

INFORMATION DOCUMENT



Envipco Holding N.V.

(A public limited liability company incorporated under the laws of the Netherlands)

Admission to trading of shares on Euronext Growth Oslo

This information document (the "**Information Document**") has been prepared by Envipco Holding N.V. (the "**Company**" or "**Envipco**" and, together with its consolidated subsidiaries, the "**Group**") solely for use in connection with the admission to trading (the "**Admission**") of the shares of the Company (the "**Shares**") on Euronext Growth Oslo ("**Euronext Growth**").

As of the date of this Information Document, the Company's issued and outstanding share capital is EUR 2,302,564, divided into 4,605,128 Shares, each with a par value of EUR 0.50. All of the issued Shares rank pari passu with one another and each Share carries one vote.

The Shares have been approved for admission to trading on Euronext Growth and are expected to start trading on or about 18 February 2021 in the form of Depositary Receipts (as defined below) under the ticker code "ENVIP".

Euronext Growth is a market operated by Euronext. Companies on Euronext Growth, a multilateral trading facility (MTF) are not subject to the same rules as companies on a Regulated Market (a main market). Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing on Euronext Growth may therefore be higher than investing in a company on a Regulated Market. **Investors should take this into account when making investment decisions.**

The Shares are also listed on Euronext Amsterdam, which is a Regulated Market, under the ticker code "ENVI".

On Euronext Growth, the Shares will be traded in the form of depository receipts (Nw.: *depotbevis*) that represent the beneficial interests in the underlying Shares (the "**Depository Receipts**"). The Depository Receipts will be registered in the Norwegian Central Securities Depository (the "**VPS**") in book-entry form under the name of a "share" and will be traded in NOK on Euronext Growth in the form of depository receipts as "shares in Envipco Holding N.V.". Accordingly, all references to "Shares" in this Information Document shall in the context of the securities to be traded on Euronext Growth refer to the Depository Receipts. **Existing shareholders of the Company and new investors should note that only Shares that have been registered in the VPS in the form of Depository Receipts will be tradable on Euronext Growth. Further, Depository Receipts will not be tradable on Euronext Amsterdam. Please refer to Section 10.4 ("The Depository Receipts") for further information.**

THE PRESENT INFORMATION DOCUMENT DOES NOT CONSTITUTE A PROSPECTUS WITHIN THE MEANING OF REGULATION (EU) 2017/1129 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 14 JUNE 2017 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET, AND REPEALING DIRECTIVE 2003/71 (THE "EU PROSPECTUS REGULATION").

THE PRESENT INFORMATION DOCUMENT HAS BEEN DRAWN UP UNDER THE RESPONSIBILITY OF THE ISSUER. IT HAS BEEN REVIEWED BY THE LISTING SPONSOR AND HAS BEEN SUBJECT TO AN APPROPRIATE REVIEW OF ITS COMPLETENESS, CONSISTENCY AND COMPREHENSIBILITY BY EURONEXT.

THIS INFORMATION DOCUMENT DOES NOT CONSTITUTE AN OFFER TO BUY, SUBSCRIBE OR SELL ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SECURITIES ARE BEING OFFERED OR SOLD PURSUANT HERETO.

Investing in the Company involves a high degree of risk. Prospective investors should read the entire document and, in particular, Section 1 ("Risk Factors") and Section 3.3 ("Cautionary note regarding forward-looking statements") when considering an investment in the Company and its Shares.

Euronext Growth Advisor

Carnegie AS



The date of this Information Document is 11 February 2021

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IMPORTANT INFORMATION

This Information Document has been prepared solely by the Company in connection with the Admission. The purpose of the Information Document is to provide information about the Company and its business. This Information Document has been prepared solely in the English language.

Euronext Growth is subject to the rules in the Norwegian Securities Trading Act of 29 June 2007 no 75 (as amended) (the "**Norwegian Securities Trading Act**") and the Norwegian Securities Trading Regulations of 29 June 2007 no 876 (as amended) (the "**Norwegian Securities Trading Regulation**") that apply to such marketplaces. These rules apply to companies admitted to trading on Euronext Growth, as do the marketplace's own rules, which are less comprehensive than the rules and regulations that apply to companies listed on Oslo Børs and Euronext Expand. Euronext Growth is not a Regulated Market.

The Company is also listed on Euronext Amsterdam, which is a Regulated Market, and is thus also subject to the rules and regulations that apply to companies listed on Euronext Amsterdam.

For definitions of terms used throughout this Information Document, please refer to Section 14 ("**Definitions and glossary of terms**").

The Company has engaged Carnegie AS as its advisor in connection with its Admission to Euronext Growth (the "**Euronext Growth Advisor**"). This Information Document has been prepared to comply with the Admission to Trading Rules for Euronext Growth (the "**Euronext Growth Admission Rules**") and the Content Requirements for Information Documents for Euronext Growth (the "**Euronext Growth Content Requirements**").

All inquiries relating to this Information Document should be directed to the Company or the Euronext Growth Advisor. No other person has been authorized to give any information, or make any representation, on behalf of the Company and/or the Euronext Growth Advisor in connection with the Admission and, if given or made, such other information or representation must not be relied upon as having been authorized by the Company and/or the Euronext Growth Advisor.

The information contained herein is current as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting the Company subsequent to the date of this Information Document. Any new material information and any material inaccuracy that might have an effect on the assessment of the Shares arising after the publication of this Information Document and before the Admission will be published and announced promptly in accordance with the Euronext Growth regulations and applicable securities laws and regulations. Neither the delivery of this Information Document nor the completion of the Admission at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Information Document is correct as of any time since its date.

The contents of this Information Document shall not be construed as legal, business or tax advice. Each reader of this Information Document should consult with its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Information Document, you should consult with your stockbroker, bank manager, lawyer, accountant or other professional advisor.

The distribution of this Information Document in certain jurisdictions may be restricted by law. Persons in possession of this Information Document are required to inform themselves about, and to observe, any such restrictions. No action has been taken or will be taken in any jurisdiction by the Company that would permit the possession or distribution of this Admission Document in any country or jurisdiction where specific action for that purpose is required.

The Shares may be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

This Information Document shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo District Court (Nw.: *Oslo tingrett*) as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Information Document.

Investing in the Company's Shares involves risks. Please refer to Section 1 ("**Risk factors**").

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with

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respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II (the "**Positive Target Market**"); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Appropriate Channels for Distribution**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Conversely, an investment in the Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile (the "**Negative Target Market**", and, together with the Positive Target Market, the "**Target Market Assessment**").

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a public limited liability company incorporated under the laws of the Netherlands. As a result, the rights of holders of the Shares will be governed by Dutch law and the Company's articles of association (Dutch: *statuten*) (the "**Articles of Association**"). The rights of shareholders under Dutch law may differ from the rights of shareholders of companies incorporated in other jurisdictions.

Although certain Group companies are incorporated, and a majority of the Group's assets are located, in the United States, a substantial portion of the Company's assets are also located outside the United States and several members of the Company's board of directors (Dutch: *bestuur*) (the "**Board of Directors**" and each member of the Board of Directors a "**Board Member**") and the Group's executive management team (the "**Executive Management**") are citizens of other jurisdictions than the United States. As a result, it may be difficult for investors in the United States to effect service of process on the Company or the Board Members or members of the Executive Management in the United States or to enforce judgments obtained in U.S. courts against the Company, whether predicated upon civil liability provisions of federal securities laws or other laws of the United States (including any State or territory within the United States).

The United States and Norway or the Netherlands do not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters. Uncertainty exists as to whether courts in Norway or the Netherlands will enforce judgments obtained in other jurisdictions, including the United States, against the Company or the Board Members or members of the Executive Management under the securities laws of those jurisdictions or entertain actions in Norway or the Netherlands against the Board Members or the Executive Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway or the Netherlands. The United States does not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters with Norway or the Netherlands.

Similar restrictions may apply in other jurisdictions.

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1 RISK FACTORS

Investing in the Shares involves inherent risks. Before making an investment decision, investors should carefully consider the risk factors and all information contained in this Information Document, including the Financial Information and related notes. The risks and uncertainties described in this Section 1 ("Risk factors") are the principal known risks and uncertainties faced by the Group as of the date hereof that the Company believes are the material risks relevant to an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford a loss of all or part of their investment. The absence of a negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision.

If any of the risks were to materialize, individually or together with other circumstances, it could have a material and adverse effect on the Group and/or its business, financial condition, results of operations, cash flow and/or prospects, which may cause a decline in the value of the Shares that could result in a loss of all or part of any investment in the Shares. The risks and uncertainties described below are not the only risks the Group may face. Additional risks and uncertainties that the Company currently believes are immaterial, or that are currently not known to the Company, may also have a material adverse effect on the Group's business, financial condition, results of operations and cash flow. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance.

The risk factors described in this Section 1 ("Risk factors") are sorted into a limited number categories, where the Company has sought to place each individual risk factor in the most appropriate category based on the nature of the risk it represents. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance. The risks mentioned herein could materialise individually or cumulatively.

The information in this Section 1 ("Risk factors") is as of the date of this Information Document.

1.1 Risks related to the Group and the industry in which it operates

1.1.1 *The Group faces competition from a dominant competitor and several other suppliers of reverse vending machines and might not be able to continue to compete with those competitors*

The global market is dominated by Tomra Systems ASA, a Norwegian group whose main activity is reverse vending machines ("**RVMs**") manufacture and operations. It is present in all countries which have a container deposit law. Diebold Nixdorf, a German based Group, is another competitor whose RVM division revenues is estimated to be negligible when compared to its total revenues. Sielaff GmbH and CO.KG is another German based company, involved in the RVM business, with the manufacture and operation of RVMs as its core activity. Both Diebold Nixdorf and Sielaff GmbH and CO.KG's RVM activities are primarily in the German market while in the US market, Tomra Systems ASA is the only competitor. Another competitor which is present in the Scandinavian market is RVM Systems.

The competitors' strong balance sheet and market share provide a tough competitive landscape which may have a significant negative impact on the Group's profitability. As an example, the Group might not be able to continue to compete should the competitors develop and market products that are more cost effective than the Group's products.

1.1.2 *The Group's business may suffer if it is unable to obtain or defend intellectual property protection for its products*

The ability of the Group's services to compete effectively with those developed by other companies depends, amongst other things, on its ability to obtain, maintain and enforce valid patents and other intellectual property rights. No assurance can be given that any patent application will proceed to grant or that any granted patent will be enforceable. Even if enforceable, such patents may not be sufficiently broad in their scope to provide commercially valuable protection for the Group's services. The Group's methods and policies for protecting unpatented confidential information, including proprietary know-how, concepts and documentation of proprietary technology may not afford it complete protection, and there can be no assurance that others will not obtain access to unpatented information. The costs associated with enforcement against a third party infringing the Group's rights may be substantial, and the outcome of any associated litigation may be uncertain. This could materially and adversely affect the Group's business and/or financial position.

In addition, the Group's business involves a risk of overlap with third party patents and subsequent litigation with competitors or patent-holders. Any claims, with or without merit, could be time-consuming, result in costly litigation, cause the Group to enter into licensing agreements or otherwise force the Group to change its business practices. The Group may need to develop or obtain alternative technologies or reach commercial terms on the licensing of other parties' intellectual property rights. There can be no assurance that the Group will be able to develop or obtain such alternative technology or be able to license third parties' intellectual property rights on commercially acceptable terms or at all. This could materially and adversely affect the Group's business and/or financial position. Third parties may also allege the Group's infringement of their intellectual property. Even if the Group is ultimately able to successfully defend itself against such allegations, the costs, and the disruption and negative publicity associated with the defense of such allegations may be significant and the Group may endure a long period of uncertainty regarding the outcome of such allegations.

1.1.3 Concentration risk and risk related to development into new markets

The majority of the Group's revenues are attributable to certain key markets. The Group intends to reduce its reliance on a relatively small number of markets over time, among others by maintaining its strategy of expanding existing markets and developing its business into new markets, but there can be no assurance that it shall succeed.

To reduce the Group's reliance on a relatively small number of markets over time, and to benefit from opportunities in some new markets, the Group will invest in business in new markets. As an example, the Company is currently planning to expand its business operations to Scotland. Although the group will only invest in new businesses on the basis of a thorough market analysis, there is no certainty that customers in these markets will be interested and prepared to acquire the Group's services at a sufficient level, and that the Group will manage to build a sustainable and profitable business in such markets. If the Group is unable to manage all of these risks efficiently, this may have an adverse effect on its business and financial situation.

1.1.4 The Group's dependency upon IT systems

The Group's ability to maintain financial controls and provide a high-quality service to clients depends, in part, on the efficient and uninterrupted operation of its management information systems, including its computer systems. Any damage to or failure of the systems could result in interruptions to the Group's financial controls and/or customer service. Such interruption could have a material adverse effect on the Group's business, results of operations and/or financial condition.

1.1.5 Risks related to general economic conditions

The Group's business and financial performance will be affected by general economic conditions in the markets where the Company is present. Any adverse developments in the markets where the Company operates and/or global economies could have a material adverse effect on the business, financial condition, results of operations, cash flows and/or future prospects of the Group.

1.1.6 Risks related to the Groups dependency on key personnel

The Group's success depends to a certain extent on the continued services of its Executive Management and other key employees. If one or more of these individuals were unable or unwilling to continue in his or her present position, the Group's business could be disrupted and the Group might not be able to find replacements in a timely basis or with the same level of skill and experience. Finding and hiring such replacements could be costly and might require the Group to grant significant equity awards or other incentive compensation, which could adversely impact the Group's financial results. Further, the Group may be exposed to increased competition within its markets if key personnel should elect to terminate their employment. Although the Group considers that it has customary clauses appropriate for the relevant position and markets where it operates, not all contracts for key employees include inter alia non-compete or non-solicit provisions.

1.1.7 The Group is subject to general development risks and flaws in designs and undetected errors may adversely affect the Group's business

The Group depends on the development of new products for the growth of its business. Product development involves a large number of risks and uncertainties, including, but not limited to, the following:

- The Group might incur additional costs should products not perform according to design requirements;

- the Group might incur liability should newly developed products contain flaws in designs and/or undetected errors in design, production, assembly or installation;
- the costs of product development might exceed the Group's budget;
- product manufacturing targets might not be reached as the introduction of new products depends on their acceptance in the market;
- products might not perform satisfactorily in the market;
- changes in existing legislation or the interpretation or application thereof might affect the marketability of newly developed products.

These risks and other risks over which the Group has little or no control, may increase costs, give rise to liabilities or otherwise create difficulties or obstacles to the development and sale of new products.

1.1.8 Risks related to the ongoing Covid-19 pandemic

The Group's performance is affected by the global economic conditions in the market in which it operates. The global economy has been experiencing a period of uncertainty since the outbreak of the coronavirus SARS-CoV-2 ("**Covid-19**"), which was recognized as a pandemic by the World Health Organization in March 2020. The outbreak of Covid-19, and the extraordinary health measures and restrictions on local and global basis imposed by authorities across the world, has, and are expected to continue to, severely impact companies and markets globally and locally. As an example, the US' initial response to Covid-19 had the effect of temporarily suspending enforcement of redemption services in certain US states for retailers, which lasted from mid-March 2020 until early June 2020. The Group experienced a decrease in revenue in the US of 20% in the first nine months of 2020. No guarantee can be given that not another suspending enforcement will be enacted.

Prospective investors should note that the Covid-19 situation is continuously changing, and new laws and regulations that could directly, or indirectly, affect the Group's operations may enter into force. The effects of the Covid-19 situation could further negatively affect the Group's revenue and operations going forward, where the severity of the Covid-19 situation will impact 2021, with the expectation that on the longer term the company will return to normal sales levels.

1.1.9 Risk related to the Group's operation, product liability and insurance

The Group is subject to numerous operating risks, e.g. flooding, technical failures and other accidents. In addition the Group's activities expose it to potential liability and professional indemnity risks. Although the Group believes that it should carry adequate insurance with respect to its operations in accordance with industry practice, in certain circumstances its insurance may not cover or be adequate to cover the consequences of all such events. In addition, there is a risk that insurance premiums may increase to a level where the Group considers it is unreasonable or not in its interests to maintain insurance coverage or to a level of coverage which is not in accordance with industry practice. The occurrence of a significant adverse event, the risks of which are not or not fully covered by insurance, could have a material adverse effect on the Groups' results of operation or financial condition.

1.1.10 Risk related to price and availability of raw materials

The Company is dependent on the supply of raw materials from its suppliers to its production facilities. The suppliers may fail to deliver the required quality and/or quantity of raw materials. In addition, the price of raw materials may increase. Should any of these risks materialise it could have an adverse effect on the business, financial condition, results of operations, cash flows and/or future prospects of the Company.

1.1.11 Risk related to dependency on third parties

The Company is dependent on certain third-parties, e.g. for the supply of machine components, business and technical services (including field services, water material processing and pick-up agents). Should any of these third party agreements be terminated it may negatively impact the business of the Company, as no assurance can be given that the Company would be able to enter into similar third party agreements on satisfactory terms, in a timely manner, or at all.

1.2 Legal and regulatory risk

1.2.1 The Group's business is dependent on legislation

The Group's current RVM business model in established mandatory deposit markets is predicated on legislation. The limitation or recall of existing deposit legislation will result in loss of business, which would have a negative impact on the Group's earnings. Furthermore, should that legislation change to eliminate mandatory deposits or the requirement to return beverage containers to retail locations, the Group's business would be adversely impacted. Business opportunities for the Group in new jurisdictions depend largely on regulatory framework and new deposit legislation, and the content, timing and effectiveness of such new legislation is outside the Groups control.

The plastics recycling segment anticipates to recover food grade polyethylene terephthalate ("**PET**") for recycling to use for new packaging applications, based on current legislation. Should changes be made to modify current safety rules and regulations concerning the recovery and re-use of PET, the Group may not be in a position to meet those requirements, which could negatively impact its market share and profitability.

1.2.2 Risks related to environmental, health and safety laws and regulations

The Group is subject to environmental, health and safety laws and regulations, and compliance with or breach of environmental, health and safety laws can be costly, expose the Group to liability and could limit its operations. The possibility also exists that new legislation or regulations may be adopted that may materially adversely affect the Group's operations, its cost structure or its customers' ability to use the commodities in which the Group specializes. New legislation or regulations may also require the Group to change operations significantly or incur increased costs which could have an adverse effect on its results of operations or financial condition.

1.2.3 The Group is exposed to risk relating to data protection and data privacy regulations, licenses etc.

As part of its business operations, the Group receives, stores and processes personal information and other user data in multiple jurisdictions. This makes the Group exposed to data protection and data privacy laws and regulations which impose stringent data protection requirements and provides high possible penalties for non-compliance, in particular relating to storing, sharing, use, processing, disclosure and protection of personal information and other user data on its platforms. The main regulations are the General Data Protection Regulation (EU) 2016/679 (the "**GDPR**") and the local law implementations of GDPR in the EU member states that the Group operates in. Although the Group considers itself to comply with such laws and regulations in all material respects, this is an ongoing process and there can be no assurance that the Group is fully compliant.

Any failure to comply with data protection and data privacy policies, privacy-related obligations to customers or third parties, privacy-related legal obligations, or any compromise of security that results in an unauthorized release, transfer or use of personally identifiable information or other customer data, may result in governmental enforcement, actions, litigation or public statements against the Group. Any significant change to applicable laws, regulations or industry practices regarding the collection, use, retention, security or disclosure of users' personal data, or regarding the manner in which the express or implied consent of users for the collection, use, retention or disclosure of such personal data is obtained, could increase the Group's costs and require the Group to modify its services and features, possibly in a material manner, which the Group may be unable to complete and may limit its ability to store and process user data or develop new services and features.

1.2.4 Risks related to laws and regulations in general

Existing laws and regulations or a change of laws and regulations to which the Group is subject could hinder or delay the Group's operations, increase the Group's operating costs, and/or restrict the Group's ability to operate its daily business entirely.

1.2.5 Risks related to inability to comply with applicable laws and regulations

The Group may fail to comply with applicable laws and regulations which may result in sanctions such as, but not limited to, litigation, monetary fees and loss of authorizations for part of, or all of its services.

1.2.6 Risks related to legal disputes and legal proceedings

The Group may from time to time be involved in legal disputes and legal proceedings related to the Group's operations or otherwise. Such disputes and legal proceedings may be expensive and time-consuming, and could divert management's attention from the Group's business.

1.3 Risk related to the Group's financial situation

1.3.1 Risks related to financing

The Group is dependent on current financing arrangements, renewal of these and/or obtaining new financing agreements to fund its operations, working capital or capital expenditures. The Company cannot assure that it will be able to obtain any additional financing or retain or renew current financing upon expiry on terms that are acceptable, or at all. If funding is insufficient at any time in the future, the Group may be unable to take execute its business strategy or take advantage of business opportunities, any of which could adversely impact the Group's business, results of operations, cash flows and financial condition.

The Group has covenants in relation to its borrowings. Not meeting these covenants may require outstanding long-term borrowings to become current and to be repaid. The Company may not be able to renegotiate new financing arrangements or obtain waivers if its performance falls behind.

Any future debt arrangements could limit the Group's liquidity and flexibility in obtaining additional financing, in pursuing other business opportunities or corporate activities or the Company's ability to declare dividends to its shareholders.

1.3.2 Currency, interest and exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to exchange rate fluctuations. Exposure to currency risks arises primarily when receivables and payables are denominated in a currency other than the operating company's local currency. In addition, the Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures on translation, primarily with respect to the US dollar. The Group manages its currency risk by closely monitoring the currency fluctuations and does not hedge its currency risk.

The Group's interest rate risk arises from selected long-term borrowings. Such borrowings issues at variable rates expose the Group to cash flow interest rate risk. The Group tries to minimise its interest rate by negotiating both fixed and variable interest rates for the borrowings. The Group has no interest rate swaps to hedge interest rate risk.

The Shares are quoted in euros on Euronext Amsterdam, and will be quoted in NOK on Euronext Growth. Movements in the euro/NOK exchange rate may adversely affect the NOK price of the Shares on Euronext Growth or the euro price on Euronext Amsterdam. For example, if the euro weakens against the NOK, the NOK price of the Shares traded on Euronext Growth could decline, even if the price of Shares in euros trading on Euronext Amsterdam increases or remains unchanged.

1.3.3 Credit risk

Credit risk arises from the possibility of asset impairment occurring because counterparties are not able to meet their obligations in transactions mainly involving trade receivables.

The Group has exposure to credit risk and, for the financial year 2019, it depended on its top 10 customers for approximately 45% of its sales and receivables. In the normal course of business, the Group provides credit to clients, provides credit evaluations of these clients, and maintains an impairment provision for all credit losses. Cash and cash equivalents are held with reliable counterparties. Furthermore the Group offers services to its clients in certain countries with the possibility to pay fees through instalments. The credit risks on these instalments have been and will continue to be borne by the Group. In addition the Group invoices its partners in some cases, in relation to the services the Group has provided over a period of time. The Group is therefore subject to a greater credit default risk.

Should any of these credit risks materialise it could have a material adverse effect on the Group's business and/or financial results.

1.3.4 Risk related to taxes

Tax audits may result in tax assessments that may differ from the Company's positions taken and that tax losses carried forward may expire or cannot be utilized if the Company's future profitable income is not sufficient to recover losses from the past. The Company has historically had tax losses.

1.4 Risks relating to the Shares and the Admission

1.4.1 The price of the Shares may fluctuate significantly

The trading volume and price of the Shares could fluctuate significantly. Some of the factors that could negatively affect the Share price or result in fluctuations in the price or trading volume of the Shares include, for example, changes in the Group's actual or projected results of operations or those of its competitors, changes in earnings projections or failure to meet investors' and analysts' earnings expectations, investors' evaluations of the success and effects of the Group's strategy, as well as the evaluation of the related risks, changes in general economic conditions or the equities markets generally, changes in the industries in which the Group operates, changes in shareholders and other factors. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore fluctuate due to factors that have little or nothing to do with the Group, and such fluctuations may materially affect the price of the Shares. Further, major sales of shares by major shareholders could also negatively affect the market price of the Shares.

1.4.2 An active trading market for the Company's shares may not develop on Euronext Growth, and the dual listing of the Shares could negatively impact the price

Historically, the volume of trading of the Shares at Euronext Amsterdam has been low. In addition, the number of Shares that will initially be admitted on Euronext Growth is limited. No assurance can be given that an active trading market for the Shares will develop on Euronext Growth, nor sustain if an active trading market is developed.

Furthermore, due to the dual listing at both Euronext Growth and Euronext Amsterdam, there will be two separate trading markets for the shares. The dual listing may therefore reduce the liquidity in one or both markets and may adversely affect the development of an active trading market at Euronext Growth. The price of the Shares trading through Depositary Receipts on Euronext Growth could also be adversely affected by trading in the Shares on Euronext Amsterdam and the price of the Shares traded on Euronext Amsterdam could be adversely affected by trading in the Depositary Receipts on Euronext Growth. The Depositary Receipts cannot be traded on Euronext Amsterdam unless they are exchanged for Shares. The speed by which Depositary Receipts can be exchanged for Shares and subsequently traded on Euronext Amsterdam and vice versa might cause differences between the market price for the Shares trading through Depositary Receipts on Euronext Growth and the market price for the Shares trading on Euronext Amsterdam. Investors might arbitrage between stock exchanges to exploit such differences, exacerbating potential volatility in the market price.

1.4.3 Norwegian Depositary Receipts

Holders of Depositary Receipts do not hold Shares directly. The Company will not treat a holder of a Depositary Receipt as one of its shareholders, and a holder of Depositary Receipts will, as a starting point, not be able to exercise shareholder rights, except through the VPS Registrar (as defined below) as permitted by the Registrar Agreement (as defined below).

The Company has entered into a registrar agreement (the "**Registrar Agreement**") with DNB Bank ASA, DNB Markets Registrars department (the "**VPS Registrar**") to facilitate registration of the Depositary Receipts in the VPS in connection with the admission to trading on Euronext Growth. In accordance with the Registrar Agreement, the VPS Registrar is registered as the legal owner of the Shares for which Depositary Receipts are issued. Under the Registrar Agreement, the VPS Registrar registers the beneficial interests in the Shares in book-entry form in the VPS. Accordingly, it is not the Shares issued in accordance with Dutch law that are registered in the VPS and may be traded on Euronext Growth, but the beneficial interests in the underlying Shares (i.e. the Depositary Receipts).

In accordance with market practice in Norway and system requirements of the VPS, the beneficial interests in the relevant Shares will be registered in the VPS under the name of a "share". Although each "share" registered with the VPS will represent evidence of beneficial ownership of the Shares, such beneficial ownership will not necessarily be recognized by a Dutch court. As such, investors may have no direct rights against the Company and may be required to obtain the cooperation of the VPS Registrar in order to assert claims against the Company. Also, investors investing in Depositary Receipts have to look solely to the VPS Registrar for the payment of any dividends, for exercise of voting rights attaching to the underlying Shares and for other rights arising in respect of the underlying Shares. Exercising such shareholder rights through the VPS Registrar is subject to certain terms and conditions. The Company cannot guarantee that the VPS Registrar will be able to execute its obligations under the Registrar Agreement, including that the beneficial owners of the Shares will receive the notice of a general meeting of the Company's

shareholders (a "**General Meeting**") in time to instruct the VPS Registrar to either effect a re-registration of their Depositary Receipts or otherwise vote for their Shares in the manner desired by such beneficial owners. Any such failure may inter alia, limit the access for, delay or prevent, the beneficial shareholders being able to exercise the rights attaching to the underlying Shares.

