

Envipco Announces 2021 First Quarter Results Unaudited

Regulated Information

Highlights

in EUR millions	1Q 2021	1Q 2020	FY 2020
Revenues	8.34	7.80	30.82
Gross Profit	3.11	2.74	11.68
Gross profit %	37%	35%	38%
Operating profit/(loss)	2.72	(1.30)	(1.40)
Net profit/(loss) after taxes after minority	2.03	(1.64)	(1.72)
EBITDA (earnings before interest, taxes, depreciation and amortisation)	3.37	(0.43)	3.55
Earnings/(loss) per share in €	0.46	(0.40)	(0.42)
Shareholders' equity	31.11	23.26	20.96

2021 First Quarter – Consolidated Results:

- Group revenues up 7% to €8.34m from €7.80m in Q1 2020. Currency adjusted for USD/EURO, revenue growth of 17%
- Strong RVM sales growth of 217% to €2.67m driven by North America, Sweden and renewed sales in Australia
- Gross profit improvement to 37% from 35% in Q1 2020
- Significant other income of €3.38m tied to IP litigation settlement and PPP loan forgiveness
- Operating profit improvement to €2.72m from a loss of €(1.30m) in Q1 2020; excluding other income in Q1 2021, operating profit/(loss) improved to a loss of €(0.66m)
- Successful share issue of €8.12m and listing on Oslo Euronext Growth market
- Second PPP loan of €1.64m received in March 2021; loan also eligible for forgiveness

Simon Bolton, CEO of Envipco: “Q1 2021 sees the Company continuing its recovery from 2020; this quarter shows quarterly revenues now above both 2020 and 2019 levels. We successfully concluded a private placement and share listing on the Oslo Growth Market, a satisfactory settlement with DPG in a long-running litigation case, and confirmation of forgiveness of our initial PPP loan. These developments have strengthened our financial position. We continue to focus on building the business to execute on future growth including market development organization and capability, product development, and manufacturing capacity. I am excited about the company we are building and its prospects in 2021”

2021 First Quarter – Consolidated Results:

Overall revenue was up 17% on a currency adjusted basis in Q1 2021 compared to Q1 2020. Strong RVM sales in North America, Sweden and Australia contributed to the overall growth. Throughput revenue in Q1 2021 was down 14% compared to Q1 2020. The North America container throughput business continued to be COVID impacted in the New York Metro area on slowed re-openings and weather during Q1 2021. More recently though, we have seen recovery in throughput volume as New York fully reopens.

Q1 2021 gross profit of 37% improved 200 basis points when compared to Q1 2020. This improvement was driven by higher RVM sales and net of lost contribution on lower throughput revenues.

Included in Q1 2021 operating profit, are other income items amounting to €3.38m. In February 2021, the company executed a settlement agreement with DPG Deutsche Pfandsystem GmbH in Germany to resolve all pending legal matters. The company recognized income of €1.85m on this settlement. In addition, the company also received formal forgiveness of the 2020 PPP loan and recognized income of €1.51m and sundry income of €0.02m. Without these items, operating profit/(loss) for Q1 2021 would have been a loss €(0.66m) compared to a loss of €(1.30m) in Q1 2020. The improvement in operating loss is driven by increased gross profit on higher RVM sales.

EBITDA improved in Q1 2021 to €3.37m from a negative EBITDA of €(0.43m) in Q1 2020. Excluding the other income items of €3.38m in Q1 2021, EBITDA would have improved to €(0.01m) compared to Q1 2020.

Financial Position:

- The Company generated €6.07m cash flow from its operating activities for Q1 2021 versus a negative €3.09m for Q1 2020. The Company had cash and cash equivalents of €12.85m at 31/03/2021 compared to €3.16m at 31/03/2020 and €1.11m at 31/12/2020.
- The Company's net bank repayment was €1.15m for Q1 2021 compared with a net bank borrowing of €6.14m on Q1 2020. The Company received a second PPP loan during Q1 2021 of €1.64m which should also be eligible for forgiveness. The Company had unused borrowing facilities of €2.55m at 31/03/2021.
- Shareholders' equity at 31/03/2021 increased by €10.15m from 31/12/2020 based on the Q1 2021 net profit, translation reserve and net proceeds from the new share issue.

