

Envipco Holding N.V.

Interim Financial Report | First Quarter 2024

Envipco

Envipco is a leading recycling technology company, with more than four decades of experience delivering reverse vending machines (RVMs) and systems to leading customers operating deposit return schemes (DRS) across the world. The company holds a broad technology portfolio addressing customer needs across all segments. The company is innovative, has an agile partnership approach, broad operating experience and is a practical enabler of DRS implementation and operation. Known and recognized for excellence in the market, Envipco offers compelling competitive products and solutions in our chosen markets.

Addressing vast global market

+200k RVMs

Market potential mainly driven by European growth markets

Current presence in

14 markets

with rapid expansion in Europe from strong foothold in North America

LTM revenue Q1 24

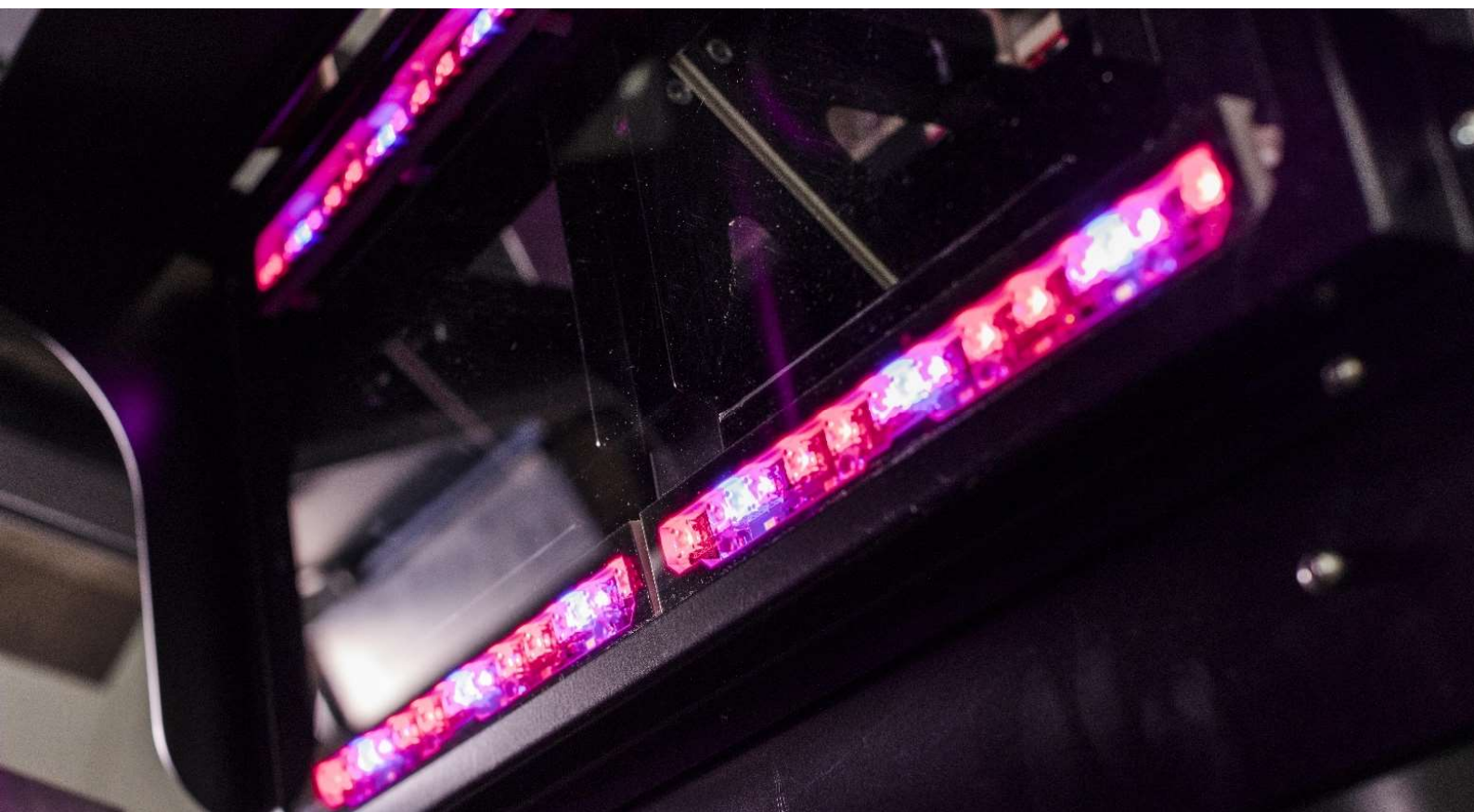
EUR 104.6 million

YoY growth of 85%

Organizational capacity

418 employees

globally, an organisation well positioned to drive ambitious growth plans



Q1 24 Highlights - Sustained strong growth

- Group revenues +164% y/y to EUR 27.4m
- Europe revenues +764% y/y to EUR 19.9m, driven by Greece, Hungary, Romania and initial revenues from Ireland
- Gross margins 35.0% with gross profit at EUR 9.6m, +172% y/y
- EBITDA EUR 2.7m for a margin of 10.0%
- Successful private placement in March 2024 with EUR 26m (NOK 300m) in gross proceeds

Key figures*

in EUR millions	Q1 24	Q1 23	YTD 24	YTD 23
Revenues	27.4	10.4	27.4	10.4
- Europe	19.9	2.3	19.9	2.3
- North America	7.6	8.1	7.6	8.1
Gross Profit	9.6	3.5	9.6	3.5
Gross profit %	35.0%	33.9%	35.0%	33.9%
Operating Expenses	8.5	5.8	8.5	5.8
OPERATING PROFIT	1.1	(2.2)	1.1	(2.2)
Net profit/(loss) after taxes after minority	0.1	(2.6)	0.1	(2.6)
EBITDA	2.7	(0.9)	2.7	(0.9)
Earnings/(loss) per share in €	0.00	(0.06)	0.00	(0.06)

* Unaudited figures. 2023 financial statements are subject to audit adjustments.

CEO comment

