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2019 HALF YEAR RESULTS UNAUDITED

Highlights

in EUR millions	HY 2019	% Change	HY 2018	FY 2018
Revenues	17.42	12.9	15.43	35.38
Gross Profit	6.28	6.6	5.89	13.94
Gross profit %	36.1%	-210bps	38.2%	39.4%
Operating profit/(loss)	(0.87)	-211.5	0.78	2.19
Net profit/(loss) after taxes after minority	(1.03)	-277.6	0.58	1.85
EBITDA*	0.91	-59.4	2.24	5.48
Earnings/(loss) per share in €	(0.25)	-266.7	0.15	0.47
Shareholders' equity	25.10	16.2	21.61	25.97

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

2019 Half Year Highlights – Consolidated Results:

- Revenues for the first six months of 2019 increased 12.9% to €17.42m from €15.43m in 2018. The North American business growth of 7.0% for the first six months of 2019 compared to the first six months of 2018 was attributable to positive USD to EUR currency rate adjustment in 2019 over 2018. The European business experienced strong growth of 112.0% for the six months of 2019 compared to 2018.
- Gross profit for the first half of 2019 increased to €6.28m from €5.89m for the first half of 2018. After adjustment for the favourable USD to EUR currency rate; the gross profit was flat for the HY 2019 compared to the HY 2018.
- Gross profit margin was 36.1% for the first six months of 2019 compared to 38.2% for the first six months of 2018. The gross margin was negatively impacted by our North American operations on lower container throughputs and lower manufacturing overhead absorption. We expect both of these factors to improve for the remainder of 2019 with a resultant improvement in gross margin.
- Operating profit/(loss) for the first half of 2019 was a loss of (€0.87m) compared to a profit of €0.78m for the first half of 2018. The 2018 first half results were favourably impacted by a one-time legal settlement of €0.62m; while the 2019 first half results are unfavourably impacted by Deposit Return Scheme (DRS) new market development expenses of €0.46m and by increased IP litigation costs of €0.26m over 2018.
- EBITDA decreased to €0.91m for the first half of 2019 compared to €2.24m for the first half of 2018. After adjusting the 2018 first half results for the one-time legal settlement and after allowing for the 2019 DRS new market development cost and the increased IP litigation; the first half of 2019 EBITDA results and the 2018 EBITDA results are the same at €1.62m.
- The Company generated a negative €0.22m cash from its operating activities for the first six months of 2019 versus €3.21m for the same period in 2018 due to higher working capital needs in 2019. The Company has adequate facilities to fund its future requirements.
- Shareholders' equity at 30/06/2019 decreased by €0.87m from year end 31/12/2018 based on the half year 2019 net loss offset by a positive translation reserve impact of €0.16m for the half year.
- The Company is continuing its preparation for the Scottish DRS legislation which is expected to go live in the first half of 2021. Our UK and Scottish management team is engaged in multiple discussions with virtually all major retailers. The Company recently concluded a highly successful trial with the Scottish Grocers Federation (SGF) and three of their member stores which showcased our ultra-compact Flex platform. The Company currently has two new Reverse Vending Machine (RVM) trials underway with market leading retailers. Envipco's management team based out of our Edinburgh showroom is well positioned to succeed in this important market.

- The Company substantially increased its IP litigation costs in the first half of 2019 due to preparations and court proceedings. As previously reported in our Q1 2019 results, we received an unfavourable ruling on our patent. We have since reviewed the German courts report and have now filed an appeal of the court decision.

Gool Santchurn, CEO of the Envipco Group: “I am positive for the full year 2019 as the Company expects renewed momentum in our North American business and we also expect continued positive European performance driven by Sweden and Greece. I am especially pleased with the development of our UK and Scottish organisation and the progress they are making on the ground in this exciting new DRS market.”

