Envipco Holding N.V.

Annual Report 2023

envipco

Table of Contents

This document is the PDF/printed version of Envipco Holding N.V.'s 2023 annual report in the European single electronic reporting format (ESEF) and has been prepared for ease of use. The ESEF reporting package is available on the company's website. In case of any discrepancies between this PDF version and the ESEF reporting package, the latter prevails.

Envipco at a glance

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. Envipco offers compelling competitive products and solutions in our chosen markets.

Addressing vast global market

+200k RVMs

Focus currently on European growth markets

Current presence in

14 markets

with rapid expansion in Europe from strong foundation in North America

2023 revenue

EUR 87.6 million

YoY growth of 55%

Organizational capacity

411 employees

well positioned to drive ambitious growth plans

Highlights

- Group revenues +55% YoY to EUR 87.6m
- Major advances in Europe with addition of new markets. Europe revenues +206% YoY to EUR 55.5m, representing 63% of group revenues
- Gross margins 34.6%, up from 32.7% in 2022 with gross profit +64% YoY to EUR 30.3m
- EBITDA EUR 8.3m in 2023 +268% YoY with operating profit at EUR 2.3m vs EUR –2.7m in 2022
- Launch of our Modula backroom solution and major advances in new installation of our bulk-feed Quantum solution
- Assembly facility opened in Athens.

Key figures

In EUR million	FY 2023	FY 2022	FY 2021	FY 2020
Revenues	**87,6**	**56,4**	**38,4**	**30,8**
- Europe	55,5	18,1	7,2	4,1
- North America	32,1	38,2	31,2	26,7
Gross profit	**30,3**	**18,5**	**13,4**	**11,7**
Gross profit %	34.6%	32.7%	34.9%	37.9%
Operating expenses	28,0	23,1	14,7	13,1
Operating profit (EBIT)	**2,3**[3]	**(2,7)**[1]	**2,3**[1]	**(1,4)**
Net profit/(loss) after taxes after minority	0,6[3]	(4,2)[1]	0,6	(1,7)
EBITDA[4]	**8,3**[3]	**2,3**[1]	**5,5**[1]	**2,7**
EBITDA %	9.5%	4.1%	14.3%	11.7%
Earnings/(loss) per share in €	0.01	(0.09)	0.01	(0,04)
Total assets	98,4	78,9	51,7	38,8
Equity	42,0	27,9	30,5	21,0
Net debt[5]	4,2	(1,6)	4,0	7,7

1) Including other income 2022 of EUR 1.9 million (PPP forgiveness) and 2021 of EUR 3.4 million (DPG settlement, PPP forgiveness and Fire damage settlement).
2) Includes Rest of the World (RoW).
3) Includes EUR 0.5m other income from cancellation and resale of UK inventory.
4) EBITDA, not being a defined performance measure in IFRS-EU, is defined in the Other information section of this report.
5) Net debt, not being a defined performance measure in IFRS-EU, is defined in the Other information section of this report.

Letter from the CEO

I welcome you to our 2023 annual report and update on our business. 2023 was another record year for Envipco as we continue to execute on our multi-year growth plan. We set out on an exciting journey in 2021 showing clear and ambitious financial and operational targets for the company through 2025. Halfway there, I am pleased to share our successes to date, reaffirming that we are on track to deliver our goals.
2023 was a year of continued high activity in new markets as governments and organisations implement Deposit Return Schemes (DRS) to achieve recycling targets for beverage containers. Our new markets in 2023 were Hungary, Romania and Ireland as machines were installed in preparation for their Deposit Return Schemes to go-live. Romania DRS went live late 2023, and Hungary and Ireland DRS went live early 2024. The EU Packaging and Packaging Waste Regulation (PPWR) continued to develop with the intent to mandate DRS across the EU, opening new, major market opportunities for Envipco.

A pleasing financial performance in 2023 showed group revenues up 55%. Key revenue drivers in 2023 were Greece, Hungary and Romania. These markets offset the revenue setback in the first half of 2023 following the decision to delay the Scottish DRS to align with the UK go live to be expected in 2027. European revenues were up 206% from 2022 and comprised 63% of group revenues. Our North American operations had another year of solid performance despite lower RVM sales. We reported continued improvements in our gross margins and generated record earnings on strengthened operating efficiency.

We continue to invest in our market presence, organization, technology and production and service capabilities. Our team grew to 411 employees in 2023 with significant additions in Romania and Germany. Envipco is an exciting destination for global talent, where people can develop their careers in a rapidly growing, profitable, international company which has a strong purpose.

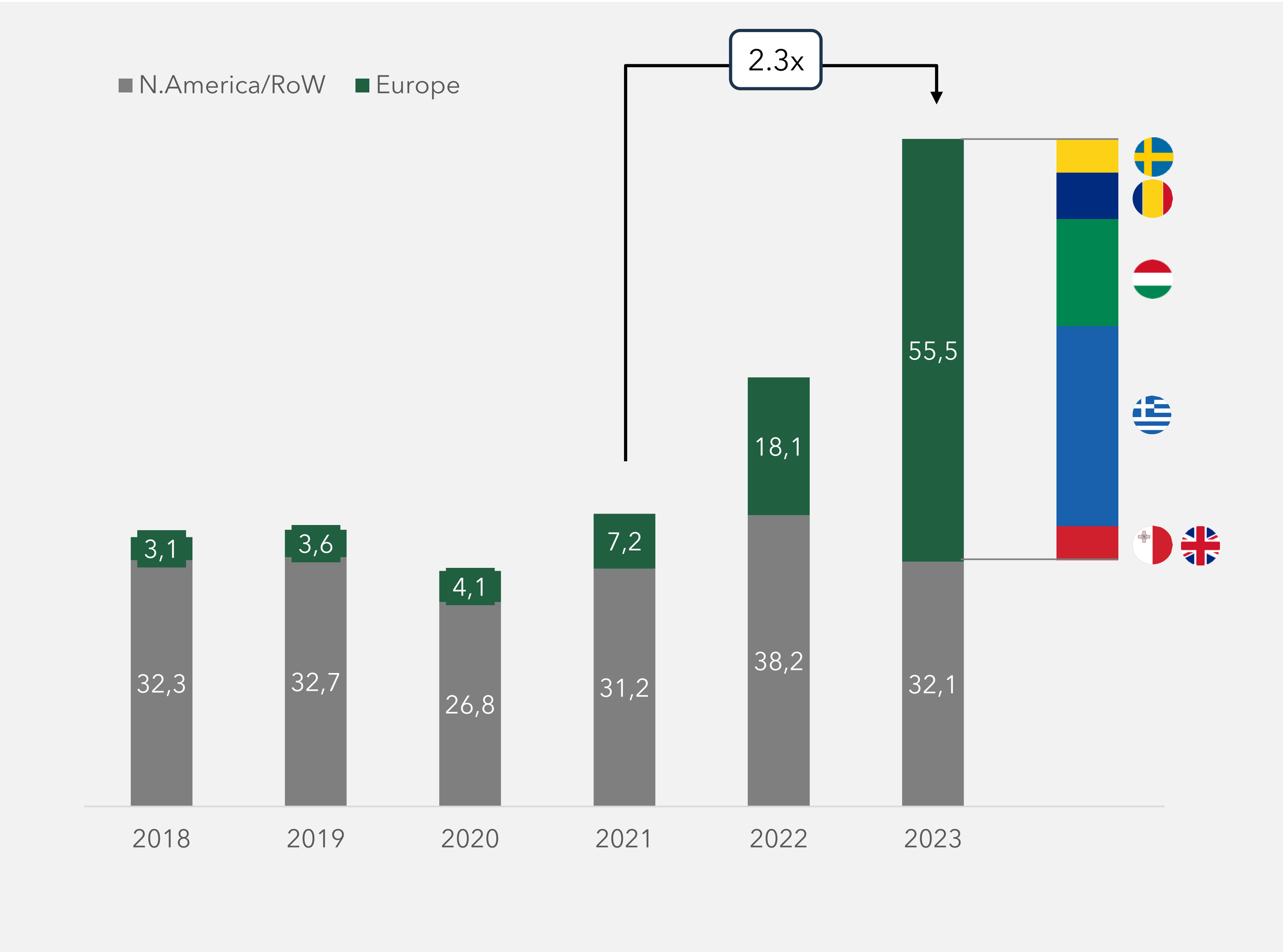
Our technology development team finalized the development of our Modula backroom solution, successfully launched in the second half, and already installed in several markets across Europe. We completed the initial stages of our new ERP system rollout.

Our products and services are fundamental to support the circular economy for beverage containers, and for Envipco to play a part in helping solve the environmental crisis which features strongly now on all nations' priorities. More Deposit Return Schemes are being planned, new schemes are going-live, and existing schemes are expanding. Envipco is poised to seize the opportunities. My thanks our customers, employees, shareholders and stakeholders as we embark on this exciting future together.

CEO, Simon Bolton

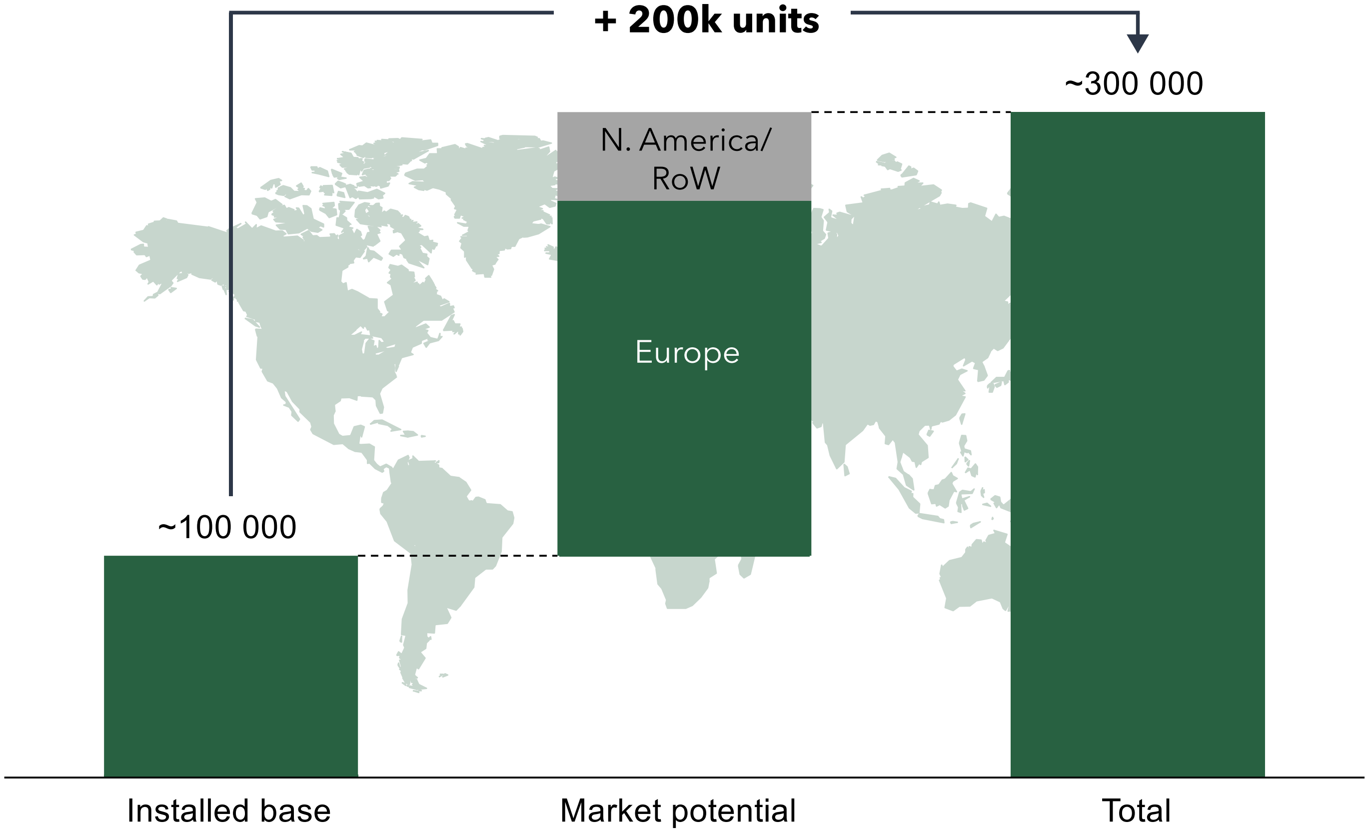
A global recycling technology company set for growth

Delivering on European growth strategy…
(Revenue, EURm)



- Captured leading position in European growth markets
- Ample production capacity in the U.S, Germany and Romania
- Approaching inflection point for sustained profitability

The market opportunity is vast



Supported by strong market drivers

- EU legislation driving deposit return schemes (DRS)
- Strong Consumer push to address plastic pollution
- Demand from beverage brand holders for clean feedstock
- Industry acknowledgement that DRS works and is desirable
- Threat avoidance on PET packaging bans

Upcoming legislation driving DRS in all EU countries by 2030

Publicly announced launches

Anticipated launches before 2030

Source: Envipco, Reloop, EU PPWR, country legislation processes

Executed by seasoned team with extensive experience

Executive Management Team

Simon Bolton
CEO and Executive Board member

A citizen of the United Kingdom, Simon joined Envipco in 2020 as CEO. Prior to joining Envipco, he was CEO International of Waterlogic, a UK company with a global reach, 2500 employees and USD 350 million revenue. Simon previously held senior management positions at General Electric, Invensys and other industrial/technology companies. Simon holds an MBA degree from IMD Lausanne, a MSc degree in Engineering Business Management from Warwick University (UK) and a BEng degree from Imperial College London. Simon is also an Executive member of the Board of Directors.

Theo Kamperman
Interim Group CFO

A citizen of The Netherlands, Theo is Interim Group CFO of Envipco with more than 30 years of experience in financial leadership roles in manufacturing and retail industries (FMCG). Theo also has an extensive knowledge of supply chain, operations and sourcing. Theo holds a degree in Business Economics and Management (HEAO in Zwolle) and is a certified executive interim manager (Nyenrode University in Breukelen).

Robert Lincoln
President and COO

A citizen of the United States, Bob joined Envipco in 2010 as corporation president with leadership responsibility over the company's technology development initiatives, core business development, and new market activities. He currently also oversees global operations and production. Prior to joining Envipco, Bob was the president of another major reverse vending company. He is a native of Connecticut and began his career at Proctor & Gamble before being engaged in the recycling industry. Bob earned his Bachelor of Arts Degree from Lawrence University.

Mikael Clement
Chief Strategy and IR Officer (CSO)

A citizen of Norway, Mikael joined Envipco as Chief Strategy and IR Officer (CSO) in 2024. Prior to joining Envipco Mikael was CFO of Xplora Technologies. Mikael has 25 years international capital markets experience as buy and sell-side analyst, corporate finance advisor and board advisor. He has experience as board member of Fjellsport Group, a Nordic online retailer. Mikael holds a BBA (Siviløkonom) in Finance and Int'l business and a Bachelor of Arts in German from Pacific Lutheran University in WA, USA and resides in Oslo.

Filomena Cionti
VP Human Resources

A Dual citizen of both Germany and her native Italy, Filomena joined Envipco in 2022 as Human Resource Director Europe. Previously at Balda Medical GmbH, a part of the Stevanato Group she served as a HR Country Manager with 400+ employees. Her formal education is in literature and commercial law. Filomena has extensive experience working in pan-European teams and managing recruiting as well as HR development in multiple countries.

Fons Buurman
VP Business Development Europe

A citizen of the Netherlands, Fons is the VP Business Development Europe, responsible for building out the organization in the greater European area. Prior to joining Envipco, Fons held Marketing, Sales and Business Development positions in international consumer packaging industry with Tetra Pak and WestRock and in Consumer Electronics with Philips.
Fons holds a bachelor's degree from the Haarlem Business School.

Andreea Nedea
Group Chief Operations Officer

A citizen of Romania, Andreea joined Envipco in 2023 as Chief Operations Officer. She joins Envipco from Aptiv, where she held the position of Global Supply Chain Planning Director, and in the past had management roles in companies such as Honeywell International. Andreea has extensive experience in all aspects of operations and supply chain from customer and demand management, sourcing, to lean manufacturing and strategy.

Andrew Keene
Chief Technology Officer

A citizen of United States, Andrew joined Envipco in 2022 with responsibility for the Group's Chief Technology Office. Previously at Mobile Robotics – Logistics Solutions he served as Head of Hardware Engineering. Andrew has 28 years' experience in Product Design & Engineering from a variety of companies; Sharkninja, Insulet, Keurig, Gillette, Raytheon and Bosch. He holds a MBA degree from Boston College and a MSc degree in Mechanical Engineering from Northeastern University.

Terje Hanserud
Director Special Programs

A citizen of Norway, Terje joined Envipco in 2014 with responsibility for the Group's R&D and Manufacturing activities. He served as a CEO of a sensor technology start up. For 14 years prior to that, he was Senior Vice President and CTO for another major reverse vending company. Terje has extensive experience in technology innovation and international business development in a variety of fields including miniature gas sensors, recycling machinery, computers and national deposit systems. Terje earned a M.Sc. in Electronics and Computer Science from the Norwegian University of Technology.

Board of Directors

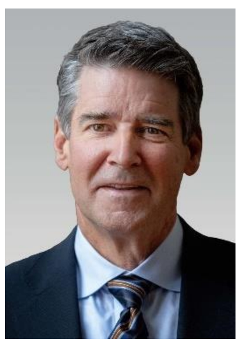
As per Articles of Association of the Company, the Board comprises of executive and non-executive board members. As of 31 December 2023, the Board included five non-executive and two executive board members.

Executive:
Mr. Simon Bolton
Mr. Maurice Bouri

Non-executive:
Mr. Gregory Garvey (Chairman)
Ms. Anne Jorun Aas
Mrs. Ann Cormack
Mr. Christian Crepet
Mr. Erik Thorsen

Gregory Garvey

Chairman, Non-Executive Director and Member Audit Committee

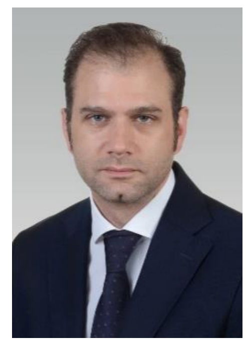


Gender : male
Year of birth : 1955
Nationality : USA
Term : since 2012

A citizen of the United States of America is currently the Chairman of Virtual Hold Technology LLC, a privately held software company. Greg has served as Vice Chairman of a major European Reverse Vending company and served as CEO and President of its North American division. He also formerly served on the Board of Wise Metals Group LLC and was previously Vice Chairman of Tandberg ASA, a publicly traded video conferencing company based in Norway. In both companies, Greg has been a principal investor. Formerly he was a partner with Price Waterhouse. Greg is a graduate of the University of New Haven, holding a BS in Financial Accounting and is also a Certified Public Accountant.

Maurice Bouri

Executive Board Member



Gender : male
Year of birth : 1978
Nationality : Lebanon
Term : since 2020

A citizen of The United Kingdom, is the former President of Societe des Huiles et Dérives (SHD), a grain derivatives manufacturing and commodities trading company. Maurice held this position from 2012 until 2019. Maurice is currently Executive Director and was formerly Director of Sales and Marketing for the Balkan Region for Fushe Kruja Cement, a cementitious products manufacturing company. Maurice is the holder of a dual degree in Industrial Psychology and Marketing from the University of Buckingham, England. Maurice is also an Executive member of the Board of Directors.

Christian Crepet
Non-Executive Director

Gender : male
Year of birth : 1954
Nationality : French
Term : since 2012

A citizen of France, Christian has held several Managing Director positions. From 2002 until 2016 at Sorepla Industrie S.A; a plastics recycling company and from 2016 until 2023 at Petcore Europe in Belgium. He is also a co-founder and member of EPBP (European PET Bottle Platform), formerly Vice President of PRE (Plastics Recyclers Europe) and Board member of Valorplast in France, Plarebel in Belgium and Ecosense in Spain. Christian is the holder of a degree in law and executive MBA from Haute Etude Commerciales, Paris, France.

Ann Cormack
Non-Executive Director and Member Audit Committee

Gender : female
Year of birth : 1962
Nationality : British
Term : since 2022

Ann, a citizen of the United Kingdom is a very experienced executive in strategy and organizational change management. Most recently she was Executive Head of HR for the De Beers Group of Companies where she led a global transformation driven by technology changes and the covid pandemic. Previously, Ann was Director International, Rolls-Royce plc with responsibility for country strategy and business development, which also included compliance, ethics and government relations. She has considerable experience in the energy sector with a recent focus on renewable sources and sustainability. Ann has held both executive and non-executive Board roles including at Chatham House the Foreign Commonwealth and Development Office. She has an MA from Edinburgh University.

Anne Jorun Aas
Non-Executive Director and Chair Audit Committee

Gender : female
Year of birth : 1972
Nationality : Norwegian
Term : since 2021

A citizen of Norway, Anne Jorun is currently the CEO of Farmforce AS, a SaaS company providing data collection and management tools for agricultural supply chain management in over 30 countries. Previous board positions include Eltek ASA, Kjeller Innovasjon and Board Chair of ENERGIX, a large program in the Norwegian Research Council. Anne Jorun has held several management positions, including SVP of Organization and Strategy at Scatec Solar, COO of Scatec, Interim CEO of Kjeller Innovasjon and has six years at McKinsey and Company. She has a PhD in Nuclear Chemistry from the University of Oslo/University of Uppsala and CERN, Geneva.

Erik Thorsen
Non-Executive Director

Gender : male
Year of birth : 1956
Nationality : Norwegian
Term : since 2023

A citizen of Norway, Erik has more than 25 years of industry experience as CEO of Tomra ASA (1996-2005) and REC ASA (2005-2009). Experience as chairman of several public companies.
Held positions as board chairman and board member of, and advisor to several technology companies.
Erik holds a degree in Mathematics from the University of Oslo and an MBA in International Finance and Marketing from the University of Karlstad.

Report of the Board of Directors

General

The Board of Directors of the Company hereby presents its Director's Report for the financial year ended on 31 December 2023.

Envipco Holding N.V. is a public limited liability Company incorporated in accordance with the laws of The Netherlands. Envipco Holding N.V. and its subsidiaries listed under Note 3 together form the Group (hereafter: the Group, the Company or Envipco). This report refers to best practice provision 5.1.5 of the Corporate Governance Code (CGC).

Supervision by the Non-Executive Directors

The Board has a duty to ensure that the actions of the Executive Director and Management Team align with the company's strategic priorities and values. The Non-Executive Directors supervise the policies implemented by the Executive Directors and the Management Team, and the general affairs of the Company.

The composition of the board with necessary personal information Board of Directors can be found in Section Envipco at a glance and Corporate Governance. According to CGC the following board members are not independent, Mr Garvey and Mr Thorsen and these are highlighted in the Corporate Governance section. The term of each Board member is shown on the Rotation Schedule on the company website and so managed through the General Meeting of Shareholders to ensure staggered terms and adequate continuity of service. Mr Garvey and Mr Crepet service exceeds 12 years on account of their significant leadership and experience in this sector.

Governance

Through a focused working group the Board has developed, approved and published updated Board regulations, policies and procedures for the company; these are available on the company's website. As part of this update, specific charters have been defined for both the Board itself and three installed committees: The Audit, Remuneration and Selection & Nomination. The framework and scope of these committees is elaborated in the Corporate Governance section of this report. Due to the size of the Company, the Board has concluded that the company currently does not need to have an Internal Audit function (ref. 1.3.6 of the CGC). It hence provides assessment of risk management and internal controls through the main board or the Audit Committee. This is being evaluated in light of increasing requirements for listed companies and the Board's wish to continue to develop and improve the internal control environment as the company grows.

Board Operations

The Board has remained closely involved in the strategy and monitoring the progress as the Company has expanded geographically, launched new products during the year. The Board has also developed the governance framework and improved the assessment and management of risks. The Board met 10 times during 2023, of which twice was in person. Materials were prepared by the Chief Executive Officer and management team prior to the meeting and discussed during the meetings. Through these meetings the Board regularly discussed the strategy, the implementation of the strategy and the principal risks, the Company's operations and financing. In addition, the Board regularly discussed and evaluated specific actions and board operations. An objective Board effectiveness assessment will be undertaken by the end of 2024. Attendance at board meetings is shown in the Corporate Governance section of this report.