2024 has continued where 2023 left off with strong revenue growth and commercial momentum. For the first time in the company's history 12-month trailing revenues exceeded EUR 100m. Key revenue drivers in Q1 24 were sales in existing markets and the introduction of revenue streams from Ireland. Group revenues grew by 164% y/y in Q1 24 to EUR 27.4m. Our European revenues increased 764% to EUR 19.9m. North American Program services revenues experienced renewed growth as Connecticut doubled its deposit rate. We maintained solid gross margins and generated EBITDA of EUR 2.7m while continuing investments in our organization, technology platform and market presence.

We exited 2023 with a solid financial position, and successfully raised EUR 26m in gross proceeds through a private placement in March, attracting strong investor interest. The capital raise has provided the Company with the necessary funds to invest in incremental market development, technology advancement, and to take on the anticipated new market opportunities ahead.

There are several new DRS initiatives in Europe, with Poland and Portugal expected to be the next two markets to go live. The EU Parliament's final vote on PPWR late April brings the EU closer to introducing DRS across the continent. The UK's late April announcement of October 2027 DRS go-live with full interoperability across the four nations is a significant step forward. As RVMs play an important role in DRS operations by ensuring cost efficient, consumer-friendly collection of empty beverage containers and clean material streams needed for recycled content in new containers, we remain optimistic about the company's growth opportunities.

- CEO, Simon Bolton



Financials

Envipco delivered sustained high growth in Q1 24. Group revenues grew 164% y/y to EUR 27.4m on strong growth in RVM sales. Gross margins ended at 35.0%. The company generated positive EBITDA of EUR 2.7m, up from a loss in Q1 23. The Company successfully completed a private placement in Q1 24 which generated gross proceeds of EUR 26m.