The VPS Registrar may terminate the Registrar Agreement by not giving less than three months' prior written notice. Further, the VPS Registrar may terminate the Registrar Agreement if the Company does not perform its payment obligations to the VPS Registrar (and such non-payment has not been remedied by the Company within ten business days following receipt of notice regarding this from the VPS Registrar) or commit any other material breach of the Registrar Agreement. In the event the Registrar Agreement is terminated, the Company will use its reasonable best efforts to enter into a replacement agreement for purposes of permitting the uninterrupted registration of the relevant Shares in the VPS and the Admission of the Shares on Euronext Growth. There can be no assurance, however, that it would be possible to enter into such new agreements on substantially the same terms or at all. A termination of the Registrar Agreement could therefore have a material and adverse effect on the Company and its shareholders.

The Registrar Agreement limits the VPS Registrar's liability for any loss suffered by the Company. The VPS Registrar disclaims any liability for any loss attributable to circumstances beyond the VPS Registrar's control, including, but not limited to, errors committed by others. The VPS Registrar is liable for direct losses incurred as a result of events within the VPS. Thus, the Company may not be able to recover its entire loss if the VPS Registrar does not perform its obligations under the Registrar Agreement.

1.4.4 Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the price of the Shares

The Company may in the future decide to offer and issue new Shares or other securities in order to finance new capital-intensive projects, in connection with a share option program for management and other key persons in the Group, in connection with unanticipated liabilities or expenses or for any other purposes. Depending on the structure of any future offering, certain existing shareholders may not have the ability to purchase additional equity securities. An issuance of additional equity securities or securities with rights to convert into equity could reduce the market price of the Shares and would dilute the economic and voting rights of the existing shareholders if made without granting subscription rights to existing shareholders. Accordingly, the Company's shareholders bear the risk of any future offerings reducing the market price of the Shares and/or diluting their shareholdings in the Company.

1.4.5 Major shareholder risk

Mr. Alexandre Bouri, a Board Member, holds 47.1% of the Shares. Accordingly, Mr. Bouri has significant influence over the outcome of corporate actions requiring shareholder approval, including the election of members of the Board of Directors, any merger, consolidation or sale of all or substantially all of the Company's assets or any other significant corporate transaction. Mr. Bouri's substantial Shareholding could delay or prevent a change in control of the Company, even if such a change in control would benefit the other Shareholders. In addition, Mr. Gregory Garvey, the Chairman of the Board of Directors holds approximately 12.1% of the Shares. To the extent that a greater majority is not prescribed by law, pursuant to the Articles of Association all resolutions of the General Meeting will be taken by a majority of 75% of the votes cast.

1.4.6 Pre-emptive rights

Shareholders and holders of Depositary Receipts may not be able to exercise pre-emptive rights and, as a result, may experience substantial dilution upon future issuances of Shares. In the event of an issuance of Shares, subject to certain exceptions, each shareholder will have a pro rata pre-emptive right in proportion to the aggregate nominal value of the Shares held by such holder. These pre-emptive rights may be restricted or excluded by a resolution of the General Meeting or by another corporate body designated by the General Meeting. This could cause existing Shareholders and holders of Depositary Receipts to experience substantial dilution of their interest in the Company.

1.4.7 Dividends

The Company has not paid any dividends since its incorporation and currently intends to retain future earnings, if any, to finance the growth and development of its business. As a result, the Company does not anticipate paying any dividends for the foreseeable future. Under Dutch law, the Company may only pay dividends if its shareholders' equity (Dutch: *eigen vermogen*) exceeds the sum of the paid-up and called-up share capital plus the reserves required to be maintained by Dutch law or by the Articles of Association. In addition, if the Company's dividend policy

changes, the Company's ability to pay distributions to Shareholders will depend to a degree on the earnings and cash flow of its subsidiaries and their ability to pay distributions and to transfer funds to the Company. Other contractual and legal restrictions could also limit the Company's ability to obtain cash from its subsidiaries. If there are changes to accounting standards or to the interpretation of accounting standards, this could have an adverse impact on the Company's ability to pay dividends. Its right to participate in any distribution of the Company's subsidiaries' assets upon their liquidation, reorganization or insolvency would generally be subject to prior claims of the subsidiaries' creditors, including lenders and trade creditors.

2 RESPONSIBILITY FOR THE INFORMATION DOCUMENT

This Information Document has been prepared solely in connection with the Admission on Euronext Growth.

We declare that, to the best of our knowledge, the information provided in the Information Document is fair and accurate and that, to the best of our knowledge, the Information Document is not subject to any material omissions, and that all relevant information is included in the Information Document.

11 February 2021

The Board of Directors of Envipco Holding N.V.

Gregory Garvey
(Non-Executive Director - Chairman)

Alexandre Bouri
(Non-Executive Director)

Dick Stalenhoef
(Non-Executive Director)

Dr. Guy Lefebvre
(Non-Executive Director)

David D'Addario
(Non-Executive Director)

Christian Y Crepet
(Non-Executive Director)

Maurice Bouri
(Non-Executive Director)

Simon Bolton
(Executive Director)

3 GENERAL INFORMATION

3.1 Other important investor information

The Company has furnished the information in this Information Document. No representation or warranty, express or implied, is made by the Euronext Growth Advisor as to the accuracy, completeness or verification of the information set forth herein, and nothing contained in this Information Document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. The Euronext Growth Advisor assume no responsibility for the accuracy or completeness or the verification of this Information Document and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of this Information Document or any such statement.

Neither the Company nor the Euronext Growth Advisor, or any of their respective affiliates, representatives, advisors or selling agents, is making any representation to any purchaser of the Shares regarding the legality of an investment in the Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

3.2 Presentation of financial and other information

3.2.1 Financial information

The Company's audited consolidated financial statements for the financial years ended 31 December 2019 (the "**2019 Financial Statements**") and 2018 (the "**2018 Financial Statements**") (together referred to the "**Financial Statements**") have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**EU-IFRSs**") and with Section 2:362(9) of the Dutch Civil Code. The 2019 Financial Statements have been audited by KPMG Accountants N.V. and the 2018 Financial Statements have been audited by GrantThornton Accountants en Adviseurs B.V.

In addition, the Company has prepared condensed consolidated unaudited interim financial statements for the nine months ended 30 September 2020 (the "**Interim Financial Statements**" and together with the Financial Statements the "**Financial Information**"). The Interim Financial Statements have not been audited or reviewed.

The Company presents the Financial Information in EUR (presentation currency). Reference is made to Section 8 "Selected financial information and other information" for further information.

The Financial Statements are included herein as Appendix C and D, respectively. The Interim Financial Statement are included herein as Appendix B.

The Company is scheduled to present its Q4 2020 report on 28 February 2021.

3.2.2 Industry and market data

In this Information Document, the Company has used industry and market data obtained from independent industry publications, market research and other publicly available information. Although the industry and market data is inherently imprecise, the Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Information Document that was extracted from industry publications or reports and reproduced herein.

Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such data and statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Information Document (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Company's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 1 ("Risk factors") and elsewhere in this Information Document.

Unless otherwise indicated in the Information Document, the basis for any statements regarding the Company's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

3.3 Cautionary note regarding forward-looking statements

This Information Document includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Company's actual financial position, operating results and liquidity, and the development of the industry in which the Company operates, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Information Document. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. For a non-exhaustive overview of important factors that could cause those differences, please refer to Section 1 ("Risk factors").

The forward-looking statements speak only as at the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Information Document.

4 REASONS FOR THE ADMISSION

As of the date of this Information Document, the Company is listed on Euronext Amsterdam. The Company believes the Admission will:

- facilitate for a more diversified shareholder base and enable additional investors to take part in the Group's future growth and value creation; and
- Euronext Growth is considered an attractive market for companies within the same business segment as the Group.

No equity capital or proceeds will be raised by the Company upon the Admission, but the Company has recently completed the Private Placement, as defined and further described in Section 6.

5 DIVIDENDS AND DIVIDEND POLICY

5.1 Dividends policy

The Company has not paid any dividends since its incorporation and currently intends to retain future earnings, if any, to finance the growth and development of its business. As a result, the Company does not anticipate paying any dividends for the foreseeable future.

The Company's dividend policy will, however, be reviewed from time to time and payment of any future dividends will be effective after the Shareholders approval as recommended by the Board of Directors of the Company after taking into account various factors including our business prospects, cash requirements, financial performance, new product development, plans for international expansion and the legal restrictions, as set out in Section 5.2 ("Legal and contractual constraints on the distribution of dividends").

5.2 Legal and contractual constraints on the distribution of dividends

Under Dutch law, the Company may only pay dividends if its shareholders' equity (Dutch: *eigen vermogen*) exceeds the sum of the paid-up and called-up share capital plus the reserves required to be maintained by Dutch law or by the Articles of Association. Cash dividends will be declared and paid in Euros.

Under the Company's Articles of Association, a dividend reserve shall be maintained in the Company's books. The profit that appears from the adopted annual accounts shall be at the disposal of the General Meeting for distribution of dividend on the Shares for adding to the dividend reserve or for such other purposes within the Company's objects as the General Meeting shall decide. Losses shall be charged to the dividend reserve. The General Meeting may resolve to distribute such amounts on the Shares up to the amount of the positive balance of the dividend reserve, if and to the extent the dividend reserve is sufficient. The General Meeting may only decide not to distribute the amounts referred to in the preceding sentence if and to the extent that it can be demonstrated that the Company's liquidity position does not allow this. The claim for payment of dividends shall lapse on the expiry of a period of five years.

Pursuant to the loan agreements further described in section 8.8 ("Material borrowings") the Company has certain restrictions on dividend payments, as follows:

- (i) **Loans from TD Bank, N.A.:** general restriction for distribution of payments out of the US (i.e. from the Company's US subsidiary), except for certain development expenditures.
- (ii) **Loan from PNC Bank N.A.:** although not an explicit restriction on dividends, it is a condition that the funds shall only be used to maintain payroll, mortgage interest, lease and utility payments, as specified in Paycheck Protection Program rules.

5.3 Manner of dividend payment to holders of Depository Receipts

Any future payments of dividends on the Depository Receipts will be paid by the Company to the VPS Registrar and subsequently be denominated in the currency of the bank account of the relevant holder of the Depository Receipts, and will be paid to the holders of Depository Receipts through the VPS Registrar. Holders of Depository Receipts who have not supplied the VPS Registrar with details of their bank account, will not receive payment of dividends unless they register their bank account details with the VPS Registrar. The exchange rate(s) applied when denominating any future payments of dividends to the currency of the relevant holder of Depository Receipts will be the VPS Registrar's exchange rate on the payment date. Dividends will be credited automatically to the registered accounts of the holders of Depository Receipts, or in lieu of such registered account, at the time when the holder has provided the VPS Registrar with its bank account details, without the need for holders of the Depository Receipts to present documentation proving their ownership of the Depository Receipts. The right of holders of Depository Receipts to payment of dividend will lapse three years following the resolved payment date for those holders who have not registered their bank account details with the VPS Registrar within such date. Following the expiry of such date, the remaining, not distributed dividend will be returned from the VPS Registrar to the Company.

6 THE PRIVATE PLACEMENT

6.1 Details of the Private Placement

Immediately before the Admission, the Company will complete a private placement (the "**Private Placement**"), consisting of a share capital increase for a total amount of approximately EUR 8.1 million, by issuing 507,521 Shares, with a par value of EUR 0.50 each, at a subscription price of EUR 16.00 per Share.

The bookbuilding period for the Private Placement took place from 26 January 2021 to 27 January 2021, notifications of allocation was issued on 28 January 2021 and payment will take place on or about 12 February 2021, pursuant to a prepayment agreement entered into between the Company and the Euronext Advisor. Delivery of the new Shares in the Private Placement will be made through the facilities of the VPS on or about 17 February 2021.

6.2 Shareholdings following the Private Placement

As per the date of this Information Document, the largest shareholders of the Company are as set out in Section 10.5 ("Ownership structure").

6.3 Use of proceeds

The proceeds from the Private Placement will primarily be used for:

- Maintain and strengthen market position through investments in technology and organization to take advantage of the attractive market opportunities;
- Invest in equipment and facilities to improve supply chain capacity to support growth,
- Continue to build the organization to secure an efficient and scalable structure,
- Overall strengthening of the balance sheet and financial position to take advantage of attractive M&A opportunities if they arise; and
- fund additional working capital as well as general corporate purposes.

In addition to the above, the proceeds will be used to cover relevant transaction costs incurred in connection with the Private Placement and the listing of the Shares on Euronext Growth, estimated to be approximately EUR 400,000.

6.4 Dilution

For any existing shareholders not participating in the Private Placement, the issue of new Shares implied a dilution of 11%.

7 BUSINESS OVERVIEW

This section provides an overview of the Company's business as of the date of this Information Document. The following discussion contains forward-looking statements that reflect the Company's plans and estimates, see Section 3.3 ("Cautionary note regarding forward-looking statements") above, and should be read in conjunction with other parts of this Information Document, in particular Section 1 ("Risk factors").

7.1 Introduction

Envipco Holding N.V. was established on 26 June 1998 and is a recognized market player in the development and operation of RVMs, which are automated technological systems for the recovery of used beverage containers. Envipco is dedicated to advancing closed loop beverage container recovery across the world in both deposit and non-deposit areas. Toward that end, the Company has developed a number of core competencies, which should position the Company well for further global growth:

- Envipco is a manufacturing company with a complete portfolio of reverse vending machines that the Group develops, manufactures, services and maintains for a global client base.
- Envipco is a technology company, with a US and German-based team of research and development engineers who continually develop new and improved processes to sort, flatten, crush, and record materials.
- Envipco is a data management company that has devised complex, automated accounting systems to recover, identify, and account for every used beverage container. Based on these trusted counts, Envipco act as a clearing bank for deposits on containers currently in the US.
- Envipco is an entrepreneurial company that works with different parties across the globe to develop recycling systems that will thrive in their communities and make recycling financially rewarding for everyone.

As of the date of this Information Document the Group has installed approximately 8,000 RVMs worldwide.

The Group's headquarter is located in Amersfoort, the Netherlands, and the Group has per 31 January 2021 approximately 180 full time employees.

7.2 History and important events

The table below summarizes the Group's key milestones in the period from 2009 and until the date of this Information Document. Although the Group has a longer history, the activities of the Group prior to 2009 is not considered material considering the long time period and that the activities are no longer relevant for the business of the Group as it is conducted today.

Year	Event
2009-2013	<ul style="list-style-type: none">• Launched new RVM-product, FLEX, in 2010• Reimagine/Coke project• Entered into new market, France, in 2011• Company's shares admitted to trading on Euronext Brussels on 6 October 2011• Launched new RVM-product, ULTRA, in 2013
2014-2020	<ul style="list-style-type: none">• DPG settlement 2014• Launched new RVM-product, QUANTUM, in 2015• Entered into new market, Sweden, in 2015• 260,000 shares issued in 2018 via private placement• Company's shares admitted to trading on Euronext Amsterdam on 27 June 2018• Launched new RVM-product, OPTIMA, in 2019• Company's shares delisted from Euronext Brussels on 21 September 2020

7.3 Vision and strategy

The Groups mission is to provide the most cost-effective and efficient technology solutions for recycling used drinks packaging in order to dramatically increase the reuse of raw materials and conserve our limited natural resources.

The Groups purpose is to provide global deposit return solutions that are convenient and scalable for every unique application.

The Groups vision is for a cleaner, more sustainable environment for the next generation.

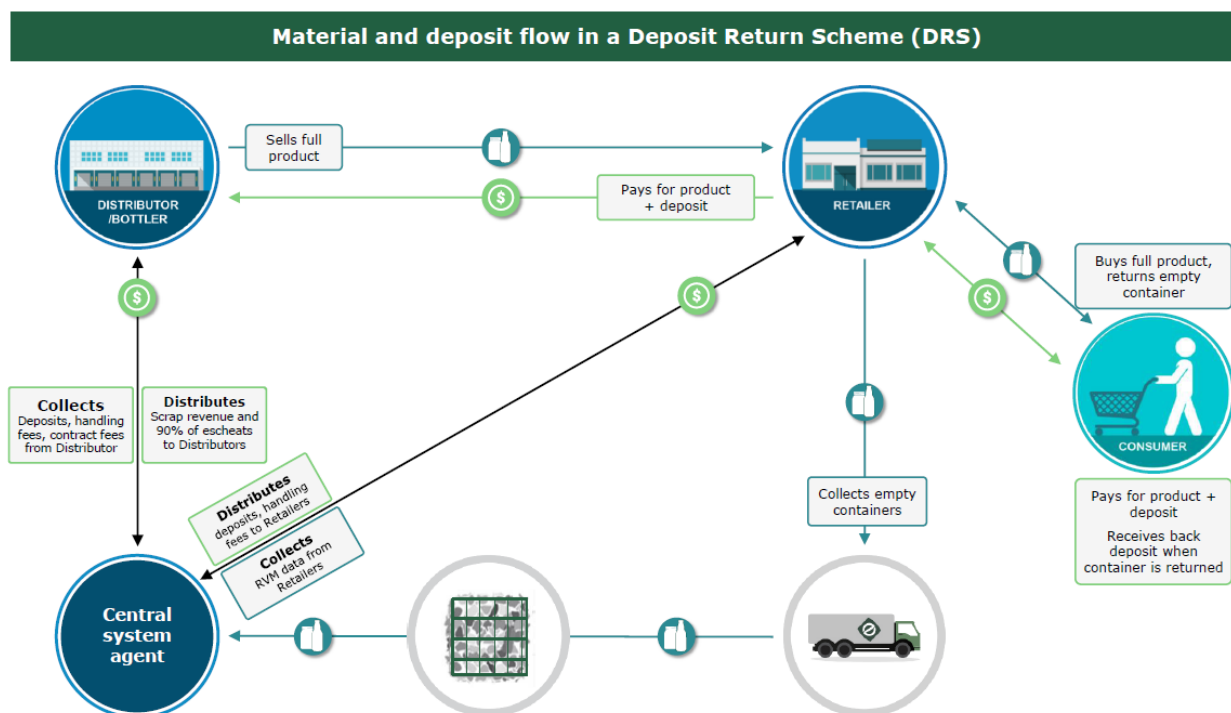
7.4 Reverse Vending Machines business segment

7.4.1 Background

Plastic waste is putting a growing strain on the environment. An estimated 8 million tons of plastic¹ ends up in the ocean every year. Managing the world's waste of beverage packaging is, and is becoming, a major focus area for governments, environmentalist and businesses. As a result of increasing governmental legislation over the protection of the environment, expansion of activism surrounding energy conversation, and increasing demands for high value scrap commodities, cost effective recovery and recycling of packaging is a growing industry.

In the market for used beverage container recycling a distinction must be made between markets with and markets without deposit legislation, i.e. legislation obliging producers to sell beverages in containers with deposit value and to redeem empty containers. Deposit systems, unlike other recycling methodologies, offer cash incentives for consumers to return beverage packaging in a voluntary participation system outside of taxpayer funded programs. Deposit systems, while costly to operate, are significantly more effective than other recycling programs such as municipal curbside recycling. Today, a number of countries, including the United States of America, Germany, the Netherlands, Sweden Norway and Finland, all have national or regional deposit laws in place.









RVMs are just a part of a Deposit Return Scheme ("DRS"), and the Group is one of only two RVM suppliers providing all DRS activities. The material and deposit flow in a DRS is illustrated below:



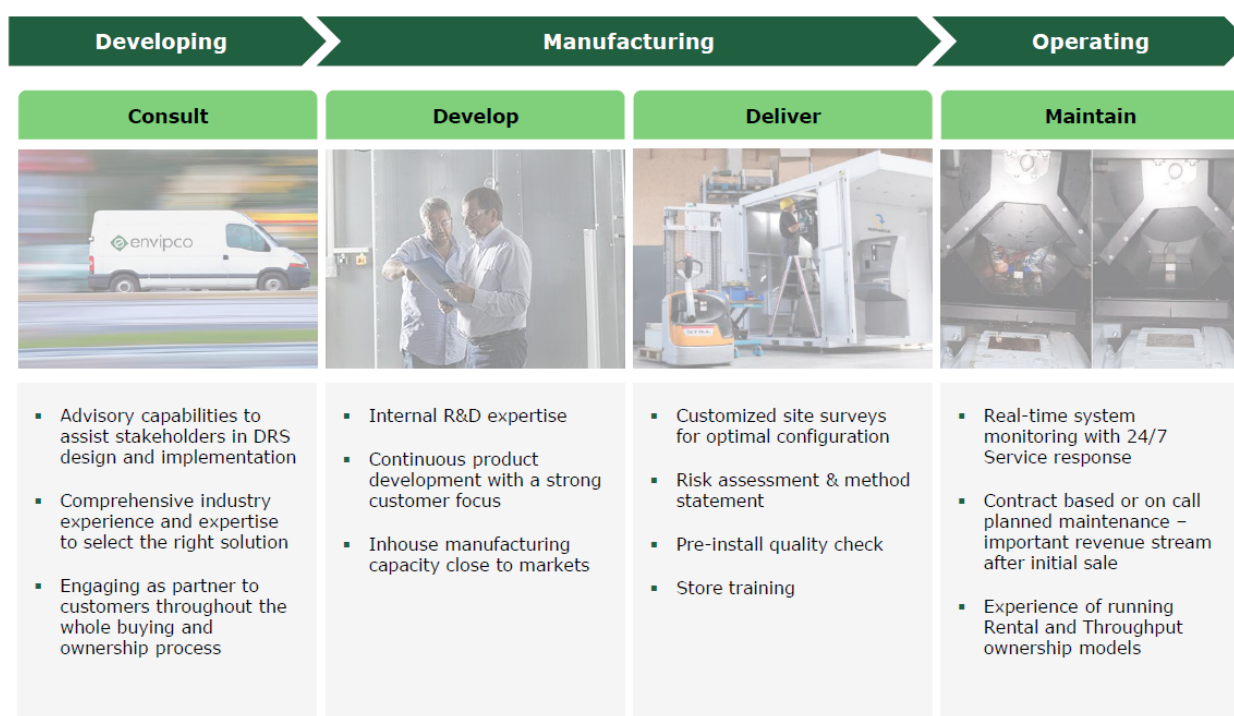
7.4.2 Product offering

The Group offers a wide range of RVMs for use in the deposit markets:

¹ Source: <http://www.ellenmacarthurfoundation.org>

Product	Key features	Target market
 <div> FLEX Smallest, low-cost RVM </div>	<ul style="list-style-type: none"> ✓ 40 containers/min ✓ Small Footprint (60cm wide) ✓ Glass side sort option 	<ul style="list-style-type: none"> ✓ Convenience stores ✓ Gas stations ✓ Schools 
 <div> ULTRA Single commodity feed RVM </div>	<ul style="list-style-type: none"> ✓ 42 containers/min ✓ Market leading compaction ✓ In-store / standard size for retail 	<ul style="list-style-type: none"> ✓ Supermarkets ✓ Hypermarkets 
 <div> OPTIMA All-in-one commodity feed RVM </div>	<ul style="list-style-type: none"> ✓ 42 containers/min ✓ Market leading compaction ✓ Shape system ✓ Camera recognition 	<ul style="list-style-type: none"> ✓ Supermarkets ✓ Hypermarkets ✓ Redemption centers 
 <div> QUANTUM Breakthrough bulk feed RVM </div>	<ul style="list-style-type: none"> ✓ 100 containers/min ✓ Maximum convenience ✓ Deposit / Non-deposit ✓ In-store / Outdoor 	<ul style="list-style-type: none"> ✓ Large supermarkets ✓ Hypermarkets ✓ Recycling centers 

The Group also delivers capabilities across the RVM lifecycle:



7.4.3 Pickup and Processing

The Company or its agents perform pick-up of recyclable materials directly from retailer locations and processes material for sale to polyethylene terephthalate ("PET"), glass and aluminium buyers in a competitive bid process.

7.4.4 *Leasing of RVM machines to customers*

The Group is responsive to customer requirements in how they want to own and run their products. The Group offers options from outright capital sale, capital or operational lease and "throughput" type models – where over a fixed cost, fees are dependent on the volume of material returned. In all cases machines placed in the field are fully supported by field service either through the Groups own team or through experienced and trained partners in that country or region. The Group is focused on providing excellent customer service which leads to high customer satisfaction and solid recurring revenues for the Group.

7.4.5 *EnVision Digital Suite*

EnVision, the Group's suite of digital products, offers a broad choice of options for the Group customers. From RVM monitoring and supplies fulfilment to digital payment options, the Group has the solutions to maximise the efficiency of its customers drinks packaging recycling programme and provide the most technically advanced, easy to use products to the consumer. The key features of the envision Digital Suite is:

- *eNvision Onsite* is the Group's customised, local view of the customers RVMs. This product lets the customer know what's happening in their recycling centre at all times by monitoring the RVMs and notifying location personnel when attention is needed. This monitoring capability is enhanced by allowing the customer to order supplies, request new product be accepted by the machines, validate the receipts for the customers location, request empty drinks container pickups and send messages/enquiries directly to the Group's support personnel.
- *eNvision Portal* allows customers online access to their RVM activity, along with both summary and detailed reporting. This web portal allows access to all levels of detail processing of containers through the customers RVMs, sends alerts when attention or service is needed and provides comprehensive reporting for all the customers RVM activities. Envision Portal can report on both chain and regional level.
- *eNvision Digital Payment* gives the Group's customers an alternative to paper receipts from the RVMs in form of enVision Digital Payment technology, which allows the customer to link up RVMs with loyalty or customers' cards for digital transfer to the checkout system or a financial account of the customer's choice. Alternatively, the consumer can also scan a 2D barcode with an app for both iOS and Android at the end of their transaction.
- *eNvision Receipt Validator* provides a simple way for the Group's customers to ensure that no duplicate receipts is being presented at the till in the Customer's store. Each paper receipt is scanned to verify its authenticity, and then marked as having been redeemed. Easy to use reporting Is provided to the Customer for accounting reconciliation of the Customer's total payout.

7.4.6 *Deposit Redemption Program*

Under certain deposit redemption programs in the US, the Company is responsible for the operation of systems to redeem, collect, account for and dispose of used beverage containers. In connection with these programs, participating retailers lease or purchase RVMs from the Company. The Company then acts in a clearinghouse capacity to collect deposits and handling fees on redeemed containers from participating beverage distributors and to distribute deposit refunds and handling fees to participating retailers. In addition, the Group provides various services to participating distributors and retailers and other participants, including container collection, commodity processing, sale of recycled materials , and accounting services.

7.5 Market overview

7.5.1 *Introduction*

The Group currently operates in North America and Europe. In the following is a brief description of the key features of these markets.

7.5.2 *United states of America*

The market in the US is defined by unique deposit legislation in ten states. The Group is engaged in the states of Michigan, New York, Connecticut, Massachusetts, Iowa and Vermont, and not California, Hawaii, Maine and Oregon. In all cases a deposit value is assigned to each container covered by the law that must be redeemed by the agent (retailers) who sold the products. The Group's technology is sold/leased to retailers to assist in the acceptance,

counting, densification and pick-up of deposit containers. The Group provides comprehensive service in support of its fleet of installed RVM's.

7.5.3 Europe

The Group's growth focus is in Europe over the next five plus years. Currently the Group has active business in Sweden, Greece and France. Additionally, the Group has active business development activity in Scotland/UK, the Netherlands, Romania, Portugal and Malta, with early business development work in a number of other markets. For Scotland, the Group has a dedicated team which has been on the ground for over two years and established customer and wider stakeholder relationships which the Group believes positions it well for commercial success. Other markets are serviced from Group headquarters in The Netherlands with support from USA.

7.5.4 Other

The company has an exclusive machine sales and parts agreement with and agent in Australia (Recyclebank) to provide RVM's in Australian deposit markets. Pending and current deposit legislation exists in New South Wales, Western Australia, Queensland and the Northern Territory.

In the Middle East there is increased awareness and interest in sustainability and recycling. Whilst not the main focus of the Group, it continues to follow up on promising and substantiated opportunities particularly in the United Arab Emirates and Israel. These markets are likely to be accessed in the future through approved distributors and partners in the region, but currently no partners have been approved.