Audit Committee

The Audit Committee (AC) was established early 2023 and active in preparing its charter which was approved by the board in 2023. The AC had regular scheduled meetings throughout the year on the review of quarterly unaudited results and related presentation materials. Review and input were provided to management and the Board. The AC also participated in the 2023 audit planning and coordination with the external auditor. The AC was supportive of reappointment of the external auditor for the 2023 year. The AC along with the Board, reviewed management's plans for improvement to the financial reporting process, the financial organization and the internal accounting control environment. The AC acknowledge that as Envipco is growing and maturing, there is a need for further formalisation of financial and risk processes and procedures. The AC along with the Board reviewed management's assessment and plans for initiating activities in support of the impending 2025 CSRD reporting requirements. For further details see Section Corporate Governance.

Renumeration Committee

The Renumeration Committee was established in December 2023. Early 2024 the Renumeration Committee met to review with the CEO the proposals for Executive Management Team "EMT" including CEO remuneration, 2023 Bonuses, Long Term Incentive Program (LTIP) and other remuneration matters including suggestions to change EMT bonus structure to simplify and improve performance focus. These proposals were reviewed by Renumeration Committee and presented to the Board for final review and approval before being implemented.

Selection & Nomination Committee

The Committee was established in December 2023 and is operational since January 2024.

Risk management and Internal Controls

The Board of Directors is responsible for managing the risks relating to the group's business activities and for ensuring the adequacy of internal control. Envipco's internal control system is designed to provide reasonable assurance to the Company's board regarding the preparation and fair presentation of published financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). All internal control systems have inherent limitations, and therefore can provide only reasonable assurance with respect to financial statement preparation and presentation. Management periodically assesses the effectiveness of the Company's internal controls and believes these to be effective and reliable.

These matters are regularly discussed. As part of this management risk assessment, risks of fraud and non-compliance with laws and regulations are assessed. Recognizing the growth demands, the Board has directed management to continue efforts to strengthen the finance function and internal control processes.

Outlook

The Board will continue to support management on strategic priorities and initiatives including growing and strengthening our business in a sustainable way, strengthening our organization, and continuing to develop and mature of governance topics and in new areas such as CSRD.

Envipco has previously announced ambitious growth targets including targeting 30% market share in new markets. Revenue growth outlook for the coming years remains promising based on contracted and expected deliveries in current markets. Manufacturing efficiencies, shipping and supply chain efficiencies are anticipated to drive gross margin improvement towards our gross margin target. This may fluctuate on a quarterly basis.

Operational expenditures have largely been driven by headcount additions to build service and sales organizations in European markets, in addition to investments in business development.

Headcount growth will slow in the going forward. The company continues to drive operating efficiency as we execute on growth.

I endorse the CEO's statement that that this has been an exciting year for the business and add my thanks to shareholders, customers, employees, fellow Board members and all other stakeholders for their support and commitment to our development and continued growth.

Greg Garvey
Chairman, Board of Directors

Vision, Mission and Values

At Envipco, we are creating a cleaner world for future generations through our recycling technology.

Our mission is to emerge as the forward-thinking leader, we continuously invest in developing and offering innovative technology solutions for drinks packaging recycling. We have a clear strategy for accelerating growth and are committed to deliver excellent products and services to our customers, tangible results to our investors, and a great place to work for our employees

Our values are:

COMMITMENT: *we value commitment, dependability, reliability, and authenticity*

PASSION: *we are enthusiastic, inspirational, and ambitious*

EXCELLENCE: *we strive for innovative solutions, continuous improvement, and strong partnerships.*
PERFORMANCE: *we are results orientated, hands on, and determined to succeed*

TRUST AND RESPECT: *We operate with respect, build and nurture trust, value our people and encourage their development, and reward their performance.*

The Group's principal activity is the design, development, and operation of automated solutions to recover used beverage containers which includes:

- The design, development, manufacture and sale or lease of Reverse Vending Machines (RVM) to collect and process used beverage containers.
- The provision of technical support, RVM maintenance and accounting services to the retail stores, bottlers and distributors for containers redeemed through these machines.
- The provision of deposit, handling fees, scrap reconciliations, commodity brokerage, clearing house functions and accounting.
- Provision of materials handling services, primarily in the Northeastern part of the United States of America (USA), for containers that are subject to deposits mandated by law.

Financials and operational developments

Financials

in EUR millions	FY2023	FY2022
Continuing Operations		
Revenues	87,6	56,4
Gross Profit	30,3	18,5
Gross profit %	35%	33%
Operating profit/(loss)	2,3[2]	(2,7)[1]
Total profit / (loss) attributable to owners of the parent	0,6[2]	(4,2)[1]
EBITDA[3]	8,3[2]	2,3[1]
Earnings/(loss) per share in €	0,01	(0,09)
Equity		
Shareholders' equity	42,0	27,9
Liquidity ratio (current assets/current liabilities)	1,6	1,4
Assets		
Total Assets	98,4	78,9

1) Including other income 2022 of EUR 2.0 million (PPP forgiveness).
2) Includes EUR 0.5m other income from cancellation and resale of UK inventory.
3) EBITDA, not being a defined performance measure in IFRS-EU, is defined in the Other information section of this report.

Results

Group revenues FY 2023 were EUR 87.6m. This marks 55% revenue growth from EUR 56.4m in 2022. Key sales growth drivers were higher RVM sales, +132% YoY to EUR 57.3m, driven by strong growth in Greece and initial revenues from new markets such as Hungary and Romania. Program service and leasing revenues were down 4% YoY to EUR 30.3m in FY 2023 on higher volumes offset by lower material prices. The company generates limited service-revenues during DRS startup and warranty periods.

Gross profit increased 64% YoY to EUR 30.3m in FY 2023. Gross margins expanded to 34.6% up from 32.7% in FY 2022.

Operating costs increased 23% YoY to EUR 28.0m in FY 2023 from EUR 23.1m in FY 2022. The opex/sales ratio came down to 32% from 41% in FY 2022. Envipco has been through a period of increased organizational investments and geographical expansion in the last couple of years. The headcount has increased by 131 during the year from 280 at year-end 2022 to 411 at year-end 2023.

FY 2023 EBITDA was EUR 8.3m, up 268% from EUR 2.3m in FY 2022. Adjusted for the EUR 2.0m other income (PPP forgiveness) in FY 2022 and other income of EUR 0.5m from cancellation and resale of UK inventory in FY 2023, the operational EBITDA increased from EUR 0.3m in FY 2022 to EUR 7.8m in FY 2023.

Operating profit FY 2023 ended at EUR 2.3m compared to EUR -2.7m in FY 2022. Net financial items were EUR –1.1m in FY 2023 of which net interest expenses were EUR –1.5m and net FX gains EUR 0.3m. Results before tax FY 2023 were EUR 1.2m, with net results at EUR 0.6m. In FY2022, reported results before tax were EUR –4.0m with net results at EUR – 4.2m.

Cash Flow

Cash flow from operating activities was EUR 2.8m in 2023 vs EUR –1.8m in 2022. A positive EBITDA of EUR 8.3m in 2023 (EUR 2.3m 2022) was offset by a net working capital buildup of EUR 8.7m (EUR 3.4m 2022) related to higher activity levels. Net interest paid and taxes paid amounted to EUR 1.0m in 2023 vs EUR 0.5m 2022.

Net cash flow from investment activities was EUR –7.4m during 2023 vs EUR -8.4m in 2022. Investments were split between intangibles, EUR 2.0m in 2023 and EUR 2.5m in 2022, and investments in property, plant and equipment, comprising IT investments and lease equipment.

Investments in property, plant and equipment amounted to EUR 5.7m in 2023 compared to EUR 5.9m in 2022.

Net cash flow from financing activities amounted to EUR 1.0m in 2023, down from EUR 23.3m 2022. The company received proceeds from share issue of EUR 14.5m in 2023 and had net repayments of borrowings and lease liabilities of EUR 13.5m. In 2022 the company increased debt and lease liabilities by EUR 23.3m of which EUR 15.0m was the share lending facility.

Net change in cash in 2023 was EUR –3.6m vs. an increase of EUR 13.1m in 2022.

Financial position

At end of 2023, Envipco had total assets of EUR 98.4m up from EUR 78.9m at end of 2022.

Non-current assets, primarily made up of PPE and intangible assets from activated development expenses, were EUR 29.8m, slightly up from EUR 25.7m at the end 2022.

Working capital has increased during the year on higher activity levels. Inventories of EUR 32.2m at end 2023 were up from EUR 24.1m at end 2022, and trade receivables increased from EUR 12.6m end 2022 to EUR 23.9m end 2023. Gross working capital increased to EUR 56.1m at the end of 2023, from EUR 36.7m at the end of 2022.

Cash balances at the end of 2023 were EUR 12.5m vs EUR 16.4m end 2022.

Total equity amounted to EUR 42.0m at end 2023, corresponding to an equity ratio of 43%. This compared to equity of EUR 27.9m and 35% as of year-end 2022.

Envipco had total borrowings of EUR 16.7m at year-end 2023. Combined with a cash position of 12.5m results in net debt[1] of EUR 4.2m. At year-end 2022, total borrowings were EUR 14.6m excluding the share lending liability for bridge financing of the December 2022 private placement resulting in a net debt of EUR –1.6m.

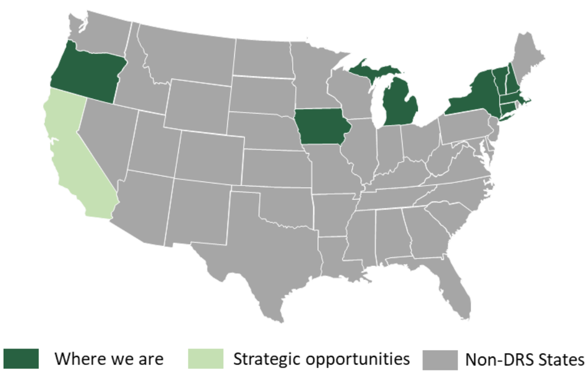
Trade creditors were EUR 18.5m at end 2023, up from EUR 10.1m at end 2022. Accrued expenses were EUR 11.2m at year-end 2023 vs EUR 7.5m end 2022.

1) Net debt, not being a defined performance measure in IFRS-EU, is defined in the other information section of this report

Operational Developments

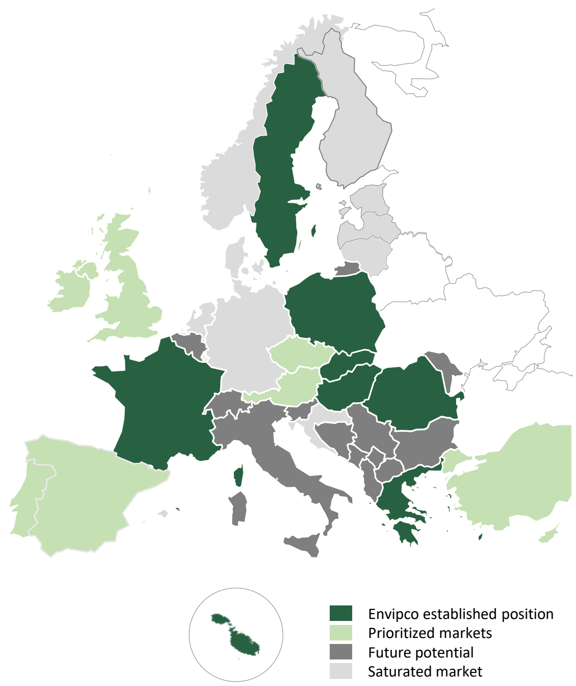
North America & ROW

North America delivered revenues of EUR 32.1m in 2023 vs EUR 38.2 million for the full year 2022. Machine sales amounted to EUR 3.3 million in 2023, a reduction from 2022 as the incremental sales effect from the widened DRS obligation in Connecticut tapered off. Program services revenues were EUR 28.8m in 2023 with underlying volume increases offset by a reduction in material values.



Europe

Sales in Europe grew strongly to EUR 55.5m in 2023, +206% from EUR 18.1 million in 2022. Machine sales amounted to EUR 54.1m in 2023, up 218% YoY from EUR 17.0 million in 2022. Greece was a key growth driver in 2023 on widespread deployment of Quantum bulk feed systems. New revenue streams were generated in Hungary and Romania as market participants prepared for the introduction of DRS (deposit return schemes).



Managing Risks

The Board of Directors is focused on ensuring that managing risks is important for long-term value creation for the company's employees, shareholders and other stakeholders. The Board of Directors is focused on ensuring that managing risks is important for long-term value creation for the company's employees, shareholders and other stakeholders. The following strategic, operational, financial and compliance risks are identified:

Strategic Risks

A majority of Envipco's current RVM business is dependent upon legislation and adaptation to local markets. Therefore, Envipco may be at risk if such legislation is postponed, cancelled or if our product portfolio does not meet market requirements. In 2023 the Scottish DRS was delayed due to political circumstances. Envipco had secured major contracts, deliveries were initiated, components and sub-assembly procured, and production was high. The market delay has led to repurposing of RVM's to other markets and a review of costs in Scotland.

Increasing competition and new market uncertainties can result in lower margins on RVM's. Other strategic risks like increased inflation, higher energy prices as well as the impact of the Ukrainian war on the European economy may result in a slow-down of the economy and less demand for RVM's.

These risks are constantly being managed by agility and adequate market review as well by continuous investments in R&D.

Operational Risks

Operational risks may occur when the implementation of DRS in a country is delayed by slower adaptation of the EU targets by the local government which can lead to supply chain disruptions and not being able to achieve certain economies of scale or RVM's and parts & materials becoming obsolete. Repurposing to other markets can mitigate this risk.

Disruptions in IT environment like cyberattacks, security breaches or viruses may have a negative impact on our services to customers. Envipco is constantly reviewing these risks and has implemented effective security measurements to mitigate these risks.

Quality issues on installed products may lead to disruption or delay in implementation, postponement of payment from customers and/or increased warranty costs. To mitigate these risks quality control procedures have been put in place.

Financial Risks

Customers with whom we have long term contracts can go out of business. Since our customers are mostly operators, bottlers and big retailers, Envipco deals only with a limited set of mainly Tier 1 customers which increases our concentration risk. To mitigate the financial impact, we closely monitor the creditworthiness of our customers and our receivables.

Sharp fluctuations in foreign exchange rates, interest rates and material and commodity prices, can impact the financial situation of Envipco but tight cash, liquidity and supplier management will mitigate these risks. No hedging is applied to manage foreign exchange and interest rate risk.

Non-availability of lines of credit or restrictions on existing facilities due to breach of covenants or lack of liquidity to continue to fund projects, may impact the long-term strategy of the Envipco. Capital markets and other financing options are closely monitored by the Company to secure additional funding if needed.

Compliance risks

To be compliant with local laws and regulations is a very important aspect within Envipco. Not complying to can lead to financial penalties and reputational damages. The main legislation relates to compliance with environmental legislation and anti-bribery and corruption laws and regulations.
Envipco has taken measures to further strengthen the management of compliance issues like the

code of conduct, policy and diversity, equality and inclusion policy and whistle blower policies are communicated to all employees. Compliance to the Dutch Governance Code which regulates the relationships between management, the Board of Directors and AGM is high priority. These policies including compliance or explaining non-compliance can be found on the website of Envipco.

Looking ahead, Envipco just started conducting a comprehensive double materiality assessment to comply with the upcoming Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS).

Research and Development

We manage our research and development expenditures across our entire product portfolio in accordance with our strategic priorities. We make decisions about whether or not to proceed with development projects on a project-by-project basis. To maintain and improve the competitiveness of our product and be able to address the new markets for RVMs in Europe, Envipco invests in Research and Development. Envipco has developed products over the last years that are unique in the RVM marketplace and established the Company as one of the innovation leaders. The Quantum platform is the first and only continuous bulk feed RVM with market success particularly in high volume outdoor installations, the Flex series of RVMs represents the most compact full-service machine in the market taking 2 or 3 different material fractions. Research costs are recognized as an expense when incurred. Development costs are capitalized if certain conditions are met as further explained in Note 3 of the consolidated financial statements.

Employees

On 31 December 2023 Envipco had 411 employees (2022: 280), with main growth in areas of production and supply chain. Envipco recognizes the benefits of diversity and is fully committed to providing equal opportunities and treatment for all. The Company has an open and inclusive culture in which diversity is considered to add value to our company. The health and well-being of its employees is an important value of our business.

Envipco and its employees must act with integrity, honesty and in compliance with the laws, as stipulated in the Company's Code of Conduct, which is available on the Company website. All employees are trained on the code of conduct and acknowledge it when they join the company.

Issued Share Capital

in EUR thousands	**FY 2023**	**FY 2022**
Common stock of €0.05 nominal value per share:	2,585	2,303
Opening and closing balance – number of outstanding shares (k)	**51,690**	**46,051**


PANTAMERA
PANTAMERA
RÄKNAR
15:37
Kr 28.00
Fortsätt panta eller tryck på klar!
Här kan du panta dina burkar och PET-flaskor
Häll i panten
Välj hur du vill ha dina pantpengar utbetalda
Pantkvitto
Skänk panten
Returfack
Kom någon förpackning i retur?

Substantial Shareholdings

The Dutch Financials Supervision Act (Wet op het financieel toezicht¸the "FSA") imposes an obligation on persons holding certain interests to disclose (inter alia) percentage holdings in the capital and/or voting rights in the Company when such holdings reach, exceed or fall below 3, 5, 10, 15, 20, 25, 30, 40, 50, 60, 75 and 95 percent (as a result of an acquisition or disposal by a person, or as a result of a change in the Company's total number of voting rights or capital issued). Certain derivatives (settled in kind or in cash) are also taken into account when calculating the capital interest.

The statutory obligation to disclose capital interest relates not only to gross long positions, but also to gross short positions. Required disclosures must be made to the Dutch Authority for the Financial Markets (AFM) without delay. The AFM then notifies the Company of such disclosures and includes them in a register, which is published on the AFM's website.

Furthermore, an obligation to disclose (net) short positions is set out in the EU Regulation on Short Selling.

According to notifications made to the AFM as set out in the publicly accessible Register substantial holdings and gross short positions of the AFM at www.afm.nl, the following parties held a substantial holding of at least 3% of the Company's capital and/or voting rights as of 31 December 2023.

Holder[1]	**Shares**	**Votes**	**% Capital**	**% Voting rights**
Bouri Family[2]	19,830,670	19,830,670	38.36%	38.36%
G. Garvey[3]	7,351,980	7,351,980	14.22%	14.22%
Lazard Freres Gestion SAS[4]	2,443,206	2,443,206	4.73%	4.73%
Otus Capital Management Ltd[5]	-	2,785,195	-	4.38%
R.J. Lincoln[6]	1,722,440	1,722,440	3.33%	3.33%

1) This table sets out the information on substantial holdings of each of the named parties based on the number of shares and voting rights notified by them to the AFM as at the applicable notification dates indicated below. The number of shares or voting rights as well as the percentage of shares or voting rights held by these parties at 31 December 2023 may be different.
2) Notification date 27 September 2023. The presented holding excludes the Bouri Family's right to acquire 1,850,000 shares from Mr. Gregory Garvey (at 31 December 2023 representing 3.58%) (see press release of 28 March 2023). See additional information regarding the Bouri Family's holding below.
3) Notification date 28 March 2023. The presented holding includes 1,850,000 shares which are subject to the abovementioned repurchase option of the Bouri Family.
4) Notification date 1 February 2023.
5) In the above table, to reflect the Company's 1 for 10 share split implemented in 2021 the number of votes presented has been adjusted from 225,000 to 2,785,195.
6) Notification date 30 August 2021. The number of shares and votes that the Company's Chief Operational Officer Mr. Bob Lincoln notified as per 30 August 2021 amounts to 1,717,440. Apparent from the AFM's Register managers' transactions MAR 19, during 2023 Mr. Lincoln acquired 5,000 shares. Applying the presented number of 1,722,440 shares and voting rights as nominator to the issued share capital as at 31 December 2023 (51,690,377 shares) as denominator results in 3.33%, which is the percentage presented in the above table.

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Bouri Family shareholding and Bouri Family Voting Agreement

On 27 September 2023, the Company's largest investor and non-executive director, Mr. Alexandre Bouri passed away. The investment of the late Mr. Alexandre Bouri in the Company has been inherited by his direct family - his wife Mrs. Kathleen Bouri and their five children (the "**Bouri Family**"), including their sons Mr. Maurice Bouri, who serves as an executive director on the Board, and Mr. Mark Bouri, who acts as an advisor to the Board. Collectively, the heirs have inherited 19,830,670 shares and rights to acquire 1,850,000 shares (representing 3.2% of Envipco's share capital). Mr. Maurice Bouri and Mr. Mark Bouri each inherited 2,974,601 shares and the right to acquire 277,500 shares.

In relation to their collective shareholding in Envipco, the members of the Bouri Family are acting as a concert group, and they have entered into an agreement to pursue a sustained joint policy.

Holder	**Shares**	**Votes**	**% Capital**	**% Voting rights**
K.E. Bouri	4,957,667.50	4,957,667.50	9.59%	9.59%
C.M.A. Bouri	2,974,600.50	2,974,600.50	5.75%	5.75%
L. Bouri	2,974,600.50	2,974,600.50	5.75%	5.75%
M. Bouri	2,974,600.50	2,974,600.50	5.75%	5.75%
M.A. Bouri	2,974,600.50	2,974,600.50	5.75%	5.75%
V. Bouri Tamari	2,974,600.50	2,974,600.50	5.75%	5.75%
Total	**19,830,670**	**19,830,670**	**38.36%**	**38.36%**

Directors and Their Interests

As per Articles of Association of the Company, the Board comprises executive and non-executive board members. As of 31 December 2023, the Board included five non-executive and two executive board members. During the year 2023, the Company's largest shareholder and non-executive board member Mr. Alexandre Bouri died. Mr. Maurice Bouri, who previously held the position of non-executive board member, was appointed as executive director. Mr. Erik Thorsen was newly appointed as non-executive board member and Mrs. Ann Cormack and Mr. Christian Crepet were reappointed as non-executive members. Although Mr. Crepet's tenure exceeds twelve years, he was reappointed for another one-year term.

The current Directors of the Company are:

Executive:
Mr. Simon Bolton
Mr. Maurice Bouri

Non-executve:
Mr. Gregory Garvey (Chairman)
Ms. Anne Jorun Aas
Mrs. Ann Cormack
Mr. Christian Crepet
Mr. Erik Thorsen

For further details please click on the link: https://www.envipco.com/investors in respect of gender, age, nationality, principal position, other positions, insofar as they are relevant to the performance of the duties of the Board member, date of initial appointment and current term.

As of 31 December 2023, the following Board members held shares in the Company:

Holder	Shares
Mr. Gregory Garvey[1]	7,351,980
Mr. Maurice Bouri[1]	2,974,601
Mr. Erik Thorsen	262,500
Mr. Simon Bolton	112,074
Mr. Christian Crepet	70,000

1) Maurice Bouri also holds the right to acquire 277,500 shares from Gregory Garvey. Maurice is part of the Bouri Family, which collectively holds 19,830,670 shares and rights to acquire 1,850,000 shares from Gregory. See also "Substantial Shareholdings".

For further details please click on the link: https://www.envipco.com/investors_bod in respect of gender, age, nationality, principal position, date of initial appointment and current term.

Corporate Governance

Compliance with the Dutch Corporate Governance Code

Companies with registered office in the Netherlands whose shares have been admitted to trading on a regulated market or comparable system or, under certain circumstances, on a multilateral trading facility or comparable system, whether in the Netherlands or elsewhere, are required under Dutch law to disclose in their annual reports whether or not they comply the provisions of the Dutch Corporate Governance Code (CGC) of 22 December 2022 effective 1 January 2023 (the "Code") and, if and to the extent they do not comply, to explain the reasons why.

