

## Envipco Announces 2020 Half Year Unaudited Results

Regulated Information

### Condensed Interim Consolidated Statement of Comprehensive Income in EUR thousands

	HY 2020 Unaudited	HY 2019 Unaudited
Operating revenues	13,644	17,420
Cost of revenue	(9,068)	(11,140)
<b>Gross profit</b>	<b>4,576</b>	<b>6,280</b>
Operating expenses	(7,142)	(7,167)
<b>Other income/(expenses)</b>		
- Miscellaneous income/(expenses)	5	7
<b>Operating Results</b>	<b>(2,561)</b>	<b>(880)</b>
Net financial items	(368)	(95)
<b>Results before tax</b>	<b>(2,929)</b>	<b>(975)</b>
Income taxes	(79)	(53)
<b>Net Results</b>	<b>(3,008)</b>	<b>(1,028)</b>
<b>Other comprehensive income</b>		
<b>Items that will be reclassified subsequently to profit and loss</b>		
Exchange differences on translating foreign operations	615	154
Total other comprehensive income	615	154
<b>Total comprehensive income</b>	<b>(2,393)</b>	<b>(874)</b>
<b>Profit/(loss) attributable to:</b>		
Owners of the parent	(3,009)	(1,027)
Non-controlling interests	1	(1)
<b>Total profit/(loss) for the period</b>	<b>(3,008)</b>	<b>(1,028)</b>
<b>EBITDA (earnings before interest, taxes, depreciation and amortization)</b>	<b>(626)</b>	<b>907</b>
<b>Earnings/(loss) per share (EPS)</b>	<b>(0.73)</b>	<b>(0.25)</b>
Number of weighted average shares used in calculation of EPS (in thousands) (excluding treasury shares)	4,098	4,098

### Condensed Interim Consolidated Balance Sheet in EUR thousands

	As of 30/6/20 Unaudited	As of 30/6/19 Unaudited
<b>Assets</b>		
Fixed assets and investments	18,778	18,116
Cash and cash equivalents	1,711	1,340
Other current assets	20,095	20,695
<b>Total assets</b>	<b>40,584</b>	<b>40,151</b>
<b>Equity &amp; Liabilities</b>		
Shareholders' equity	21,960	25,098
Non-controlling interest	32	27
Long term liabilities	7,639	2,516
Current liabilities	10,953	12,510
<b>Total Equity &amp; Liabilities</b>	<b>40,584</b>	<b>40,151</b>

## 2020 Half Year Highlights – Consolidated Results

- On 11 March 2020, the World Health Organisation declared the outbreak of coronavirus (Covid-19) pandemic. The Company has been impacted by Covid-19 both in our European and North American operations. The impact in Europe has been reflected in reduced RVM sales during 1HY 2020. In the US, our container throughput program revenue was substantially reduced due to the temporary suspension of enforcement of retailer redemption services in Q2 2020.
- Revenues for 1HY 2020 decreased 21.7% to €13.64m from €17.42m in 1HY 2019. North America revenues were positively impacted by a 2.5% favorable currency translation of USD to EURO in 1HY 2020 compared to 1HY 2019. On a constant currency basis, North America revenue decreased by 23.1% in 1HY 2020 compared to 1HY 2019. The European business experienced a revenue decline of 26% to €1.36m in 1HY 2020 compared to €1.84m in 1HY 2019, while Q2 2020 posted 20.6% higher revenues compared to Q2 2019 as our Swedish operations returned to its normal activity level. The Covid-19 impact was felt earlier in our European markets with an overall slowdown of RVM sales activities during Q1 and recovery during Q2; while the US was mainly impacted in lower throughput volumes in Q2 with recovery starting in Q3.
- Gross profit for 1HY 2020 decreased 27.1% to €4.58m from €6.28m in 1HY 2019 primarily as a result of both lower container throughput volume and machine sales.
- Gross profit margin declined to 33.5% in 1HY 2020 when comparing to 36.1% in 1HY 2019. The gross margin was negatively impacted by lower throughput volumes and lower recovery of fixed costs and manufacturing overheads.
- Operating loss in 1HY 2020 increased to €2.56m from a loss of €0.87m in 1HY 2019. This increased loss in 1HY 2020 was partially offset by reduced DPG legal costs of €0.40m and reduced research and development costs of €0.10m in 1HY 2020.
- EBITDA for 1HY 2020 was negative €0.63m compared to positive €0.91m for 1HY 2019.
- Loss per share increased to €0.73 in 1HY 2020 from €0.25 in 1HY 2019.