Business Review – Segments

in EUR millions	2 nd Quarter		Half Year		Full Year
	2019	2018	2019	2018	2018
Revenues	9.27	8.92	17.42	15.43	35.38
North America	8.25	8.22	15.58	14.56	32.32
Europe	1.02	0.70	1.84	0.87	3.06
Gross Profit	3.46	3.56	6.28	5.89	13.94
Gross Profit in %	37%	40%	36%	38%	39%
Operating expenses excluding new market development costs	3.07	2.73	6.70	5.73	11.93
New market development costs	0.10	-	0.47	-	0.48
Operating expenses	3.17	2.73	7.17	5.73	12.41
Net profit/(loss) after taxes	0.22	1.39	(1.03)	0.58	1.85
EBITDA*	1.17	2.20	0.91	2.24	5.48
EBITDA Margin	13%	25%	5%	15%	16%
Earnings per share (EPS) in €	0.06	0.36	(0.25)	0.15	0.47

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

2019 Second Quarter and Half Year:

North American revenues for the first six months of 2019 increased to €15.58m from €14.56m in 2018. On a constant currency basis, HY 2019 revenue was flat with HY 2018 revenue. The currency adjusted growth in Q1 2019 was offset by a currency adjusted decline in Q2 2019 of €0.44m compared to Q2 2018. The North American container throughput business was negatively impacted by unusual weather and a strike at one of our major retailers during Q2. We also experienced delayed RVM sales during the quarter. Container throughput volumes have recovered and we expect good performance for North American over the balance of the year.

European revenues for the first six months of 2019 increased 112.0% to €1.84m from €0.87m for the first six months of 2018. European revenue for 2019 Q2 increased by 45.7% to €1.02m compared to Q2 2018. This increase in revenues was mostly driven by Quantum sales in Sweden. Based on the demonstrated success of the Quantum modular concept, we have good visibility on Quantum sales and also our traditional RVM sales for the remainder of 2019 driving European growth.

Operating expenses excluding new market development costs for HY 2019 increased to €6.70m compared to €5.73m for HY 2018. Of the €1.0m increase in the first six months 2019 over the first six months of 2018; €0.3m of this increase is

tied to the currency impact on USD related expenses, €0.26m is tied to increased IP litigation cost, €0.30m to increased R&D technology and amortisation cost and the balance relates to normalised cost increases.

Substantial new market development cost of €0.47m was incurred in HY 2019 compared to no cost in HY 2018. The majority of this cost was surrounding the impending Scottish DRS law and UK market development activities. The Company expects to continue to incur new market development costs in Europe around developing DRS opportunities.

Market Outlook

The Company continues to hold a positive outlook for the business considerate of sustained North American 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

The annual general meeting of the shareholders was held on 27 June 2019 in Amsterdam. Minutes of the meeting have been posted on our website at www.envipco.com.

Risks and Uncertainties

- 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 USD, 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 favourable or an unfavourable 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.

Capital & Shareholding

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 30 June 2019.

	Number of Shares	Shareholding %	Voting Rights %
Alexandre Bouri/Megatrade International SA	2,169,068	52.93	52.93
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

Directors' interest in the share capital of the Group is show below:

	Number of Shares	Shareholding %	Voting Rights %
Alexandre Bouri/Megatrade International SA	2,169,068	52.93	52.93
Gregory Garvey/EV Knot LLC	521,513	12.73	12.73
B. Santchurn/Univest Portfolio Inc.	155,480	3.79	3.79
C. Crepet	7,012	0.17	0.17
David D'Addario	80,451	1.96	1.96
T.J.M Stalenhoef	600	0.01	0.01

Please refer to Note 9 of the selected explanatory notes for post balance sheet events.