The Company is committed to applying the principles and best practice provisions of the Code. The Code recognises that a one-size fits all approach does not work for a Company's governance structure, and deviations can be justified. The comply-or-explain principle stresses the responsibility of the Board for the Company's governance structure and the compliance with the Code. Below, the principles and best practice provisions where the Company deviates from the Dutch Code are listed. An overview of all principles and best practice provisions of the Dutch CGC as well as the Company application of these in accordance with the 'comply or explain' principle is also available on the Company's website.

The Board of Directors

The Company has a one-tier board governance structure (5.1 of CGC). The Board of Directors consists of two executive and five non-executive directors. The executive directors are responsible for the day-to-day management of the Company and for implementing the Company's strategy, operational objectives and general policies. In accordance with the Code, the Board's role is to provide leadership to and supervision of the Company on matters of strategy, risk management & internal controls, and policies. It has overall responsibility for the management and control of the Company and is authorized to take all actions if necessary to achieve the Company's purpose. In performing their duties, Directors must be guided by the best interests of the Company and its stakeholders, including business partners, employees, and shareholders. The Board has set rules concerning its organization, decision-making, and other internal matters. This set of rules is available on Envipco's website. The composition of the Board consists of a broad diversity of experience, knowledge, and skills.

The directors are appointed by the Company's Annual General Meeting of shareholders upon nomination by the Board. The general meeting may dismiss a Director at any time by a two-thirds majority vote if less than half of the issued share capital is represented at the General Meeting, unless the resolution for dismissal is passed at the Board's proposal. The Board meets as often as any Director considers necessary. Resolutions are passed by a simple majority of votes cast. In the case of a tie in the vote of the Board, the resolution is not passed. Any resolutions concerning a material change to the Company's identity or its business must be submitted to the Annual General Meeting for approval. They elect a chairman of the Board among themselves. Currently the Company has two female members in the Board of Directors.

Independence

According to Best Practice Provision Art. 2.1.7. the majority of the Non-Executive Directors must be independent; at most, one Non-Executive Director does not have to meet the independence criteria. A Board member is considered "not independent" if he or she, a spouse, partner, or close family member (related by blood or marriage up to the second degree) meet any of the conditions listed below:

• Has been an employee or member of the management board of the Company, including associated companies (as referred to in Section 5:48 of the Financial Supervision Act Wet op het financieel toezicht/ Wft) in the five years prior to their appointment.

• Receives personal financial compensation from the Company, or an associated company, other than the compensation received for the work performed as a Board member.

• Has had an important business relationship with the Company or an associated company in the year prior to the appointment.

• Is an executive of a company in which a member of the management board of the company which (s)he supervises is a non-executive Board member.

• Has temporarily performed management duties during the previous twelve months in the absence or incapacity of a member of the management board.

• Has a shareholding in the Company of at least 10%.

• Is a member of the management board or supervisory board, or a representative in some other way, of a legal entity that holds at least 10% of the shares in the company, unless the entity is a group company

Two Non-Executive Directors do not qualify as independent. Mr Garvey does not qualify as non-independent, due to his shareholding, but in his role of Board Chairman, he offers the Company many years of business-related expertise in the sector where the Company is operating. Mr. Thorsen does also not qualify as independent as he has been and is an advisor to the Company.

As Mr Garvey does not qualify as independent this affects also his membership of the Audit Committee and the Selection and Nomination Committee. The Governance Code describes that at least more than 50% of the members of these Committees should be independent. As the two other members of the Audit Committee are independent the Governance Code of more than 50% independency is met. Mr Garvey and another independent Executive Director are members of the Selection and Nomination Committee which does mean that more than 50% independency requirement is met. Another independent director will be added to the Selection and Nomination Committee after the upcoming Annual General Meeting in August 2024.

Conflicts of Interest

Any form of conflict of interest between the Company and the members of its Board shall be prevented. To avoid conflicts of interest, adequate measures should be taken. The Non-Executive Directors are responsible for the decision-making on dealing with conflicts of interest regarding Directors and majority Shareholders in relation to the Company. In 2023 there have been no cases of conflicts of interest, transactions between the Company and members of the Board of Directors or transactions with shareholders holding 10% or more of the shares of the Company.

Committees

The Board of Directors has established three committees: the Audit Committee, the Renumeration Committee and the Selection and Nomination Committee. The way these committees operate is described in the Committee charters that are published on the Company's website. All Committees have a preparatory and advisory role to the Board of Directors.

Audit Committee

The Audit Committee advises the Board in relation to its responsibilities, undertakes preparatory work for the Board's decision-making regarding the supervision of the integrity and quality of the Company's financial and sustainability reporting and the effectiveness of the Company's internal risk management and control systems and shall prepare resolutions of the Board in relation thereto.

The main responsibilities of the Audit Committee are:

- inform the Board of the outcome of the statutory audit and explain how the statutory audit contributed to the integrity of financial and sustainability reporting and what the role of the audit committee was in that process;
- monitor the financial reporting process and submit recommendations or proposals to ensure its integrity;
- monitor the effectiveness of the design and operation of the Company's internal risk management and control systems in relation to the financial reporting of the Company including review and discussion of flaws in the effectiveness of the design and operation of the internal controls;
- monitor the statutory audit of the annual accounts, in particular the performance thereof;
- review and monitor the independence of the external auditor, and request from the external auditor a formal written statement at least annually delineating all relationships between the external auditor and the Company consistent with applicable requirements of the Public Company Accounting Oversight Board regarding the external auditor's communications with the audit committee concerning independence;
- implement a procedure for the selection of an external auditor and recommend to the Board an external auditor to be appointed in accordance with Article 16 of Regulation (EU) No 537/2014, as well as submit a proposal to the board for the relevant external auditor's engagement to audit the annual accounts;
- assist the Company in preparing the disclosure to be included in the Company's applicable filings as required by the Securities and the Exchange Act and their related rules;
- monitor the effectiveness of the design and operation of the Company's internal controls with the board, the CEO, and the CFO, as appropriate.
- funding of the Company;
- the Company's tax policy

The Committee meets at least four times per year, or more frequently according to need. At least one Committee member must have an accounting or auditing background. The Audit Committee consists of three Non-Executive directors appointed by the Board of Directors. Currently the members are chaired by Ms. Aas, with Ms. Cormack and Mr. Garvey as members. Mr Garvey is not independent due to his shareholding.

Renumeration Committee

The Remuneration Committee advises the Company on the remuneration policy and benefits for the Board members and the individual Directors. The Committee also advises the CEO on the remuneration of members of the Executive Management Team who are not Executive Directors.

The main responsibilities of the Remuneration Committee are:

- every four years, submit a clear and understandable proposal to the Board concerning the Remuneration Policy that will be submitted to the General Meeting for adoption as required by law;
- submit proposals for, and prepare the Board's decision-making regarding the determination of remuneration of the individual Executive

Directors and of the individual Non-Executive Directors, within the Remuneration Policy;

- annually prepare a remuneration report, taking into account the requirements of the Code and matters required by law, which must be tabled at each annual General Meeting for a non-binding advisory vote by the Shareholders and shall be posted on the Company's website.

When formulating a proposal for the Remuneration policy the committee takes into consideration:

- the objectives of the strategy for the implementation of sustainable long-term value creation;
- scenario analyses carried out in advance;
- the pay ratios within the Company' group;
- an appropriate ratio between the variable and fixed remuneration components. The variable remuneration component is linked to measurable performance criteria determined in advance, which are predominantly long-term in character;

The Remuneration Committee was reestablished in December 2023 and is operational since January 2024. The committee consist of three members who must be Non-Executive Directors. One member is an Executive Director which deviates from the Best Practise Provision of the Code 5.1.4. His Executive role is limited to the remuneration of members of the Executive Management Team not being Executive Directors. Currently the Committee is chaired by Mr. Thorsen, with members Ms. Cormack and Mr. Bouri. The charter of the Remuneration Committee can be found on the Company's website.

Selection and Nomination Committee

The Selection and Nomination Committee advises the Board of Directors regarding selection criteria, the appointment and reappointment of Directors and succession planning. Their main responsibilities according to its charter are:

- propose selection criteria and appointment procedures for the Directors.
- review the size and composition of the Board and submit proposals for the composition profile of the Board.
- review the functioning of individual directors and report on such reviews to the Board.
- propose a plan for the succession of directors.
- submitting proposals for (re)appointment of directors.
- supervise the policy of the Board regarding the selection criteria and appointment procedures for the Company's Executive Management Team
- advise the Chief Executive Officer regarding the appointment and replacement of the members of the Executive Management Team who are not Executive Directors;

All members of the Committee must be Non-Executive Directors. The Committee meets at least four times a year or more frequently when needed. Currently the Selection and Nomination Committee members are chaired by Mr Garvey with Ms. Aas and Mr. Bouri as members. The charter of the Selection & Nomination Committee can be found on the Company's website.

Meetings & attendance

The table below shows the number of meetings and attendance rate of the Board of Directors and the Audit Committee during annual year 2023. Attendance rate for both Board of Directors and Audit Committee was 100%.

Name	Board	Audit Committee
Alexandre Bouri	7/10	
Gregory Garvey	10/10	5/5
Anne Jorun Aas	10/10	5/5
Ann Cormack	10/10	5/5
Christian Crepet	10/10	
Erik Thorsen[1]	4/10	
Maurice Bouri	10/10	
Simon Bolton	10/10	

1) Appointed per 15 August 2023 at AGM.

Note: Renumeration Committee and Selection & Nomination Committee operational as of January '24 and did not meet in 2023.

Board Composition

During 2023 several changes took place in the composition of the Board of Directors. Although the tenure of Mr. Christian Crepet, Non-Executive director exceeds twelve years he was reappointed for another year. Mr. Crepet offers the company significant leadership and experience in this sector. Furthermore, Mr. Maurice Bouri was appointed as an Executive Director and Mr. Thorsen was appointed as a Non-Executive Director. Ms. Cormack was reappointed as a Non-Executive Director. All (re) appointments were approved at the AGM of August 15, 2023.

Rotation schedule

Any changes in the composition of the Board require careful consideration from a succession planning perspective. The Board tries to mitigate the potential risk of Directors simultaneously retiring. The table below gives a clear insight into the rotation schedule of each director's term. The Board rotation schedule is also available on the Company's website.

Executive Directors

Name	Term
Simon Bolton (CEO)	until AGM 2024,
Maurice Bouri	until AGM 2025,

Non-Executive Directors

Name	Term	Independence
Gregory Garvey (Chairman)	until AGM 2024	Not independent
Anne Jorun Aas	until AGM 2024	Independent
Ann Cormack	until AGM 2025	Independent
Christian Crepet	until AGM 2024	Independent
Erik Thorsen	until AGM 2025	Not independent

The Board consists of 2 female and 5 male members.

Code of Conduct

The Company subscribes to the highest standards of ethical business conduct and fair and honest dealings with all of its stakeholders: employees, customers, partners, suppliers, shareholders, investors and the community at large. The Code of Conduct sets forth standards to promote honest and ethical conduct, appropriate public disclosures and legal compliance and includes policies related to conflicts of interest, record keeping, use of Company property or resources, and policies regarding fraud, dishonesty or criminal conduct. This code applies to the Company and all its affiliates and provides a mandatory guide for every employee (including every officer) and member of the Board of Directors (BOD Members). It explains its role within the Company as it relates to the work we do and how we interact with one another and those with whom we do business. The policy is available on the Company's website.

Diversity and Inclusion

Envipco is an international company with subsidiaries in Europe and US. This international presence creates an environment where people of diverse cultures and backgrounds collaborate to achieve our mission, accelerate in their roles, and perform at their highest potential. We execute a policy of recruiting and retaining the best talent available and aim to provide an inclusive working environment regardless of the gender, ethnicity, faith or sexual orientation of our employees. We are committed to providing equal employment opportunities to all employees and job applicants. We believe that companies that are diverse in e.g., age, race, gender, sexual orientation, ethnicity, physical or mental ability are proven to be more successful in attracting talent and accomplish better performance and growth.

Envipco has the ambition to encourage women to apply for any function within the company, particularly when they have a background in fields that traditionally have a higher proportion of male employees.

Envipco is also working on incorporating diversity aspects like age, gender, race nationality, educational background or professional background into its total organization including Board of Directors.

Regardless of rules and regulations, Envipco emphasizes that diversity and inclusion is very important to guarantee a safe and inclusive environment for all employees to work for and develop themselves.

The policy is available on the Company's website.

Whistleblower

Envipco has established a whistleblower policy according to the European Directive 2019/1937 on the protection of persons who report breaches of Union law in connection with the respective national law. This policy assures protected communications for individuals who report violations of legal requirements, as well as violations of the Envipco's internal Code of Conduct. The whistleblower system is available to all Envipco employees and temporary workers. and they are encouraged to report violations of law or the internal code of conduct. All employees are required to contact a reporting office in the event of violations of the law or a reasonable suspicion thereof. In any case the internal reporting office shall be the preferred communication channel. To make this possible for violations in connection with business processes, an e-mail address has been set up which employees and other affected parties can contact. In the case of violations of the law, both internal and external reporting offices can be contacted.

Furthermore, employees and other affected parties are encouraged to report violations of Envipco's internal Code of Conduct. This is crucial to ensure positive and trusting cooperation. All whistleblower reportings and possible violations of Envipco's internal Code of Conduct are reported to the compliance officer who will investigate and follow up on these reportings.

Deviations from the Best Practices of the Dutch Governance Code

The company does not comply with the following provisions of the Dutch Corporate Governance Code:

1.2.1 The Company is currently maturing their formal risk management and control system which will be enhanced in the second part of 2024.

1.3 Due to the size of the Company, Envipco does not have an internal audit function. Due to the growth of the Company and the increasing reporting requirements it is expected that the Company will hire an internal audit officer who will be responsible for further enhancing and maintaining the risk management & control system and compliance matters, such as ESG and CSRD administration.

2.1.7. The composition of the Board of Directors is such that the members are able to operate independently and critically vis-à-vis one another, the management board and any particular interests involved. This impact results under the one-tier board governance structure.

The Board currently has five Non-Executive Directors - Mr. Gregory Garvey (Chair), Ms. Anne Jorun Aas, Ms. Ann Cormack, Mr. Christian Crepet and Mr. Erik Thorsen. The Board deviates from Best Practice Provision as two Non-Executive Directors are not considered independent – Mr. Gregory Garvey in view of his +10% shareholding, and Mr. Erik Thorsen because of his advisory role to the Company.

2.1.9. The Company deviates from this Best Practice Provision, as the Board's Chair Mr. Gregory Garvey does not qualify as independent. In his role of Board Chairman, he offers the Company many years of significant knowledge of the sector where the Company is operating. Also Mr. Thorsen does not qualify as independent because of his former advisory role to the Company.

2.2.2. The Company presently deviates from this Best Practice Provision, as the tenure as Non-Executive Director of Mr. Gregory Garvey as well as Mr. Christian Crepet exceeds twelve years. Both Mr. Gregory Garvey and Mr. Christian Crepet offer many years of significant experience and knowledge of the sector the Company is operating.

2.2.6. At least once per year, outside the presence of the management board, the supervisory board should evaluate its own functioning, the functioning of the various committees of the supervisory board and of the individual supervisory board members and discuss the conclusions of this evaluation. They shall discuss the conclusions of the evaluations and shall identify aspects where the Directors require further training or education. The first evaluation of the Board of Directors will take place by the end of 2024.

2.3.10. The Company presently has no secretary. Due to the size of the Company, the Company believes this is not currently necessary. Appointment of a secretary in the near future will be seriously considered as the Company is more and more confronted with an increasing complexity of new laws and regulations, now dealt with by the CFO of the Company.

5.1.3 The Company presently deviates from this Best Practice Provision, as the Board's Chair Mr. Gregory Garvey does not quality as independent but brings extensive experience within the sector the Company operates.

5.1.4 The Company deviates from this Best Practice Provision that an executive board member cannot be a member of the Remuneration Committee, subject to the restriction that an executive board member who is member of the Remuneration Committee shall not in any way be involved in the remuneration of members of the Board and that executive board member's role within the Remuneration Committee shall relate only to the remuneration of members of the Executive Management Team not being executive board member.

Board Responsibility Statement

Annual declaration on internal risk management and control systems

Based on this report and in accordance with best practice provision 1.4.3 of the Dutch Corporate Governance Code as adopted on December 20, 2022, and effective as of January 1, 2023 and acknowledging the internal risk management and control systems being further strengthened in 2024, the Board of Directors confirms that, to the best of their knowledge:

- the internal risk management and control systems of Envipco provide reasonable assurance that financial reporting does not contain material inaccuracies;
- there have been no material failings in the effectiveness of the internal risk management and control systems with regard to the risks associated with the strategy and activities of Envipco and its affiliated subsidiaries, including the strategic, operational, compliance and reporting risks;
- there are no material risks associated with the strategy and activities of Envipco and its affiliated subsidiaries, including the strategic, operational, compliance and reporting risks, or uncertainties that could reasonably be expected to have a material adverse effect on the continuity of Envipco's operations in the coming twelve months;
- it is appropriate that the financial reporting is prepared on a going concern basis.

It should be noted that the above does not imply that these systems and procedures provide absolute assurance as to the realization of operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliance with legislation, rules and regulations. Nor can they provide certainty that we will achieve our objectives.

Declarations

As required by section 5:25c paragraph 2(c) of the Dutch Financial Supervision Act, the Board of Directors hereby confirm that to the best of their knowledge:

- The financial statements 2023 of Envipco included in this Annual Report give a true and fair view of the assets, liabilities, financial position and profit or loss of Envipco and its affiliated subsidiaries included in the consolidation taken as a whole;
- the management report of Envipco gives a true and fair view of the position at the balance sheet date, the development and performance of the business during the financial year 2023 and the affiliated subsidiaries included in the consolidation together with a description of the principal risks and uncertainties that Envipco faces.

Gregory Garvey – Chairman

Anne Jorun Aas

Alexandre Bouri

Ann Cormack

Christian Crepet

Anne Jorun Aas

Erik Thorsen

Maurice Bouri - Executive Director

Simon Bolton - Executive Director CEO

General Meetings of Shareholders and Voting Rights

An Annual General Meeting of Shareholders (AGM) is held within six months of the end of every financial year. The main purpose of the AGM is to decide on matters as specified the Company's Articles of Association and under Dutch law, such as the adoption of the financial statements and the discharge of the executive and non-executive members of the Board of their respective executive and non-executive duties. Extraordinary General Meetings of Shareholders (EGMs) are held if the Board or any of its members deem it necessary.

A General Meeting of Shareholders shall be convened at least 42 days before the day of the meeting. The notice convening any General Meeting of Shareholders shall contain an agenda indicating the items for discussion included therein. The notice for convening the General Meeting of Shareholders shall mention the registration date and the manner in which the persons with meeting rights at the General Meeting of Shareholders may procure their registration and the way they may exercise their rights. The registration date is the twenty-eighth day prior to the date of the General Meeting of Shareholders.

Every shareholder may attend, speak at and vote at the General Meeting of Shareholders. Decisions of the General Meeting of Shareholders are taken by a majority of three/fourths of the votes validly cast, except where Dutch law or the Company's Articles of Association provide for a special or greater majority.

Decree Article 10 EU Takeover Directive

Pursuant to the Implementing Decree of 5 April 2006 relating to Article 10 of Directive 2004/25/EC on takeover bids of 21 April 2004 of the European Parliament and the Council of the European Union, Envipco includes the following explanatory notes:

- The Company's share capital consists of ordinary shares only. All shares are registered shares. As at 31 December 2023 Envipco had issued 51,690,377 ordinary shares
- The Articles of Association do not provide for any limitation on the transferability of the shares.
- Significant direct and indirect shareholdings are set out in this report under the section 'Substantial holdings'.
- As at 31 December 2023, the Bouri Family held 38.36% of the Company's shares. In relation to their collective shareholding in Envipco, the members of the Bouri Family are acting as a concert group and they have entered into an agreement to pursue a sustained joint policy and to exercise their voting rights jointly (*overeenkomst die voorziet in een duurzaam gemeenschappelijk beleid inzake het uitbrengen van de stemmen*) in the meaning of section 5:45 subsection 5 FSA, the Bouri Family Voting Agreement. The Bouri Family is exempted from the mandatory offer obligation of section 5:70 FSA pursuant (the exemption of) section 5:71 subsection 1 under (g) FSA. See also in this report under the section "Bouri Family shareholding and Bouri Family Voting Agreement".
- Envipco currently does not hold any employee share scheme in which the control rights are not exercised directly by the employees.
- There are no restrictions on voting rights. All shares entitle the holder to one vote per share. No securities with special control rights have been issued. No agreement has been entered with any shareholder that could give rise to any limitation on the transfer of shares and/or voting rights.

Unless otherwise specified by the Articles of Association, all resolutions at the General Meeting of Shareholders shall be passed by a majority of three/fourths of the votes cast.

- The General Meeting of Shareholders shall appoint the members of the Board and may at any time suspend or remove any member of the Board. The non-executive members of the Board shall determine the remuneration and the terms and conditions of employment for each executive director separately. The remuneration for the non-executive members of the Board shall be determined by the General Meeting of Shareholders.
- The General Meeting of Shareholders may resolve to amend the Articles of Association.
- The issue of new shares or granting of rights to subscribe for shares shall be by a resolution of the General Meeting of Shareholders or by the Board if the Board has been designated as the body with this power by a resolution of the General Meeting of Shareholders, for a period not exceeding five years. On 15 August 2023 the General Meeting of Shareholders has delegated its powers to issue shares or grant rights to subscribe for shares and to exclude pre-emptive rights in relation thereto to the Board up to a maximum of 20% of the number of outstanding shares at 15 August 2023 (i.e. up to 10,338,075 Shares) and for a period of 18 months following 15 August 2023 (i.e. up to and including 15 February 2025).
- The Company is entitled to buy-back fully paid-up shares in its own share capital for consideration, with due observance of Article 2:98 of the Dutch Civil Code. As per Article 2:98 of the Dutch Civil Code, a buy-back of shares is only possible if the General Meeting of Shareholders has authorised the Board for this purpose. This authorisation is valid for a maximum of eighteen months. At the date of this report, there is no such authorisation outstanding.

Sustainability and EU taxonomy

ESG Objectives, Actions and Results

To ensure a sustainable future for the world population and our planet the world is facing significant challenges. Many national and international initiatives are addressing these challenges. Every organization will should play its own role in the transition to a sustainable society, depending on its impact and its opportunities.

Through our ESG sustainability approach we continue to advance our corporate responsibility to create long-term value for our stakeholders as well as contribute to the United Nations' Sustainable Development Goals (SDGs). We endorse sustainable impact while providing the best value for our stakeholders.

Envipco RVM's ensure efficient recycling of beverages through deposit systems and are as such environmental products closing the recycling loop. To constantly innovate and improve towards even more energy efficient solutions is our Mission and Purpose.

As environmental action areas we at Envipco are committed to:

a) Conserving energy; reducing direct and indirect energy usage for manufacturing, operations and servicing of our products giving preference to renewable sources of energy.
b) Complying with all applicable environmental legislation and relevant codes of practice.
c) Encouraging all staff to improve their awareness of the environment and to become more environmentally responsible.
d) Using our position to communicate and promote the critical role recycling has in establishing a sustainable society.
e) Reducing usage of and emissions from utilities and transport associated with our operations and events.

To achieve this, we aim to:

f) Reduce our use of energy through improvements to energy efficiency.
g) Substitute fossil fuels with renewable energy sources where possible.
h) Minimize waste by reducing consumption and developing effective waste management and recycling procedures.
i) Ensure that all staff are given the opportunity to take an active role in implementing environmental best practice.
j) Work with our suppliers to ensure they share our commitment and practices.
k) Monitor and measure our energy consumption to optimize our energy efficiency.

Up till now only actions have been defined but as part of the implementation of the CSRD directive Envipco will set targets and measure whether these are met.

All Envipco products are developed and manufactured according to environmental requirements of REACH and RoHS (Restriction of the Use of certain Hazardous Substances in Electrical and Electronic Equipment) and designed for recyclability. In our design efforts we seek to minimize power usage both during operations (efficient compaction) and in idle mode.