### Financial Position:

- Shareholders' equity at 30/06/2020 decreased by €2.39m from year end 2019 based on the 1HY 2020 net loss offset by a positive translation reserve of €0.62m.
- In March 2020, the US subsidiary obtained a new term loan of \$6.0m from its US banking relationship. The loan proceeds can be utilised for general purposes and European Deposit Return Scheme (DRS) market development expenses and associated inventory requirements.
- In April 2020, our US subsidiary received a loan of \$1.8m under the government assistance Paycheck Protection Program (PPP). The loan provides a 1.0% interest rate over two years with deferred interest and principal payments for the first six months. Under the PPP provisions, the Company will be eligible for forgiveness for a portion or all of the loan. Such forgiveness will be reflected as Other Income in 2HY 2020.
- Based on the new term loan \$6.0m proceeds, the PPP loan \$1.8m proceeds and forecasted performance for 2020, the Company has sufficient liquidity to sustain operations and continue our European market development initiatives.

### Other Developments:

- The Scottish Government formally passed the DRS legislation on 20 May 2020 with the system go live date scheduled for 1 July 2022. A system administrator function is under establishment which will oversee the operational requirements to fulfill the DRS regulations. The DRS regulations are important to confirm the RVM machine configurations to meet the market requirements in support of tender processes. Envipco's UK management team is well positioned and engaged with the retailer community in ongoing commercial discussions.
- On 31 January 2020, the Company filed its appeal of the unfavourable decision by the German courts regarding its IP infringement litigation. The Company believes the basis of the appeal is well founded and that it will be successful. 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. Based on the response timeframes on this matter, the Company expects that 2020 legal cost on this matter will be reduced from the 2019 cost of €0.80m.

## Market Outlook

The Company has and will continue to be negatively impacted by COVID-19 during 2020. As described above, the majority of the North America impact was felt in Q2 2020, with the expectation that North America will normalise container throughput volumes for the balance of 2020. North America RVM sales are not expected to fully recover until 2021.

European operations and activities are generally showing signs of recovery, with the expectation for improved performance for the remainder of the year. Sweden remains a stand out country and is expected to have a strong year in new machine sales and service revenues from an increasing installed base in 2020. Travel restrictions and specific market challenges may have an impact on timing of European non-deposit markets and new DRS initiatives. We expect the Scottish market opportunity to continue to develop on track in accordance with the DRS legislation formally passed on 20 May 2020. The Company has adequate financial resources to continue to execute during this exciting and challenging period.

*Simon Bolton, CEO of Envipco Holding N.V.: "The 1HY 2020 has been a challenging one for Envipco due to the COVID-19 pandemic. I am proud of all of our team that has worked to support customers and to keep the business moving forward. We have utilised this time to further strengthen our capabilities to fully take advantage of the market opportunities ahead. We will continue to do everything possible to manage the Covid-19 pandemic challenges and mitigate its' risk for all, while not losing focus on advancing our readiness to enter new DRS markets."*

Please refer to our website [www.envipco.com](http://www.envipco.com) to download a full pdf version of our 2020 Half Year Report.

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## About Envipco Holding N.V.

Envipco Holding N.V. (Envipco), [www.envipco.com](http://www.envipco.com), is a Netherlands-based holding company listed on Euronext Amsterdam and Brussels (Symbol: ENVI). Envipco, with operations in several countries around the globe, is a recognized leader in the development and operation of reverse vending machines (RVMs), automated technological systems for the recovery of used beverage containers. Known for its innovative technology and market leadership, Envipco holds several intellectual property rights for RVM systems, including but not limited to beverage refund deposit markings, material type identification, compaction and accounting.

*This announcement contains forward-looking statements concerning the condition and business of Envipco. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. All forward-looking statements contained in this announcement are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements.*