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## 2019 Q1 RESULTS UNAUDITED

### Highlights

in EUR millions	Q1 2019	% Change	Q1 2018	FY 2018
Revenues	8.15	25.2	6.51	35.38
Gross Profit	2.82	22.1	2.31	13.94
Gross profit %	35%	-	35%	39%
Operating profit/(loss)	-1.17	-72.1	-0.68	2.19
Net profit/(loss) after taxes after minority	-1.25	-54.3	-0.81	1.85
EBITDA*	-0.22	-100.0	0.00	5.48
Earnings/(loss) per share in €	-0.31	-47.6	-0.21	0.47
Shareholders' equity	25.09	29.3	19.40	25.97

\*EBITDA-Earnings before interest, taxes, depreciation and amortisation

#### 2019 First Quarter Highlights – Consolidated Results:

- Revenues for the first three months of 2019 increased 25.2% to €8.15m from €6.51m in 2018. Both the North America and European businesses showed growth for Q1 2019 over Q1 2018. The North America business growth included a favorable currency impact which represented 9.3% of the growth.
- Gross profit for Q1 2019 increased to €2.82m from €2.31m in Q1 2018. Excluding the currency impact, Q1 2019 gross profit increased by 12.9% from Q1 2018.
- Gross profit margin remained stable at 35.0% when comparing Q1 2019 to Q1 2018. Q1 gross profit margin is traditionally below the gross profit margin for the full year due to lower throughput volumes and lower manufacturing overhead absorption. For the full year 2019, we expect stable to improving gross profit margin compared to 2018.
- Net loss for Q1 2019 increased to €1.25m from a loss of €0.81m in Q1 2018. This result was impacted by additional Holding Company cost of €0.27m mainly tied to IP litigation and by new market development costs in Europe of €0.36m.
- EBITDA for Q1 2019 decreased to (€0.22m) from €0.00m in Q1 2018. EBITDA in Q1 2019 was negatively impacted by the increased Holding Costs and new market development costs in Europe offset by IFRS 16 impact.
- Loss per share increased to €0.31 in Q1 2019 from €0.21 in Q1 2018.
- Shareholders' equity at 31/03/2019 decreased by €0.88m from year end 31/12/2018 based on the Q1 2019 Net loss offset by a positive translation reserve of €0.37m for the quarter.
- The company has sufficient financing arrangements in place to fund its growth strategy.
- The Company has accelerated its new market development efforts especially in regard to the Scottish and UK markets. The Scottish Government has outlined its plan for the deposit return scheme targeting plastic, can and glass drink containers. The deposit value is proposed at 20p per container, all retail outlets must accept return of drink containers and the law is expected to go live at the beginning of 2021. Envipco's Edinburgh office and display center is opening in June. Our UK MD and Scottish GM are actively engaged in a number of commercial discussions.
- The Company substantially increased its IP litigation cost in Q1 2019 tied to certain court proceedings. The Company recently received an unfavorable ruling on a patent and is awaiting a full report of the decision by the German court. The Company expects to appeal this decision and anticipates to continue incurring costs on this matter. The Company incurred €0.32m in Q1 2019 compared with €0.16m in Q1 2018 in legal costs.

Gool Santchurn, CEO of the Envipco Group: "Our results show our sustained performance in North America and also our ability to position the Company for growth in the European markets. Building on our Sweden and Greece market presence and considerate of our market development investments; we expect the company to meaningfully benefit from the clear direction of new DRS regulations in Europe."

## Business Review – Segments

	1st Quarter		Full Year
	2019	2018	2018
in EUR millions			
<b>Revenues</b>	<b>8.15</b>	<b>6.51</b>	<b>35.38</b>
North America	7.33	6.34	32.32
Europe	0.82	0.17	3.06
<b>Gross Profit</b>	<b>2.82</b>	<b>2.31</b>	<b>13.94</b>
Gross Profit in %	35%	35%	39%
Operating expenses excluding new market development costs	3.64	3.00	11.93
New market development costs	0.36	-	0.48
Operating expenses	4.00	3.00	12.41
Net profit/(loss) after taxes	-1.25	-0.81	1.85
EBITDA*	-0.22	-	5.48
EBTIDA Margin	-3%	0%	15%
Earnings per share (EPS) in €	-0.31	-0.21	0.47

\*EBITDA-Earnings before interest, taxes, depreciation and amortisation

### 2019 First Three Months Highlights – Segments:

North America revenues for Q1 2019 increased 15.6% to €7.33m from €6.34m in Q1 2018, which included a favorable currency impact. In USD local currency, North America revenues increased by 6.7%. This increase was driven by both higher program service revenues and RVM machine sales.

