



# Q2 & H1 2023 Results

August 24, 2023



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# Presenting team



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CEO



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Interim CFO



# Agenda

Highlights

Operations

Financials

Markets

Outlook and summary

Q&A



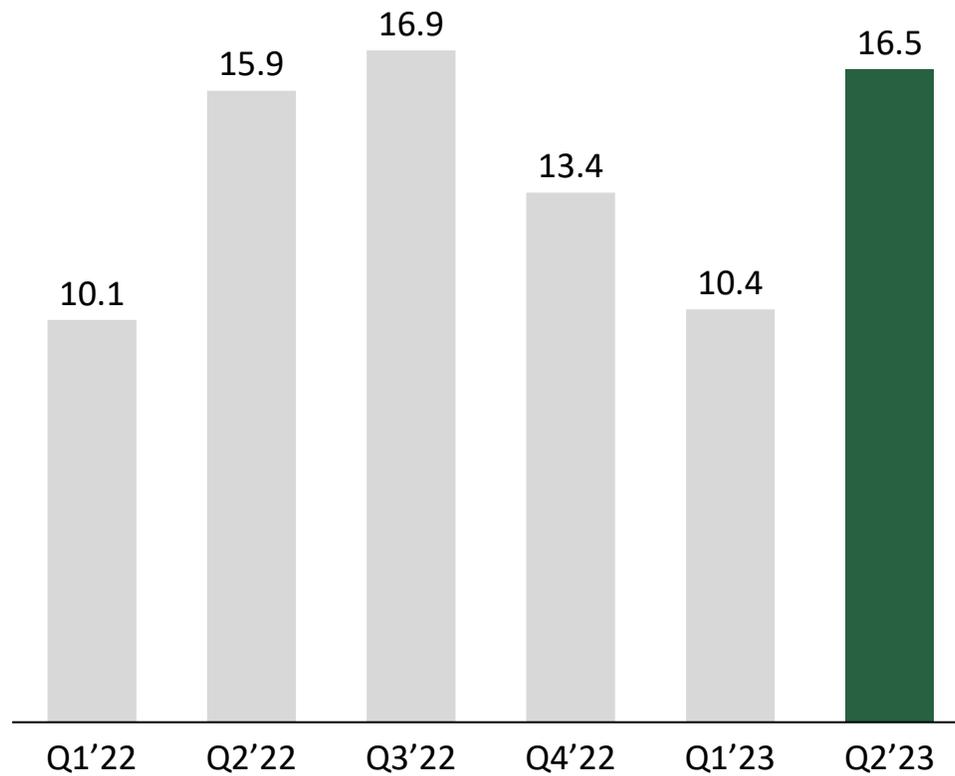


# Highlights

# Key financials Q2 2023

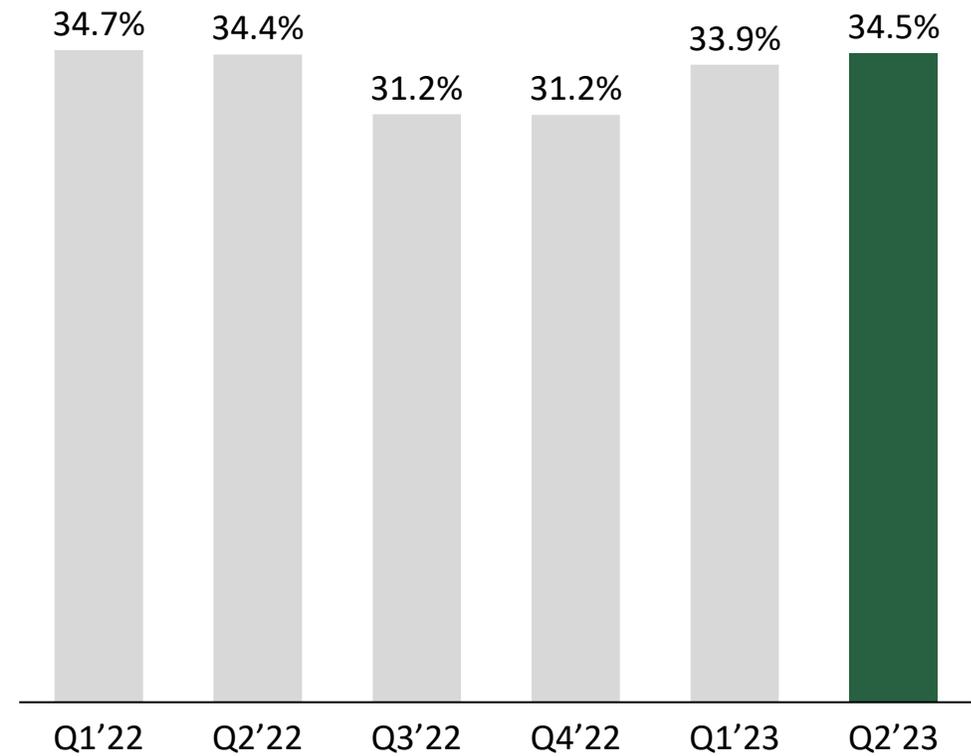
## Revenue development

EUR million, Unaudited



## Gross Margin development

%, Unaudited





# Highlights Q2 & H1 2023

- Europe with EUR 8.4m revenue in Q2 (+58%) and H1 revenue EUR 10.7m (+70%)
- North America Q2 revenue of EUR 8.1m (-24%) and EUR 16.2m in H1 (-18%) on lower RVM machines sales compared to last year
- Gross margin improvement to 34.5% in Q2 and 34.2% in H1
- Opex increase to EUR 7.2m from organizational investments and ramp-up of manufacturing
- EBITDA H1'23 EUR -1.0 million compared to EUR 0.8 million in H1'22 from increased market start-up costs and ongoing business development
- Up to 800 Flex and Optima RVMs to be deployed with market-leading Irish retailer and initial 250 RVM order in Romania combined with 30 Modula backroom systems
- Growth and EBITDA improvement expected for H2'23 from sales in Hungary, Romania and Australia and continued momentum in Greece





