Envipco Holding NV

Annual Report 2021

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This document is the PDF/printed version of Envipco Holding N.V.'s 2021 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.

Chief Executive Officer Statement

I welcome you to our 2021 annual report and update on the business. The year is highlighted by largely completing recovery from the COVID-19 pandemic impacts, renewed growth in our North America business and delivery on new growth opportunities in Europe. It has been a busy year in many respects, marked by our ability to focus on building a solid new foundation for the business to execute on the exciting Growth Plan ahead of us.

This development has come in different forms. We welcome a number of new shareholders from our successful secondary listing on Oslo Growth that we completed in Q1 2021. This broadens our shareholder base in a region that has a lot of interest and expertise in recycling and the circular economy. In terms of market development, we have expanded our European footprint to now be active in Ireland, Romania, Portugal, Spain, Slovakia, Hungary, and Malta in addition to continued efforts in our existing markets. This expansion is both through establishment of local teams and growing our corporate group. In many cases, these markets were relatively new in 2021 and yet we have started to show results, most notably the very positive win for Envipco with BCRS in Malta, which will be delivered in 2022. We have also focused on continuing to expand our technology platform, resulting in very positive feedback on a number of new market pilots. Our largest existing markets of the US and Sweden executed solidly during the year. The US market saw strong activity towards the end of 2021 as the bottle bill in Connecticut was modernized. This bodes well for development of the US in future years as other states follow suit.

Turning more broadly to the organization, we have continued to attract talent into the organization to help build a company that can execute on the growth opportunities ahead. We have also started to invest in the core processes and infrastructure of the business. This has included launching EOS, our move to a global ERP solution, and starting a project to expand new production capacity in Romania. We are focusing on getting these things right to allow the business to scale sustainably and at pace.

As the world gets back to a version of normal, climate change and sustainability are once again in focus. The recently released IPCC report reports it is really ‘now or never’ if the world is to stave off climate disaster. This renewed effort to address this major issue of our era has prompted government, non-governmental organizations (NGOs), retailers, and the wider industry to increase their activities in container recycling and to ensure that progress is made. More Deposit Return Schemes are being planned, new schemes are going-live, and existing schemes are expanding. This is where Envipco comes in and we get to work. We greatly thank our customers, employees, shareholders and stakeholders as we embark on this exciting future together.

Simon Bolton
CEO

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 2021.

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).

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 accelerated growth and are committed to deliver excellent products and services to our customers, tangible results to our investors, and a great place to work.

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 respect everyone, 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) as the foundation of recycling systems for the collection and processing of 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.

Why Envipco and why now

Financial Highlights

in EUR millions	2021	2020
Continuing Operations		
Revenues	38.4	30.8
Gross profit	13.4	11.7
Gross profit %	35%	38%
Operating profit/(loss)	2.3	(1.4)
Net profit/(loss) after taxes after minority	0.6	(1.7)
EBITDA (earnings before interest, taxes, depreciation and amortisation)	5.5	3.6
Earnings/(loss) per share in €	0.01	(0.04)
Equity		
Shareholders' equity	30.5	21.0
Liquidity ratio (current assets/current liabilities)	2.2	2.1
Total Assets	**51.7**	**38.8**

The table above including the financial highlights contains the main Key Performance Indicators (KPIs) including EBITDA, not being a defined performance measure in IFRS-EU, calculated as profit plus interest plus taxes plus depreciation/amortization.

Results

Revenue for the full year 2021 was EUR 38.4 million, up 25% from EUR 30.8 million in 2020, driven by RVM sales growth of 125% (North America, Australia, Slovakia), Swedish Quantum growth of 74% and Program Services growth of 8%.

Gross Margin was 35%, versus 38% in 2020, driven by (mainly Q4) additional labor and supply chain costs.
Operating expenses increased by EUR 1.6 million to EUR 14.7 million for the year, as a result of investments in the European organization and developing new DRS markets.

Resulting EBITDA for 2021 was EUR 5.5m, versus EUR 3.6 million in 2020, reflecting an increase in EBITDA margin from 11.5% in 2020 to 14.3% in 2021. 2021's EBITDA included EUR 3.6m of Other Income, including our DPG settlement (EUR 1.9m), and forgiveness of the first PPP loan (EUR 1.5m), both in Q1.

Profit for the year 2021 was EUR 0.6 million, including an exchange loss of EUR 0.5 million, versus a net loss of EUR 1.7 million in 2020 including an exchange gain of EUR 0.8 million.

Cash Flow

Cash generated from operations amounted to EUR 1.3 million in 2021 (versus 2020 EUR 0.2 million), driven by improved operating results and other income. Cash used for the buildup of inventories for 2022 deliveries amounted to EUR 6.0 million. Receivables increased by EUR 3.2 million, as a result of the high level of additional RVM sales, partly offset by increased payables.

Cash flow from investing activities was negative EUR 4.6 million, related to capitalized R&D of EUR 1.7 million, investments in property, plant and equipment in our US, German and Romanian facilities of EUR 2.6 million and €0.3 million for a contract guarantee. Cash flow from financing activities was positive EUR 6.1 million (vs. 4.8 million in

2020). This stems from the EUR 7.4 million proceeds from the Feb 2021 share issue, partly offset by repayments of debt of EUR 2.4 million.

Net change in cash and cash equivalents was positive EUR 2.0 million during the year (vs. EUR 0.5 million in 2020). Envipco's total holdings of cash and cash equivalents amounted to EUR 3.1 million on 31 December 2021, up from EUR 1.1 million 12 months earlier. In addition, the Company has a line of credit of EUR 2.6 million available.

Financial position

On 31 December 2021, Envipco had total assets of EUR 51.7 million, compared with EUR 38.8 million at the end of 2020.

Total equity was EUR 30.5 million at the end of the year, corresponding to an equity ratio of 59%, compared with EUR 21.0 million on 31 December 2020 (54% equity ratio).

Total borrowings at the end of the period amounted to EUR 7.1 million, including a PPP loan for an amount of EUR 1.6 million, which is expected to be forgiven in Q2 2022, compared to borrowings of EUR 8.8 million at the end of 2020, which included a EUR 1.5 million PPP loan forgiven in Q1 2021.

Operational Developments

North America

For FY‘21 revenue increased 16% to EUR 31.2 million from EUR 26.8 million in FY‘20. Program services revenue was EUR 25.6 million in FY’21, 6% above FY’20. RVM machine sales were EUR 5.6 million, or 110% growth versus FY’20.

Envipco continues to expand its presence in North America and expects several opportunities to materialize going forward. The Massachusetts expansion for water is steadily progressing, and the National Bottle bill is gaining increasing support throughout the country. Further US states are expected to introduce legislation in the medium to long term, and a revamp of the deposit scheme in Quebec is anticipated.

Europe

For the full year sales in Europe reached EUR 7.2 million, up from EUR 4.1 million in 2020. Machine sales grew by 90% in the period reaching EUR 5.8 million, while services income increased by 42% to EUR 1.4 million.

We are accelerating our initiatives in Europe in H1 2022 with the execution of the Malta deal, UK pilots with major retailers, demo machines installed with Romanian retailers, follow up on our initial sales in Slovakia and introductions to Portuguese retailers using our new showroom/ office.

Managing Risks

A majority of our current RVM business is dependent upon legislation. The Company may be at risk if such legislation was cancelled, although we have seen no such cancellations in the area where we have operated over the last 20 years. In such an unlikely scenario there will be a notice period which will help the Company plan for any transition. Equally the reverse can also happen as new legislation is implemented in more states and countries.

The Group strategy is to grow and win market share by delivering innovative market solutions at competitive prices along with superior service. The Company may be at risk from competition and new market uncertainties. These risks can be managed by adequate market research to ensure customer acceptance of its products. It also invests consistently in R&D to continually innovate and stay ahead of the competition.

Customers with whom we have long term contracts can go out of business which would have an impact on our costs due to lower volumes. To mitigate the impact, we closely monitor the creditworthiness of our customers.

Sharp fluctuations in foreign exchange rates, interest rates and material prices, also under influence of geopolitical conflicts, can impact the cash situation of the Company but are mitigated by proper cash, liquidity and supplier management. 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 cash to continue to fund projects under a development stage may impact the long-term viability of the Company.

Overall, following the Group’s willingness to accept risks and uncertainties, the risk appetite, will differ for each risk category. The level of the Group’s risk appetite gives guidance as to whether the Group would take measures to control such uncertainties.

For details on financial risk management, including the financial instruments, refer to note 5 in the notes to the consolidated financial statements.

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. In order to maintain and improve the competitiveness of our product and be able to address the new markets for RVMs in Europe Envipco invests heavily 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 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 recognised as an expense when incurred. Development costs are capitalised if certain conditions are met as further explained in note 3 of the consolidated financial statements.

Employees

At 31 December 2021, we had 233 employees (2020: 195), with main growth in areas of production, supply chain, service and market development, with a similar increase expected for these areas in 2022 Envipco recognises 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 be an added value.

The health and well-being of its employees is an important aspect of Envipco's sustainability strategy. The Company participates through its partners, where possible, wellness programs for the benefits of its employees.

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.
Envipco interacts frequently with all its stakeholders including investors, employees, partners and local communities in both formal and informal settings.

Environmental and Social Governance

Envipco is an active and engaged corporate citizen that regularly provides educational tours to school groups, environmental groups and political decision-makers focused on learning more about the recycling process. We offer scholarships and internships to students interested in pursuing environmentally focused careers.

Envipco is always implementing new ways to reduce its carbon footprint. We are a lean manufacturing Company that has improved its facilities with green materials and have initiatives ongoing to further reduce waste and carbon footprint.

Envipco RVMs are essential to efficient recycling of beverages through deposit systems and are as such environmental products. All Envipco products are developed and manufactured according to environmental requirements like the Restriction of the Use of certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) and designed for recyclability. In our design efforts we seek to minimise power usage both during operations (efficient compaction) and in idle mode.

EU Taxonomy

The Non-Financial Reporting Directive and the upcoming Corporate Sustainability Reporting Directive form an important part of the European Green Deal, the European growth strategy for improving the well-being and health of citizens, making Europe climate-neutral by 2050 and protecting the natural capital and biodiversity of the European Union.

These regulations impose requirements on business regarding how they report on a variety of sustainability issues in their annual reports.

We have assessed these regulations and their requirements and will implement solutions in order to adhere to these.

The EU Taxonomy Regulation entered into force in 2020. The Taxonomy Regulation aims to encourage and increase the understanding of ‘sustainable finance and investment’. To this end, an EU Taxonomy of environmentally sustainable (‘green’) activities has been developed, with associated reporting obligations. The results of this classification will be reported annually. Article 9 of the Taxonomy Regulation identifies six environmental objectives (climate mitigation, climate adaptation, sustainable use and protection of water and marine sources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems).