In local USD currency, North America Q1 2019 gross profit increased 5.3% compared to Q1 2018, while EBITDA increased 3.0% for Q1 2019 compared to Q1 2018. The North America business continues to perform well.

Europe revenues for Q1 2019 increased to €0.82m from €0.17m in Q1 2018. This increase in revenues was driven by Quantum sales in Sweden and Greece and also by service revenues in Sweden. We expect continued growth in RVM sales in Europe for 2019 tied to the success of the Quantum modular concept and expansion of traditional RVMs in new markets.

Operating expenses excluding new market development costs for Q1 2019 increased 21.3% to €3.64m compared to €3.00m Q1 2018. Other than normalized cost increases and organizational investments; this increase includes additional IP litigation cost of €0.16m, additional R&D expense of €0.12m and additional technology amortization of €0.08m when comparing Q1 2019 to Q1 2018.

Substantial new market development cost of €0.36m was incurred in Q1 2019 compared to zero cost in Q1 2018. The majority of this cost was surrounding the impending Scottish DRS law and UK market development. This cost includes market representation and trade groups €0.14m, consultants €0.15m and RVM pilots €0.07m. The Company expects to continue to incur new market development costs in Europe around developing DRS opportunities.

## Market Outlook

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The Company remains to hold a very positive outlook for the business considerate of sustained North America performance, continued market execution in our established European markets of Sweden, Greece and France and most importantly the impact of our new market business development investments surrounding European DRS legislation.

## Annual General Meeting

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The annual general meeting of the shareholders is scheduled for 27 June 2019 in Amsterdam. Notice of the meeting and the agenda have been posted on our website at [www.envipco.com](http://www.envipco.com)

## Capital & Shareholding

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### Authorised and Issued Share Capital

The Company's authorised 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 € 2,048,803.50 divided into 4,097,607 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 March 2019.

	Number of Shares	Shareholding %	Voting Rights %
Alexandre Bouri/Megatrade International SA	2,171,068	52.98	52.98
Gregory Garvey/EV Knot LLC	521,513	12.73	12.73
Douglas Poling/GD Env LLC	200,000	4.88	4.88
B. Santchurn/Univest Portfolio Inc.	155,480	3.79	3.79
Otus Capital Management Ltd	247,727	6.05	6.05
Lazard Freres Gestion SAS	222,532	5.43	5.43

## Risks and Uncertainties

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- Legislation driven growth: Our RVM business, which is mainly dependent on deposit laws can have significant negative impact, if such laws are repealed or curtailed significantly.
- Major RVM customers going out of business may also have a significant negative impact, although unlikely due to the diversity of our customer base.
- The Group may be at risk from competition.
- At present, majority of the group revenue is generated in United States Dollar, which can be subject to significant fluctuations that may have a negative or positive impact on the group results depending upon whether it is a favorable or an unfavorable change.
- Non-availability of lines of credit or cash to continue to fund projects under development stage may impact long term viability of the Group.

