

Q3 23

Results presentation | November 16, 2023



# Disclaimer

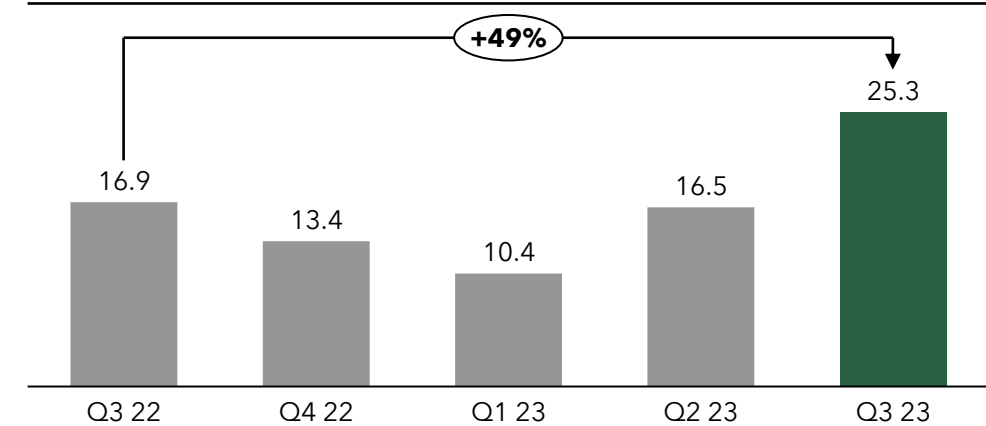
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# Highlights Q3 23

- Record group revenues of EUR 25.3m
- Delivering on European growth strategy with record revenues of EUR 16.9m (+133%)
- Growth in existing markets and initial revenues from Hungary and Romania
- Greece building momentum with 140+ recycling centers delivered to date
- Gross profits up 67% y/y on wider gross margin of 34.9%
- Leveraging on operational investments leading to all-time high EBITDA of EUR 3.8m (15.2%)

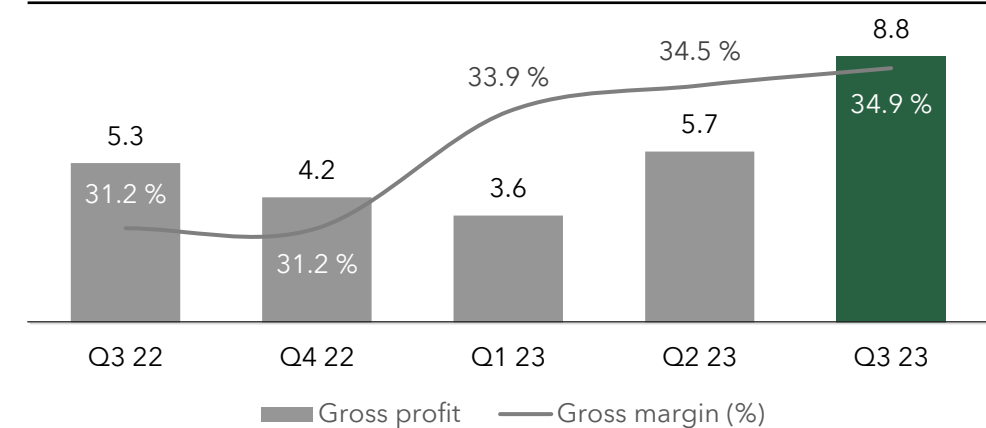
## Revenue development

EUR million, Unaudited



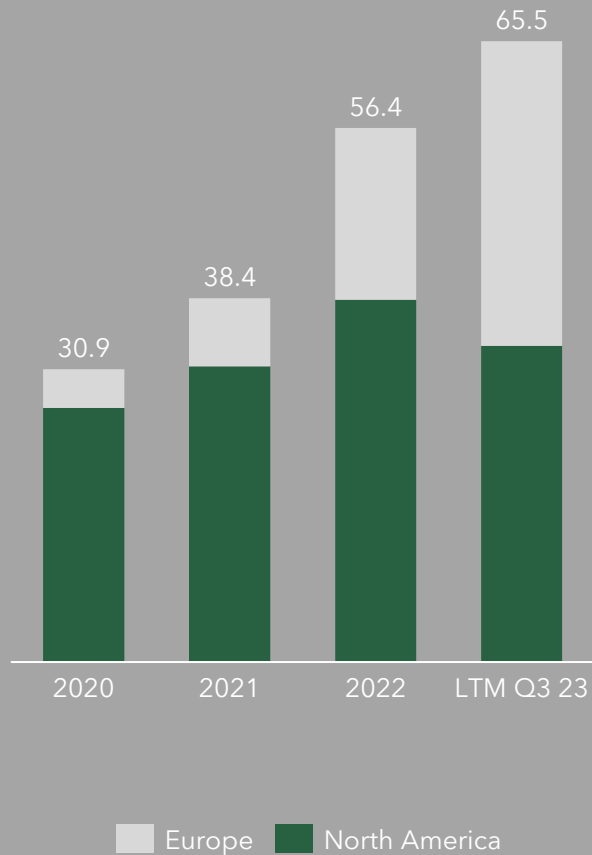
## Gross profit development

EUR million, Unaudited



# Delivering on our growth strategy

## Revenue development EUR million



## What we have said

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- Envipco will challenge incumbents and capture market share in North America
- Envipco will capture a significant share of new market opportunities from the second wave of DRS legislation in Europe

