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2020 THIRD QUARTER AND NINE MONTHS CONSOLIDATED RESULTS UNAUDITED

Highlights

in EUR millions	9M 2020	9M 2019	3Q 2020	3Q 2019	FY 2019
Revenues	22.78	27.56	9.15	10.14	36.25
Gross Profit	8.43	10.57	3.85	4.29	13.55
Gross profit %	37%	38%	42%	42%	37%
Operating profit/(loss)	(1.46)	(0.14)	1.11	0.74	(2.58)
Net profit/(loss) after taxes after minority	(1.63)	(0.69)	1.38	0.33	(1.88)
EBITDA*	1.95	2.52	2.58	1.64	1.61
Earnings/(loss) per share in €	(0.40)	(0.17)	0.34	0.08	(0.46)
Shareholders' equity	21.93	26.36	21.93	26.36	24.35

*Earnings before interest, taxes, depreciation and amortisation

2020 Third Quarter – Consolidated Results:

Whilst the business is still impacted by the Covid-19 situation, sustained recovery is starting to be seen both in the US and Europe during Q3. Revenues vs. Prior Year are recovering with Revenue Q3 2020 being 10% down vs. Q3 2019; an improvement on 1HY 2020 which was 22% lower than 1HY 2019. This was driven by recovery in US service and operating throughput revenues and by continued improvement in Europe with a good performance for the Swedish business, which grew 84% in Q3 2020 vs Q3 2019.

Another highlight was profitability of €1.11m in Q3 2020 versus €0.74m in Q3 2019 and increased EBITDA of EUR 2.58m or 28% of revenues compared to Q3 2019 EUR 1.64m or 16% of revenues. This improvement was driven by stable gross profit margin (42% Q3 2020 and Q3 2019), cost control of G&A expenses and lower IP litigation cost.

During this period the business has maintained strict cost controls, as such operating expenses for Q3 2020 decreased to €2.75m compared to €3.56m for Q3 2019, with the largest reductions being in curtailed general and administration costs and lower IP litigation cost.

2020 Nine Months – Consolidated Results:

Revenues for the first nine months of 2020 decreased 17% to €22.78m from €27.56m in 2019.

The North American 2020 business revenues declined 20% for the 9 month period with limited currency impact over this period. The lower North American business revenue is attributable to the Covid-19 impact on lower container throughput business and lower RVM machine sales.

The European platform continues to perform well vs. Prior Year, 2020 revenue growth was 7% higher for the nine months period compared to the same period for 2019.

Gross profit for the 9M 2020 period decreased to €8.43m from €10.57m for the first nine months of 2019 as a result of the Covid-19 impact resulting in lower throughput volume and RVM sales. Gross profit margin was slightly down: 37% for the first nine months of 2020 compared to 38% for the first nine months of 2019, on account of fixed costs and lower manufacturing overhead cost absorption.

The operating profit for 9M 2020 was a loss of (€1.46m) compared to a loss of (€0.14m) for the first nine months of 2019. The North American operating profit at €1.86m for the first nine-months of 2020 was lower compared with €3.46m for the same period in 2019. The European business operating loss reduced to (€1.48m) compared to a loss of (€1.63m) over

this 9M period, driven by higher volumes and reduced expenses. The Holding company expenses decreased to €1.84m for the nine months 2020 compared to €1.97m for the same period in 2019. This nine-month 2020 decrease is principally attributed to savings in IP litigation cost of €0.37m offset by higher other administration costs of €0.24m.

EBITDA decreased to €1.95m from €2.52m for the first nine months of 2020 compared to 2019, though showing strong recovery compared to the previous quarters of 2020, turning EBITDA from negative to positive in Q3 and YTD 2020.

Financial Position:

- The Company generated a negative €0.72m cash flow from its operating activities for the first nine months of 2020 versus a positive €0.08m for the same period in 2019, mainly due to lower service and machine sales levels, on account of Covid-19 in 2020.
- The Company's bank financing drawn was at €8.58m for 30/9/2020 compared with €4.64m in 30/9/2019 due to increased borrowings during 2020. The Company has adequate bank facilities to fund its current requirements.
- Under the provisions of the Paycheck Protection Program (PPP), the Company will be eligible for forgiveness for a significant portion or all of the €1.5m loan obtained earlier in the year. Criteria for forgiveness are currently being finalised and we expect this will be reflected as Other income in Q4 2020 or H1 2021.
- Shareholders' equity at 30/09/2020 decreased by €2.42m from year end 31/12/2019 based on the nine months 2020 net loss augmented by a negative translation reserve impact of €0.80m.