Executive Board Responsibility Statement:

The Company's members of the Executive Board hereby declare that, to the best of their knowledge:

1. The mid-year financial statements for the first half of the financial year ending 31 December 2019 give a true and fair view of the assets, liabilities, financial position and the profit/(loss) of the company and its consolidated entities;
2. The mid-year directors' report for the first half of the financial year ending 31 December 2019 gives a true picture of:
 - a) the most important events which have occurred in the first six months of the financial year in question and of the effect of those on the mid-year financial statements,
 - b) the most important transactions with related parties which were entered into during this period,
 - c) the main risks and uncertainties for the remaining six months of the financial year in question.

Bhajun G. Santchurn W.S.
CEO and Executive Board Member

The report was approved by the Board of Directors on 29 August 2019.

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Consolidated Statement of Comprehensive Income

in EUR thousands	Note	Q2 2019	Q2 2018	HY 2019	HY 2018	FY 2018
Revenues		9,265	8,917	17,420	15,429	35,380
Cost of revenue		(5,264)	(4,837)	(10,062)	(8,555)	(19,415)
Leasing depreciation		(545)	(505)	(1,078)	(985)	(2,026)
Gross Profit		3,456	3,575	6,280	5,889	13,939
Selling expenses		(472)	(299)	(1,146)	(570)	(1,118)
General and administrative expenses		(2,695)	(2,433)	(6,021)	(5,164)	(11,287)
Miscellaneous income /(expenses)	(4)	(2)	622	7	626	651
Operating Results		287	1,465	(880)	781	2,185
Financial expense		(41)	(58)	(100)	(117)	(226)
Financial income		-	-	-	-	3
Exchange gains/(losses)		-	1	5	(53)	(43)
Results before tax		246	1,408	(975)	611	1,919
Income taxes		(20)	(12)	(53)	(26)	(65)
Net Results		226	1,396	(1,028)	585	1,854
Other comprehensive income						
Items that will be reclassified subsequently to profit and loss						
Exchange differences on translating foreign operations		(218)	825	154	428	819
Other movements		(1)	(3)	-	(1)	(10)
Total other comprehensive income		(219)	822	154	427	809
Total comprehensive income		7	2,218	(874)	1,012	2,663
Profit attributable to:						
Owners of the parent						
Profit/(loss) for the period		227	1,394	(1,027)	583	1,848
Non-controlling interests						
Profit/(loss) for the period		(1)	2	(1)	2	6
Total						
Profit/(loss) for the period		226	1,396	(1,028)	585	1,854
Total comprehensive income attributable to:						
Owners of the parent		8	2,216	(874)	1,010	2,657
Non-controlling interest		(1)	2	-	2	6
		7	2,218	(874)	1,012	2,663
Number of weighted average (exclude treasury shares) shares used for calculations of EPS						
- Basic		4,097,607	3,837,607	4,097,607	3,837,607	3,981,744
- Diluted		4,097,607	3,837,607	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)		0.06	0.36	(0.25)	0.15	0.47
Fully diluted (euro)		0.06	0.36	(0.25)	0.15	0.47

Consolidated Balance Sheet

in EUR thousands	Note	HY 2019	HY 2018	FY 2018
ASSETS				
Non-current assets				
Intangible assets		6,295	5,956	6,016
Property, plant and equipment		9,104	9,436	9,165
Financial assets		887	717	349
Deferred tax assets		1,830	1,780	1,819
Total non-current assets		18,116	17,889	17,349
Current assets				
Inventory		9,165	8,255	8,525
Trade and other receivables		11,530	10,551	10,021
Cash and cash equivalents		1,340	2,351	4,107
Total current assets		22,035	21,157	22,653
Total assets		40,151	39,046	40,002
EQUITY				
Share capital		2,049	1,919	2,049
Share premium and legal reserves		57,403	54,822	57,403
Retained earnings		(38,345)	(38,574)	(37,318)
Translation reserves		3,991	3,447	3,838
Equity attributable to owners of the parent		25,098	21,614	25,972
Non-controlling interest		27	23	27
Total equity		25,125	21,637	25,999
Liabilities				
Non-current liabilities				
Borrowings	(7)	2,396	3,563	3,014
Other liabilities		120	219	220
Total non-current liabilities		2,516	3,782	3,234
Current liabilities				
Borrowings	(7)	1,351	1,387	1,420
Trade creditors		8,408	9,163	6,406
Accrued expenses		2,411	2,596	2,554
Provisions		181	105	77
Tax and social security		159	376	312
Total current liabilities		12,510	13,627	10,769
Total liabilities		15,026	17,409	14,003
Total equity and liabilities		40,151	39,046	40,002

