



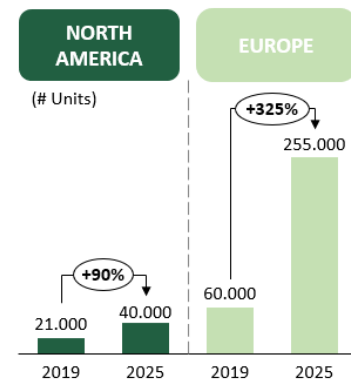
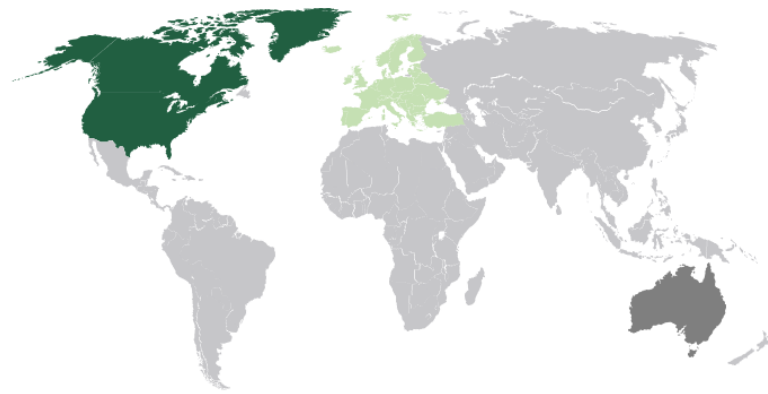
Envipco Holding N.V.

Interim Trading Update | First Quarter 2023

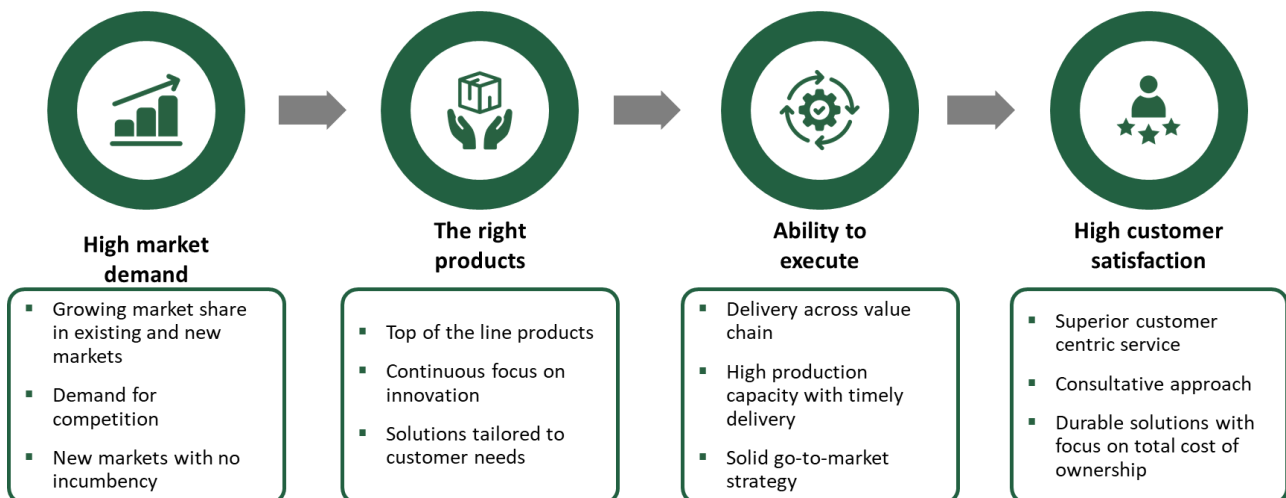
This is Envipco

Envipco is a recycling technology company. We have over four decades of experience delivering thousands of reverse vending machines (RVMs) and systems to leading customers operating deposit return schemes (DRS) across the world. We bring a broad technology portfolio, an agile and partnership approach, and deep experience operating and involvement in DRS. Known and recognized for our service delivery, we offer compelling competitive products and solutions in our chosen markets.