Other:

- We continue to maintain very active market development activity in Scotland and UK at large. A system administrator is still expected to be appointed by the Scottish government early 2021 and will oversee the operational requirements to fulfill the DRS regulations and fully defined RVM machine configurations. Envipco's UK management team continues to engage with the retailer community and have made further progress in commercial discussions and more advanced pilot projects.
- As part of the Company's strategy to develop a strong business in Europe, we have continued to build out the European organization centered around a Group HQ in The Netherlands. As previously announced, we have the pleasure of welcoming Derk Visser as Group CFO and will continue to expand this team to lead growth in the future.
- On 31 January 2020, the Company filed its appeal of an unfavourable decision by the German courts regarding its IP infringement litigation. It is not expected that the defendant responses to the appeal will be filed until later this year and that the court ruling will come in early 2022. Within current general proceedings Envipco was successful in the Munich Appeal Court during October to dismiss a patent vindication appeal by a third party. The Company expects to continue to incur legal cost on this matter, albeit with 2020 legal cost reduced from the 2019 cost of €0.80m.

“Whilst we continue to work aggressively to meet the Covid-19 impacts for the company, we are encouraged by the recovery and strengthening of the business seen in Q3 2020. We expect continuing recovery through year end 2020 and a solid start to 2021. We are managing the business carefully in these challenging times, while maintaining our focus on new market development and building our capability in Europe to capture future exciting growth.” **Simon Bolton, CEO Envipco.**

Business Segment Review

in EUR millions	Nine Months		3 rd Quarter		Full Year
	2020	2019	2020	2019	2019
Revenues	22.78	27.56	9.15	10.14	36.25
North America	19.98	24.95	7.70	9.37	32.65
Europe	2.80	2.61	1.45	0.77	3.60
ROW	-	-	-	-	-
Gross Profit	8.43	10.57	3.85	4.29	13.55
Gross Profit in %	37%	38%	42%	42%	37%
Operating expenses excluding new market development costs	9.16	9.69	2.54	2.97	14.73
New market development costs	0.73	1.03	0.21	0.59	1.40
Operating expenses	9.89	10.72	2.75	3.56	16.13
Operating profit/(loss)	(1.46)	(0.14)	1.11	0.74	(2.58)

Business Segments Q3 & Nine Months 2020:

- The Covid-19 pandemic continues to have an impact on the North American business, with revenues for Q3 2020 vs. Q3 2019 reflecting a 15% decrease in our container throughput business and a decline in RVM machines, but with a strong improvement in Q3 versus H1 RVM sales reduced to €0.59m in the quarter vs. €1.02m in 2019. We expect continued RVM sales recovery into yearend 2020 as demonstrated by a recent 120+ unit order from one of our large US customers which will be delivered Q4/early Q1 2021. Gross profit % decreased slightly due to unabsorbed fixed costs from lower volume.
- For Q3 2020, European revenues increased to €1.45m compared to €0.77m in Q3 2019. For Q3 2020, Sweden had an outstanding quarter on both machine sales and service revenues, revenue increasing by 84% to €1.33m compared to €0.72m in 2019. The 2020 improvements in Sweden are a direct result of the success of the Quantum platform and focused service delivery in this market.
- As previously highlighted, we have kept a strict overall control of costs during this period, particularly G&A costs. While we have maintained high levels of market development activity, reduction in travel and other expenses due to Covid-19 related restrictions have meant that new market development costs were lower in the Quarter. In Q3 2020 €0.21m were incurred compared to €0.59m in Q3 2019. The Company expects to continue to incur new market development costs in Europe around developing DRS opportunities. Overall Quarterly Operating Expenses were €2.75m (2020) vs. €3.56m (2019), 23% reduction and for the first 9 months €9.89m vs. €10.72m (8% down).

Market Outlook

Whilst the Company has seen sustained improvements during Q3 2020, we are subject to continuing negative impacts of Covid-19 and also the potential for further shut-downs and restrictions. This impact is especially seen in North America which could delay full return of the normalised throughput volume until Q1/Q2 of 2021. Our European business is less impacted with Sweden expected to finish a strong year in new machine sales and service revenues from an increasing installed base in 2020. We also continue to engage a number of other European markets for RVM sales in Q4 and early 2021.

Travel restrictions and specific Covid-19 market challenges may have an impact on timing of new European DRS initiatives as well as on the development of several non-deposit markets. We expect the Scottish market opportunity to gain momentum in early 2021 when the administrator is appointed. Consequently, we expect no delay in Scotland of the DRS implementation date of July 2022. The Company has adequate financial resources to continue to execute during these challenging times.