# This is Envipco

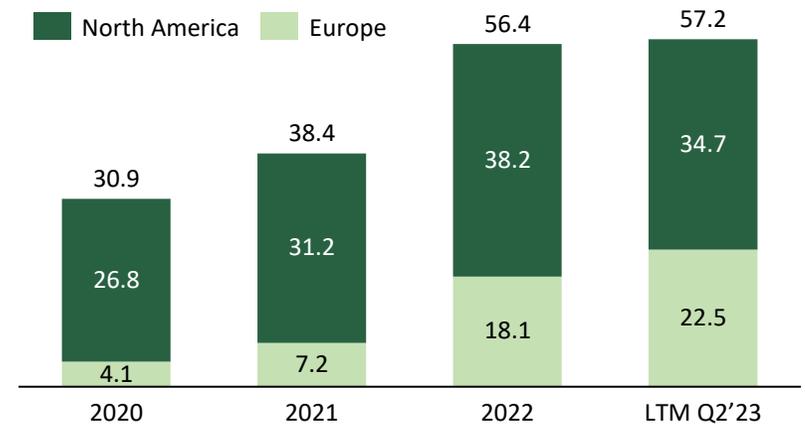
A recycling technology company delivering reverse vending machines to leading customers across the world

- 40 years of experience working with partners delivering tailor-made deposit return scheme (DRS) solutions
- Deliver flexible, customized solutions to achieve the best recycling results for our customers
- Continuously improving technology and product offerings, increasing the benefits of a circular economy
- Legacy of success a result of future-facing approach and passion to moving forward to create a cleaner world



## Targeting regions with growth potential

Revenue development EURm

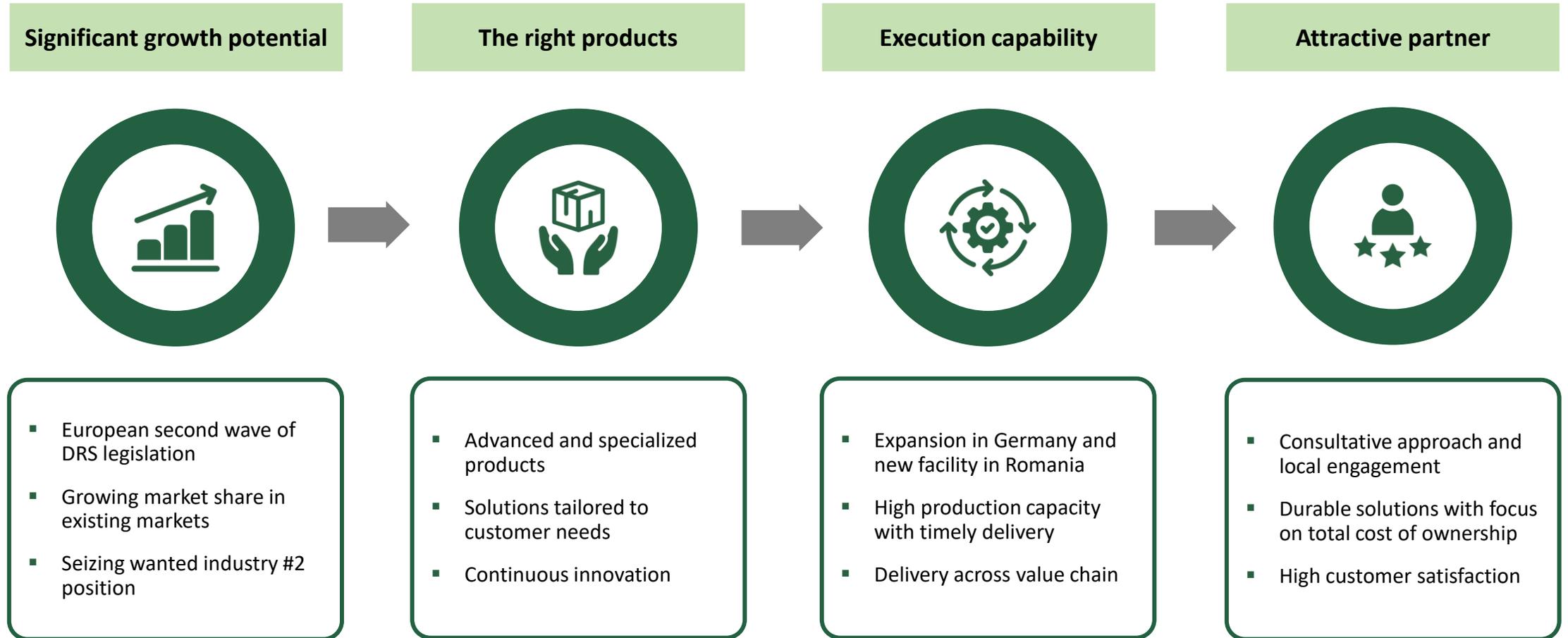


## Working with global Tier 1 retailers





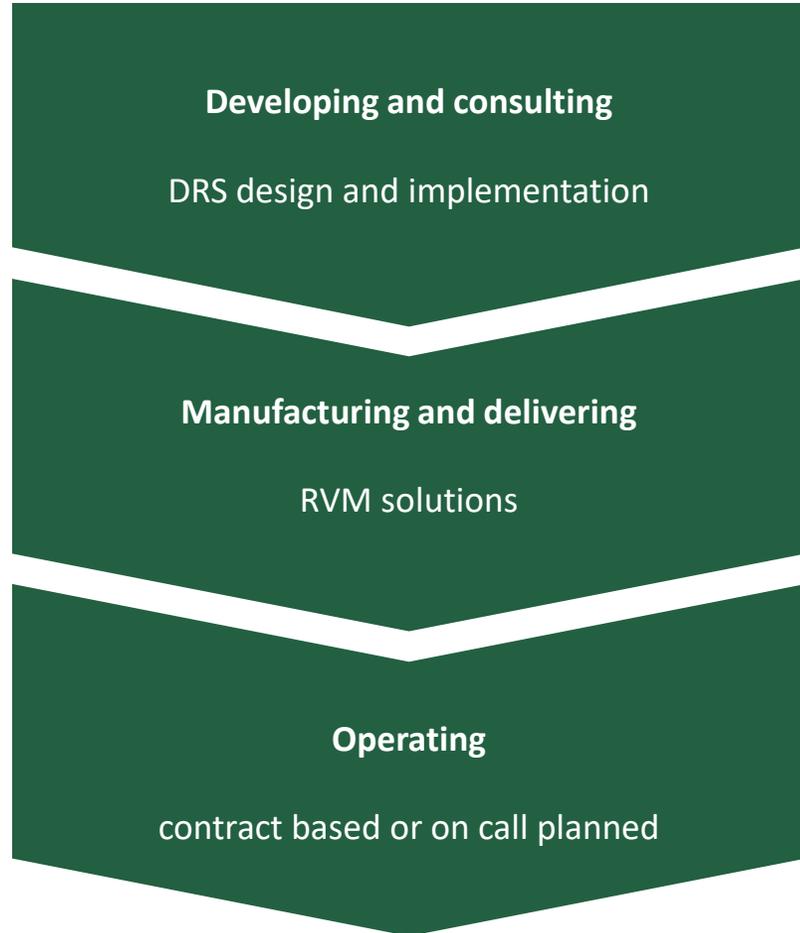
# Highly competitive with the ability to capture new markets