## What we have done

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- ✓ Built important position in North America gaining ~40% market share up from 24% in 2012
- ✓ Captured leading position in European growth markets winning major contracts with Tier 1 retailers. Europe representing 2/3 of revenue in Q3 2023, up from 10% three years ago
- ✓ Established European organization to support growth in new markets
- ✓ Invested in ample production capacity to support growth in new and existing markets
- ✓ Expanded product portfolio through relentless focus on innovation and quality

Creating a cleaner world for future generations through recycling technology




envipco

# Ambitious and clear strategy to deliver value to all our stakeholders

- Capturing growth markets
- Innovative and superior products
- Tailoring outstanding solutions for our customers
- Ambitious and talented people
- Relentlessly improve performance

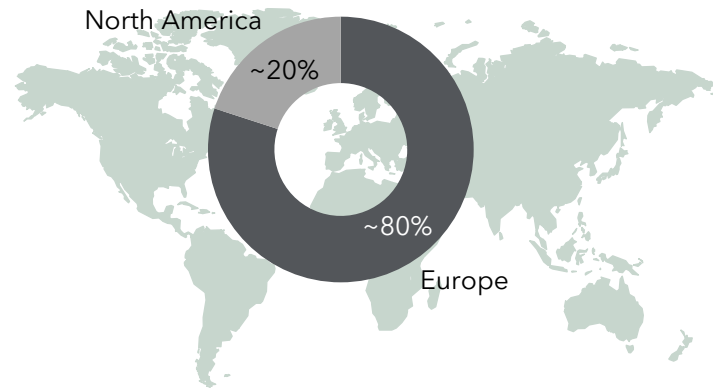


 envipco  
QUANTUM

PANTAMERA

# Addressing significant growth opportunities

## Engaging a vast market opportunity...



**+200k RVMs**

**EUR 18 - 25k**

Average Reverse Vending  
Machine price

## ... driven by legislation and industry incentives



EU Legislation driving deposit return schemes in all EU countries



Strong Consumer push to address plastic pollution



Beverage brand holders needing clean feedstock to put back into new packaging



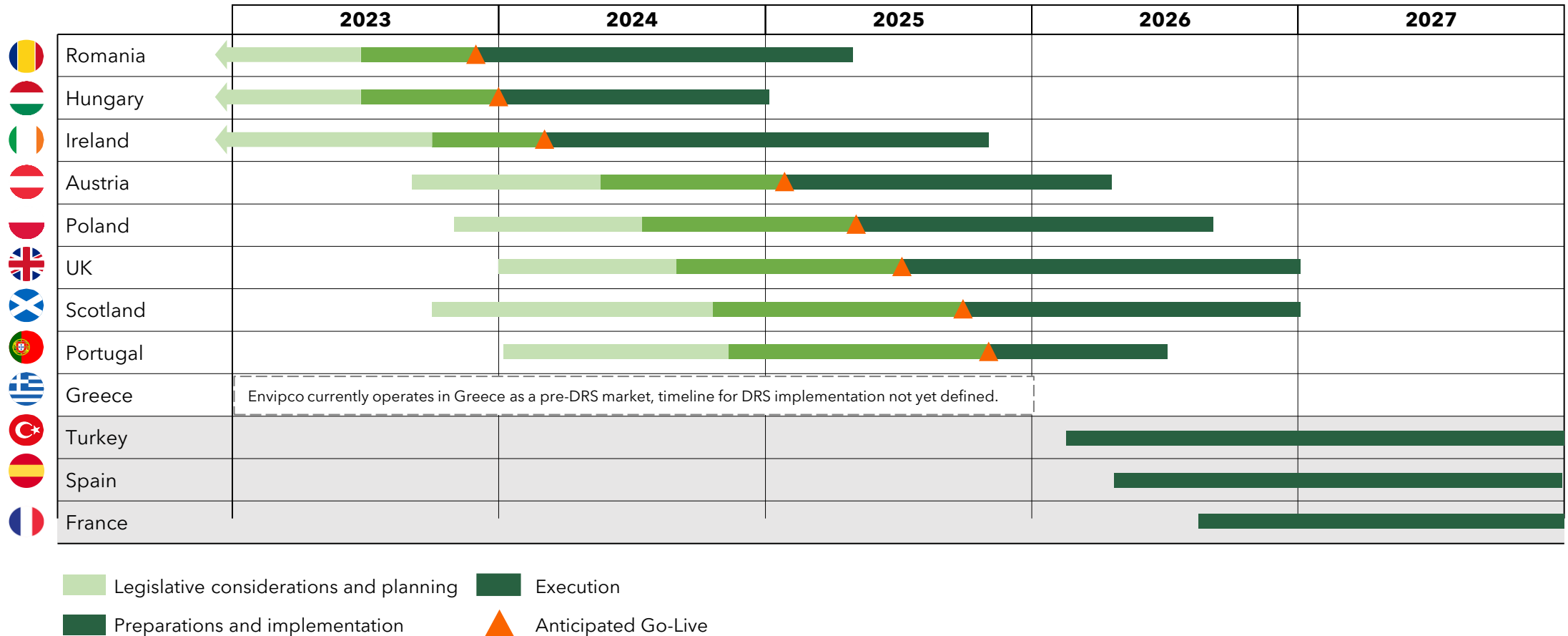
Industry acknowledgment that deposit return schemes work and serves the interest of all stakeholders