We will regularly review the success of our environmental measures and make further improvements in environmental protection and energy efficiency wherever necessary. Our Group-wide actions are based on laws, regulations, and standards. Group-wide environmental protection: In the design, construction, production and operation of facilities and in other activities, adequate technical and economic facilities are to be used to conserve energy and resources, prevent CO2 emissions and minimize any environmental impact. Especially when new production processes and procedures are used, environmental compatibility and the impact on the energy requirement must be included in the overall technical-economic decision.

All sites will have in place adequate emergency procedures to protect life, property and to protect the environment.

Due to our responsibility for the efficient use of resources and the preservation of ecosystems, we are committed to involving suppliers and service providers of the Envipco Group in our energy and environmental policy objectives, and to motivating and encouraging them accordingly.

Envipco puts into practice the five-level waste hierarchy worldwide, as required by the EU. The five levels are prevention, re-use, recycling, recovery, and disposal. As far as reasonably possible, the highest level of this hierarchy is sought.

Whilst we have limited water use during manufacture and operations, at Envipco, we are continually seeking to reduce water consumption and wastewater throughout the entire Envipco Group production network.
Our aim is to reduce the environmental impact of traffic generated by Envipco. The main effects of road and rail traffic on the environment and the immediate area are Energy demand, land use, pollution and CO2 emissions, together with noise pollution. Energy consumption due to traffic exhibits the typical environmental impact of gasoline and diesel combustion in all modes of transport. For this reason, Envipco constantly strives to reduce the level of inbound and outbound delivery traffic, as well as individual employee traffic, via various measures. This means that employees should use leverage technologies such as telepresence, videoconference and video chat services in place of travel when possible. Employees should also use travel options that minimize emissions. Foremost by connecting all our installed recycling machines online with advanced diagnostics and service systems, Envipco is constantly reducing the number of emissions due to service visits.

Climate risk

In 2023, in our risk assessment we included the potential impact of climate change on our business model and strategy, of which the increasing public awareness on the need to recycle plastic and other beverage container materials is an important part.

We assessed the impact on useful lives and residual values of PP&E and intangible assets and have concluded there is no significant climate change impact.

We assessed the physical risks of climate change. Our main plants in Naugatuck, Connecticut, US, Osnabrück, Germany, Szebes, Romania, and Koropi, Greece, are not exposed to high risk for extreme weather events.

At Envipco we support a more sustainable economy by recovering beverage containers and as such expect that the changing industry and market conditions with expectations of new markets introducing DRS in years to come will have a positive impact on our business opportunities.

Based on the assessment we conclude that the effect of climate-related risks do not have a material impact on accounts and disclosures in the financial statements as of 31 December 2023.

CSRD

On 5 January 2023, the Corporate Sustainability Reporting Directive (CSRD) entered into force. It modernises and strengthens the rules concerning the social and environmental information that companies have to report. A broader set of large companies, as well as listed SMEs, will now be required to report on sustainability. The new rules will ensure that investors and other stakeholders have access to the information they need to assess the impact of companies on people and the environment and for investors to assess financial risks and opportunities arising from climate change and other sustainability issues. Finally, reporting costs will be reduced for companies over the medium to long term by harmonising the information to be provided.

Companies subject to the CSRD will have to report according to European Sustainability Reporting Standards (ESRS). The standards are developed in a draft form by the EFRAG, previously known as the European Financial Reporting Advisory Group, an independent body bringing together various different stakeholders.

The CSRD also requires assurance on the sustainability information that companies report and will provide for the digital taxonomy of sustainability information.

Envipco will have to apply the new rules for the first time in the 2025 financial year, for reports published in 2026. Currently Envipco has started preparations to meet the requirements of the CSRD reporting on time.

EU Taxonomy

The EU Taxonomy is a classification system, establishing a list of environmentally sustainable economic activities, to help both investors and companies gain insights into whether their economic activities can be considered environmentally sustainable. It is built upon the EU Green Deal targets and objectives and aims to shift capital flows towards more sustainable investments in the EU.

A company's activity only aligns to the EU Taxonomy when:

1) it is 'eligible' (i.e. the economic activity is covered by the EU Taxonomy); and when
2) it 'substantially contributes to' (at least) one of the 6 environmental objectives (i.e. climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystem), 'does not harm the other objectives',
3) and the company itself 'meets the minimum social safeguards'.

In their annual reporting, companies should reflect on the eligibility and alignment of their activities in terms of their Turnover, Operational Expenditure and Capital Expenditure. Listed and large companies that are not currently mandated to report under the scope of the NFRD (such as Envipco) will need to report for the first time in 2026 (for the financial year 2025).

The Company's activities' eligibility and alignment with EU Taxonomy in 2023

Following last year's actions and reporting, and taking a step forward, the Company has broadened and deepened the scope of the voluntary Taxonomy assessment in 2023, including alignment to the EU Taxonomy. Last year the Company included the activity *Collection and transport of non-hazardous waste in source segregated fractions* (related to NACE E38.11).

Through the addition of EU Taxonomy regulation encompassing activities for the substantial contribution to circular economy, it was possible to identify additional activities. Based on Regulation (EU) 2020/852, supplemented with Regulation (EU) 2021/2139, Regulation (EU) 2021/2178, Regulation (EU) 2023/2485, and Regulation (EU) 2023/2486, two additional eligible activities were identified: *Manufacture of electrical and electronic equipment* (related to NACE C26)*;* and *Product-as-a-service and other circular use- and result-oriented service models* (related to NACE C26). The tables below show how the eligible activities contribute to the reporting KPIs[2] (i.e. Turnover, OpEx, CapEx).

Currently, the alignment of the eligible activities with the EU Taxonomy is 0%. This was mainly because the documentation that is required to support the requirements of the assessment has not yet been formalized. Adherence to the Minimum Safeguards is ingrained within the Company's DNA and culture. However, policies have to be formalized in writing to fulfil alignment with EU Taxonomy requirements. The assessment was helpful to identify the information and procedural gaps to demonstrate future alignment, and to identify the necessary actions to address them in the coming years.

Plans for the upcoming years

In 2026, it will be mandatory for the Company to report on the EU Taxonomy over financial year 2025. The Company will strive to improve processes that can contribute to more alignment to the EU Taxonomy. Through the introduction of a new Enterprise Resource Planning (ERP) application, more insights into Turnover, CapEx, and OpEx streams will be realized. This will allow to segregate these monetary flows, such that it may be possible to more accurately allocate them to activities identified within the EU Taxonomy

1) According to Directive 2013/34/EU large companies or large undertakings are defined as those meeting two of the following criteria (over two consecutive financial years): a net turnover of more than €50 million, a balance sheet total of more than €25 million and have more than 250 employees on average.
2) Double counting of Turnover, CapEx, and OpEx is avoided through the inherent segregation of our business activities. The identified material EU Taxonomy activities are each linked to different business activities from Envipco (one-to-one matches).

Turnover

				Substantial Contribution Criteria						'Does Not Significantly Harm' criteria									
Economic Activities (1)	**Code (2)**	**Absolute turnover (3)**	**Proportion of Turnover (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity and ecosystems (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Taxonomy aligned proportion of total turnover, year N (18)**	**Category (enabling activity) (20)**	**Category (transitional activity) (21)**
Text		*Thousands, EUR*	*%*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES			**86%**																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable		-	**0%**														**0%**		
Of which Enabling		-	**0%**														**0%**	**E**	
Of which Transitional		-	**0%**														**0%**		**T**
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of electrical and electronic equipment	C26	56.604	65%																
Collection and transport of non-hazardous waste in source segregated fractions	E38.11	10.121	12%																
Product-as-a-service and other circular use- and result-oriented service models	C26	8.850	10%																
Turnover of Taxonomy-eligible but not		**75.575**	**86%**																
Total (A.1+A.2)		**75.575**	**86%**																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		**12.035**	**14%**																
Total (A+B)		**87.610**	**100%**																

CapEx

Below table shows the CapEx the Company has identified related to eligible activities.

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Ha									
Economic Activities (1)	**Code (2)**	**Absolute CapEx (3)**	**Proportion of CapEx (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity and ecosystems (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Taxonomy aligned proportion of total CapEx, year N (18)**	**Category (enabling activity) (20)**	**Category (transitional activity) (21)**
Text		*Thousands, EUR*	*%*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES			**75%**																
A.1. CapEx of environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities		-	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
Of which Enabling		-	**0%**														**0%**	**E**	
Of which Transitional		-	**0%**														**0%**		**T**
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
Manufacture of electrical and electronic equipment	C26	1.637	20%																
Collection and transport of non-hazardous waste in source segregated fractions	E38.11	-	0%																
Product-as-a-service and other circular use- and result-oriented service models	C26	4.508	55%																
CapEx of Taxonomy-eligible but not		**6.145**	**75%**																
Total (A.1+A.2)		**6.145**	**75%**																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Capex of Taxonomy-non-eligible activities		**2.045**	**25%**																
Total (A+B)		**8.189**	**100%**																

OpEx

The Company has decided to omit reporting OpEx on the eligible activities as the Company was not able to allocate OpEx into one of the three distinct categories set by Regulation (EU) 2021/2178 annex I. However, the Company is implementing processes which will provide more detailed insights into these resources going forward. Looking to the future, with mandatory disclosure on EU Taxonomy, OpEx will be allocated to the relevant activities.

Remuneration Report

Remuneration Policy of the Board of Directors

This Remuneration Report reflects the provisions of EU Shareholder Rights Directive that became effective in the Netherlands in 2019 (“SRD”). Our non-executive directors annually propose the remuneration of the individual executive members of our Board of Directors to the General Meeting of Shareholders. Customary benefits are provided to the executive director in line with respective industry and country practice.

The short-term compensation of the executive directors includes both fixed and variable compensation, which is dependent upon the area of individual responsibility, expertise, position experience, conduct and performance. The variable component of up to 50% of base salary is discretionary and dependent upon specific performance criteria such as EBITDA and aligned with the long-term performance measure of the Company and reviewed on an annual basis. There is no possibility to reclaim variable compensation.

For 2023, in line with 2022, the variable compensation was based on specific performance measures and goals including EBITDA, share price and market capitalisation and appropriate bonus based thereon was established. A Long-term compensation plan was implemented in 2023 as further explained below.

The Remuneration Policy for Non-Executive Directors is based on peer market groups similar to that used for the Executive Management Board. Consistent with the Dutch Corporate Governance Code, the remuneration of the Non-Executive Directors is not dependent on the Company’s results.

The non-executive Chairman of the Board is entitled to an annual remuneration of €50,000 and each other Non-Executive Director is entitled to an annual remuneration of €30,000.

Not all non-executive directors claimed compensation for services provided.

Long-term compensation plan for executive management

A long-term compensation plan for executive management was approved and communicated in 2023 and on July 14, 2023, under the Company’s Shadow Share Plan, the Company awarded shadow shares to the executive management, of which 600,000 were granted to Simon Bolton. Shadow shares represent the conditional right to receive a performance-based bonus payment in cash. The fair value of the liability as at the balance sheet date has been determined by reference to the fair value of each awarded shadow shares (incorporating the strike price of the shadow shares and the fair value of the ordinary shares of the Company), taking into account the estimated outcome of applicable service and non-market performance conditions in the number of shadow shares that is expected to vest. All participants are required to remain in service until the end of the grant period.

Board Remuneration in 2023

The remuneration of the Board of Directors charged to the result in 2023 was €1,274,000 (2022: €759,000), which and can be specified as follows:

in EUR thousands	Fixed Salary/fee	Variable compens-ation	Fringe benefits	Pension cost	Long-term compens-ation plan	Total	Proportion of fixed and variable compensation
FY 2023							
G. Garvey	55	-	-	-	-	55	100/0
C. Crepet	30	-	-	-	-	30	100/0
E. Thorsen[2]	15	-	-	-	-	15	100/0
A. Bouri	-	-	-	-	-	-	-
M. Bouri[1]	215	100	-	-	-	315	68/32
S. Bolton[1]	420	154	9	-	216	799	54/46
A.J. Aas	30	-	-	-	-	30	100/0
A. Cormack[3]	30	-	-	-	-	30	100/0
Total	**795**	**254**	**9**	**-**	**216**	**1.274**	
FY 2022							
G. Garvey	50	-	-	-	-	50	100/0
C. Crepet	30	-	-	-	-	30	100/0
T.J.M. Stalenhoef[3]	25	-	-	-	-	25	100/0
A. Bouri	-	-	-	-	-	-	-
D. D'Addario[3]	15	-	-	-	-	15	100/0
M. Bouri	30	-	-	-	-	30	100/0
S. Bolton[1]	399	143	22	-	-	564	75/25
A.J. Aas	30	-	-	-	-	30	100/0
A. Cormack[3]	15	-	-	-	-	15	100/0
Total	**594**	**143**	**22**	**-**	**-**	**759**	

1) S. Bolton is Executive Director since 1 July, 2020 and M. Bouri is executive Director since August 15, 2023; Other members of the Board are Non-Executive Directors.
2) E. Thorsen is Non-Executive Director since August 15, 2023.
3) T.J.M. Stalenhoef's and D. D'Addario's terms expired and were replaced by A. Cormack on 1 July 2022.

The fixed compensation of the Executive Directors Simon Bolton and Maurice Bouri are annually determined by the non-executive directors. The variable compensation is based on the realisation of set targets and approved by the non-executive directors.

The variable compensation in 2023 for Simon Bolton has been determined at €154,000 (2022: €143,000) as Simon led the growth of the business to record company revenues in 2023 and continues to build the foundation for future growth. 2023 saw important execution of the Growth Plan, most importantly revenue generation starting in Hungary, Romania and Ireland and significant growth in Greece. During the year there was important and successful management of the impact of Scotland DRS delay. The company continued its product development through launching the Modula product. Infrastructure was developed through the first implementation of EOS the company's ERP system.

As part of the long-term compensation plan, 600,000 shadow shares were granted to Simon on 14 July 2023, out of which 200,000 shares have been forfeited during 2023. As at December 31, 2023, the remaining 400,000 shares are expected to vest on December 31, 2024. Accordingly, an expense of €216,000 has been recorded in 2023 with an equal liability, representing the fair value of the expected cash bonus payable under the grant based on the share price as at December 31, pro-rated for the service period that has been completed. See below and note 9 for more details on the long-term compensation plan. The shadow shares for Simon have been granted with a strike price of €1.60, being the share price when his employment started. Targets have been set (retrospectively) for 2022, 2023, and 2024 at 80% of the annual forecasted revenue and EBITDA approved by the Board and the remuneration committee. The target for 2022 has been met and the target for 2023 has not been met. Therefore, these shadow shares have been forfeited although these can still be reinstated if both the 2024 revenue and EBITDA exceed 100 percent of the forecasted revenue and EBITDA.

Shadow shares awarded	Shares granted	Strike price	Grant date	Vesting date	Performance conditions
3-Year grant 2022	600,000	€1.60	14 July 2023	31 December 2024	2022-2024

Shadow shares awarded	Grant date	Outstanding as at 1 January 2023	Granted	Forfeited	Vested	Outstanding as at 31 December 2023
3-Year grant 2022	14 July 2023	-	600,000	(200,000)	-	400,000

The variable compensation for Maurice Bouri has been determined at €100,000 (2022: €0) linked to the Company's success in Greece: setting-up local assembly facility, localized Quantum product and strong sales growth.

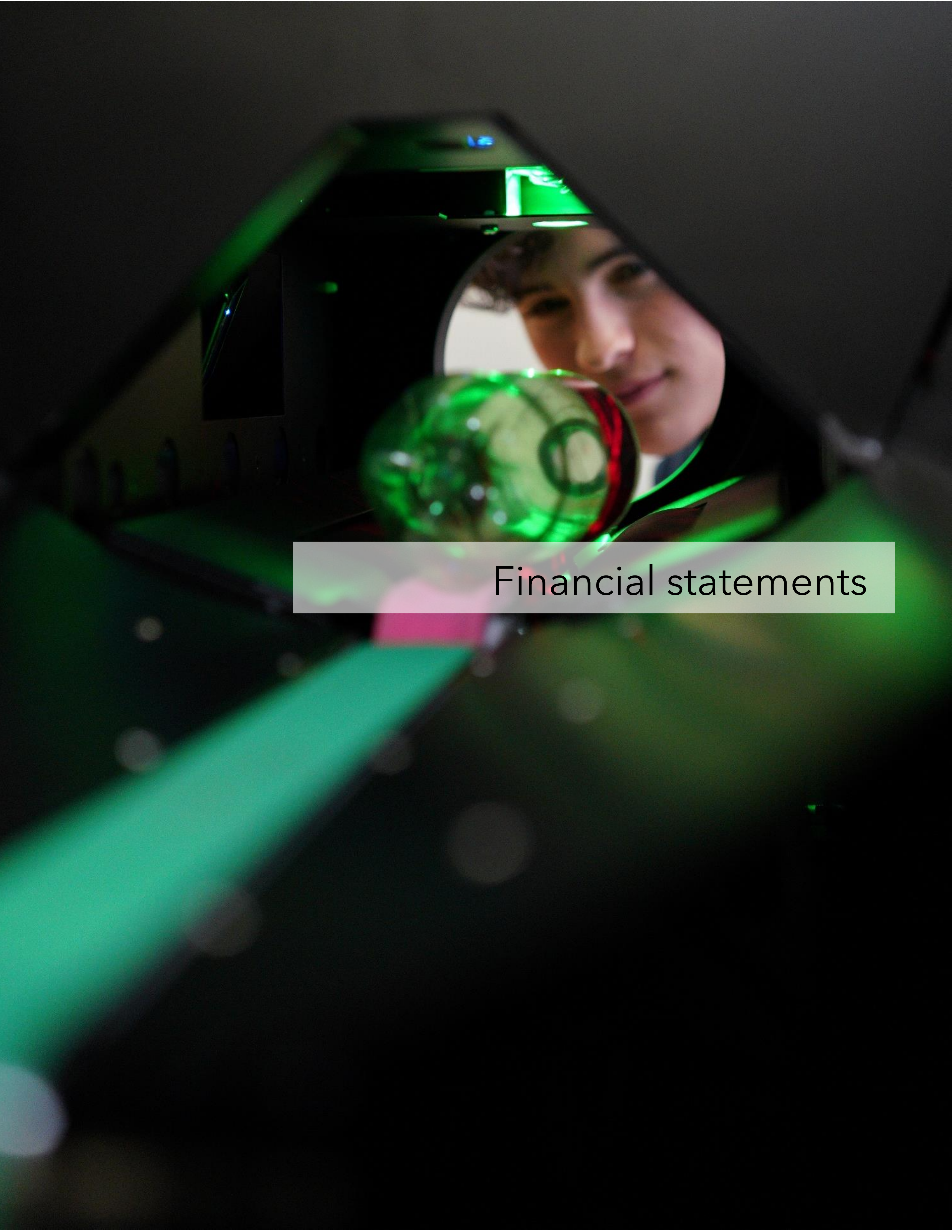
Pension entitlements consist of €0 (2022: €0). Fringe benefits consist of social security and other costs paid by the employer €9,000 (2022: €22,000).

The pay ratio of the CEO in comparison with the average total employee benefit cost per employee as required under the Dutch corporate governance system was 12 in 2023 (2022: 8). The pay ratio is calculated as total benefits paid, excluding board compensation, to employee's average benefit expense per employee for the year.

The table below shows the year-on-year change in remuneration of the Board members. Also included is the change in EBITDA for those years as well as the change in employee compensation.

in EUR thousands	2017	2018	2019	2020	2021	2022	2023
Executive Members							
B. Santchurn	10%	(18%)	42%	-	-	-	-
G. Garvey	(3%)	(14%)	6%	(2%)	(4%)	(2%)	10%
S. Bolton	-	-	-	100%	129%	(7%)	42%
M. Bouri[1]						100%	950%
Non-executive Members							
C. Crepet	100%	10%	82%	-	25%	20%	-
T.J.M. Stalenhoef	11%	-	26%	27%	10%	(67%)	(100%)
E. Thorsen[2]							100%
A. Bouri	-	-	-	-	-	-	-
D. D'Addario	-	-	-	-	-	100%	(100%)
A.J. Aas	-	-	-	-	100%	100%	-
A. Cormack						100%	100%
EBITDA[3]	(7%)	29%	(71%)	120%	53%	(59%)	265%
Change in employee average compensation	(9%)	11%	7%	8%	(7%)	6%	(8%)

1) M. Bouri is Executive Director since August 15, 2023, explaining the increase in compensation.
2) E. Thorsen is Non-Executive Director since August 15, 2023.
3) EBITDA, , not being a defined performance measure in IFRS-EU, is defined in the Other information section of this report.