# Generating several revenue streams across the value chain

## Capabilities across the RVM lifecycle



## Generating revenue streams across the value chain

### Machines and Parts



Machine and part sales



- Sales of Reverse Vending Machines and parts for replacement
- RVMs and Quantum machines
- One-off sales of equipment

### Recurring program services



Leasing



- Revenue from lease agreements
- Fixed price or variable based on throughput (volumes)
- Service revenues during utilization



Pick-up & Processing



- Collection of bottles and cans from machine locations (leasing customers)
- Commodity sales



# Specialized portfolio addressing all customer segments

## FLEX

Smallest, low-cost RVM

- 40 containers/min
- Small Footprint (60cm wide)
- Glass side sort option



## ULTRA

Single commodity feed

- 42 containers/min
- Market leading compaction
- In-store / standard size for retail



## OPTIMA

All-in-one commodity feed

- 42 containers/min
- Market leading compaction
- Shape system
- Camera recognition



## QUANTUM

Breakthrough bulk-feed

- Up to 120 containers/min
- Maximum convenience
- Deposit / Non-deposit
- In-store / Outdoor



**NEW**

## MODULA

Flexible high volume system

- 2 x 50 containers / min
- Compact & flexible modular build-up
- Retrofittable to existing "backroom" installations
- Indoor / outdoor options



Convenience stores				
Gas stations				
Schools				
Super markets				
Hyper markets				
Redemption centres				
Recycling centres				



# Operations



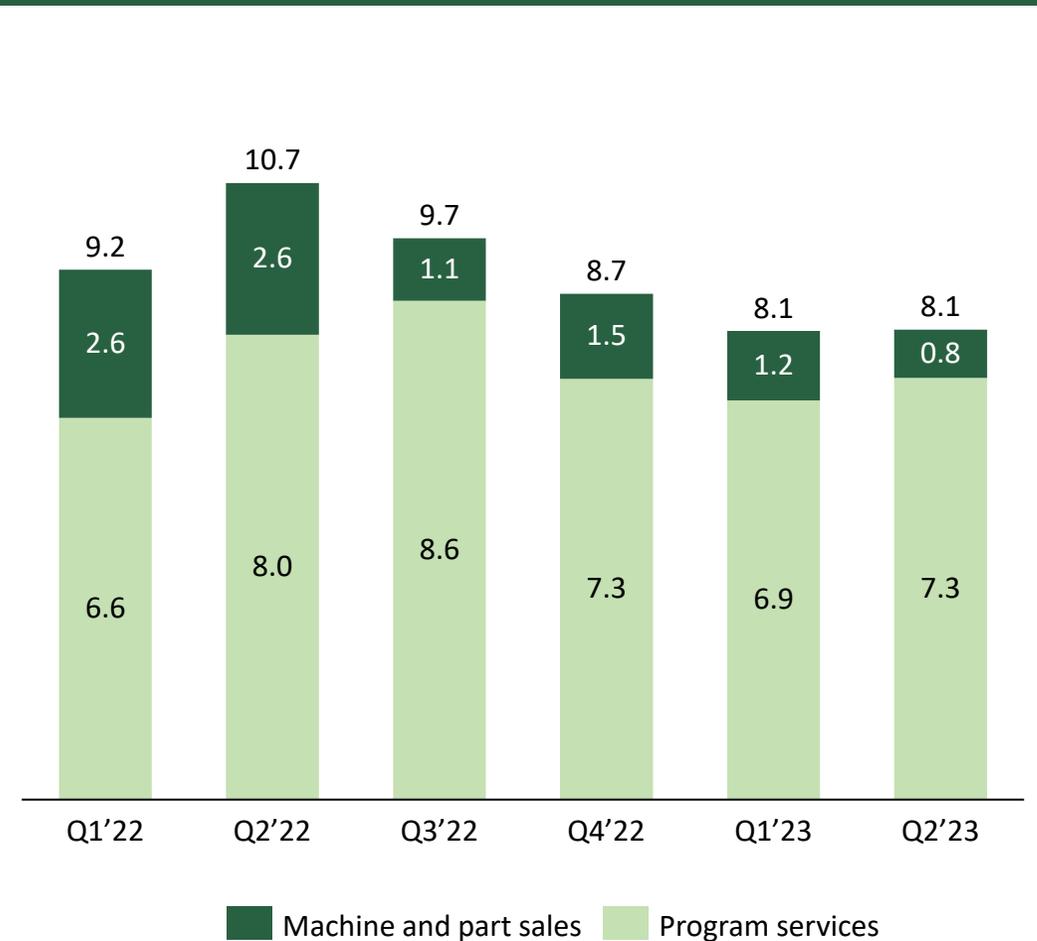
# North America

## Q2 & H1 2023

- Q2'23 revenues of EUR 8.1m - down 24% YoY
- H1'23 revenues of EUR 16.2m compared to EUR 19.8m in H1'22
- Program services Revenues down 9% despite increased throughput volume, variance tied to unusually high commodity values in 2022
- Lower machine sales of EUR 0.8m in Q2, down 68% year-on-year
  - Compared to strong Q2'22 with deliveries to a large existing customer