Profit and loss

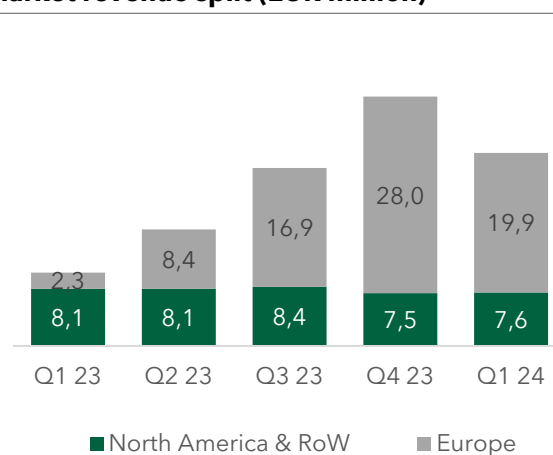
First quarter 2024

Envipco continued on a strong growth path in Q1 24. Group revenues were EUR 27.4m, +164% y/y from EUR 10.4m in Q1 23. Key revenue drivers in the quarter were further advances in RVM sales in Europe.

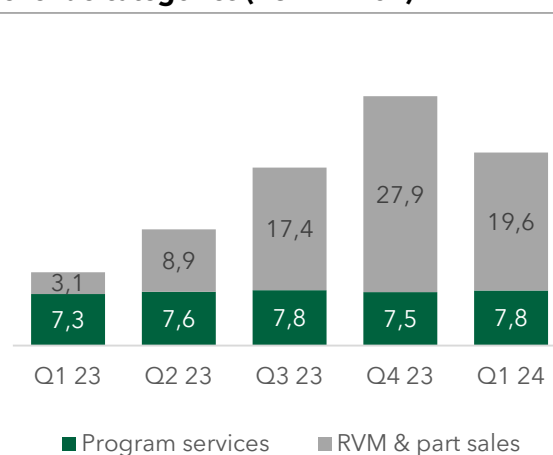
On a product line basis RVM sales were up 532% y/y to EUR 19.6m driven by strong advances in Europe deployments. Quantum bulk feed continues to be an important product. Program services, encompassing leasing, service revenues and throughput revenues amounted to EUR 7.8m in Q1 24, up 7% y/y. RVM sales comprised 72% of group revenues with Program services at 28%.

Europe continues to be the main growth driver for Envipco. In Q1 24 Europe revenues amounted to EUR 19.9m, up 764% y/y from EUR 2.3m in Q1 23. Europe comprised 72% of group revenues, up from 22% in Q1 23. Key sales drivers in Europe continued to be Greece, Hungary, and Romania. In Q1 24 the company also generated initial revenues from Ireland. Europe RVM sales were EUR 19.2m with Program services amounting to EUR 0.7m. The company generates limited service-revenues during DRS startup and warranty periods.

Market revenue split (EUR million)



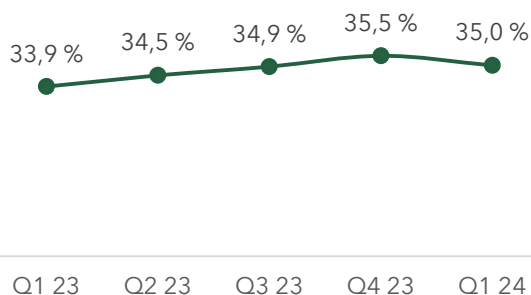
Revenue categories (EUR million)¹



1) Recurring program services include service revenue and leasing.

Q1 24 revenues from Envipco's North American operations were EUR 7.6m. This represented a y/y decline of 7% from EUR 8.1m in Q1 23. Program service revenues in North America posted a y/y growth of 3% to EUR 7.1m, following a period of decline. The doubling of deposit value in Connecticut from January 2024 has generated positive volume effects. North American RVM sales were down 59% y/y to EUR 0.5m compared to high unit sales following the Connecticut DRS expansion late 2022/early 2023.