Targeting key global markets



Highly competitive with ability to capture new market growth



Introduction

Due to the delayed publication of the 2022 Annual Report, the company has chosen to provide a Q1 2023 Trading Update. Upon issuance of the 2022 annual report, the company will follow with the normal interim Q1 financial report. The Trading Update covers an operational update for Q1 including Q1'23 revenues, gross profit and EBITDA performance along with providing the outlook for 2023. The delay in publication of the annual report is caused by finalization of the first-time audit of the Romanian subsidiary along with resolution of certain intercompany reconciliation matters. The company does not see any negative material impact on the 2022 Full-Year results as previously communicated.

Highlights

- First quarter 2023 revenues of EUR 10.4 million, flat year-on-year as major contract deliveries will occur later in the year
- Gross margin improvement to 33.9%
- Building momentum in Greece market with 100+ Quantum platforms on order with pre-payments
- Scotland announced delay of DRS implementation to March 1, 2024; manageable impact with roll-out starting in September 2023 and concluding by end of February 2024
- In Australia, Envipco distributor win to deploy ~200 RVM's in support of the state of Victoria's new DRS law commencing November 2023
- Expansion of Malta DRS agreement to include 10 Quantum platforms
- New and significantly expanded German production facility opened to meet increasing Quantum demand and backroom systems
- Executing on order book for strong 2023 growth outlook
- Further step in strengthening the balance sheet, secured up to EUR 9 million in a debt facility from Invest International

CEO comment

"The first quarter of 2023 has been a slower start than expected due to the announced delay in Scotland. We continue to be active and win contracts in new markets and we are happy to announce the contract win in Australia in the Quarter. Our preparations in Scotland have been realigned based on the updated schedule from the Scottish Government and we are working with all customers as they update their roll-out plans to commence in Q3 of this year. Our work with MOL group in Hungary continues in coordination with our well-developed local team for H2'23 machine deliveries. In addition, we have a meaningful backlog of Recycling Centres to be delivered in Greece as part of that expanding project. We continue to be excited about what will be a record year for the business." – Simon Bolton, CEO

Key figures

Unaudited, in EUR millions	Q1 2023	Q1 2022 ¹
Revenues	10.4	10.4
North America	8.1	9.4
Europe	2.3	1.0
Gross Profit	3.5	3.4
Gross profit %	33.9%	32.9%
Operating Expenses	5.8	4.6
Operating Profit/(Loss)	(2.2)	(1.1)
EBITDA	(0.9)	(0.2)

1) Figures as reported in Q1 2022 and exclude the EUR 300k revenue decrease noted in the Q4 2022 financial report.

Financial review

Revenues in Q1'23 came in at EUR 10.4 million, flat with Q1'22. The company saw good growth in Europe and Program Services in North America offset by lower RVM sales in North America in the quarter.

Solid improvement in Gross Profit margin to 33.9% in Q1'23 compared to Q4'22 through supply chain normalization and manufacturing efficiencies along with improved pricing in Greece.

Operating expenses of EUR 5.8 million in Q1'23 compared to EUR 4.6 million in Q1'22 as the organization scales manufacturing, builds service capabilities in Scotland and Hungary and sustains business development.

Resulting Operating Profit of negative EUR 2.2 million in Q1'23 compared to negative EUR 1.1 million in Q1'22. EBITDA ended at negative EUR 0.9 million in Q1'23 compared to negative EUR 0.2 million in Q1'22.

North America & ROW

- Revenue of EUR 8.1 million, down 14% from EUR 9.4 million Q1'22
- ~200 Envipco Reverse Vending Machines to be deployed in Victoria, Australia, following the announced Victoria Container Deposit Scheme

North America delivered revenues of EUR 8.1 million in Q1'23, down 14% year-on-year. Program service revenue continues to perform well amounting to EUR 7.0 million (+5%), with machine and part sales totalling EUR 1.2 million (-58%) compared to a particularly strong Q1'22. While RVM sales were somewhat muted in the quarter, the company continues to realize service and volume gains based on several large orders received in 2022. Envipco's Australian distributor secured an important region of Victoria Container deposit scheme and is expected to deploy approximately 200 Envipco machines in the coming months.