Threat avoidance on PET packaging bans

# Ready to capture new markets as they mature

## Anticipated maturation of European markets



Sources: Reloop, European Studies, Eunomia



# Why we are winning with our customers



**Broad and proven product portfolio**  
addressing all customer segments



**Proven track record with world leading retailers**  
showing our quality and commitment



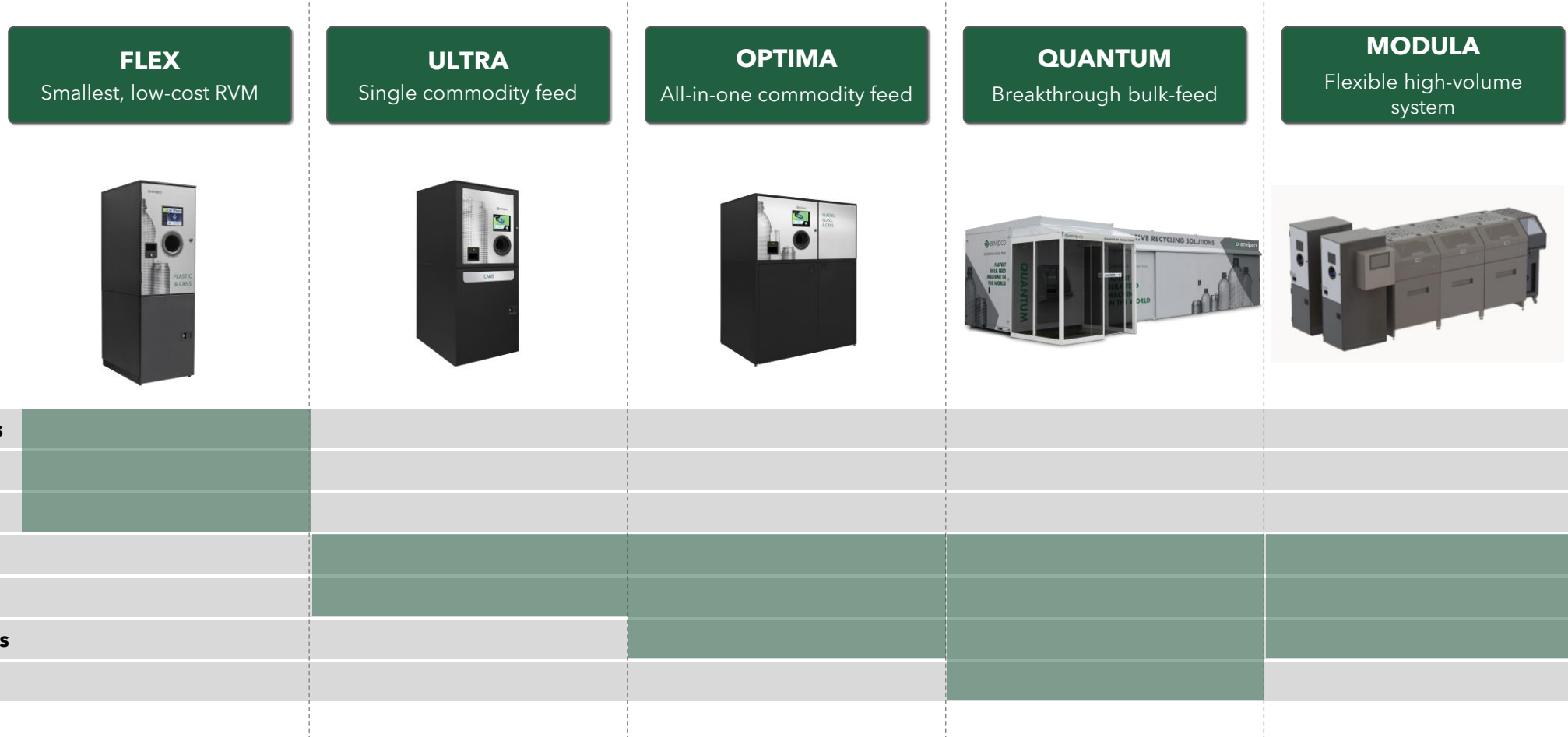
**Ample production capacity**  
in USA, Germany and Romania with the capacity to serve large Tier 1 retailers



**Consultative approach**  
addressing customers' unique needs first and then designing a solution

Differentiating Envipco from our competitors

# High quality products and software support for all customer segments



# Ready to deliver on upcoming market growth

Naugatuck (CT), USA



## Invested in production capacity to support expected growth

- Distributed manufacturing in North America and Europe, reducing time of delivery and shipping cost
- Increasing scale to increase utilization and reduce production cost over time
- Ability to serve Tier 1 customers in any location

Osnabruck, Germany



**30,000**

RVM production  
capacity per year

**3,000**

Quantum /Modula  
production  
capacity per year

Sebes, Romania



# Making strong headways in new growth markets



- 140+ recycling centres (Quantum)
- Project continuing into 2024/25 with significant potential



- Installed 200 RVMs with MOL group
- +4,000 units to be delivered over the next two years



- Secured preferred supplier agreement with largest independent network in Ireland
- Ongoing commercial discussions with other retailers



- Installed 250 RVMs
- Follow-on order of 100+ RVMs awarded in Q4 23
- Installation of 30 Modula & Quantum machines has commenced