## Revenue North America

(EUR million, Unaudited)



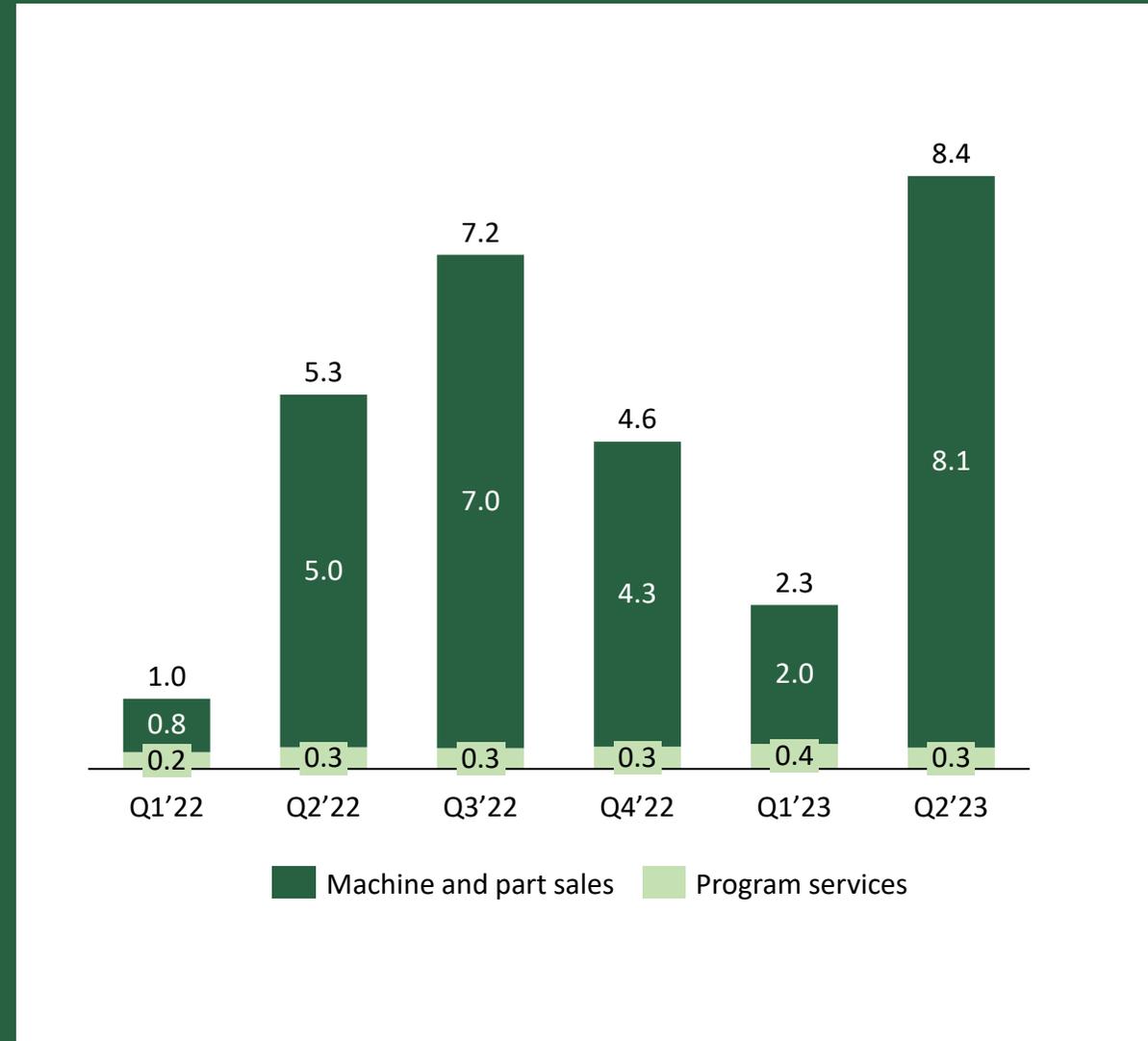


# Europe

## Q2 & H1 2023

- H1 revenues EUR 10.7m, up 70% YoY
- Q2 revenues of EUR 8.4m, up 58% YoY
- Machine sales EUR 8.1m in Q2, up 62% YoY
  - Greece with EUR 3.5m in Quantum sales
  - Scotland EUR 2.4m sale prior to Go-Live postponement
  - Sweden EUR 1.2m in ongoing Quantum sales
  - Malta EUR 1.0m with introduction of Quantum platform
- Program services EUR 0.3m largely flat with Q2'22
- Up to 800 Flex and Optima RVMs to be deployed with market leading Irish retailer with 1,100 locations
- Initial 250 RVM order in Romania combined with 30 Modula backroom systems
- Preferred supplier agreement with SPAR International

**Revenue Europe**  
(EUR million, Unaudited)





## Financials



# Profit and Loss

in EUR millions	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
<b>Revenues</b>	<b>16.5</b>	<b>15.9</b>	<b>26.9</b>	<b>26.1</b>	<b>56.4</b>
North America	8.1	10.7	16.2	19.8	38.2
Europe	8.4	5.3	10.7	6.3	18.1
<b>Gross profit</b>	<b>5.7</b>	<b>5.5</b>	<b>9.2</b>	<b>9.0</b>	<b>18.5</b>
<i>Gross profit %</i>	<i>34.5%</i>	<i>34.4%</i>	<i>34.2%</i>	<i>34.5%</i>	<i>32.8%</i>
<b>Total operating expenses</b>	<b>-7.2</b>	<b>-5.9</b>	<b>-12.9</b>	<b>-10.6</b>	<b>-23.1</b>
Other Income	0.0	0.0	0.0	0.0	2.0
<b>EBIT</b>	<b>-1.5</b>	<b>-0.4</b>	<b>-3.7</b>	<b>-1.6</b>	<b>-2.7</b>
<b>EBITDA</b>	<b>-0.1</b>	<b>0.8</b>	<b>-1.0</b>	<b>0.8</b>	<b>2.3</b>
Net financial items	-0.2	-0.1	-0.4	-0.3	-1.2
<b>Net profit</b>	<b>-1.8</b>	<b>-0.6</b>	<b>-4.4</b>	<b>-2.0</b>	<b>-4.2</b>