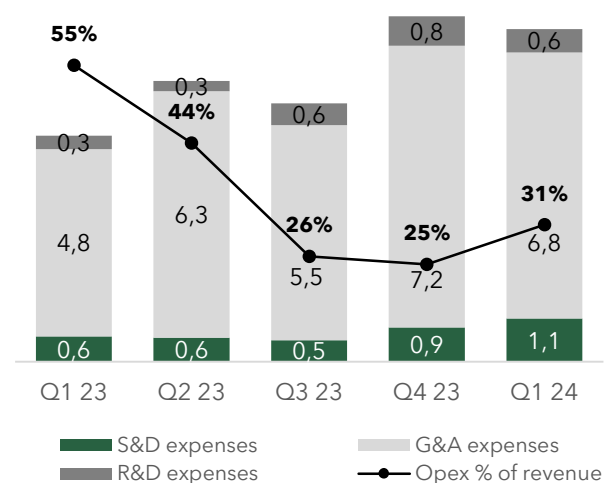
Gross margin development (%)



Gross margins were 35.0% in Q1 24, driving gross profit of EUR 9.6m, up 172% y/y. Gross margins were up from 33.9% in Q1 23. Q1 24 gross margins were impacted by manufacturing cost effects after capacity buildup in Q4 23.

Operating costs amounted to EUR 8.5m in Q1 24. Operating costs were up 48% y/y from EUR 5.8m in operating costs in Q1 23. Operating costs as percentage of revenue were down to 31% in Q1 24 from 55% in Q1 23, but up slightly from the two recent quarters.

Operating costs (EUR million)



Q1 24 EBITDA came in at EUR 2.7m, up from an EBITDA loss of EUR -0.9m in Q1 23. EBITDA margin was 10.0% in Q1 24, an improvement from EBITDA margin of -8.3% in Q1 23. EBITDA included other income of EUR 0.2m from machine resales in Q1 24.

Operating profit ended at EUR 1.1m in Q1 24, up from an operating loss of EUR -2.2m in Q1 23.

Net finance costs amounted to EUR 0.5m for a pretax profit of EUR 0.6m. This compares to a pretax profit of EUR -2.5m in Q1 23. Net income was EUR 0.1m in Q1 24, up from a loss of EUR -2.6m in Q1 23.

Balance sheet*

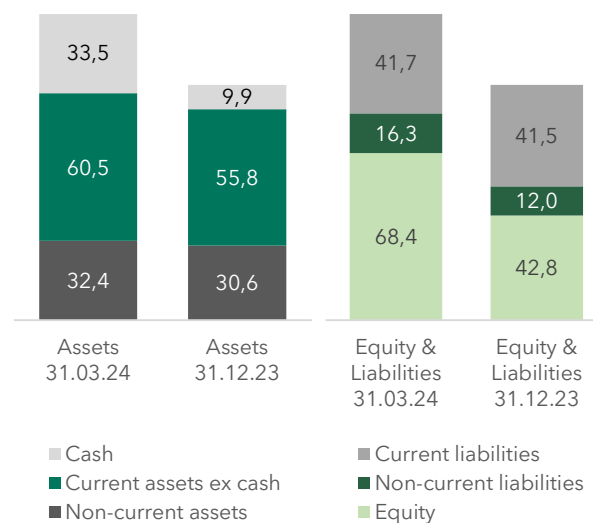
At the end of Q1 24 Envipco held total assets of EUR 126.4m, an increase from EUR 96.3m at the end of Q4 23.

Total non-current assets were EUR 32.4m, up slightly from EUR 30.6m at Q4 23. Non-current assets are largely made up of PPE and intangible assets from activated development expenses.

Total current assets increased from EUR 65.7m at Q4 23 to EUR 94.0m at Q1 24. Key driver behind the increase is cash balances up from EUR 9.9m at Q4 23 to EUR 33.5m at Q1 24 following the private placement in March 2024. Inventories were up EUR 3.3m to EUR 35.5m to be responsive to key customer demands and trade receivables increased EUR 1.4m to EUR 25.0m from Q4 23.