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.
- COVID-19: The Company has and continues to manage the challenges of Covid-19 during 2020. As we approach the second wave of Covid-19, it seems that things might not return to normal level until Q1 2021, which means there is a likely possibility that 2020 results will be further impacted to some extent.

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 September 2020.

	Number of Shares	Shareholding %	Voting Rights %
Alexandre Bouri/Megatrade International SA	2,168,068	52.91	52.91
Gregory Garvey	555,779	13.56	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

Amersfoort, 24 November 2020
Board of Directors
Envipco Holding N.V.

Simon Bolton
CEO and Executive Board Member

Consolidated Statement of Comprehensive Income

in EUR thousands	Note	Q3 2020	Q3 2019	9M 2020	9M 2019	FY 2019
Revenues		9,153	10,138	22,779	27,558	36,251
Cost of revenue		(5,303)	(5,852)	(14,353)	(16,991)	(22,699)
Gross Profit		3,850	4,286	8,426	10,567	13,552
Selling and distribution expenses		(586)	(659)	(1,586)	(1,934)	(1,074)
General and administrative expenses		(1,738)	(2,504)	(7,519)	(7,938)	(13,762)
Research and development expenses		(427)	(394)	(787)	(853)	(1,323)
Other income /(expenses)		6	13	11	20	26
Operating Results		1,105	742	(1,455)	(138)	(2,581)
Financial expense		(89)	(51)	(281)	(151)	(273)
Financial income		472	(53)	292	(47)	93
Net finance (cost) and or income		383	(104)	11	(198)	(180)
Results before tax		1,488	638	(1,444)	(336)	(2,761)
Income taxes		(106)	(304)	(184)	(357)	882
Net Results		1,382	334	(1,628)	(693)	(1,879)
Other comprehensive income						
Items that will be reclassified subsequently to profit and loss						
Exchange differences on translating foreign operations		(1,414)	923	(797)	1,076	265
Total other comprehensive income		(1,414)	923	(797)	1,076	265
Total comprehensive income		(32)	1,257	(2,425)	383	(1,614)
Profit attributable to:						
Owners of the parent						
Profit/(loss) for the period		1,384	332	(1,627)	(696)	(1,883)
Non-controlling interests						
Profit/(loss) for the period		(2)	2	(1)	3	4
Total						
Profit/(loss) for the period		1,382	334	(1,628)	(693)	(1,879)
Total comprehensive income attributable to:						
Owners of the parent		(30)	1,255	(2,424)	380	(1,619)
Non-controlling interests		(2)	2	(1)	3	5
		(32)	1,257	(2,425)	383	(1,614)
Number of weighted average (exclude treasury shares) shares used for calculations of EPS		4,097,607	4,097,607	4,097,607	4,097,607	4,097,607
- Basic (euro)		0.34	0.08	(0.40)	(0.17)	(0.46)
- Diluted (euro)		0.34	0.08	(0.40)	(0.17)	(0.46)
Earnings/(loss) per share for profit attributable to the ordinary equity holders of the parent during the period						
- Basic (euro)		0.34	0.08	(0.40)	(0.17)	(0.46)
- Fully diluted (euro)		0.34	0.08	(0.40)	(0.17)	(0.46)

Consolidated Balance Sheet

in EUR thousands	Note	9M 2020	9M 2019	FY 2019
ASSETS				
Non-current assets				
Intangible assets		6,547	6,397	6,160
Property, plant and equipment		8,622	9,249	9,668
Financial assets		88	572	208
Deferred tax assets		2,812	1,911	2,934
Total non-current assets		18,069	18,129	18,970
Current assets				
Inventory		10,361	11,341	10,341
Trade and other receivables		12,133	13,245	9,960
Cash and cash equivalents		1,055	1,481	675
Total current assets		23,549	26,067	20,976
Total assets		41,618	44,196	39,946
EQUITY				
Share capital		2,049	2,049	2,049
Share premium		51,256	51,488	51,703
Translation reserves		3,296	4,915	4,093
Legal reserves		6,147	5,915	5,700
Retained earnings		(40,820)	(38,014)	(39,192)
Equity attributable to owners of the parent		21,928	26,353	24,353
Non-controlling interests		32	29	32
Total equity		21,960	26,382	24,385
Liabilities				
Non-current liabilities				
Borrowings	(5)	5,665	3,312	2,975
Lease commitments		119	-	366
Other liabilities		120	120	120
Total non-current liabilities		5,904	3,432	3,461
Current liabilities				
Borrowings	(5)	2,911	1,329	1,171
Trade creditors		6,662	9,757	6,569
Accrued expenses		2,651	2,576	3,440
Provisions		331	319	314
Lease commitments		544	-	388
Tax and social security		655	401	218
Total current liabilities		13,754	14,382	12,100
Total liabilities		19,658	17,814	15,561
Total equity and liabilities		41,618	44,196	39,946