Financial statements

Consolidated Statement of Profit or Loss and Comprehensive Income

in EUR thousands	Note	FY 2023	FY 2022
Revenues	(6)	87,610	56,373
Cost of sales		(57,342)	(37,911)
Gross Profit		**30,268**	**18,462**
Selling and distribution expenses		(2,763)	(3,437)
General and administrative expenses	(9, 13 & 14)	(23,745)	(18,342)
Research and development expenses		(1,967)	(1,351)
Other income	(8)	492	1,958
Operating Results		**2,285**	**(2,710)**
Financial expense	(10)	(1,481)	(1,341)
Financial income	(10)	353	97
Net finance (cost) and or income		(1,128)	(1,244)
Results before tax		**1,157**	**(3,954)**
Income taxes	(11)	(556)	(224)
Net Results		**601**	**(4,178)**
Other comprehensive income			
Items that will be reclassified subsequently to profit and loss			
Exchange differences on translating foreign operations		(1,081)	1,625
Total other comprehensive income		(1,081)	1,625
Total comprehensive income		**(480)**	**(2,553)**
Profit attributable to:			
Owners of the parent		603	(4,182)
Non-controlling interests		(2)	4
Total Profit/(loss) for the period		**601**	**(4,178)**
Total comprehensive income attributable to:			
Owners of the parent		(478)	(2,557)
Non-controlling interests		(2)	4
		(480)	**(2,553)**
Number of weighted average (exclude treasury shares) shares used for calculations of EPS		51,211	46,051
Earnings/(loss) per share for profit attributable to the ordinary equity holders of the parent during the period			
- Basic (euro)	(12)	0.01	(0.09)
- Fully diluted (euro)	(12)	0.01	(0.09)

The Notes to the financial statements in this report are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

in EUR thousands	Note	FY 2023	FY 2022
Assets			
Non-current assets			
Intangible assets	(13)	9,170	8,595
Property, plant and equipment	(14)	16,985	14,175
Financial assets	(15)	1,499	830
Deferred tax assets	(16)	2,153	2,081
Total non-current assets		**29,807**	**25,681**
Current assets			
Inventory	(17)	32,244	24,114
Trade and other receivables	(18)	23,890	12,633
Cash and cash equivalents	(19)	12,458	16,121
Restricted cash	(19)	-	340
Total current assets		**68,592**	**53,208**
Total assets		**98,399**	**78,889**
Equity			
Share capital	(20)	2,585	2,303
Share premium	(20)	71,021	56,939
Translation reserves	(20)	4,510	5,591
Legal reserves	(20)	7,725	7,575
Retained earnings	(20)	(43,908)	(44,511)
Equity attributable to owners of the parent		**41,933**	**27,897**
Non-controlling interests		41	43
Total equity		**41,974**	**27,940**
Liabilities			
Non-current liabilities			
Borrowings	(21)	9,312	10,930
Lease liabilities	(21)	2,222	1,233
Other liabilities	(21)	375	120
Provisions	(22)	549	-
Deferred tax liability	(16)	50	50
Total non-current liabilities		**12,508**	**12,333**
Current liabilities			
Borrowings	(21)	7,363	3,620
Trade creditors		18,520	10,055
Share lending liability	(24)	-	15,000
Accrued expenses	(24)	11,171	7,458
Provisions	(22)	1,429	680
Lease liabilities		830	620
Tax and social security		4,604	1,183
Total current liabilities		**43,917**	**38,616**
Total liabilities		**56,425**	**50,949**
Total equity and liabilities		**98,399**	**78,889**

The Notes to the financial statements in this report are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flow

in EUR thousands	Note	FY 2023	FY 2022
Cashflow from operating activities			
Operating results		2,285	(2,710)
Adjustment for:			
Amortisation	(13)	1,459	1,379
Depreciation	(14)	4,576	3,590
PPP loan forgiveness		-	(1,948)
Deferred revenue		4,160	1,900
Changes in:			
Changes in trade and other receivables		(12,955)	807
Changes in inventories		(8,788)	(8,424)
Changes in provisions		1,309	499
Changes in trade and other payables		11,718	3,671
Cash generated from operations		**3,764**	**(1,236)**
Interest received and paid		(613)	(249)
Income taxes paid		(372)	(278)
Net cash flow from operating activities		**2,779**	**(1,763)**
Investing activities			
Development expenditure, patents	(13)	(2,045)	(2,462)
Investments in property, plant & equipment	(14)	(5,706)	(5,944)
Change in investments (restricted cash)	(15)	340	-
Net cash flow used in investing activities		**(7,411)**	**(8,406)**
Financial activities			
Proceeds of share issue	(20)	14,514	-
Changes in shared lending		(15,000)	15,000
Changes in borrowings – proceeds	(21)	9,000	12,059
Changes in borrowings – repayments	(21)	(4,802)	(4,779)
Changes in shareholder loan	(21)	(1,638)	1,638
Changes in lease liabilities		(1,088)	(648)
Net cash flow from financing activities		**986**	**23,270**
Net increase/(decrease) in cash and cash equivalents		**(3,646)**	**13,101**
Opening position		16,121	3,061
Foreign currency differences on cash and cash equivalents		(17)	(41)
Closing position		12,458	16,121
The closing position consists of:			
Cash and cash equivalents	(19)	12,458	16,121
Total closing balance in cash and cash equivalents		**12,458**	**16,121**

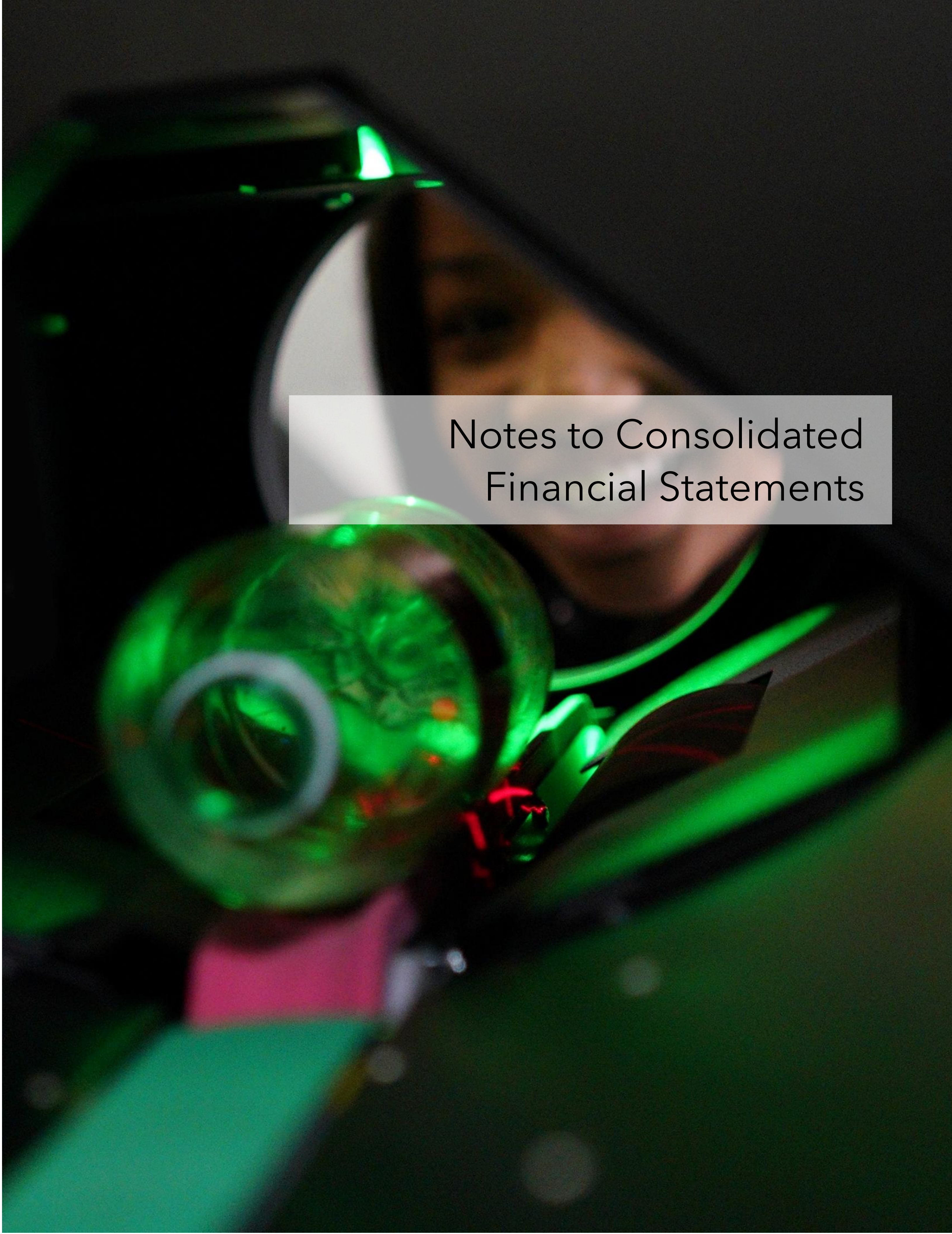
The notes to the financial statements in this report are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

in EUR thousands	Share Capital	Share Premium	Transl-ation Reserve	Legal Reserve	Retained Earnings	Total	Non-Control-ling Interests	Total Equity
Balance at 1 January 2022								
Changes in equity for 2022	**2,303**	**57,326**	**3,966**	**7,188**	**(40,329)**	**30,454**	**39**	**30,493**
Net profit/(loss) for the year	-	-	-	-	(4,182)	(4,182)	4	(4,178)
Other comprehensive income								
- Currency translation	-	-	1,625	-	-	1,625	-	1,625
Total comprehensive income for the period	**-**	**-**	**1,625**	**-**	**(4,182)**	**(2,557)**	**4**	**(2,553)**
Share issue	-	-	-	-	-	-	-	-
Legal reserve	-	(387)	-	387	-	-	-	-
Balance at 31 December 2022	**2,303**	**56,939**	**5,591**	**7,575**	**(44,511)**	**27,897**	**43**	**27,940**
Changes in equity for 2023								
Net profit/(loss) for the year	-	-	-	-	603	603	(2)	601
Other comprehensive income								
- Currency translation	-	-	(1,081)	-	-	(1,081)	-	(1,081)
Total comprehensive income for the period ended 31 December 2023	**-**	**-**	**(1,081)**	**-**	**603**	**(478)**	**(2)**	**(480)**
Share issue	282	14,232	-	-	-	14,514	-	14,514
Legal reserve	-	(150)	-	150	-	-	-	-
Balance at 31 December 2023	**2,585**	**71,021**	**4,510**	**7,725**	**(43,908)**	**41,933**	**41**	**41,974**

The notes to the financial statements in this report are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements



(1) General information

(a) Reporting entity and relationship with parent Company

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 (Chamber of Commerce number: 33304225). The Company is a holding Company and is incorporated in Amsterdam.

Envipco Holding N.V. and Subsidiaries ("the Group" 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.

(b) Financial reporting period

These financial statements cover the year 2023, which ended at the balance sheet date of 31 December 2023, and were authorized for issuance on July 12, 2024.

(c) Going concern

The financial statements of the Company have been prepared on the basis of the going concern assumption.

(2) Basis of preparation

(a) Statement of compliance

The consolidated financial statements of the Company are part of the statutory financial statements of the Company. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and with Section 2:362(9) of the Dutch Civil Code.
These Financial Statements have been approved for issue by the Board of Directors on 12 July 2024 and are subject to adoption by the Shareholders at the Annual General Meeting of Shareholders. All amounts are in thousands of euros unless stated otherwise.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity are disclosed in Note 3.

Basis of measurement
Due to rounding, numbers presented may not add up precisely to the totals provided. Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at amortized costs. Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements. Revenues from goods are recognized upon delivery. The cost of these goods is allocated to the same period. Revenues from services are recognized in proportion to the services rendered. The cost of these services is allocated to the same period.

(b) Measurement of fair values

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

(c) Use of judgement and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ending 31 December 2023 is included in the following notes:

Note 16 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used

Note 13 – impairment test of intangible assets: key assumptions underlying recoverable amounts, including the recoverability of capitalised development costs.

Further information on critical accounting estimates and judgements are included in note (s).

(3) Summary of significant accounting policies

(a) Changes in accounting policies

The Group has consistently applied the accounting policies set out in Note 3 to all periods presented in these consolidated financial statements.

New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2023.

Standards issued and effective

A number of new standards and amendments are effective for annual periods beginning after 1 January 2023.

- Insurance Contracts (IFRS 17).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12).

These new standards and amendments do not have a significant impact on the Company's financial statements.

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- Non-current Liabilities with Covenants (Amendments to IAS 1).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).
- Lack of Exchangeability (Amendments to IAS 21)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

(b) Consolidated cash flow statement

The Group's consolidated statement of cash flows is presented using the indirect method.
The funds in the cash flow statement consist of cash and cash equivalents. Bank overdrafts are included as a component of cash and cash equivalents when the overdrafts are repayable on demand and often fluctuate. Cash flows in foreign currencies are translated at an average rate.

(c) Consolidation

Basis of consolidation

Based on IFRS 10, the Company prepares consolidated financial statements where it controls an entity or entities, as defined under Subsidiaries below, and following the principles of control, it will consolidate an entity irrespective of the nature of the entity. If the Company has the power by way of actual or potential voting rights over an entity, then such entity's results will be consolidated. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single economic entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Subsidiaries

Subsidiaries are all entities (including single economic entities) where the Group has control over an investee, it is classified as a subsidiary. The Company controls an investee, if all three of the following elements are present:

- power over the investee
- exposure to variable returns from the investee and
- the ability of the investor to use its power to affect those variable returns

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.
Intercompany transactions and balances between Group companies are eliminated.

Non-controlling interest

The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.
The consolidated balance sheets comprise the financial data of Envipco Holding N.V., Amersfoort, The Netherlands, and the following Group companies:

Envipco (UK) Limited, London, United Kingdom – 100%
Envipco Automaten GmbH, Westerkappeln, Germany – 100%
Envipco Pickup & Processing Services Inc., Delaware, U.S.A. – 99.85%
Environmental Products Corporation, Delaware, U.S.A. – 99.85%
Environmental Products Recycling Inc., Delaware, U.S.A. – 99.85%
Envipco A.S., Oslo, Norway – 100%
Envipco N.D. Inc., Delaware, U.S.A. – 99.85%
Envipco Sweden A.B., Borlange, Sweden – 100%
Envipco Hellas SA, Athens, Greece – 100%
Envipco France SA, Paris, France – 100%
Envipco Solutions SRL, Alba Iulia, Romania – 100%
Envipco Portugal Unipessoal LDA, Lisbon, Portugal – 100%
Envipco Slovakia sro, Bratislava, Slovakia – 100%
Envipco Ireland Limited, Dublin, Republic of Ireland – 100%
Envipco Europe B.V., Amersfoort, The Netherlands – 100%
Envipco Hungary Kft, Budapest, Hungary – 100%

Stichting Employees Envipco Holding (SEEH) is controlled by Envipco Holding N.V. The Board of Stichting Employees Envipco Holding currently consists of one former Board member of Envipco Holding N.V. It is a foundation and its function is to administer an Employee Share Option scheme. Currently there are no activities of the Foundation.

The acquisition method of accounting is used to account for Business combinations by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income.

Segment reporting
The segments are identified on the basis of internal reports about components of the entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess its performance. The Group considers geography as its main segment. Management measures geographical segment performance based on the segment's operating result. Similarly, the respective assets and liabilities are allocated to the geographical segments. This coincides with the Group's internal organisational and management structure and its internal financial management reporting system. A business segment is a group of operations engaged in providing services or products that are subject to risks and returns that are different from those of other business segments.

Foreign currencies

Foreign currency transactions and foreign operations
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Euros, which is the Company's functional and presentation currency. The subsidiaries that are included in the consolidation have the Euro, US Dollars, UK Sterling Pounds, Romanian Leu, Swedish Kroner, Norwegian Kroner and Hungarian Forint as their functional currency. Transactions and cash flows in foreign currencies are translated into the functional currency at the rate prevailing when the transaction took place. Related exchange rate differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the income.

Balance sheets of entities that have a functional currency other than the Euro are translated using the closing rates at each reporting date. The income statements of such entities are translated at the average rates during the period. The resulting exchange difference is recognised in the translation reserve. When a foreign entity is sold, such cumulative exchange difference is reclassified in the income as part of the gain or loss on sale. Translation gains and losses on inter-Company balances which are in substance a part of the investment in such Group Company are also recognised in other comprehensive income. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Revenue

General
Revenue arises mainly from the offering of pickup and processing, repairs and maintenance, sale of RVMs and leasing of RVMs. To determine whether to recognise revenue, the Group follows a 5-step process according to IFRS 15:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. When the Group acts as a principal revenue is recognised in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred. When the Group acts an agent with a performance obligation to arrange for the provision of the specified good or service by another party, then revenue is recognised in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as deferred revenue in other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises unbilled revenue in other receivables in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due. In the USA, under the Bottle Bill deposit system, one of the subsidiary's billing includes mandatory deposits on the beverage containers which once collected, are passed through to the operators of redemption sites where Envipco machines are used. These pass-through amounts are included in receivables and payables and are not recognised as revenues.

Service revenue
The Group's primary service offerings include repairs and maintenance, and pickup and processing. These services are provided on a time and material basis or as a fixed-price contract with contract terms generally ranging from less than one year to three years.

Revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered. Revenue from fixed-price contracts involving managed services is generally recognised in the period the services are provided using a straight-line basis over the term of the contract.

If circumstances arise that may change the original estimates of revenues, costs, or extent of progress toward completion, then revisions to the estimates are made. These revisions may result in increases or decreases in estimated revenues or costs, and such revisions are reflected in income in the period in which management becomes aware of the circumstances that give rise to the revision.

Sale of goods
Revenue from product sales is generally recognised when the product is delivered to the client and when there are no unfulfilled obligations that affect the client's final acceptance of the arrangement. Delivery does not occur until products have been shipped, risk of loss has transferred to the client and client acceptance has been obtained, client acceptance provisions have lapsed, or the Group has objective evidence that the criteria specified in the client acceptance provisions are either perfunctory or have been satisfied.

A provision for warranties is recognized when the underlying product is sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

Leasing revenue
Revenues from product lease are recognised over the term of the lease on a straight-line basis, when classified as operational leases.

Cost of sales
Cost of sales includes all direct material and labour costs and those indirect costs related to contract performance, such as indirect labour, supplies, and depreciation costs. The Group performs ongoing profitability analysis of its service contracts in order to determine whether the latest estimates - revenues, costs and profits - require updating. If, at any time, these estimates indicate that a contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately and presented as losses on contracts under provisions.

Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities;

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(e) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.
When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor
At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.
When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

(f) Deferred tax

Deferred income tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a Business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes
The Group is subject to income tax in several jurisdictions and significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when, despite the Company's belief that its tax return positions are supportable, the Company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The Company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

Deferred tax valuation
The Group recognises deferred tax assets for loss carry-forwards and deductible temporary differences, estimating the amount of future taxable profit that will be probable, against which the loss carry-forwards and deductible temporary difference can be utilised (see Note 16).

(g) Intangible assets

All intangible assets have finite lives based on their economic use except for Goodwill. The intangible assets with finite lives are amortised using the straight-line method. The useful life is estimated at 7 years.

General and administrative expenses in the consolidated statement of comprehensive income include the amortisation charge for intangible assets.

Goodwill
Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is tested annually for impairment. An impairment loss is recognised for the amount by which the goodwill of a cash generating unit exceeds its recoverable amount.

The recoverable amount is the higher of the cash generating unit's fair value less costs to sell and value in use. Impairment testing of goodwill is performed at the level of the cash generating units, which is the smallest identifiable group of assets to independently generate cash flows. For the group, the smallest cash generating units comprise the activities of one single country. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Goodwill impairment testing
The Group is required to test, on an annual basis whether goodwill has suffered any impairment. The recoverable amount is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. More information including carrying values is included in Note 13.

Patents, licenses and concessions
The amortisation for the patents, licenses and concessions is included in general and administrative expenses.
Patents are acquired intangible assets and are measured initially at cost on the acquisition date. They are amortised using the straight-line method based on the estimated useful life of 7 years.
Concessions relating to RVM distribution rights in the USA Midwest market are recognised and amortised over the life of the contract.

Research and development
Research and development expenses are included in general and administrative expenses.
Research costs are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the costs attributable to the product during its development can be reliably measured.

The capitalised development cost is amortised when the asset becomes available for use. Once the asset is completely developed, it is amortised over the estimated useful life, which is 7 years.
A legal reserve is made for capitalised development costs.

Software
Operational costs, which encompass expenses related to research, training and other activities explicitly outlined in IAS 38.69, are expensed as incurred. These expenses are recognized in the income statement in the year in which the services are received.

Capital expenditures involve costs associated with customization fees, data conversion, and other software implementation services. The classification of these costs as capital expenditure depends on whether they enhance the functionality of software or an intangible asset that is controlled by the Company or create a separate intangible asset, as outlined in accounting standards.

The capitalised software cost is amortised over the estimated useful life, which is 5 years.

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have not been put into use yet are tested for impairment at each reporting date irrespective of whether indicators of impairment exist. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The capitalisation and potential impairments of internally generated research and development is amongst others based on estimates of future recovery.

(h) Property, plant and equipment

Property, plant and equipment are valued at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent expenditures that extend the asset's useful life are capitalised. Expenditures for repairs and maintenance are expensed when incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values, based on the estimated useful lives of such assets.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Assets under construction will be depreciated once the assets are complete and available for use.
Depreciation is based on the estimated useful lives of assets as follows:

Buildings	40 years
Plant and machinery	4-7 years
Reverse vending machines	4-7 years
Vehicles and equipment	3-5 years

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other highly liquid investments with original maturities of three months or less. The cash and cash equivalents are available on demand.

(j) Trade receivables

Trade receivables are recognised initially at fair value, which is generally the face value, and subsequently carried at amortised cost less provision for impairment. Impairment provisions for credit losses are recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Please refer to paragraph (Q) Financial instruments initial recognition and subsequent measurement for further accounting policy elaboration in respect of the financial instruments.

(k) Inventory

Envipco uses a weighted average actual cost method (WAAC) for valuation of inventory. Product inventory is valued at the lower of cost or net realisable value based on a weighted average actual cost method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.
Spare parts inventory is valued at the lower of historical cost, or net realisable value. Appropriate consideration is given to excessive inventory levels, product deterioration and other factors when establishing the net realisable value.

All RVM parts inventory is valued at the lower of cost and net realisable value.

(l) Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Amounts contributed by the shareholder(s) of the Company in excess of the nominal share capital, are accounted for as share premium. This also includes additional capital contributions by existing Shareholders without the issue of shares or issue of rights to acquire shares of the Company.

Minority interests are valued at the proportionate share of third parties in the net value of the assets and liabilities of a consolidated entity, determined in accordance with the Company's measurement principles.

The Company records purchases of its own ordinary shares (treasury shares) under the cost method whereby the entire cost of the acquired shares is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.
No treasury shares are held at 31 December 2023.

(m) Provisions

The group recognises provisions for liabilities of uncertain timing or amount including those for onerous leases, warranty claims, leasehold dilapidations and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability. In the case of leasehold dilapidations, the provision takes into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

(n) Trade creditors and other current liabilities

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost. Please refer to paragraph (q) Financial instruments initial recognition and subsequent measurement for further accounting policy elaboration in respect of the financial instruments.

(o) Employee benefits

Employee benefits are charged to the profit and loss account in the period in which the employee services are rendered and, to the extent not already paid, as a liability on the balance sheet. If the amount already paid exceeds the benefits owed, the excess is recognised as a current asset to the extent that there will be a reimbursement by the employees or a reduction in future payments by the Company.
The Group subsidiaries sponsor employee benefit plans which cover substantially all of their employees. Such plan is referred to as defined contribution. A defined contribution plan is a plan under which the Group companies pay fixed contributions into a separate entity. Under defined contribution plans, the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, Envipco pays contributions to publicly or privately administered funds or insurance companies. Contributions are generally based on fixed amounts of eligible compensation and the cost for such plans is recognised based on employee service.

Share-based payments
The Group operates a share-based payment plan for certain employees, which has been classified as a cash-settled plan. Reference is made to note 9 for further details about the plan. The Group measures the services received from employees and the liability incurred at the fair value of the liability.

The liability is measured, initially and at the end of each reporting period until settled, by reference to the fair value of each grant under the plan, multiplied by the number of shadow shares, whereby recognition of the liability takes place over the period in which the service is fulfilled (the vesting period). The amount recognized is adjusted to reflect the actual number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as expense is based on the actual number of awards meeting these vesting conditions.
Until the liability is settled, its fair value is remeasured at the end of each reporting period, with any changes in the fair value recognized in profit or loss. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

(p) Deferred income

In some of the Group's services contracts, the Group bills the client prior to performing the services resulting in the recognition of deferred income on the consolidated balance sheet.

(q) Financial instruments initial recognition and subsequent measurement

Recognition and derecognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets, except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost.
- fair value through profit or loss (FVTPL).
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI.
The classification is determined by both:

- the entity's business model for managing the financial asset.
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within administrative expenses.

A financial asset and a financial liability are offset when the entity has a legally enforceable right to set off the financial asset and financial liability and the Company has the firm intention to settle the balance on a net basis, or to settle the asset and the liability simultaneously. If there is a transfer of a financial asset that does not qualify for derecognition in the balance sheet, the transferred asset and the associated liability are not offset.

Subsequent measurement of financial assets

(i) Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and other receivables fall into this category of financial instruments as well as interest-bearing loans bonds that were previously classified as held-to-maturity under IAS 39.

(ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and;
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.
- '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets
The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assesses impairment of trade receivables on an individual basis. As they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities
The Group's financial liabilities include borrowings, trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(r) Fair values

The management assessed that cash and cash equivalents, trade and other receivables, trade and other payables, and other current liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the interest-bearing loans and borrowings is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate borrowings are evaluated by the Group based on parameters such as interest rates and the risk characteristics of the financed project.

The fair value of the interest-bearing loans and borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities, being sensitive to a reasonably possible change in the forecast cash flows or the discount rate. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

(s) Critical accounting estimates and judgments

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Key judgements and accounting estimates relate to the following:

- Note 11 and 16– recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 13 and 14 – useful life of intangible and tangible fixed assets, including impairment testing if applicable;
- Notes 22 and 25 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 17 – measurement of provision for obsolescence;
- Note 18 – measurement of ECL allowance for trade receivables.
- Note 9 – measurement of realizing targets in the long-term compensation plan.

(4) Capital management

The Group's capital consists of its net equity and long-term loans. Management monitors and assesses the capital requirements for the Group and ensures that enough funding is available to meet the working capital requirements and also for the future business development. To raise funding, the Group considers both committed credit lines and equity contributions.

The Group and one of the Group's subsidiaries have to comply with certain financial covenants under its loan agreements, details of which are given in Note 21. The Group's current funding requirements have been met from private placement, Group Term Loan, operations and committed credit lines.

(5) Financial risk management

The Group has exposure to Credit, Liquidity and Market risks on the financial instruments used by it. The Board of Directors has the overall responsibility to monitor and manage these risks.