Total equity was EUR 68.4m at Q1 24, up from EUR 42.8m at Q4 23, largely driven by the private placement in March 2024. Equity ratio at end Q1 24 was 54%, up from 44% at Q4 23.

Financial position (EUR million)



Envipco had total borrowings of EUR 19.6m at Q1 24, compared to total borrowings of EUR 16.7m at Q4 23.

Trade creditors were EUR 20.1m at end Q1 24, up from EUR 15.9m at Q4 23, while accrued expenses amounted to EUR 9.0m at end Q1 24, down from EUR 10.8m at Q4 23.

* Unaudited figures. 2023 financial statements are subject to audit adjustments.

Cash flow*

First quarter 2024

Envipco generated cash flow from operations of EUR -2.7m in Q1 24. Cash earnings of EUR 2.7m were offset by a NOK 4.8m working capital build on higher inventory and trade receivables. Net interest and tax paid were EUR 0.6m.

Cash flow from investing activities was EUR -0.9m in Q1 24. Capitalized R&D amounted to EUR 0.5m in the quarter, with capital expenditures at EUR 0.4m.

Cash flow from financing was EUR 27.2m in Q1 24 with cash inflow from the private placement the largest contributor at EUR 24.8m.

Net change in cash in Q1 24 was EUR 23.6m for a cash balance of EUR 33.5m at the end of Q1 24.



** Unaudited figures. 2023 financial statements are subject to audit adjustments.*

Markets

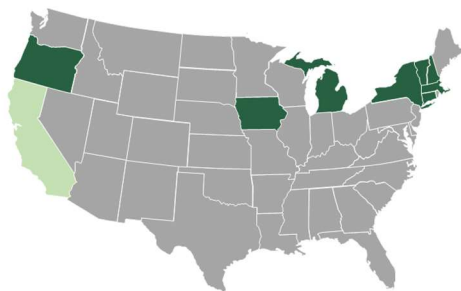
North America

Envipco's operations in the North American market include RVM sales and lease activities, materials handling, and services. The company has a production facility in Connecticut. The North America core business remains strong, profitable, and stable.

Program services include materials handling, lease revenues, service income, and pickup & processing fees. RVM sales includes revenue from the sales of RVMs and parts.

Envipco is assessing further market opportunities in California as the state's DRS regulation is set to be upgraded. Envipco has developed and installed a pilot in preparation for these opportunities and remains active in business development.

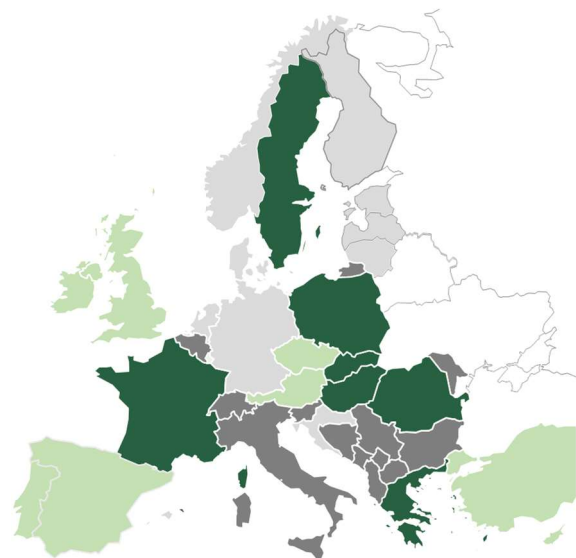
The recent doubling of deposit value from USD 0.05 to USD 0.10 in Connecticut from January 2024 is driving increased redemption volumes in the state. Similar legislative processes are ongoing in New York and Massachusetts.



