



# **Envipco Holding NV**

2017 4<sup>th</sup> Quarter and Full Year Results

Unaudited

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**Highlights**

| (in euro millions)                | 4Q2017      | 4Q2016      | FY2017       | FY2016       |
|-----------------------------------|-------------|-------------|--------------|--------------|
| <b>Revenues</b>                   | <b>8.58</b> | <b>7.57</b> | <b>34.05</b> | <b>33.11</b> |
| Gross profit                      | 2.94        | 2.58        | 12.12        | 11.65        |
| Gross profit %                    | 34%         | 34%         | 36%          | 35%          |
| Operating profit                  | 0.34        | (0.27)      | 0.83         | 1.38         |
| Profit before taxes               | 0.25        | (0.30)      | 0.66         | 1.11         |
| Taxes                             | (3.14)      | 4.20        | (3.20)       | 4.14         |
| Profit after taxes after minority | (2.88)      | 3.90        | (2.54)       | 5.24         |
| EBIT                              | 0.33        | (0.24)      | 0.96         | 1.36         |
| <b>EBITDA</b>                     | <b>1.07</b> | <b>0.56</b> | <b>4.25</b>  | <b>4.56</b>  |
| EBITDA %                          | 12%         | 7%          | 12%          | 14%          |

  

|   | FY2017 | FY2016 |
|---|--------|--------|
| Earning/(loss) per share (euro)           | (0.66) | 1.46   |
| Cash and cash equivalents (euro millions) | 1.79   | 1.42   |
| Shareholders equity (euro millions)       | 20.60  | 23.45  |

## 2017 Fourth quarter and Full Year Highlights

- Revenues in the fourth quarter of 2017 increased by 13.3% to €8.58m from €7.57m in 2016. For the full year, revenues increased by 2.8% to €34.05m from €33.11m in 2016. There was a negative currency impact of 2.0% with the Euro to USD exchange rate increasing to 1.13 in 2017 from 1.11 in 2016. This impact was the most significant in the fourth quarter of 2017 which negatively impacted North America revenues as discussed under the Business Review.
- Gross profit increased by 13.9% in the fourth quarter of 2017 to €2.94m from €2.58m during the same period in 2016. Gross profit for the full year 2017 increased by 4.0% to €12.12m from €11.65m in 2016. The Gross profit margin in the fourth quarter of 2017 was stable whereas it increased to 36.0% from 35.0% in 2016 for the full year.
- Operating profit in the fourth quarter of 2017 improved to a profit of €0.34m from a loss of €(0.27m) in 2016. For the full year 2017, operating profit declined to €0.83m from €1.38m in 2016. The decline in Operating profit is tied to an overall increase in operating expenses as discussed under the Business Review.
- For the full year 2017, Taxes increased to an expense of €(3.20m) from an income of €4.14m in 2016. In 2016, the company recognized approximately €4.0m of tax loss carry-forwards based on future business prospects. In October of 2017, the USA passed tax reform legislation that significantly reduced the corporate tax rate. This tax rate change necessitated an overall review of the associated tax asset. As part of this review, we evaluated the tax rate, accelerated depreciation provisions and also timing tied to new container deposit legislation. While we anticipate that the tax loss carry-forwards will be fully realized in the future, we have adjusted the asset carrying value for the tax rate changes and potential timing.

- EBITDA in the fourth quarter of 2017 improved to €1.07m from €0.56m during the same period in 2016. EBITDA in 2017 declined by 6.8% to €4.25m from €4.56m in 2016. This decline is tied to the overall increase in operating expenses associated with European market activities.
- Earnings/(loss) per share was a loss of €(0.66) in 2017 compared to a profit of €1.46 in 2016. The majority of this impact is tied to the recognition of the tax loss carry-forwards in 2016 and the subsequent adjustments in 2017.
- Shareholders' equity declined to €20.6m at year end 2017 compared to €23.5m at year end 2016. Shareholders' equity in 2017 was positively impacted by issuance of 240,000 treasury shares that generated €1.97m in proceeds and by €0.66m from operating performance. Shareholders' equity was negatively impacted by €2.3m in currency translation adjustments and by the tax asset adjustments of €3.2m.
- At yearend 2017, the company had USD credit facilities of \$5.5m in term loans and an unused facility of \$3.0m under a revolver.
- The company is continuing IP enforcement activities in Germany related to a patent granted by the German Patent office that covers a method for how security labels are created and interpreted. The company has incurred legal cost of €0.68m in 2017 compared to €0.50m in 2016. The company expects to continue to incur cost on this matter as it strongly believes that its IP rights are being infringed.