# Operational and financial review

# At the inflection point of our growth trajectory

in EUR millions	Q3 23	Q3 22	9M 23	9M 22
<b>Revenues</b>	<b>25.3</b>	<b>16.9</b>	<b>52.2</b>	<b>43.0</b>
- Europe	16.9	7.2	27.5	13.5
- North America <sup>2</sup>	8.4	9.7	24.6	29.5
<b>Gross Profit</b>	<b>8.8</b>	<b>5.3</b>	<b>18.0</b>	<b>14.3</b>
Gross profit %	34.9%	31.2%	34.5%	33.2%
Operating Expenses	6.6	6.1	19.5	16.6
<b>EBIT</b>	<b>2.2</b>	<b>1.2<sup>1</sup></b>	<b>(1.5)</b>	<b>(0.4)<sup>1</sup></b>
Net profit/(loss) after taxes after minority	1.7	(0.2) <sup>1</sup>	(2.7)	(2.2) <sup>1</sup>
<b>EBITDA</b>	<b>3.8</b>	<b>2.5<sup>1</sup></b>	<b>2.9</b>	<b>3.3<sup>1</sup></b>

1) Including other income 2022 of EUR 2.0 million (PPP forgiveness).

2) Includes Rest of the World (RoW).

## Q3 23

- Record group revenue up 49% y/y
- Europe comprising 2/3 of group revenues
- Gross margin 34.9%, up from 31.2% in Q3 2022
  - Manufacturing efficiencies
  - Normalization of supply chains
- Operating expenses reduced to 26% share of sales from 36% in Q3 2022
  - Leveraging on investments in organisation
- EBITDA margin of 15.2%, up from adjusted 3.5% in Q3 2022

# Europe

## Q3 23

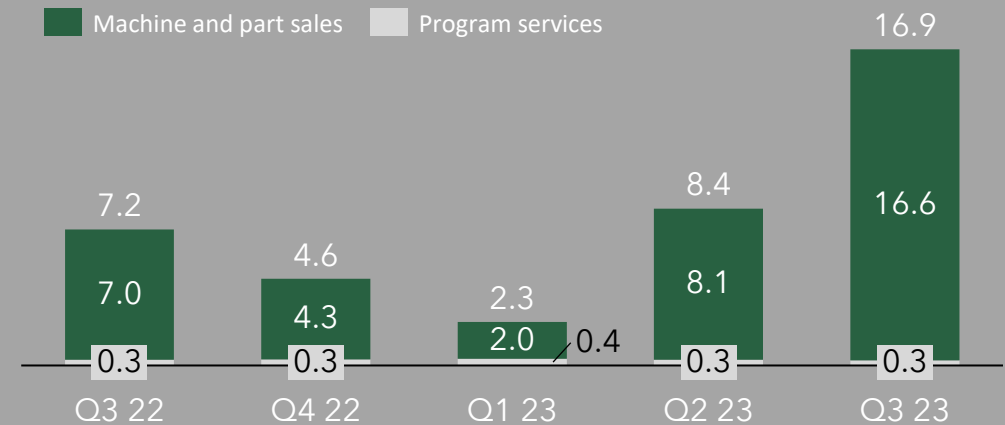
- Q3 revenues up 133% y/y to record EUR 16.9m
  - YTD revenues +104% to EUR 27.5m
- Revenue growth driven by strong machine sales increasing 137% y/y to EUR 16.6m
  - Greece EUR 7.9m (+351% y/y)
  - Initial sales EUR 3.8m in Hungary on MOL deliveries
  - First sales to Romania EUR 2.9m
- Program services EUR 0.3m flat with Q3'22

## Business development

- Follow-on order of 100+ RVMs in Romania
- Up to 800 Flex and Optima RVMs to be deployed with market leading Irish retailer
- Accelerated Quantum placements in Greece
- Continued order delivery in Hungary

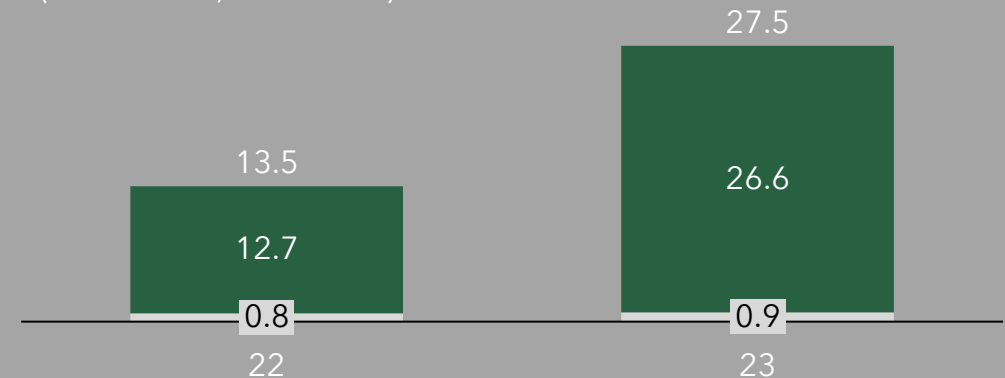
## Quarterly development

(EUR million, Unaudited)



## Year-to-date

(EUR million, Unaudited)