Other Highlights:

- During Q1 2021, the Company raised €8.12m by an issue of 507,521 new shares representing 12% of the then outstanding shares. This equity raise was accomplished in combination with a secondary listing at Oslo's Euronext Growth exchange and began trading 18/2/2021. Envipco shares continue to trade at Euronext Amsterdam.
- The Company continues to build for the future, in particular focusing on new market development in Europe. Key developments this quarter include:
 - Scotland/UK – At the beginning of the year, the appointment of Circularity Scotland as operator was a positive step forward in the DRS scheme implementation in Scotland. A cross party committee has been formed by the Scottish government to determine if a 6-to-9-month delay to the existing go live of July 1 2022 is warranted. This will involve a polling of all relevant stakeholders on their preparedness and may take several months to reach a conclusion. The law remains in effect for July 1 start and extensive commercial activities are moving forward without delay through Envipco's UK team. For the wider UK, the UK Government Department for Environment Food and Rural Affairs (DEFRA) opened a second consultation for "Introducing a Deposit Return Scheme in England, Wales and Northern Ireland" which will run until June 4, 2021. The consultation documents re-confirm commitment to introduce a wider DRS in England, Wales and Northern Ireland with a go-live date in 2024.
 - Romania – In parallel with accelerating manufacturing investments in the country, the Company is developing strong market presence within both the retail and municipality segments. This quarter saw initial pilots start with two leading retail chains in Romania, and the launch of a unique recycling concept for smaller villages and towns in the country with excellent local government collaboration. Manufacturing plans are focused on building out a Centre of Excellence within the country which can be scaled to more than 2x current global capacity.
 - Portugal - DRS go live date is expected during early 2023. The company is currently engaged in detailed discussions with the market leading retailer on the best technology fit across a broad range of store sizes. To

- this end we have a successful ongoing test location in the market today and will demonstrate our full product range during Q2/Q3. The company has identified a leading service provider with extensive operations throughout the country and recently concluded recruitment of a Portuguese Managing Director.
- Other European Markets – The Company is establishing a local Central Europe team to cover Slovakia, Czech Republic, Austria and Hungary. Ongoing work in existing markets continues in France and Greece.
 - Rest of World – The first ‘Superkiosk’ was launched in Ipswich, Queensland, Australia by the Company’s long-term partner Envirobank; we expect this concept to be replicated in other States / territories as expansion follows a more traditional RVM investment structure. The company sees momentum building again in Australia as Queensland and Western Australia move to RVM based collection centers. Our partner Envirobank is in close collaboration with Envipco on developing a market winning strategy for the large new DRS market in Victoria which will release their first consultation review in November of this year.
- General Meeting of Shareholders to be held 23, June 2021 at the company’s office in Amersfoort. Included in the GMS agenda are proposed changes to the Board of Directors and a proposal to shareholders to split the shares “1 to 10”.

Market Outlook

The overall market outlook for our North America and European business remains strong. We are confident in our strategy, our investments and our ability to execute in delivering strong growth and financial performance in the future. The company’s recent successful capital raise, the litigation settlement, forgiveness of the original PPP loan, a new PPP loan and our existing credit facilities assure us that we have adequate financial resources to aggressively execute on our growth plans. Thereafter, sustained performance and delivery on our growth targets will provide the company ample financing and equity opportunities to fund future growth.

Please refer to our website www.envipco.com to download a full pdf version of our 2021 First Quarter Report.

For further information please contact:

Derk Visser, Group CFO Envipco Holding N.V.
Telephone: +31 33 2851773

ENVIPCO HOLDING N.V.
Board of Directors
Van Asch van Wijckstraat 4
3811 LP Amersfoort
The Netherlands

Amersfoort, May 31st, 2021
+31 33 285 1773

www.envipco.com

About Envipco Holding N.V.

Envipco Holding N.V. (Envipco), www.envipco.com, is a Netherlands-based holding company listed on Euronext Amsterdam (Symbol: ENVI) and Euronext Growth Oslo (Symbol: ENVIP). 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.