

Envipco Announces 2019 Nine Months Unaudited Results

Regulated Information

Consolidated Statement of Comprehensive Income in EUR thousands	Unaudited 9M 2019	Unaudited 9M 2018
Operating revenues	27,558	27,015
Cost of revenue	(15,360)	(14,951)
Leasing depreciation	(1,631)	(1,500)
Gross profit	10,567	10,564
Operating expenses	(10,725)	(8,870)
Other income/(expenses)		
- Miscellaneous income/(expenses)	20	639
Operating Results	(138)	2,333
Net financial items	(198)	(249)
Results before tax	(336)	2,084
Income taxes	(357)	(45)
Net Results	(693)	2,039
Other comprehensive income		
Items that will be reclassified subsequently to profit and loss		
Exchange differences on translating foreign operations	1,077	614
Other movements/minority	(1)	(1)
Total other comprehensive income	1,076	613
Total comprehensive income	383	2,652
Profit/(loss) attributable to:		
Owners of the parent	(696)	2,034
Non-controlling interests	3	5
Total profit/(loss) for the period	(693)	2,039
EBITDA (earnings before interest, taxes, depreciation and amortisation)	2,515	4,527
Earnings/(loss) per share (EPS)	(0.17)	0.53
Number of weighted average shares used in calculation of EPS (in thousands) (excluding treasury shares)	4,098	3,838
Consolidated Balance Sheet in EUR thousands	Unaudited As of 30/9/19	Unaudited As of 30/9/18
Assets		
Fixed assets and investments	18,129	17,627
Cash and cash equivalents	1,481	1,442
Other current assets	24,586	19,977
Total assets	44,196	39,046
Equity & Liabilities		
Shareholders' equity	26,353	23,251
Non-controlling interests	29	26
Long term liabilities	3,432	3,461
Current liabilities	14,382	12,308
Total Equity & Liabilities	44,196	39,046

2019 Nine Months Highlights – Consolidated Results:

- Revenues for the first nine months of 2019 increased 2.0% to €27.56m from €27.02m in 2018. The North American business growth was 1.8% for the nine months period. On a constant currency basis, the North American business revenue was down 4.2% for the nine months period ended 30/9/2019 compared to 2018. The lower North American business revenue is attributable to lower commodity prices on our container throughput business and lower RVM machine sales. The European revenue growth was 4.0% for the nine months ended 30/9/2019 compared to the same period for 2018.
- Gross profit for the first nine months of 2019 increased to €10.57m from €10.56m for the first nine months of 2018. After adjustment for the favourable USD to EUR currency rate; the gross profit declined €0.59m or 5.3% for the nine months ended 30/9/2019 compared to 2018.
- Gross profit margin was 38.3% for the first nine months of 2019 compared to 39.1% for the first nine months of 2018. The gross margin was negatively impacted by the mix of RVM machine sales and lower manufacturing overhead cost absorption.
- The operating result for the first nine months of 2019 was a loss of (€0.14m) compared to a profit of €2.33m for the first nine months of 2018. The North American operating profit at €3.46m for the nine-month period ended 30/9/2019 was flat with the same period ended 30/9/2018 after adjusting for the favourable one-time legal settlement of €0.62m realised in 2018. The European business operating profit/(loss) was a loss of (€1.63m) for the period ended 30/9/2019 compared to a loss of (€0.55m) for the period ended 30/9/2018. The European new market development expenses increased by €0.68m for the nine months 2019 compared to 2018. The European business was also negatively impacted for the nine-month period ended 30/9/2019 by start-up of our Romanian subassembly manufacturing operation, increased R&D expense and some reduction in gross margin due to the mix of RVM machine sales. The Holding company expenses increased to €1.97m for the nine months ended 30/9/2019 compared to €1.20m for the same period in 2018. This nine-month 2019 increase is principally attributed to increased IP litigation cost of €0.26m and increased R&D amortisation of €0.30m.
- EBITDA decreased to €2.52m for the first nine months of 2019 compared to €4.53m for the first nine months of 2018. After adjusting the 2018 first nine months results for the one-time legal settlement and after allowing for the 2019 DRS new market development costs and the increased IP litigation; the 2019 first nine months EBITDA results and the 2018 EBITDA results are €3.81m and €3.91m respectively.

Financial Position:

- The Company generated a positive €0.08m cash from its operating activities for the first nine months of 2019 versus €3.60m for the same period in 2018 due to higher working capital needs in 2019. The working capital increase reflects the planned increase in inventory to €11.34m at 30/9/2019 compared to €7.67m at 30/9/2018. This relates to completed RVMs and long lead-time components in anticipation of RVM machine demands moving into 2020 in support of the Scotland and Greece markets.
- The Company's bank financing drawn was unchanged at €4.64m for 30/9/2019 and 30/9/2018. The Company has adequate bank facilities to fund its current requirements. The Company is also evaluating financing proposals to fund increased business activity going into 2021.
- Shareholders' equity at 30/09/2019 increased by €0.38m from year end 31/12/2018 based on the nine months 2019 net loss augmented by a positive translation reserve impact of €1.08m.

Other:

- The Company is continuing its preparation for the Scottish DRS legislation which is expected to be implemented in April 2021. Our UK and Scottish management team based out of our Edinburgh showroom, is highly engaged in all the marketing activities with major UK grocery chains and independents. The Company has demonstrated the attractiveness and strength of our RVM technology through a number of successful pilots completed and currently operating. Envipco remains well positioned to succeed in this important market.
- Envipco has recently completed the renovation of a 15,000 square foot leasehold facility in Pallini, Greece. This facility includes a complete showroom and demonstration centre along with an RVM manufacturing

assembly line. Envipco's demonstrated commitment to the Greek market along with our strong Texan S.A. distribution partner well positions the Company for success in this promising market.

- The Company substantially increased its IP litigation costs to €0.68m during the first nine months of 2019 as part of several court proceedings. The Company previously reported in Q1 2019, that we received an unfavourable ruling on our patent being litigated. We have since reviewed the German courts report and have now filed an appeal of the court decision. We believe our appeal grounds are well founded and will be successful; accordingly, the Company expects to continue these proceedings.

Gool Santchurn, CEO of the Envipco Group: "I see the full year 2019 as establishing a solid foundation for the future of the Company. Sustained performance in North America and Sweden combined with realisation of the investments we are making in Scotland and Greece well positions the Company to prosper in these exciting new market opportunities."

Please refer to our website www.envipco.com to download a full pdf version of our 3Q and Nine Months Report.

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About Envipco Holding N.V.

Envipco Holding N.V. (Envipco), 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 recognised 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.

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