# North America

## Q3 23

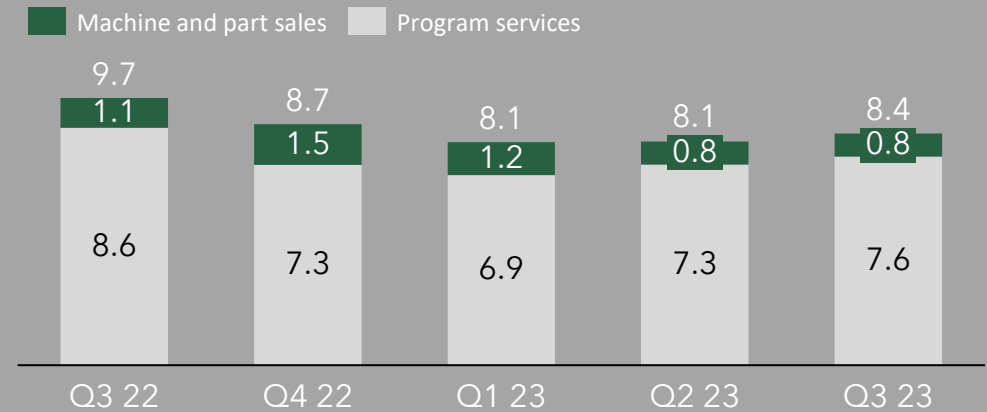
- Revenues of EUR 8.4m - down 13% y/y
  - YTD revenues EUR 24.6m, down 17% y/y
- Program services revenues down 9% y/y despite flat container volumes, variance tied to unusually high commodity values in Q3 22
- Machine sales of EUR 0.8m in vs EUR 1.1m in Q3 22

## Business development

- CT doubling of deposit to \$.10 effective January 2024 will have positive impact on program services
- MA and NY legislative activity building to modernize their deposit schemes
- Continued focus on CA with proof-of-concept pilots being developed
- Oregon Technology agreement progressing as planned

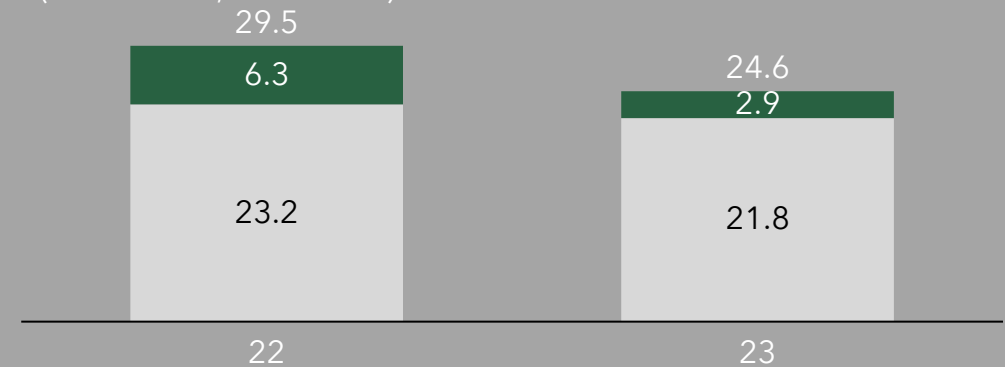
## Quarterly development

(EUR million, Unaudited)



## Year-to-date

(EUR million, Unaudited)





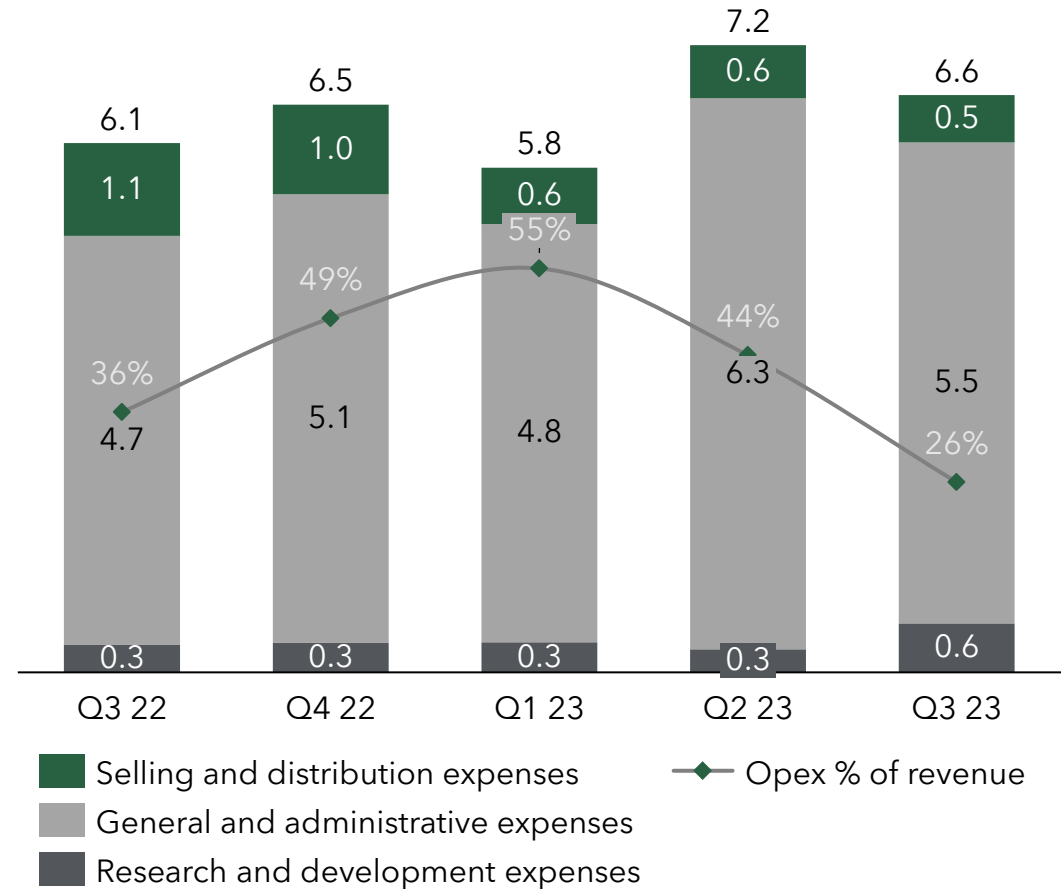
# Selective organizational investments to support growth