Credit risk

Credit risk arises from the possibility of asset impairment occurring because counterparties are not able to meet their obligations in transactions mainly involving trade receivables. The Group has exposure to credit risk and is dependent on three major customers (see table below) for its receivables, in in 2023 for 39% of its receivables and in 2022, 32% of receivables. In the normal course of business, the Group provides credit to clients, provides credit evaluations of these clients, and maintains an impairment provision for credit losses. Cash and cash equivalents are held with reliable counterparties.

Concentration of credit risk	FY 2023 Accounts receivable	FY 2022 Accounts receivable
Customer 1	26%	13%
Customer 2	7%	10%
Customer 3	6%	9%
Others	61%	68%
Total	**100%**	**100%**

USA operations manage its gross receivables through a system of deposit accounting where Envipco acts as a clearing house for services provided and not on RVM sales but disburses payable funds to customers only after collections have been made from its receivables. European and USA operations have receivables from RVM sales, which are managed closely for collections.

The carrying amount of financial assets represents the maximum credit exposure. This maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

in EUR thousands	Current	>30 Days	>60 Days	>90 Days	Total
FY 2023					
Europe	11,253	740	138	2,848	14,979
United States	6,719	1,529	579	84	8,911
Total	**17,972**	**2,269**	**717**	**2,932**	**23,890**
FY 2022					
Europe	2,554	453	55	1,742	4,805
United States	5,879	1,471	578	625	8,552
Total	**8,434**	**1,924**	**633**	**2,366**	**13,357**

Increase in current Trade and other receivables mainly relates to high Q4 activity levels. Increase in Trade and other receivables due > 90 days have been partially paid after year-end due to amendments to be made to the machines. For the final balance of EUR 1 million the Company is in close contact and has proposed a new payment schedule.

Management manages credit risk by reviewing the creditworthiness of counterparties on a regular basis and will set credit limits. No credit insurance is taken out. Due to the limited number of customers the Group determines the ECL of trade receivables on an individual basis.

Liquidity risk

Liquidity risk arises from the possibility that the Group may encounter difficulty in meeting its obligations as they fall due or inability to draw under re-finance credit facilities.

The Group's policy is to ensure, as far as possible, that it will have sufficient liquidity to meet its obligations in a timely manner. The executive directors follow liquidity risk management focused on maintaining sufficient cash, enforcing strict credit policy and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

Liquidity is managed closely by pursuing receivable collections in Europe and the USA and also by keeping the committed credit lines in place. The following are the Group's contractual maturities of financial liabilities based on contractual undiscounted payments including short term leases:

in EUR thousands	In 1 Year	1-2 Years	2-5 Years	> 5 Years	Total
FY 2023					
Borrowings	7,363	4,018	5,294	-	16,675
Lease liabilities	830	721	1,200	301	3,052
Trade creditors	18,520	-	-	-	18,520
Total	**26,713**	**4,739**	**6,494**	**301**	**38,247**
FY 2022					
Borrowings	3,620	8,960	1,969	-	14,550
Lease liabilities	620	774	460	-	1,853
Trade creditors	10,055	-		-	10,055
Total	**14,295**	**9,734**	**2,429**	**-**	**26,458**

Market risk

Market risk arises from the fact that the value of financial instruments may be positively or negatively affected by fluctuating prices on the financial markets. Market risk includes currency risk, fair value interest rate risk, and price risk.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to exchange rate fluctuations. Exposure to currency risks arises primarily when receivables and payables (including intercompany loans) are denominated in a currency other than the operating Company's local currency. In addition, the Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and British Pound. The Group manages its currency risk by closely monitoring the currency fluctuations and does not hedge its currency risk.

A 5% strengthening of US Dollar and British Pound against the Euro would have decreased net profit by €0.3m due to the transactional impact. A 5% decline in US Dollar and British Pound against the Euro would have had an equal but opposite effect on the basis that all other variables remain constant.

Interest rate risk

The Group's interest rate risk arises from selected long-term borrowings. Such borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group tries to minimise its interest rate by negotiating both fixed and variable interest rates for the borrowings. The Group has no interest rate swaps to hedge interest rate risk. The Group evaluated its exposure to interest rate risk based on its long-term debt (see Note 21) and concluded that a mutation in interest rate by 1% would not have a significant impact.

Price risk

The Group has an exposure to price risk if fluctuations cannot be passed on in negotiations with customers. To mitigate this risk, the Company tries to incorporate price adjustment clauses in customer contracts.

Financial instruments – fair values and risk management

The Company has no financial assets and financial liabilities that are measured at fair value. The fair value for financial assets and financial liabilities not measured at fair value is a reasonable approximation of fair value except for borrowings that are further explained in Note 21. The Group does not make use of derivative instruments.

Further, for the current year the fair value disclosure of lease liabilities is also not required.

(6) Segment information

Envipco considers geography as its main segments. Management measures geographical segment performance based on the segment's profit. Similarly, the respective assets and liabilities are allocated to the geographical segments. The segments are identified on the basis of internal reports about components of the entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess its performance. The Group's main continuing operations relate to its core activity of Recycling. This activity has a single main operating segment – RVMs. The RVM business segment includes operations in the USA and Europe due to RVM sales, and services. The other unallocated amounts include the Holding Company and rest of the non-active Group entities. Segment information for continuing operations is presented by geographical areas where a segment is based.

(6) Segment information (continued)

Segment information of the reportable segments is detailed below:

	FY 2023			FY 2022		
in EUR thousands	**Europe**	**North America**	**Total**	**Europe**	**North America**	**Total**
Revenues						
Recycling – RVM						
Sale of goods	54,053	3,278	57,331	16,976	7,735	24,711
Service revenue	1,433	19,995	21,428	1,072	21,762	22,834
Leasing revenue	68	8,783	8,851	78	8,750	8,828
Total	**55,554**	**32,056**	**87,610**	**18,127**	**38,247**	**56,373**
Net Results						
Recycling – RVM	4,404	1,869	6,273	(3,887)	4,269	382
Other unallocated amounts	(5,672)	-	(5,672)	(4,560)	-	(4,560)
Total	**(1,268)**	**1,869**	**601**	**(8,447)**	**4,269**	**(4,178)**
EBITDA[1]						
Recycling – RVM	6,998	6,237	13,235	(2,564)	7,759	5,195
Other unallocated amounts	(4,914)	-	(4,914)	(2,936)	-	(2,936)
Total	**2,084**	**6,237**	**8,321**	**(5,500)**	**7,759**	**2,259**
Depreciation & Amortisation						
Recycling – RVM	1,141	3,446	4,587	639	2,905	3,544
Other unallocated amounts	1,448	-	1,448	1,426	-	1,426
Total	**2,589**	**3,446**	**6,035**	**2,065**	**2,905**	**4,969**
Total assets						
Recycling – RVM	53,615	33,589	87,204	15,691	40,563	56,253
Other unallocated amounts	11,196	-	11,196	22,635	-	22,635
Total	**64,811**	**33,589**	**98,400**	**38,326**	**40,563**	**78,889**
Total liabilities						
Recycling – RVM	25,876	19,228	45,104	7,549	25,790	33,339
Other unallocated amounts	11,320	-	11,320	17,610	-	17,610
Total	**37,196**	**19,228**	**56,424**	**25,159**	**25,790**	**50,949**
Property, Plant & Equipment & Intangibles Additions						
Recycling – RVM	5,210	2,894	8,104	2,074	6,119	8,193
Other unallocated amounts	2,158	-	2,158	2,392	-	2,392
Total	**7,368**	**2,894**	**10,262**	**4,466**	**6,119**	**10,585**

1) EBITDA, not being a defined performance measure in IFRS-EU, is defined in the Other information section of this report.

The revenues (destination) and non-current intangible assets of the Company's country of domicile i.e., Netherlands were respectively €0 (2022: €2,000) and €8,876,000 (2022: €8,269,000).

See table above for Revenue details where contract (lease) revenues and performance obligations for sale of goods have been disclosed as part of the Group's revenue recognition policies. Contract balances, if any, at year end are included in trade receivables (see Note 18).

Other unallocated amounts relate to capitalized development costs and corporate costs that are included in the Europe segment.

(7) Audit fees

The fee paid to the Group's auditors for the following services relating to the calendar year can be specified as follows:

in EUR thousands	FY 2023			FY 2022		
	KPMG Accountants N.V.	Other KPMG Network	Total	KPMG Accountants N.V.	Other KPMG Network	Total
Audit fee of financial statements	389	313	702	325	191	516
Other audit engagement	-	-	-	-	-	-
Tax-related advisory services	-	-	-	-	-	-
Other non-audit services	-	-	-	-	-	-
Total	**389**	**313**	**702**	**325**	**191**	**516**

KPMG Accountants N.V. is the auditor in 2023 and 2022 to the Company and its subsidiaries. The fees mentioned in the table for the audit of the financial statements relate to the total fees for the audit of the financial statements, irrespective of whether the activities have been performed during the financial year.

(8) Other income

in EUR thousands	FY 2023	FY 2022
Fee for cancellation and resale of UK inventory	477	-
PPP loan forgiveness	-	1,958
Other	15	-
Total	**492**	**1,958**

The company received EUR 0.5m on other income from cancellation and resale of UK inventory. In Q3 2022, the company received formal forgiveness of the 2021 PPP loan.

(9) Employee benefit expense

in EUR thousands	FY 2023	FY 2022
Salaries and wages	22,319	17,370
Social Security expenses	2,696	1,820
Pension expenses	685	431
Long-term compensation plan	254	-
Total	**25,954**	**19,620**
Average number of employees		
North America		
Production/Supply chain	45	49
Research and Development	16	20
Sales and Service	93	98
General Administration	18	17
Management	4	3
Europe		
Production/Supply chain	130	30
Research & Development	11	11
Sales & Service	19	19
General Administration	37	30
Management	5	3
Total	**378**	**280**

The expense is included in the following line items in the financial statements:

in EUR thousands	FY 2023	FY 2022
Cost of sales	11,353	6,134
General and administrative expenses	10,636	9,732
Selling and distribution expenses	1,189	1,364
Research and development expenses[1]	2,776	2,390
Total employee benefit expense	**25,954**	**19,620**

1) Including the amounts of capitalized expenses

(9) Employee benefit expense (continued)

Remuneration of the Management Board

The remuneration of the Management Board charged to the result in 2023 was €1,274,000 (2022: €759,000), which can be specified as follows:

in EUR thousands	Fixed Salary/fee	Variable compensation	Fringe benefits	Pension cost	Long-term compensation plan	Total
FY 2023						
S. Bolton[1]	420	154	9	-	216	799
G. Garvey	55	-	-	-	-	55
C. Crepet	30	-	-	-	-	30
E. Thorsen[2]	15	-	-	-	-	15
A. Bouri	-	-	-	-	-	-
M. Bouri[1]	215	100	-	-	-	315
A.J. Aas[3]	30	-	-	-	-	30
A. Cormack[3]	30	-	-	-	-	30
Total	**795**	**254**	**9**	**-**	**216**	**1,274**
FY 2022						
S. Bolton[1]	399	143	22	-	-	564
G. Garvey	50	-	-	-	-	50
C. Crepet	30	-	-	-	-	30
T.J.M. Stalenhoef[2]	25	-	-	-	-	25
A. Bouri	-	-	-	-	-	-
D. D'Addario[2]	15	-	-	-	-	15
M. Bouri	30	-	-	-	-	30
A.J. Aas	30	-	-	-	-	30
A. Cormack[2]	15	-	-	-	-	15
Total	**594**	**143**	**22**	**-**	**-**	**759**

1) S. Bolton is Executive Director since 1 July, 2020 and M. Bouri is executive Director since August 15, 2023; Other members of the Board are Non-Executive Directors.
2) E. Thorsen is Non-Executive Director since August 15, 2023
3) T.J.M. Stalenhoef's and D. D'Addario's terms expired and were replaced by A. Cormack on 1 July 2022.

The remuneration of Simon Bolton as director in 2023 consisted of a fixed salary of €429,000 (2022: €421,000), a variable compensation of €154,000 (2022: €143,000) and an expense of €216,000 (2022: €0) was recorded under the long-term compensation plan, for shadow shares granted that are expected to vest. See further details below.

M. Bouri, appointed as executive director in 2023, earned a fixed salary of €215,000 (2022: €30,000) and a variable compensation of €100,000 (2022: €0).

The remuneration of G. Garvey amounted to €55,000 (2022: €50,000). Non-executive Directors obtain a fixed compensation based on time spent and amounts charged. Also see Note 26 for related party transactions.

(9) Employee benefit expense (continued)

Long-term compensation plan for executive management

The Envipco Holding N.V. Employee Shadow Share Plan ("the plan") was approved by the Board of Directors in 2022 and published in 2023. Under the plan, certain employees of the Group may receive remuneration in the form of shadow shares, a form of share appreciation rights. Shadow shares represent the conditional right to receive a performance-based bonus payment in cash. The plan has been assessed to qualify as a cash-settled share-based payment plan. Participants will not acquire any equity instruments. Shadow shares will only vest if certain service and non-market performance conditions are met. Employees are required to remain in service until the end of the grant period. Additionally, vesting is conditional upon the Group meeting certain financial targets during the vesting period.

The shadow shares in the three plans have been granted at a strike price of respectively €1.60, €1.80, and €3.20. Targets have been set (retrospectively) for all plans at 80% of the annual forecasted revenue and EBITDA approved by the Board and the remuneration committee. The target for 2022 has been met and the target for 2023 has not been and therefore these shadow shares have been forfeited although these can still be reinstated if both the 2024 revenue and EBITDA exceed 100 percent of the forecasted revenue and EBITDA. The appreciation is calculated based on the share price of €3.30 as at December 31.

The following table details the grants awarded under the plan in 2023:

Shadow shares awarded	Shares granted	Strike price	Grant date	Vesting date	Performance conditions
3-Year grant 2022	600,000	€1.60	14 July 2023	31 December 2024	2022-2024
4-Year grant 2022	150,000	€1.80	14 July 2023	31 December 2025	2022-2025
4-Year grant 2023	600,000	€3.20	14 July 2023	31 December 2026	2023-2026
Total	**1,350,000**				

The total of the outstanding shadow shares as at 31 December 2023 is as follows:

Shadow shares awarded	Grant date	Outstanding as at 1 January 2023	Granted	Forfeited	Vested	Outstanding as at 31 December 2023
3-Year grant 2022	14 July 2023	-	600,000	(200,000)	-	400,000
4-Year grant 2022	14 July 2023	-	150,000	(37,500)	-	112,500
4-Year grant 2023	14 July 2023	-	600,000	(150,000)	-	450,000
Total		**-**	**1,350,000**	**(387,500)**	**-**	**962,500**

The number of outstanding shares as at year-end reflects the Company's expectation of the shadow shares that are expected to vest.

The liability as at year-end and the and expense for the year can be detailed as follows:

Shadow shares awarded	Grant date	Liability as at 31 December 2023	Expense recognised in profit or loss	Liability as at 31 December 2023
3-Year grant 2022	14 July 2023	-	216	216
4-Year grant 2022	14 July 2023	-	32	32
4-Year grant 2023	14 July 2023	-	6	6
Total		**-**	**254**	**254**

The fair value of the liability as at the balance sheet date has been determined by reference to the fair value of each awarded shadow shares (incorporating the strike price of the shadow shares and the fair value of the ordinary shares of the Company), taking into account the estimated outcome of applicable service and non-market performance conditions in the number of shadow shares that is expected to vest.

(10) Finance expense and income

The financial expenses include borrowings and financial lease commitments. Financial income relates to interest received.

in EUR thousands	FY 2023	FY 2022
Interest and similar expenses	(1,481)	(601)
Interest and similar income	83	97
Exchange gains/(losses)	270	(740)
Net finance (cost) and or income	**(1,128)**	**(1,244)**

(11) Income taxes

Effective tax rate

Envipco operates in several jurisdictions with varied local statutory income tax rates. This causes a difference between the average statutory income tax rate and The Netherlands tax rate of 25,8%. The following table reconciles income taxes based on the Group's weighted average statutory income tax rate and the Group's income tax benefit from continuing operations:

in EUR thousands		FY 2023		FY 2022
Profit/(loss) before tax		1,157		(3,954)
Taxation (charge)/credit – statutory rate	25.8%	(298)	25.8%	1,020
Tax (charge) credit for different statutory tax rates on foreign subsidiaries		108		92
Non-deductible expenses/other		180		488
Recognition of previously unrecognized tax losses and deductible temporary difference		750		(51)
Current year losses for which no deferred tax asset has been recognized		(1,321)		(1,731)
Prior year adjustment		-		107
State tax		26		(149)
Effective income tax	**(48)%**	**(556)**	**(6)%**	**(224)**

Current and deferred tax income/ (expense)

in EUR thousands	FY 2023	FY 2022
Current		
Europe	(714)	(73)
USA	17	(49)
Sub-total	(697)	(122)
Deferred		
Europe	267	(31)
USA	(126)	(70)
Sub-total	141	(101)
Total	**(556)**	**(224)**

None of the items of other comprehensive income is included in income taxes. See Note 16.

(12) Earnings per share

The numerator for both basic and fully diluted net result per ordinary share (earnings per share or EPS) is net result attributable to holders of ordinary shares. The denominator for basic EPS is the number of ordinary shares outstanding during the year, excluding ordinary shares held as treasury shares. The fully diluted EPS is same as the basic EPS.

The net result per ordinary share has been calculated according to the following schedule:

in EUR thousands	FY 2023	FY 2022
	Total Operations	Total Operations
Numerator		
Earnings/(loss) used in basic and diluted EPS	**601**	**(4,178)**
Weighted average number of shares used in basic and diluted EPS (x1000)	**51,211**	**46,051**

Basic and diluted earnings per share for 2023 and 2022 have been calculated using the weighted-average number of current ordinary shares of 51,211,440 and 46,051,280 respectively.

(13) Intangible Assets

in EUR thousands	Goodwill	Patents, Licenses and Concessions	Software	Development Costs	Total
At 1 January 2022					
Cost	156	1,260	-	13,379	14,795
Accumulated amortisation and impairment	-	(1,102)	-	(6,191)	(7,293)
Net carrying amount	**156**	**158**	**-**	**7,188**	**7,502**
Changes to net carrying amount in 2022					
Additions	-	130	626	1,718	2,474
Disposals	-	(12)	-	-	(12)
Amortisation	-	(49)	-	(1,330)	(1,379)
Currency translation differences	10	2	-	-	12
Total changes in 2022	**10**	**71**	**626**	**388**	**1,095**
At 31 December 2022					
Cost	166	1,379	626	15,096	17,267
Accumulated amortisation and impairment	-	(1,151)	-	(7,521)	(8,672)
Net carrying amount	**166**	**228**	**626**	**7,575**	**8,595**
Changes to net carrying amount in 2023					
Additions	-	26	563	1,456	2,045
Disposals	-	-	-	-	-
Amortisation	-	(81)	(72)	(1,307)	(1,460)
Currency translation differences	(5)	(5)	-	-	(10)
Total changes in 2023	**(5)**	**(60)**	**491**	**149**	**575**
At 31 December 2023					
Cost	161	1,400	1,189	16,552	19,302
Accumulated amortisation and impairment	-	(1,232)	(72)	(8,828)	(10,132)
Net carrying amount	**161**	**168**	**1,117**	**7,724**	**9,170**

All development costs are internally generated and no triggers for impairment were identified. The 2023 additions mainly relate to capitalized R&D and IT costs.

See Note 21 for security of assets.

(13) Intangible Assets (continued)

The expense is included in the following line items in the financial statements:

in EUR thousands	FY 2023	FY 2022
General and administrative expenses	1,459	1,379
Total amortisation and depreciation expenses	**1,459**	**1,379**

Goodwill
Goodwill as per 31 December 2023 and 2022 relates to goodwill of one Cash Generating Unit in the RVM segment in the US, which was tested for any impairment, based on its value in use, by using present value of discrete cash flows for next three years and the present value of the terminal cash flow with the following assumptions: pre-tax WACC discount rate of 9.54% (2022: 9.58%), working capital requirement at 10% of revenue and terminal cash flow growth rate of 2.5% both in 2023 and 2022. Sensitivities related to the value in use calculation would imply that a 1% increase in the discount rate or using a 0% growth rate would not have resulted in an impairment.

Patents, licenses & concessions
All concessions are being amortised with a useful life of 7 years.

Software
Software pertains to the implementation of phase 1 of the Company's Enterprise Resource Planning system which is being amortised over it's useful life of 5 years.

Development costs
Most of the capitalised development costs relate to internally developed assets in respect of new product range namely New Electronic Platform, New Recognition Systems and Backroom Systems for the existing and new markets. All materials, labour and overhead costs directly attributable to these projects have been capitalised. €1,456,000 (2022: €1,718,000) of the development costs was capitalised in 2023. Fully developed assets are amortised over their expected useful lives, which is 7 years, evaluated on a periodic basis. The largest individual asset included in the development cost has a book value of €2,397,000 (2022: €2,875,000) related to New Recognition System.

Key projects under development during 2023 included New Camera Machines and High Volume Sorting Systems.

(14) Property, Plant and Equipment

in EUR thousands	Reverse Vending Machines	Land & Buildings	Plant & Machinery	Vehicles & Equipment	Total
At 1 January 2022	**6,170**	**2,109**	**448**	**863**	**9,590**
Changes to net carrying amount in 2022					
Additions	4,952	995	1,044	1,120	8,111
Disposals/transfers to inventory[1]	(573)	-	(1)	(73)	(647)
Depreciation	(2,682)	(329)	(209)	(371)	(3,591)
Currency translation	378	236	32	64	709
Total changes in 2022	**2,076**	**902**	**866**	**740**	**4,584**
At 31 December 2022					
Cost	27,118	4,139	2,491	3,965	37,713
Accumulated depreciation	(18,872)	(1,128)	(1,177)	(2,361)	(23,538)
Net carrying amount	**8,246**	**3,011**	**1,314**	**1,604**	**14,175**
At 1 January 2023	**8,246**	**3,011**	**1,314**	**1,604**	**14,175**
Changes to net carrying amount in 2023					
Additions	4,508	2,061	971	680	8,219
Disposals/transfers to inventory[1]	(363)	-	(54)	(22)	(439)
Depreciation	(3,019)	(667)	(304)	(588)	(4,576)
Currency translation	(274)	140	(10)	(248)	(392)
Total changes in 2023	**851**	**1,534**	**603**	**(178)**	**2,811**
At 31 December 2023					
Cost	30,989	6,339	3,398	4,375	45,101
Accumulated depreciation	(21,891)	(1,793)	(1,481)	(2,950)	(28,116)
Net carrying amount	**9,097**	**4,546**	**1,917**	**1,425**	**16,985**

1) Disposals/transfers to inventory pertain to the transfer of the maintained PPE to the inventory.

See Note 21 for security of assets.

Per end of 2023, no assets were under construction and no triggers for impairment were identified.

The 2023 additions were mainly made up of investments for production in German and Greek facilities and lease and demo RVMs.

(14) Property, Plant and Equipment (continued)

The expense is included in the following line items in the financial statements:

in EUR thousands	FY 2023	FY 2022
Cost of sales	3,885	3,206
General and administrative expenses	670	380
Selling and distribution expenses	16	4
Research and development expenses	5	1
Total amortisation and depreciation expenses	**4,576**	**3,590**

Leases as lessee

The Group leases a number of buildings, plant and machinery and equipment. The leases typically run for a period of three to six years, with an option to renew the lease after that date. During 2023, the leased properties have not been sub-let. The Group leases some equipment with contract terms of one year. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.
Information about leases for which the Group is a lessee is presented below.

Increased leases in 2023 mainly relate to production in German and Greek facilities.

Right-of-use assets

in EUR thousands	Land and Buildings	Plant and Machinery	Vehicles and Equipment	Total
2023				
Depreciation charge for the year	(517)	(33)	(382)	(932)
Net carrying amount at 31 December	2,059	119	764	2,942
2022				
Depreciation charge for the year	(251)	(41)	(253)	(545)
Net carrying amount at 31 December	740	70	988	1.798

Amounts recognised in profit or loss

in EUR thousands	FY 2023	FY 2022
Interest on lease liabilities	(231)	(113)

Amounts recognised in statement of cash flows

in EUR thousands	FY 2023	FY 2022
Total cash outflow for leases	(1,088)	(648)

(15) Financial Assets

in EUR thousands	FY 2023	FY 2022
Deposits with vendors	34	106
Non-current trade receivables	713	-
Loan receivable	752	724
Total financial fixed assets	**1,499**	**830**

Financial assets includes deposits with vendors, non-current trade receivables in the form of a security deposit on certain 2023 sales and a loan receivable related to an affiliate under common control of the majority shareholder as of 31 December 2023, with an interest rate of Euribor plus 2.5% which is extended in the year and is repayable on 31 January 2025.