## Business Review:

| (in euro millions)              | 4th Quarter |             | Full Year    |              |
|---------------------------------|-------------|-------------|--------------|--------------|
|                                 | 2017        | 2016        | 2017         | 2016         |
| <b>Revenues</b>                 | <b>8.58</b> | <b>7.57</b> | <b>34.05</b> | <b>33.11</b> |
| North America                   | 6.80        | 6.98        | 30.14        | 30.14        |
| Europe                          | 1.78        | 0.59        | 3.91         | 2.70         |
| ROW                             | -           | -           | -            | 0.27         |
| <b>Gross profit</b>             | <b>2.94</b> | <b>2.58</b> | <b>12.12</b> | <b>11.65</b> |
| Gross profit in %               | 34%         | 34%         | 36%          | 35%          |
| Operating expenses              | 2.60        | 2.80        | 11.30        | 10.33        |
| Net profit /(loss) before taxes | 0.25        | (0.30)      | 0.66         | 1.11         |
| Taxes                           | (3.14)      | 4.20        | (3.20)       | 4.14         |
| Net profit /(loss) after taxes  | (2.88)      | 3.90        | (2.54)       | 5.24         |
| EBIT                            | 0.33        | (0.24)      | 0.96         | 1.36         |
| <b>EBITDA</b>                   | <b>1.07</b> | <b>0.56</b> | <b>4.25</b>  | <b>4.56</b>  |
| EBITDA Margin                   | 12%         | 7%          | 12%          | 14%          |

### 2017 Fourth Quarter and Full Year

- North America revenues for the fourth quarter of 2017 was €6.80m compared to €6.98m in 2016. For the full year 2017, revenues were flat at €30.14m compared to the same result in 2016. North America results in the fourth quarter 2017 were significantly impacted by the Euro to USD currency exchange rate increasing to 1.18 compared to 1.09 in the fourth quarter of 2016. In local USD currency, North America revenues for the fourth quarter of 2017 increased by 7.0% compared to the fourth quarter of 2016. For the full year 2017, in local currency revenues increased by 2.0% over the full year 2016. North America program services revenues in local currency for the full year 2017 increased by 1.0% over 2016; with the RVM machine sales for the full year increasing by 9.6% over 2016. The company previously reported the launch of our bulk feed technology

“Quantum” in Michigan during the third quarter of 2017; this installation is performing extremely well and the customer reception remains very positive. We expect additional Quantum sales with this retailer for installation in the first half of 2018. We are also engaged in a number of other market opportunities for introduction of Quantum in 2018.

- European revenues for the fourth quarter of 2017 increased by 200% to €1.78m from €0.59m in the fourth quarter of 2016. For the full year 2017, Europe revenues increased by 45% to €3.91m from €2.70m in 2016. The company continues to make good progress in the Swedish market. Revenues for the full year 2017 in Sweden increased by 138% to €2.61m compared to 2016. Other European revenues relate to the non-deposit markets of France and Greece. Revenues for France and Greece markets in 2017 declined to €1.29m from €1.60m in 2016. The activity in these non-deposit markets remains strong especially with the potential for future deposit legislation.
- ROW revenue, which currently reflects the Australian market was zero for the full year 2017 compared to €0.27m for the full year 2016. The company is continuing to work with our Australian distributor to identify opportunities to participate in the recently passed deposit legislation in New South Wales (NSW). The NSW deposit implementation mitigates some of the benefits of RVM and has been challenged with adequate deposit redemption sites. We are also engaged in the Queensland and Western Australian container deposit discussions where we anticipate a more traditional use of RVM machines.
- Operating expenses for the fourth quarter of 2017 declined to €2.60m from €2.80m in 2016. This reduction was tied to favourable evaluation of certain expense provisions for the year 2017. For the full year 2017, operating expenses increased by 9.4% to €11.30m from €10.33m in 2016. The majority of this increase occurred in the European and Holding operations. Approximately €0.60m increase in our German operation expense related to increasing our manufacturing capability, improved systems and process and market specific R&D. The Holding expenses increased by approximately €0.30m related to increased IP legal cost and increased R&D amortization expense.
- EBITDA for the full year 2017 declined to €4.25m as compared to the full year 2016 of €4.56m. The decline is the net result of Gross profit improvements as offset by increased Operating expenses discussed above.