Consolidated Cash Flow Statement

in EUR thousands	Note	9M 2020	9M 2019	FY 2019
Cashflow from operating activities				
Operating results		(1,455)	(138)	(2,581)
Adjustment for:				
Amortisation		803	837	1,187
Depreciation		1,904	1,866	2,488
Changes in trade and other receivables		(2,398)	(2,965)	61
Changes in inventories		(20)	(2,050)	(1,418)
Changes in provisions		-	274	244
Changes in trade and other payables		884	2,762	1,312
Changes in other liabilities		-	-	(100)
Cash generated from operations		(282)	586	1,193
Interest received and paid		(252)	(150)	(189)
Income taxes (payment)/refund		(184)	(357)	(199)
Net cash flow from operating activities	(6)	(718)	79	805
Investing activities				
Investment in intangible fixed assets		(1,338)	(1,230)	(1,386)
Investments in property, plant & equipment		(1,886)	(1,517)	(1,982)
Net cash flow used in investing activities	(6)	(3,224)	(2,747)	(3,368)
Financial activities				
Changes in borrowings – proceeds		8,044	1,062	1,072
Changes in borrowings – repayments		(3,238)	(1,077)	(1,450)
Changes in lease commitments		(423)	-	(527)
Net cash flow from financing activities	(6)	4,383	(15)	(905)
Net increase/(decrease) in cash and cash equivalents				
Opening position		675	4,107	4,107
Foreign currency differences on cash and cash equivalents		(61)	57	36
Closing position		1,055	1,481	675
The closing position consists of:				
Cash and cash equivalents		1,055	1,481	675
Total closing balance in cash and cash equivalents		1,055	1,481	675

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	-	-	-	-	(1,628)	(1,628)	-	(1,628)
Other comprehensive income								
- Currency translation adjustment	-	-	(797)	-	-	(797)	-	(797)
Total recognised movements for the period ended 30 September 2019	-	-	(797)	-	(1,628)	(2,425)	-	(2,425)
Legal reserve		(447)		447		-		-
Balance at 30 September 2020	2,049	51,256	3,296	6,147	(40,820)	21,928	32	21,960

	Q3 2020	Q3 2019	9M 2020	9M 2019	FY 2019
Opening Balance	21,992	25,125	24,385	25,999	25,999
Net profit/(loss) for the period	1,382	334	(1,628)	(693)	(1,879)
Other comprehensive income:					
- Currency translation adjustment	(1,414)	923	(797)	1,076	265
Total recognised movements for the period	(32)	1,257	(2,425)	383	(1,614)
Closing Balance	21,960	26,382	21,960	26,382	24,385

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) mainly in the USA and Europe.

Basis of Preparation

The consolidated interim financial information for the nine months ended 30 September 2020 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 2019, 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 2019.

- 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 2020. Consequently, any impairment losses will only be recognised in the annual financial statements over the fiscal year 2020.
- These interim financial 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. 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 September 2020			
Revenue from external customers	22,779	-	22,779
Other income/(expenses)	11	-	11
Depreciation & amortization	1,904	803	2,707
Net profit attributable to owners of the parent	(132)	(1,496)	(1,628)
Segment Assets – 30 September 2020	34,424	7,194	41,618
Segment Results – 30 September 2019			
Revenue from external customers	27,558	-	27,558
Other income/(expenses)	20	-	20
Depreciation & amortization	1,866	837	2,703
Net profit attributable to owners of the parent	1,339	(2,032)	(693)
Segment Assets – 30 September 2019	36,981	7,215	44,196

4. Transactions with Related Parties

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

5. Borrowings – Third Parties

in EUR thousands	9 months to 30 Sep 2020	9 months to 30 Sep 2019
At beginning of period	4,146	4,434
Additions	8,044	1,062
Repayments	(3,238)	(1,077)
Translation effect	(376)	222
At end of period	8,576	4,641

6. Consolidated Cash Flow

The group generated a negative €0.72m cash from its operating activities for the first nine months of 2020 versus a positive €0.08m for the same period in 2019. Investments in tangible and intangible assets were €3.22m for the nine months of 2020 (first nine months 2019 - €2.75m). Net borrowings were €4.81m for the nine months 2020 compared to net debt repayment of €0.02m in the nine months of 2019.