Changes in non-current trade receivables are included in the operating cash flow as part of changes in trade and other receivables.

Schedule of movement of deposits with vendors

in EUR thousands	FY 2023	FY 2022
At beginning of period	105	479
Additions	21	17
Releases	(92)	(391)
At end of period	**34**	**105**

(16) Deferred Tax Assets

	December 31, 2023					
in EUR thousands	Net balance at 31/Dec/22	(Charge)/credit profit & loss	Currency translation	Net balance	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(888)	22	31	(835)	-	(835)
Inventory	679	333	(20)	991	991	-
Tax losses carried forward	1,393	(525)	(48)	820	820	-
Accrued expenses	661	(74)	(23)	565	565	
Other	185	385	(8)	562	612	(50)
Total	**2,030**	**141**	**(69)**	**2,103**	**2,988**	**(885)**
Set off to tax	-	-	-	-	(835)	835
Net tax assets and liabilities	**2,030**	**141**	**(69)**	**2,103**	**2,153**	**(50)**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same fiscal authority. The deferred tax liabilities are offset against deferred tax assets in the same fiscal unity.

The deferred tax charge for the year amounted to €0.1m. No deferred tax assets have been recognised for losses in non-US subsidiaries.
Available tax losses totalling €26,637,000 (2022 €27,398,000), expire as follows: €2,326,000 in 2024, €2,234,000 in 2025, €643,000 in 2027, €443,000 in 2028, €928,000 from 2031 through 2043 and €20,062,000 with no expiration. Tax

losses where no deferred tax has been recognised amounted to €20,062,000 (2022: €20,027,000).

Current and deferred tax income/(expense)

The deferred tax charge was recognised during the year due to the absorption of net operating losses of a Group's subsidiary and is further explained in Note 11.

(17) Inventory

in EUR thousands	FY 2023	FY 2022
Finished Goods	10,974	5,943
Raw materials and parts	22,820	20,326
Work in progress	563	88
Provisions for obsolescence	(2,113)	(2,244)
Total	**32,244**	**24,114**

The increase in inventory is mainly related to commercial finished goods inventory in preparation of 2024 activity.

Finished goods are valued at lower of cost and net realisable value. Cost includes material cost, direct labour and overheads. Raw material and parts are valued at lower of cost and net realisable value. Cost includes purchase cost and cost of bringing the part to its present location. Work in progress is valued including direct material cost and a proportion of direct labour and overheads.

Estimates of net realisable value of inventory are based on the most reliable evidence available at the time the estimates are made. The carrying amount of the inventory carried at fair value less costs to sell is nil. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. As such, estimates are continuously evaluated and it is common that in the normal course of business, circumstances that previously caused inventories to be written down below cost no longer exist resulting in reversals of write-downs.

Schedule of movement of provision for obsolescence

in EUR thousands	FY 2023	FY 2022
Beginning of period	2,244	2,250
Addition to/release of provision	(61)	(156)
Exchange gains/(losses)	(70)	150
End of period	**2,113**	**2,244**

The increase/ (decrease) in provisions relating to inventories is affected through cost of sales. The gross carrying amount of the items included in the provision is €3,443,000 (2022: €2,940,000).

(18) Trade and Other Receivables

in EUR thousands	FY 2023	FY 2022
Trade receivables	17,654	10,982
Unbilled revenue	3,435	-
Other receivables	1,634	1,591
Prepaid expenses	1,167	784
Total	**23,890**	**13,357**

The unbilled revenue relates to machines installed in 2023 and invoiced in 2024. In 2022, the other receivables included a €43,000 loan to a former employee in German subsidiary, which has been repaid in 2023.

Estimates of the recoverability of trade receivables are based on the most reliable evidence available at the time the estimates are made. As these estimates are continuously evaluated, it is common that in the normal course of business, circumstances that previously caused trade receivables to be impaired no longer exist resulting in reversals of impairment charges. Trade receivables are shown net of bad debt provisions of €634,000 and €600,000 at the end of years 2023 and 2022 respectively.

Schedule of movement of bad debts

in EUR thousands	FY 2023	FY 2022
Beginning of period	600	411
Addition	340	279
Release	(228)	-
Utilization	(57)	(129)
Currency translation adjustment	(21)	39
End of period	**634**	**600**

(19) Cash and cash equivalents

in EUR thousands	FY 2023	FY 2022
Cash at bank and in hand	12,458	16,121
Total	**12,458**	**16,121**

Restricted cash

in EUR thousands	FY 2023	FY 2022
Contract guarantee	-	340

Restricted cash related to a contract guarantee for RVM deliveries to Malta has been released in 2023.

(20) Shareholders' Equity

Share Capital

Authorised and issued share capital

	Ordinary Shares	
	FY 2023	**FY 2022**
Number of authorised shares	80,000,000	80,000,000
Authorised share capital	€ 4,000,000	€ 4,000,000
Number of outstanding shares on 1 January	46,051,280	46,051,280
Number of outstanding shares on 31 December	51,690,377	46,051,280
Issued share capital on 31 December	€ 2,584,519	€ 2,302,564
Nominal value	€ 0.05	€ 0.05

Share premium reserve
For full detailed movements in share premium reserve please refer to the consolidated statement of changes in equity.

Legal reserve
Movement in legal reserve is in respect of the capitalised development costs of €150,000 (2022: €387,000) (see Note C for Separate Financial Statements).

Retained earnings
At the Company's Annual General Meeting of the Shareholders it will be proposed to include the 2023 result in retained earnings.

Translation reserve
Group entities, whose functional currency is other than Euro, the Group's reporting currency, are translated using closing rates for balance sheets and average rates for income statements. The resulting difference is recognised as translation reserve in equity and is non-distributable

(21) Non-current Liabilities

	FY 2023	**FY 2022**
Borrowings	9,312	10,930
Total	**9,312**	**10,930**
Lease liabilities	2,222	1,233
Total	**2,222**	**1,233**
Other liabilities	375	120
Total	**375**	**120**

Other non-current liabilities include a loan of €121,000 (2022: €120,000) payable to Mr. Gregory Garvey, a related party. There are no conditions, interest or maturity period for this loan.

In addition, other non-current liabilities include the liability for the share-based payment plan in the amount of €254,000 (2022: €0). For further details, reference is made to note 9.

Borrowings

Environmental Products Corporation (EPC) has borrowing facility from third-party lenders for $8,158,000. Envipco Solutions Romania (ESR) has borrowing facility from third-party lenders for RON 1,454,000 and Envipco Holding NV had a borrowing facility from Mr. Gregory Garvey, a related party, for $1,725,000 in 2022 which has been repaid in 2023, and entered into a new borrowing facility with third-party lenders for €9,000,000 in 2023.

The following loans have been drawn:

	Nominal interest rate	Year of maturity	Face Value	Carrying amount FY 2023	Carrying amount FY 2022
Line of credit (LOC)	US Prime Rate	2024	$6,000	€2,534	€5,626
Line of credit (LOC)	ROBOR plus 2.25%	2024	RON 2,400	€292	€479
Current borrowing	6.00%	2023	$1,725	-	€1,638
Mortgage facility	5.50%	2024	$2,240	€1,320	€1,463
Term loan	3.51%	2025	$6,000	€1,629	€2,813
Term loan	SOFR plus 3.0%	2027	$3,000	€1,901	€2,532
Term loan	7.35%	2028	€9,000	€9,000	-

The Line of Credit (LOC) of $2,800,000 is renewable annually for next 24 months, capped based on eligible accounts receivables and repayable at maturity on 31 July 2024 with interest if not renewed. A $2,240,000 Mortgage facility, is repayable (based on a 20-year amortisation) within 10 years including interest at 5.50% with a balloon payment in year 2024. A Term Loan of $6,000,000 was secured in March 2020 repayable by 2025 with 3.51% interest rate. A Term Loan of $3,000,000 was secured in June 2022 repayable by 2027 with interest rate of SOFR (Secured Overnight Financing Rate) plus 300 basis points. In 2023, a new Term Loan of €9,000,000 was secured repayable by 2028 with interest rate of 7.35%. The first two Term Loans are collateralised by a fixed and floating charge on all assets of the USA subsidiary and guaranteed by the Company. The third Term Loan is collateralised by the Company's trade receivables in Europe. Net borrowing costs deducted were €0 (2022: €96,000).

The US entity obtained a Paycheck Protection Program (PPP) loan second draw in March 2021 of $1,929,000 with interest rate at 1% and repayable if not forgiven. The use of the PPP loan was limited to payroll costs, any payment of interest on a covered mortgage obligation and rent or utility costs as determined by the guidelines prescribed in the Program. In July 2022 this loan was forgiven. The debt covenants in relation to the first two Term Loans and mortgage facilities are linked to the performance of the USA subsidiaries and have been met during 2023 and 2022.

The debt covenants related to the third Term Loan are linked to the Group's solvency, debt service coverage and senior net debt/EBITDA. In 2023, the Group reported for the first time on these covenants and met all three of them.

Reconciliation of movements of liabilities to cash flows arising from financing activities
Schedule of borrowings movement

in EUR thousands	FY 2023	FY 2022
At beginning of period	14,550	7,062
Additions	9,000	5,954
Regular repayments	(1,721)	(6,727)[1]
Changes in credit lines	(3,081)	6,105
Changes in shareholder loans	(1,638)	1,638
Translation effect	(435)	518
At end of period	**16,675**	**14,550**

1) €1,948,000 of the 2022 repayments relates to the loan forgiveness of the PPP loan. In the cash flow statement this amount is excluded from the repayments.

Schedule of lease liabilities movement

in EUR thousands	FY 2023	FY 2022
Beginning of period	1,854	836
Additions	2,074	1,328
Interest expense	231	113
Repayment	(1,088)	(648)
Translation effect	(19)	223
End of period	**3,052**	**1,853**

Future payments under long term borrowings

in EUR thousands	FY 2023	FY 2022
Current	7,363	3,620
Due between 1 to 5 years	9,312	10,930
Total borrowings	**16,675**	**14,550**

Fair value of borrowings

in EUR thousands	Nominal interest rate	FY 2023 Carrying amount	FY 2023 Fair Value	FY 2022 Carrying amount	FY 2022 Fair Value
Line of credit (LOC)	US Prime Rate	€ 2,534	€ 2,534	€ 5,626	€ 5,626
Line of credit (LOC)	ROBOR plus 2.25%	€ 292	€ 292	€ 479	€ 479
Current borrowing	6.00%	-	-	€1,638	€ 1,638
Mortgage facility	5.50%	€ 1,320	€ 1,322	€ 1,463	€ 1,550
Term Loan	3.51%	€ 1,629	€ 1,643	€ 2,813	€ 2,700
Term Loan	SOFR plus 3.0%	€ 1,901	€ 1,982	€ 2,532	€ 2,405
Term Loan	7.35%	€ 9,000	€ 9,031	-	-
Total		**€ 16,675**	**€ 16,804**	**€ 14,550**	**€ 14,398**

Increases and decreases reconcile to cash flow statement. For lease liabilities reference is made to Note 25.

(22) Provisions

in EUR thousands	FY 2023	FY 2022
Current	1,429	680
Non-current	549	
Total provisions	**1,978**	**680**

Movement of warranty provisions

Warranty provisions are required for warranty for the repair and maintenance of product sales and are adequate for expected usage.

in EUR thousands	FY 2023	FY 2022
Beginning of period	680	181
Additions	1,894	523
Release	(287)	-
Utilisation	(305)	(24)
Exchange gains/(losses)	(12)	-
End of period	**1,970**	**680**
Current portion	1,421	680
Non-current portion	549	-

The warranty provision relates to 1-3 years of warranty provided on European machines sales. Because of high activity level in 2023, the warranty provision increased.

Movement of other provisions

in EUR thousands	FY 2023	FY 2022
Beginning of period	-	-
Additions	8	-
Release/utilisation	-	-
End of period	**8**	**-**

(23) Employee Benefit Plans

Group companies provide pension benefits for their employees. The way these benefits are provided varies according to the legal, fiscal and economic conditions of each country. Such benefits are provided under defined contribution plans. For the year ended 31 December 2023, expenses relating to defined contribution plans amounted to €685,000 (2022: €431,000).

(24) Accrued Expenses and Other current liabilities

in EUR thousands	FY 2023	FY 2022
Payroll and vacation accruals	2,962	2,302
Other accrued expenses	2,149	3,257
Deferred revenue	6,060	1,900
Total	**11,171**	**7,459**

In anticipation to the 2023 private placement, Envipco entered into a Share Lending Agreement with Alexandre Bouri and Gregory Garvey on December 12th 2022. This was recognized as a €15,000,000 short term liability on the balance sheet at year end. Pursuant to the Share Lending Agreement, the lending shareholders lent a total of 5,639,097 shares. The Company has on 1 February 2023 issued and re-delivered the 5,639,097 shares to the lending shareholders removing the liability out of the Company's books.

in EUR thousands	FY 2023	FY 2022
Share lending liability	-	15,000
Total	**-**	**15,000**

(25) Commitments and Contingencies

The future minimum lease receivable under non-cancellable RVM operating leases as of 31 December 2023 and 2022 were as follows:

in EUR thousands	FY 2023	FY 2022
Within 1 year	2,499	2,482
Between 2 to 5 years	3,801	4,162
Total	**6,300**	**6,644**

Lease revenues from RVMs for the year ended 31 December 2023 were approximately €3,332,000 (2022: €3,321,000).

Legal proceedings
There are no legal proceedings and therefore no commitments are to be recognized.

(26) Related party transactions

The balance receivable at year end from an affiliate under common control of the majority shareholder was €752,000 (2022: €725,000) with interest at Euribor plus 2.5% which was extended in the year and repayable on 31 January 2025.

Other receivables include a €0 (2022: €43,000) loan to a former employee in German subsidiary.

In 2022, current borrowings included a short-term loan from Mr. Gregory Garvey, a related party, for $1,725,000 which has been repaid in 2023 with interest at 6.0% per annum (see Note 21).

The Share lending liability shown on the 2022 balance sheet included the Share Lending Agreement transaction as explained in the Company's 2022 Annual Report. The Company has on 1 February 2023 issued and re-delivered the 5,639,097 shares to the lending shareholders removing the liability out of the Company's books.

Other liabilities include a loan of €120,000 (2022: €120,000) payable to Mr. Gregory Garvey, a related party (see Note 21). There are no conditions, interest or maturity period for this loan.

Current payables include a €43,000 (2022: €0) payable position to the Company's CEO, Simon Bolton on a social security related prepayment.

(27) Post balance sheet events

The Company has on March 12, 2024, raised NOK 300 million, €26,131,000, in gross proceeds through a private placement issuing 6,000,000 new ordinary shares in the Company.

The Company continues to deliver on its European growth strategy and is well positioned to win target share of new market opportunities. Hence, the Company intends to use the net proceeds from the Private Placement to (i) strengthen the Company's footprint to capitalize on new market opportunities, (ii) working capital, (iii) M&A, and (iv) general corporate purposes.

Separate Financial Statements

Separate Statement of Financial Position

(After appropriation)

in EUR thousands	Note	FY 2023	FY 2022[1]
Assets			
Non-current assets			
Intangible assets	(C)	8,876	8,269
Tangible assets		138	-
Financial fixed assets	(D)/(H)	47,948	33,676[1]
Total non-current assets		**56,962**	**41,945**
Current assets			
Inventory		29	68[1]
Trade and other receivables	(E)	3,591	1,144
Cash and cash equivalents	(F)	647	12,562
Restricted cash	(D)	-	340
Total current assets		**4,267**	**14,114**
Total assets		**61,229**	**56,059**
Equity	(B)/(G)		
Share capital		2,585	2,303
Share premium		71,021	56,939
Translation reserves		4,510	5,591[1]
Legal reserves		7,725	7,575
Retained earnings		(43,908)	(44,511)[1]
Total equity		**41,933**	**27,897**
Liabilities			
Non-current liabilities			
Loans from subsidiaries	(I)	4,719	4,217
Loans from credit institutions	(J)	7,412	-
Other liabilities	(J)	3,636	2,271[1]
Total non-current liabilities		**15,767**	**6,488**
Current liabilities			
Creditors and other liabilities	(K)	1,941	5,036
Loans from credit institutions	(K)	1,588	-
Loans from shareholders	(K)	-	1,638
Share lending liability	(K)	-	15,000
Total current liabilities		**3,529**	**21,674**
Total liabilities		**19,296**	**28,162**
Total equity and liabilities		**61,229**	**56,059**

1) Restated, refer to Note A error accounting.

The notes to separate financial statements are an integral part of these separate financial statements.

Separate Statement of Profit or Loss

in EUR thousands	Note	FY 2023	FY 2022
Revenues		-	2
Cost of sales		-	-
Gross Profit		**-**	**2**
General and administrative expenses	(L)	(8,055)	(5,059)
Research and development expenses		-	-
Market development expenses		(181)	(218)
Other income	(M)	7,422	4,082
Total expenses		**(814)**	**(1,194)**
Operating Profit (loss)		**(814)**	**(1,192)**
Financial expense	(N)	(671)	(482)
Financial income	(N)	1,361	185
Net finance (cost) and or income		690	(297)
Profit (loss) before tax		**(124)**	**(1,490)**
Tax on result from ordinary activities	(O)		
Share of result from participating interests	(P)	727	(2,692)
Net Results		**603**	**(4,182)**

The notes to separate financial statement are an integral part of these separate financial statements.

Notes to Separate Financial Statements

(A) General Information

General
For general information about the Company and its principal activities, we refer to Note 1 of the consolidated financial statements. Refer to Note H for an overview of the Company's subsidiaries.

Accounting principles used to prepare Separate Financial Statements
The Company financial statements have been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code. In accordance with Article 2:362 subsection 8 of the Civil Code, the Company has elected to apply the accounting policies used in the consolidated financial statements to the separate Company financial statements. The financial statements are presented in Euros, which is the Company's functional currency. All amounts are in thousands unless stated otherwise.

In addition, Consolidated Group companies (financial fixed assets) are valued based on their net equity, determined using the Group accounting policies. In case the net equity of a Group Company is negative, the Company nets the negative equity value with the intercompany loans which are determined to be part of the net investment as far as this is possible. For the remaining part of the negative equity, the Company records a provision for as far as the Company assesses that it has a legal or constructive obligation to reimburse the Group companies' losses.

The Company makes use of the option to eliminate intragroup expected credit losses against the book value of loans and receivables from the Company to participating interests, instead of elimination against the equity value / net asset value of the participating interests.

The share in the result of participating interests consists of the share of the group in the results of these participating interests, determined on the basis of the accounting principles of the group. Results on transactions, where the transfer of assets and liabilities between the group and the non-consolidated participating interests and mutually between non-consolidated participating interests themselves, are not recognised as they can be deemed as not realised.

Restatement
After adoption of the 2022 financial statements, a material error was identified in the separate statement of financial position. A late profit or loss adjustment was not correctly processed in the separate statement of financial position resulting in an overstatement of investments (€787,000), an overstatement of inventory (€44,000), an overstatement of equity (€872,000), and an understatement for participations (€41,000). These amounts have been corrected in the separate statement of financial position. The error had no impact on the separate statement of Profit & Loss. There was also no impact on the consolidated financial statements, where equity was correctly reported.

In EUR thousands	As previously reported	Adjustment	As restated
Balance Sheet	**Dec-2022**		**Dec-2022**
Financial fixed assets	34.463	(787)	33.676
Inventory	112	(44)	68
Total assets	**56.890**	**(831)**	**56.059**
Total equity	28.769	(872)	27.897
Other liabilities (provision for participations)	2.230	41	2.271
Total equity and liabilities	**56.890**	**(831)**	**56.059**

(B) Composition of Shareholders' Equity

Refer to the statement of changes in equity and Note 20 of the consolidated financial statements for Shareholders' equity of the separate financial statements.

(C) Intangible Assets

In EUR thousands	Patents and Licenses	Software	Development costs	Total
At 31 December 2021				
Cost	799	-	13,379	14,178
Accumulated amortisation and impairment	(695)	-	(6,191)	(6,886)
Net carrying amount	**104**	**-**	**7,188**	**7,292**
Changes to net carrying amount in 2022				
Additions	(12)	626	1,718	2,332
Amortisation	(25)	-	(1,330)	(1,355)
Total changes in 2022	**(37)**	**626**	**388**	**977**
At 31 December 2022				
Cost	787	626	15,097	16,510
Accumulated amortisation and impairment	(720)	-	(7,521)	(8,241)
Net carrying amount	**67**	**626**	**7,576**	**8,269**
Changes to net carrying amount in 2023				
Additions	-	563	1,456	2,019
Amortisation	(33)	(72)	(1,307)	(1,412)
Total changes in 2023	**(33)**	**491**	**149**	**607**
At 31 December 2023				
Cost	787	1,189	16,553	18,529
Accumulated amortisation and impairment	(753)	(72)	(8,828)	(9,653)
Net carrying amount	**34**	**1,117**	**7,725**	**8,876**

Development costs

Key projects under development during 2023 included New Camera Machines and High Volume Sorting Systems.

See also Note 13 for capitalised development costs and software of the Company.

(D) Financial Fixed Assets

in EUR thousands	FY 2023	FY 2022[1]
Investment in subsidiaries	31,597	30,276[1]
Loans to subsidiaries	15,599	2,676[1]
Loans receivables – affiliate	752	724
Total Financial Fixed Assets	**47,948**	**33,676**

1) Restated, refer to Note A error accounting.

The loans to subsidiaries are typically renewed on an annual basis and therefore are considered long term. The loan receivable of €752,000 (2022: €724,000) that relates to a loan to an affiliate under common control of the majority shareholder which is extended in the year and repayable on 31 January 2025, with interest at Euribor plus 2.5%.

Movements in financial fixed assets were as follows:

in EUR thousands	Investment in subsidiaries	Loans to subsidiaries
Balance on 1 January 2022	30,276	2,676
Investments and loans provided	1,757	11,730
Results of the group companies for the year	727	
Exchange differences	(1,081)	
Movement of negative participations to loans	(1,193)	1,193
Movement of negative participations to provision	1,111	
End of year	**31,597**	**15,599**

(E) Receivables

in EUR thousands	FY 2023	FY 2022
Trade receivables	104	139
Other receivables	542	273
Receivables from subsidiaries	2,945	732
Total	**3,591**	**1,144**

In 2023, Other receivables include €241,000 prepaid expenses (2022: €149,000), €216,000 in respect of VAT (2022: €78,000), and €0 loan receivable from a German subsidiary employee (2022: €43,000).

(F) Cash and Cash Equivalents

in EUR thousands	FY 2023	FY 2022
Cash at bank and in hand	647	12,562
Total	**647**	**12,562**

Restricted cash

in EUR thousands	FY 2023	FY 2022
Contract guarantee	-	340

Restricted cash is related to a contract guarantee for RVM deliveries to Malta which has been released in 2023.

(G) Shareholders' Equity

Refer to Consolidated statement of changes in equity and Note 20 Shareholders' equity of the Company's consolidated financial statements for further information regarding the Company's Shareholders' equity.

Share premium reserve
For full detailed movements in share premium reserve please refer to the consolidated statement of changes in equity.

Legal reserve
According to Book 2 of the Netherlands Civil Code, the Company is required to restrict part of its equity from distribution to Shareholders, by forming a legal reserve equal to the amount it has capitalised for development costs. The equity enclosed in this legal reserve is not at the disposal of the General Meeting of Shareholders. Therefore, this amount cannot be distributed to Shareholders until the capitalised development costs have been recognised in the profit and loss account. The capitalised development costs as of 31 December 2023 amounted to €7,725,000 (2022: €7,576,000). A legal reserve equalling these amounts has been created in both the years by decreasing the share premium reserve with these respective amounts. In the consolidated statement of changes in equity and Note 20 of the consolidated financial statements the legal reserve is included in the share premium reserve.