Europe

- Revenue of EUR 2.3 million, up 133% from EUR 1.0 million Q1'22, supported by growth in Quantum sales mainly in Greece
- Backlog of 120+ Quantum platforms now for Greece, Sweden and Malta

Europe delivered revenues of EUR 2.3 million in Q1'23, up 133% from Q1'22. Machine sales amounted to EUR 2.0 million (+159%), and program services came in at EUR 0.3 million (+48 %). Good start of the year in Greece with revenues of EUR 1.2 million along with EUR 0.3 million of revenue from early installations in Scotland. Sweden revenues of EUR 0.7 million for quarter on lower Q1 RVM sales that are expected to recover over the balance of 2023. The Maltese Deposit Return Scheme (DRS) continues to develop well and BCRS has ordered 10 Quantum machines for high volume locations which will be delivered & installed in Q2/Q3 2023. The pre-DRS system in Greece is developing and now includes commitments for 100+ Recycling Centres to be delivered in 2023.

The company continues to invest in building capability and capacity to deliver on new projects and opportunities this year. This Quarter Envipco set up a warehouse and service facility to execute in Hungary in addition to expanding the team on the ground. In Greece, the company has secured a new local assembly facility which will come online in Q2'23. The Greek facility along with the expanded German production facility will result in delivery of Quantum core modules to Greece for final assembly.

Market update

North America & ROW

The company continues to see growth opportunities as Program Services continue to expand and newly proposed legislation initiatives in New York and Massachusetts look to harmonize with Connecticut's January 2024 doubling of deposit value to \$0.10. The 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. The company has increased its activities in California with meetings with legislators and retailers during the Q1 to help influence a sustainable model as the state amends their deposit legislation to include the use of RVM's

Europe

UK/Scotland/Ireland: DRS Go Live date in Scotland delayed to March 1st 2024. Retailers have agreed to commence roll-out starting in September 2023 and concluding by end of February 2024. Scotland order book of 1000+ machines and contract coverage remains fully intact. The company continues to work the commercial case in Scotland and is optimistic on adding to the order book in the coming quarters. Increased commercial activity in Ireland with important pilots underway with key large retailers as they prepare for anticipated Q1 2024 Go Live. Irish showroom opened and key service and sales management resources are in place. No changes to the UK government announcement of its intention to pass DRS legislation in 2025, an event with significant sale-through opportunity with our existing Scottish retailers operating in the rest of the UK.

Hungary: As one of the two selected Technology Partners to the MOL Group (MOHU), Envipco has continued to engage in planning for execution during 2023. This has included RVM configurations and installation planning with retailers and setting up service and support capabilities in Hungary. The contract potential includes approximately 2300 machines, with a further multi-year expansion opportunity of additional 2000 machines. Envipco expects deliveries to start H2 2023.

Greece: The pre-DRS project for Quantum based municipal recycling centres has continued to develop through Q1 2023 with the company's local partner. Envipco has completed an expansion and relocation of its manufacturing facility in Germany to support additional demand and is expanding its footprint in Greece to allow delivery of localized centres. Current backlog stands at over 100+ units which is expected to continue to grow in the coming periods.

Romania: The operator of the Romanian DRS, RetuRO, published final technical specifications and announced the handling fee structure in Q1, showing continued progress on preparing the country for anticipated Go Live 2024. Envipco continues to be engaged with in commercial activity with leading retailers and expects orders to be announced in Q2/Q3'23. In addition to the retail community, the municipality segment is important in the country where Envipco has a number of operating pilots.

Malta: Envipco continues to support BCRS in on-going system development including expanding the capacity through installation of 10 Quantums for high volume locations.

Other: In Poland the latest version of the draft law was issued in April with a 2025 GoLive. Envipco is active with our Polish business development resources on the ground. In Portugal, communications by the Ministry of Environment indicate the operator should be announced and the law published in Q2 '23. The Portugal announcement will accelerate commercial processes that are already underway in the country including recent additions of a number of pilots showcasing our technology.

Outlook

The company is gearing up for an exciting 2023 and expects strong revenue growth and significantly improved financial performance based on order backlog and market activities. Envipco is sustaining the necessary resources and organization to be able to deliver on these important DRS opportunities. In the medium term, the company maintains its ambitions for 4x-6x revenue growth from 2021 - 2025, 30%+ market share in new markets and 40% Gross Margin.

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