*Amersfoort, 31 May 2019*  
*Board of Directors*  
*Envipco Holding N.V.*

*Bhajun Santchurn*  
*CEO & Executive Board Member*

## Consolidated Statement of Comprehensive Income

in EUR thousands	Note	Q1 2019	Q1 2018	FY 2018
Revenues		8,154	6,512	35,380
Cost of revenue		(4,797)	(3,717)	(19,415)
Leasing depreciation		(533)	(481)	(2,026)
<b>Gross Profit</b>		<b>2,824</b>	<b>2,314</b>	<b>13,939</b>
Selling expenses		(603)	(271)	(1,118)
General and administrative expenses		(3,397)	(2,730)	(11,287)
<b>Other income/(expenses)</b>				
- Miscellaneous income/(expenses)		9	3	651
<b>Operating Results</b>		<b>(1,167)</b>	<b>(684)</b>	<b>2,185</b>
Financial expense		(59)	(59)	(226)
Financial income		-	-	3
Exchange gains/(losses)		5	(53)	(43)
<b>Results before tax</b>		<b>(1,221)</b>	<b>(796)</b>	<b>1919</b>
Income taxes		(33)	(15)	(65)
<b>Net Results</b>		<b>(1,254)</b>	<b>(811)</b>	<b>1,854</b>
<b>Other comprehensive income</b>				
<b>Items that will be reclassified subsequently to profit and loss</b>				
Exchange differences on translating foreign operations		372	(395)	819
Other movements		-	-	(10)
Total other comprehensive income		372	(395)	809
<b>Total comprehensive income</b>		<b>(882)</b>	<b>(1,206)</b>	<b>2,663</b>
<b>Profit attributable to:</b>				
<b>Owners of the parent</b>				
Profit/(loss) for the period		(1,254)	(811)	1,848
<b>Non-controlling interests</b>				
Profit/(loss) for the period		-	-	6
<b>Total</b>				
<b>Profit/(loss) for the period</b>		<b>(1,254)</b>	<b>(811)</b>	<b>1,854</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent		(882)	(1,206)	2,657
Non-controlling interest		-	-	6
		<b>(882)</b>	<b>(1,206)</b>	<b>2,663</b>
Number of weighted average (exclude treasury shares) shares used for calculations of EPS				
- Basic (euro)		4,097,607	3,837,607	3,981,744
- Diluted (euro)		4,097,607	3,837,607	3,981,744
Earnings/(loss) per share for profit attributable to the ordinary equity holders of the parent during the period				
Basic (euro)		(0.31)	(0.21)	0.47
Fully diluted (euro)		(0.31)	(0.21)	0.47

## Consolidated Balance Sheet

in EUR thousands	Note	Q1 2019	Q1 2018	FY 2018
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets		5,934	5,569	6,016
Property, plant and equipment	(4)	9,707	9,116	9,165
Financial assets		125	236	349
Deferred tax assets		1,855	1,690	1,819
<b>Total non-current assets</b>		<b>17,621</b>	<b>16,611</b>	<b>17,349</b>
<b>Current assets</b>				
Inventory		9,173	7,306	8,525
Trade and other receivables		9,581	8,895	10,021
Cash and cash equivalents		3,597	1,132	4,107
<b>Total current assets</b>		<b>22,351</b>	<b>17,333</b>	<b>22,653</b>
<b>Total assets</b>		<b>39,972</b>	<b>33,944</b>	<b>40,002</b>
<b>EQUITY</b>				
<b>Equity</b>				
Share capital		2,049	1,919	2,049
Share premium and legal reserves		57,403	54,822	57,403
Retained earnings		(38,572)	(39,968)	(37,318)
Translation reserves		4,210	2,624	3,838
<b>Equity attributable to owners of the parent</b>		<b>25,090</b>	<b>19,397</b>	<b>25,972</b>
Non-controlling interest		27	22	27
<b>Total equity</b>		<b>25,117</b>	<b>19,419</b>	<b>25,999</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings	(6)	3,003	3,710	3,014
Other liabilities		221	217	220
<b>Total non-current liabilities</b>		<b>3,224</b>	<b>3,927</b>	<b>3,234</b>
<b>Current liabilities</b>				
Borrowings	(6)	1,701	1,316	1,420
Trade creditors		6,062	6,146	6,406
Accrued expenses		3,365	2,499	2,554
Provisions		160	251	77
Tax and social security		343	386	312
<b>Total current liabilities</b>		<b>11,631</b>	<b>10,598</b>	<b>10,769</b>
<b>Total liabilities</b>		<b>14,855</b>	<b>14,525</b>	<b>14,003</b>
<b>Total equity and liabilities</b>		<b>39,972</b>	<b>33,944</b>	<b>40,002</b>