7.6 Competitive situation

The Company competes internationally in both markets with a container deposit law and those markets where deposit laws have yet to be passed. Success is based on a combination of: technology, experience, services, and value for money. The Group is one of only two RVM suppliers active in managing DRS systems and allows this insight to be used to help customers during system set up and operation.

The global market is dominated by Tomra Systems ASA, a Norwegian group whose main activity is materials processing, including RVM, manufacture and operations. It is present in all countries across the world which have a container deposit law, and is the Company's main competitor in the US. RVM Systems AB, a RVM based group with production, operations and services registered in Sweden has activities in Scandinavia and over a wider footprint in Europe.

The largest current market in Europe Germany has a number of other more focused competitors. Diebold Nixdorf, a German based Group, is another competitor whose RVM division revenues is estimated to be small when compared to its total revenues for other divisions. Sielaff GmbH and CO.KG and Hans Trautwein SB Technik GmbH are other German based companies, involved in the RVM business, with the manufacture and operation of RVMs as its core activity. Both Diebold Nixdorf and Sielaff GmbH, CO.KG's and Hans Trautwein SB Technik GmbH's RVM activities are primarily in the German market.

The competitors strong balance sheet and market share provide a tough competitive landscape for the Group.

7.7 Material contracts

The Group's material contracts include its top customer agreements at any given time. These agreements are based on the Group standard terms and conditions, with certain adjustments which may be accepted on a case by case basis. Other material contracts can include country distributor contracts, which are based on a group standard. The Company does not have any blanket material contracts for suppliers or service providers but uses a standard quotation and order process to procure services and parts from a stable and qualified supplier base.

The Group has not entered into any other contracts which are outside the ordinary course of business that contains any provision under which any member of the Group has any obligation or entitlement that is material to the Group as of the date of this Information Document. Other contracts include those with main distributors and partners which confirm to the Group standard and good commercial practice.

7.8 Material intellectual property rights

The Group's material intellectual property rights are comprised by a range of patents for container detection, handling and compaction. These are registered internationally and closely monitored and maintained by registered Patent Attorneys. Certain trademarks are also registered including EnVision Digital Suite, as further described in Section 7.4.5 ("EnVision Digital Suite").

Except for the above, the Group's existing business is not dependent on any patents, licenses or other intellectual property.

7.9 Related party transactions

Other than changes in ordinary course intra-group receivables and payables, the Group has not entered into related party transactions for the period after the Financial Statements and up to the date of this Information Document.

For further information on related party transactions of the Group, included related party transactions for the periods covered by the Financial Statements, please refer to the Financial Statements (note 26 and 9), included in this Information Document as Appendix C and Appendix D, respectively.

7.10 Legal and arbitration proceedings

The Group had recently settled an intellectual property ("**IP**") infringement litigation case in Germany, pursuant to which DPG Deutsche Pfandsystem GmbH agreed to pay the Company a one time lump sum payment of EUR 1.85 million. In return, Envipco will withdraw the appeal against the revocation of the patent in suit and the related infringement actions.

Other than the above, neither the Company nor any other company in the Group is, nor has been, during the course of the preceding 12 months, involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

8 SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION

8.1 Introduction and basis for preparation

The 2019 Financial Statements have been prepared in accordance with the EU-IFRS and have been audited by the independent auditor of the Group, KPMG Accountants N.V. The 2018 Financial Statements have been prepared in accordance with the EU-IFRS and audited by the Group's previous independent auditor, GrantThornton Accountants en Adviseurs B.V. In addition, the Group has prepared the Interim Financial Statements in accordance with IAS 34. The Company has been listed since 2011 and has published financial statements and interim financials in accordance with applicable laws since then. All historical financial reporting is available at the Company's website.

The selected financial information presented in Section 8.3 to Section 8.6 below has been derived from the Financial Statements and the Interim Financial Statements, and should be read in connection with, and is qualified in its entirety by reference to, the Financial Statements included herein as Appendix C and D and the Interim Financial Statements included herein as Appendix B.

8.2 Summary of accounting policies and principles

For information regarding accounting policies and the use of estimates and judgments, please see note 1 in the Financial Statements, included herein as Appendix C and Appendix D.

8.3 Selected statement of income

The table below sets out selected data from the Group's unaudited consolidated interim income statement for the nine months ended 30 September 2020, with comparable figures for the nine months ended 30 September 2019, and from the Group's audited consolidated income statement for the year ended 31 December 2019, with comparable figures for the year ended 31 December 2018. Comparable figures for the nine months ended 30 September 2019 have not been adjusted for the implementation of IFRS 16 in 2019.

	Nine months ended 30 September		Year ended 31 December	
	2020 (unaudited)	2019 (unaudited)	2019 (audited)	2018 (audited)
<i>(In EUR thousands)</i>				
Revenues.....	22,779	27,558	36,251	35,380
Cost of revenue.....	(14,353)	(16,991)	(22,699)	(21,441)
Gross profit	8,426	10,567	13,552	13,939
Selling and distribution expenses.....	(1,586)	(1,934)	(1,074)	(1,118)
General and administrative expenses.....	(7,519)	(7,938)	(13,762)	(10,486)
Research and development expenses.....	(787)	(853)	(1,323)	(801)
Other income.....	11	20	26	651
Operating (Loss)/Profit	(1,455)	(138)	(2,581)	2,185
Financial expense.....	(281)	(151)	(273)	(269)
Financial income.....	292	(47)	93	3
Net finance (cost) and or income	11	(198)	(180)	(266)
(Loss)/Profit before tax	(1,444)	(336)	(2,761)	1,919
Income taxes.....	(184)	(357)	882	(65)
(Loss)/Profit	(1,628)	(693)	(1,879)	1,854
<i>Other comprehensive income Items that will be reclassified subsequently to profit and loss:</i>				
Exchange differences on translating foreign operations.....	(797)	1,076	265	809
Total other comprehensive income.....	(797)	1,076	265	809
Total comprehensive income	(2,425)	383	(1,614)	2,663

	Nine months ended 30 September		Year ended 31 December	
	2020 (unaudited)	2019 (unaudited)	2019 (audited)	2018 (audited)
<i>(In EUR thousands)</i>				
<i>Earnings/(loss) per share for profit attributable to the ordinary equity holders of the parent during the Period</i>				
Basic	(0.40)	(0.17)	(0.46)	0.47
Fully diluted	(0.40)	(0.17)	(0.46)	0.47

8.4 Selected statement of financial position

The table below sets out selected data from the Group's unaudited consolidated interim balance sheet as at 30 September 2020, with comparable figures as at 30 September 2019, and from the consolidated audited statement of financial position as at 31 December 2019, with comparable figures as at 31 December 2018.

	As at 30 September		As at 31 December	
	2020 (unaudited)	2019 (unaudited)	2019 (audited)	2018 (audited)
<i>(In EUR thousands)</i>				
Assets				
Non-current assets				
Intangible assets	6,547	6,397	6,160	6,016
Property, plant and equipment	8,622	9,249	9,668	9,165
Financial assets	88	572	208	349
Deferred tax assets	2,812	1,911	2,934	1,819
Total non-current assets	18,069	18,129	18,970	17,349
Current assets				
Inventory	10,361	11,341	10,341	8,525
Trade and other receivables	12,133	13,245	9,960	10,021
Cash and cash equivalents	1,055	1,481	675	4,107
Total current assets	23,549	26,067	20,976	22,653
Total assets	41,618	44,196	39,946	40,002
Equity				
Share capital	2,049	2,049	2,049	2,049
Share premium	51,256	51,488	51,703	51,874
Translation reserves	3,296	4,915	4,093	3,838
Legal reserves	6,147	5,915	5,700	5,529
Retained earnings	(40,820)	(38,014)	(39,192)	(37,318)
Equity attributable to owners of the parent	21,928	26,353	24,353	25,972
Non-controlling interests	32	29	32	27
Total equity	21,960	26,382	24,385	25,999
Liabilities				
Non-current liabilities				
Borrowings	5,665	3,312	2,975	3,014
Lease commitments	119	-	366	-

<i>(In EUR thousands)</i>	As at 30 September		As at 31 December	
	2020 <i>(unaudited)</i>	2019 <i>(unaudited)</i>	2019 <i>(audited)</i>	2018 <i>(audited)</i>
Other liabilities.....	120	120	120	220
Total non-current liabilities.....	5,904	3,432	3,461	3,234
Current liabilities				
Borrowings.....	2,911	1,329	1,171	1,420
Trade creditors.....	6,662	9,757	6,569	6,406
Accrued expenses.....	2,651	2,576	3,440	2,554
Provisions.....	331	319	314	77
Lease commitments.....	544	-	388	-
Tax and social security.....	655	401	218	312
Total current liabilities.....	13,754	14,382	12,100	10,769
Total liabilities.....	19,658	17,814	15,561	14,003
Total equity and liabilities.....	41,618	44,196	39,946	40,002

8.5 Selected statement of cash flows

The table below sets out selected data from the Group's unaudited consolidated interim statement of cash flow for the nine months ended 30 September 2020, with comparable figures for the nine months ended 30 September 2019, and from the Group's consolidated audited statement of cash flows for the year ended 31 December 2019, with comparable figures for the year ended 31 December 2018.

<i>(In EUR thousands)</i>	Nine months ended 30 September		Year ended 31 December	
	2020 <i>(unaudited)</i>	2019 <i>(unaudited)</i>	2019 <i>(audited)</i>	2018 <i>(audited)</i>
Cash flows from operating activities				
Operating (Loss)/Profit.....	(1,455)	(138)	(2,581)	2,185
<i>Adjustment for:</i>				
Amortization.....	803	837	1,187	1,028
Depreciation.....	1,904	1,866	2,488	2,336
Changes in trade and other receivables.....	(2,398)	(2,965)	61	(269)
Changes in inventories.....	(20)	(2,050)	(1,418)	(583)
Changes in provisions.....	-	274	244	94
Changes in trade and other payables.....	884	2,762	1,312	135
Changes in other liabilities.....	-	-	(100)	-
Cash generated from operations.....	(282)	586	1,193	4,926
Interest received and paid.....	(252)	(150)	(189)	(223)
Income taxes paid.....	(184)	(357)	(199)	(65)
Net cash flow from operating activities.....	(718)	79	805	4,638
Investing actives				
Development expenditure, patents.....	(1,338)	(1,230)	(1,386)	(1,488)
Investments in property, plant & equipment.....	(1,886)	(1,517)	(1,982)	(2,307)
Net cash flow used in investing activities.....	(3,224)	(2,747)	(3,368)	(3,795)

(In EUR thousands)

	Nine months ended 30 September		Year ended 31 December	
	2020 (unaudited)	2019 (unaudited)	2019 (audited)	2018 (audited)
Financial activities				
Proceeds from issuance of shares.....	-	-	-	2,711
Changes in borrowings - proceeds.....	8,044	1,062	1,072	-
Changes in borrowings - repayments.....	(3,238)	(1,077)	(1,450)	(1,298)
Changes in lease commitments.....	(423)	-	(527)	-
Net cash flow from financing activities.....	4,383	(15)	(905)	1,413
Net increase/(decrease) in cash and cash equivalents	441	(2,683)	(3,468)	2,256
Opening position.....	675	4,107	4,107	1,788
Foreign currency differences on cash and cash equivalents.....	(61)	57	36	63
Closing position.....	1,055	1,481	675	4,107
<i>The closing position consist of:</i>				
Cash and cash equivalents.....	1,055	1,481	675	4,107
Total closing balance in cash and cash equivalents.....	1,055	1,481	675	4,107

8.6 Selected statement of changes in equity

Changes in equity are presented in the equity notes of the 2019 Financial Statements. An overview is included below.

(In EUR thousands)	Share capital	Share premium	Translation reserve	Legal reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2018	1,919	49,718	3,019	5,104	(39,157)	20,603	22	20,625
Net profit/(loss) for the period	-	-	-	-	1,848	1,848	6	1,854
Other comprehensive income - Currency translation adjustment	-	-	810	-	-	810	(1)	809
Total comprehensive income for the period	-	-	810	-	1,848	2,658	5	2,663
Issuance of shares	130	2,581	-	-	-	2,711	-	2,711
Legal reserve								
Balance at 31 December 2018	2,049	51,874	3,829	5,529	(37,309)	25,972	27	25,999
Changes in equity for 2019								
Net profit/(loss) for the period	-	-	-	-	(1,883)	(1,883)	4	(1,879)
Other comprehensive income - Currency translation	-	-	264	-	-	264	1	265

<i>(In EUR thousands)</i>	Share capital	Share premium	Translation reserve	Legal reserve	Retained earnings	Total	Non-controlling interests	Total equity
adjustment								
Total comprehensive income for the period	-	-	264	-	(1,883)	(1,619)	5	(1,614)
Legal reserve	-	(171)	-	171	-	-	-	-
Balance at of 31 December 2019	2,049	51,703	4,093	5,700	(39,192)	24,353	32	24,385

8.7 Significant transactions

Other than the Private Placement, application for forgiveness for the Paycheck Protection Program loan and the settlement of a litigation case with Deutsche Pfandsystem GmbH, the Group has not carried out any transactions after the last audited accounts that represent a significant change.

8.8 Material borrowings

The Group has the following material borrowings:

- (i) **Environmental Products Corporation and Environmental Products Recycling Inc.:** Certain term loans and revolving credit extended by TD Bank, N.A., at a total of USD 9,037,353 per 31 December 2020. The loans are secured with a continuing lien on, and security interest in, all assets of the borrower (i.e. Environmental Products Corporation), including but not limited to inventory and property. In addition, the Company has provided a guarantee under the loans in favour of TD Bank N.A. Covenants are based on annual debt service coverage and funded debt requirements, which have been met up until the latest financial reporting date.
- (ii) **Environmental Products Corporation:** A Paycheck Protection Program term note extended by PNC Bank N.A. of for a total of USD 1,804,800 per 31 December 2020, with a fixed interest rate of 1.0%. The loan is issued pursuant to the Coronavirus Aid, Relief, and Economic Security (CARES) Act's Paycheck Protection Program in the United States. The Group expects the term note to be forgiven in its entirety in the first half of 2021. The conditions for forgiveness are that the loan is only used for certain eligible costs, including wages, that payroll cost equal to at least 60% of the forgiveness amount, that for the 24 weeks covered period the forgiveness amount does not exceed 2.5 months of 2019 compensation and that salaries and wages are not reduced by more than 25% for any employee.

Other than what is set out above and the intra-Group loans described in section 7.9 "(Related party transactions)", the Group does not have any loans.

8.9 Working capital statement

The Company is of the opinion that, following completion of the Private Placement, the working capital available to the Group is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Information Document.

9 THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

9.1 Introduction

The Company's Board of Directors is a one-tier board, i.e. it is one board of directors consisting of both executive directors (Dutch: *uitvoerend bestuurders*, "**Executive Directors**") who are responsible for the day-to-day management of the Company, and non-executive directors (Dutch: *niet-uitvoerend bestuurders*, "**Non-Executive Directors**") who are responsible for supervising the day-to-day management of the Company. The date of the first annual general shareholder meeting following the Admission has not yet been set, but will be held prior to the end of June 2021.

Board Members are appointed by the General Meeting. A resolution to appoint a Board Member requires a majority of 75% of the votes cast. The General Meeting may suspend or dismiss Board Members at any time with a majority of at least two-thirds of the votes cast. The Non-Executive Directors shall elect the Chairman of the Board of Directors among themselves.

The Board of Directors as a whole is authorized to represent the Company. In addition, each Executive Director is entitled to represent the Company.

9.2 The Board of Directors

9.2.1 The composition of the Board of Directors

The Board of Directors currently consists of seven Non-Executive Directors and one Executive Director. The names and positions of the members of the Board of Directors are set out in the table below.

Name	Function ¹	Served since	Term expires	Shares	Options/ warrants
Gregory Garvey	Non-Executive Director - Chairman	2008	30 June 2021	555,779 ²	0
Alexandre Bouri	Non-Executive Director	2008	30 June 2021	2,168,068 ³	0
Dick Stalenhoef	Non-Executive Director	2008	30 June 2021	600	0
Dr Guy Lefebvre	Non-Executive Director	1999	30 June 2021	0	0
David D'Addario	Non-Executive Director	2008	30 June 2021	80,451	0
Christian Y Crepet	Non-Executive Director	1998	30 June 2021	7,012	0
Maurice Bouri	Non-Executive Director	2020	30 June 2021	0	0
Simon Bolton	Executive Director - CEO	2020	30 June 2021	8,285	0

1 Mr. Garvey, Mr. Alexandre Bouri and Mr. Maurice Bouri are not considered independent in the meaning of the Dutch Corporate Governance Code.

2 Mr. Garvey's shares are held through his wholly owned company EV Knot LLC

3 Mr. Bouri's shares are held through his wholly owned company Megatrade International SA.

9.2.2 Brief biographies of the Board Members

Set out below are brief biographies of the Board Members, including their managerial expertise and experience, in addition to an indication of any significant principal activities performed by them outside of the Company.

Gregory Garvey, Non-Executive Director and Chairman

Mr. Gregory Garvey graduated from the University of New Haven and has more than 25 years of industry experience. He has previously served as Vice Chairman of Tomra and as CEO and President of its North American division. In addition he has formerly served on the board of directors of Wise Metals Group and was previously Vice Chairman of Tandberg.

Alexandre Bouri, Non-Executive Director

A citizen of Greece and Lebanon, Mr. Alexandre Bouri is the Chairman of the board of directors of Seament International Sal and Seabulk S.A, within a much-diversified conglomerate including the world's largest independent cement handling and shipping company doing business under "Seament" and "Seabulk" trade names. He is the Chairman of the board of directors of Seament Net Sal Offshore, B F 737 Sal, Al Ikar Sal, Universal Bulk Holding Sal, Bouri Trading Sal, Al Kharoubi Sal, Al Moutell Al Ikariat Sal, Medorient Holding Sal, Southern Sal and Al Ziraieh Sal. In addition, Mr Bouri is a member of the board of directors of Seament Holding Sal, Seament Int'l Sal (Offshore), Sleimanieh Sal, Seament Albania SHPK, Elbassan Cement Factory SHPK and United Quarries SHPK. Mr. Bouri is also the principal owner of several companies. Mr. Bouri is the holder of a BSC from the American University in Beirut. Mr. Alexandre Bouri is the father of Mr. Maurice Bouri

Theodorus Jofez Maria (Dick) Stalenhoeft, Non-Executive Director

A citizen of the Netherlands, Mr. Dick Stalenhoeft is an independent consultant and director and principal shareholder of Stahold B.V. He has previously served as Vice Chairman of the board of directors of Delta Lloyd Bank, Amsterdam, Chief Executive Officer of Smeets Securities N.V in Antwerp, Belgium and Managing Director of Chase Manhattan Bank, Amsterdam. Mr. Stalenhoeft is the holder of a Civil Law degree from the University of Tilburg. Mr. Stalenhoeft was director of Milders, Heijboer & Stalenhoeft B.V.

Dr Guy Arthur Jean Marie Louis Edmond Lefebvre, Non-Executive Director

A citizen of Belgium, Mr. Guy Lefebvre is a partner of Lefebvre-Lahaye, a law firm with offices in France and Belgium. He is the holder of a law degree from the Université Libre of Brussels, Belgium, and a graduate of the Institut d'Etudes Europeennes de Bruxelles, Belgium.

David Francis D'Addario, Non-Executive Director

A citizen of the United States of America, Mr. David D'Addario is currently the Chairman and Chief Executive Officer of Wise Metals Group, also known as Wise Alloys, North America's third largest producer of aluminum sheet for beverage and food cans. He also serves as Chairman and CEO of D'Addario Industries, a privately held diversified group involved in several industries. Mr. D'Addario holds a B.A. degree from Yale University. Mr. D'Addario is a member of the following boards of directors: The Aluminum Association, Inc., Barnum Festival Foundation, Bridgeport Hospital, Bridgeport Regional Business Council, The School for Ethical Education, and the University of Bridgeport.

Christian Y Crepet, Non-Executive Director

A citizen of France, Mr. Christian Crepet is the former Managing Director of Sorepla Industrie S.A; a plastics recycling company. He held this position from 2002 until 2016. Mr. Crepet is currently the Executive Director of the board of directors of Petcore. He is also a co-founder and member of EPBP (European PET Bottle Platform) and was formerly Vice President of PRE (Plastics Recyclers Europe). Mr. Crepet is the holder of a degree in law and executive MBA from Haute Etude Commerciales, Paris, France.

Maurice Bouri, Non-Executive Director

A citizen of the United Kingdom, Mr. Maurice Bouri is the former President of Societe des Huiles et Dérives (SHD), a grain derivatives manufacturing and commodities trading company. He held this position from 2012 until 2019. Mr. Bouri is currently Executive Director of SHD, and was formerly Director of Sales and Marketing for the Balkan Region for Fushe Kruja Cement, a cementitious products manufacturing company. Mr. Bouri is the holder of a dual degree in Industrial Psychology and Marketing from the University of Buckingham, England. Mr. Maurice Bouri is the son of Mr. Alexandre Bouri.

Simon Bolton, Executive Director and CEO

Mr. Bolton has more than 25 years of business & leadership experience. Before joining the Group, Mr. Bolton was the CEO of Waterlogic and has held senior management positions at General Electric and other industrial and technology companies. Mr. Bolton has education from IMD Lausanne, Warwick University and Imperial College London.

9.3 Executive Management

9.3.1 General

The Executive Director is supported in the day-to-day management by a number of senior managers. As of the date of this Information Document, the Group's Executive Management consists of six individuals. The names of the members of the Executive Management and their respective positions are presented in the table below.

Name	Position	Employed since	Shares	Options/warrants held
Simon Bolton	Executive Director and CEO	2020	8,285	0
Robert Lincoln	President and COO	2010	100,000	0
Derk Visser	Group CFO	2020	0	0
Terje Hanserud	CTO	2014	25,000	0
Nick Augelli	VP Manufacturing	1994	0	0
Fons Buurman	VP Business Development, Europe	2020	0	0

In addition, it is also noted that Mr. Erik Thorsen has acted as Senior Advisor to the board and management since 2010. The Company's registered business address, Arnhemseweg 10, 3817 CH in Amersfoort, the Netherlands, serves as business address for the Executive Director and CEO, the Group CFO and the VP Business Development in relation to their employment with the Company. The CTO is employed by the Company's German subsidiary Envipco Automaten GmbH and the President and COO and VP Manufacturing are employed by the Company's US subsidiary.

9.3.2 Brief biographies of the Executive Management

Simon Bolton, Executive Director and CEO

Mr. Simon Bolton has more than 25 years of business & leadership experience. Before joining the Group Mr. Bolton was the CEO of Waterlogic and has held senior management positions at General Electric and other industrial and technology companies. Mr. Bolton has education from IMD Lausanne, Warwick University and Imperial College London

Robert Lincoln, President and COO

Mr. Robert Lincoln oversees global operations and production, and is responsible for technology development, new market initiatives and core business development. He has more than 32 years of industry experience, amongst other as president of Tomra. Mr. Lincoln has education from St. Lawrence University.

Derk Visser, Group CFO

Mr. Derk Visser has education from University of Maastricht and University of Amsterdam and has more than 20 years of international financial leadership experience, and was CFO of Crocs ENEMA before joining the Company. Other previous experience includes CFO Praxis for Maxeda DIY group and CFO Staples Inc. for global high growth markets.

Terje Hanserud, CTO

Mr. Terje Hanserud is responsible for R&D and manufacturing activities and has more than 20 years of industry experience. He has extensive experience from technology innovation in national deposit systems and recycling machinery and previous experience as CTO of Tomra. Mr. Hanserud has education from the Norwegian University of Technology

Nick Augelli, VP Manufacturing

Mr. Nick Augelli, a 25 year veteran of the company rose through various senior positions in Technical Support, Supply Chain and Production and today provides leadership across the Company's production facilities in USA, Germany and Romania.

Fons Buurman, VP Business Development Europe

A citizen of The Netherlands, Mr. Fons Buurman joined Envipco in 2020 as VP Business Development Europe, responsible for building out the organization in the greater European area. Prior to joining Envipco, Mr. Burman held Marketing, Sales and Business Development positions in international consumer packaging industry with Tetra Pak and WestRock and in Consumer Electronics with Philips. Mr. Burman holds a bachelor degree from the Haarlem Business School.

Erik Thorsen, Advisor

Mr. Erik Thorsen acts as advisor to the Board of Directors and Executive Management and has more than 25 years of industry experience. Previous experience include CEO of Tomra ASA (1996-2005), CEO of REC ASA (2005-2009), chairman of several public companies and positions as board chairman and board member of, and advisor to several technology companies. Mr. Thorsen has education from University of Karlstad.

9.4 Share incentive schemes

The Group currently has no share incentive schemes, but has the intention, and obligation towards certain employees, to develop and implement a long term incentive plan for certain employees during 2021.

9.5 Employees

As of the date of this Information Document, the Group has 180 employees. The table below shows the development in the numbers of full-time employees over the last two years:

	Year ended 31 December	
	2020	2019
Number of employees ¹	180	186

1 Number of employees stated as the number of employees at the end of each financial year.

9.6 Corporate governance

Pursuant to article 2:391(5) of the Dutch Civil Code, the Dutch Corporate Governance Code (the "**Code**") applies to the Company. The Code contains principles and best practice provisions for a managing board, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditing, disclosure, compliance with and enforcement of the Code. The corporate governance code can be accessed at <https://www.mccg.nl/english>. Dutch companies admitted to trading on a registered stock exchange or, under certain circumstances, registered on a multilateral trading facility, whether in the Netherlands or elsewhere, are required under Dutch law to disclose in their annual reports whether or not they apply the provisions of the Code and, if and to the extent they do not apply, to explain the reasons why. The Company acknowledges the importance of good corporate governance. Since 2011 the Company supports the Code and is in compliance with the Code, subject to the exceptions as described in the Financial Statements for the financial year ending 31 December 2019 (starting on page 9), included herein as Appendix C.

9.7 Conflicts of interests etc.

No member of the Board of Directors or Executive Management has, or have had, as applicable, during the last five years preceding the date of the Information Document:

- any convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or was disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his or her capacity as a founder, member of the administrative body or supervisory body, director or senior manager of a company.

To the Company's knowledge, there are currently no actual or potential conflicts of interest between the Company and the private interests or other duties of any of the Board Members and members of the Executive Management, including any family relationships between such persons, except that Mr. Maurice Bouri is the son of Mr Alexandre Bouri.

10 SHARE CAPITAL AND SHAREHOLDER MATTERS

10.1 Corporate information

The Company's legal name is Envipco Holding N.V. and the Company's commercial name is Envipco. The Company is a public limited liability company, incorporated and existing under the laws of the Netherlands. The Company is registered in the Trade Register of the Dutch Chamber of Commerce with company registration number 33304225. The Company was incorporated on 26 June 1998.

The Company's registered business address is Arnhemseweg 10, 3817 CH Amersfoort, the Netherlands, which is the Group's principal place of business. The telephone number to the Company's principal offices is +31 (0)33 285 1773 and its website is "http://www.envipco.com".