Where we are Strategic opportunities Non-DRS States

Europe

Envipco's operations in Europe comprise sales and service of RVMs. The company has recently invested heavily in new market development and production facilities and is showing promising growth in new markets. The European business has turned profitable after a period of initial investments and sales growth. The company generates limited service revenue during DRS startup and warranty periods. Service revenue streams are expected to build as the company's installed base increases and warranty periods are consumed. The company has production facilities for stand-alone RVMs Flex and Optima in Romania, and production facilities for large-scale Modula and Quantum systems in Germany.



Envipco established position Prioritized markets Future potential Saturated market

In Portugal DRS legislation has been officially enacted. The appointment and licensing of the DRS operator is currently ongoing. Portugal DRS is expected to go live 2025 and Envipco is actively pursuing market opportunities.

Activity in Poland towards the launch of DRS in 2025 is on the rise. The first among several anticipated DRS operators has been licensed. Envipco is active in the Polish market with a commercial team in place and pilots in the market and are actively pursuing market opportunities.

The EU has moved closer to mandating DRS across the continent with the EU Parliament's recent final vote and approval of the EU Packaging and Packaging Waste Regulation (PPWR). The PPWR mandates 90% collection rate for plastic bottles and cans using DRS and minimum recycled content of 25% in PET bottles by 2025 and 30% by 2030, effectively driving demand for clean returns. With 14 of the 27 EU member states already having introduced DRS, the PPWR is expected to be a

catalyst for other EU countries to adopt deposit return schemes. The PPWR is expected to enter into force late 2024 or early 2025 after being formally adopted by the European Council and published in EU's Official Journal.

In a joint policy statement from the UK, Scottish and Welsh Governments and the Department of Agriculture, Environment and Rural Affairs of Northern Ireland on 25 April 2024 the four governments announced a fully interoperable deposit return scheme (DRS) with targeted launch date October 2027. The rollout is defined by three phases: where the Deposit Management Organization(s) (DMO, or system operators) are to be appointed by spring 2025, the DMOs to be set up and employed with secured funding and key policies decided upon by spring 2026, and the rollout of infrastructure, systems, logistics and RVM procurement and installation in the final phase from spring 2026 through Q3 2027.



Outlook

The company's outlook remains promising with a range of market opportunities approaching.

The EU has moved closer to mandating DRS across the continent with the EU Parliament's recent final vote and approval of the EU Packaging and Packaging Waste Regulation (PPWR). The PPWR mandates 90% collection rate for plastic bottles and cans using DRS and minimum recycled content in new containers.

The UK recently officially announced go-live of fully interoperable nation-wide DRS in October 2027. These developments are anticipated to drive demand for RVM technology in years to come.

Envipco remains committed to its targeted goals and Q1 24 provides further support to these targets. The revenue growth outlook for the current year remains promising based on contracted and expected deliveries in current markets. The timing and character of DRS

introduction will influence procurement patterns of retailers, and quarterly variations are expected. Envipco will continue to invest in market development, technology platform and the organization while continuing to drive operating leverage.



Share information

The issued share capital of the Company as per 31 March 2024 amounts to EUR 2,884,519 divided into 57,690,377 shares, each having a nominal value of EUR 0.05.

The Company's authorized capital per 31 March 2024 is EUR 4,000,000 divided into 80,000,000 shares, each having a nominal value of EUR 0.05.

As per 31 March 2024 the 10 largest shareholders controlled 60% of the total number of issued shares.

The Group has been notified of or is aware of the following 3% or more interests as of 31 March 2024.

Large shareholders as per 31 March 2024

Name	# of Shares	% share
Greg Garvey & family	7,351,980	12.7%
K.E. Kilduff Bouri	4,957,667	8.6%
Marc A. Bourci	2,974,600	5.2%
Charles A. Bouri	2,974,600	5.2%
Maurice A. Bouri	2,974,600	5.2%
Vanda A. Bouri	2,974,600	5.2%
Leila M. A. Bouri	2,974,600	5.2%
Otus Cap. Mgt	2,785,195	4.8%
Lazard Freres Gestion	2,443,206	4.2%
DNB Asset Management	2,125,360	3.7%

