



Envipco Announces 2019 Twelve Months Unaudited Results

Regulated Information

Consolidated Statement of Comprehensive Income

in EUR thousands

	Unaudited FY 2019	FY 2018
Operating revenues	36,251	35,380
Cost of revenue	(22,699)	(21,441)
Gross profit	13,552	13,939
Operating expenses	(16,159)	(12,405)
Other income/(expenses)		
- Miscellaneous income/(expenses)	26	651
Operating Results	(2,581)	2,185
Net financial items	(180)	(266)
Results before tax	(2,761)	1,919
Income taxes	882	(65)
Net Results	(1,879)	1,854
Other comprehensive income		
Items that will be reclassified subsequently to profit and loss		
Exchange differences on translating foreign operations	264	819
Other movements/minority	1	(10)
Total other comprehensive income	265	809
Total comprehensive income	(1,614)	2,663
Profit/(loss) attributable to:		
Owners of the parent	(1,883)	1,848
Non-controlling interests	4	6
Total profit/(loss) for the period	(1,879)	1,854
EBITDA (earnings before interest, taxes, depreciation and amortisation)	1,612	5,480
Earnings/(loss) per share (EPS)	(0.46)	0.47
Number of weighted average shares used in calculation of EPS (in thousands) (excluding treasury shares)	4,098	3,982

Consolidated Balance Sheet

in EUR thousands

	Unaudited As of 31/12/19	As of 31/12/18
Assets		
Fixed assets and investments	18,970	17,349
Cash and cash equivalents	675	4,107
Other current assets	20,301	18,546
Total assets	39,946	40,002
Equity & Liabilities		
Shareholders' equity	24,353	25,972
Non-controlling interests	32	27
Long term liabilities	3,468	3,234
Current liabilities	12,093	10,769
Total Equity & Liabilities	39,946	40,002

2019 Twelve Months Highlights – Consolidated Results:

- Revenues for the full year 2019 increased 2.5% to €36.25m from €35.38m in 2018. The North American business growth was 1.0% for the year 2019. On a constant currency basis, the North American business revenue was down 4.1% for the year ended 2019 compared to 2018. The reduced North American business revenue in constant currency is attributable to lower RVM machine sales and lower commodity prices on our container throughput business. The European revenue growth was 17.6% for the year ended 2019 compared to 2018. The European growth for the year was attributable to strong growth in our Sweden market.
- Gross profit for the full year 2019 decreased to €13.55m from €13.94m for 2018. After adjustment for the favourable USD to EUR currency rate the gross profit declined €1.07m or 7.3% for 2019 compared to 2018.
- Gross profit margin was 37.4% for the year 2019 compared to 39.4% in 2018. The gross margin was negatively impacted by lower manufacturing overhead cost absorption in North America and by the mix of RVM machine sales in Europe where Quantum represented a greater percentage of sales.
- The operating profit/(loss) for the year 2019 was a loss of (€2.58m) compared to a profit of €2.19m for 2018.

The North American operating profit was €2.89m for 2019 compared to €5.22m for 2018. After adjusting for the Q4 2019 financial charge of €1.00m for the separation agreement with the former CEO and adjusting for the favourable one-time legal settlement of €0.62m realised in 2018, the North American operating profit declined by €0.71m. This decline was attributable to lower RVM machine sales and €0.30m of operating expense increases.

The European business operating profit/(loss) was a loss of (€2.79m) for the year 2019 compared to a loss of (€1.03m) in 2018. The European new market development expenses increased by €0.93m to €1.40m for 2019 from €0.48m in 2018. These costs principally relate to our UK/Scotland organisation in anticipation of the new Scotland DRS legislation and establishment of our Greece European showroom and assembly facility. The operating profit of the European business for 2019 was also negatively impacted by €0.47m of increased R&D expense in support of new DRS opportunities and some reduction in gross margin due to the mix of RVM machine sales.

The Holding company expenses increased to €2.68m for the year ended 2019 compared to €2.00m for 2018. The 2019 increase is principally attributed to increased IP litigation cost of €0.30m, new CEO recruitment cost of €0.18m and increased R&D amortisation of €0.14m.

- Net profit/(loss) after taxes was a loss of (€1.88m) for the year ended 2019 compared to a profit of €1.85m for 2018. The 2019 net loss was favourably impacted by an additional adjustment of €1.11m to recognize the deferred tax asset tied to North America net operating losses.
- EBITDA decreased to €1.61m for the year of 2019 compared to €5.48m for 2018. After adjusting the 2018 results for the €0.62m one-time legal settlement and after allowing for the 2019 increases of €0.93m in DRS new market development costs, €1.00m separation agreement cost, increased R&D expense of €0.52m and increased Holding company cost of €0.48m related to IP litigation and CEO recruitment; the 2019 full year EBITDA results and the 2018 full year EBITDA results are €4.54m and €4.86m respectively.

Financial Position:

- The Company generated a positive €0.72m cash from its operating activities for the year 2019 versus €4.64m in 2018. Cash generated was negatively impacted by increased market development investments and one-time financial charges along with planned inventory increases of €2.00m tied to completed RVMs and long lead-time components in anticipation of Greece and Scotland market requirements.
- The Company's bank financing drawn was €4.15m on 31/12/2019 versus €4.43m on 31/12/2018. Subsequent to year end, the Company has negotiated a new \$6.00m term loan agreement with its' US banking relationship. The loan proceeds can be utilized for European DRS market development expenses and associated inventory requirements. The Company has adequate bank facilities to fund its current requirements.
- Shareholders' equity at 31/12/2019 of €24.35m decreased by €1.62m from year end 31/12/2018 based on the 2019 net loss offset by a positive translation reserve impact of €0.26m.

Operational Developments:

- The Company is continuing its' extensive preparations for the Scottish DRS legislation. It is expected that the DRS regulations will be announced shortly in support of implementation of the law in 2021. Our UK and Scottish management team based out of our Edinburgh showroom is highly engaged in vendor qualifications and planning with major UK grocery chains and independent grocers. The Company has demonstrated the attractiveness and strength of our RVM technology through a number of successful pilots completed and currently operating. Envipco's management team is well positioned to succeed in this important market.
- In early December 2019, Envipco grand opened our 15,000 square foot 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 distribution partner well positions the Company for success in this promising market in 2021.
- The Company substantially increased its IP litigation costs to €0.80m during the year 2019 as part of several court proceedings. The company previously 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.
- As previously reported, the new CEO recruitment process has been concluded with Mr. Simon Bolton joining the company with effect from 17 February 2020. Mr. Bolton will be based in Europe and will lead establishment of a strong European team to execute on the exciting growth potential tied to new DRS legislation.

Gregory Garvey, Chairman of Envipco Holding N.V.: "In 2019 we have further increased our readiness to expand our market activities in Europe. We are making the necessary investments by building the right teams and developing the right relationships with key retailers to ensure our participation in the new DRS markets. Our strong technology platform, demonstrated service leadership and DRS experience well positions the company for growth. I am confident that our new CEO, Mr. Simon Bolton has the right background and leadership for Envipco's future."

Please refer to our website www.envipco.com to download a full pdf version of our 4Q and Twelve 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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