### **Market Outlook:**

The company sees a very positive outlook for the business considerate of sustained North America performance, continued market execution in Sweden, continued expansion in the European non-deposit markets and the significant potential for expansion tied to new container deposit legislation in Europe.

In the past year, the prospects for new deposit legislation in Europe has markedly improved. This building sea change in attitude has been largely driven by the increasing use of one-way plastic bottles and growing pollution caused by plastic bottles in the waterways combined with the overall stagnant and low recycling rates. The major market forces against deposits have shifted significantly with the beverage Industry, retailers and waste management companies endorsing such schemes. Containers Deposit legislations, “CDS” are being considered, as the most desirable act in the UK (England, Scotland and Wales), Benelux, Malta and the Netherlands to combat these problems. The European Union and the United Nations have recently endorsed the introduction of CDS as the proven method to reduce and recycle plastic waste.

Envipco has the experience and technology to be a significant player in these new European market opportunities. The company has demonstrated technology leadership and its’ ability to compete with a dominant competitor in the Swedish market. Our revolutionary bulk-feed “Quantum” continues to show strong consumer preference and this, combined with the most complete offering of single-feed RVMs, well positions the company for market success. The speed and scope of market developments necessitate the company accelerate our European activities. This includes

expansion of our European head office, expansion of business development resources, engagement in legislative initiatives and engagement with retailers and potential demonstration pilots. These activities need to be combined with scaling our engineering and manufacturing capabilities to meet this significant market demand at the onset of new deposit markets. The company is currently evaluating plans and financing scenarios to undertake the necessary near-term (two year) investments to ensure our participation in these exciting market opportunities.

The company continues to support our Australian distributor in capturing the opportunities presented by the new Queensland State CDS before it becomes effective on 1 November 2018. We anticipate a more traditional use of RVM machines, compared to that of NSW.

The company has adequate bank facilities/credit lines in place, along with shareholders' support to fund our current market activities. As noted above, the company is evaluating additional financing in support of expanded European market opportunities.

## Capital & Shareholding:

### *Authorised and Issued Share Capital*

The Company's authorized capital is € 4,000,000 divided into 8,000,000 shares, each having a nominal value of € 0.50. The issued share capital of the Company currently amounts to € 1,918,803.50 divided into 3,837,607 Shares, each having a nominal value of €0.50.

### *Substantial Shareholders:*

The Group has been notified of, or is aware of the following 3% or more interest as at 31 December 2017.

|   | <u>Number of Shares</u> | <u>Shareholding</u><br>% | <u>Voting Rights</u><br>% |
|---|-------------------------|--------------------------|---------------------------|
| Alexandre Bouri/Megatrade International SA<br>(beneficially owned by Mr. Alexandre Bouri) | 2,558,568               | 66.67                    | 66.67                     |
| Gregory Garvey/EV Knot LLC  | 234,013                 | 6.10                     | 6.10                      |
| Douglas Poling/GD Env LLC   | 200,000                 | 5.21                     | 5.21                      |
| B.Santchurn/Univest Portfolio Inc   | 155,480                 | 4.05                     | 4.05                      |

### *Envipco Shareholding*

The total number of outstanding shares of Envipco at the end of the fourth quarter of 2017 was 3,837,607. Envipco share price at 31 December 2017 was €8.20 per share with 259,895 shares being traded with a value of €2.140,354 during the fourth quarter of 2017.