Directors' interest in the share capital of the Group as per 31 March 2024

Name	# of Shares	% share
G. Garvey	7,351,980	12.7%
M. Bouri	2,974,600	5.2%
E. Thorsen	262,500	0.5%
S. Bolton	112,074	0.2%
C. Crepet	70,000	0.1%

Subsequent events

Envipco has announced the delayed publication of its annual report for 2023 as completion of the audit has been impacted by new accounting operations, expanded audit procedures and new accounting matters, as reported in the press release and published on Newsweb on 15 May 2024. All comparisons to historical figures in the Q1 24 report are to unaudited and preliminary figures as reported on 7 March 2024.

Transactions with related parties

During Q1 24 there have not been any transactions with related parties that significantly impact the group's financial position or result for the period

Interim financial statements (IFRS)

Consolidated Statement of Comprehensive Income*

in EUR thousands	Note	Q1 24	Q1 23	YTD 24	YTD 23
Revenues		27 436	10 408	27 436	10 408
Cost of revenue		(17 831)	(6 882)	(17 831)	(6 882)
Gross Profit		9 606	3 526	9 606	3 526
Selling and distribution expenses		(1 133)	(642)	(1 133)	(642)
General and administrative expenses		(7 046)	(4 785)	(7 046)	(4 785)
Research and development expenses		(590)	(345)	(590)	(345)
Other income /(expenses)		229	2	229	2
Operating Results		1 065	(2 244)	1 065	(2 244)
Financial expense		(479)	(234)	(479)	(234)
Financial income		18	(0)	18	(0)
Net finance (cost) and or income		(461)	(1 044)	(461)	(1 044)
Results before tax		604	(2 478)	604	(2 478)
Income taxes		(458)	(94)	(458)	(94)
Net Results		146	(2 572)	146	(2 572)
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit and loss</i>					
Exchange differences on translating foreign operations		687	(721)	687	(721)
Total other comprehensive income		687	(721)	687	(721)
Total comprehensive income		833	(3 293)	833	(3 293)
Profit attributable to:					
Owners of the parent		147	(2 573)	147	(2 573)
Non-controlling interests		(1)	1	(1)	1
Total Profit/(loss) for the period		146	(2 572)	146	(2 572)
Total comprehensive income attributable to:					
Owners of the parent		834	(3 294)	834	(3 294)
Non-controlling interests		(1)	1	(1)	1
Total comprehensive income		833	(3 293)	833	(3 293)
Number of weighted average (exclude treasury shares) shares used for calculations of EPS		57 690	46 051	57 690	46 051
Earnings/(loss) per share for profit attributable to the ordinary equity holders of the parent during the period					
- Basic (euro)		0.00	(0.06)	0.00	(0.06)

* Unaudited figures. 2023 financial statements are subject to audit adjustments.

Consolidated Balance Sheet*

in EUR thousands	Note	31.03.24	31.12.23	31.03.23
Assets				
Non-current assets				
Intangible assets		9 292	9 240	8 706
Property, plant and equipment		19 274	17 503	14 994
Financial assets		1 899	1 499	13
Deferred tax assets		1 973	2 338	1 937
Total non-current assets		32 439	30 580	25 650
Current assets				
Inventory		35 463	32 190	29 785
Trade and other receivables		25 022	23 654	17 046
Cash and cash equivalents		33 473	9 890	6 343
Restricted cash			-	340
Total current assets		93 958	65 733	53 515
Total assets		126 397	96 314	79 165
Equity				
Share capital		2 885	2 585	2 303
Share premium		95 504	71 022	71 606
Translation reserves		5 197	4 510	4 870
Legal reserves		7 732	7 725	7 422
Retained earnings		(42 945)	(43 092)	(47 084)
Equity attributable to owners of the parent		68 372	42 748	39 117
Non-controlling interests		45	45	44
Total equity		68 416	42 794	39 161
Liabilities				
Non-current liabilities				
Borrowings		13 500	9 312	10 631
Lease liabilities		2 584	2 535	2 306
Other liabilities		182	121	120
Deferred tax liability		48	50	-
Total non-current liabilities		16 314	12 018	13 057
Current liabilities				
Borrowings		6 072	7 363	1 961
Trade creditors		20 079	15 850	9 989
Accrued expenses		9 014	10 802	11 807
Provisions		2 325	1 952	371
Lease liabilities		1 077	1 059	980
Tax and social security		3 100	4 478	1 839
Total current liabilities		41 667	41 502	26 947
Total liabilities		57 981	53 520	40 004
Total equity and liabilities		126 397	96 314	79 165