The EU has adopted the first two delegated acts on the first two environmental objectives: climate mitigation and adaptation. These delegated acts set out which economic activities are regarded as ‘eligible’. For an economic activity to be classed as ‘environmentally friendly’ under the EU Taxonomy, it must first be determined whether it is ‘taxonomy-eligible’ and then whether it is ‘taxonomy-aligned’. The first step is to check whether the activity appears in the delegated act, since only activities that are described in the delegated act are ‘taxonomy-eligible’. It must then be assessed whether the activity complies with the ‘technical screening criteria’ set out in the delegated act. This determines whether or not the activity is ‘taxonomy-aligned’. Alignment indicates that the eligible activities are in fact sustainable. We plan to perform this classification exercise next year.

For this 2021 report, in accordance with the reduced EU disclosure requirements, we report on the proportion of KPIs Turnover, CapEx and OpEx (a specific part of operating expenses) for taxonomy-eligible and taxonomy non-eligible activities that can contribute to the first two environmental objectives, namely climate mitigation and climate adaptation.

	Turnover	CapEx	OpEx
Eligible activities (%)	4%	0%	0%
Non-Eligible activities (%)	96%	100%	100%
Total (x EUR million)	38.4	5.8	2.2

EU Taxonomy Turnover

This KPI covers the external revenue recognised in line with IAS 1 par. 82(a) and therefore reconciles to revenue as included in the consolidated income statement and note 6. Our SortAfter activities in New York City, USA, are related to the collection and transport of non-hazardous waste, as described in the Taxonomy under paragraph 5.5, and make up 4% of our total Turnover. If and when the environmental objective ‘transition to a circular economy’ is added to the delegated acts, Envipco’s eligibility percentage in relation to the Turnover KPI will expectedly increase.

EU Taxonomy CapEx

This KPI covers the additions to Property, plant and equipment under IAS 16 as included in note 14 and additions to Intangible assets under IAS 38 and to to Right-of-use assets under IFRS 16 as included in note 14. There are no capital expenditures in our SortAfter activities. Our total of eligible and non-eligible CapEx amounts to EUR 6M, as the combination of PPE investments and intangibles. If and when the objective ‘transition to a circular economy’ is added to the delegated acts, Envipco’s eligibility percentage in relation to the CapEx KPI will expectedly increase.

EU Taxonomy OpEx

This KPI covers direct non-capitalised costs that relate to research and development, and maintenance and repair. There are no operating expenses in our SortAfter activities, which fall under the Taxonomy’s OpEx definition. Under this definition our R&D, maintenance and repair costs, for an amount of EUR 2M, are labeled as OpEx. If and when the objective ‘transition to a circular economy’ is added to the delegated acts, Envipco’s eligibility percentage in relation to the OpEx KPI will expectedly increase.

Stichting Employees Envipco Holding

A foundation, Stichting Employees Envipco Holding, was formed in 2011 with the following Board members:

- Mr. Dick Stalenhoef
- Mr. Guy Lefebvre (until June 30 2021)

This foundation was set up to establish an employee share-based payment plan. No such plan is in place and the Foundation currently has no activities.

Summary as of 31 December 2021 of Issued Share Capital

	2021	2020
	€'000	€'000
Common stock of €0.05 nominal value per share:	2,303	2,049
	'000	'000
Opening and closing balance – number of shares (k)	**46,051**	**4,098**

In February 2021 the Company issued 507,521 new shares bringing the total issued capital to €2,302,564 divided into 4,605,128 shares. After the 1:10 share split in June 2021 the Company now has 46,051,280 issued shares with a nominal value of €0.05 per share.


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Substantial Shareholding

The Group has been notified of or is aware of the following 3% or more interests at 31 December 2021 and 2020.

	31 December			
	2021		2020	
	Number of Shares	Shareholding %	Number of Shares	Shareholding %
A. Bouri/Megatrade International SA	21,680,680	47.08	2,168,068	52.91
G. Garvey	5,476,980	11.89	555,779	13.56
Otus Capital Management Ltd	2,477,207	5.38	247,727	6.05
Lazard Freres Gestion SAS	2,225,320	4.83	222,532	5.43
D. Poling/GD Env LLC	-	-	200,000	4.88
R. J. Lincoln	1,717,440	3.73	-	-
B. Santchurn/Univest Portfolio Inc	1,554,800	3.38	155,480	3.79

Directors and Their Interests

As per Articles of Association of the Company, the Board comprises of executive and non-executive board members. The Board includes seven non-executive and one executive board member. During the year 2021 Mr. Guy Lefebvre's term as non-executive director ended and Ms. Anne Jorun Aas was appointed as non-executive. The current Directors of the Company are as follows:

Non-executive:
Mr. Gregory Garvey (Chairman)
Ms. Anne Jorun Aas
Mr. Alexandre Bouri
Mr. Dick Stalenhoef
Mr. David D'Addario
Mr. Christian Crepet
Mr. Maurice Bouri

Executive:
Mr. Simon Bolton

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

Dutch Corporate Governance Code
Based on EU law, the Company is considered to be a Public Interest Entity (in Dutch "Organisatie van Openbaar Belang" or "OOB") as it has issued financial instruments, which are listed on the regulated market of the Euronext Amsterdam and Oslo.

Based on article 2 of the EC directive 2006/43/EC Implementation Decree of 26 July 2008 (the "Decree") concerning audit of annual accounts, the Company has to comply with the Dutch Corporate Governance Code.

Compliance with the Dutch Corporate Governance Code

The Dutch Corporate Governance Code of December 2016 effective 1 January 2017 (the "Code") was complied with except for the provisions mentioned below. The Code contains principles and best practice provisions for a managing board, supervisory boards, Shareholders and general meetings of Shareholders, financial reporting, auditing, disclosure, compliance with and enforcement of the Code.

The corporate governance code can be accessed at http://commissiecorporategovernance.nl/information-in-english

Dutch companies admitted to trading on a registered stock exchange or, under certain circumstances, registered on a multilateral trading facility, whether in the Netherlands or elsewhere, are required under Dutch law to disclose in their annual reports whether or not they apply the provisions of the Code and, if and to the extent they do not apply, to explain the reasons why. In respect of the Company, the provisions of the Code apply with no exemptions.

The Company acknowledges the importance of good corporate governance. Since 2011 the Company supports the Code (www.envipco.com) and has started to implement the relevant provisions of the Code subject to the exceptions set out below:

The Company does not comply with the following provisions of the Dutch corporate governance code:

II.1.7 The independence requirements referred to in provisions 2.1.7 to 2.1.9 inclusive have been fulfilled except for three non-executive board members, including the Chairman, who are not considered independent given their shareholdings and/or family relations. The Board of Directors will assess opportunities to increase independence of board members.

II.2 The Company does not have in place a formal risk management system. In the view of the Board of Directors, the Company has adequate measures in place to monitor risks considering the size of the Company, and has the intention to develop such a system along with the growth and development of the Company.

II.2.1.5 The Company has not drawn up a diversity policy but adheres to Dutch diversity regulations, including the quota of 1/3 for female non-executive board members.

II.2.14 The Company has not published on its website the main elements of the service agreements with the executive directors. In view of the size of the Company, the Board of Directors is of the opinion that publishing elements of the salary of executive directors in the financial statements is sufficient.

II.2.2.8 The Company does not have a formal evaluation process for non-executive board, various committees and for executive and non-executive members. In view of the size of the Company, the Board of Directors is of the opinion that this is not necessary.

II.2.4.4 The Company does not publish attendance percentages of its non-executive board meetings. In view of the low number of meetings, the Board of Directors is of the opinion that this is not necessary.

III.3.1 The Company has not prepared a profile for the non-executive members of the Board of Directors. In view of the size of the Board of Directors, the Board of Directors is of the opinion that this is not necessary.

III.3.6 The Board of Directors has not made a schedule of retirement by rotation. In view of the size of the Company, the Board of Directors is of the opinion that this is not necessary.

III.4.3 The Company has no secretary. Due to the size of the Company, the Company believes this is not necessary

III.5 The Company does not have a remuneration committee. The tasks to be performed by these committees are performed by the non-executive members of the Board of Directors. In view of the size of the Company, there is no need to have a separate remuneration committee. In Q1 2022 the Company has installed a selection and nomination committee.

V.1.5 The non-executive directors have not rendered their formal report. In view of the size of the Company, the Board of Directors is of the opinion that certain relevant information provided elsewhere in the financial statements is sufficient.

V.3 The Company has no internal audit function. In view of the size of the Company, the Company believes this is not necessary. The internal risks are in the view of the Board of Directors adequately monitored.

The Directors confirmed that the Company, except for the above Articles, is in compliance with the Code.

General Meetings of Shareholders and Voting Rights

The Annual General Meeting of Shareholders must be held within six months after the end of each financial year. 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.

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.

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:

As at 31 December 2021 Envipco had issued 46,051,280 ordinary shares.

There are no physical share certificates issued, except for entries in the Shareholders register. The Articles of Association do not provide for any limitation on the transferability of the ordinary shares.

Significant direct and indirect shareholdings are set out in this report under the section 'Substantial Shareholdings'.

Envipco currently does not hold any employee share scheme in which the control rights are not exercised directly by the employees.

The voting right is not subject to any limitation. 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, all resolutions at the General Meeting of Shareholders shall be passed by a majority of three/fourths of the votes cast.

The appointment, suspension and discharge of the members of the Board of Managing Directors and their remuneration are decided at the General Meeting of Shareholders as per Article 8 of the Articles of Association.

The issue of new shares shall be by a resolution of the General Meeting of Shareholders and subject to the provisions of Article 5 of the Articles of Association.

The Enterprise Chamber may at the request of the Company, any shareholder of the Company, for shares issued with the cooperation of the Company or a foundation or association with full legal capacity which articles promote the interests of such Company, shareholder, order a shareholder who has obtained 30% or more of the Company's voting rights or more to make a public offer in respect of all shares.

The above mentioned obligation for a person acting solely or together with others to make a public offer does not apply according to the Exemption Decree on Public Offers (*Vrijstellingbesluit overnamebiedingen Wft*) in cases where prior to, but no more than three months prior to, the acquisition of 30% or more of the Company's shares or voting rights, the General Meeting of the Shareholders has approved such acquisition with 95% of the votes cast by others than the acquirer and the person(s) acting with him/her.