## Consolidated Statement of comprehensive income

(in thousands of euros)

|  | Note | Q4<br>2017<br>Unaudited | Q4<br>2016*<br>Unaudited | Full Year<br>2017<br>Unaudited | Full Year<br>2016<br>Audited |
|--|------|-------------------------|--------------------------|--------------------------------|------------------------------|
| Revenues   |      | 8,582                   | 7,570                    | 34,049                         | 33,114                       |
| Cost of revenue  |      | (5,140)                 | (4,397)                  | (19,743)                       | (19,257)                     |
| Leasing depreciation   |      | (503)                   | (593)                    | (2,188)                        | (2,204)                      |
| <b>Gross profit</b>  |      | <b>2,939</b>            | <b>2,580</b>             | <b>12,118</b>                  | <b>11,653</b>                |
| Operating expenses   |      | (2,603)                 | (2,885)                  | (11,297)                       | (10,326)                     |
| Other income/(expenses)  |      | -                       | 35                       | 9                              | 49                           |
| <b>Operating result</b>  |      | <b>336</b>              | <b>(270)</b>             | <b>830</b>                     | <b>1,376</b>                 |
| Net financial items  |      | (77)                    | (80)                     | (296)                          | (235)                        |
| Exchange gains/(losses)  |      | (7)                     | 52                       | 128                            | (26)                         |
| <b>Result before taxes</b>   |      | <b>252</b>              | <b>(298)</b>             | <b>662</b>                     | <b>1,115</b>                 |
| Income taxes   |      | (3,136)                 | 4,198                    | (3,201)                        | 4,136                        |
| <b>Net results from total operations</b>   |      | <b>(2,884)</b>          | <b>3,900</b>             | <b>(2,539)</b>                 | <b>5,251</b>                 |
| <b>Other comprehensive income</b>  |      |                         |                          |                                |                              |
| <b>Items that will be classified subsequently to profit and loss</b>   |      |                         |                          |                                |                              |
| Exchange differences on translating foreign operations   |      | (261)                   | 1,098                    | (2,279)                        | 733                          |
| Other movements  |      | (3)                     | -                        | (7)                            | -                            |
| Total other comprehensive income   |      | (264)                   | 1,098                    | (2,286)                        | 733                          |
| <b>Total comprehensive income</b>  |      | <b>(3,148)</b>          | <b>4,998</b>             | <b>(4,825)</b>                 | <b>5,984</b>                 |
| <b>Profit attributable to:</b>   |      |                         |                          |                                |                              |
| <b>Owners of the parent</b>  |      |                         |                          |                                |                              |
| Profit/(loss) for the period   |      | (2,885)                 | 3,894                    | (2,540)                        | 5,241                        |
|  |      | (2,885)                 | 3,894                    | (2,540)                        | 5,241                        |
| <b>Non-controlling interests</b>   |      |                         |                          |                                |                              |
| Profit/(loss) for the period from continuing operations  |      | 1                       | 6                        | 1                              | 10                           |
|  |      | 1                       | 6                        | 1                              | 10                           |
| <b>Total</b>   |      |                         |                          |                                |                              |
| Profit/(loss) for the period from continuing operations  |      | (2,884)                 | 3,900                    | (2,539)                        | 5,251                        |
|  |      | (2,884)                 | 3,900                    | (2,539)                        | 5,251                        |
| <b>Total comprehensive income attributable to:</b>   |      |                         |                          |                                |                              |
| Owners of the parent   |      | (3,149)                 | 4,992                    | (4,826)                        | 5,974                        |
| Non-controlling interest   |      | 1                       | 6                        | 1                              | 10                           |
|  |      | (3,148)                 | 4,998                    | (4,825)                        | 5,984                        |
| Number of shares used for calculation of EPS   |      |                         |                          |                                |                              |
| - Basic and diluted (euro)   |      | 3,837,607               | 3,597,607                | 3,837,607                      | 3,597,607                    |
| Earnings/(loss) per share for profit attributable to the ordinary equity holders of the parent during the year |      |                         |                          |                                |                              |
| Basic (euro) - continuing operations   |      | (0.75)                  | 1.08                     | (0.66)                         | 1.46                         |
| Fully diluted (euro) - continuing operations   |      | (0.75)                  | 1.08                     | (0.66)                         | 1.46                         |