Operating costs up 9% y/y, sequentially down

- Includes D&A of EUR 0.6m related to amortization on activated R&D and fixed asset depreciation
- Selling and distribution cost EUR 0.5m (1.1m)
- General and administrative expenses EUR 5.5m (4.7m)
- R&D expenses EUR 0.6m vs EUR 0.3m Q3 22
- Opex as percentage of sales down to 26% from 36% in the year-earlier period.
- 380 employees vs 279 at y/e 2022

## Operating expenses

(EUR million)

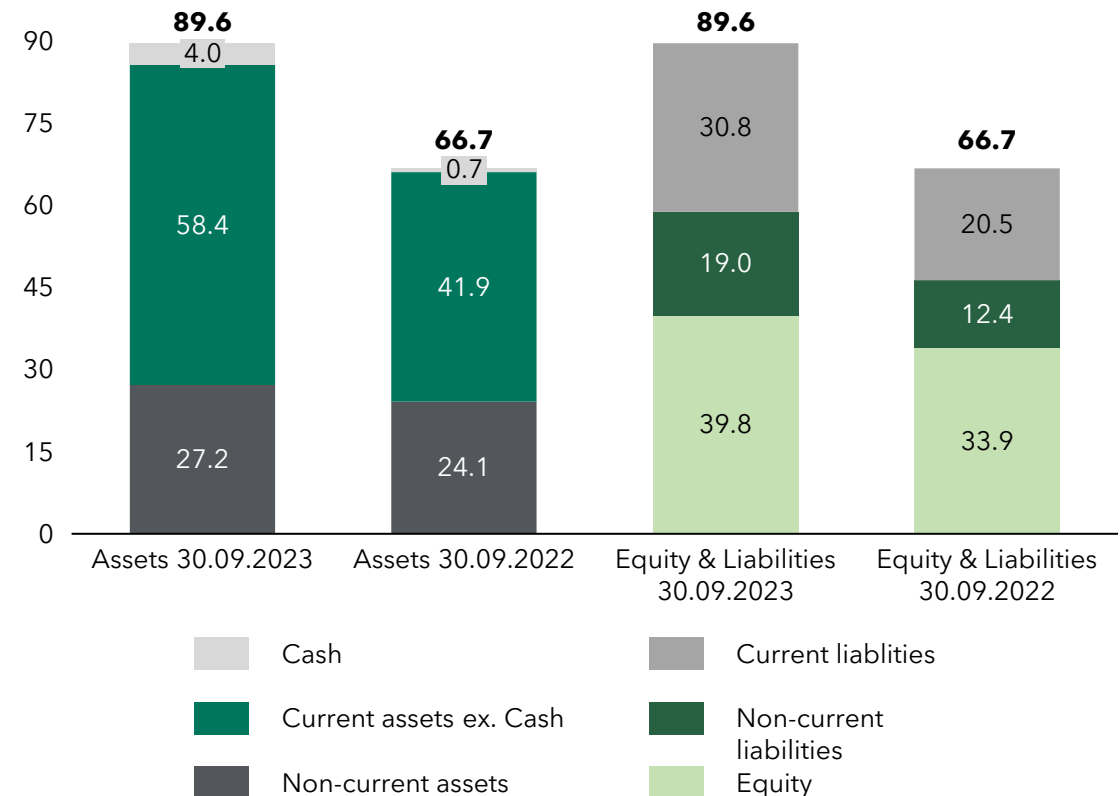


# Financial position

- Total assets EUR 89.6m up from EUR 66.7m y/y
- Non-current assets EUR 27.2m, slightly up y/y from EUR 24.1m
  - Primarily PPE and intangible assets from activated development expenses
- Gross working capital up to EUR 58.4m from EUR 41.9m in Q3 22
  - Increase in receivables and inventories on higher activity level
- Total borrowings EUR 20.1m (13.6m)
  - Net debt EUR 16.1m
- Total equity of EUR 39.8m (31.9m)
  - Equity ratio 44% (49%)