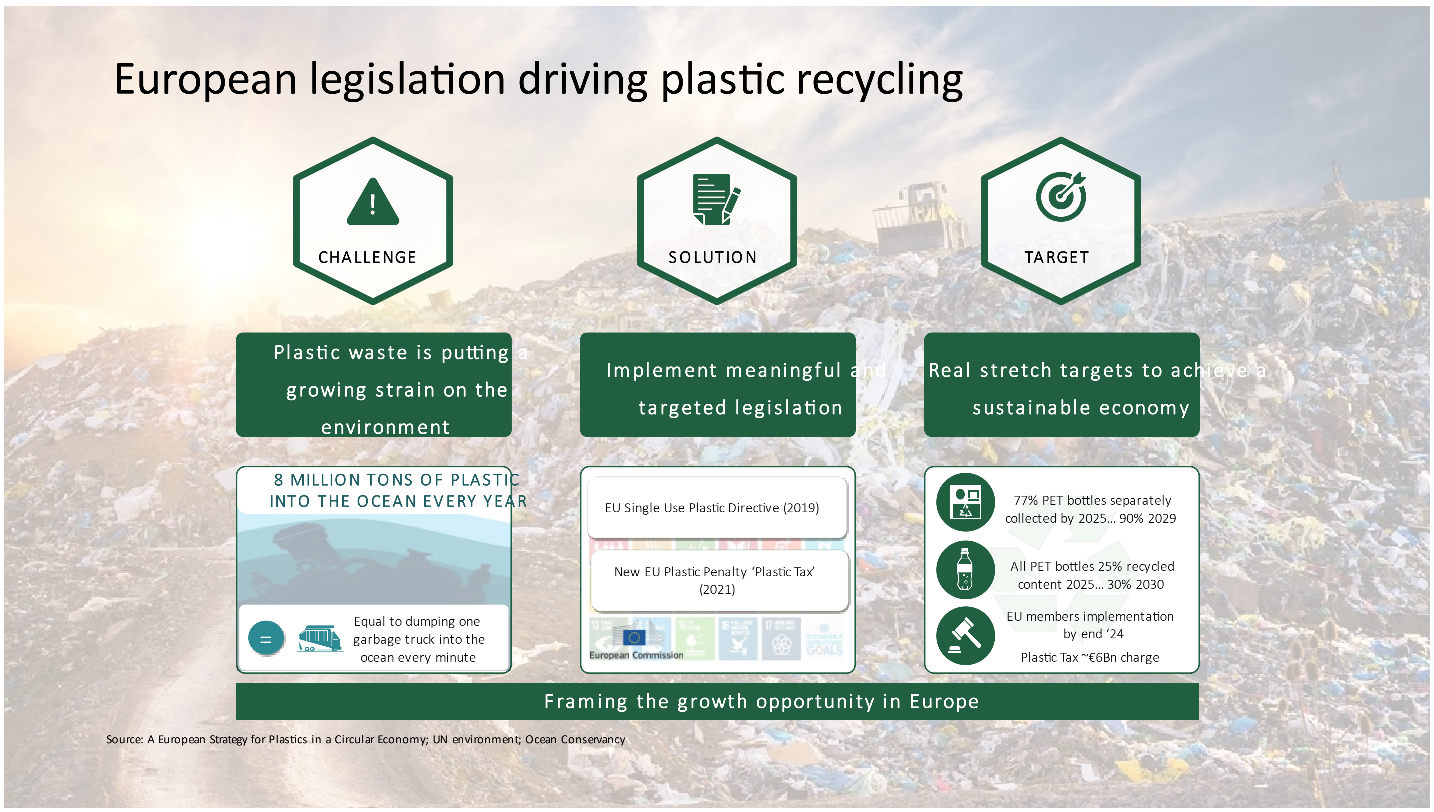
After a public offer, pursuant to Section 2:359c of the Dutch Civil Code, a holder of at least 95% of the outstanding shares and voting rights, which has been acquired as a result of a public offer, has the right to require the minority Shareholders to sell their shares to him/her.

Corporate Social Responsibility

As a Company dedicated to improving the rates at which the world recycles, Envipco works closely to help all of our clients reach their environmental goals. By helping beverage companies recover significant percentages of their bottles and cans, we have developed customised programs that promote sustainability. Envipco also proactively promotes its comprehensive recycling program and constantly explores new opportunities for greener operations.

Within the communities in which we operate, Envipco is an active and engaged citizen. We recognise our potential role as educators, regularly inviting school groups to tour our manufacturing facility to learn more about the process of recycling. We offer scholarships and internship programs to students interested in pursuing environmentally focused careers.

We have begun setting up the foundation of good corporate social responsibility principles which we intend to adopt as the Company grows. We plan to implement various initiatives to achieve a high level of employee satisfaction, optimising the use of both internal and external resources to have the most efficient carbon footprint while ensuring the adoption of a high code of conduct and ethics relating to all aspects of our business.



Climate risk

In 2021, 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. 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 at 31 December 2021.

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) that 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. Full details of the policy are available at: https://www.envipco.com/sr_pdf/Code-of-Conduct.pdf

Internal Controls

The board of directors is responsible for establishing and maintaining adequate internal controls. The executive board member is involved in the day-to-day management and is responsible to implement the board's decisions and strategy.

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, no matter how well designed, 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.

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. These matters are regularly discussed. As part of this management risk assessment risks of fraud and non-compliance with laws and regulations are assessed.

The Board of Directors

The Company's Board of Directors consisted of one executive and seven non-executive directors. The non-executive directors shall elect a chairman of the Board from among themselves. The Board is charged with the management of the Company and is responsible for establishing the Group's strategy and general policies. The executive director is responsible for the day-to-day management of the Company.

In the opinion of the non-executive board, the independence requirements referred to in the best practice provision 2.1.7 to 2.1.9 inclusive have been fulfilled except for in relation to its chairman. There are three non-executive board members out of seven who are not considered independent.

Currently the Company has one female member in the Board of Directors and does not meet the 33.33% target yet.

Audit Committee

The Company has established an audit committee which operates pursuant to the terms of reference adopted by the Board of Directors, which are published on the Company's website. The audit committee was established by the Board of Directors on 27 June 2011 and is comprised of two non-executive directors appointed by the Board of Directors. The terms of reference of the audit committee are included in the Board Regulations. The audit committee is chaired by the person appointed thereto by the Board of Directors, provided that this person: i) shall be independent (in the manner prescribed by the Dutch Corporate Governance Code, and set out in the Board regulations), ii) shall not be the chairman of the Board of Directors, nor a former executive director, and iii) shall have the necessary qualifications. The audit committee shall meet at least four times per year, or more frequently according to need. Currently, the audit committee consists of Mr. Stalenhoef as chairperson and Ms. Aas.

Due to the frequent discussions of the audit committee with senior management within the Group and discussions with our external auditors, the committee is satisfied with its oversight on financial reporting, risk management and audit functions of the Group activities.

Overall Outlook

The company expects continued growth along with strong order growth in 2022 from new DRS markets in Europe which will be delivered as revenue in 2023 as those schemes 'go-live'. This is in addition to continued growth and development of the North American business. Gross Margin improvement is a focus for service operations and the supply chain, with post-covid and Ukrainian conflict driven impact on material and transport costs, as the company's base scales to meet future demand. The company is building the right organization to deliver on the exciting opportunities ahead.

We expect FTEs, Capital Expenditures and R&D Investments to increase along with revenue growth, albeit not at the same pace.

We are confident in our strategy, our investments, and our ability to execute in delivering strong growth and financial performance in the future. We are excited to be creating a cleaner world for future generations through our recycling technology.

Board Responsibility Statement

In accordance with best practice II.1.5 of the Dutch corporate governance code of December 2016, the Board of Directors confirms that internal controls over financial reporting provides a reasonable level of assurance that the financial reporting does not contain any material inaccuracies and confirms that these controls functioned properly in the year under review and that there are no indications that they will not continue to do so. The financial statements fairly represent the Company's financial condition and the results of the Company's operations and provide the required disclosures.

It should be noted that the above does not imply that these systems and procedures provide absolute assurance as to the realisation of operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliances with legislation, rules and regulations.

The Company's directors hereby declare that, to the best of their knowledge:

- the annual financial statements for the year 2021, which have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union and with Part 9 of Book 2 of the Dutch Civil code, give a true and fair view of the assets, liabilities, financial position and the profit or loss of the Company and its consolidated entities
- the directors' report gives a true and fair view of the position of the Company and its related entities whose financial information has been consolidated in the annual financial statements as at the balance sheet date 31 December 2021 and of their state of affairs during the financial year 2021
- the annual report describes the principal risks that the Company faces.

w.s. Gregory Garvey Chairman	w.s. Alexandre Bouri	w.s. Dick Stalenhoef	w.s. Anne Jorun Aas
w.s. Christian Crepet	w.s. David D'Addario	w.s. Maurice Bouri	w.s. Simon Bolton CEO

29 April 2022

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. The management board remuneration policies were submitted for approval to the June 2021 AGM. The AGM approved the remuneration policies. Customary benefits are provided to the management board members in line with respective industry and country practice.

The short-term compensation of the Management Board 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 2021, in line with 2020, 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.

No long-term compensation plan or share-based payment compensation plan is in place.

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

Board Remuneration in 2021

The remuneration of the Board of Directors charged to the result in 2021 was €779,000 (2020: €414,000), which and can be specified as follows:

in EUR thousands	Fixed Salary/fee	Variable compensation	Fringe benefits	Pension cost	Extraordinary compensation	Total	Proportion of fixed and variable compensation
2021							
G. Garvey	51	-	-	-	-	51	100/0
C. Crepet	25	-	-	-	-	25	100/0
T.J.M. Stalenhoef	75	-	-	-	-	75	100/0
G. Lefebvre**	10	-	-	-	-	10	100/0
A. Bouri	-	-	-	-	-	-	
D. D'Addario	-	-	-	-	-	-	
M. Bouri	-	-	-	-	-	-	
S. Bolton*	398	137	68	-	-	603	66/34
A.J. Aas**	15	-	-	-	-	15	100/0
Total	**639**	**137**	**3**	**-**	**-**	**779**	
2020							
G. Garvey	53	-	-	-	-	53	100/0
C. Crepet	20	-	-	-	-	20	100/0
T.J.M. Stalenhoef	68	-	-	-	-	68	100/0
G. Lefebvre	10	-	-	-	-	10	100/0
A. Bouri	-	-	-	-	-	-	
D. D'Addario	-	-	-	-	-	-	
M. Bouri	-	-	-	-	-	-	
S. Bolton*	193	49	21	-	-	263	81/19
Total	**344**	**49**	**21**	**-**	**-**	**414**	

**S. Bolton is Executive Director since 1 July, 2020; Other members of the Board are Non-Executive Directors.*
***G. Lefebvre term expired and was replaced by A.J. Aas on 1 July 2021.*

The fixed compensation of the Executive Director Mr. S. Bolton is 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 2021 has been determined at €137,000 (2020: €49,000) based on growth in revenue, operating profit and delivery of strategic investments to further accelerate growth. Mr. Bolton led continued recovery of the business from COVID-19 to deliver record company revenue in 2021 and substantial improvement in operating profit. Most importantly there was significant execution of the company's Growth Plan including: setting up European business development organization, expanding supply chain capabilities particularly in US and Romania, and continued development of the technology platform. Progress was also made in capital structure through the secondary listing in Oslo Growth in the beginning of the year and with the improved focus on investor relations and communications.