Consolidated Cash Flow Statement

in EUR thousands	Note	HY 2019	HY 2018	FY 2018
Cashflow from operating activities				
Operating results		(880)	781	2,185
Adjustment for:				
Depreciation and amortisation		1,783	1,494	3,364
Interest received		-	1	3
Interest paid		(100)	(117)	(226)
Changes in trade and other receivables		(2,138)	(1,312)	(269)
Changes in inventories		(541)	(928)	(583)
Changes in provisions		62	(131)	94
Changes in trade and other payables		1,648	3,452	135
Cash generated from operations		(166)	3,240	4,703
Income taxes (payment)/refund		(53)	(26)	(65)
Net cash flow from operating activities	(8)	(219)	3,214	4,638
Investing activities				
Investment in intangible fixed assets		(795)	(766)	(1,488)
Investments in property, plant & equipment		(1,063)	(1,276)	(2,307)
Net cash flow used in investing activities	(8)	(1,858)	(2,042)	(3,795)
Financial activities				
Proceeds from sale of shares		-	-	2,711
Changes in borrowings – proceeds		-	-	-
Changes in borrowings – repayments		(718)	(664)	(1,298)
Net cash flow from financing activities	(7)/(8)	(718)	(664)	1,413
Net increase/(decrease) in cash and cash equivalents				
		(2,795)	508	2,256
Opening position		4,107	1,788	1,788
Foreign currency differences on cash and cash equivalents		28	21	58
Foreign currency differences and other changes		-	34	5
Closing position		1,340	2,351	4,107
The closing position consists of:				
Cash and cash equivalents		1,340	2,351	4,107
Total closing balance in cash and cash equivalents		1,340	2,351	4,107

Consolidated Statement of Changes in Equity

in EUR thousands	Share Capital	Share Premium	Legal Reserve	Retained Earnings	Translation Reserve	Total	Non-Controlling Interests	Total Equity
Balance at 1 January 2019	2,049	51,874	5,529	(37,318)	3,838	25,972	27	25,999
Net profit/(loss) for the period	-	-	-	(1,027)	-	(1,027)	(1)	(1,028)
Other comprehensive income								
- Currency translation adjustment	-	-	-	-	154	154	-	154
- Other movements	-	-	-	-	(1)	(1)	1	-
Total recognised movements for the period ended 30 June 2019	-	-	-	(1,027)	(153)	(874)	-	(874)
Balance at 30 June 2019	2,049	51,874	5,529	(38,345)	3,991	25,098	27	25,125

	Q2 2019	Q2 2018	HY 2019	HY 2018	FY 2018
Opening Balance	25,117	19,419	25,999	20,625	20,625
Net profit/(loss) for the period	226	1,396	(1,028)	585	1,854
Other comprehensive income:					
- Currency translation adjustment	(218)	825	154	428	819
- Other movements	-	(3)	-	(1)	(10)
Total recognised movements for the period	8	2,218	(874)	1,012	2,663
Sale of shares	-	-	-	-	2,711
Closing Balance	25,125	21,637	25,125	21,637	25,999

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 half year ended 30 June 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 January 2019. See Note 5 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.