\*Certain figures have been restated for comparative purposes

## Consolidated balance sheet

(in thousands of euros)

| Note                                | At 31 December 2017<br>Unaudited | At 31 December 2016<br>Audited |
|-------------------------------------|----------------------------------|--------------------------------|
| <b>Assets</b>                       |                                  |                                |
| <b>Non-current assets</b>           |                                  |                                |
| Intangible assets                   | 5,548                            | 5,034                          |
| Property, plant and equipment       | 9,184                            | 11,042                         |
| Financial assets                    | 72                               | 219                            |
| Deferred tax asset                  | 1,737                            | 5,269                          |
| Total non-current assets            | 16,541                           | 21,564                         |
| <b>Current assets</b>               |                                  |                                |
| Inventory                           | 7,044                            | 7,645                          |
| Trade and other receivables         | 9,677                            | 10,120                         |
| Cash and cash equivalents           | 1,788                            | 1,416                          |
| Total current assets                | 18,509                           | 19,181                         |
| <b>Total assets</b>                 | <b>35,050</b>                    | <b>40,745</b>                  |
| <b>Equity</b>                       |                                  |                                |
| Share capital                       | 1,919                            | 1,919                          |
| Share premium                       | 54,822                           | 52,853                         |
| Retained earnings                   | (39,157)                         | (36,618)                       |
| Translation reserves                | 3,019                            | 5,298                          |
| Total equity                        | 20,603                           | 23,452                         |
| Non-controlling interest            | 22                               | 29                             |
|                                     | 20,625                           | 23,481                         |
| <b>Liabilities</b>                  |                                  |                                |
| <b>Non-current liabilities</b>      |                                  |                                |
| Borrowings                          | 4,142                            | 5,227                          |
| Other liabilities                   | 217                              | 214                            |
| Total non-current liabilities       | 4,359                            | 5,441                          |
| <b>Current liabilities</b>          |                                  |                                |
| Borrowings                          | 1,356                            | 2,011                          |
| Trade creditors                     | 6,236                            | 6,510                          |
| Accrued expenses                    | 1,755                            | 2,645                          |
| Provisions                          | 236                              | 267                            |
| Tax and social security             | 483                              | 390                            |
| Total non-current liabilities       | 10,066                           | 11,823                         |
| Total liabilities                   | 14,425                           | 17,264                         |
| <b>Total equity and liabilities</b> | <b>35,050</b>                    | <b>40,745</b>                  |



## Consolidated cash flow statement

| (in thousands of euros)  | Full Year 2017<br>Unaudited | Full Year 2016<br>Audited |
|--|-----------------------------|---------------------------|
| <b>Cash flow from operating activities</b>                       |                             |                           |
| Operating result   | 830                         | 1,376                     |
| Interest received  | 3                           | 25                        |
| Interest paid  | (299)                       | (260)                     |
| Income taxes paid  | 177                         | (82)                      |
| Depreciation and amortisation                                    | 3,287                       | 3,195                     |
|  | 3,998                       | 4,254                     |
| Changes in trade and other receivables                           | (320)                       | (625)                     |
| Changes in inventories   | 136                         | 791                       |
| Changes in provisions  | (31)                        | 147                       |
| Changes in trade and other payables                              | (605)                       | (17)                      |
|  | (820)                       | 296                       |
| <b>Net cash flow from operating activities</b>                   | 3,178                       | 4,550                     |
| <b>Investing activities</b>                                      |                             |                           |
| Net investment in intangible fixed assets                        | (1,142)                     | (1,422)                   |
| Net investment in tangible fixed assets                          | (2,573)                     | (3,941)                   |
| <b>Net cash flow (used in)/ provided by investing activities</b> | (3,715)                     | (5,363)                   |
| <b>Financing activities</b>                                      |                             |                           |
| Proceeds from sale of shares                                     | 1,969                       | -                         |
| Changes in borrowings - proceed                                  | 3,548                       | 12,384                    |
| Changes in borrowings - repayments                               | (4,447)                     | (11,003)                  |
| <b>Net cash flow from financing activities</b>                   | 1,070                       | 1,381                     |
| <b>Net increase/(decrease) in cash and cash equivalents</b>      | 533                         | 568                       |
| Opening position as at 1 January                                 | 1,416                       | 789                       |
| Foreign currency differences on cash and cash equivalents        | (134)                       | (5)                       |
| Foreign currency differences and other charges                   | (27)                        | 64                        |
| <b>Closing position as at 31 December</b>                        | 1,788                       | 1416                      |
| <b>The closing position consists of:</b>                         |                             |                           |
| Cash and cash equivalents  | 1,788                       | 1,416                     |
|  | 1,788                       | 1,416                     |