## Q2 2023

- Revenue EUR 16.5m (+3.5%)
- Gross margin 34.5%
  - Higher margin product mix from European sales
  - Improved pricing in Greece, supply chain normalization and manufacturing efficiencies
- Operating expenses EUR 7.2m from EUR 5.9 in Q2'22
- EBITDA EUR -0.1m

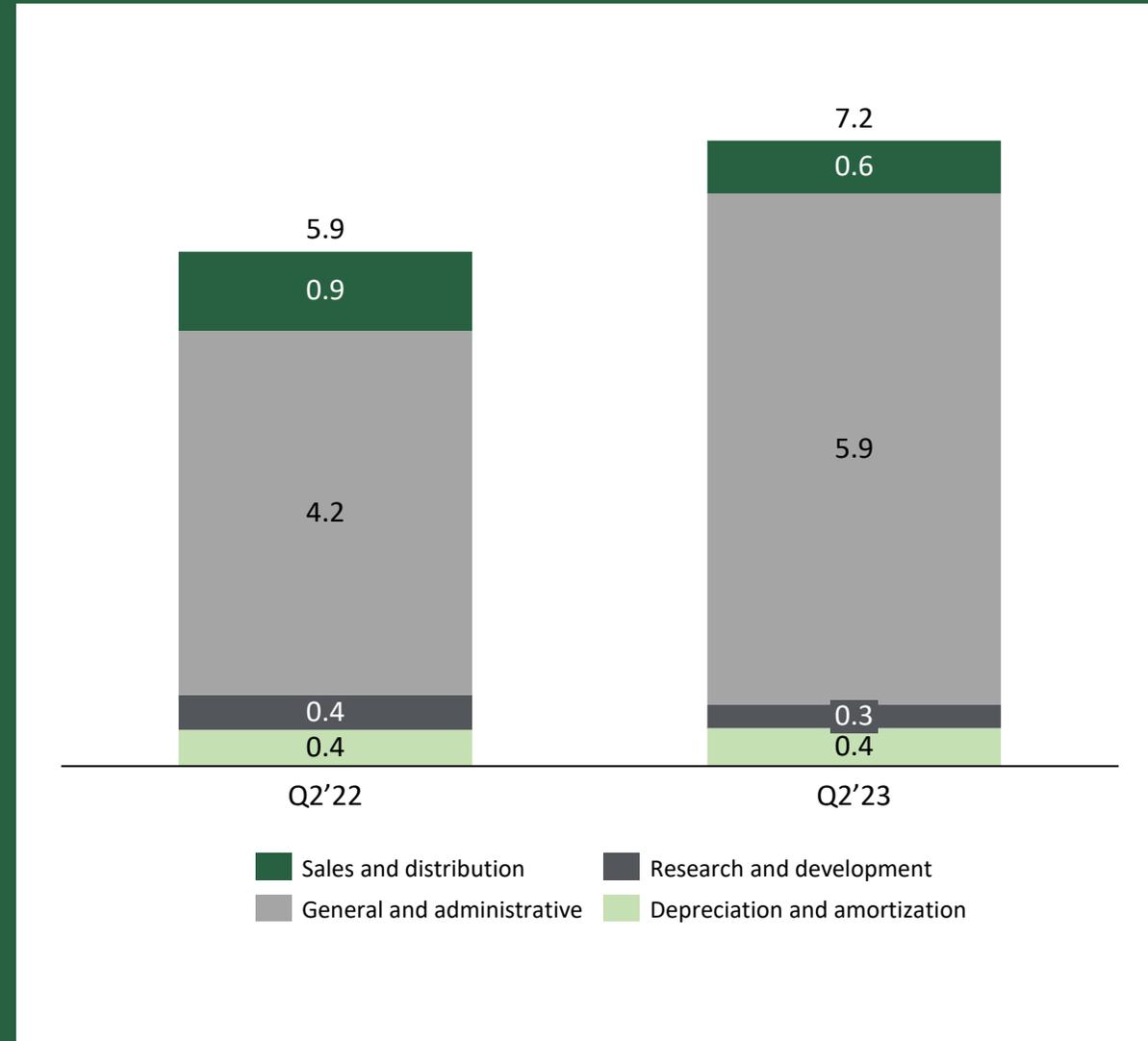


# Continuously investing in growth

## Q2 2023

- Operating expenses EUR 7.2m from EUR 5.9 in Q2'22
- Investments in organization, including launch of Hungary organization and Scotland reorganization
- Ramp-up of Greece manufacturing
- Investments in IT infrastructure
- EUR 0.3m in one-off costs

Operating expenses  
(EUR million)





