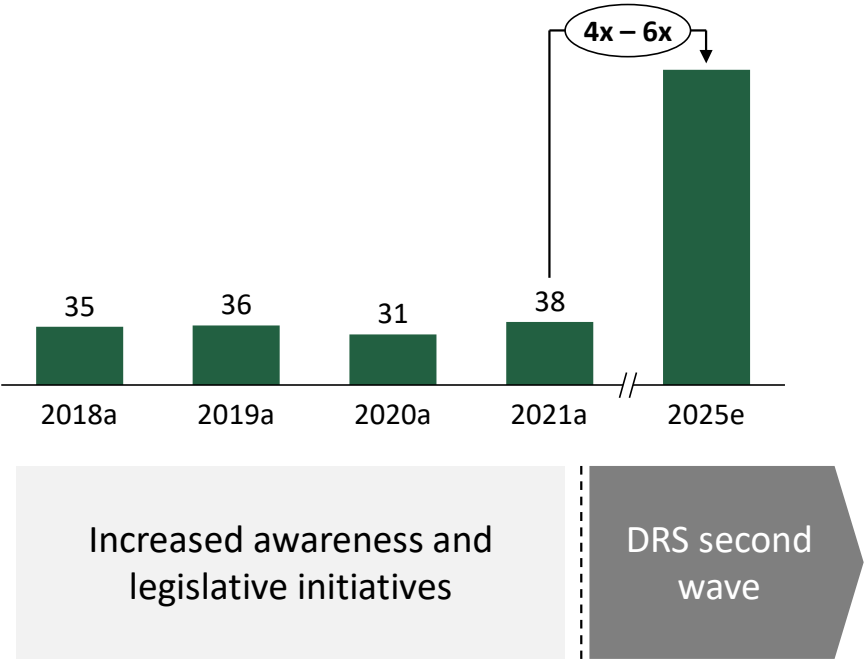
## Outlook and Summary





# 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



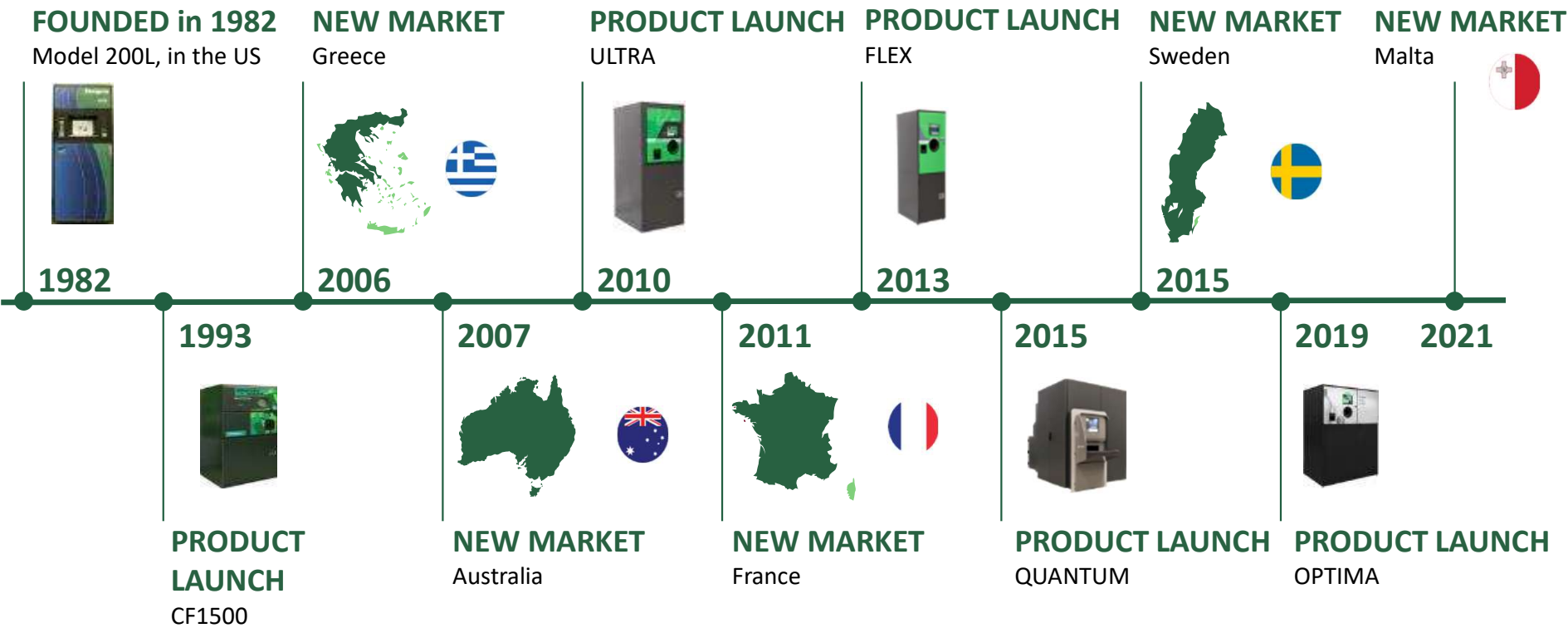
Next event:  
4<sup>th</sup> quarter 2022 results  
February 23, 2022



## 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> 



## Key volume drivers