Pension entitlements consist of €0 (2020: €0). Fringe benefits consist of social security and other costs paid by the employer €68,000 (2020: €21,000).

Non-executive Directors obtain a fixed compensation based on time spent and charged, except for A. Bouri, D. D'Addario and M. Bouri.

The pay ratio of the CEO in compensation with the average total employee benefit cost per employee as required under the Dutch corporate governance system was 9 in 2021 (2020: 4). The pay ratio is calculated as total benefits paid, excluding board compensation, to employee's average benefit expense per employee for the year.

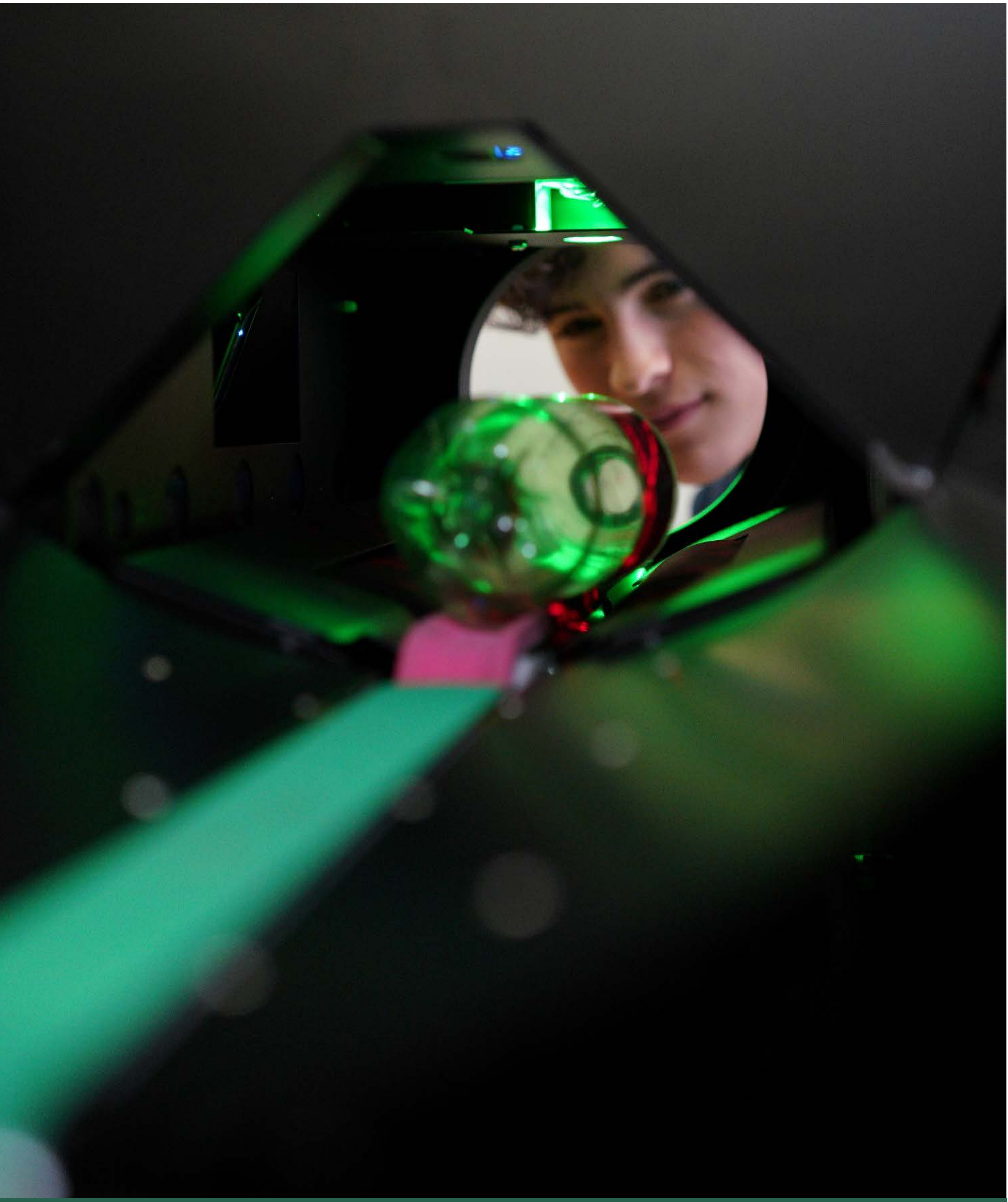
The table below shows the year-on-year change in remuneration of the Board members. Also included is the change in EBITDA for those years as well as the change in employee compensation.

in EUR thousands	2016	2017	2018	2019	2020	2021
Executive Members						
B. Santchurn	10%	10%	-18%	42%	-	-
G. Garvey	13%	-3%	-14%	6%	-2%	-4%
S. Bolton	-	-	-	-	100%	*129%
Non-executive Members						
T.J.M. Stalenhoef	6%	11%	-	26%	27%	10%
G. Lefebvre	-	-	-	-	-	-
A. Bouri	-	-	-	-	-	-
D. D'Addario	-	-	-	-	-	-
C. Crepet	-	100%	10%	82%	-	25%
A.J. Aas	-	-	-	-	-	100%
EBITDA	6%	-7%	29%	-71%	120%	53%
Change in employee average compensation	14%	-9%	11%	7%	8%	-7%

**Start of term per July 1 2020.*

The Directors' interests in the share capital of the Group are shown below:

	31 December			
	2021		2020	
	Number of Shares	Shareholding %	Number of Shares	Shareholding %
Alexandre Bouri/Megatrade International SA	21,680,680	47.08	2,168,068	52.91
Gregory Garvey	5,476,980	11.89	555,779	13.56
D. D'Addario	804,510	1.75	80,451	1.96
S. Bolton	82,850	0.18	8,285	0.20
C. Crepet	70,120	0.15	7,012	0.17
T.J.M. Stalenhoef	-	-	600	0.01



Financial Statements

Consolidated Statement of Profit or Loss and Comprehensive Income

in EUR thousands	Note	FY 2021	FY 2020
Revenue	(6)	38,444	30,815
Cost of revenue		(25,037)	(19,132)
Gross Profit		**13,407**	**11,683**
Selling and distribution expenses		(996)	(1,071)
General and administrative expenses	(9, 13 & 14)	(12,258)	(10,834)
Research and development expenses		(1,425)	(1,204)
Other income	(8)	3,603	30
Operating Profit (loss)		**2,331**	**(1,396)**
Financial expense	(10)	(839)	(333)
Financial income	(10)	33	856
Net finance (cost) and or income		(806)	523
Profit (loss) before tax		**1,525**	**(873)**
Income taxes	(11)	(933)	(849)
Profit (loss)		**592**	**(1,722)**
Other comprehensive income			
Items that will be reclassified subsequently to profit and loss			
Exchange differences on translating foreign operations		1,542	(1,669)
Total other comprehensive income		1,542	(1,669)
Total comprehensive income		**2,134**	**(3,391)**
Profit attributable to:			
Owners of the parent		586	(1,723)
Non-controlling interest		6	1
Total			
Profit/(loss) for the period		**592**	**(1,722)**
Total comprehensive income attributable to:			
Owners of the parent		2,128	(3,392)
Non-controlling interests		6	1
		2,134	**(3,391)**
Number of weighted average (exclude treasury shares) shares			
used for calculations of EPS		46,051	40,976
Earnings/(loss) per share for profit attributable to the ordinary equity holders of the parent during the period			
- Basic (euro)	(12)	0.01	(0.04)
- Fully diluted (euro)	(12)	0.01	(0.04)

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 2021	FY 2020
ASSETS			
Non-current assets			
Intangible assets	(13)	7,502	6,693
Property, plant and equipment	(14)	9,590	8,973
Financial assets	(15)	479	115
Deferred tax assets	(16)	1,917	2,245
Restricted cash	(15)	340	-
Total non-current assets		**19,828**	**18,026**
Current assets			
Inventory	(17)	14,999	9,006
Trade and other receivables	(18)	13,817	10,611
Cash and cash equivalents	(19)	3,061	1,109
Total current assets		**31,877**	**20,726**
Total assets		**51,705**	**38,752**
EQUITY			
Share capital	(20)	2,303	2,049
Share premium	(20)	57,326	51,085
Translation reserves	(20)	3,966	2,424
Legal reserves	(20)	7,188	6,318
Retained earnings	(20)	(40,329)	(40,915)
Equity attributable to owners of the parent		**30,454**	**20,961**
Non-controlling interests		39	33
Total equity		**30,493**	**20,994**
Liabilities			
Non-current liabilities			
Borrowings	(21)	5,922	7,271
Lease commitments	(21)	493	365
Other liabilities	(21)	120	120
Deferred tax liabilities	(16)	86	46
Total non-current liabilities		**6,621**	**7,802**
Current liabilities			
Borrowings	(21)	1,140	1,554
Trade creditors		8,492	4,780
Accrued expenses	(24)	3,462	2,481
Provisions	(22)	181	338
Lease commitments		343	309
Tax and social security		973	494
Total current liabilities		**14,591**	**9,956**
Total liabilities		**21,212**	**17,758**
Total equity and liabilities		**51,705**	**38,752**

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

Consolidated Statement of Cash Flows

in EUR thousands	Note	FY 2021	FY 2020
Cashflow from operating activities			
Operating results		2,331	(1,396)
Adjustment for:			
Amortisation	(13)	890	1,071
Depreciation	(14)	2,717	3,014
PPP loan forgiveness		(1,526)	-
Changes in:			
Changes in trade and other receivables		(3,206)	(651)
Changes in inventories		(5,993)	607
Changes in provisions		(157)	25
Changes in trade and other payables		6,204	(2,426)
Cash generated from operations		**1,260**	**244**
Interest received and paid		(348)	(299)
Income taxes paid		(415)	(354)
Net cash flow from operating activities		**497**	**(409)**
Investing activities			
Development expenditure, patents	(13)	(1,686)	(1,619)
Investments in property, plant & equipment*	(14)	(2,582)	(2,319)
Restricted cash (non-current)	(15)	(340)	-
Net cash flow used in investing activities		**(4,608)**	**(3,938)**
Financial activities			
Proceeds of share issue	(20)	7,365	-
Changes in borrowings – proceeds	(21)	1,643	8,807
Changes in borrowings – repayments	(21)	(2,447)	(3,428)
Changes in lease commitments		(433)	(541)
Net cash flow from financing activities		**6,128**	**4,838**
Net increase/(decrease) in cash and cash equivalents		**2,017**	**491**
Opening position		1,109	675
Foreign currency differences on cash and cash equivalents		(65)	(57)
Closing position		3,061	1,109
The closing position consists of:			
Cash and cash equivalents	(19)	3,061	1,109
Total closing balance in cash and cash equivalents		**3,061**	**1,109**