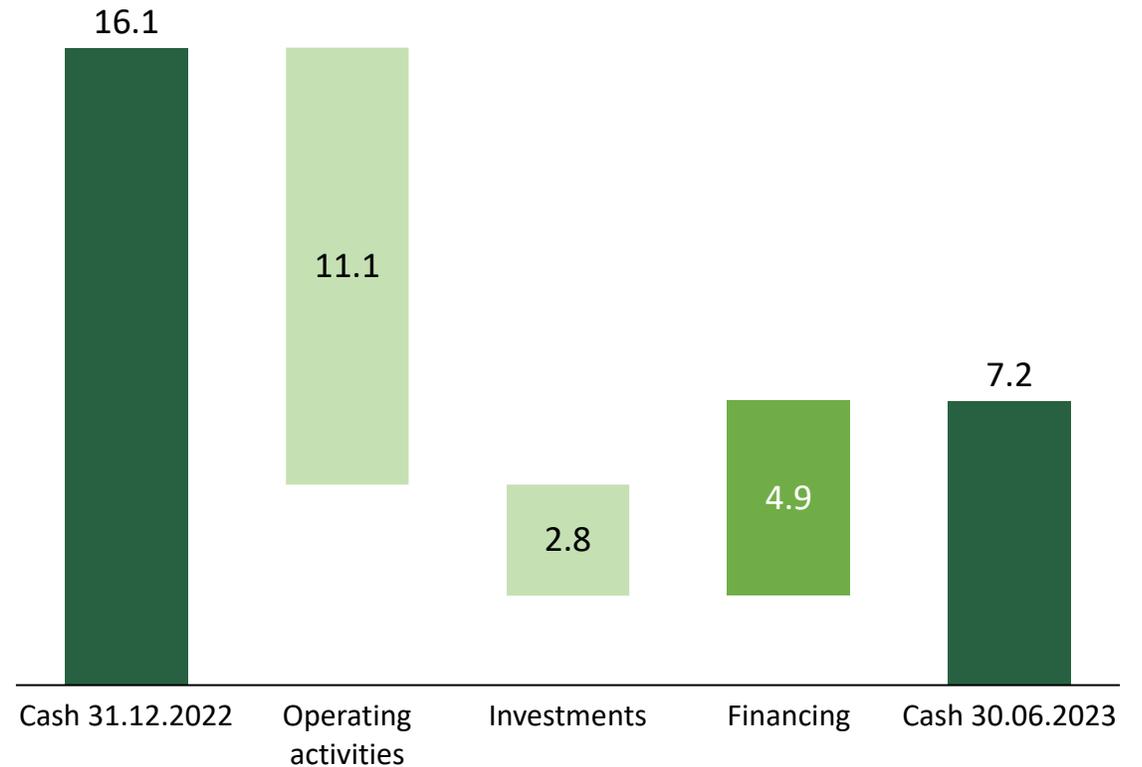
# Cash Flow

## Cash flow H1 2023

- Cash from operating activities EUR -11.1m
  - Operating results EUR -3.7m
  - Increased working capital of EUR 9.7m, mainly inventory build-up for H2'23 orders
- Cash flow from investing activities EUR -2.8m
  - Investments in PP&E and R&D
- Cash flow from financing of EUR 4.9m
  - Proceeds from European financing EUR 9.0m
  - Repayments of borrowings EUR 3.0m
- Cash of EUR 7.2m at the end of Q2'23

## Cash flow H1 2023

EUR million





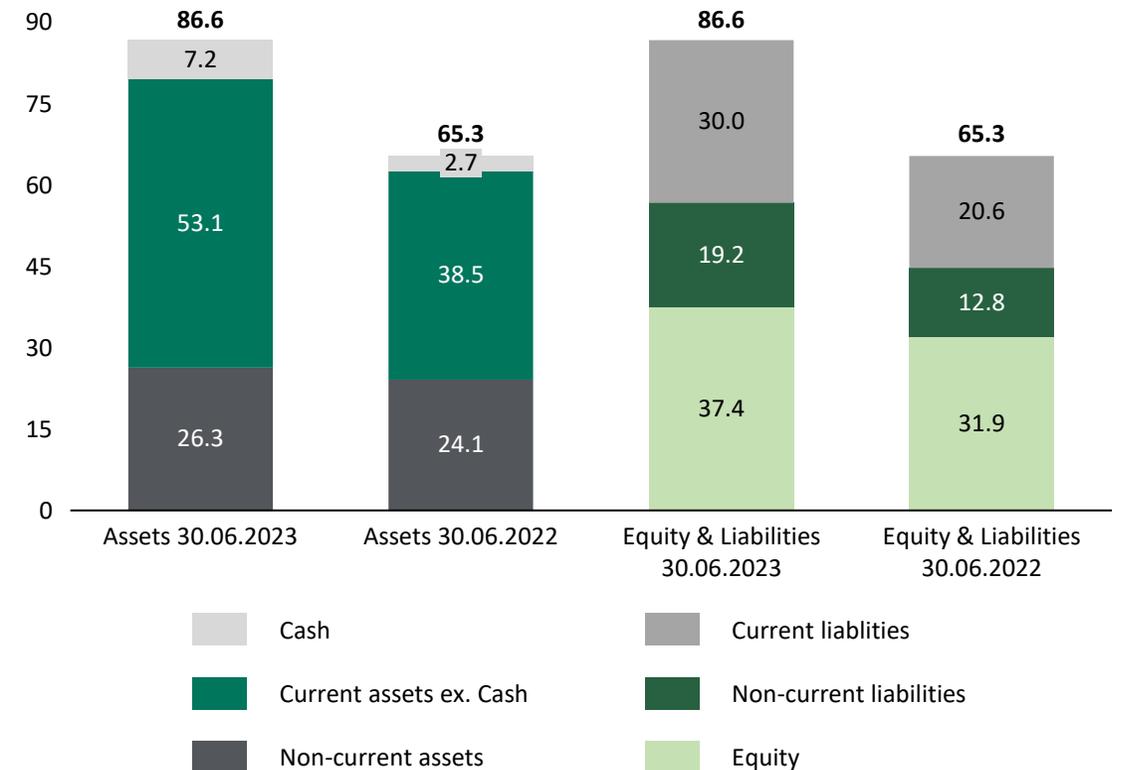
# Financial position as per H1 2023

## Balance sheet H1 2023

- Total assets of EUR 86.6m (EUR 65.3m)
- Total equity of EUR 37.4m (EUR 31.9m)
  - Equity ratio 43% (49%)
- Total borrowings EUR 20.3m (EUR 13.6m)

## Balance sheet (30.06.2023)

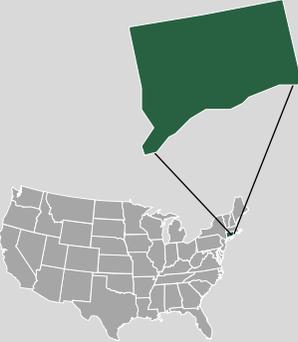
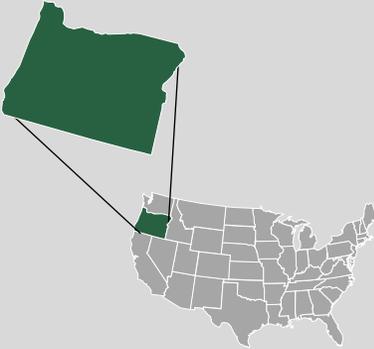
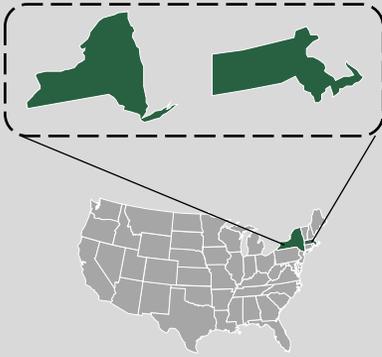
EUR million