* Unaudited figures. 2023 financial statements are subject to audit adjustments.

Consolidated Cash Flow Statement*

in EUR thousands	Note	Q1 24	Q1 23	YTD 24	YTD 23
Cashflow from operating activities					
Operating results		1 065	(2 244)	1 065	(2 244)
Adjustment for:					
Depreciation & Amortization		1 676	1 378	1 676	1 378
Changes in:					
Changes in trade and other receivables		(2 697)	(3 856)	(2 697)	(3 856)
Changes in inventories		(2 367)	(6 380)	(2 367)	(6 380)
Changes in provisions		361	(303)	361	(303)
Changes in trade and other payables		(135)	(9 810)	(135)	(9 810)
Cash generated from operations		(2 098)	(21 215)	(2 098)	(21 215)
Interest received and paid		(482)	(238)	(482)	(238)
Income taxes paid		(92)	(94)	(92)	(94)
Net cash flow from operating activities		(2 672)	(21 546)	(2 672)	(21 546)
Investing activities					
Development expenditure, patents		(519)	(419)	(519)	(419)
Investments in property, plant & equipment		(423)	(334)	(423)	(334)
Restricted cash (non-current)		-	-	-	-
Net cash flow used in investing activities		(942)	(753)	(942)	(753)
Financial activities					
Proceeds of share issue		24 789	14 514	24 789	14 514
Changes in borrowings - proceeds		2 960	-	2 960	-
Changes in borrowings - repayments		(226)	(1 717)	(226)	(1 717)
Changes in lease liabilities		(347)	(266)	(347)	(266)
Net cash flow from financing activities		27 175	12 531	27 175	12 531
Net increase/(decrease) in cash and cash equivalents		23 561	(9 768)	23 561	(9 768)
Opening position		9 890	16 121	9 890	16 121
Foreign currency differences on cash and cash equivalents		22	(10)	22	(10)
Closing position		33 473	6 343	33 473	6 343
The closing position consists of:					
Cash and cash equivalents		33 473	6 343	33 473	6 343
Total closing balance in cash and cash equivalents		33 473	6 343	33 473	6 343

* Unaudited figures. 2023 financial statements are subject to audit adjustments.

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
Opening Balance at 1 January 2023	2 585	71 022	4 510	7 725	(43 092)	42 788	45	42 794
Net profit/(loss) for the period	-	-	-	-	147	147	(1)	146
Other comprehensive income	-	-	-	-	-	-	-	-
- Currency translation	-	-	687	-	-	687	-	687
Total comprehensive income for the period ended 31 December 2023	-	-	687	-	147	834	(1)	833
Share issue	300	24 489	-	-	-	24 789	-	24 789
Legal reserve	-	(7)	-	7	-	-	-	-
Balance at 31 December 2023	2 885	95 504	5 197	7 732	(42 945)	68 372	45	68 416

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Selected Explanatory Notes

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 full quarter ended 31 March 2024 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 2023, which have been prepared in accordance with IFRS 16 as endorsed by the European Union.

All financial information is reported in thousands of euros unless stated otherwise.

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 2023.

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 2024. Consequently, any impairment losses will only be recognised in the audited annual financial statements over the fiscal year 2024.

These unaudited interim financial statements have not been reviewed by our auditors.

Envipco Holding NV

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