** Investments in property, plant & equipment exclude the transfer of PPE to the inventory.*

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	Translation Reserve	Legal Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balance at 1 January 2020	**2,049**	**51,703**	**4,093**	**5,700**	**(39,192)**	**24,353**	**32**	**24,385**
Net profit/(loss) for the period	-	-	-	-	(1,723)	(1,723)	1	(1,722)
Other comprehensive income								
- Currency translation adjustment	-	-	(1,669)	-	-	(1,669)	-	(1,669)
Total comprehensive income for the period	**-**	**-**	**(1,669)**	**-**	**(1,723)**	**(3,392)**	**1**	**(3,391)**
Legal reserve	-	(618)	-	618	-	-	-	-
Balance at 31 December 2020	**2,049**	**51,085**	**2,424**	**6,318**	**(40,915)**	**20,961**	**33**	**20,994**
Changes in equity for 2021								
Net profit/(loss) for the period	-	-	-	-	586	586	6	592
Other comprehensive income								
- Currency translation adjustment	-	-	1,542	-	-	1,542	-	1,542
Total comprehensive income for the period	**-**	**-**	**1,542**	**-**	**586**	**2,128**	**6**	**2,134**
Share issue	254	7,111	-	-	-	7,365	-	7,365
Legal reserve	-	(870)	-	870	-	-	-	-
Balance at 31 December 2021	**2,303**	**57,326**	**3,966**	**7,188**	**(40,329)**	**30,454**	**39**	**30,493**

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.

Deposit redemption programs

Under deposit redemption programs in the US, the Company is responsible for the operation of systems to redeem, collect, account for and dispose of used beverage containers. In connection with these programs, participating retailers lease or purchase RVMs from the Company. The Company then acts in a clearinghouse capacity to collect deposits and handling fees on redeemed containers from participating beverage distributors and to distribute deposit refunds and handling fees to participating retailers. Accordingly, deposits and handling fees as paid to the participating retailers are not included as revenue and expense in the consolidated financial statements. The Company earns its revenues through leasing and selling machines to retailers and other participants, and through various services provided to distributors and retailers, including container collection, disposition, and accounting services (See notes 6 and 3d).
The Company is not a system operator in countries outside the US.

(b) Financial reporting period

These financial statements cover the year 2021, which ended at the balance sheet date of 31 December 2021, and were authorized for issuance on April 29 2022.

(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 26 April 2022 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

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 amortised costs. Income and expenses are accounted for on accrual basis. Profit is only included when realised 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 recognised upon delivery. The cost of these goods is allocated to the same period. Revenues from services are recognised 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (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 recognised 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 2021 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.

(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 but not effective for the financial year beginning 1 January 2021 and not adopted early by the Group:

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2021 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.

- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).
- Annual improvements to IFRS Standards 2018-2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

— Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).

— Definition of Accounting Estimates (Amendments to IAS 8).

(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%

Stichting Employees Envipco Holding (SEEH) is controlled by Envipco Holding N.V. The Board of Stichting Employees Envipco Holding currently consists of 1 member of the Management Board 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 and Norwegian Kroner 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 other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable 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.

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 revenue

Cost of revenue 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.

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 Group amortises its intangible assets, except for Goodwill, over the contracted term or their expected useful lives which are as follows:

Patents , licenses and concessions	7 years with the exception of a concession, whose useful life is less than 7 years and as such is being amortised over the contracted term.
Capitalised development costs	7 years

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
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

The Group's US subsidiary 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.

Allowance for inventory obsolescence

All RVM parts inventory is valued at the lower of cost and net realisable value. For repaired parts inventory, the estimated value has been assessed at 50% of cost.

(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.

(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.

(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. However, there are no contracts where deferred income is material to the financial statements.

(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’. This replaces IAS 39’s ‘incurred loss model’. Instruments within the scope of the new 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.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, 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 a collective 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.

(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.

One of the Group's subsidiaries has to comply with certain financial covenants under its loan agreement, details of which are given in note 21. The Group's current funding requirements have been met from operations and from the 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 2021 for 39% of its receivables and in 2020, 44% 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.

	2021 Accounts receivable	2020 Accounts receivable
Concentration of credit risk		
Customer 1	13%	19%
Customer 2	13%	13%
Customer 3	13%	12%
Others	61%	56%
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	€'000 Current	€'000 >30 Days	€'000 >60 Days	€'000 >90 Days	€'000 TOTAL
2021					
Europe	3,253	702	-	-	3,955
United States	7,034	2,450	281	97	9,862
Total	**10,287**	**3,152**	**281**	**97**	**13,817**
2020					
Europe	861	206	-	20	1,087
United States	5,794	2,045	324	11	8,174
Total	**6,655**	**2,251**	**324**	**31**	**9,261**

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 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	€'000 In 1 Year	€'000 1-2 Years	€'000 2-5 Years	€'000 > 5 Years	€'000 TOTAL
2021					
Borrowings	1,140	2,802	2,329	791	7,062
Lease commitments	343	277	216	-	836
Trade creditors	8,492	-	-	-	8,492
Total	**9,975**	**3,079**	**2,545**	**791**	**16,390**
2020					
Borrowings	1,554	3,315	3,220	736	8,825
Lease commitments	309	327	38	-	674
Trade creditors	4,780	-	-	-	4,780
Total	**6,643**	**3,642**	**3,258**	**736**	**14,279**

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 against the Euro and British Pound would have increased the profit before tax by €0.3m due to the transactional impact and would result in net increase in equity of €1.3m due to the foreign exchange translation impact and a 5% decline in US Dollar against the Euro and British Pound 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 reduction in interest rate by 0.25% would not have a significant impact for both 2021 and 2020.

- **Price risk**
  The Group has an exposure to price risk if fluctuations cannot be passed on in negotiations with customers.

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:

in EUR thousands	2021 Europe	2021 North America	2021 Total	2020 Europe	2020 North America	2020 Total
Revenues						
Recycling – RVM						
Sale of goods	5,831	5,558	11,389	3,077	2,642	5,719
Service revenue	1,411	17,920	19,330	990	15,723	16,713
Leasing revenue	-	7,724	7,724	-	8,383	8,383
Total	**7,242**	**31,202**	**38,444**	**4,067**	**26,748**	**30,815**
Total assets						
Recycling – RVM	10,008	32,830	42,838	5,542	25,865	31,407
Other unallocated amounts	8,867	-	8,867	7,345	-	7,345
Total	**18,875**	**32,830**	**51,705**	**12,887**	**25,865**	**38,752**
Segment Profit (loss)						
Recycling – RVM	(1,251)	4,139	2,888	(1,500)	1,620	120
Other unallocated amounts	(2,296)	-	(2,296)	(1,842)	-	(1,842)
Total	**(3,547)**	**4,139**	**592**	**(3,342)**	**1,620**	**(1,722)**
Total liabilities						
Recycling – RVM	3,050	17,617	20,667	1,531	15,543	17,074
Other unallocated amounts	545	-	545	684	-	684
Total	**3,595**	**17,617**	**21,212**	**2,215**	**15,543**	**17,758**
Property, Plant & Equipment & Intangibles Additions						
Recycling – RVM	225	2,306	2,531	147	3,199	3,346
Other unallocated amounts	2,336	991	3,327	1,930	717	2,647
Total	**2,561**	**3,297**	**5,858**	**2,077**	**3,916**	**5,993**
Depreciation & Amortisation						
Recycling – RVM	92	2,626	2,718	65	2,980	3,045
Other unallocated amounts	889	-	889	1,040	-	1,040
Total	**981**	**2,626**	**3,607**	**1,105**	**2,980**	**4,085**

The revenues and non-current assets of the Company's country of domicile i.e., Netherlands were respectively €285,000 (2020: €0,000) and €7,328,000 (2020: €6,482,000).

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:

	KPMG Accountants N.V.	Other KPMG Network	Total 2021	KPMG Accountants N.V.	Other KPMG Network	Total 2020
	€'000	€'000	€'000	€'000	€'000	€'000
Audit fee of financial statements	188	141	329	185	140	325
Other audit engagement	20	-	20	-	-	-
Tax-related advisory services	-	-	-	-	-	-
Other non-audit services	-	-	-	-	-	-
Total	**208**	**141**	**349**	**185**	**140**	**325**

KPMG Accountants N.V. is the auditor in 2021 and 2020 to the Company and its subsidiaries.

(8) Other income/(expenses)

	2021	2020
	€'000	€'000
DPG settlement	1,869	-
PPP loan forgiveness	1,526	-
Fire damage settlement	198	-
Other	10	30
Total	**3,603**	**30**

In Q1 2021, the company executed a settlement agreement with DPG Deutsche Pfandsystem GmbH in Germany to resolve all pending legal matters. The company also received in Q1 formal forgiveness of the 2020 PPP loan. In Q2 the company executed an insurance settlement for a fire damage.

(9) Employee benefit expense

	2021	2020
	€'000	€'000
Salaries and wages	12,468	11,498
Other employee benefits	1,626	987
Social Security expenses	1,135	928
Pension expenses	236	184
Total	**15,465**	**13,597**
Average number of employees		
North America		
Production/Supply chain	27	23
Research and Development	16	14
Sales and Service	90	85
General Administration	24	24
Management	3	3
Europe		
Production/Supply chain	37	20
Research & Development	11	4
Sales & Service	11	8
General Administration	6	7
Management	8	7
Total	**233**	**195**

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

	2021	2020
	€'000	€'000
Cost of revenue	5,551	5,448
General and administrative expenses	7,014	5,616
Selling and distribution expenses	1,117	968
Research and development expenses *	1,783	1,565
Total employee benefit expense	**15,465**	**13,597**

**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 2021 was €779,000 (2020: €414,000), which can be specified as follows:

in EUR thousands	Fixed Salary/fee	Variable compensation	Fringe benefits	Pension cost	Extraordinary compensation	Total
2021						
S. Bolton*	398	137	68	-	-	603
G. Garvey	51	-	-	-	-	51
C. Crepet	25	-	-	-	-	25
T.J.M. Stalenhoef	75	-	-	-	-	75
G. Lefebvre**	10	-	-	-	-	10
A. Bouri	-	-	-	-	-	-
D. D'Addario	-	-	-	-	-	-
M. Bouri	-	-	-	-	-	-
A.J. Aas	15	-	-	-	-	15
Total	**639**	**137**	**3**	**-**	**-**	**779**
2020						
S. Bolton*	193	49	21	-	-	263
G. Garvey	53	-	-	-	-	53
C. Crepet	20	-	-	-	-	20
T.J.M. Stalenhoef	68	-	-	-	-	68
G. Lefebvre	10	-	-	-	-	10
A. Bouri	-	-	-	-	-	-
D. D'Addario	-	-	-	-	-	-
M. Bouri	-	-	-	-	-	-
Total	**344**	**49**	**21**	**-**	**-**	**414**

**S. Bolton is an Executive Director; Other members of the Board are Non-Executive Directors.*
***G. Lefebvre's term expired and was replaced by A.J. Aas on 1 July 2021.*

The salary/fee of S. Bolton as director in 2021 consisted of a fixed salary of €466,000 (2020: €214,000) and a variable compensation of €137,000 (2020: €49,000). The salary/fee of G. Garvey amounted to €51,000 (2020: €53,000). Non-executive Directors obtain a fixed compensation based on time spent and amounts charged. A. Bouri, D. D'Addario and M. Bouri did not receive compensation. Also see note 26 for related party transactions.