## Consolidated statement of changes in equity

| (Figures in euro thousands)                                 | Share capital | Share premium | Retained earnings | Translation reserve | Total          | Non-controlling interests | Total          |               |
|---|---------------|---------------|-------------------|---------------------|----------------|---------------------------|----------------|---------------|
| <b>Balance at 1 January 2017</b>                            | <b>1,919</b>  | <b>52,853</b> | <b>(36,618)</b>   | <b>5,298</b>        | <b>23,452</b>  | <b>29</b>                 | <b>23,481</b>  |               |
| Net result  | -             | -             | (2,540)           | -                   | (2,540)        | 1                         | (2,539)        |               |
| Other comprehensive income for the year                     |               |               |                   |                     |                |                           |                |               |
| -Currency translation adjustment                            | -             | -             | -                 | (2,279)             | (2,279)        | -                         | (2,279)        |               |
| -Other movements  | -             | -             | 1                 | -                   | 1              | (8)                       | (7)            |               |
| <b>Total comprehensive loss for the year</b>                | <b>-</b>      | <b>-</b>      | <b>(2,539)</b>    | <b>(2,279)</b>      | <b>(4,818)</b> | <b>(7)</b>                | <b>(4,825)</b> |               |
| Treasury shares   | -             | 1,969         | -                 | -                   | 1,969          | -                         | 1,969          |               |
| <b>Balance at 31 December 2017</b>                          | <b>1,919</b>  | <b>54,822</b> | <b>(39,157)</b>   | <b>3,019</b>        | <b>20,603</b>  | <b>22</b>                 | <b>20,625</b>  |               |
| (Figures in euro thousands)                                 |               |               |                   |                     |                |                           |                |               |
|   |               |               |                   |                     | <b>Q4</b>      | <b>Full Year</b>          |                |               |
|   |               |               |                   |                     | <b>2017</b>    | <b>*2016</b>              | <b>2017</b>    | <b>2016</b>   |
| <b>Opening Balance</b>                                      |               |               |                   |                     | <b>22,317</b>  | <b>18,603</b>             | <b>23,481</b>  | <b>17,617</b> |
| Net result  |               |               |                   |                     | (2,884)        | 3,900                     | (2,539)        | 5,251         |
| Currency translation adjustment                             |               |               |                   |                     | (261)          | 1,098                     | (2,279)        | 733           |
| Other movements   |               |               |                   |                     | (3)            |                           | (7)            |               |
| <b>Total recognised movements for the period ended</b>      |               |               |                   |                     | <b>(3,148)</b> | <b>4,998</b>              | <b>(4,825)</b> | <b>5,984</b>  |
| Treasury shares/Others                                      |               |               |                   |                     | 1,456          | (120)                     | 1,969          | (120)         |
| <b>Closing Balance</b>                                      |               |               |                   |                     | <b>20,625</b>  | <b>23,481</b>             | <b>20,625</b>  | <b>23,481</b> |
| *Certain figures have been restated for comparison purposes |               |               |                   |                     |                |                           |                |               |

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## *Selected Explanatory Notes*

### **1. General**

#### *Activities*

Envipco Holding N.V. is a public limited liability company incorporated in accordance with the laws of The Netherlands, with its registered address at Arnhemseweg 10, 3817 CH Amersfoort, The Netherlands.