Dividends
No dividends were declared or paid by the Company for the year.

Proposed appropriation of profit or loss for the financial year 2023
No dividend was paid in 2023. The Board of Directors proposes that the result for the financial year 2023 will be added to the retained earnings. The financial statements reflect this proposal.

The Netherlands Civil Code stipulates that the Company can only make payments to the shareholder and other parties entitled to the distributable profit insofar as (1) the Company can continue to pay its outstanding debts after the distribution (the so-called distribution test), and (2) the shareholder's equity exceeds the legal reserves and statutory reserves under the articles of association to be maintained (the so-called balance sheet test). If not, management of the Company shall not approve any distribution

(H) Subsidiaries and Affiliates of Envipco

The Company has the following subsidiaries:

Envipco (UK) Limited – London, United Kingdom – 100%
Envipco Automaten GmbH, Westerkappeln, Germany – 100%
Envipco Pickup & Processing Services Inc., Delaware, U.S.A. – 99.85%
Environmental Products Corporation, Delaware, U.S.A. – 99.85%
Environmental Products Recycling Inc., Delaware, U.S.A. – 99.85%
Envipco A.S., Oslo, Norway – 100%
Envipco N.D. Inc., Delaware, U.S.A. – 99.85%
Envipco Sweden A.B., Borlange, Sweden – 100%
Envipco Hellas SA, Athens, Greece – 100%
Envipco France SA, Paris, France – 100%

Envipco Solutions SRL, Alba Iulia, Romania – 100%
Envipco Portugal Unipessoal LDA, Lisbon, Portugal – 100%
Envipco Slovakia sro, Bratislava, Slovakia – 100%
Envipco Ireland Limited, Dublin, Republic of Ireland – 100%
Envipco Europe B.V., Amersfoort, The Netherlands – 100%
Envipco Hungary Kft, Budapest, Hungary – 100%

(I) Loans from subsidiaries

in EUR thousands	FY 2023	FY 2022
Beginning of period	4,217	2,403
Additions	502	1,814
Repayments	-	-
End of period	**4,719**	**4,217**

Loans from subsidiaries include current balances that have been rolled over by the Company annually and will not be repaid in the short term. Interest is charged at 1-year EURIBOR for European business units and 1-year SOFR for non-European business units +2% in 2023. The Company has formalised the agreements in 2023 and has presented this as non-current in the balance sheet in accordance with the revised maturity.

(J) Other non-current Liabilities

Loans from credit institutions

in EUR thousands	FY 2023	FY 2022
Loans from credit institutions	7,412	-
Total	**7,412**	**-**

The Company entered into a new borrowing facility with third-party lenders for €9,000,000 in 2023, out of which €7,412,000 is classified as non-current.

Other liabilities

in EUR thousands	FY 2023	FY 2022[1]
Provision against investments	3,262	2,151[1]
Other liabilities	374	120
Total other liabilities	**3,636**	**2,271**

1) Restated, refer to Note A error accounting.

The Company determines that a constructive obligation exists to reimburse for all of the subsidiaries' losses and therefore records a provision for the entire amount of the subsidiaries' negative equity after netting with the intercompany loans.

Other liabilities include a loan of €120,000 (2022: €120,000) payable to Mr. Gregory Garvey, a related party. There are no conditions, interest or maturity period for this loan. In addition, it includes the liability for the share-based payment plan in the amount of €254,000 (2022: €0). For further details, reference is made to note 9.

(K) Creditors and Other Liabilities

in EUR thousands	FY 2023	FY 2022
Creditors	1,073	285
Accrued expenses	783	567
Payables to subsidiaries	85	4,184
Total	**1,941**	**5,036**

Loans from credit institutions

in EUR thousands	FY 2023	FY 2022
Loans from credit institutions	1,588	-
Total	**1,588**	**-**

The Company entered into a new borrowing facility with third-party lenders for €9,000,000 in 2023, out of which €1,588,000 is classified as current.

Loans from shareholders

in EUR thousands	FY 2023	FY 2022
Loans from Shareholders	-	1,638
Total	**-**	**1,638**

In 2022, current borrowings included a short-term loan from Mr. Gregory Garvey, a related party and shareholder, for $1,725,000 which has been repaid in 2023 with interest at 6.0% per annum.

Share lending liability

in EUR thousands	FY 2023	FY 2022
Share lending liability	-	15,000
Total	**-**	**15,000**

In 2022, Envipco entered into a Share Lending Agreement with Alexandre Bouri and Gregory Garvey in association with the private placement. This was recognized as a €15,000,000 short term liability on the balance sheet at year end. Pursuant to the Share Lending Agreement, the lending shareholders lent a total of 5,639,097 shares. The Company has on 1 February 2023 issued and re-delivered the 5,639,097 shares to the lending shareholders.

(L) General and Administrative Expenses

General and administrative expenses include the following:

in EUR thousands	FY 2023	FY 2022
Employee benefit expense	2,818	1,862
Compliance and other costs	3,823	1,807
Depreciation and amortisation	1,414	1,391
Total	**8,055**	**5,059**

Employee benefit expense

The total employee benefit expense is split in the following categories:

in EUR thousands	FY 2023	FY 2022
Salaries and wages	1,739	1,320
Social Security expenses	718	569
Pension expenses	107	76
Long-term compensation plan	254	-
Total	**2,818**	**1,966**
Average number of employees		
Director	1	1
General and Administrative	12	10
Total	**13**	**11**

During 2023, the average number of employees amounted to 13 (2022: 11 persons) all working from the Netherlands.

The expense is included in the following line items in the financial statements:

in EUR thousands	FY 2023	FY 2022
General and administrative expenses	2,818	1,862
Market development	-	104
Total employee benefit expense	**2,818**	**1,966**

(M) Other Operating Income

in EUR thousands	FY 2023	FY 2022
Management fee	4,773	2,413
Royalty fee	802	755
Market development	1,847	914
DPG Settlement	-	-
Total	**7,422**	**4,082**

In 2023, the company invoiced its market development costs partially to one of its subsidiaries as they benefit from the increased activity from that development.

(N) Finance Income and Expense

in EUR thousands	FY 2023	FY 2022
Interest and similar expenses	(671)	(142)
Interest and similar income	1,254	185
Exchange gains/(losses)	107	(340)
Total	**690**	**(297)**

Change in exchange gain is driven by weakening of the US Dollar versus Euro. The movement in interest expense is due to the EUR 9.000.000 loan as included in note K. Movement in interest and similar income is driven by increase in loans granted to subsidiaries as included in note D.

(O) Tax on Result from Ordinary (Business) Activities

The tax on the result from ordinary activities, amounting to a credit of €0 (2022: €0) can be specified as follows:

in EUR thousands	FY 2023	FY 2022
Result before taxes	603	(4,182)
Income tax using the appropriate tax rate in the Netherlands @ 25,8%	(156)	1,079
Participation exemption	188	(695)
Current year losses for which no deferred tax asset was recognised	(32)	(384)
Effective taxes	-	-

Tax losses in Dutch fiscal unity where no deferred tax has been recognised amounted to €7,450,654 (2022: €8,835,000).

The Company, together with its subsidiaries in the Netherlands is part of the fiscal unity of Envipco Holding N.V. for corporate income tax purposes. The standard conditions stipulate that each of the companies is liable for the tax payable by all companies belonging to the fiscal unity.

(P) Transactions with Related Parties

Transactions and relations with the Shareholders and affiliates are explained in Notes 18 and 26 of the consolidated financial statements.

Net research and development costs invoiced by Germany and USA were €1,456,000 (2022: €1,718,000) to the Company. The Group companies charge interest on intercompany loans. No interest is charged on the intercompany current account balances. The Company also charges a management- and royalty fee to its subsidiaries as well as a marketing fee to the USA subsidiary.
The Company provided a Guarantee of $11,358,000 in 2023 and $13,260,000 in 2022 to the USA subsidiary's lender, TD Bank N.A., for the credit facilities.

(Q) Financial Instruments

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk.
- Liquidity risk.
- Market risk.

In the notes to the consolidated financial statements information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

These risks, objectives, policies and processes for measuring and managing risk, and the management of capital apply also to the separate financial statements of the Company.

(R) Fair Value

The fair values of most of the financial instruments recognised on the statement of financial position, including trade and other receivables, cash and cash equivalents and current liabilities, is approximately equal to their carrying amounts.

The fair value of the loans due to and from group companies cannot be determined with sufficient certainty. For further information, please refer to Note D - Financial fixed assets and Note I - Loans from subsidiaries.

(S) Post Balance Sheet Events

Details of the post balance sheet events are given in the notes to the consolidated financial statements.

Gregory Garvey Chairman	Anne Jorun Aas	Ann Cormack	Christian Crepet
Erik Thorsen	Maurice Bouri Executive	Simon Bolton Executive CEO	

12 July 2024

Other information

Statutory rules concerning appropriation of results

In Article 15 of the Company statutory regulations the following has been presented concerning the appropriation of result:

1. In the Company's books, a dividend reserve shall be maintained for each class of shares. These dividend reserves shall be designated as 'dividend reserve' followed by the letter corresponding with the relevant class of shares.
2. The Company may make distributions to Shareholders and other persons entitled to distributable profits only to the extent that the Shareholders' equity exceeds the sum of the paid and called-up part of the share capital and the reserves which must be maintained by law.
3. An amount equal to three percent of the average balance of the relevant dividend reserve over the relevant financial year, increased by the amounts withdrawn from the reserves pursuant to the provisions of paragraph 5 of this article, shall be retained from the profit as referred to in paragraph 2 of this article and added to each of the dividend reserves. If the amount calculated as described above is larger than the available profit, the amounts to be added shall be decreased pro rata.
4. The profit that remains after applying the above shall be at the disposal of the General Meeting of Shareholders. If the General Meeting of Shareholders does not resolve to add the profit to the Company's general reserve, the profit shall be added to the abovementioned dividend reserves pro rata to the nominal amount of the shares of the single class.
5. Losses shall be charged to the Company's general reserve and, if and to the extent this reserve is insufficient, to the dividend reserves pro rata to the nominal amount of the shares of the single class.
6. Each withdrawal from the dividend reserve pursuant to the provisions of the preceding paragraph must be compensated before any addition can be made to any dividend reserve pursuant to paragraph 4.
7. The General Meeting of Shareholders shall resolve to distribute such amounts on the shares corresponding with a particular dividend reserve as has been decided upon by the meeting of the holders of the single class of shares, up to the amount of the positive balance of that dividend reserve and if and to the extent the relevant dividend reserve is sufficient.
   The General Meeting of Shareholders may only decide not to distribute the amounts referred to in the preceding sentence if and to the extent that it can be demonstrated, and that the Company's liquidity position does not allow this.
8. The General Meeting of Shareholders is authorised to apply the dividend reserves for a different purpose after having obtained the prior approval of all holders of shares of a particular class, on the understanding that the distribution shall be charged to the various reserves' pro rata to the nominal amount of the shares of the relevant classes.
9. The Company may only make interim additions to the dividend reserves if the requirement in paragraph 2 has been met and provided that the prior approval of the General Meeting of Shareholders has been obtained.

10. No distribution shall be made in favour of the Company on shares acquired by the Company in its own capital for such shares.
11. Shares for shares on which, pursuant to the provisions of paragraph 7, no distribution is made in favour of the Company do not count for the purpose of calculating the profit appropriation.
12. The claim for payment of dividends shall lapse on the expiry of a period of five years.

Alternative performance measures

The Company uses EBITDA and Net debt as financial performance measures as it enhances the understanding of The Company's performance.

As both are not defined performance measures in IFRS-EU and the definitions vary between companies, the tables below show the definitions used throughout this report including the calculations.

Reconciliation of Net results to EBITDA

in EUR thousands	FY 2023	FY 2022	FY 2021	FY 2020
Net results	**601**	**(4,178)**	**592**	**(1,722)**
Income taxes	(556)	(224)	(933)	(849)
Results before tax	**1,157**	**(3,954)**	**1,525**	**(873)**
Adjustments for:				
- Net finance (cost) and or income	(1.128)	(1,244)	(806)	523
- Depreciation	(4,576)	(3,590)	(2,717)	(3,014)
- Amortisation	(1,460)	(1,379)	(890)	(1,071)
EBITDA	**8,321**	**2,259**	**5,938**	**2,689**

Calculation of Net debt

in EUR thousands	FY 2023	FY 2022	FY 2021	FY 2020
Current borrowings	7,363	3,620	1,140	1,554
Non-current borrowings	9,312	10,930	5,922	7,271
Total borrowings	**16,675**	**14,550**	**7,062**	**8,825**
Cash and cash equivalents	12,458	16,121	3,061	1,109
Net debt	**4,217**	**(1,571)**	**4,001**	**7,716**

Independent Auditor's report

The Independent Auditor's report is set forth on the following page

Independent auditor's report

To: the General Meeting of Shareholders of Envipco Holding N.V.

Report on the audit of the financial statements 2023 included in the Annual Report

Our opinion

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Envipco Holding N.V. as at 31 December 2023 and of its result and its cash flows for the year 2023 then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of Envipco Holding N.V. as at 31 December 2023 and of its result for the year 2023 then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2023 of Envipco Holding N.V. (the Company) based in Amersfoort, the Netherlands. The financial statements include the consolidated financial statements and the separate financial statements.

The consolidated financial statements comprise:

1 the consolidated statement of financial position as at 31 December 2023;

2 the following consolidated statements for the year ended 31 December 2023: the consolidated statement of Profit or Loss and Comprehensive income, changes in equity and cash flows; and

3 the notes comprising a summary of the significant accounting policies and other explanatory information.

The separate financial statements comprise:

4 the separate statement of Financial positions as 31 December 2023;

5 the separate statement of profit or loss for the year ended 31 December 2023; and

6 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Envipco Holding N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of going concern, fraud and non-compliance with laws and regulations, climate and the key audit matters was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

Summary

Materiality

- Materiality of EUR 800.000
- 0.9% of revenue

Group Audit

- Audit coverage of 90% of total assets
- Audit coverage of 97% of revenue

Risk of material misstatements related to fraud, NOCLAR, going concern and climate risks

- Fraud risks: the presumed risks of management override of controls and revenue recognition are identified.
- Non-compliance with laws and regulations (NOCLAR) risks: risk of non-compliance with anti-bribery and corruption laws.
- Going concern related risks: no going concern risks identified
- Climate-related risks: We have considered the impact of climate-related risks on the financial statements and described our approach and observations in the section 'Audit response to climate-related risks'.

Key audit matters

- Revenue recognition in the cut-off period for the US, Greece, Hungary and Romania components

Opinion

- Unqualified

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 800.000 (2022: EUR 500.000). The materiality is determined with reference to total revenue, 0.9% (2022: 1%). We consider revenue as the most appropriate benchmark because the Company is in a growth stage and the main stakeholders at this state of the life cycle are primarily focused on the growth in revenue. Materiality changed compared to last year due to the increase in revenue. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Board of Directors that misstatements identified during our audit in excess of EUR 40.000 would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the Group Audit

Envipco Holding N.V. is at the head of a group of components. The financial information of this group is included in the financial statements of Envipco Holding N.V..

Our group audit is mainly focused on significant components that are (i) of individual financial significance to the group, or (ii) that, due to their specific nature or circumstances, are likely to include significant risks of material misstatement of the group financial statements.

We have:

- performed audit procedures ourselves in respect of the separate financial statements of the parent entity and the component Envipco Hungary B.V. in the Netherlands;
- made use of the work of a KPMG Auditor in the US, Germany, Greece and Romania, and a non-KPMG auditor in Sweden. We have sent detailed instructions to these component auditors, covering significant areas including the relevant risks of material misstatement and set out the information required to the reported to the group audit team. We held conference calls with those component auditors and performed a review of the audit files in the US, Germany, Greece and Romania.

For the residual population not in scope we performed analytical procedures in order to corroborate that our scoping remained appropriate throughout the audit.

By performing the procedures mentioned above at group components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

The audit coverage as stated in the section summary can be further specified as follows:

Total assets

90%	10%
Audit of the reporting packages	Covered by additional procedures performed at group level

Revenue

97%	3%
Audit of the reporting packages	Covered by additional procedures performed at group level

Audit response to the risk of fraud and non-compliance with laws and regulations

In the 'Risk management and controls' section of the Management Report of the Annual Report, the Board of Directors explains that the risk of fraud and non-compliance with laws and regulations are periodically assessed.

As part of our audit, we have gained insights into the Company and its business environment, and assessed the design and implementation of the Company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company's code of conduct and the whistleblowing policy. Furthermore, we performed relevant inquiries with management.

As part of our audit procedures, we:

- assessed other positions held by the Board of Directors in view of possible conflicts of interest. We assessed that there are no operational transactions between the Company and the Board of

Directors. We did evaluate the share and other lending agreements of the Board members as disclosed in note 26.

- evaluated correspondence (if any) with supervisory authorities and regulators (such as AFM) as well as legal confirmation letters;
- Requested legal letters from two external lawyers.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Company and identified the following areas as those most likely to have a material effect on the financial statements:

- Anti-bribery and corruption laws and regulations
- environmental legislation.

We evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements. Based on the above and on the auditing standards, we identified the following fraud and non-compliance risks, including the relevant presumed risks laid down in the auditing standards, that are relevant to our audit and responded as follows:

— **Management override of controls (a presumed risk)**

Risk:

Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

- We evaluated the design and the implementation of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries.
- We performed a data analysis of high-risk journal entries (all journal entries with credit entries on revenue accounts with no debit entry on accounts receivable and all journal entries with debit entries in tangible fixed assets with a credit in an expense account). Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.
- We verified the accuracy of material post-closing entries recorded in the general ledger.
- We evaluated key estimates and judgements for bias by the company's management including retrospective reviews of prior year's estimates with respect to valuation of capitalized development costs and valuation of deferred tax assets in the US. We assessed the

appropriateness of changes compared with the prior year to the methods and underlying assumptions used to prepare accounting estimates.

- We incorporated elements of unpredictability in our audit such as inventory stock takes in new locations and adding components with an audit of the full reporting package to our scoping.

— **Revenue recognition in the cut-off period in the US, Greece, Hungary and Romania (a presumed risk)**

Risk:

Revenue is recognized when the performance obligations have been fulfilled. The company has various revenue streams with different performance obligations. These include service revenue, revenue from sale of goods and leasing revenue. Service and leasing revenue is recognized overtime whereas revenue from sale of goods is recognized point in time. We identify a risk of fraud on the existence of revenue of sale of goods in the cut-off period in the US, Greece, Romania and Hungary (Europe B.V.).

Responses:

- We refer to key audit matter ‘Revenue recognition in the cut-off period in the US, Greece, Hungary and Romania’.

— **Non-compliance with *anti-bribery and corruption laws and regulation***

Risk:

The Company is required to comply with anti-bribery and corruption law and regulation. In case of possible non-compliance with this regulation, the Company could be subjected to fines and penalties. As a result we have identified a risk of material misstatement associated with potential non-compliance with this law and regulation.

Responses:

- We inquired with management to understand the process for monitoring the compliance and/or identifying instances of non-compliance in particular in relation to entering new markets in Eastern Europe.
- We inspected minutes of the meetings of the Board of Directors.
- We evaluated, if applicable, correspondence with supervisory authorities and regulators, such as tax authorities, environmental agencies and claims, as well as legal confirmation letters.
- We performed procedures on a sample basis to verify expenses with underlying supporting documentation that specifically respond to the risk.

- We evaluated written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.
- We assessed the adequacy of the Company's disclosure regarding claims and litigations.

We communicated our risk assessment, audit responses and results to the Board of Directors.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern

The Board of Directors has performed its going concern assessment and has not identified any going concern risks. To assess the Board's assessment, we have performed, inter alia, the following procedures:

- we considered whether the management board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we inspected the terms of conditions of the financing agreements that could lead to significant going concern risks, including the terms of the agreements and compliance with covenants;
- We inspected the documentation and bank statement related to the share issuance subsequent to year-end.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

Audit response to climate-related risks

The Company has set out its ambitions related to climate change in the chapters ''ESG Objectives, Actions and Results'' and ''Climate Risk'' of the Report of the Board of Directors. These ambitions are aimed at improving material recovery for recycling and re-use and as such contribute to the climate transition, a more circular economy, and improve waste management. In addition, the Company is in the process of reducing its own emissions.

Management has assessed in 2023, against the background of the company's business and operations, at a high level how climate-related risks and opportunities and the Company's own commitments could have a significant impact on its business or could impose the need to adapt its strategy and operations. Management has considered the impact of both transition and physical risks on the financial statements in accordance with the applicable financial reporting framework, more specifically the impact on useful lives and residual values of PP&E and intangible assets. Management concluded that the effect of climate-related risks does not have a material impact on accounts and disclosures in the financial statements as at 31 December 2023.

As part of our audit, we performed a risk assessment of the impact climate-related risk and the commitments made by the Company in respect of climate change on the financial statements and the potential impact on our audit approach. This risk assessment included the understanding of management's processes through inquiries and reading the ‘Envipco Holding NV Green Finance Second Opinion’ from Cicero and the ‘Green Finance Framework 2022’ of the Company. We discussed the result or our risk assessment with management and the Envipco’s audit committee.

Based on our risk assessment procedures performed we have not identified a climate-related risk of material misstatement that could have a material impact on the current financial statements under the requirements of EU-IFRS.

Furthermore, we have read the ‘Other information’ with respect to climate-related risks as included in the annual report and considered whether such information contains material inconsistencies with the financial statements or our knowledge obtained through the audit, in particular as described above and our knowledge obtained otherwise.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. Compared to prior year valuation of capitalized development costs is no longer considered a key audit matter because most capitalized assets are in use and no triggers have been identified for impairment testing.

Revenue recognition in the cut-off period for the US, Greece, Hungary and Romania

Description

Revenue is recognized when the performance obligations have been fulfilled. The company has various revenue streams with different performance obligations that are disclosed in note 6. These include service revenue, revenue from sale of goods and leasing revenue. Service and leasing revenue is recognized overtime whereas revenue from sale of goods is recognized point in time. We identify a risk of fraud on the existence of revenue of sale of goods in the cut-off period in the US, Greece, Hungary and Romania.

Our response

Our procedures responsive to the identified fraud risk in the US, Greece, Hungary and Romania for revenue cut-off included amongst others,

- inquiry of management and inspection of documents to obtain an understanding about the process with respect to the cut-off of revenue including testing the design and implementation of internal controls;
- assessment of the revenue recognition method applied based on IFRS 15;

- test of details based on a sample, including testing underlying evidence of revenue recognized, such as: contract, confirmation of delivery and payments to ensure that the revenue is recognized in the appropriate period.

Our observation

Based on our procedures performed for revenue recognition we conclude that revenue is recorded in the appropriate accounting period and disclosed in accordance with EU-IFRS.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the General Meeting of Shareholders as auditor of Envipco Holding N.V. on 27 June 2019, as of the audit for the year 2019 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

European Single Electronic Format (ESEF)

Envipco Holding N.V. has prepared its annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the annual report prepared in XHTML format, including the (partly) marked-up consolidated financial statements as included in the reporting package by Envipco Holding N.V., complies in all material respects with the RTS on ESEF.

Board of Directors is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby Board of Directors combines the various components into one single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF. We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting). Our examination included among others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
    - Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
    - Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, Board of Directors is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect Board of Directors, under supervision of the Board of Directors, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, Board of Directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, Board of Directors should prepare the financial statements using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Board of Directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Audit Committee of the Board of Directors is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in Appendix I of this auditor's report. This description forms part of our auditor's report.

Amstelveen, 12 July 2024

KPMG Accountants N.V.

L.A. Ekkels (RA)

Appendix I:
Description of our responsibilities for the audit of the financial statements

Appendix I

Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Board of Directors;
- concluding on the appropriateness of Board of Directors's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Envipco Holding N.V's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

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