## Consolidated Cash Flow Statement

in EUR thousands	Note	Q1 2019	Q1 2018	FY 2018
<b>Cashflow from operating activities</b>				
Operating results		(1,168)	(684)	2,185
Adjustment for:				
Depreciation and amortisation		867	738	3,364
Interest received		-	-	3
Interest paid		(58)	(59)	(226)
Changes in trade and other receivables		810	391	(269)
Changes in inventories		(629)	(376)	(583)
Changes in provisions		83	15	94
Changes in trade and other payables		652	696	135
<b>Cash generated from operations</b>		<b>557</b>	<b>721</b>	<b>4,703</b>
Income taxes (payment)/refund		(33)	(15)	(65)
<b>Net cash flow from operating activities</b>		<b>524</b>	<b>706</b>	<b>4,638</b>
<b>Investing activities</b>				
Investment in intangible fixed assets		(200)	(212)	(1,488)
Investments in property, plant & equipment		(444)	(791)	(2,307)
<b>Net cash flow used in investing activities</b>		<b>(644)</b>	<b>(1,003)</b>	<b>(3,795)</b>
<b>Financial activities</b>				
Proceeds from sale of shares		-	-	2,711
Changes in borrowings – proceeds		-	-	-
Changes in borrowings – repayments		(439)	(327)	(1,298)
<b>Net cash flow from financing activities</b>		<b>(439)</b>	<b>(327)</b>	<b>1,413</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(559)</b>	<b>(624)</b>	<b>2,256</b>
Opening position		4,107	1,788	1,788
Foreign currency differences on cash and cash equivalents		49	(40)	58
Foreign currency differences and other changes		-	8	5
Closing position		3,597	1,132	4,107
<b>The closing position consists of:</b>				
Cash and cash equivalents		3,597	1,132	4,107
<b>Total closing balance in cash and cash equivalents</b>		<b>3,597</b>	<b>1,132</b>	<b>4,107</b>

## Consolidated Statement of Changes in Equity

in EUR thousands	Share Capital	Share Premium	Legal Reserve	Retained Earnings	Translation Reserve	Total	Non-controlling interests	Total
<b>Balance at 1 January 2019</b>	<b>2,049</b>	<b>51,874</b>	<b>5,529</b>	<b>(37,318)</b>	<b>3,838</b>	<b>25,972</b>	<b>27</b>	<b>25,999</b>
Net profit/(loss) for the period	-	-	-	(1,254)	-	(1,254)	-	(1,254)
Other comprehensive income								
- Currency translation adjustment	-	-	-	-	372	372	-	372
- Other movements	-	-	-	-	-	-	-	-
Total recognised movements for the period ended 31 March 2019	-	-	-	(1,254)	372	(882)	-	(882)
<b>Balance at 31 March 2019</b>	<b>2,049</b>	<b>51,874</b>	<b>5,529</b>	<b>(38,572)</b>	<b>4,210</b>	<b>25,090</b>	<b>27</b>	<b>25,117</b>

	Q1 2019	Q1 2018	FY 2018
<b>Opening Balance</b>	<b>25,999</b>	<b>20,625</b>	<b>20,625</b>
Net profit/(loss) for the period	(1,254)	(811)	1,854
Other comprehensive income:			
- Currency translation adjustment	372	(395)	819
- Other movements	-	-	(10)
Total recognised movements for the period	(882)	(1,206)	2,663
Sale of shares	-	-	2,711
<b>Closing Balance</b>	<b>25,117</b>	<b>19,419</b>	<b>25,999</b>

### 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**

The consolidated interim financial information for the first quarter ended 31 March 2019 has been prepared in accordance with IAS 34 “interim financial reporting.” The consolidated interim financial information should always be read in conjunction with the annual financial statements for the year ended 31 December 2018, 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 these interim financial statements are consistent with the annual financial statements for the year ended 31 December 2018.

- Taxes on income in the period are accrued using the tax rate that would be applicable to expected total annual earnings.
- The annual impairment tests on goodwill and intangible assets with indefinite life will be carried out at the end of fiscal year 2019. Consequently, any impairment losses will only be recognised in the annual financial statements over the fiscal year 2019.
- These unaudited interim financial statements have not been reviewed by our auditors.

The company has implemented the new standard IFRS 16 Leases with effect from 1<sup>st</sup> January 2019. See Note 4 for details.

### 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. The Group's two 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.

in EUR thousands	RVM Segment	Holding Segment	Total
<b>Segment Results – 31 March 2019</b>			
Revenue from external customers	8,154	-	8,154
Other income / (expenses)	9	-	9
Depreciation & amortization	610	257	867
Net profit attributable to owners of the parent	(488)	(766)	(1,254)
<b>Segment Assets – 31 March 2019</b>	<b>32,452</b>	<b>7,520</b>	<b>39,972</b>
<b>Segment Results – 31 March 2018</b>			
Revenue from external customers	6,346	166	6,512
Other income/(expenses)	3	-	3
Depreciation & amortisation	555	183	738
Net profit attributable to owners of the parent	(317)	(494)	(811)
<b>Segment Assets – 31 March 2018</b>	<b>27,692</b>	<b>6,252</b>	<b>33,944</b>

### 4. IFRS 16

On January 1, 2019, the Company adopted IFRS 16 leases. The Company applied the modified retrospective transition method. Applying this method, the comparative information for 2018 has not been restated. The Company has also elected to a transition practical expedient that permits the entity not to reassess if a contract is, or contains, a lease at the date of initial application. In addition, the Company applies the recognition exemptions for short-term leases for which the underlying asset is of low value. Right-of-Use assets with a value of €0.55m have been included in tangible assets.