## Balance sheet

EUR million

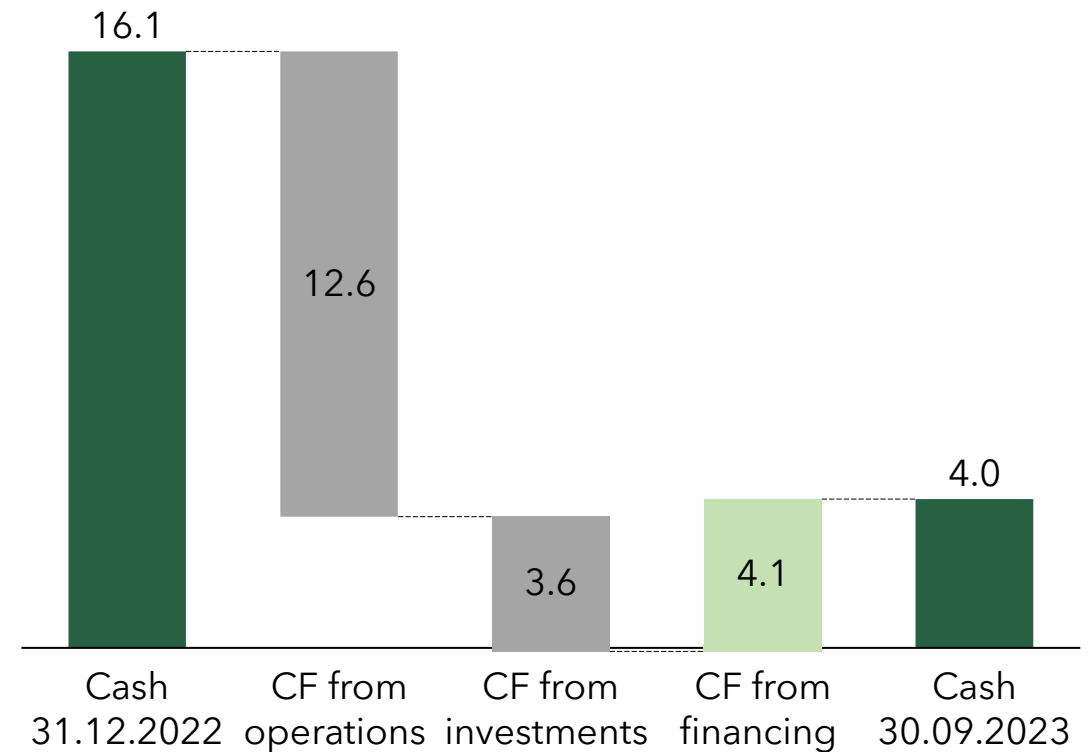


# Cash Flow

- Cash from operating activities EUR -12.6m
  - Positive EBITDA EUR 2.9m
  - WC build-up of EUR 15.5m related to higher activity, driving receivables and inventory
- Cash flow from investing activities EUR -3.6m
  - Investments in PP&E and R&D
- Cash flow from financing of EUR 4.1m
  - Mainly related to net increase in borrowings
- Cash of EUR 4.0m at the end of Q3 23
  - Expect cash collection to materialize in Q4 23 from receivables from Romania and Hungary

## Cash flow YTD 23

EUR million



# Summary and outlook

- **Envipco is delivering on its growth strategy**
  - Securing leading market position in key new growth markets
  - Europe revenues +133% y/y in Q3 23 and +104% YTD 23 from eight markets
  - Scaling on significant investments in organization, market and production in recent years, generating record EBITDA
- **Expect improved gross margins and operational gearing**
  - Committed to achieving 40% gross margin target
  - Revenue growth to exceed organizational investments
  - Liquidity requirements next quarters met by operating profits combined with increased cash collection and monetization of existing RVM inventory
- **Expect continued revenue uplift in Q4 23 and beyond**
  - Positive near-term momentum in Greece, Hungary and Romania including follow-on order of 100+ RVMs in Romania
  - Progressing in Ireland as the preferred RVM provider with a market-leading retailer to deploy up to 800 RVMs
  - Positive DRS momentum in new markets

## Ambition towards 2025

Market share in  
new markets

**30+%**

Growth

**4x - 6x**

Gross margin

**40%**



# Q&A

Next event: March 7, 2024 - Full year and Q4 2023 results

A blurred industrial background showing a robotic assembly line with various mechanical parts and structures. The focus is on the foreground where a semi-transparent grey banner is overlaid.

# Appendix

# Profit & Loss

in EUR thousands	Note	Q3 23	Q3 22	YTD 23	YTD 22	FY 22
<b>Revenues</b>		<b>25 274</b>	<b>16 942</b>	<b>52 159</b>	<b>43 018</b>	<b>56 373</b>
Cost of sales		(16 444)	(11 648)	(34 122)	(28 723)	(37 911)
<b>Gross Profit</b>		<b>8 830</b>	<b>5 294</b>	<b>18 037</b>	<b>14 294</b>	<b>18 462</b>
Selling and distribution expenses		(542)	(1 061)	(1 791)	(2 413)	(3 437)
General and administrative expenses		(5 503)	(4 675)	(16 588)	(13 210)	(18 342)
Research and development expenses		(559)	(317)	(1 168)	(1 015)	(1 351)
Other income		0	1 957	2	1 957	1 958
<b>Operating Results</b>		<b>2 228</b>	<b>1 198</b>	<b>(1 509)</b>	<b>(386)</b>	<b>(2 710)</b>
Financial expense		(460)	(1 018)	(882)	(1 345)	(1 341)
Financial income		20	(26)	44	20	97
Net finance (cost) and or income		(440)	(1 044)	(839)	(1 324)	(1 244)
<b>Results before tax</b>		<b>1 788</b>	<b>154</b>	<b>(2 348)</b>	<b>(1 710)</b>	<b>(3 954)</b>
Income taxes		(94)	(370)	(329)	(498)	(224)
<b>Net Results</b>		<b>1 694</b>	<b>(216)</b>	<b>(2 676)</b>	<b>(2 209)</b>	<b>(4 178)</b>
<i>Other comprehensive income</i>						
<i>Items that will be reclassified subsequently to profit and loss</i>						
Exchange differences on translating foreign operations		750	2 195	53	5 602	1 625
Total other comprehensive income		750	2 195	53	5 602	1 625
<b>Total comprehensive income</b>		<b>2 443</b>	<b>1 979</b>	<b>(2 623)</b>	<b>3 393</b>	<b>(2 553)</b>
<b>Profit attributable to:</b>						
Owners of the parent		1 694	(218)	(2 677)	(2 203)	(4 182)
Non-controlling interests		(1)	2	1	(6)	4
<b>Total Profit/(loss) for the period</b>		<b>1 694</b>	<b>(216)</b>	<b>(2 676)</b>	<b>(2 209)</b>	<b>(4 178)</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the parent		2 444	1 976	(2 624)	3 399	(2 556)
Non-controlling interests		(1)	2	1	(6)	4
		2 443	1 979	(2 623)	3 393	(2 553)
Number of weighted average (exclude treasury shares) shares used for calculations of EPS		51 690	46 051	51 690	46 051	46 051
Earnings/(loss) per share for profit attributable to the ordinary equity holders of the parent during the period						
- Basic (euro)		0.03	(0.00)	(0.05)	(0.05)	(0.09)