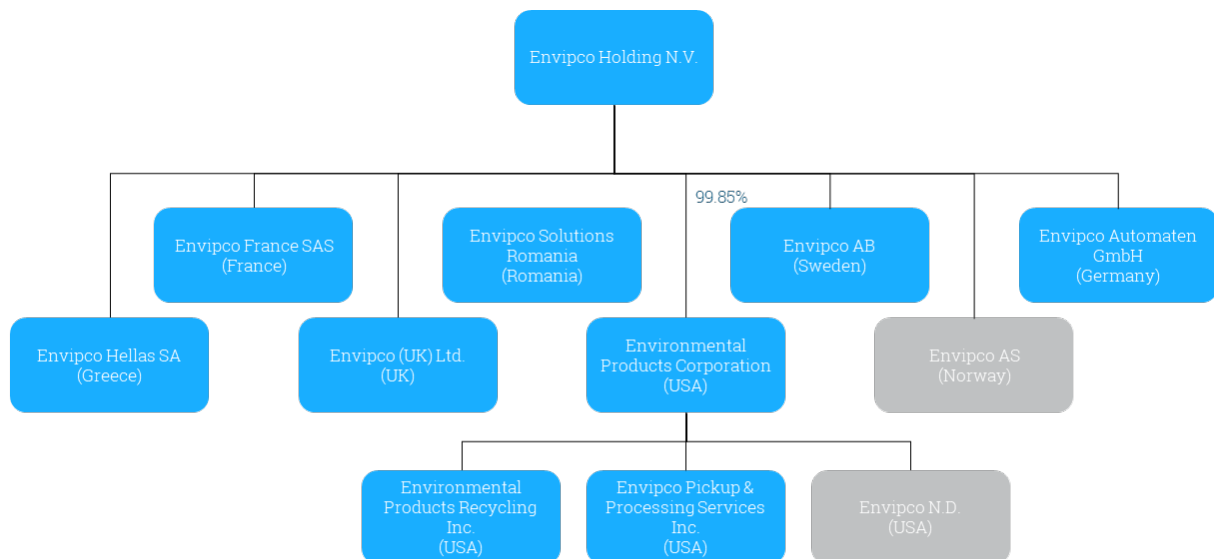
10.2 Legal structure

The Company is a holding company at the head of the Envipco corporate group. The following legal entities are subsidiaries of the Company.

Company name	Registered office	Activity	Ownership interest	Group shareholder
Envipco France SAS	Boulogne-Billancourt, France	Operations company for the Group's French activities.	100%	The Company
Envipco Automaten GmbH	Westerkappeln, Germany	Operations company for the Group's German activities.	100%	The Company
Envipco Hellas SA.....	Pallini, Greece	Operations company for the Group's Greek activities.	100%	The Company
Envipco Solutions S.R.L.	Alba, Romania	Operations company for the Group's Romanian activities.	100%	The Company
Envipco Sweden AB.....	Borlänge, Sweden	Operations company for the Group's Swedish activities.	100%	The Company
Envipco (UK) Ltd.....	Buckinghamshire, UK	Operations company for the Group's UK activities.	100%	The Company
Environmental Products Corporation	Naugatuck, USA	Operations company for the Group's US activities.	99.85%	The Company
Environmental Products Recycling Inc.....	Naugatuck, USA	Service & operations company in support of US activities	99.85%	Environmental Products Corporation
Envipco Pickup & Processing Services Inc.	Naugatuck, USA	Materials handling service in support of US activities	99.85%	Environmental Products Corporation
Envipco N.D.	Naugatuck, USA	Dormant	99.85%	Environmental Products Corporation
Envipco AS.....	Oslo, Norway	Dormant	100%	The Company

In addition to the above, Stichting Employees Envipco Holding ("**SEEH**") is a foundation controlled by the Company, for the purpose of administering an employee share option scheme. Currently there are no activities of the foundation and no options have been issued to employees. The Group plans to introduce a long term incentive plans for employees in 2021, see Section 9.4 ("Share incentive schemes").

The following chart sets out the Group's legal structure as of the date of this Information Document:



* All companies 100% owned unless otherwise indicated

 Dormant

10.3 Share capital and share capital history

10.3.1 Overview

Under Dutch law, a company's authorized share capital reflects the maximum amount of shares that it may issue without amending its articles of association. The Company has an authorised share capital of EUR 4,000,000 divided into 8,000,000 shares, each having a par value of EUR 0.50. As at the date of this Information Memorandum, the Company has an issued and outstanding share capital of EUR 2,302,564.00 divided into 4,605,128 Shares, each having a par value of EUR 0.50, which includes the 507,521 Shares issued in the Private Placement.

All the issued and outstanding Shares have been created under the laws of the Netherlands. The Shares are equal in all respects and there is no difference in voting rights or classes of shares. Each Share carries one vote and all Shares carry equal rights in all respects, including rights to dividends.

The Shares trading on Euronext Amsterdam and the Shares issued in the Private Placement are included in the book-entry system operated by Euroclear Netherlands, the central security depository in the Netherlands.

It is expected that the Euronext Growth listing committee will resolve to admit all of the Company's Shares to trading on Euronext Growth on or about 15 February 2021. The first day of trading on Euronext Growth is expected to be on or about 18 February 2021 under the ticker code "ENVIP". The Company's Shares are also listed on Euronext Amsterdam, which is a regulated market.

On Euronext Growth, the Shares will be traded in the form of Depository Receipts (*Nw: depotbevis*) that represent the beneficial interests in the underlying Shares. The Depository Receipts will be registered in the VPS in book-entry form under the name of a "share" and will be traded on Euronext Growth in NOK in the form of Depository Receipts as "shares in Envipco Holding N.V.". Each Depository Receipt will represent one Share included in the Euroclear Netherlands system and the Depository Receipts will have the same par value as the Shares.

Through its nominee in the Netherlands, Citibank Europe plc UK Branch, the VPS Registrar will hold the underlying Shares to be registered in the VPS in the form of Depository Receipts in the Euroclear Netherlands system. The VPS Registrar will register the beneficial interests representing the relevant Shares in the VPS, which following such registration will reflect the beneficial shareholders, personally or through nominee registrations.

All Shares and the Depository Receipts, are freely transferable, meaning that a transfer of Shares and/or Depository Receipts is not subject to the consent of the Board of Directors or any other corporate consents or rights of first refusal. The Depository Receipts are registered in the VPS with ISIN code NL0009901610.

Existing shareholders of the Company and new investors should note that only Shares that have been registered in the VPS in the form of Depositary Receipts will be tradable on Euronext Growth. Further, Depositary Receipts will not be tradable on Euronext Amsterdam. Please refer to Section 10.4 ("Depositary Receipts") for further information.

The Company's VPS Registrar is DNB Bank ASA, DNB Markets Registrars department, with registered address Dronning Eufemias gate 30, 0191 Oslo, Norway.

10.3.2 Share capital history

The table below shows the development in the Company's share capital for the period covered by the Financial Statements to the date of the Information Document. There has not been any other capital increases in the Company other than as set out in the table below, neither by way of contribution in cash or in kind for the period covered by the Financial Statements until the date of this Information Document.

Date of registration	Type of change	Change in share capital (EUR)	New share capital (EUR)	Nominal value (EUR)	New number of total issued shares	Subscription price per share
18 October 2018	Share issue	130,000	2,048,803.50	0.50	4,097,607	EUR 11.00
On or about 15 February 2021	Share issue	253,760.50	2,302,564	0.50	4,605,128	EUR 16.00

10.4 The Depositary Receipts

10.4.1 Introduction

The VPS Registrar will issue and deliver the Depositary Receipts to the holders of the Depositary Receipts. Holders of Depositary Receipts will not have direct shareholder rights as the nominee of the VPS Registrar will be the registered owner of the underlying financial instruments of the Depositary Receipts, i.e. the relevant Shares. Because the Depositary Receipts have similarities to depository receipts as such term is known under Dutch law, for the purpose of its corporate governance structure the Company considers the holders of Depositary Receipts to be holders of depository receipts under Dutch law issued with its cooperation. As a consequence, holders of the Depositary Receipts shall have certain rights under Dutch law, including meeting rights relating to General Meetings and the rights of those entitled to attend General Meetings, as further described in Section 10.10 ("Certain aspects of Dutch corporate law").

The rights and obligations of the VPS Registrar described further in Section 10.4.6.2 ("The Registrar Agreement").

10.4.2 Issuance

The VPS Registrar will issue and deliver the Depositary Receipts to the holders in the VPS, in accordance with the Norwegian Act on Registration of Financial Instruments of 5 July 2002 no. 64. All Depositary Receipts will be issued and registered in book-entry form through the VPS system and holders of Depositary Receipts may obtain statements, showing the number of Depositary Receipts held, online or through the VPS account operator who maintains the holder's VPS account.

10.4.3 Record dates

The Company may fix a record date for the determination of the holders of Depositary Receipts who will be entitled to receive any distribution on or in respect of the Shares, to give instructions for the exercise of any voting rights, to receive any notice or to act in respect of other matters and only such holders of Depositary Receipts at such record date will be so entitled or obligated. The VPS Registrar may fix the same.

10.4.4 Voting rights

Each Share underlying a Depositary Receipt carries one vote. Although the Depositary Receipts do not carry voting rights, holders of Depositary Receipts may instruct the VPS Registrar to vote on the Shares underlying their Depositary Receipts, subject to any applicable provisions of Dutch law. The Company will furnish voting materials to the VPS Registrar and the VPS Registrar will notify the holders of Depositary Receipts of the upcoming vote and arrange to deliver the Company's voting materials to the holders of Depositary Receipts. Otherwise, holders of Depositary Receipts will not be able to exercise the voting rights attached to the underlying Shares unless the steps

outlined in Section 10.4.6.3 ("Transfer of Depository Receipts") are followed. The VPS Registrar's notice will describe the information in the voting materials and explain how holders of Depository Receipts may instruct the VPS Registrar to vote the underlying Shares.

The VPS Registrar will only vote or attempt to vote as the holders of Depository Receipts instruct. The VPS Registrar itself will not exercise any voting rights.

10.4.5 Change or alterations of the share capital

In the event of any change or alteration of the share capital of the Company all necessary amendments to the Depository Receipts shall be made in the VPS system.

10.4.6 VPS registration of the Depository Receipts

10.4.6.1 Introduction

In order to facilitate registration of the Depository Receipts in the VPS, the Company has entered into a deposit and registrar agreement (the "**Registrar Agreement**") with the VPS Registrar, which administrates the Company's VPS register.

Pursuant to the Registrar Agreement, Citibank Europe plc UK Branch, which is the nominee of the VPS Registrar, is registered as the holder in the Euroclear Netherlands system of the Shares for which Depository Receipts are issued. The VPS Registrar registers the Depository Receipts in book-entry form in the VPS. Therefore, it is not the underlying Shares, but the beneficial interests in such Shares in book-entry form, that are registered with the VPS.

At the date of this Prospectus, there is one class of Depository Receipts. The Depository Receipts have ISIN NL0009901610.

The Registrar Agreement is subject to Norwegian law and, accordingly, the Depository Receipts will be established under Norwegian law. Each Depository Receipt registered with the VPS will represent the beneficial ownership of one Share. The Depository Receipts are freely transferable, with delivery and settlement through the VPS system. The Depository Receipts will be priced and traded in NOK on Euronext Growth.

10.4.6.2 The Registrar Agreement

Pursuant to the Registrar Agreement, the VPS Registrar will register the Depository Receipts in the VPS. The holders of Depository Receipts must look solely to the VPS Registrar for the payment of dividends, for the exercise of voting rights attached to the Shares underlying the Depository Receipts and for all other rights arising in respect of the Depository Receipts. In order to exercise any rights directly as shareholder, a holder of Depository Receipts must retire his or her Depository Receipts in the VPS in exchange for Shares and has the right to do so. The VPS Registrar will assist with establishing a market practice conversion program which will enable the holders of Shares and Depository Receipts to exchange the Shares with Depository Receipts within a standard VPS settlement period (T+2). Holders of Depository Receipts who wish to retire their Depository Receipts in the VPS are advised to contact a bank or a broker for further assistance.

The Company will pay dividends directly to the VPS Registrar, which in turn has undertaken to distribute the dividends and other declared distributions to the holders of Depository Receipts in accordance with the Registrar Agreement. Please see Section 5.3 ("Manner of dividend payment to holders of Depository Receipts") for further information.

The VPS Registrar will not hold any right to share in profits and any liquidation surplus which are not passed on to the holders of the Depository Receipts. The VPS Registrar shall not attend nor vote at a General Meeting, other than pursuant to an instruction from the holders of Depository Receipts.

The VPS Registrar is only liable for any direct loss suffered by the Company as a result of breach of contract. Each of the Company and the VPS Registrar may terminate the Registrar Agreement at any time with a minimum of three months' prior written notice, or immediately upon written notice of a material breach by the other party of the Registrar Agreement. In the event that the Registrar Agreement is terminated, the Company will use its reasonable best efforts to enter into a replacement agreement for purposes of permitting the uninterrupted trading of the Depository Receipts on Euronext Growth.

10.4.6.3 Transfer of Depository Receipts

All transactions relating to securities registered with the VPS are made through computerized book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered owner irrespective of any beneficial ownership. To give effect to such entries, the individual security holder must establish a VPS securities account with a Norwegian VPS account operator. Norwegian banks, Norges Bank (being the Central Bank of Norway), authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as VPS account operator.

The entry of a transaction in the VPS is prima facie evidence under Norwegian law in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security.

Shareholders who hold Shares through the Euroclear Netherlands system and wish to exchange these Shares into corresponding Depository Receipts in the VPS must instruct and authorize the VPS Registrar to receive such Depository Receipts. Upon the VPS Registrar's receipt of the Shares (through its nominee), the Depository Receipts will be issued by the VPS Registrar and delivered to the VPS account of the relevant holder. Holders of Depository Receipts who wish to exchange their Depository Receipts in the VPS into Shares held through Euroclear Netherlands, must advise the VPS Registrar to deliver and transfer the Depository Receipts to an intermediary VPS account of the VPS Registrar and they will then receive the corresponding number of Shares upon the VPS Registrar's receipt of instructions on delivery.

The VPS is liable for any loss suffered as a result of faulty registration or amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian Financial Supervisory Authority on an ongoing basis, as well as any information that the Norwegian Financial Supervisory Authority requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

10.5 Ownership structure

As a consequence of the Company's listing on Euronext Amsterdam, pursuant to the Dutch Financial Supervision Act (*Dutch: Wet op het financieel toezicht*), each party who holds a substantial holding in the Company should forthwith notify the Netherlands Authority for the Financial Markets (*Dutch: Stichting Autoriteit Financiële Markten, "AFM"*) of such substantial holding. A substantial holding means the holding of at least 3% of the shares or the ability to vote on at least 3% of the total voting rights.

According to notifications made to the AFM as set out in the publicly accessible Register substantial holdings and gross short positions of the AFM at www.afm.nl as at the day immediately preceding the date of the Information Document, the following parties held a substantial holding of at least 3% of the Company's capital and/or voting rights.

#	Shareholder	Number of Shares	Number of voting rights	Per cent of share capital ¹	Per cent of voting rights ²	Notified on
1	Mr. Alexandre Bouri ³	2,168,068	2,168,068	47.08%	47.08%	25 September 2019
2	Mr. Gregory Garvey ⁴	555,779	555,779	12.07%	12.07%	18 September 2020
3	Otus Capital Management Ltd.	-	225,000	0%	4.89%	10 May 2018
4	Lazard Freres Gestion SAS	222,532	222,532	4.83%	4.83%	16 October 2018
5	Mr. Douglas Pouling	200,000	200,000	4.34%	4.34%	18 July 2013
6	Mr. Bhajun Gool Santchurn ⁵	155,480	155,480	3.38%	3.38%	5 May 2017
Total notified substantial holdings		3,301,859	3,526,859	71.70%	76.59%	
Others		1,303,269	1,078,269	28.30%	23.41%	

Total	4,605,128	4,605,128	100%	100%
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Percentage regards the number of securities notified on the date of notification indicated in the last column of the table,
1 related to the total number of Shares outstanding on the date of the Information Document.

Percentage regards the number of voting rights notified on the date of notification indicated in the last column of the table,
2 related to the total number of voting rights outstanding on the date of the Information Document.

3 Mr. Alexandre Bouri is a Non-Executive Director. Interest held indirectly via Megatrade International SA.

4 Mr. Greg Garvey is a Non-Executive Director and the Company's Chairman. Interest held indirectly via EV Knot LLC.

Up to 31 December 2019, Mr. Mr. Bhajun Gool Santchurn was an Executive Director and the Company's CEO. Interest
5 indirectly held via Univest Portfolio Inc.

The table above sets out the information on substantial holdings of each of the named parties based on the number of Shares and voting rights notified by them to the AFM as at the date indicated in the last column of the above table. The number of Shares or voting rights as well as the percentage of Shares or voting rights held by these parties at the date of the Information Document may be different.

For the number of Shares held by the Board Members and the Executive Management, please see sections 9.2.1 ("The composition of the Board of Directors") and 9.3.1 ("General").

As of the date of this Information Document, the Company does not hold any treasury shares.

There are no arrangements known to the Company that may lead to a change of control in the Company.

10.6 Authorisations

10.6.1 Authorisation to increase the share capital

On 26 June 2018 a General Meeting was held at which it was resolved to authorize the Board of Directors to issue up to 757,521 shares for a period of five years from the date of the General Meeting (i.e. up to 26 June 2023) and to exclude pre-emptive rights in relation thereto. As of the date of this Information Document 757,521 shares have been issued on the basis of this authority, as a consequence whereof, the Board of Directors no longer authorised to issue shares on the basis of the authorisation granted to it by the General Meeting on 26 June 2018.

10.6.2 Authorisation to acquire treasury shares

The Company can acquire fully paid-up shares in its own capital for no consideration, or if (i) the shareholders' equity less the acquisition price is not less than the sum of the paid-in and called-up part the Company's capital and the reserves that it is required to maintain by law, (ii) the nominal value of the shares to be acquired in its own capital, which it holds or holds in pledge, or which are held by one of its subsidiaries is not more than 50% of the issued capital, such in accordance with section 2:98 of the Dutch Civil Code and (iii) the acquisition is authorized by the General Meeting. At the date of this Information Memorandum, there is no authorization by the General Meeting outstanding on the basis of which the Company can acquire shares in its own capital.

10.7 Financial instruments

Neither the Company nor any of the Company's subsidiaries has issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or its subsidiaries.

10.8 Shareholder rights

The Company has one class of shares in issue and all Shares provide equal rights in the Company, including the rights to any dividends. Each share carries one vote. The rights attached to the Shares are further described in Section 10.9 ("The Articles of Association") and Section 10.10 ("Certain aspects of Dutch corporate law").

10.9 The Articles of Association

The Articles of Association as they read on the date of the Information Memorandum are enclosed in Appendix A to the Information Document. Below is a summary of the current provisions of the Articles of Association.

10.9.1 Objective of the Company

Pursuant to section 2, the objective of the Company is to:

- a) to participate, to finance or to have any other interest in, or to conduct the management of, other companies or enterprises;
- b) to furnish guarantees, provide security, warrant performance or in any other way assume liability, whether jointly and severally or otherwise, for or in respect of obligations of group companies;
- c) to acquire, exploit and alienate industrial and intellectual property rights; and to do anything which is, in the widest of sense of the word, connected with or may be conducive to the attainment of these objects.

10.9.2 Share capital and nominal value

Pursuant to section 3, the Company's authorised share capital is EUR 4,000,000 divided into 8,000,000 ordinary shares, each with a nominal value of EUR 0.5. The Company's authorised share capital reflects the maximum amount of shares that the Company may issue without amending the Articles of Association.

10.9.3 The Board of Directors

Pursuant to section 8, the Board of Directors shall have at least one or more Executive Directors and one or more Non-Executive Directors. Board Members are appointed by the General Meeting of shareholders. A resolution to appoint a Board Member requires a majority of 75% of the votes cast. The General Meeting may suspend or dismiss Board Members at any time with a majority of at least two-thirds of the votes cast.

10.9.4 Restrictions on transfer of Shares

There are no restrictions on the transferability of the Shares in the Articles of Association.

10.10 Certain aspects of Dutch corporate law

10.10.1 General meetings

General Meetings must be held in Amsterdam, Haarlemmermeer (Schiphol), The Hague, Rotterdam, or Amersfoort, the Netherlands. The annual General Meeting must be held at least once a year, no later than in June. Extraordinary General Meetings may be held, as often as the Board deems desirable. In addition, pursuant to Dutch law, one or more Shareholders or holders of depository receipts, who solely or jointly represent at least one-tenth of the issued capital, may request that a General Meeting be convened, the request setting out in detail matters to be considered. If no General Meeting has been held within eight weeks of the Shareholder(s) and/or holders of depository receipts making such request, the requestors will be authorized to request in summary proceedings a District Court to convene a General Meeting. Furthermore, within three months of it becoming apparent to the Board that the Company's equity has decreased to an amount equal to or lower than one-half of the paid-up part of the capital, a General Meeting must be held to discuss any requisite measures.

The convocation of the General Meeting must be published through an announcement by electronic means. The convening notice must include, among other items, an agenda indicating the location and time of the General Meeting, the record date, the manner in which persons entitled to attend the General Meeting may register and exercise their rights, the time on which registration for the meeting must have occurred ultimately, as well as the place where the meeting documents may be obtained. The convening notice must be given at least 42 days prior to the day of the meeting.

The agenda for the annual General Meeting must contain certain subjects, including, among other things, the adoption of the financial statements, the discussion of any substantial change in the Company's corporate governance structure and the allocation of the profit, insofar as this is at the disposal of the General Meeting. In addition, the agenda shall include such items as have been included therein by the Board or such items as one or more Shareholders and others entitled to attend General Meetings, representing at least 3% of the issued and outstanding share capital, have requested the Board with a motivated request to include in the agenda, at least 60 days before the day of the General Meeting. If the agenda of the General Meeting contains the item of granting discharge to the members of the Board concerning the performance of their duties in the financial year in question, the matter of the discharge shall be mentioned on the agenda as separate item. No resolutions may be adopted on items other than those which have been included in the agenda.

Shareholders who, individually or with other Shareholders, hold Shares that represent at least 1% of the issued and outstanding share capital or a market value of at least EUR 250,000, may request the Company to disseminate information that is prepared by them in connection with an agenda item for a General Meeting. The Company can only refuse disseminating such information, if received less than seven business days prior to the General Meeting if the information gives or could give an incorrect or misleading signal or if, in light of the nature of the information, the Company cannot reasonably be required to disseminate it.

The General Meeting is chaired by the chairman of the Board. The members of the Board may attend a General Meeting. In these General Meetings, they have an advisory vote. The chairman of the General Meeting may decide at his discretion to admit other persons to the General Meeting.

Each Shareholder and each holder of depository receipts may attend the General Meeting, address the General Meeting and, in so far as they have such right, exercise voting rights pro rata to his shareholding, either in person or by proxy. Shareholders and others with meeting rights under Dutch law may exercise these rights, if they are the holders of Shares or depository receipts on the record date as required by Dutch law, which is currently the 28th day before the day of the General Meeting, and they or their proxy have notified the Company of their intention to attend the General Meeting in writing or by any other electronic means that can be reproduced on paper at least seven days prior to the General Meeting, specifying such person's name and the number of Shares for which such person may exercise the voting rights and/or meeting rights at such General Meeting. The convocation notice shall state the record date and the manner in which the persons entitled to attend the General Meeting may register and exercise their rights.

10.10.2 Quorum and voting requirements

Each Share confers the right to cast one vote in the General Meeting.

Pursuant to the Articles of Association, resolutions of the General Meeting are taken by 75% of the votes cast, except where Dutch law or the Articles of Association prescribe a larger majority.

Pursuant to Dutch law, no votes may be cast at a General Meeting in respect of Shares which are held by the Company.

10.10.3 Additional issuances and preferential rights

Under the Articles of Association, the General Meeting has the power to resolve the issuance of Shares and to determine the conditions under which such shares are issued, unless the General Meeting of Shareholders has designated another corporate body with that power. Such designation can be made for a period not exceeding five years and may be renewed from time to time for periods not exceeding five years. For as long as a body other than the General Meeting has the power to issue shares, the General Meeting shall not have this power.

Unless the Articles of Association provide otherwise, each shareholder shall have a pre-emptive right on the issue of shares in proportion to the aggregate amount of his shares. A shareholder shall not have a pre-emptive right to shares issued to employees of the company or of a group company. The pre-emptive right may, each time for a single issue, be limited or excluded by resolution of the General Meeting. Pre-emption rights may also be limited or excluded by the corporate body which has been designated by the General Meeting as having the power to limit or exclude pre-emption rights for a period not exceeding five years.

On 26 June 2018 a General Meeting was held at which it was resolved to authorize the Board of Directors to issue up to 757,521 shares for a period of 5 years from the date of the General Meeting (i.e. up to 26 June 2023) and to exclude pre-emptive rights in relation thereto. As of the date of this Information Document, 757,521 shares have been issued on the basis of this authority, as a consequence whereof the Board of Directors is no longer authorised to issue shares on the basis of the authorisation granted to it by the General Meeting on 26 June.

10.10.4 Reduction of share capital

The Company can acquire fully paid-up shares in its own capital for no consideration, or if (i) the shareholders' equity less the acquisition price is not less than the sum of the paid-in and called-up part the Company's capital and the reserves that it is required to maintain by law, (ii) the nominal value of the shares to be acquired in its own capital, which it holds or holds in pledge, or which are held by one of its subsidiaries is not more than 50% of the issued

capital, such in accordance with section 2:98 of the Dutch Civil Code and (iii) the acquisition is authorized by the General Meeting.

The General Meeting may resolve to reduce the issued capital by cancelling shares or by reducing the amount of shares by amending the Articles of Association. This resolution must designate the shares to which the resolution relates and provide for the implementation of the resolution. A resolution for cancellation of shares may only relate to shares held by the Company itself or of which it holds the depositary receipts.

10.10.5 Shareholder vote on certain reorganizations

Dutch law provides that decisions of the Board of Directors involving a significant change in the Company's identity or character are subject to the approval of the General Meeting. Such changes include:

- The transfer of all or substantially all of the Company's business to a third party;
- the entry into or termination of a longstanding joint venture with other legal entities or companies, or of the Company's position as a fully liable partner in a limited partnership or a general partnership, if such a joint venture is of major significance to the Company; or
- the acquisition or disposal of a participation in the capital of a company worth at least one-third of the amount of the assets according to the balance sheet with explanatory notes thereto, or if the Company prepares a consolidated balance sheet, according to such consolidated balance sheet with explanatory notes according to the last adopted annual accounts of the Company, by the Company or a subsidiary.

A legal merger or demerger also requires a resolution by the General Meeting.

10.10.6 Amendment of the Articles of Association

The General Meeting may resolve to amend the Articles of Association. A proposal to amend the Articles of Association must be included in the agenda. A copy of the proposal, containing the verbatim text of the proposed amendment, must be deposited at the Company's offices for the inspection of every Shareholder until the end of the General Meeting. A copy of the proposal shall be made available free of charge to those who are entitled to attend the General Meeting.

10.10.7 Dissolution and Liquidation

The Company may be dissolved by a resolution of the General Meeting. In the event of dissolution, the Company's business will be liquidated in accordance with Dutch law and the Articles of Association and the liquidation shall be arranged by the Board, unless the General Meeting has designated other liquidators. During liquidation, the provisions of the Articles of Association will remain in force as far as possible. The balance of the remaining equity after payments of debts and liquidation costs will be distributed to holders of the Shares, in proportion to the aggregate nominal value of the Shares held by them.

10.11 Disclosure regulations

The Netherlands is the Company's home member state for the purposes of the European Union Transparency Directive (Directive 2004/109/EC, as amended). As a result and as a consequence of the Company's Euronext Amsterdam listing, it is subject to financial and other reporting obligations under the Financial Supervision Act and the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*), which both implement the European Union Transparency Directive in the Netherlands.

10.11.1 Disclosure of financial information

The Company is required to publish its financial statements (consisting of the audited annual accounts, the directors' report and the responsibility statement) within four months after the end of each financial year and its half-yearly figures within three months after the end of the first six months of each financial year. Publication of the financial statements within these deadlines will also be in compliance with the Company's continuing obligations on Euronext Growth. Within five calendar days after adoption of its financial statements, the Company must file its financial statements with the AFM.

10.11.2 Financial Reporting Supervision Act

On the basis of the Financial Reporting Supervision Act, the AFM supervises the application of financial reporting standards by, among others, companies whose corporate seat is in the Netherlands and whose securities are listed on a regulated market, as defined in the Financial Supervision Act, or a foreign stock exchange.