Envipco Holding N.V. and Subsidiaries (“the Company” or “Envipco”) are engaged principally in Recycling in which it develops, manufactures, assembles, leases, sells, markets and services a line of “reverse vending machines” (RVMs) in the USA, Europe, Australia, Middle East and the Far East;

#### *Basis of preparation*

This unaudited consolidated financial information for the fourth quarter 2017 has been prepared in accordance with IAS 34 “interim financial reporting.” This unaudited financial information should always be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with IFRS as endorsed by the European Union.

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

### **2. Accounting policies**

Except as set out below, the accounting policies of this unaudited financial statements are consistent with the annual financial statements for the year ended 31 December 2016.

- Taxes on income in the period are accrued using the tax rate that would be applicable to expected total annual earnings.
- These unaudited statements have not been reviewed by our auditors.

### 3. Segment reporting

In accordance with the provisions of IFRS 8, the segments are identified based on internal reporting. The senior management board has been identified as the chief operating decision-maker. The senior management board reviews internal reporting on a periodical basis. With the disposal of the plastics recycling segment, the only remaining segments are the RVM and Holding company functions segments:

- RVM Segment : The deposit market activities under this segment include operation of systems to redeem, collect, account for and processing of post consumer beverage containers in the legislated environment including other related activities like sale and lease of RVMs, container data handling, management and deposit clearing functions. The non-deposit market activities under this segment include sales and market development activities for the automated recovery of used beverage containers in non-legislated environments. All of the group's RVM related research and development activities are also included under this segment.
- Holding Segment: This comprises of all holding company activities including head office and corporate expenses.

| <i>(Figures in euro thousands)</i>              | RVM Segment   | Holding Segment | Total          |
|---|---------------|-----------------|----------------|
| <b>Full Year Ended 31 December 2017</b>         |               |                 |                |
| <b>Segment Results</b>                          |               |                 |                |
| Revenue from external customers                 | 34,049        | -               | <b>34,049</b>  |
| Other income / (expenses)                       | 9             | -               | <b>9</b>       |
| Depreciation & amortisation                     | 2,469         | 818             | <b>3,287</b>   |
| Net profit attributable to owners of the parent | (1,080)       | (1,460)         | <b>(2,540)</b> |
| <b>Segment Assets - 31 December 2017</b>        | <b>28,542</b> | <b>6,508</b>    | <b>35,050</b>  |
| <b>Full Year Ended 31 December 2016</b>         |               |                 |                |
| <b>Segment Results</b>                          |               |                 |                |
| Revenue from external customers                 | 33,114        | -               | <b>33,114</b>  |
| Other income / (expenses)                       | 49            | -               | <b>49</b>      |
| Depreciation & amortisation                     | 2,503         | 692             | <b>3,195</b>   |
| Net profit attributable to owners of the parent | 6,494         | (1,253)         | <b>5,241</b>   |
| <b>Segment Assets - 31 December 2016</b>        | <b>34,814</b> | <b>5,931</b>    | <b>40,745</b>  |

#### 4. Transactions with Related Parties

There is a loan receivable of €0.69m due from an affiliate under common control.

#### 5. Borrowings – Third Parties

|                        | 12 months to<br>31 Dec 2017 | 12 months to<br>31 Dec 2016 |
|------------------------|-----------------------------|-----------------------------|
|                        | €'000                       | €'000                       |
| At beginning of period | 7,238                       | 5,613                       |
| New borrowings         | 3,548                       | 12,384                      |
| Repayments             | (4,447)                     | (11,003)                    |
| Translation effect     | (841)                       | 244                         |
| At end of period       | <u>5,498</u>                | <u>7,238</u>                |

#### 6. Jointly controlled assets

The Group's share of the equity on 31 December 2017 and 2016 amounted to €0.02m to recognise the 50% share of the remaining intangibles.

#### 7. Consolidated cash flow

Group generated €3.2m cash from its operating activities for the year 2017 versus €4.6m during 2016. Another €2.0m of cash was generated from the sale of treasury shares in 2017. Investments in tangible and intangible assets were €3.7m for the year 2017 (2016: €5.4m). Net borrowings decreased by €0.9m during the year compared to an increase of €1.4m in 2016.