# Balance Sheet

in EUR thousands	Note	30.09.23	30.09.22	31.12.22
<b>Assets</b>				
<b>Non-current assets</b>				
Development Costs Etc		7 827	-	7 575
Intangible assets		9 380	7 393	8 595
Property, plant and equipment		15 589	14 126	14 175
Financial assets		222	17	830
Deferred tax assets		1 986	2 237	2 081
Restricted cash		-	340	-
<b>Total non-current assets</b>		<b>27 176</b>	<b>24 114</b>	<b>25 681</b>
<b>Current assets</b>				
Inventory		32 876	25 182	24 114
Trade and other receivables		25 538	16 740	12 633
Cash and cash equivalents		4 008	699	16 121
Restricted cash		-	-	340
<b>Total current assets</b>		<b>62 422</b>	<b>42 622</b>	<b>53 208</b>
<b>Total assets</b>		<b>89 598</b>	<b>66 735</b>	<b>78 889</b>

in EUR thousands	Note	30.09.23	30.09.22	31.12.22
<b>Equity</b>				
Share capital		2 585	2 303	2 303
Share premium		70 919	57 428	56 939
Translation reserves		5 644	8 494	5 591
Legal reserves		7 827	7 086	7 575
Retained earnings		(47 187)	(41 470)	(44 511)
<b>Equity attributable to owners of the parent</b>		<b>39 788</b>	<b>33 841</b>	<b>27 897</b>
Non-controlling interests		44	45	43
<b>Total equity</b>		<b>39 831</b>	<b>33 886</b>	<b>27 940</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings		16 544	11 157	10 930
Lease liabilities		2 313	1 104	1 233
Other liabilities		120	120	120
Deferred tax liability		-	-	50
<b>Total non-current liabilities</b>		<b>18 977</b>	<b>12 381</b>	<b>12 333</b>
<b>Current liabilities</b>				
Borrowings		3 537	2 449	3 620
Trade creditors		13 217	10 273	10 055
Share lending liability		-	-	15 000
Accrued expenses		9 024	6 360	7 458
Provisions		1 009	210	680
Lease liabilities		1 080	579	620
Tax and social security		2 922	598	1 182
<b>Total current liabilities</b>		<b>30 789</b>	<b>20 468</b>	<b>38 616</b>
<b>Total liabilities</b>		<b>49 767</b>	<b>32 849</b>	<b>50 949</b>
<b>Total equity and liabilities</b>		<b>89 598</b>	<b>66 735</b>	<b>78 889</b>



# Cash Flow Statement

<b>in EUR thousands</b>	<b>Note</b>	<b>YTD 23</b>	<b>YTD 22</b>	<b>FY 22</b>
<b>Cashflow from operating activities</b>				
Operating results		(1 509)	(386)	(2 710)
Adjustment for:				
Depreciation & Amortization		4 388	3 715	4 969
PPP loan forgiveness		-	(1 948)	(1 948)
Changes in:				
Changes in trade and other receivables		(12 143)	(1 367)	807
Changes in inventories		(9 028)	(8 412)	(8 424)
Changes in provisions		327	29	499
Changes in trade and other payables		6 331	3 290	5 572
<b>Cash generated from operations</b>		<b>(11 634)</b>	<b>(5 079)</b>	<b>(1 236)</b>
Interest received and paid		(613)	(352)	(249)
Income taxes paid		(329)	(498)	(278)
<b>Net cash flow from operating activities</b>		<b>(12 576)</b>	<b>(5 928)</b>	<b>(1 763)</b>
<b>Investing activities</b>				
Development expenditure, patents		(1 555)	(1 156)	(2 462)
Investments in property, plant & equipment		(2 085)	(2 088)	(5 944)
Restricted cash (non-current)		-	-	-
<b>Net cash flow used in investing activities</b>		<b>(3 640)</b>	<b>(3 244)</b>	<b>(8 406)</b>
<b>Financial activities</b>				
Proceeds of share issue		14 514	-	-
Proceeds share lending		(15 000)	-	15 000
Changes in borrowings - proceeds		9 000	9 056	13 696
Changes in borrowings - repayments		(3 541)	(1 745)	(4 779)
Changes in lease liabilities		(858)	(514)	(648)
<b>Net cash flow from financing activities</b>		<b>4 115</b>	<b>6 798</b>	<b>23 269</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(12 100)</b>	<b>(2 375)</b>	<b>13 101</b>
Opening position		16 121	3 061	3 061
Foreign currency differences on cash and cash equivalents		(13)	13	(41)
Closing position		4 008	699	16 121
<b>The closing position consists of:</b>				
Cash and cash equivalents		4 008	699	16 121
<b>Total closing balance in cash and cash equivalents</b>		<b>4 008</b>	<b>699</b>	<b>16 121</b>



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