Pursuant to the Financial Reporting Supervision Act, the AFM has an independent right to (i) request an explanation from the Company regarding its application of the applicable financial reporting standards and (ii) recommend the Company to make available of further explanations and to file these with the AFM. If the Company does not comply with such a request or recommendation, the AFM may request that the Enterprise Chamber orders it to (i) make available further explanations as recommended by the AFM, (ii) provide an explanation of the way the Company has applied the applicable financial reporting standards to its financial statements or (iii) prepare its financial reports in accordance with financial reporting requirements following the Enterprise Chamber's instructions.

10.11.3 Shareholder disclosure and reporting obligations

Pursuant to the Financial Supervision Act, each party who holds a substantial holding in the Company should forthwith notify the AFM of such substantial holding. Substantial holding means the holding of at least 3% of the Shares or the ability to vote on at least 3% of the total voting rights.

Any person who, directly or indirectly, acquires or disposes of an interest in the share capital or voting rights must give notice to the AFM without delay, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person, directly or indirectly, reaches, exceeds or falls below any of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. In addition, if, as a result of such change, a person's direct or indirect interest in the share capital or voting rights passively reaches, exceeds or falls below the abovementioned thresholds, the person in question must give notice to the AFM no later than the fourth trading day after the AFM has published the change in the share capital and/or voting rights in the public register.

For the purpose of calculating the percentage of capital interest or voting rights, among others, the following interests must be taken into account: (i) shares or depositary receipts for shares or voting rights directly held (or acquired or disposed of) by any person, (ii) shares or depositary receipts for shares or voting rights held (or acquired or disposed of) by such person's controlled undertakings or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement (including a discretionary power of attorney), (iii) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights against a payment, (iv) shares or depositary receipts for shares or voting rights which such person, or any controlled undertaking or third party referred to above, may acquire pursuant to any option or other right held by such person (including, but not limited to, on the basis of convertible bonds), and (v) shares which determine the value of certain cash settled instruments, whereby the increase in value of the financial instruments is dependent on the increase in value of the (underlying) shares or related dividends.

For the same purpose of calculating the percentage of capital interest or voting rights, the following instruments qualify as 'shares': (i) financial instruments of which the value depends on the increase in value of the shares or dividend rights and which will be settled other than in those shares, (ii) rights to acquire shares or depositary receipts, and (iii) negotiable instruments which provide for an economic position similar to the economic position of a holder of shares or depositary receipts.

The notification to the AFM should indicate whether the interest is held directly or indirectly, and whether the interest is an actual or a potential interest.

A person is deemed to hold the interest in the share capital or voting rights that is held by its controlled undertakings as defined in the Financial Supervision Act. The controlled undertaking does not have a duty to notify the AFM because the interest is attributed to the undertaking in control, which as a result has to notify the interest as an indirect interest. Any person, including an individual, may qualify as an undertaking in control for the purposes of the Financial Supervision Act. A person who has a 3% or larger interest in the share capital or voting rights and who ceases to be a controlled undertaking for purposes of the Financial Supervision Act must without delay notify the AFM. As of that moment, all notification obligations under the Financial Supervision Act will become applicable to the former controlled undertaking itself.

A holder of a right of pledge or usufruct in respect of shares or depositary receipts for shares can also be subject to the reporting obligations of the Financial Supervision Act, if such person has, or can acquire, the right to vote on the shares or, in the case of depositary receipts for shares, the underlying shares. If a pledgee or usufructuary acquires the voting rights on the shares or depositary receipts for shares, this may trigger a corresponding reporting obligation for the holder of the shares or depositary receipts for shares. Special rules apply with respect to the attribution of shares or depositary receipts for shares or voting rights which are part of the property of a partnership or other community of property.

Each person holding a gross short position in relation to the issued share capital of a Dutch listed company that reaches, exceeds or falls below any one of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%, must immediately give notice to the AFM. If a person's gross short position reaches, exceeds or falls below one of the above mentioned thresholds as a result of a change in the Company's issued share capital, such person is also required to make a notification no later than the fourth trading day after the AFM has published the Company's notification in the public register of the AFM. Shareholders are advised to consult with their own legal advisers to determine whether the gross short-selling notification obligation applies to them.

In addition, pursuant to Regulation (EU) No 236/2012, each person holding a net short position attaining 0.2% of the issued share capital of a Dutch listed company is required to notify such position to the AFM. Each subsequent increase of this position by 0.1% of the issued share capital must also be notified. Each net short position equal to 0.5% of the issued share capital of a Dutch listed company and any subsequent increase of that position by 0.1% of the issued share capital will be made public via the AFM short-selling register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires the confirmation of a third party that the shares have been located. The notification shall be made no later than 3:30pm Central European (Summer) Time, on the following trading day.

Under the Financial Supervision Act, the Company is required to notify the AFM without delay of any changes in its share capital if it has changed by 1% or more compared to the previous disclosure in respect of its share capital. The Company is also required to notify the AFM without delay of any changes in the voting rights, insofar as it has not already been notified at the same time as a related change in the share capital. Changes in share capital and voting rights of less than 1% must also be notified; these changes can be notified at any time but at the latest within eight days after the end of each calendar quarter. The AFM will publish such notifications in a public register.

In addition, every holder of 3% or more of the shares or voting rights whose interest has a different composition as a result of (for example) an exchange of options for depositary receipts for shares or shares, or the exercise of rights under an agreement to acquire voting rights whereby in comparison to the previous notification a threshold is reached, exceeded or fallen below without this affecting the total percentage of the previously notified holding, must notify the AFM of this change within four trading days after the date on which he becomes aware of this or should have become aware of this.

The AFM keeps a public register of all notifications made pursuant to these disclosure obligations and publishes all notifications received by it. The notifications referred to in this paragraph should be made in writing by means of a standard form or electronically through the notification system of the AFM.

10.11.4 Non-compliance with disclosure obligations

Non-compliance with the disclosure obligations set out in the paragraph above is an economic offence (*economisch delict*) and may lead to the imposition of criminal prosecution, administrative fines, imprisonment or other sanctions. The AFM may impose administrative penalties or a cease-and-desist order under penalty for non-compliance. If criminal charges are pressed, the AFM is no longer allowed to impose administrative penalties and vice versa, the AFM is no longer allowed to seek criminal prosecution if administrative penalties have been imposed. Furthermore, a civil court can impose measures against any person who fails to notify or incorrectly notifies the AFM of matters required to be correctly notified. A claim requiring that such measures be imposed must be instituted by the Company and/or one or more shareholders who alone or together with others represent(s) at least 3% of the issued share capital or are able to exercise at least 3% of the voting rights. The measures that the civil court may impose include: (i) an order requiring the person violating the disclosure obligations under the Financial Supervision Act to make appropriate disclosure; (ii) suspension of voting rights in respect of such person's shares for a period of up to three years as determined by the court; (iii) voiding a resolution adopted by a general meeting of shareholders, if the court

determines that the resolution would not have been adopted but for the exercise of the voting rights of the person who is obliged to notify, or suspension of a resolution until the court makes a decision about such voiding; and (iv) an order to the person violating the disclosure obligations under the Financial Supervision Act to refrain, during a period of up to five years as determined by the court, from acquiring the shares and/or voting rights in the shares.

10.12 Insider trading and market manipulation rules

10.12.1 Reporting of insider transactions

As of July 3, 2016, the regulatory framework on market abuse within Europe has been amended and extended. These revisions are laid down in the Market Abuse Directive (2014/57/EU) (MAD II) as implemented in Dutch law and the Market Abuse Regulation (no. 596/2014) (the "**Market Abuse Regulation**"), which is directly applicable in the Netherlands. The Company, the members of the Board, Executive Management and other insiders and persons performing or conducting transactions in the Company's financial instruments, as applicable, will be subject to the insider trading prohibition, the prohibition on divulging inside information and tipping and the prohibition on market manipulation. In certain circumstances, the Company's investors may also be subject to market abuse rules. Equivalent rules also apply to the Depositary Receipts, pursuant to the Norwegian Securities Trading Act section 3-1(4), cf. sections 3-3, 3-4, 3-7 and 3-8.

Pursuant to the Market Abuse Regulation, no natural or legal person is permitted to: (a) engage or attempt to engage in insider dealing in financial instruments listed on a regulated market or for which a listing has been requested, such as the ordinary shares, (b) recommend that another person engages in insider dealing or induce another person to engage in insider dealing, or (c) unlawfully disclose inside information relating to our ordinary shares or us. Furthermore, no person may engage in or attempt to engage in market manipulation.

Pursuant to the Market Abuse Regulation and also the continuing obligations on Euronext Growth, the Company is required to inform the public as soon as possible and in a manner which enables fast access and complete, correct and timely assessment of the information, of inside information which directly concerns the Company. Inside information is knowledge of information of a precise nature directly or indirectly relating to the issuer or the trade in its securities which has not yet been made public and publication of which could significantly affect the trading price of the securities (i.e. information a reasonable investor would be likely to use as part of the basis of his investment decisions). An intermediate step in a protracted process can also be deemed to be inside information by itself. The Company is required to post and maintain on its website all inside information for a period of at least five years. Under certain circumstances, the disclosure of inside information may be delayed, which needs to be notified to the AFM after the disclosure has been made. Upon request of the AFM, a written explanation needs to be provided setting out why a delay of the publication was considered permitted.

Persons discharging managerial responsibilities, as well as persons closely associated with them (within the meaning of the Market Abuse Regulation) are obliged to notify the Company and the AFM, ultimately on the third trading day after the transaction date, of every transaction conducted on their own account relating to our shares or debt instruments (or other financial instruments linked thereto), once the threshold of €5,000 has been reached within a calendar year (without netting). Once the threshold has been reached, all transactions will need to be notified, regardless of amount and wherever concluded. The same also applies pursuant to the continuing obligations on Euronext Growth, but with no monetary threshold for the notification obligation.

Furthermore, a person discharging managerial responsibilities is not permitted to (directly or indirectly) conduct any transactions on its own account or for the account of a third party, relating to our shares or debt instruments or other financial instruments linked thereto, during a closed period of thirty calendar days before the announcement of an half-yearly report or an annual report.

Persons discharging managerial responsibilities within the meaning of the Market Abuse Regulation include: (a) members of the Board, or (b) members of the senior management who have regular access to inside information relating directly or indirectly to that entity and the authority to take managerial decisions affecting our future developments and business prospects. A person closely associated means: (a) a spouse, or a partner considered to be equivalent to a spouse in accordance with national law, (b) a dependent child, in accordance with national law, (c) a relative who has shared the same household for at least one year on the date of the transaction concerned, or (d) a legal person, trust or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person referred to in point (a), (b) or (c), which is directly or indirectly

controlled by such a person, which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such a person.

10.12.2 Non-compliance with the market abuse rules

In accordance with the Market Abuse Regulation, the AFM has the power to take appropriate administrative sanctions, such as fines, and/or other administrative measures in relation to possible infringements.

Non-compliance with the market abuse rules set out above could also constitute an economic offense and/or a crime (*misdrif*) and could lead to the imposition of administrative fines by the AFM. The public prosecutor could press criminal charges resulting in fines or imprisonment. If criminal charges are pressed, it is no longer allowed to impose administrative penalties and vice versa. Similar sanctions may be imposed by Norwegian authorities in case of infringements of the Norwegian Securities Trading Act.

The AFM shall in principle also publish any decision imposing an administrative sanction or measure in relation to an infringement of the Market Abuse Regulation.

The Company adopted a code of conduct in respect of the reporting and regulation of transactions in the Company's securities by members of the Board and its employees. The Company and any person acting on its behalf or on its account is obligated to draw up an insiders list, to promptly update the insider list and provide the insider list to the AFM upon its request. The Company and any person acting on its behalf or on its account is obligated to take all reasonable steps to ensure that any person on the insider list acknowledges in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to insider dealing and unlawful disclosure of inside information.

10.13 Mandatory takeover offers

Pursuant to the Financial Supervision Act, a shareholder who (individually or acting in concert with others) directly or indirectly obtains control of a Dutch company whose shares are listed on a regulated market within the European Union or European Economic Area is required to make a public offer for all issued and outstanding shares in that company's share capital. Such control is deemed present if a (legal) person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the general meeting of shareholders. The legislation also applies to persons acting in concert who jointly acquire 30% of the voting rights. An exemption exists if such shareholder or group of shareholders reduces its holding below 30% within 30 days of the acquisition of controlling influence provided that (i) the reduction of its holding was not effected by a transfer of shares or depositary receipts to an exempted party and (ii) during this period such shareholder or group of shareholders did not exercise its voting rights. Euronext Growth does not impose any such rules or obligations of a similar nature.

11 TAXATION

11.1 Dutch taxation

The following is a brief summary of certain Dutch tax considerations relevant to the acquisition, ownership and disposal of Shares in the Company (which includes the Depositary Receipts) by holders that are both (i) tax residents of the Netherlands under the laws of the Netherlands (resident taxpayers), and holders that are (ii) not residents of the Netherlands under such laws, but who do earn certain income from the Netherlands (non-resident taxpayers).

The summary is based on applicable Netherlands laws, rules and regulations as at the date of this Information Document. Such laws, rules and regulations may be subject to changes after this date, possibly on a retroactive basis for the same tax year. Any changes in Netherlands tax law, regulations and administrative interpretations, including those changes that could have retroactive effect may affect the validity of this summary. Please note that this document shall not be updated to cater for such changes in Netherlands tax law.

This summary is of a general nature and does not purport to be a comprehensive description of all tax considerations that may be relevant, and does not address taxation in any other jurisdiction than the Netherlands. All references in this summary to the Netherlands and Dutch law are to the European part of the Kingdom of the Netherlands and its law, respectively, only.

The summary does not concern tax issues for the Company. The summary only focuses on the specific shareholder categories explicitly mentioned below. Special rules may apply to shareholders who are considered 'tax transparent' for tax purposes, for shareholders holding Shares through a permanent establishment in the Netherlands and for shareholders that have ceased or cease to be resident in the Netherlands for tax purposes.

For purposes of Dutch personal and corporate income taxes, shares, or certain other assets, which may include depositary receipts in respect of shares, legally owned by a third party such as a trustee, foundation or similar entity or arrangement, may under certain circumstances have to be allocated to the (deemed) settlor, grantor or similar originator, or, upon the death of the settlor to his/her beneficiaries, in proportion to their entitlement to the estate of the settlor of such trust or similar arrangement, or the separated private assets (Dutch: *afgezonderd particulier vermogen*). The same may apply to Dutch gift, estate and inheritance tax.

The summary does not address the tax consequences of a holder of the Shares who is an individual and who has a substantial interest (Dutch: *aanmerkelijk belang*) or a deemed substantial interest (Dutch: *fictief aanmerkelijk belang*) in the Company within the meaning of the Income Tax Act 2001 (Dutch: *Wet inkomstenbelasting 2001*). Generally, a holder of the Shares will have a substantial interest in the company if such holder of the Shares, whether alone or together with his spouse or partner and/or certain other close relatives (as defined in the Income Tax Act 2001), holds directly or indirectly, or as settlor, or beneficiary of separated private assets (i) (x) the ownership of, (y) certain other rights, such as usufruct, over, or (z) rights to acquire (whether or not already issued), shares (including the Shares) representing 5% or more of our total issued and outstanding capital (or the issued and outstanding capital of any class of our shares) or (ii) (x) the ownership of, or (y) certain other rights, such as usufruct over, profit participating certificates (Dutch: *winstbewijzen*) that relate to 5% or more of our annual profit or to 5% or more of our liquidation proceeds. In addition, a holder of the Shares has a substantial interest in the company if he, whether alone or together with his spouse or partner and/or certain other close relatives (as defined in the Income Tax Act 2001), has the ownership of, or other rights over, Shares in, or profit certificates issued by, the Company that represent less than 5% of the relevant aggregate that either (a) qualified as part of a substantial interest as set forth above and where shares, or depositary receipts in respect of shares, profit certificates and/or rights there over have been, or are deemed to have been, partially disposed of, or (b) have been acquired as part of a transaction that qualified for non-recognition of gain treatment.

This summary does not address the tax consequences of a holder of Shares who:

- (a) receives income or realizes capital gains in connection with his or her employment activities or in his/her capacity as (former) board member and/or (former) supervisory board member; or
- (b) is a resident of any non-European part of the Kingdom of the Netherlands.

Each shareholder, and especially non-resident shareholders, should explicitly consult with- and rely upon advice of their own individual tax counsels to determine their particular tax consequences of acquiring, owning and disposing of the Shares.

11.1.1 Taxation of income and capital gains

11.1.1.1 Netherlands resident corporate shareholders

A holder of the Shares that is resident or deemed to be resident in the Netherlands for corporate income tax purposes, and that is:

- (a) a corporation;
- (b) another entity with a capital divided into shares;
- (c) a cooperative (association); or
- (d) another legal entity that has an enterprise or an interest in an enterprise to which the Shares are attributable,

but which is not:

- (e) a qualifying pension fund;
- (f) a qualifying investment fund (fiscale beleggingsinstelling) or a qualifying exempt investment institution (vrijgestelde beleggingsinstelling) (as defined in the Corporate Income Tax Act 1969); or
- (g) another entity exempt from corporate income tax,

will in general be subject to regular corporate income tax, generally levied at a rate of 25% (15% over profits up to EUR 245,000; expected per January 1, 2022: 15% on first EUR 395,000) (the "**Regular Dutch CIT rates**") over income derived from the Shares and the gain or loss realized upon the acquisition, redemption or disposal of the Shares, unless, and to the extent that, the participation exemption (*deelnemingsvrijstelling*) applies.

The Netherlands participation exemption regime (Dutch: *deelnemingsvrijstelling*) may provide for an exemption from such Netherlands corporate income tax on income (including dividends received) derived from so-called qualifying shareholdings (also referred to as 'participations' or '*deelnemingen*').

In summary, the specific requirements that need to be met for the application of the Netherlands participation exemption are as follows:

- The Company has a capital divided into Shares;
- The Netherlands corporate tax resident(s) holding these Shares hold(s) an interest of at least 5% of the nominal paid-up share capital in the Company; and
- The participation is (a) not (deemed to be) held as portfolio investment (the so-called '*Motive Test*', or '*oogmerktoets*') or alternatively the (deemed) portfolio investment meets either (b) the so called '*Subject-to-Tax Test*' (Dutch: *reëleheffingstoets*) or (c) the '*Asset Test*' (Dutch: *bezittingentoets*).

The abovementioned '*Subject-to-Tax*' test is met if the Company is subject to a profit tax that results in a '*realistic levy*' based on Netherlands tax principles.

The Asset Test is met if less than 50% of the assets of the Company (both at the direct level of the Company, as well as all underlying subsidiaries on a consolidated basis) generally consist of (i) low-taxed (ii) free portfolio investments. This test is to be applied using the fair market value of the relevant assets and is a continuous test.

In case the requirements for application of the participation exemption have been met, application of the exemption shall be mandatory i.e. corporate taxpayers residing in the Netherlands shall have to apply these rules in case they are within scope.

In addition to the aforementioned Netherlands corporate income tax, the Company is, in principle, also required to withhold 15% Netherlands dividend withholding tax in respect of the dividends paid. The expression "dividends distributed by the company" as used herein includes, but is not limited to:

- (a) distributions in cash or in kind, deemed and constructive distributions and repayments of paid-in capital (Dutch: *gestort kapitaal*) not recognized for Dutch dividend withholding tax purposes;
- (b) liquidation proceeds, proceeds of redemption of Shares or, as a rule, consideration for the repurchase of Shares by us in excess of the average paid-in capital recognized for Dutch dividend withholding tax purposes of Shares;
- (c) the par value of Shares issued to a holder of Shares or an increase of the par value of Shares, to the extent that it does not appear that a contribution, recognized for Dutch dividend withholding tax purposes, has been made or will be made; and
- (d) partial repayment of paid-in capital, recognized for Dutch dividend withholding tax purposes, if and to the extent that there are net profits (Dutch: *zuivere winst*), unless (i) the shareholders at the general meeting have resolved in advance to make such repayment and (ii) the par value of Shares concerned has been reduced by an equal amount by way of an amendment of the articles of association.

Netherlands resident corporate shareholders may often be able to (i) qualify for an exemption, (ii) set off dividend withholding taxes withheld on such dividend distributions against Netherlands corporate income tax levied, or may be able to (iii) claim a refund for such dividend withholding taxes levied on distributed dividends in case these withholding taxes exceed the corporate income tax due. If, however, a Netherlands resident entity receives a dividend which is exempt in the Netherlands (e.g. by virtue of the participation exemption – see above) and Netherlands dividend withholding tax has been withheld, such dividend withholding tax cannot be credited against the corporate income tax due, but will be refunded to the entity receiving the dividend. An entity residing in the Netherlands which is not subject to Netherlands corporate income tax can, under certain conditions, also request a refund of the dividend withholding tax withheld.

11.1.1.2 Non-resident corporate shareholders

A holder of the Shares will not be treated as a resident, or a deemed resident, of the Netherlands by reason only of the acquisition, or the holding, of the Shares or the performance by the Company under the Shares. A holder of the Shares, that is a legal entity, another entity with a capital divided into shares, an association, a foundation or a fund or trust, not resident or deemed to be resident in the Netherlands for corporate income tax purposes, will not be subject to any Dutch taxes on income derived from the Shares and the gains realized upon the acquisition, redemption and/or disposal of the Shares (other than the dividend withholding tax described above), unless: (i) the Shares held in the Company are attributable to a permanent establishment or permanent representative of a shareholder in the Netherlands, or (ii) a substantial interest in share capital of the Company is held for which certain anti-abuse tests cannot be met.

If one of the abovementioned conditions applies, income derived from the Shares and the gain or loss realized upon the acquisition, redemption or disposal of the Shares will, in general, be subject to Dutch regular corporate income tax, levied at a rate of 25% (15% over profits up to EUR 245,000; expected per January 1, 2022: 15% on first EUR 395,000), unless, and to the extent that, with respect to a holder as described under (i), the participation exemption (Dutch: *deelnemingsvrijstelling*) applies.

Similar to Netherlands resident corporate shareholders, distributions to non-resident corporate shareholders are generally also subject to Netherlands dividend withholding tax at the statutory rate of 15% (2021). Under specific circumstances, an exemption from, reduction of, or refund of Netherlands dividend withholding tax may be available pursuant to (i) Netherlands domestic law or (ii) tax treaties for the avoidance of double taxation. Availability and applicability should be analysed by each investor on an individual basis.

In case the Shares held in the Company are attributable to a permanent establishment or permanent representative of a shareholder in the Netherlands, dividends distributed to that shareholder by the Company will, in principle, be subject to Netherlands corporate income tax at the Regular Dutch CIT Rates, unless the participation exemption is applicable (reference is made to Section 11.1.1.1 "Netherlands resident corporate shareholders" of this Information Document for a more detailed overview of these rules). Dividend withholding taxes withheld, if any (see below), can generally be set off against the Netherlands corporate income tax on this income, provided that the recipient is the beneficial owner to the dividends.

Netherlands non-resident corporate tax (levied at the Regular Dutch CIT Rates) may, in some cases, be levied from investors:

- that hold a substantial interest in share capital of the Company; and
- for which certain anti-abuse tests cannot be met.

A holder of the Shares that is resident in a country with which the Netherlands has a double taxation convention in effect, may, depending on the terms of such double taxation convention and subject to the anti-dividend stripping rules described below, be eligible for a full or partial exemption from, or full or partial refund of, Dutch dividend withholding tax on dividends received.

A holder of the Shares, that is a legal entity resident in (i) a Member State of the European Union, (ii) Iceland, Norway or Liechtenstein, or (iii) a country that has concluded a double taxation agreement containing a dividend clause, is generally entitled, subject to the anti-dividend stripping rules and anti-abuse rules described below, to a full exemption from Dutch dividend withholding tax on dividends received if it holds an interest of at least 5% (in shares or, in certain cases, in voting rights) in the Company or if it holds an interest of less than 5%, in either case where, had the holder of the Shares been a Dutch resident, it would have had the benefit of the participation exemption (this may include a situation where another related party holds an interest of 5% or more in the Company).

A holder of the Shares, that is an entity resident in (i) a Member State of the European Union, or (ii) Iceland, Norway or Liechtenstein, or (iii) in a jurisdiction which has an arrangement for the exchange of tax information with the Netherlands and such holder as described under (iii) holds the Shares as a portfolio investment, i.e., such holding is not acquired with a view to the establishment or maintenance of lasting and direct economic links between the holder of the Shares and the company and does not allow the holder of the Shares to participate effectively in the management or control of the company, which is exempt from tax in its country of residence, and that would have been exempt from Dutch corporate income tax if it had been a resident of the Netherlands, is generally entitled, subject to the anti-dividend stripping rules described below, to a full refund of Dutch dividend withholding tax on dividends received. This full refund will in general benefit certain foreign pension funds, government agencies and certain government controlled commercial entities.

According to the anti-dividend stripping rules, no exemption, reduction, credit or refund of Dutch dividend withholding tax will be granted if the recipient of the dividend paid by us is not considered the beneficial owner (Dutch: *uiteindelijk gerechtigde*) of the dividend as defined in the Dividend Withholding Tax Act 1965 (Dutch: *Wet op de dividendbelasting 1965*). A recipient of a dividend is not considered the beneficial owner of the dividend if, as a consequence of a combination of transactions, (i) a person (other than the holder of the dividend coupon), directly or indirectly, partly or wholly benefits from the dividend, (ii) such person directly or indirectly retains or acquires a comparable interest in the Shares, and (iii) such person is entitled to a less favorable exemption, refund or credit of dividend withholding tax than the recipient of the dividend distribution. The term "combination of transactions" includes transactions that have been entered into in the anonymity of a regulated stock market, the sole acquisition of one or more dividend coupons and the establishment of short-term rights or enjoyment on the Shares (e.g., usufruct).

According to the anti-abuse rules, no exemption of Dutch dividend withholding tax will be granted if the Shares are held (i) with the avoidance of Dutch dividend withholding tax of another person as (one of) the main purpose(s) and (ii) forms part of an artificial structure or series of structures (such as structures which are not put into place for valid business reasons reflecting economic reality).

The latter requirement signifies that such taxation will only be due if the structuring of the ownership in the Company by the individual investor is regarded 'abusive'. Both a '*subjective test*' and an '*objective test*' are to be applied.

Conducting these tests requires a detailed understanding and analysis of the ownership structure of the relevant individual investor.

Additionally, on a case-by-case basis investors may be able to invoke tax treaty protection in relation to taxation of dividends, depending on whether they are eligible for tax treaty benefits under a tax treaty concluded by the Netherlands on an individual basis.

11.1.1.3 Netherlands resident individual shareholders

Under the Netherlands Personal Income Tax Act 2001 (Dutch: *Wet inkomstenbelasting 2001*), income of an individual residing in the Netherlands for tax purposes is divided up into three separate so-called 'boxes', each of which is governed by its own rules:

- Box 1: (*work and private residence*) includes business and employment income, income from receivables and assets made available to a company in which such individual holds a so-called 'substantial shareholding' (*aanmerkelijk belang*), and income from their main private residence;
- Box 2: (*substantial interest*) includes dividend income and capital gains from 'substantial shareholdings'; and
- Box 3: (*savings and investments*) covers passive income.

Losses from one box can, in principle, not be offset against income from another box (several specific exceptions to this general rule may apply).

Box 1:

An individual residing in the Netherlands, who holds Shares in the Company that can be attributed to the business assets of an enterprise which is, in whole or in part, carried on for the account of such shareholder, is liable for income tax on the dividends received from these Shares at progressive rates (the maximum rate in 2021 being 49,50%) (the "**Box 1 Rate**"). Income derived that qualifies as 'income from miscellaneous activities' (Dutch: *resultaat uit overige werkzaamheden*), which includes activities pertaining to Shares held in the Company that exceed 'regular portfolio management' (Dutch: *normal vermogensbeheer*), are also taxable at the aforementioned progressive rates.