(10) Finance expense and income

The financial expenses are fully in respect of borrowings and financial lease commitments. Financial income relates to interest received.

	2021	2020
	€'000	€'000
Interest and similar expenses	(348)	(333)
Interest and similar income	33	34
Exchange gains/(losses)	(491)	822
Net finance (cost) and or income	**(806)**	**523**

(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%. 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		2021		2020
		€'000		€'000
Profit/(loss) before tax		1,525		(873)
Taxation (charge)/credit – statutory rate	25%	(381)	25%	218
Tax (charge) credit for different statutory tax rates on foreign subsidiaries		200		159
Non-deductible expenses/other		-		(5)
Effect of used losses and temporary differences of a prior year for which previously no deferred tax asset had been recognised *		-		-
Effect of current year used losses for which no deferred tax asset has been recognised		(811)		(844)
Prior year adjustment		254		(123)
State tax		(195)		(254)
Effective income tax	**61%**	**(933)**	**97%**	**(849)**

(11) Income taxes (continued)

Current and deferred tax income/ (expense)

in EUR thousands	2021	2020
	€'000	€'000
Current		
USA	(289)	(254)
Sweden	(126)	(99)
Total	(415)	(353)
Deferred		
USA	(478)	(450)
Sweden	(40)	(46)
Total	(518)	(496)
Total	**(933)**	**(849)**

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

The deferred tax charge for the year amounted to €0.57m. No deferred tax asset has been recognised for losses in the international business.

Available tax losses totaling €21,637,000 (2020 €23,366,000), expire as follows: €392,000 in 2022, €1,326,000 in 2023, €2,260,000 in 2024, €2,169,000 in 2025, €1,602,000 from 2026 through 2030 and €13,888,000 with no expiration. Tax losses where no deferred tax has been recognised amounted to €13,888,000 (2020: €13,742,000).

(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:

	2021	2020
	€'000	€'000
	Total Operations	Total Operations
Numerator		
Earnings/(loss) used in basic and diluted EPS	**592**	**(1,722)**
Weighted average number of shares used in basic and diluted EPS (x1000)	**46,051**	**40,976**

Basic and diluted earnings per share for 2021 and 2020 have been calculated using the weighted-average number of current ordinary shares of 46,051,280 and 40,097,607 respectively. The 2020 weighted average number of shares have been adjusted to reflect the share split.

(13) Intangible Assets

in EUR thousands	Goodwill	Patents, Licenses & Concessions	Development Costs	Total
At 1 January 2020				
Cost	158	1,253	10,081	11,492
Accumulated amortisation	-	(951)	(4,381)	(5,332)
Net carrying amount	**158**	**302**	**5,700**	**6,160**
Changes to net carrying amount in 2020				
Additions	-	81	1,598	1,679
Disposals	-	(60)	-	(60)
Amortisation	-	(91)	(980)	(1,071)
Currency translation differences	(13)	(2)	-	(15)
Total changes in 2020	**(13)**	**(72)**	**618**	**533**
At 31 December 2020				
Cost	145	1,272	11,679	13,096
Accumulated amortisation and impairment	-	(1,042)	(5,361)	(6,403)
Net carrying amount	**145**	**230**	**6,318**	**6,693**
Changes to net carrying amount in 2021				
Additions	-	103	1,700	1,803
Disposals	-	(117)	-	(117)
Amortisation	-	(60)	(830)	(890)
Currency translation differences	11	2	-	13
Total changes in 2021	**11**	**(72)**	**870**	**809**
At 31 December 2021				
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**

All development costs are internally generated.

See note 21 for security of assets.

(13) Intangible Assets (continued)

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

	2021	2020
	€’000	€’000
General and administrative expenses	890	1,071
Total amortisation and depreciation expenses	**890**	**1,071**

Goodwill

Goodwill as per 31 December 2021 and 2020 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 7.93% (2020: 8.00%), working capital requirement at 10% of revenue and terminal cash flow growth rate of 2.5% both in 2021 and 2020. 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.

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. €1,700,000 (2020: €1,440,000) of the development costs was capitalised in 2021. 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 €1,652,000 (2020: €2,261,000).

Key projects under development during 2021 included New Electronic Platform, New Recognition System-Single Feed, New Recognition System-Bulk Feed 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 2020					
Cost	18,129	2,777	1,090	1,890	23,886
Accumulated depreciation	(11,830)	(567)	(639)	(1,182)	(14,218)
Net carrying amount	**6,299**	**2,210**	**451**	**708**	**9,668**
Changes to net carrying amount in 2020					
Additions	3,346	93	345	530	4,314
Disposals/transfers to inventory*	(1,052)	(164)	(48)	(89)	(1,353)
Depreciation	(2,185)	(176)	(273)	(380)	(3,014)
Currency translation	(504)	(96)	(6)	(36)	(642)
Total changes in 2020	**(395)**	**(343)**	**18**	**25**	**(695)**
At 31 December 2020					
Cost	19,919	2,610	1,381	2,295	26,205
Accumulated depreciation	(14,015)	(743)	(912)	(1,562)	(17,232)
Net carrying amount	**5,904**	**1,867**	**469**	**733**	**8,973**
At 1 January 2021	**5,904**	**1,867**	**469**	**733**	**8,973**
Changes to net carrying amount in 2021					
Additions	2,531	371	291	862	4,055
Disposals/transfers to inventory*	(521)	(135)	(378)	(439)	(1,473)
Depreciation	(2,176)	(56)	(56)	(429)	(2,717)
Currency translation	432	62	122	136	752
Total changes in 2021	**266**	**242**	**(21)**	**130**	**617**
At 31 December 2021					
Cost	22,361	2,908	1,416	2,854	29,539
Accumulated depreciation	(16,191)	(799)	(968)	(1,991)	(19,949)
Net carrying amount	**6,170**	**2,109**	**448**	**863**	**9,590**

** Disposals/transfers to inventory pertain to the transfer of the maintained PPE to the inventory.*
See note 21 for security of assets.

(14) Property, Plant and Equipment (continued)

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

	2021	2020
	€'000	€'000
Cost of revenue	2,432	2,785
General and administrative expenses	263	215
Selling and distribution expenses	13	10
Research and development expenses	9	4
Total amortisation and depreciation expenses	**2,717**	**3,014**

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 2021, 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.

Right-of-use assets

€'000	**Land and Buildings**	**Plant and Machinery**	**Vehicles and Equipment**	**Total**
2021				
Depreciation charge for the year	(133)	(38)	(200)	(371)
Net carrying amount at 31 December	299	43	479	821
€'000	**Land and Buildings**	**Plant and Machinery**	**Vehicles and Equipment**	**Total**
2020				
Depreciation charge for the year	(265)	(116)	(175)	(556)
Net carrying amount at 31 December	152	112	377	641

Amounts recognised in profit or loss

	2021	2020
	€'000	€'000
Interest on lease liabilities	(57)	(58)

Amounts recognised in statement of cash flows

	2021	2020
	€'000	€'000
Total cash outflow for leases	(493)	(541)

(15) Financial Assets

	2021	2020
	€'000	€'000
Schedule of movement of deposits with vendors		
At beginning of period	115	208
Additions	3,753	-
Releases	(3,389)	(93)
At end of period	**479**	**115**

Restricted cash

	2021	2020
	€'000	€'000
Contract guarantee	340	-

Restricted cash is related to a contract guarantee for RVM deliveries to Malta.

(16) Deferred Tax Assets

€'000	31 December 2021					
	Net balance at 31 Dec 2020	(Charge)/ credit profit & loss	Currency translation	Net balance	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(817)	155	47	(615)	-	(615)
Inventory	375	66	32	473	473	
Tax losses carried forward	2,095	(545)	78	1,628	1,628	-
Other	546	(194)	(7)	345	431	(86)
Total	**2,199**	**(518)**	**150**	**1,831**	**2,532**	**(701)**
Set off to tax					(615)	615
Net tax assets and liabilities					**1,917**	**(86)**

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.

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

	2021	2020
	€'000	€'000
Finished Goods	4,462	1,692
Raw materials and parts	12,787	9,099
Work in progress	-	19
Provisions for obsolescence	(2,250)	(1,804)
Total	**14,999**	**9,006**

In 2021 inventory usage amounting to €23,479,000 (2020: €18,208,000) has been included in the cost of revenue.

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

	2021	2020
	€'000	€'000
Beginning of period	1,804	1,986
Addition to/release of provision	300	(22)
Exchange gains/(losses)	146	(160)
End of period	**2,250**	**1,804**

The increase/ (decrease) in provisions relating to raw materials is affected through cost of revenue. The gross carrying amount of the items included in the provision is €3,393,000 (2020: €3,136,000).

(18) Trade and Other Receivables

	2021	2020
	€'000	€'000
Trade receivables	11,355	9,261
Other receivables	667	272
Prepaid expenses	1,093	388
Loan receivables – affiliate	702	690
Total	**13,817**	**10,611**

A loan receivable to an affiliate under common control of the majority shareholder as of 31 December 2021 amounted to €702,000 (2020: €690,000), with an interest rate of Euribor plus 2.5% which is extended in the year and is repayable on 31 December 2022. Other receivables include a €41,000 (2020: €53,000) loan to a German subsidiary employee.

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 €411,000 and €339,000 at the end of years 2021 and '2020 respectively.