The impact of IFRS 16 adjustments is given below:

<b>Income Statement</b> in EUR thousands	<b>1Q 2019</b>		
	<b>Before</b>	<b>IFRS 16</b>	<b>After</b>
Revenues	8,154	-	8,154
Cost of goods/services	(5,340)	10	(5,330)
<b>Gross profit</b>	<b>2,814</b>	<b>10</b>	<b>2,824</b>
Operating expenses	(3,982)	-	(3,982)
EBITDA	(306)	82	(224)
Depreciation/amortisation costs	867	73	940
EBIT	(1,168)	10	(1,158)
Net finance	50	8	58
Profit/(loss) before tax	(1,223)	2	(1,221)
Taxes	33	-	33
<b>Net profit/(loss)</b>	<b>(1,256)</b>	<b>2</b>	<b>(1,254)</b>
<b>Details of impact on COGS/op. exp.:</b>			
Lease expenses under COGS	80	(80)	-
Depreciation under COGS	554	70	624
<b>Total COGS effect</b>	<b>634</b>	<b>(10)</b>	<b>624</b>
Lease expenses under op. exp.	2	(2)	-
Depreciations under op. exp.	48	2	50
<b>Total op. exp. effect</b>	<b>50</b>	<b>-</b>	<b>50</b>
<b>EBITDA</b>	<b>(306)</b>	<b>82</b>	<b>(224)</b>

<b>Balance Sheet</b> in EUR thousands	<b>1Q 2019</b>		
	<b>Before</b>	<b>IFRS 16</b>	<b>After</b>
Intangible assets	5,934	-	5,934
Tangible fixed assets	9,162	545	9,707
Non-current assets	1,980	-	1,980
Current assets	22,351	-	22,351
<b>Total assets</b>	<b>39,427</b>	<b>545</b>	<b>39,972</b>
Current liabilities	11,379	252	11,631
Long-term liabilities	2,933	291	3,224
Equity	25,088	2	25,090
Minority	27	-	27
<b>Total equity and liabilities</b>	<b>39,427</b>	<b>545</b>	<b>39,972</b>
<b>Details of impact on right-of-use assets:</b>			
Plant & Machinery	197		
Office equipment	36		
Motor vehicles	312		
<b>Total</b>	<b>545</b>		

<b>Cash Flow</b> in EUR thousands	1Q 2019		
	Before	IFRS 16	After
Operating profit/(loss)	(1,177)	10	(1,167)
Finance Charges	(51)	(8)	(59)
Change in working capital	836		836
Other operating changes	834	80	914
<b>Total cashflow from operations</b>	<b>442</b>	<b>82</b>	<b>524</b>
Cashflow from investments	(644)	-	(644)
Cashflow from financing	(357)	(82)	(439)
<b>Total cashflow for the period</b>	<b>(559)</b>	<b>-</b>	<b>(559)</b>
<b>Details of impact on cash flow items:</b>			
Profit before tax	10		
Other operating charges	(8)		
<b>Net profit impact</b>	<b>2</b>		
Lease payments	80		
<b>Effect on cashflow from operations</b>	<b>82</b>		
Effect on cashflow from investments	-		
Lease payments	(82)		
<b>Effect on cashflow from financing</b>	<b>(82)</b>		

## 5. Transactions with Related Parties

There is a net loan receivable of €0.56m due from an affiliate under common control of the majority shareholder.

## 6. Borrowings – Third Parties

in EUR thousands	3 months to 31 March 2019	3 months to 31 March 2018
At beginning of period	4,434	5,498
Additions	627	-
Repayments	(439)	(327)
Translation effect	82	(145)
<b>At end of period</b>	<b>4,704</b>	<b>5,026</b>

## 7. Consolidated Cash Flow

Group generated €0.52m cash from its operating activities for the First Quarter 2019 versus €0.71m for the same period in 2018. Investments in tangible and intangible assets were €0.64m for the First Quarter 2019 (Q1 2018 - €1.00m). Net debt repayment was €0.44m for the First Quarter 2019 compared to €0.33m in the First Quarter of 2018.