Box 2:

Income from a substantial interest held in the Company (which includes dividends) are generally taxable with Netherlands personal income tax at a rate of 26.90% (2021) (the "**Box 2 Rate**"). The definition of a substantial interest under Netherlands tax law is a very detailed one. In summary, a taxpayer is considered to have a substantial interest if they, either individually or together with their 'fiscal partner', directly or indirectly own at least 5% of the subscribed capital of the Company or a specific class of shares of the Company, or when they have the right to acquire at least 5% of the capital of the Company.

Box 3:

An individual residing in the Netherlands that does not fall within the first two boxes in respect of their investment in Shares of the Company must determine taxable income with regard to the Shares held in the Company on the basis of a deemed return on income from savings and investments (Dutch: *sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments is fixed at a percentage of the individual's yield basis (Dutch: *rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a certain threshold (Dutch: *heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Notes will be included as an asset in the individual's yield basis. The deemed return percentage to be applied to the yield basis increases progressively depending on the amount of the yield basis. For the 2021 tax year, the deemed return derived from savings and investments amounts to 1,90% of the individual's yield basis up to EUR 50,000, 4,50% of the individual's yield basis exceeding EUR 50,000 up to EUR 950,000 and 5,69% of the individual's yield basis in

excess of EUR 950,000. The percentages to determine the deemed return will be reassessed every year on the basis of historic market yields. The deemed return on income from savings and investments is taxed at a rate of 31% (2021).

Distributions are generally subject to Netherlands dividend withholding tax at the statutory rate of 15% (2021). Under circumstances, an exemption from, reduction of or refund of Netherlands dividend withholding tax may be available. Availability and applicability should be analysed on a case-by-case basis.

In principle, capital gains which are derived from the sale of Shares in the Company by an individual residing in the Netherlands are not subject to personal income tax in the Netherlands, provided that (i) the Shares do not form part of a 'substantial interest', (ii) cannot be attributed to the enterprise of that individual, and (iii) the capital gains realized do not qualify as so-called 'income from miscellaneous activities' (Dutch: *resultaat uit overige werkzaamheden*) which includes activities pertaining to the Shares that exceeds 'regular portfolio management'.

Capital gains realized on the disposal of the Shares in the Company that form part of a 'substantial interest' (Dutch: *aanmerkelijk belang*) are subject to taxation in the Netherlands in Box II, at the Box 2 Rate.

Capital gains are subject to personal income tax at the Box 1 Rate if the Shares can be attributed to the business assets of an enterprise carried on, in whole or in part, for the account of the relevant individual or if the Share can be attributed to the 'income from miscellaneous activities' (Dutch: *resultaat uit overige werkzaamheden*).

11.1.1.4 Non-resident individual shareholders

Individual holders of Shares in the Company that do not reside the Netherlands will be taxable in the Netherlands in respect of income realized on their Shares if these Shares:

1. are attributable to the business assets of a permanent establishment or permanent representative in the Netherlands (box I);
2. generate income or gains that qualify as "income from miscellaneous activities" (Dutch: *resultaat uit overige werkzaamheden*) in the Netherlands, which include activities in the Netherlands with respect to these Shares that exceed "regular portfolio management" (Dutch: *normaal vermogensbeheer*) (box I); or
3. form a substantial interest in the Company and this substantial interest does not form part of the business assets of an enterprise of the shareholder.

The right of the Netherlands to levy personal income tax on dividends received by non-resident individuals may be restricted under specific provisions of applicable tax treaties.

Similar to Netherlands resident individual shareholders, distributions to non-resident individual shareholders are generally also subject to Netherlands dividend withholding tax at the statutory rate of 15% (2020). Under circumstances, an exemption from, reduction of or refund of Netherlands dividend withholding tax may be available pursuant to treaties for the avoidance of double taxation. Availability and applicability should be analysed on a case-by-case basis.

11.1.2 Registration and transfer taxes

The Netherlands does not levy registration tax, capital tax, stamp duty or any other similar documentary tax or duty (other than court fees) in respect of or in connection with the issuance, ownership or the transfer of Shares in the Company.

11.1.3 Gift and inheritance tax

11.1.3.1 Netherlands resident shareholders

Gift tax may be due in the Netherlands with respect to an acquisition of the Shares by way of a gift by a holder of the Shares who is resident or deemed to be resident of the Netherlands at the time of the gift.

Inheritance tax may be due in the Netherlands with respect to an acquisition or deemed acquisition of the Shares by way of an inheritance or bequest on the death of a holder of the Shares who is resident or deemed to be resident of

the Netherlands, or by way of a gift within 180 days before his death by an individual who is resident or deemed to be resident in the Netherlands at the time of his death.

For purposes of Dutch gift and inheritance tax, among others, an individual with the Dutch nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his death. For purposes of Dutch gift tax, an individual not holding the Dutch nationality will be deemed to be resident of the Netherlands if he has been resident in the Netherlands at any time during the twelve months preceding the date of the gift.

11.1.3.2 Non-resident shareholders

No gift, estate or inheritance taxes will arise in the Netherlands with respect to an acquisition of Shares by way of a gift by, or on the death of, a holder of the Shares who is neither resident nor deemed to be resident of the Netherlands, unless, in the case of a gift of the Shares by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands.

11.1.3.3 Certain special situations

For purposes of Dutch gift, estate and inheritance tax, under certain circumstances (i) a gift by a third party can be construed as a gift by the settlor, trustee, grantor or originator, and (ii) upon the death of the settlor, trustee, grantor or originator, as his/her beneficiaries can be deemed to have inherited directly from such settlor, trustee, grantor or originator. Subsequently, such beneficiaries will be deemed the settlor, trustee, grantor or similar originator of the separated private assets (Dutch: *afgezonderd particulier vermogen*) for purposes of Dutch gift, estate and inheritance tax in case of subsequent gifts or inheritances.

For the purposes of Dutch gift and inheritance tax, a gift that is made under a condition precedent is deemed to have been made at the moment such condition precedent is satisfied. If the condition precedent is fulfilled after the death of the donor, the gift is deemed to be made upon the death of the donor.

11.1.4 Value Added Tax

No Dutch value added tax will arise in respect of or in connection with the subscription, issue, placement, allotment or delivery of the Shares.

11.1.5 The Company's responsibility for the withholding of taxes

The Company is responsible for, and shall deduct, report and pay any applicable withholding tax to the Netherlands tax authorities in respect of proceeds from the Shares in the company. These proceeds include:

- direct or indirect distributions of profit, regardless of their name or form;
- liquidation proceeds, proceeds on redemption of Shares and, as a rule, the consideration for the repurchase of Shares in excess of the average paid-in capital recognized for Netherlands dividend withholding tax purposes, unless a particular statutory exemption applies;
- the nominal value of the Shares issued or an increase of the nominal value of the Shares, insofar as the (increase in the) nominal value of the Shares is not funded out of the Company's paid-in capital as recognized for Netherlands dividend withholding tax purposes; and
- partial repayments of paid-in capital recognized for Netherlands dividend withholding tax purposes, if and to the extent that there are so-called 'qualifying profits' (*zuivere winst*), unless the general meeting of shareholders of the Company has resolved in advance to make such repayment and provided that the nominal value of the Shares has been reduced by an equal amount by way of an amendment of the articles of association and the paid-in capital is recognized as capital for Netherlands dividend withholding tax purposes. The term 'qualifying profits' includes anticipated profits that have yet to be realized.

11.2 Norwegian taxation

*This section describes certain tax rules in Norway applicable to shareholders who are resident in Norway for tax purposes ("**Norwegian Shareholders**") and to shareholders who are not resident in Norway for tax purposes ("**Non-Norwegian Shareholders**"). The statements herein regarding taxation are based on the laws in force in Norway as of the date of this Information Document and are subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis.*

The summary below assumes that the Company is incorporated and tax resident in the Netherlands, and that the Company is genuinely established in and conducts genuine business activities in the Netherlands. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Shares. Investors are advised to consult their own tax advisors concerning the overall tax consequences of their ownership of Shares. The statements only apply to shareholders who are beneficial owners of Shares.

Please note that for the purpose of the summary below, references to Norwegian Shareholders or Non-Norwegian Shareholders refers to the tax residency rather than the nationality of the shareholder.

The tax legislation in the Netherlands, where the Company is resident, and the tax legislation in the jurisdiction in which the shareholders are resident for tax purposes may have an impact on the income received from the Consideration Shares.

11.2.1 Norwegian shareholders

11.2.1.1 Taxation of dividends

Norwegian Corporate Shareholders

Corporate shareholders (i.e. limited liability companies and similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**") are comprised by the Norwegian participation exemption. Under the exemption, only 3% of dividend income on shares comprised by the Norwegian participation exemption is subject to tax as ordinary income (22% flat rate as of 2019), implying that such dividends are effectively taxed at a rate of 0.66%. The shares in a non-Norwegian company, such as the Company, will be comprised by the Norwegian participation exemption provided that the Company is a limited liability company (or a similar entity) which is incorporated and performs genuine economic activity within the EEA.

For Norwegian Corporate Shareholders that are considered to be "Financial Institutions" under the Norwegian financial activity tax the effective rate of taxation for dividends is 0.75%.

Norwegian Individual Shareholders

Dividends distributed to shareholders who are individuals resident in Norway for tax purposes ("**Norwegian Individual Shareholders**") are grossed up with a factor of 1.44 before taxed as ordinary income (22% flat rate, resulting in an effective tax rate of 31.68%) to the extent the dividend exceeds a tax-free allowance.

The tax-free allowance is calculated on a share-by-share basis for each individual shareholder on the basis of the cost price of each of the Shares multiplied by a risk-free interest rate. The risk-free interest rate is based on the effective rate of interest on treasury bills (*Nw.: statskasserveksler*) with three months maturity plus 0.5 percentage points, after tax. The tax-free allowance is calculated for each calendar year and is allocated solely to Norwegian Individual Shareholders holding Shares at the expiration of the relevant calendar year. Norwegian Individual Shareholders who transfer Shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated tax-free allowance one year exceeding the dividend distributed on the Share ("unused allowance") may be carried forward and set off against future dividends received on (or gains upon realization of, see below) the same Share. Any unused allowance will also be added to the basis of computation of the tax-free allowance on the same Share the following year.

If certain requirements are met, Norwegian Individual Shareholders are entitled to a tax credit in the Norwegian tax for withholding tax imposed on the dividends distributed in the jurisdiction where the Company is resident for tax purposes. However, any tax exceeding the withholding tax rate according to an applicable tax treaty with the country in which the Company is resident will not be deductible.

The Shares will not qualify for Norwegian share saving accounts (*Nw.: aksjesparekonto*) for Norwegian Individual Shareholders as the shares are listed on Euronext Growth (and not Oslo Børs).

11.2.1.2 Taxation of capital gains

Sale, redemption or other disposal of Shares is considered as a realization for Norwegian tax purposes.

Norwegian Corporate Shareholders

Capital gains generated by Norwegian Corporate Shareholders through a realization of shares comprised by the Norwegian participation exemption are tax exempt. Net losses from realization of Shares and costs incurred in connection with the purchase and realization of such shares are not tax deductible for Norwegian Corporate Shareholders. The shares in a non-Norwegian company, such as the Company, will be comprised by the Norwegian participation exemption provided that the Company is a limited liability company (or a similar entity) which is incorporated and performs genuine economic activity within the EEA.

Norwegian Individual Shareholders

Norwegian Individual Shareholders are taxable in Norway for capital gains derived from realization of Shares, and have a corresponding right to deduct losses. This applies irrespective of how long the Shares have been owned by the individual shareholder and irrespective of how many Shares that are realized. Gains are taxable as ordinary income in the year of realization and losses can be deducted from ordinary income in the year of realization. Any gain or loss is grossed up with a factor of 1.44 before being taxed at a rate of 22% (resulting in an effective tax rate of 31.68%). Under current tax rules, gain or loss is calculated per Share, as the difference between the consideration received for the Share and the Norwegian Individual Shareholder's cost price for the Share, including costs incurred in connection with the acquisition or realization of the Share. From a capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated allowance provided that such allowance has not already been used to reduce taxable dividend income. Please refer to "Taxation of dividends — Norwegian Individual Shareholders" above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realisation of a share will be annulled. Further, unused tax-free allowance related to a Share cannot be set off against gains from realization of other Shares.

If a Norwegian shareholder realizes Shares acquired at different points in time, the Shares that were first acquired will be deemed as first sold (the "first in first out"-principle) upon calculating taxable gain or loss. Costs incurred in connection with the purchase and sale of Shares may be deducted in the year of sale.

A shareholder who ceases to be tax resident in Norway due to domestic law or tax treaty provisions may become subject to Norwegian exit taxation of capital gains related to shares in certain circumstances.

The Shares will not qualify for Norwegian share saving accounts (*Nw.: aksjesparekonto*) for Norwegian Individual Shareholders as the shares are listed on Euronext Growth (and not Oslo Børs).

11.2.1.3 Net wealth tax

The value of Shares is taken into account for net wealth tax purposes in Norway. The marginal net wealth tax rate is currently 0.85% of the value assessed. The value for assessment purposes for the Shares is equal to 55% of the assumed sales value of the Shares as of 1 January of the tax assessment year (i.e. the year following the relevant fiscal year) unless otherwise requested by the shareholder.

If requested by the shareholder, the value for assessment purposes may instead be equal to the total tax value of the Company as of 1 January of the year before the tax assessment year, or if the share capital in the Company has been increased or reduced by payment from or to shareholders in the year before the tax assessment year, the value for assessment purposes for the Shares may be equal to 55% of the total tax value of the Company as of 1 January of the tax assessment year. In order to request such valuation, the shareholder must be able substantiate the total tax value of the Company.

The value of debt allocated to the Shares for Norwegian wealth tax purposes is reduced correspondingly (i.e. to 55%).

Norwegian limited liability companies and similar entities are exempted from net wealth tax.

11.2.2 Non-Norwegian Shareholders

11.2.2.1 Taxation of dividends

As a general rule, dividends received by non-Norwegian tax resident shareholders from shares in non-Norwegian companies are not subject to Norwegian taxation unless the Non-Norwegian Shareholder holds the shares in connection with the conduct of a trade or business in Norway.

11.2.2.2 Taxation of capital gains

As a general rule, capital gains or loss derived from the sale or other disposal of shares in a Non-Norwegian company by a Non-Norwegian Shareholder will not be subject to taxation in Norway unless the Non-Norwegian Shareholder holds the shares in connection with business activities carried out or managed from Norway.

12 SELLING AND TRANSFER RESTRICTIONS

12.1 General

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares admitted to trading on Euronext Growth.

The Company is not taking any action to permit a public offering of the Shares in any jurisdiction. Receipt of this Information Document does not constitute an offer and this Information Document is for information only and should not be copied or redistributed. If an investor receives a copy of this Information Document, the investor may not treat this Information Document as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Information Document, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

12.2 Selling restrictions

12.2.1 United States

The Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States to QIBs in reliance on Rule 144A or pursuant to another available exemption from the registration requirements of the U.S. Securities Act; or (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and, in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Accordingly, the Euronext Growth Advisor has represented and agreed that it has not offered or sold, and will not offer or sell, any of the Shares as part of its allocation at any time other than (i) within the United States to QIBs in accordance with Rule 144A or (ii) outside of the United States in compliance with Rule 903 of Regulation S. Transfer of the Shares will be restricted and each purchaser of the Shares in the United States will be required to make certain acknowledgements, representations and agreements, as described under Section 12.3.1 ("United States").

12.2.2 United Kingdom

No Shares have been offered or will be offered pursuant to an offering to the public in the United Kingdom, except that the Shares may be offered to the public in the United Kingdom at any time in reliance on the following exemptions under the UK Prospectus Regulation:

- a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Euronext Advisor for any such offer; or
- c) in any other circumstances falling within Section 86 of the Financial Services and Markets Act 2000 ("**FSMA**").

provided that no such offer of the Shares shall result in a requirement for the Company or Euronext Advisor to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

The Euronext Growth Advisor has represented, warranted and agreed that:

- a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of

Section 21 of the FSMA) in connection with the issue or sale of any Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and

- b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Shares in, from or otherwise involving the United Kingdom.

12.2.3 European Economic Area

In no member state (each a "**Relevant Member State**") of the EEA have Shares been offered and in no Relevant Member State will Shares be offered to the public pursuant to an offering, except that Shares may be offered to the public in that Relevant Member State at any time in reliance on the following exemptions under the EU Prospectus Regulation:

- a) to persons who are "qualified investors" within the meaning of Article 2(e) in the EU Prospectus Regulation;
- b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) per Relevant Member State; or
- c) in any other circumstances falling under the scope of Article 3(2) of the EU Prospectus Regulation;

provided that no such offer of Shares shall result in a requirement for the Company or Euronext Growth Advisor to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplementary prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purpose of this provision, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

This EEA selling restriction is in addition to any other selling restrictions set out in this Information Document.

12.2.3.2 Other jurisdictions

The Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Switzerland, Japan, Canada, Australia or any other jurisdiction in which it would not be permissible to offer the Shares.

In jurisdictions outside the United States and the EEA where an offering would be permissible, the Shares will only be offered pursuant to applicable exceptions from prospectus requirements in such jurisdictions.

12.3 Transfer restrictions

12.3.1 United States

The Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States only to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in compliance with Regulation S, and in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Terms defined in Rule 144A or Regulation S shall have the same meaning when used in this section.

Each purchaser of the Shares outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Information Document and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act, or with any securities, regulatory authority or any state of the United States, subject to certain exceptions, may not be offered or sold within the United States.

- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Shares, was located outside the United States at the time the buy order for the Shares was originated and continues to be located outside the United States and has not purchased the Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Shares or any economic interest therein to any person in the United States.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The purchaser is aware of the restrictions on the offer and sale of the Shares pursuant to Regulation S described in this Information Document.
- The Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.
- The Company shall not recognize any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above restrictions.
- If the purchaser is acquiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements in behalf of each such account.
- The purchaser acknowledges that the Company, the Euronext Growth Advisor and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Shares within the United States purchasing pursuant to Rule 144A or another available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act will be deemed to have acknowledged, represented and agreed that it has received a copy of this Information Document and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions to transfer.
- The purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring such Shares for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the Shares, as the case may be.
- The purchaser is aware that the Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.
- If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Shares, or any economic interest therein, as the case may be, such Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction meeting the requirements of Regulation S, (iii) in accordance with Rule 144 (if available), (iv) pursuant to any other exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act or (v) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.

- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The purchaser will not deposit or cause to be deposited such Shares into any depository receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Shares are "restricted securities" within the meaning of Rule 144(a) (3) under the U.S. Securities Act.
- The purchaser acknowledges that the Shares are "restricted securities" within the meaning of Rule 144(a) (3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Shares, as the case may be.
- The purchaser acknowledges that the Company shall not recognize any offer, sale pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions.
- If the purchaser is requiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- The purchaser acknowledges that these representations and undertakings are required in connection with the securities laws of the United States and that Company, the Euronext Growth Advisor and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

12.3.2 European Economic Area

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Shares under, the offers contemplated in this Information Document will be deemed to have represented, warranted and agreed to and with the Euronext Growth Advisor and the Company that:

- a) it is a qualified investor within the meaning of Articles 2(e) of the EU Prospectus Regulation; and
- b) in the case of any Shares acquired by it as a financial intermediary, as that term is used in Article 1 of the EU Prospectus Regulation, (i) the Shares acquired by it in an offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Regulation; or (ii) where Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons.

For the purpose of this representation, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on terms of an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

13 ADDITIONAL INFORMATION

13.1 Admission to Euronext Growth

On 31 January 2021, the Company applied for Admission to Euronext Growth. The first day of trading on Euronext Growth is expected to be on or about 18 February 2021.

Apart from the Company's Shares being listed on Euronext Amsterdam, neither the Company nor any other entity of the Group have securities listed on any stock exchange or other regulated market place.

13.2 Information sourced from third parties and expert opinions

In this Information Document, certain information has been sourced from third parties. The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

The Company confirms that no statement or report attributed to a person as an expert is included in this Information Document.

13.3 Independent auditor

The Company's independent auditor is KPMG Accountants N.V. (registered in the Trade Register of the Dutch Chamber of Commerce with company registration number 33263683, and registered business address at Laan van Langerhuize 1, 1186 DS Amstelveen, Netherland). KPMG Accountants N.V. has been the Company's independent auditor since 2019.

13.4 Advisors

The Company has engaged Carnegie AS (business registration number 936 310 974, and registered business address at Aker Brygge Fjordalléen 16, 0250 Oslo, Norway) as the Euronext Growth Advisor.

Advokatfirmaet Thommessen AS (business registration number 957 423 248, and registered business address at Haakon VII's gate 10, N-0116 Oslo, Norway) is acting as the Norwegian legal counsel to the Company. The Company's Dutch legal counsel is Bird & Bird (Netherlands) LLP (registered in the Trade Register of the Dutch Chamber of Commerce with company registration number 74212044, and registered business address at Zuid-Hollandplein 22, 2596 AW, the Netherlands).

14 DEFINITIONS AND GLOSSARY OF TERMS

When used in this Information Document, the following defined terms shall have the following meaning:

Admission	The admission to trading of the Company's shares on Euronext Growth.
AFM	Netherlands Authority for the Financial Markets.
Appropriate Channels for Distribution	Has the meaning ascribed to such term under "Important Information".
Articles of Association	Articles of Association of the Company as of 5 July 2013.
Board of Directors	The board of directors of the Company.
Board Members	The members of the Board of Directors.
Box 1 rate	Has the meaning ascribed to such term under Section 11.1.1.3.
Box 2 rate	Has the meaning ascribed to such term under Section 11.1.1.3.
CEO	Chief Executive Officer.
Code	The Dutch Corporate Governance Code of December 2016 effective 1 January 2017
Company	Envipco Holding N.V.
Covid-19	Coronavirus SARS-CoV-2
Depository Receipts	Depository receipts (Nw.: depotbevis) that represent the beneficial interests in the underlying Shares, registered in VPS in book-entry form
DRS	Deposit Return Scheme
EEA	European Economic Area.
Envipco	The Company.
EU Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.
EU-IFRSs	International Financial Reporting Standards as adopted by the European Union
EUR	Euro, the lawful common currency of the Member States who have adopted the Euro as their sole national currency.
Euronext Advisor	Carnegie AS.
Euronext Growth	The multilateral trading facility for equity instruments operated by Oslo Børs ASA.
Euronext Growth Admission Rules	Admission to trading rules for Euronext Growth as of 30 November 2020.
Euronext Growth Content Requirements	Content requirements for Admission Documents for Euronext Growth as of March 2020.
Executive Director	Has the meaning ascribed to such term under Section 9.1.
Executive Management	The members of the Group's executive management team.
Financial Information	The Financial Statements and Interim Financial Statements together.
Financial Statements	The 2019 Financial Statements and 2018 Financial Statements.
FSMA	The Financial Services and Markets Act 2000.
GDPR	General Data Protection Regulation (EU) 2016/679.
Group	The Company together with its subsidiaries.
Information Document	This Information document, dated 11 February 2021.
Interim Financial Statements	Unaudited consolidated financial statements for the nine months ended 30 September 2020.
IP	Intellectual property.
LEI	Legal Entity Identifier.
Market Abuse Regulation	Market Abuse Regulation (no. 596/2014).
MiFID II	EU Directive 2014/65/EU on markets in financial instruments, as amended.
MiFID II Product Governance Requirements	MiFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and local implementing measures.
Negative Target Market	Has the meaning ascribed to such term under "Important Information".
NOK	Norwegian kroner, the currency of the Kingdom of Norway.
Non-Executive Director	Has the meaning ascribed to such term under Section 9.1.
Non-Resident Shareholders	Shareholders who are not resident in Norway for tax purposes.
Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain similar entities) domiciled in Norway for tax purposes.
Norwegian Individual Shareholders	Norwegian Shareholders other than Norwegian Corporate Shareholders.
Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 29 June 2007 no. 75 (as amended) (Nw.: <i>verdipapirhandelloven</i>).
Norwegian Securities Trading Regulation	The Norwegian Securities Trading Regulation of 29 June 2007 no 876 (as amended) (Nw.: <i>verdipapirforskriften</i>).
Norwegian Shareholders	Shareholders who are resident in Norway for tax purposes.
Oslo Børs (or OSE)	Oslo Børs ASA.
PET	Polyethylene terephthalate.
Positive Target Market	Has the meaning ascribed to such term under "Important Information".

Private Placement	Has the meaning ascribed to such term under Section 6 ("The Private Placement").
Regulated Market	Means a regulated market in meaning of EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II").
Relevant Member State	Each Member State of the European Economic Area which has implemented the EU Prospectus Directive.
RVMs	Reverse Vending Machines
SEEH	Stichting Employees Envipco Holding
Shares (or Share)	Means the shares of the Company, each with a nominal value of 0.50, or any one of them.
Target Market Assessment	Negative Target Market together with the Positive Target Market.
United States (or US)	The United States of America.
VPS	The Norwegian Central Securities Depository (<i>Nw.: Verdipapirsentralen</i>).
VPS Registrar	DNB Bank ASA, DNB Markets Registrars department, with registered address Dronning Eufemias gate 30, 0191 Oslo, Norway
2018 Financial Statements	The Company's audited consolidated financial statements for the financial years ended 31 December 2018
2019 Financial Statements	The Company's audited consolidated financial statements for the financial years ended 31 December 2019

APPENDIX A
ARTICLES OF ASSOCIATION



STATUTENWIJZIGING

van

Envipco Holding N.V.

**AMENDMENT OF THE ARTICLES OF
ASSOCIATION**

(unofficial translation)
of

Envipco Holding N.V.

akte van 5 juli 2013

deed of 5 July 2013

Amsterdam

Brussel

Londen

Luxemburg

New York

Rotterdam

STATUTENWIJZIGING ENVIPCO HOLDING N.V.