(18) Trade and Other Receivables (continued)

Schedule of movement of bad debts

	2021	2020
	€'000	€'000
Beginning of period	339	299
Additions	56	196
Release/Utilization of provisions	-	(98)
Currency translation adjustment	16	(58)
End of period	**411**	**339**

(19) Cash and cash equivalents

	2021	2020
	€'000	€'000
Cash at bank and in hand	3,061	1,109
Cash and cash equivalents	**3,061**	**1,109**

(20) Shareholders' Equity

Share Capital

Authorised and issued share capital

	Ordinary Shares	
	2021	2020
Number of authorised shares	*80,000,000	8,000,000
Authorised share capital	€4,000,000	€4,000,000
Number of outstanding shares on 1 January	4,097,607	4,097,607
Number of outstanding shares on 31 December	46,051,280	4,097,607
Issued share capital on 31 December	€2,302,564	€2,048,803
Nominal value	€0.05	€0.50

*after share split

In February 2021 the Company issued 507,521 new shares bringing the total issued capital to €2,302,564 divided into 4,605,128 shares. After the 1:10 share split in June 2021 the Company now has 46,051,280 issued shares with a nominal value of €0.05 per share.

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 €870 (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 2021 profit to 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

	2021	2020
	€'000	€'000
Borrowings	5,922	7,271
Total	**5,922**	**7,271**

	2021	2020
	€'000	€'000
Lease commitments	493	365
Total	**493**	**365**

	2021	2020
	€'000	€'000
Other liabilities	120	120
Total	**120**	**120**

Other non-current liabilities include a loan of €120,000 (2020: €120,000) payable to Mr. Gregory Garvey, a related party. There are no conditions, interest or maturity period for this loan.

Borrowings

Environmental Products Corporation (EPC) has borrowing facility from third-party lenders for $6,156,000. The following loans have been drawn:

	Nominal interest rate	Year of maturity	Face Value	Carrying amount 2021	Carrying amount 2020
Line of credit (LOC)	5.5%	2023	$3,000	€0	€818
Term loan	FHLB classic rate plus 2.5%	2020	$2,175	€0	€0
Mortgage facility	5.5%	2024	$2,240	€1,412	€1,371
Term loan	FHLB 48/48 rate plus 2.5%	2021	$4,000	€0	€545
Term loan	3.51%	2024	$6,000	€3,954	€4,615
PPP Loan 2nd Draw	1.0%	2023	$1,929	€1,696	€1,476

The Line of Credit (LOC) of $3,000,000 is renewable annually for next 17 months, capped based on eligible accounts receivables and repayable at maturity on 31 May 2023 with interest if not renewed. A Term Loan of $2,175,000, with interest at FHLB classic rate plus 2.5%was repaid during 2020. 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 loan of $4,000,000 was secured in May 2017 repayable over four years with interest at FHLB 48/48 amortising rate plus 2% which was repaid during 2021. A Term Loan of $6,000,000 was secured in April 2020 repayable by 2024 with 3.51% interest rate. These loans are collateralised by a fixed and floating charge on all assets of the USA subsidiary and guaranteed by the Company. Net borrowing costs deducted were €0 (2020: €58,000).

The US entity also obtained a Paycheck Protection Program (PPP) loan of $1,804,000 in April 2020 with interest rate at 1% and repayable by 2022 if not forgiven. In March 2021 this loan has been forgiven. The use of the PPP loan is 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. The US entity obtained another PPP loan second draw in March 2021, of $1,929,000 with interest rate at 1% and repayable if not forgiven.

The debt covenants in relation to the term loans and mortgage facilities are linked to the performance of the USA subsidiaries and have been met during 2021 and 2020.

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

	2021	2020
	€'000	€'000
Beginning of period	8,825	4,146
Increase	1,643	8,807
(Decrease)	(3,973)*	(3,428)
Translation effect	567	(700)
End of period	**7,062**	**8,825**

*1,804 of the decrease relates to the loan forgiveness of the PPP loan. In the cash flow statement this amount is excluded from the repayments.

Schedule of lease commitments movement

	2021	2020
	€'000	€'000
Beginning of period	674	754
Additions	551	497
Interest expense	57	58
Repayment	(493)	(541)
Translation effect	47	(94)
End of period	**836**	**674**

Future payments under long term borrowings

	2021	2020
	€'000	€'000
Current	1,140	1,554
Due between 1 to 5 years	5,922	7,271
Total borrowings	**7,062**	**8,825**

Fair value of borrowings

	Nominal interest rate	2021 Carrying amount	Fair Value	2020 Carrying amount	Fair value
Line of credit (LOC)	5.5%	€0	€0	€818	€818
Term loan	FHLB classic rate plus 2.5%	€0	€0	€0	€0
Mortgage facility	5.5%	€1,412	€1,543	€1,371	€1,463
Term loan	FHLB 48/48 rate plus 2.5%	€0	€0	€545	€545
Term Loan	3.51%	€3,954	€3,815	€4,615	€4,556
PPP Loan – first draw	1.0%	€0	€0	€1,476	€1,404
PPP Loan – second draw	1.0%	€1,696	€1,679	€0	€0
Total		**€7,062**	**€7,037**	**€8,825**	**€8,786**

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

(22) Provisions

	2021	2020
	€'000	€'000
Provisions	181	339
Total	**181**	**339**

Movement of warranty provisions

These are required by our German subsidiary for warranty for the repair and maintenance of compactor sales and are adequate for expected usage.

	2021	2020
	€'000	€'000
Beginning of period	309	253
Additions	-	150
Release/utilisation	(128)	(94)
End of period	**181**	**309**

Movement of other provisions

	2021	2020
	€'000	€'000
Beginning of period	30	61
Additions	-	-
Release/utilisation	(30)	(31)
End of period	**-**	**30**

(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 2021, expenses relating to defined contribution plans amounted to €239,000 (2020: €179,000).

(24) Accrued Expenses

	2021	2020
	€'000	€'000
Payroll and vacation accruals	668	549
Other accrued expenses	2,794	1,932
Total	**3,462**	**2,481**

(25) Commitments and Contingencies

The future minimum lease receivable under non-cancellable RVM operating leases as of 31 December 2021 and 2020 were as follows:

	2021	2020
	€'000	€'000
Within 1 year	1,730	1,676
Between 2 to 5 years	3,251	2,834
Total	**4,981**	**4,510**

Lease revenues from RVMs for the year ended 31 December 2021 were approximately €3,021,000 (2020: €3,863,000).

Legal proceedings

Several Group companies are parties to various legal activities which are incidental to the conduct of their businesses.

During April 2016, Envipco was granted a patent by the German patent office after filing for a utility model in 2007. This specific IP covers a method for how security labels are created and interpreted. We believe this is being allegedly used by several parties in Germany in compliance with the German deposit system. The Company previously received an unfavourable ruling on our patent being litigated. We had since reviewed the German courts report and had filed an appeal of the court decision. On February 8, 2021, the Company and DPG Deutsche Pfandsystem GmbH announced that they have executed a settlement agreement, that resolved all pending legal matters between the parties in Germany. As part of the agreement, DPG has made a onetime lump sum payment of €1.9m to Envipco.

(26) Related party transactions

Transactions and relations with an affiliate are explained in note 18.

The balance receivable at year end from an affiliate under common control of the majority shareholder was €702,000 (2020: €690,000) with interest at Euribor plus 2.5% which was extended in the year and repayable on 31 December 2022.

Other liabilities include a loan of €120,000 (2020: €120,000) payable to Mr. Gregory Garvey, a related party (See note 21). There are no conditions, interest or maturity period for this loan.

The key management personnel comprised of the Board of Management. Refer to Note 9 for further details regarding the transactions with these related parties as well. During 2021 no other transactions with key management personnel took place.

(27) Post balance sheet events

No post balance sheet events occurred.

Separate Financial Statements

Separate Statement of Financial Position

(After appropriation)

in EUR thousands	Note	2021	2020
Assets			
Fixed assets			
Intangible assets	(C)	7,292	6,482
Tangible assets		36	-
Financial fixed assets	(D)/(H)	28,253	22,389
Restricted cash	(D)	340	-
		35,921	**28,871**
Current assets			
Inventory		61	-
Trade and other receivables	(E)	1,267	969
Cash and cash equivalents	(F)	155	60
		1,483	**1,029**
Total assets		**37,404**	**29,900**
Equity and liabilities			
Shareholders' equity	(B)/(G)		
Share capital		2,303	2,049
Share premium		57,326	51,085
Translation reserve		3,966	2,424
Legal reserve		7,188	6,318
Retained earnings		(40,329)	(40,915)
		30,454	**20,961**
Non-current liabilities			
Loans from subsidiaries	(I)	2,403	4,708
Other non-current liabilities	(J)	402	1,250
		2,805	**5,958**
Current liabilities			
Creditors and other liabilities	(K)	4,145	2,981
		4,145	**2,981**
Total equity and liabilities		**37,404**	**29,900**

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	2021	2020
Revenue		285	**-**
Cost of revenue		(318)	-
Gross Profit (loss)		**(33)**	**-**
General and administrative expenses	(L)	(3,349)	(2,538)
Research and development expenses		(127)	(86)
Market development expenses		(270)	-
Other income	(M)	3,314	1,167
Total expenses		**(432)**	**(1,457)**
Operating Profit (loss)		**(465)**	**(1,457)**
Finance expenses	(N)	(452)	(116)
Finance income	(N)	102	830
Net finance (cost) and or income		**(350)**	**714**
Profit (loss) before tax		**(815)**	**(743)**
Tax on result from ordinary activities	(O)	-	-
Share of result from participating interests	(P)	1,401	(980)
Profit (loss)		**586**	**(1,723)**

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

(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 & licenses	Development costs	Total
At 31 December 2019			
Cost	797	10,081	10,878
Accumulated amortisation and impairment	(575)	(4,381)	(4,956)
Net carrying amount	**222**	**5,700**	**5,922**
Changes to net carrying amount in 2020			
Additions	2	1,598	1,600
Amortisation	(60)	(980)	(1,040)
Total changes in 2020	**(58)**	**618**	**560**
At 31 December 2020			
Cost	799	11,679	12,478
Accumulated amortisation and impairment	(635)	(5,361)	(5,996)
Net carrying amount	**164**	**6,318**	**6,482**
Changes to net carrying amount in 2021			
Additions	-	1,700	1,700
Amortisation	(60)	(830)	(890)
Total changes in 2020	**(60)**	**870**	**810**
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**

Development costs

Key projects under development during 2021 included New Electronic Platform, New Recognition System-Single Feed, New Recognition System-Bulk Feed and High Volume Sorting Systems. See also note 13 for capitalised development costs of the Company.