# Markets

# Market update North America and RoW

Connecticut	California	Oregon	New York and Massachusetts	Australia
<ul style="list-style-type: none"><li>• Doubling of Connecticut's deposit value commencing in January 2024</li><li>• Program services set to expand from increased deposit value</li></ul>	<ul style="list-style-type: none"><li>• California in the process of amending deposit legislation to include the use of RVM's</li><li>• Monitoring legislative changes that support RVM deployment</li></ul>	<ul style="list-style-type: none"><li>• Oregon technology agreement is progressing at a steady pace with new orders as part of the effort in the state to replace aged competitor equipment</li></ul>	<ul style="list-style-type: none"><li>• Supporting legislative initiatives for deposit modernization bills</li></ul>	<ul style="list-style-type: none"><li>• Shipments expected to the company's Australian distributor in latter part of H2'23 in support of new DRS legislation in Victoria</li></ul>
				



# Market update Europe

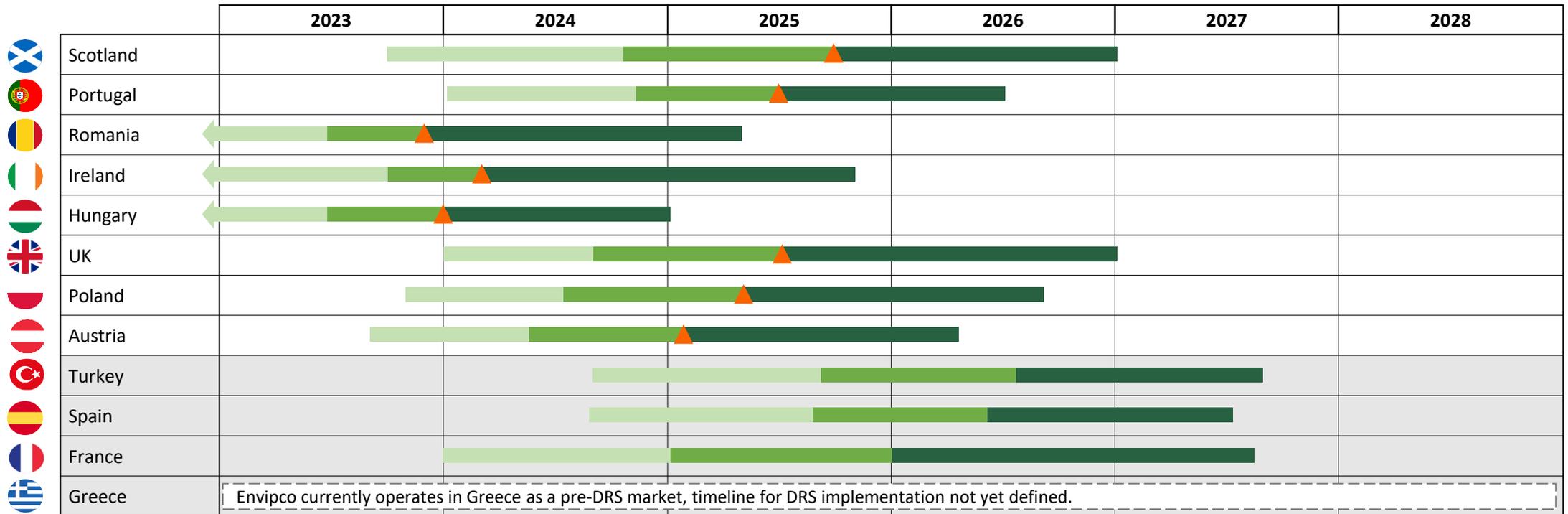
UK, Scotland & Ireland	Hungary	Greece	Romania	Other
<ul style="list-style-type: none"><li>• Scotland delayed Go-Live to October 2025; contract coverage remains fully intact</li><li>• Reorganized Scotland/UK activities to adjust for delay</li><li>• UK maintains intention for DRS legislation in 2025</li><li>• Selected as the RVM provider for major Irish retailer with orders of up to 800 RVMs</li><li>• Advanced discussions with Irish retailers in preparation for February 2024 Go-Live</li></ul>	<ul style="list-style-type: none"><li>• Commenced shipments in July'23</li><li>• Established local facilities, a full management team, service organization and IT infrastructure for upcoming deliveries</li><li>• Backlog of 2.300 machines with potential multi-year expansion of additional 2.000 machines</li></ul>	<ul style="list-style-type: none"><li>• Commenced localized Greece manufacturing to support increasing demand</li><li>• The pre-DRS project for Quantum based municipal recycling centres has continued to develop in Q2'23</li><li>• Backlog of 100+ RVMs</li></ul>	<ul style="list-style-type: none"><li>• Romanian operator published final technical specifications and announced the handling fee structure in Q1'23</li><li>• Initial 250 RVM order received</li><li>• Romanian retailer is anchoring the launch the Modula backroom platform with an order of 30 systems</li><li>• Commercial activity with leading retailers and expected additional orders to be announced in H2'23</li><li>• Several operating pilots in municipalities</li></ul>	<ul style="list-style-type: none"><li>• Malta DRS continues to develop and in Q2'23 launched the Quantum platform</li><li>• Sweden recovered to normal activity levels in Q2'23</li><li>• In Poland the latest version of the draft law was issued in April with a 2025 Go-Live; Polish resources engaged</li><li>• In Portugal operator should be announced and the law published in Q3'23</li></ul>
 	 	 	 	 