- 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
Segment Results – 30 June 2019			
Revenue from external customers	17,420	-	17,420
Other income / (expenses)	7	-	7
Depreciation & amortisation	705	1,078	1,783
Net profit attributable to owners of the parent	231	(1,259)	(1,028)
Segment Assets – 30 June 2019	32,462	7,689	40,151
Segment Results 30 June 2018			
Revenue from external customers	15,429	-	15,429
Other income/(expenses)	626	-	626
Depreciation & amortisation	1,132	362	1,494
Net profit attributable to owners of the parent	1,347	(764)	583
Segment Assets – 30 June 2018	32,401	6,645	39,046

4. Other Income / (Expenses)

Other income for the first HY 2018 resulted from a one-time contract settlement of €0.62m.

5. IFRS 16

On 1 January 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 €0.70m have been included in tangible assets.

The impact of IFRS 16 adjustments is given below:

Income Statement in EUR thousands	HY 2019		
	Before	IFRS 16	After
Revenues	17,420	-	17,420
Cost of goods/services	(11,140)	25	(11,115)
Gross profit	6,280	25	6,305
Operating expenses	(7,167)	1	(7,166)
EBITDA	907	219	1,126
Depreciation/amortisation costs	1,783	193	1,976
EBIT	(876)	26	(850)
Net finance	(99)	(24)	(123)
Profit before tax	(975)	2	(973)
Taxes	(53)	-	(53)
Net profit	(1,028)	2	(1,026)
Details of impact on COGS/op. exp.:			
Lease expenses under COGS	1,078	(214)	864
Depreciation under COGS	77	189	266
Total COGS effect	1,155	(25)	1,130
Lease expenses under op. exp.	-	(5)	(5)
Depreciations under op. exp.	628	4	632
Total op. exp. Effect	1,783	(1)	1,782
EBITDA	907	219	1,126

Balance Sheet in EUR thousands	HY 2019		
	Before	IFRS 16	After
Intangible assets	6,295	-	6,295
Tangible fixed assets	9,104	704	9,808
Non-current assets	2,717	-	2,717
Current assets	22,035	-	22,035
Total assets	40,151	704	40,855
Current liabilities	12,510	348	12,858
Long-term liabilities	2,516	354	2,870
Equity	25,098	2	25,100
Minority	27	-	27
Total equity and liabilities	40,151	704	41,855
Details of impact on right-of-use assets:			
Office Space	-	138	138
Plant & Machinery	-	179	179
Office equipment	-	63	63
Motor vehicles	-	324	324
Total	-	704	704

Cash Flow in EUR thousands	HY 2019		
	Before	IFRS 16	After
Operating profit/(loss)	(880)	2	(878)
Finance Charges	(100)	-	(100)
Change in working capital	(1,022)	-	(1,022)
Other operating changes	1,783	217	2,000
Total cashflow from operations	(219)	219	-
Cashflow from investments	(1,858)	-	(1,858)
Cashflow from financing	(718)	(219)	(937)
Total cashflow for the period	(2,795)	-	(2,795)
Details of impact on cash flow items:			
Profit before tax	-	2	2
Other operating charges	-	(2)	(2)
Net profit impact	-	-	-
Lease payments	-	219	219
Effect on cashflow from operations	-	219	219
Effect on cashflow from investments	-	-	-
Lease payments	-	(219)	(219)
Effect on cashflow from financing	-	(219)	(219)

6. Transactions with Related Parties

There is a loan receivable of €0.66m due from an affiliate under common control of the majority shareholder.

7. Borrowings – Third Parties

<i>in EUR thousands</i>	6 months to 30 June 2019	6 months to 30 June 2018
At beginning of period	4,434	5,498
Additions	-	-
Repayments	(718)	(664)
Translation effect	31	116
At end of period	3,747	4,950

8. Consolidated Cash Flow

Group generated a negative €0.22m cash from its operating activities for the first six months of 2019 versus €3.21m for the same period in 2018. Investments in tangible and intangible assets were €1.86m for the half year 2019 (HY 2018 - €2.04m). Net debt repayment was €0.72m for the half year 2019 compared to €0.66m in the half year of 2018.

9. Post balance sheet events

There are no post balance sheet events.