(D) Financial Fixed Assets

	2021	2020
	€'000	€'000
Investment in subsidiaries	26,914	21,423
Loans to subsidiaries	1,339	966
Total Financial Fixed Assets	**28,253**	**22,389**

Movements in financial fixed assets were as follows:

	Investment in subsidiaries	Loans to subsidiaries
	€'000	€'000
Balance at 1 January 2021	21,423	966
Investments and loans provided	3,509	260
Results of the group companies for the year	1,401	-
Exchange differences	1,542	-
Movement of negative participations to loans	(113)	113
Movement of negative participations to provision	(848)	-
End of year	**26,914**	**1,339**

Restricted cash

	2021	2020
	€'000	€'000
Contract guarantee	340	-

Restricted cash is related to a contract guarantee for RVM deliveries to Malta.

(E) Receivables

	2021	2020
	€'000	€'000
Trade receivables	245	-
Other receivables	817	806
Receivables from subsidiaries	205	163
Total	**1,267**	**969**

Other receivables include €702,000 (2020: €690,000) 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 December 2022, with interest at Euribor plus

2.5%. €41,000 (2020: €53,000) relates to a loan to a German subsidiary employee. €41,000 is in respect of VAT receivable (2020: €40,000), €17,000 is prepaid rent (2020: €0) and other receivables amount €16,000 (2020: €23,000).

(F) Cash and Cash Equivalents

	2021	2020
	€'000	€'000
Cash at bank and in hand	155	60
Cash and cash equivalents	**155**	**60**

(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 at 31 December 2021 amounted to €7,188,000 (2020: €6,318,000). A legal reserve equaling 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 2021

No dividend was paid in 2021. The Board of Directors proposes that the profit for the financial year 2021 amounting to €586,000 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%

(I) Loans from subsidiaries

	2021	2020
	€'000	€'000
Beginning of period	4,708	2,909
Additions	-	1,799
Repayments	(2,305)	-
End of period	**2,403**	**4,708**

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 LIBOR + 2% in 2021. The Company has formalised the agreements in 2021 and has presented these as non-current in the balance sheet in accordance with the revised maturity.

(J) Other non-current Liabilities

	2021	2020
	€'000	€'000
Provision against investments	282	1,130
Other liabilities	120	120
Total	**402**	**1,250**

Other liabilities include a loan of €120,000 (2020: €120,000) payable to Mr. Gregory Garvey, a related party. There are no conditions, interest or maturity period for this loan. 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.

(K) Creditors and Other Liabilities

	2021	2020
	€'000	€'000
Creditors	47	180
Accrued expenses	460	380
Payables to subsidiaries	3,638	2,421
Total	**4,145**	**2,981**

(L) General and Administrative Expenses

General and administrative expenses include the following:

Legal and other expenses

	2021	2020
	€'000	€'000
Legal charges	10	113
Wages & Salaries	1,027	497
Compliance and other costs	1,422	888
Depreciation and amortisation of intangible fixed assets	890	1,040
Total	**3,349**	**2,538**

Average number of employees

The staffing level (average number of staff) can be divided into the following staff categories:

	2021	2020
	€'000	€'000
Director	1	2
General and Administrative	4	-
Total average number of employees	**5**	**2**

During the 2021 financial year the average number of staff employed in the Company converted to equivalents, amounted to 5 persons (2020: 2 persons).

(M) Other Operating Income

	2021	2020
	€'000	€'000
Management fee	713	568
Royalty fee	731	599
DPG Settlement	1,869	-
Total	**3,314**	**1,167**

(N) Finance Income and Expense

	2021	2020
	€'000	€'000
Interest and similar expenses	(92)	(116)
Interest and similar income	102	155
Exchange gains/(losses)	(360)	675
Total	**(350)**	**714**

Change in exchange gain is driven by strengthening of the US Dollar versus Euro.

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

The tax on the result from ordinary activities, amounting to a credit of €0 (2020: €0) can be specified as follows:

	2021	2020
	€'000	€'000
Result before taxes	586	(1,723)
Income tax using the appropriate tax rate in the Netherlands @ 25%	(147)	431
Participation exemption	350	(237)
Current year losses for which no deferred tax asset was recognised	(203)	(194)
Effective taxes	-	-

Tax losses where no deferred tax has been recognised amounted to €6,028,000 (2020: €8,548,000).

(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 €1,700,000 (2020: €1,598,000) 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 fee to its subsidiaries.

The Company provided a Guarantee of $6,156,000 in 2021 and $9,049,000 in 2020 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.

Amersfoort, 29 April 2022

w.s. Gregory Garvey Chairman	w.s. Alexandre Bouri	w.s. Dick Stalenhoef	w.s. Anne-Jorun Aas
w.s. Christian Crepet	w.s. David D'Addario	w.s. Maurice Bouri	w.s. Simon Bolton CEO

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.

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 2021 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 2021 and of its result and its cash flows for the 2021 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 2021 and of its result for the year 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 2021 of Envipco Holding N.V. (the Company) based in Amersfoort, the Netherlands. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

1 the consolidated statement of financial position as of 31 December 2021;

2 the following consolidated statements for the year ended 31 December 2021 the statements 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:

1 the separate statement of financial position as 31 December 2021;

2 the separate statement of profit or loss for the year ended 31 December 2021; and

3 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).

Our audit procedures were determined in the context of our audit of the financial statements as a whole. Our observations in respect of going concern, fraud and non-compliance with laws and regulations, climate and the key audit matters should be viewed in that context and not as separate opinions or conclusions.

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

Audit approach

Summary

Materiality
— Materiality of EUR 380.000
— 1% of Revenue

Group audit
— Audit coverage of 90% of total assets
— Audit coverage of 93% of revenue

Going concern, Fraud/Noclar and Climate
— Going concern: no significant going concern risks identified
— Fraud & Non-compliance with laws and regulations (Noclar): We identified risks of fraud with respect to management override of controls and cut-off of revenues.
— Climate: Management's response to possible future effects of climate change and their anticipated outcomes have been disclosed.. We have considered the impact of climate-related risks on our identification and assessment of risks of material misstatement in the financial statements.

Key audit matters
— Revenue recognition in the cut-off period for the US and Swedish components — Valuation of capitalized development costs

Opinion
Unqualified

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 380.000 (2020: EUR 330.000). The materiality is determined with reference to revenue (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. 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 19.000 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 the company.

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 and specific items for group companies;

— made use of the work of a KPMG auditor in the US and a non-KPMG auditor in Sweden for the audit of the US and Sweden components respectively, that are significant to the group. We have sent detailed instructions to both component auditors, covering significant areas including the relevant risks of material misstatement and set out the information required to be reported to the audit team. We held conference calls with those component auditors and performed a review of their audit files remotely.

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

86%	4%
Audit of the complete reporting package	Audit of specific items

Revenue

90%	3%
Audit of the complete reporting package	Audit of specific items

Audit response to going concern – no significant going concern risks identified

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

- we considered whether the 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 agreement that could lead to significant going concern risks, including the extension of the credit facility, the term of the agreement and any covenants;
- we analyzed the company's financial position as at year-end and compared it to the previous financial year and the expansion plans in terms of indicators that could identify significant going concern risks.

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

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

In the 'Internal Control' section of the 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;
- evaluated correspondence with supervisory authorities and regulators (such as AFM) as well as legal confirmation letters;
- requested component auditors to held inquiries with local management and perform required procedures in respect of fraud and non-compliance

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Company and identified the areas that as those most likely to have a material effect on the financial statements, including legislation with an indirect effect such as anti-bribery legislation, intellectual property legislation, employment legislation, and 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 risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

— Revenue recognition in the cut-off period in the US and Sweden (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 at a 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 and Sweden.

Responses:

- We refer to key audit matter 'Revenue recognition in the cut-off period in the US and Sweden.'

— **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. such as estimates related to valuation of capitalized developments costs and deferred tax assets in the USA

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. 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 the inclusion of inventory counts at locations which were not in scope in previous years.

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 climate-related risks

The Board of Directors is responsible for preparing the financial statements in accordance with the applicable financial reporting framework, including considering whether the implications from climate-related risks and commitments have been appropriately accounted for and disclosed.

The Board of Directors has performed its analysis of the impact of climate-related risks on the company's business and operations going forward on its accounting in the current financial statements. In the climate risk paragraph in the Report of the Board of Directors, the Board of Directors concluded that the effect of climate-related risks do not have a material impact on accounts and disclosures in the financial statements as at 31 December 2021.

The evaluation of the effectiveness of management's strategy against internal or external goals set is not in scope of our audit of the financial statements. As part of our audit we consider potential effects of climate-related risks on the accounts and disclosures as at 31 December 2021 in the current year's financial statements to determine whether the financial statements are free from material misstatements. This includes discussion of the company's strategy in relation to climate change with the Board of Directors and inspecting minutes and external communications for significant climate related commitments, strategies and plans made by the Board of Directors.

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. The key audit matters are not a comprehensive reflection of all matters discussed.

Compared to last year the key audit matter with respect to valuation of deferred tax assets in the US fiscal unity is not included, as profitability in the US improved and less judgement is involved in the assessment of the recoverability.

Revenue recognition in the cut-off period for the US and Sweden

Description

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 and Sweden.

Our response

- 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 and accounts receivables are recognized in the appropriate period.

Our observation

Based on our procedures performed for revenue recognition we consider that the accounting for revenue and related disclosures (note 6) is satisfactory and meets the requirements in accordance with EU-IFRS.

Valuation of capitalized development costs

Description

The Company has significant capitalized development costs related to the development of (new) products. These are subject to the impairment testing criteria in IAS 36 and further disclosed in note 13. Determining if there is a triggering event for impairment testing and the determination of the recoverable amount involves judgment at project level.

Our response

Our procedures included, amongst others:

- inquiry of management and inspection of documents to obtain an understanding about valuation process;
- evaluation and testing design and implementation of controls set up by management to determine the correctness of the recoverability of capitalized development costs;
- evaluation of management's assessment for existence of impairment indicators;
- verification and evaluation of management's impairment analysis with a focus on retrospective review of assumptions applied in previous year, testing of key assumptions such as forecasted volumes and prices used by management in the calculation of the recoverable amount by comparison with historical data;
- evaluation of related disclosure (note 13) in relation to the requirements of EU-IFRS.

Our observation

The outcome of our procedures regarding the evaluation of management's judgements and estimates were satisfactory. We determined that the related disclosure (note 13) meets the requirements of 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 format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the annual report prepared in the XHTML format, including the partially tagged consolidated financial statements as included in the reporting package by Envipco Holding N.V. has been prepared in all material respects in accordance with the RTS on ESEF.

Management is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package. Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package, is in accordance with the RTS on ESEF.

Our procedures taking into consideration Alert 43 of NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;
- 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 taggings 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, the 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 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, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. the 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.

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 the appendix of this auditor's report. This description forms part of our auditor’s report.

Amstelveen, 29 April 2022

KPMG Accountants N.V.

L.A. Ekkels RA

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

Appendix

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 the Board of Directors;

— concluding on the appropriateness of the Board of Directors' 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 the Company'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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