## Outlook and summary



# Planned legislation driver for second wave

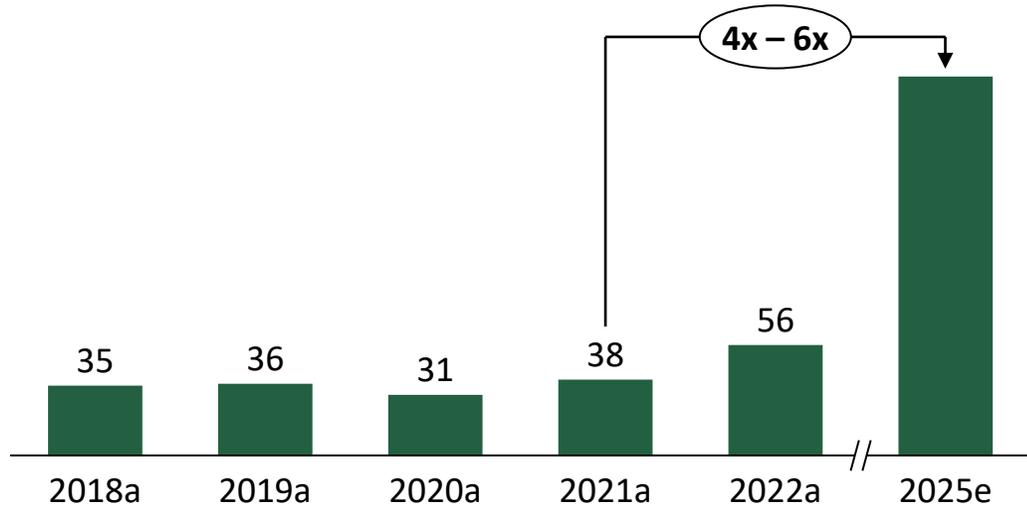


-  Legislative considerations and planning
-  Preparations and implementation
-  Execution
-  Anticipated Go-live



# Positioned to achieve 2025 ambition

Long-term revenue target  
(EURm)



Increased awareness and legislative initiatives

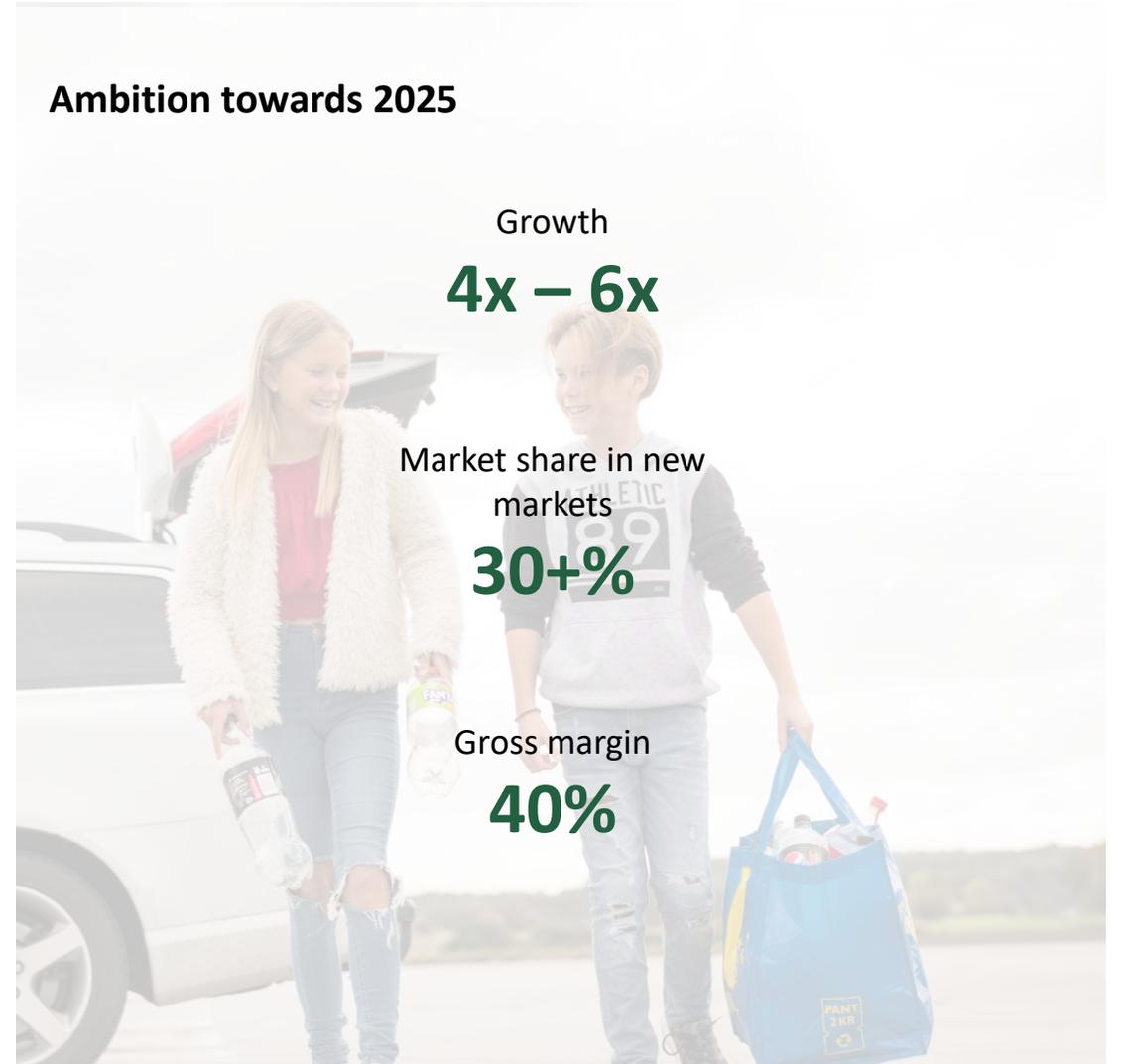
DRS second wave

## Ambition towards 2025

Growth  
**4x - 6x**

Market share in new markets  
**30+%**

Gross margin  
**40%**





Q&A



## Next events:

November 16, 2023: Third quarter 2023 results