Heden, vijf juli tweeduizend dertien, verscheen voor mij, mr. Robrecht Anton Frits Timmermans, -
kandidaat-notaris, hierna te noemen: "notaris", als waarnemer van mr. Maria Francisca Elisabeth -
de Waard-Preller, notaris te Rotterdam: _____

mr. Ingrid Nuijten-Greveling, werkzaam ten kantore van mij, notaris, te 3014 DA Rotterdam, _____
Weena 750, geboren te Breda op zes december negentienhonderd vijf en tachtig. _____

De comparante verklaarde dat de algemene vergadering van **Envipco Holding N.V.**, een naamlo- -
ze vennootschap, statutair gevestigd te Amsterdam (adres: 3818 EP Amersfoort, Utrechtseweg -
102, handelsregisternummer: 33304225) (de "**Vennootschap**"), in een algemene vergadering ge- -
houden te Amersfoort op zesentwintig juni tweeduizend dertien, besloten heeft om de statuten van
de Vennootschap partiel te wijzigen. Een kopie van de notulen van voornoemde vergadering (de -
"**Notulen**") zal aan deze akte worden gehecht als bijlage. _____

De statuten van de Vennootschap zijn laatstelijk gewijzigd bij akte verleden op vijf oktober twee- -
duizend elf voor een waarnemer van mr. M.F.E. de Waard-Preller, notaris te Rotterdam. _____

Ter uitvoering van voornoemd besluit tot statutenwijziging verklaarde de comparante de statuten -
van de Vennootschap bij deze als volgt te wijzigen: _____

I. Artikel 4 lid 4 komt te luiden als volgt: _____

"4.4 Het bestuur houdt ten kantore der vennootschap een register van aandeelhouders waarin -
de namen en de adressen van alle vergadergerechtigden zijn opgenomen met vermelding -
van de datum waarop zij de aandelen hebben verkregen, het aantal aandelen, de datum -
van erkenning of betekening alsmede van het op ieder aandeel gestorte bedrag en voor -
zover van toepassing, de overige gegevens bedoeld in artikel 2:85 Burgerlijk Wetboek. -
Iedere vergadergerechtigde is verplicht aan het bestuur zijn adres en iedere wijziging -
daarin schriftelijk mede te delen." _____

II. Artikel 4 lid 5 komt te luiden als volgt: _____

"4.5 Iedere aantekening in het register wordt door of namens een bestuurder getekend; het -
register wordt regelmatig bijgehouden." _____

III. Artikel 4 lid 6 komt te luiden als volgt: _____

"4.6 Het register kan geheel of gedeeltelijk uit meerdere exemplaren bestaan en kan op meer- -
dere plaatsen berusten, een en ander zoals het bestuur zal bepalen. Ten minste één exem- -
plaar zal ten kantore van de vennootschap in Nederland berusten. Een gedeelte van het re-
gister kan in het buitenland berusten teneinde te voldoen aan de door een buitenlandse ef- -
fectenbeurs gestelde regels." _____

IV. Artikel 8 komt te luiden als volgt: _____

"BESTUUR _____

Artikel 8 _____

8.1 De vennootschap heeft een bestuur bestaande uit één of meer uitvoerende bestuurders en -
één of meer niet uitvoerende bestuurders. Alleen natuurlijke personen kunnen niet uitvoe- -
rende bestuurders zijn. _____

8.2 De niet uitvoerende bestuurders wijzen uit hun midden een voorzitter aan van het bestuur. _____

- 8.3 Het bestuur stelt met inachtneming van lid 1 het aantal bestuurders vast. _____
- 8.4 De algemene vergadering benoemt de bestuurders en is te allen tijde bevoegd iedere bestuurder te schorsen of te ontslaan. Een besluit tot schorsing of ontslag van een bestuurder wordt genomen met een meerderheid van ten minste twee derden van de uitgebrachte stemmen. _____
- 8.5 Indien ingeval van schorsing van een bestuurder de algemene vergadering niet binnen drie (3) maanden tot zijn ontslag heeft besloten eindigt de schorsing. _____
- 8.6 Een bestuurder wordt in de algemene vergadering waarin zijn schorsing of ontslag aan de orde komt in de gelegenheid gesteld zich te verantwoorden en zich daarbij door een raadsman te doen bijstaan. _____
- 8.7 Het bestuur is bevoegd één of meer personen aan te stellen als procuratiehouder, desgewenst met de titel van onderdirecteur of adjunct-directeur of zodanige andere titulatuur als het gewenst zal achten. _____
- 8.8 De niet uitvoerende bestuurders stellen de bezoldiging en verdere arbeidsvoorwaarden voor iedere uitvoerende bestuurder afzonderlijk vast. De bezoldiging van de niet uitvoerende bestuurders wordt vastgesteld door de algemene vergadering." _____

V. Artikel 9 komt te luiden als volgt: _____

"TAAK EN BEVOEGDHEDEN _____

Artikel 9 _____

- 9.1 Behoudens de beperkingen volgens deze statuten is het bestuur belast met het besturen van de vennootschap. _____
- 9.2 Het dagelijks bestuur van de vennootschap berust bij de uitvoerende bestuurders. De niet uitvoerende bestuurders houden toezicht op de taakuitoefening door de bestuurders. _____
- 9.3 Het bestuur kan een reglement opstellen waarin aangelegenheden hem intern betreffende worden geregeld. Een dergelijk reglement mag niet in strijd zijn met het bepaalde in deze statuten. Voorts kunnen de bestuurders al dan niet bij reglement hun taken onderling verdelen. De taak om toezicht te houden op de taakuitoefening door bestuurders kan niet door een taakverdeling worden ontnomen aan de niet uitvoerende bestuurders. _____
- 9.4 Besluiten van het bestuur worden genomen bij volstreekte meerderheid van de uitgebrachte stemmen. Bij staking van stemmen beslist de algemene vergadering. _____
- 9.5 Een bestuurder neemt niet deel aan de beraadslaging en besluitvorming indien hij daarbij een direct of indirect persoonlijk belang heeft dat tegenstrijdig is met het belang van de vennootschap en de met haar verbonden onderneming. Indien alle bestuurders een direct of indirect persoonlijk belang hebben dat tegenstrijdig is met het belang van de vennootschap en de met haar verbonden onderneming, zal het betreffende besluit niettemin door het bestuur worden genomen. _____
- 9.6 Een gelijktijdige telefonische- of beeldverbinding met geluid tot stand gebracht tussen alle bestuurders, waar ter wereld zij ook zijn, wordt geacht gedurende het bestaan van deze verbinding een bestuursvergadering te vormen tenzij een bestuurder zich daartegen verzet. De door de voorzitter van de betreffende bestuursvergadering gewaarmerkte notulen van het verhandelde vormen voldoende bewijs van het verhandelde en van het inacht nemen van alle noodzakelijke formaliteiten. _____

- 9.7 Besluiten van het bestuur kunnen in plaats van in een vergadering ook schriftelijk - waar- -- onder begrepen ieder elektronisch bericht en telefaxbericht, alsmede via ieder ander gang- -- baar communicatiekanaal overgebracht en op schrift ontvangen of voor schriftelijke weer- -- gave vatbaar bericht - worden genomen, mits alle bestuurders in het te nemen besluit ge- -- kend zijn en geen van hen zich tegen deze wijze van besluiten verzet. _____
- 9.8 Het bestuur behoeft de goedkeuring van de algemene vergadering voor besluiten omtrent -- een belangrijke verandering van de identiteit of het karakter van de vennootschap of de -- onderneming, waaronder in ieder geval de in artikel 2:107a Burgerlijk Wetboek genoemde besluiten. Het bestuur behoeft voorts de goedkeuring van de algemene vergadering voor -- zodanige bestuursbesluiten als de algemene vergadering bij haar specifiek omschreven be- -- sluit zal hebben vastgesteld en aan het bestuur heeft medegedeeld. _____
- 9.9 Het ontbreken van de ingevolge lid 6 van dit artikel vereiste goedkeuring tast de verte- -- genwoordigingsbevoegdheid van het bestuur of de bestuurders niet aan. _____
- 9.10 Ingeval van ontstentenis of belet van één of meer bestuurders, is (zijn) de overblijvende -- bestuurder(s) voorlopig met het gehele bestuur belast. Ingeval van ontstentenis of belet -- van alle bestuurders berust het bestuur voorlopig bij één of meer personen daartoe door de algemene vergadering aan te wijzen." _____

VI. Artikel 10 komt te luiden als volgt: _____

"VERTEGENWOORDIGING _____

Artikel 10 _____

Het bestuur, alsmede iedere uitvoerende bestuurder vertegenwoordigt de vennootschap." _____

VII. Artikel 11 lid 1 komt te luiden als volgt: _____

- "11.1 Jaarlijks wordt ten minste één algemene vergadering gehouden en wel binnen zes maan- -- den na afloop van het boekjaar. In deze jaarvergadering komen - onder meer - aan de orde: _____
- a. de behandeling van het jaarverslag; _____
 - b. de vaststelling van de jaarrekening; en _____
 - c. het verlenen van decharge aan de bestuurders." _____

VIII. Artikel 11 lid 2 komt te luiden als volgt: _____

- "11.2 Voorts worden algemene vergaderingen gehouden in het geval bedoeld in artikel 2:108a -- Burgerlijk Wetboek en zo dikwijls een bestuurder dit nodig acht." _____

IX. Artikel 11 lid 3 komt te luiden als volgt: _____

- "11.3 Algemene vergaderingen worden gehouden in de statutaire plaats van vestiging van de -- vennootschap of op Schiphol (gemeente Haarlemmermeer), Den Haag, Rotterdam, of -- Amersfoort. In een algemene vergadering, gehouden in een andere plaats kunnen geldige -- besluiten eveneens worden genomen indien het gehele geplaatste kapitaal vertegen- -- woordigd is." _____

X. Artikel 11 lid 4 komt te luiden als volgt: _____

- "11.4 De oproeping van vergadergerechtigden geschiedt door of namens het bestuur door middel -- van een aankondiging op de website van de vennootschap niet later dan op de dag zoals -- wettelijk is voorgeschreven. Indien buitenlandse regelgeving dat vereist, kunnen verga- -- dergerechtigden voorts worden opgeroepen door middel van een aankondiging in een lan- -- delijk verspreid dagblad in het land waar de aandelen in de notering zijn opgenomen. De --

oproeping houdt de agenda van de vergadering in." _____

XI. Artikel 12 lid 1 komt te luiden als volgt: _____

"12.1 De algemene vergadering wordt geleid door de voorzitter van het bestuur." _____

XII. Artikel 12 lid 11 komt te luiden als volgt: _____

"12.11 Het bestuur houdt van de genomen besluiten aantekening. De aantekeningen liggen ten —
kantore van de vennootschap ter inzage van de vergadergerechtigden. Aan ieder van dezen
wordt desgevraagd afschrift of uittreksel van deze aantekeningen verstrekt tegen ten hoog-
ste de kostprijs." _____

XIII. Artikel 14 lid 2 komt te luiden als volgt: _____

"14.2 Het bestuur sluit per de laatste dag van elk boekjaar de boeken van de vennootschap af en —
maakt daaruit binnen vier maanden een jaarrekening op en legt binnen deze termijn deze —
stukken voor aandeelhouders ter inzage ten kantore der vennootschap. Binnen deze ter- —
mijn legt het bestuur ook zijn jaarverslag over. De jaarrekening wordt ondertekend door —
alle bestuurders; indien van één of meer hunner de ondertekening ontbreekt, dan wordt —
daarvan, onder opgave van de reden, melding gemaakt op de jaarrekening." _____

XIV. Artikel 16 lid 1 komt te luiden als volgt: _____

"16.1 Ingeval van ontbinding van de vennootschap geschiedt de vereffening door het bestuur, —
tenzij de algemene vergadering anders beslist." _____

SLOTVERKLARING _____

De comparante verklaarde ten slotte dat blijkens de Notulen de comparante gemachtigd is om deze
akte te doen verlijden. _____

De comparante is mij, notaris, bekend. _____

Deze akte is verleden te Rotterdam op de dag aan het begin van deze akte vermeld. _____

Nadat vooraf door mij, notaris, de zakelijke inhoud van deze akte aan de comparante is medege- —
deeld en door mij, notaris, is toegelicht, heeft de comparante verklaard van de inhoud daarvan te —
hebben kennisgenomen, met de inhoud in te stemmen en op volledige voorlezing daarvan geen —
prijs te stellen. Onmiddellijk na beperkte voorlezing is deze akte door de comparante en mij, nota-
ris, ondertekend. _____

I. Nuijten-Greveling

R.A.F. Timmermans, waarnemend notaris

UITGEGEVEN VOOR AFSCHRIFT.



NOTE: THIS IS A TRANSLATION INTO ENGLISH OF THE ARTICLES OF ASSOCIATION (*STATUTEN*) OF A DUTCH PRIVATE COMPANY WITH LIMITED LIABILITY (*BESLOTEN VENNOOTSCHAP MET BEPERKTE AANSPRAKELIJKHEID*). IN THE EVENT OF A CONFLICT BETWEEN THE ENGLISH AND DUTCH TEXTS, THE DUTCH TEXT SHALL PREVAIL.

**DEED AMENDING THE ARTICLES OF ASSOCIATION OF
ENVIPCO HOLDING N.V.**

On this, the fifth day of July two thousand and thirteen, appeared before me, Robrecht Anton Frits Timmermans, candidate civil law notary, hereinafter referred to as: "civil law notary", as deputy of Maria Francisca Elisabeth de Waard-Preller, civil law notary in Rotterdam:

Ingrid Nuijten-Greveling, employed at the offices of me, civil law notary, located at 3014 DA Rotterdam, the Netherlands, Weena 750, born in Breda, the Netherlands, on the sixth day of December nineteen hundred eighty-five.

The person appearing before me declared that the general meeting of **Envipco Holding N.V.**, a limited liability company (*naamloze vennootschap*) having its corporate seat in Amsterdam (address: 3818 EP Amersfoort, Utrechtseweg 102, trade register number 33304225) (the "**Company**"), in a general meeting held in Amersfoort on the twenty-sixth day of June two thousand and thirteen decided to partially amend the Company's articles of association. A copy of the minutes of the above mentioned general meeting (the "**Minutes**") will be attached to this Deed as an annex. The Company's articles of association were most recently amended by a deed executed on fifth day of October two thousand and eleven before a deputy of M.F.E. de Waard-Preller, civil law notary in Rotterdam. In order to carry out the abovementioned decision to amend the articles of association, the person appearing declared that she was hereby amending the Company's articles of association as set out below:

I. Article 4 paragraph 4 shall read as follows:

"4.4 The board of directors shall keep a register at the company's offices setting out the names and addresses of all persons with meeting rights, the dates on which the shares were acquired, the number of shares, the dates of acknowledgement or service, the amount paid up in respect of each share and, to the extent applicable, the other particulars referred to in Article 2:85 of the Dutch Civil Code ("**DCC**"). Every persons with meeting rights must inform the board of directors in writing of his address and any change thereto."

II. Article 4 paragraph 5 shall read as follows:

"4.5 Every registration and entry in the register shall be signed by or on behalf of a director. The register shall be regularly updated."

III. Article 4 paragraph 6 shall read as follows:

"4.6 The register may, at the discretion of the board of directors, in whole or in part be kept in more than one copy and at more than one address. At least one copy shall be kept at the office of the company in the Netherlands. Part of the share register may be kept abroad in order to comply with applicable provisions set by a foreign stock exchange."

IV. Article 8 shall read as follows:

"BOARD OF DIRECTORS

Article 8

- 8.1 The company shall have a board of directors consisting of one or more executive directors and one or more non-executive directors. Only natural persons may be non-executive directors.
- 8.2 The non-executive directors shall elect a chairman of the board of directors from among themselves.
- 8.3 With due observance of paragraph 1, the board of directors shall determine the number of directors.
- 8.4 The general meeting shall appoint the directors and may at any time suspend or remove any director. A resolution to suspend or to remove a director shall be passed by a majority of at least two thirds of the votes cast.
- 8.5 Where a director has been suspended and the general meeting does not, within a period of three (3) months, pass a resolution to remove him, the suspension shall end.
- 8.6 A director shall be given the opportunity to account for his actions at the general meeting at which his suspension or removal is discussed and he may in that connection be represented by a legal adviser.
- 8.7 The board of directors may grant one or more persons a power of attorney (*procuratiehouder*) and, if so required, give any holders of such powers of attorney the title of deputy managing director (*onderdirecteur* or *adjunct-directeur*), or such other title as it deems appropriate.
- 8.8 The non-executive directors shall determine the remuneration and the terms and conditions of employment for each executive director separately. The remuneration for the non-executive director shall be determined by the general meeting."

V. Article 9 shall read as follows:

"DUTIES AND POWERS

Article 9

- 9.1 Subject to the restrictions contained in these articles of association, the board of directors is charged with the management of the company.
- 9.2 The executive directors shall be responsible for the day-to-day management of the company. The task of the non-executive directors shall be to supervise the performance by the directors of their duties.
- 9.3 The board of directors may draw up rules concerning its internal matters. Such rules may not be in conflict with the provisions of these articles of association. The directors may also allocate their duties among themselves, whether by drawing up rules or otherwise. The task to supervise the performance by the directors of their duties cannot be taken away from the non-executive directors.
- 9.4 All resolutions by the board of directors shall be passed by absolute majority of the votes cast. In the event of a tie at the meeting of the board of directors, the general meeting shall decide.
- 9.5 A director may not participate in any deliberations or decision-taking if he has a direct or

indirect interest with regard to the interests of the company and the enterprise connected with it. If all directors have a direct or indirect interest with regard to the interests of the company and the enterprise connected with it, the decision shall nevertheless be taken by the board of directors.

- 9.6 The contemporaneous linking together by telephone conference or audio-visual communication facilities of all directors, wherever in the world they are, shall be deemed to constitute a meeting of the board of directors for the duration of the connection, unless a director objects thereto. Minutes of the matters dealt with at a meeting of the board of directors shall be sufficient evidence thereof and of the observance of all necessary formalities, provided that the relevant minutes are certified by the chairman of the relevant meeting of the board of directors.
- 9.7 Resolutions of the board of directors may, instead of at a meeting, be passed in writing – which shall include electronic messages, facsimiles, or any other form of message transmitted via an accepted means of communication and received or capable of being produced in writing – provided that all directors are familiar with the resolution to be passed and none of them objects to this method of decision-making.
- 9.8 The board of directors shall require the approval of the general meeting for resolutions concerning a major change in the identity or character of the company or its business, including, in any event the resolutions mentioned in Article 2:107a DCC. Further, the board of directors must obtain the approval of the general meeting for all such board of directors resolutions as the general meeting has explicitly specified in a resolution to that effect and has notified to the board of directors.
- 9.9 Failure to obtain the approval required under paragraph 6 above shall not affect the powers of representation of the board of directors or directors.
- 9.10 Where one or more directors are no longer in office or are unable to act, the remaining director(s) shall be provisionally charged with the entire management of the company. Where all directors are no longer in office or unable to act, the management shall be provisionally conducted by one or more persons designated for that purpose by the general meeting."

VI. Article 10 shall read as follows:

"REPRESENTATION

Article 10

The board of directors, as well as each executive director is entitled to represent the company."

VII. Article 11 paragraph 1 shall read as follows:

- "11.1 At least one general meeting shall be held each year within six months of the close of the financial year. The purpose of the meeting shall, among other things, be:
 - a. to discuss the annual report;
 - b. to discuss whether or not to adopt the annual accounts; and
 - c. to decide whether or not to discharge the directors."

VIII. Article 11 paragraph 2 shall read as follows:

- "11.2 Additional general meetings shall be held in the situation referred to in Article 2:108(a) DCC and whenever a director so requires."

IX. Article 11 paragraph 3 shall read as follows:

"11.3 General meetings shall be held in the place at which the company has its corporate seat as well as Schiphol (Haarlemmermeer), The Hague, Rotterdam, or Amersfoort. In the event that the meeting is held elsewhere, legally valid resolutions may only be passed if the entire issued share capital is represented."

X. Article 11 paragraph 4 shall read as follows:

"11.4 Persons with meeting rights shall be given notice of a meeting by or on behalf of the board of directors by an announcement on the company's website no later than on the day as prescribed by law. Further, all notices to persons with meeting rights may also be published in a newspaper in the country where the shares have been admitted to an official quotation, if foreign regulations require such. The notice shall contain the agenda of the meeting."

XI. Article 12 paragraph 1 shall read as follows:

"12.1 The general meeting shall be chaired by the chairman of the board of directors."

XII. Article 12 paragraph 11 shall read as follow:

"12.11 The board of directors shall keep a record of the resolutions passed. The record shall be available at the company's offices for inspection by persons with meeting rights. Such persons shall, upon request, be provided with a copy of or extract from the record, at no more than the cost price."

XIII. Article 14 paragraph 2 shall read as follows:

"14.2 The board of directors shall close the company's books as at the last day of each financial year and shall within four months draw up annual accounts and deposit them at the company's offices for inspection by the shareholders. Within the same period, the board of directors shall also submit its annual report. The annual accounts shall be signed by all directors; where one or more of their signatures is missing, the annual accounts shall refer to this and to the reasons for it."

XIV. Article 16 paragraph 1 shall read as follows:

"16.1 In the event of the company being dissolved, the liquidation shall be effected by the board of directors, unless the general meeting decides otherwise."

CONCLUDING PROVISION

Finally, the person appearing declared that, as evidenced by the Minutes, she has been authorised to execute this Deed.

The person appearing is known to me, civil law notary.

This Deed was executed in Rotterdam on the date mentioned in its heading.

After I, civil law notary, had conveyed and explained the contents of the Deed in substance to the person appearing, she declared that she had taken note of the contents of the Deed, was in agreement with the contents and did not wish them to be read out in full. Following a partial reading, the Deed was signed by the person appearing and by me, civil law notary.

I. Nuijten-Greveling

R.A.F. Timmermans, deputy civil law notary

ISSUED AS A TRUE COPY.



DOORLOPENDE TEKST

CONTINUOUS TEXT

(unofficial translation)

van de statuten van

of the articles of association of

Envipco Holding N.V.

Envipco Holding N.V.

na partiële statutenwijziging op 5 juli 2013

after partial amendment to the articles of
association on 5 July 2013

Amsterdam

Brussel

Londen

Luxemburg

New York

Rotterdam



DOORLOPENDE TEKST van de statuten van **Envipco Holding N.V.**, statutair gevestigd te Amsterdam, na partiële statutenwijziging bij akte op 5 juli 2013 verleden voor een waarnemer van mr. M.F.E. de Waard-Preller, notaris te Rotterdam.

Handelsregister nummer 33304225.

STATUTEN

NAAM EN ZETEL

Artikel 1

1.1 De vennootschap is genaamd: **Envipco Holding N.V.**

1.2 Zij is gevestigd te Amsterdam.

DOEL

Artikel 2

De vennootschap heeft ten doel:

- a. het deelnemen in-, het financieren van-, het samenwerken met-, het voeren van directie over- en het verlenen van adviezen en andere diensten aan rechtspersonen of andere ondernemingen;
- b. het verkrijgen, exploiteren en vervreemden van industriële en intellectuele eigendomsrechten;
- c. het verstrekken van zekerheden voor schulden en andere verplichtingen van rechtspersonen of andere vennootschappen die met de vennootschap in een groep verbonden zijn en derden,

alsmede het verrichten van al hetgeen met het vorenstaande verband houdt of daartoe bevorderlijk kan zijn, alles in de ruimste zin van het woord.

KAPITAAL EN AANDELEN

Artikel 3

3.1 Het maatschappelijk kapitaal van de vennootschap bedraagt vier miljoen euro (EUR 4.000.000), verdeeld in acht miljoen (8.000.000) gewone aandelen, elk nominaal groot vijftig eurocent (EUR 0,50).

3.2 De vennootschap verleent medewerking aan de uitgifte van certificaten van aandelen in haar kapitaal vanaf vijftien december tweeduizend acht. Onder de vergadergerechtigden wordt in de statuten van deze vennootschap verstaan: houders van met medewerking van de vennootschap uitgegeven certificaten van aandelen, alsmede aandeelhouders.

3.3 Aandelen in de vennootschap kunnen worden verpand.

3.4 Aan de vruchtgebruiker van aandelen kan het stemrecht niet worden toegekend en de vruchtgebruiker heeft niet de rechten die de wet toekent aan houders van met medewerking van de vennootschap uitgegeven certificaten van aandelen.

REGISTER VAN AANDEELHOUDERS

Artikel 4

4.1 De aandelen luiden op naam en zijn doorlopend genummerd van 1 af.



- 4.2 Aandelen kunnen in girale vorm worden opgenomen en zullen in dat geval — worden beheerst door het effectenrecht en de overige van toepassing zijnde regelgeving. —
- 4.3 Er worden geen aandeelbewijzen uitgegeven. —
- 4.4 Het bestuur houdt ten kantore der vennootschap een register van aandeelhouders waarin de namen en de adressen van alle vergadergerechtigden zijn opgenomen met vermelding van de datum waarop zij de aandelen hebben verkregen, het aantal aandelen, de datum van erkenning of betekening alsmede van het op ieder aandeel gestorte bedrag en voor zover van toepassing, de overige gegevens bedoeld in artikel 2:85 Burgerlijk Wetboek. —
Iedere vergadergerechtigde is verplicht aan het bestuur zijn adres en iedere wijziging daarin schriftelijk mede te delen. —
- 4.5 Iedere aantekening in het register wordt door of namens een bestuurder getekend; het register wordt regelmatig bijgehouden. —
- 4.6 Het register kan geheel of gedeeltelijk uit meerdere exemplaren bestaan en kan op meerdere plaatsen berusten, een en ander zoals het bestuur zal bepalen. Ten minste één exemplaar zal ten kantore van de vennootschap in Nederland berusten. Een gedeelte van het register kan in het buitenland berusten teneinde te voldoen aan de door een buitenlandse effectenbeurs gestelde regels. —

UITGIFTE

Artikel 5

- 5.1 De uitgifte van aandelen geschiedt ingevolge een besluit van de algemene vergadering van aandeelhouders (hierna te noemen "de algemene vergadering"), — dan wel ingevolge een besluit van een ander vennootschapsorgaan dat daartoe bij besluit van de algemene vergadering voor een bepaalde duur van ten hoogste vijf jaren is aangewezen. —
Bij de aanwijzing moet zijn bepaald hoeveel aandelen mogen worden uitgegeven. De aanwijzing kan telkens voor niet langer dan vijf jaren worden verlengd. Tenzij bij de aanwijzing anders is bepaald, kan zij niet worden ingetrokken. Zolang een orgaan anders dan de algemene vergadering bevoegd is te besluiten tot uitgifte van aandelen, kan de algemene vergadering niet meer tot uitgifte besluiten. —
- 5.2 Het orgaan van de vennootschap dat bevoegd is te besluiten tot verdere uitgifte van aandelen stelt de koers en de verdere bepalingen en voorwaarden van de uitgifte vast, zulks met inachtneming van hetgeen met betrekking daartoe in de wet en in de statuten is bepaald. —
- 5.3 De vennootschap legt binnen acht dagen na een besluit tot uitgifte of tot aanwijzing een volledige tekst daarvan neer ten kantore van het handelsregister. — Binnen acht dagen na elke uitgifte van aandelen doet de vennootschap daarvan opgave ten kantore van het handelsregister met vermelding van het aantal der uitgegeven aandelen. —



- 5.4 Bij uitgifte van nog niet geplaatste aandelen heeft iedere aandeelhouder een — voorkeursrecht naar evenredigheid van het gezamenlijke bedrag van zijn aan- — delen. Dit voorkeursrecht geldt tevens ingeval aandelen worden uitgegeven te- — gen inbreng anders dan in geld. —
Er is geen voorkeursrecht op aandelen die worden uitgegeven aan werknemers van de vennootschap of van een groepsmaatschappij. —
- 5.5 De vennootschap kondigt de uitgifte met voorkeursrecht in een schriftelijke — mededeling gericht aan alle aandeelhouders aan het in het register van aan- — deelhouders vermelde adres. —
Het voorkeursrecht kan worden uitgeoefend gedurende ten minste twee weken na verzending van de aankondiging aan de aandeelhouders. —
- 5.6 Het voorkeursrecht kan telkens voor een enkele uitgifte worden beperkt of uit- — gesloten bij besluit van de algemene vergadering. In het voorstel hiertoe moe- — ten de redenen voor het voorstel en de keuze van de voorgenen koers van — uitgifte schriftelijk worden toegelicht. —
- 5.7 Het voorkeursrecht kan ook worden beperkt of uitgesloten door het vennoot- — schapsorgaan als bedoeld in lid 1 van dit artikel dat bij besluit van de algeme- — ne vergadering voor een bepaalde duur van ten hoogste vijf jaren is aangewe- — zen als bevoegd tot het beperken of uitsluiten van het voorkeursrecht. —
- 5.8 De aanwijzing kan telkens voor niet langer dan vijf jaren worden verlengd. — Tenzij bij de aanwijzing anders is bepaald kan zij niet worden ingetrokken. —
- 5.9 Het bepaalde in de voorgaande leden van dit artikel is van overeenkomstige — toepassing bij het verlenen van een recht tot het nemen van aandelen. —
- 5.10 De vennootschap mag niet, met het oog op het nemen of verkrijgen door ande- — ren van aandelen in haar kapitaal of van certificaten daarvan, zekerheid stellen, een koersgarantie geven, zich op andere wijze sterk maken of zich hoofdelijk — of anderszins naast of voor anderen verbinden. Dit verbod geldt ook voor haar dochtermaatschappijen. —
- 5.11 De vennootschap en haar dochtermaatschappijen mogen slechts, met het oog — op het nemen of verkrijgen door anderen van aandelen in het kapitaal van de — vennootschap of van certificaten daarvan, leningen verstrekken met inachtnem- — ing van het bepaalde in de leden 2 tot en met 7 van artikel 2:98c Burgerlijk — Wetboek. —
- 5.12 Het bepaalde in de leden 10 en 11 van dit artikel geldt niet, indien aandelen of — certificaten van aandelen worden genomen of verkregen door of voor werk- — nemers in dienst van de vennootschap of van een groepsmaatschappij. —

VERKRIJGING VAN EIGEN AANDELEN

Artikel 6

- 6.1 De vennootschap kan geen eigen aandelen nemen. —
- 6.2 De vennootschap is slechts met inachtneming van artikel 2:98 Burgerlijk Wet- — boek en met inachtneming van de relevante wettelijke bepalingen bevoegd —



volgestorte aandelen in haar kapitaal te verkrijgen. _____

VERMINDERING VAN HET GEPLAATSTE KAPITAAL _____

Artikel 7 _____

- 7.1 De algemene vergadering kan besluiten tot vermindering van het geplaatste kapitaal door intrekking van aandelen of door het bedrag van aandelen bij statutenwijziging te verminderen. In dit besluit moeten de aandelen waarop het besluit betrekking heeft, worden aangewezen en moet de uitvoering van het besluit zijn geregeld. _____
- 7.2. Een besluit tot intrekking van aandelen kan slechts betreffen aandelen die de vennootschap zelf houdt of waarvan zij de certificaten houdt. _____
- 7.3 Gedeeltelijke terugbetaling op aandelen of ontheffing van de verplichting tot storting is slechts mogelijk ter uitvoering van een besluit tot vermindering van het bedrag van de aandelen. Zulk een terugbetaling of ontheffing moet naar evenredigheid op alle aandelen geschieden. _____
- Van het vereiste van evenredigheid mag worden afgeweken met instemming van alle betrokken aandeelhouders. _____

BESTUUR _____

Artikel 8 _____

- 8.1 De vennootschap heeft een bestuur bestaande uit één of meer uitvoerende bestuurders en één of meer niet uitvoerende bestuurders. Alleen natuurlijke personen kunnen niet uitvoerende bestuurders zijn. _____
- 8.2 De niet uitvoerende bestuurders wijzen uit hun midden een voorzitter aan van het bestuur. _____
- 8.3 Het bestuur stelt met inachtneming van lid 1 het aantal bestuurders vast. _____
- 8.4 De algemene vergadering benoemt de bestuurders en is te allen tijde bevoegd iedere bestuurder te schorsen of te ontslaan. Een besluit tot schorsing of ontslag van een bestuurder wordt genomen met een meerderheid van ten minste twee derden van de uitgebrachte stemmen. _____
- 8.5 Indien ingeval van schorsing van een bestuurder de algemene vergadering niet binnen drie (3) maanden tot zijn ontslag heeft besloten eindigt de schorsing. _____
- 8.6 Een bestuurder wordt in de algemene vergadering waarin zijn schorsing of ontslag aan de orde komt in de gelegenheid gesteld zich te verantwoorden en zich daarbij door een raadsman te doen bijstaan. _____
- 8.7 Het bestuur is bevoegd één of meer personen aan te stellen als procuratiehouder, desgewenst met de titel van onderdirecteur of adjunct-directeur of zodanige andere titulatuur als het gewenst zal achten. _____
- 8.8 De niet uitvoerende bestuurders stellen de bezoldiging en verdere arbeidsvoorwaarden voor iedere uitvoerende bestuurder afzonderlijk vast. De bezoldiging van de niet uitvoerende bestuurders wordt vastgesteld door de algemene vergadering. _____

TAAK EN BEVOEGDHEDEN _____

**Artikel 9**

- 9.1 Behoudens de beperkingen volgens deze statuten is het bestuur belast met het besturen van de vennootschap.
- 9.2 Het dagelijks bestuur van de vennootschap berust bij de uitvoerende bestuurders. De niet uitvoerende bestuurders houden toezicht op de taakuitoefening door de bestuurders.
- 9.3 Het bestuur kan een reglement opstellen waarin aangelegenheden hem intern betreffende worden geregeld. Een dergelijk reglement mag niet in strijd zijn met het bepaalde in deze statuten. Voorts kunnen de bestuurders al dan niet bij reglement hun taken onderling verdelen. De taak om toezicht te houden op de taakuitoefening door bestuurders kan niet door een taakverdeling worden ontnomen aan de niet uitvoerende bestuurders.
- 9.4 Besluiten van het bestuur worden genomen bij volstreekte meerderheid van de uitgebrachte stemmen. Bij staking van stemmen beslist de algemene vergadering.
- 9.5 Een bestuurder neemt niet deel aan de beraadslaging en besluitvorming indien hij daarbij een direct of indirect persoonlijk belang heeft dat tegenstrijdig is met het belang van de vennootschap en de met haar verbonden onderneming. Indien alle bestuurders een direct of indirect persoonlijk belang hebben dat tegenstrijdig is met het belang van de vennootschap en de met haar verbonden onderneming, zal het betreffende besluit niettemin door het bestuur worden genomen.
- 9.6 Een gelijktijdige telefonische- of beeldverbinding met geluid tot stand gebracht tussen alle bestuurders, waar ter wereld zij ook zijn, wordt geacht gedurende het bestaan van deze verbinding een bestuursvergadering te vormen tenzij een bestuurder zich daartegen verzet. De door de voorzitter van de betreffende bestuursvergadering gewaarmerkte notulen van het verhandelde vormen voldoende bewijs van het verhandelde en van het inachtnemen van alle noodzakelijke formaliteiten.
- 9.7 Besluiten van het bestuur kunnen in plaats van in een vergadering ook schriftelijk - waaronder begrepen ieder elektronisch bericht en telefaxbericht, alsmede via ieder ander gangbaar communicatiekanaal overgebracht en op schrift ontvangen of voor schriftelijke weergave vatbaar bericht - worden genomen, mits alle bestuurders in het te nemen besluit gekend zijn en geen van hen zich tegen deze wijze van besluiten verzet.
- 9.8 Het bestuur behoeft de goedkeuring van de algemene vergadering voor besluiten omtrent een belangrijke verandering van de identiteit of het karakter van de vennootschap of de onderneming, waaronder in ieder geval de in artikel 2:107a Burgerlijk Wetboek genoemde besluiten. Het bestuur behoeft voorts de goedkeuring van de algemene vergadering voor zodanige bestuursbesluiten als de algemene vergadering bij haar specifiek omschreven besluit zal hebben



- vastgesteld en aan het bestuur heeft medegedeeld. _____
- 9.9 Het ontbreken van de ingevolge lid 6 van dit artikel vereiste goedkeuring tast — de vertegenwoordigingsbevoegdheid van het bestuur of de bestuurders niet — aan. _____
- 9.10 Ingeval van ontstentenis of belet van één of meer bestuurders, is (zijn) de — overblijvende bestuurder(s) voorlopig met het gehele bestuur belast. Ingeval — van ontstentenis of belet van alle bestuurders berust het bestuur voorlopig bij — één of meer personen daartoe door de algemene vergadering aan te wijzen. —

VERTEGENWOORDIGING _____

Artikel 10 _____

Het bestuur, alsmede iedere uitvoerende bestuurder vertegenwoordigt de vennoot- — schap. _____

ALGEMENE VERGADERINGEN _____

Artikel 11 _____

- 11.1 Jaarlijks wordt ten minste één algemene vergadering gehouden en wel binnen — zes maanden na afloop van het boekjaar. In deze jaarvergadering komen - on- — der meer - aan de orde: _____
- a. de behandeling van het jaarverslag; _____
 - b. de vaststelling van de jaarrekening; en _____
 - c. het verlenen van decharge aan de bestuurders. _____
- 11.2 Voorts worden algemene vergaderingen gehouden in het geval bedoeld in arti- — kel 2:108a Burgerlijk Wetboek en zo dikwijls een bestuurder dit nodig acht. —
- 11.3 Algemene vergaderingen worden gehouden in de statutaire plaats van vesti- — ging van de vennootschap of op Schiphol (gemeente Haarlemmermeer), Den — Haag, Rotterdam, of Amersfoort. In een algemene vergadering, gehouden in — een andere plaats kunnen geldige besluiten eveneens worden genomen indien — het gehele geplaatste kapitaal vertegenwoordigd is. _____
- 11.4 De oproeping van vergadergerechtigden geschiedt door of namens het bestuur — door middel van een aankondiging op de website van de vennootschap niet la- — ter dan op de dag zoals wettelijk is voorgeschreven. Indien buitenlandse regel- — geving dat vereist, kunnen vergadergerechtigden voorts worden opgeroepen — door middel van een aankondiging in een landelijk verspreid dagblad in het — land waar de aandelen in de notering zijn opgenomen. De oproeping houdt de — agenda van de vergadering in. _____
- 11.5 De oproeping van vergadergerechtigden kan eveneens geschieden door een — langs elektronische weg toegezonden leesbaar en reproduceerbaar bericht aan — het adres dat door de vergadergerechtigden, die met zodanige oproeping heb- — ben ingestemd, voor dit doel aan de vennootschap is bekend gemaakt. _____
- 11.6 Indien de door de wet of de statuten gegeven voorschriften voor het oproepen — en agenderen van vergaderingen en het ter inzage leggen van te behandelen — onderwerpen niet in acht zijn genomen, kunnen desondanks rechtsgeldige be- —



sluiten worden genomen mits in de betreffende vergadering het gehele geplaatste kapitaal vertegenwoordigd is en mits met algemene stemmen. —

Artikel 12

- 12.1 De algemene vergadering wordt geleid door de voorzitter van het bestuur. —
- 12.2 Iedere vergaderingerechtigde is bevoegd, in persoon of bij schriftelijk gevolmachtigde, de vergadering van aandeelhouder bij te wonen en daarin het woord te voeren. —
- 12.3 In de algemene vergadering geeft ieder aandeel recht op het uitbrengen van één stem —
- 12.4 Bij de vaststelling of een bepaald gedeelte van het kapitaal vertegenwoordigd is dan wel of een meerderheid een bepaald gedeelte van het kapitaal vertegenwoordigt wordt geen rekening gehouden met aandelen waarop geen stem kan worden uitgebracht. —
- 12.5 Stemmingen over zaken geschieden door handopsteking en stemmingen over personen bij ongetekende gesloten briefjes, een en ander tenzij de voorzitter van de vergadering zonder tegenspraak van één van de stemgerechtigde aanwezigen een andere wijze van stemmen vaststelt of toelaat. —
- 12.6 Voorzover de wet geen grotere meerderheid voorschrijft, worden alle besluiten genomen met drie/vierde meerderheid van de uitgebrachte stemmen. —
- 12.7 Voor aandelen toebehorend aan de vennootschap en/of dochtervennootschappen kan het aan die aandelen verbonden stemrecht niet worden uitgeoefend; zij tellen niet mee voor de berekening van een meerderheid of quorum. —
- 12.8 Als vergaderingerechtigden hebben te gelden zij die op de dag van registratie die rechten hebben en als zodanig zijn ingeschreven in een door het bestuur aangewezen register, ongeacht wie ten tijde van de algemene vergadering de rechthebbenden op de aandelen of certificaten zijn. —
- 12.9 De dag van registratie als bedoeld in lid 8 van dit artikel is de achtentwintigste dag voor die van de vergadering. —
- 12.10 Bij de oproeping voor de vergaderingen wordt de dag van registratie vermeld alsmede de wijze waarop de vergaderingerechtigden zich kunnen laten registreren en de wijze waarop zij hun rechten kunnen uitoefenen. —
- 12.11 Het bestuur houdt van de genomen besluiten aantekening. De aantekeningen liggen ten kantore van de vennootschap ter inzage van de vergaderingerechtigden. Aan ieder van dezen wordt desgevraagd afschrift of uittreksel van deze aantekeningen verstrekt tegen ten hoogste de kostprijs. —

BESLUITEN BUITEN VERGADERING

Artikel 13

Besluiten van aandeelhouders kunnen in plaats van in algemene vergaderingen ook schriftelijk worden genomen, mits met algemene stemmen van alle tot stemmen bevoegde aandeelhouders. De stemmen kunnen ook langs elektronische weg worden uitgebracht. —

**BOEKJAAR, JAARREKENING EN WINSTVERDELING****Artikel 14**

- 14.1 Het boekjaar van de vennootschap is gelijk aan het kalenderjaar.
- 14.2 Het bestuur sluit per de laatste dag van elk boekjaar de boeken van de vennootschap af en maakt daaruit binnen vier maanden een jaarrekening op en legt — binnen deze termijn deze stukken voor aandeelhouders ter inzage ten kantore — der vennootschap. Binnen deze termijn legt het bestuur ook zijn jaarverslag — over. De jaarrekening wordt ondertekend door alle bestuurders; indien van één of meer hunner de ondertekening ontbreekt, dan wordt daarvan, onder opgave — van de reden, melding gemaakt op de jaarrekening.
- 14.3 De vennootschap zorgt er voor dat de opgemaakte jaarrekening, het jaarverslag en de krachtens lid 1 van artikel 2:392 Burgerlijk Wetboek toe te voegen gegevens vanaf de oproep tot de algemene vergadering, bestemd tot hun behandeling, te haren kantore aanwezig zijn. —
De vergadergerechtigden kunnen deze stukken aldaar inzien en er kosteloos — een afschrift van verkrijgen.
- 14.4 Indien artikel 2:403 Burgerlijk Wetboek voor de vennootschap geldt blijft het — bepaalde in de artikelen 2:391 tot en met 2:394 Burgerlijk Wetboek buiten — toepassing.
- 14.5 De algemene vergadering stelt de jaarrekening vast.
- 14.6 De vennootschap gaat over tot openbaarmaking van de in dit artikel bedoelde — stukken en gegevens, indien en voor zover en op de wijze zoals de artikelen — 2:394 en volgende van het Burgerlijk Wetboek dit voorschrijven.

WINSTUITKERING**Artikel 15**

- 15.1 In de boeken van de vennootschap zal een dividendreserve aangehouden worden.
- 15.2 De vennootschap kan aan de aandeelhouders en andere gerechtigden tot de — voor uitkering vatbare winst slechts uitkeringen doen voor zover het eigen — vermogen van de vennootschap groter is dan het bedrag van het gestorte en — opgevraagd deel van het kapitaal van de vennootschap, vermeerderd met de — reserves die krachtens de wet moeten worden aangehouden.
- 15.3 De winst die blijkt uit de vastgestelde jaarrekening staat ter beschikking aan de algemene vergadering van aandeelhouders voor uitkering van dividend op de — aandelen, reservering door toevoeging aan de dividendreserve, of zodanige andere doeleinden binnen het doel der vennootschap als die vergadering zal be — sluiten.
- 15.4 Geleden verliezen zullen ten laste worden gebracht van de dividend reserve.
- 15.5 De algemene vergadering van aandeelhouders kan besluiten zodanige bedra — gen uit te keren op de aandelen tot het bedrag van het positieve saldo van de — dividendreserve, indien en voor zover de dividendreserve toereikend is. De al —



- gemene vergadering zal slechts kunnen besluiten tot het niet uitkeren van de in de vorige zin bedoelde bedragen indien en voorzover kan worden aangetoond – dat de liquidatiepositie van de vennootschap dit niet toestaat. _____
- 15.6 De vennootschap mag tussentijds slechts toevoegingen doen aan dividendre- – serve, indien aan het vereiste van lid 2 is voldaan en mits na voorafgaande – goedkeuring van de algemene vergadering. _____
- 15.7 Op door de vennootschap verkregen aandelen in haar kapitaal of certificaten – daarvan vindt geen uitkering ten behoeve van de vennootschap plaats. _____
- 15.8 Bij de berekening van de winstverdeling tellen de aandelen of certificaten van – aandelen, waarop ingevolge het in lid 7 bepaalde geen uitkering ten behoeve – van de vennootschap plaatsvindt, niet mee. _____
- 15.9 Elke vordering tot uitkering verjaart na vijf jaar vanaf de dag na betaalbaarstel- – ling. _____

ONTBINDING EN VEREFFENING _____

Artikel 16 _____

- 16.1 Ingeval van ontbinding van de vennootschap geschiedt de vereffening door het bestuur, tenzij de algemene vergadering anders beslist. _____
- 16.2 De algemene vergadering stelt de beloning van de vereffenaars en van dege- – nen die met het toezicht op de vereffening zijn belast vast. _____
- 16.3 Gedurende de vereffening blijven deze statuten voor zoveel mogelijk van – kracht. _____
- 16.4 Van hetgeen na voldoening van alle schulden van de vennootschap van haar – vermogen overblijft wordt allereerst op de aandelen terugbetaald hetgeen – daarop gestort is. _____
- Hetgeen daarna van het vermogen overblijft wordt uitgekeerd aan de aandeel- – houders in verhouding tot het gezamenlijk bedrag van hun aandelen. Op aan- – delen die de vennootschap zelf houdt kan geen liquidatie-uitkering aan de ven- – nootschap zelf plaatshebben. _____

DE ONDERGETEKENDE

mr. Maria Francisca Elisabeth de Waard-Preller, no-
taris te Rotterdam, verklaart hierbij dat zij zich naar
beste weten ervan heeft overtuigd dat de statuten van
Envipco Holding N.V., statutair gevestigd te Am-
sterdam, luiden overeenkomstig de hiervoor opge-
nomen tekst.



Getekend te Rotterdam, op 18 juli 2013.

CONTINUOUS TEXT of the articles of association of Envipco Holding N.V., with corporate seat in Amsterdam, after partial amendment to the articles of association, by deed executed before a deputy of M.F.E. de Waard-Preller, civil law notary in Rotterdam, on 5 July 2013.

Trade Registry number 33304225.

This is a translation into English of the original Dutch text. An attempt has been made to be as literal as possible without jeopardizing the overall continuity. Inevitably, differences may occur in translation, and if so the Dutch text will by law govern.

ARTICLES OF ASSOCIATION ("STATUTEN")

NAME AND SEAT

Article 1

- 1.1 The name of the company is **Envipco Holding N.V.**
- 1.2 It has its corporate seat at Amsterdam.

OBJECTS

Article 2

The objects of the company are:

- a. to participate in, to finance or to have any other interest in, or to conduct the management of, other companies or enterprises;
- b. to furnish guarantees, provide security, warrant performance or in any other way assume liability, whether jointly and severally or otherwise, for or in respect of obligations of group companies;
- c. to acquire, exploit and alienate industrial and intellectual property rights; and to do anything which is, in the widest sense of the word, connected with or may be conducive to the attainment of these objects.

CAPITAL

Article 3

- 3.1 The authorised share capital of the company is four million euro (EUR 4,000,000), divided into eight million (8,000,000) ordinary shares, each having a nominal value of fifty eurocents (EUR 0.5).
- 3.2 The company will co-operate in the issuing of depositary receipts for its shares as per the fifteenth day of December two thousand eight.
The term "persons with meeting rights" in the articles of association of this company shall have the following meaning: holders of depositary receipts for shares, issued with the company's co-operation as well as shareholders.
- 3.3 Shares in the company may be pledged.
- 3.4 Voting rights may not be granted to holders of a right of usufruct and usufructuaries do not have the rights conferred by law on holders of depositary re-

ceipts issued for shares with the company's cooperation.

REGISTER OF SHAREHOLDERS

Article 4

- 4.1 The shares shall be registered shares and shall be numbered consecutively starting from 1.
- 4.2 Shares may be represented in book-entry form and, if so, they shall be governed by securities market rules and regulations and other applicable legal provisions.
- 4.3 The company shall not issue any share certificates.
- 4.4 The board of directors shall keep a register at the company's offices setting out the names and addresses of all persons with meeting rights, the dates on which the shares were acquired, the number of shares, the dates of acknowledgement or service, the amount paid up in respect of each share and, to the extent applicable, the other particulars referred to in Article 2:85 of the Dutch Civil Code ("DCC"). Every persons with meeting rights must inform the board of directors in writing of his address and any change thereto.
- 4.5 Every registration and entry in the register shall be signed by or on behalf of a director. The register shall be regularly updated.
- 4.6 The register may, at the discretion of the board of directors, in whole or in part be kept in more than one copy and at more than one address. At least one copy shall be kept at the office of the company in the Netherlands. Part of the share register may be kept abroad in order to comply with applicable provisions set by a foreign stock exchange.

ISSUE OF NEW SHARES AND CONVERSION

Article 5

- 5.1 The issue of new shares shall take place pursuant to a resolution of, and subject to the conditions laid down by, the general meeting of shareholders (hereinafter referred to as the "general meeting"), or of another corporate body which has been designated as the body with this power by a resolution of the general meeting, for a period not exceeding five years.
The designation shall state how many shares may be issued. The designation may not be withdrawn unless otherwise provided in the resolution in which the designation is made. For as long as a body other than the general meeting has the power to issue shares, the general meeting shall not have this power.
- 5.2 The body empowered to resolve to issue additional shares shall lay down the price and further conditions of issue, with due observance of the relevant provisions of law and the articles of association.
- 5.3 Within eight days after each resolution to issue shares or to designate another body as the body with the power to issue shares, the company shall deposit a complete text of the resolution at the office of the Trade Register. Within eight days after an issue of shares, the company shall report the issue to the office of

- the Trade Register, stating the number of shares issued.
- 5.4 In the event of an issue of new shares, each shareholder shall have a pre-emption right in proportion to the aggregate nominal amount of his shares. This pre-emption right shall not apply if the shares are paid for in kind. There shall be no pre-emption rights in respect of shares which are issued to employees of the company or of a group company.
 - 5.5 The company shall announce the issue with pre-emption rights and the period during which such rights can be exercised by sending a written notice to all shareholders at the addresses stated in the shareholders' register.
 - 5.6 Pre-emption rights may at any time be limited or excluded in relation to a particular issue, by a resolution passed by the general meeting. The proposal made to this effect must explain in writing the reasons for the proposal and the choice of the proposed share price.
 - 5.7 Pre-emption rights may also be limited or excluded by the corporate body referred to in paragraph 1 which has been designated by the general meeting as having the power to limit or exclude pre-emption rights for a period not exceeding five years.
 - 5.8 The designation may be renewed from time to time for periods not exceeding five years. The designation may not be withdrawn unless otherwise provided in the resolution in which the designation is made.
 - 5.9 The provisions of the preceding paragraphs of this article shall apply mutatis mutandis where rights are granted to subscribe for shares. Shareholders shall not, however, have pre-emption rights in respect of shares being issued to a person exercising an existing right to subscribe for shares.
 - 5.10 The company may not provide security, give a price guarantee, otherwise warrant performance or bind itself, jointly and severally or otherwise, with or for others, with a view to the subscription for or acquisition by others of shares in the capital of the company or depositary receipts thereof. This prohibition also applies to its subsidiaries.
 - 5.11 The company and its subsidiaries may only provide loans, with a view to the subscription for or acquisition by others of shares in the capital of the company or depositary receipts thereof, with due observance of the provisions of Article 2:98c (paragraphs 2-7) DCC.
 - 5.12. The provisions of paragraphs 10 and 11 of this article do not apply if shares or depositary receipts thereof are subscribed for or acquired by or for employees of the company or a group company.

ACQUISITION OF OWN SHARES

Article 6

- 6.1 The company may not subscribe for its own shares.
- 6.2 The company shall have the right to acquire fully paid-up shares in its own share capital for consideration, with due observance of Article 2:98 DCC and

of the relevant statutory provisions.

REDUCTION OF THE ISSUED SHARE CAPITAL

Article 7

7.1 The general meeting may resolve to reduce the issued share capital by cancelling shares or by reducing the nominal amount of the shares through an amendment to the articles of association. The resolution must specify the shares to which the resolution relates and provide for the implementation of the resolution.

7.2 A resolution to cancel shares may only relate to shares held by the Company itself or in respect of which it holds the depositary receipts.

7.3 A partial repayment of capital on shares or release from the obligation to pay shall be allowed only as part of the implementation of a resolution to reduce the nominal amount of the shares.

Such repayment or release must be effected in respect of all shares on a proportional basis.

The requirement of proportionality may be waived with the consent of all shareholders concerned.

BOARD OF DIRECTORS

Article 8

8.1 The company shall have a board of directors consisting of one or more executive directors and one or more non-executive directors. Only natural persons may be non-executive directors.

8.2 The non-executive directors shall elect a chairman of the board of directors from among themselves.

8.3 With due observance of paragraph 1, the board of directors shall determine the number of directors.

8.4 The general meeting shall appoint the directors and may at any time suspend or remove any director. A resolution to suspend or to remove a director shall be passed by a majority of at least two thirds of the votes cast.

8.5 Where a director has been suspended and the general meeting does not, within a period of three (3) months, pass a resolution to remove him, the suspension shall end.

8.6 A director shall be given the opportunity to account for his actions at the general meeting at which his suspension or removal is discussed and he may in that connection be represented by a legal adviser.

8.7 The board of directors may grant one or more persons a power of attorney (*procuratiehouder*) and, if so required, give any holders of such powers of attorney the title of deputy managing director (*onderdirecteur* or *adjunct-directeur*), or such other title as it deems appropriate.

8.8 The non-executive directors shall determine the remuneration and the terms and conditions of employment for each executive director separately. The re-

muneration for the non-executive director shall be determined by the general meeting.

DUTIES AND POWERS

Article 9

- 9.1 Subject to the restrictions contained in these articles of association, the board of directors is charged with the management of the company.
- 9.2 The executive directors shall be responsible for the day-to-day management of the company. The task of the non-executive directors shall be to supervise the performance by the directors of their duties.
- 9.3 The board of directors may draw up rules concerning its internal matters. Such rules may not be in conflict with the provisions of these articles of association. The directors may also allocate their duties among themselves, whether by drawing up rules or otherwise. The task to supervise the performance by the directors of their duties cannot be taken away from the non-executive directors.
- 9.4 All resolutions by the board of directors shall be passed by absolute majority of the votes cast. In the event of a tie at the meeting of the board of directors, the general meeting shall decide.
- 9.5 A director may not participate in any deliberations or decision-taking if he has a direct or indirect interest with regard to the interests of the company and the enterprise connected with it. If all directors have a direct or indirect interest with regard to the interests of the company and the enterprise connected with it, the decision shall nevertheless be taken by the board of directors.
- 9.6 The contemporaneous linking together by telephone conference or audio-visual communication facilities of all directors, wherever in the world they are, shall be deemed to constitute a meeting of the board of directors for the duration of the connection, unless a director objects thereto. Minutes of the matters dealt with at a meeting of the board of directors shall be sufficient evidence thereof and of the observance of all necessary formalities, provided that the relevant minutes are certified by the chairman of the relevant meeting of the board of directors.
- 9.7 Resolutions of the board of directors may, instead of at a meeting, be passed in writing – which shall include electronic messages, facsimiles, or any other form of message transmitted via an accepted means of communication and received or capable of being produced in writing – provided that all directors are familiar with the resolution to be passed and none of them objects to this method of decision-making.
- 9.8 The board of directors shall require the approval of the general meeting for resolutions concerning a major change in the identity or character of the company or its business, including, in any event the resolutions mentioned in Article 2:107a DCC. Further, the board of directors must obtain the approval of the

general meeting for all such board of directors resolutions as the general meeting has explicitly specified in a resolution to that effect and has notified to the board of directors.

- 9.9 Failure to obtain the approval required under paragraph 6 above shall not affect the powers of representation of the board of directors or directors.
- 9.10 Where one or more directors are no longer in office or are unable to act, the remaining director(s) shall be provisionally charged with the entire management of the company. Where all directors are no longer in office or unable to act, the management shall be provisionally conducted by one or more persons designated for that purpose by the general meeting.

REPRESENTATION

Article 10

The board of directors, as well as each executive director is entitled to represent the company.

GENERAL MEETINGS

Article 11

- 11.1 At least one general meeting shall be held each year within six months of the close of the financial year. The purpose of the meeting shall, among other things, be:
- a. to discuss the annual report;
 - b. to discuss whether or not to adopt the annual accounts; and
 - c. to decide whether or not to discharge the directors.
- 11.2 Additional general meetings shall be held in the situation referred to in Article 2:108(a) DCC and whenever a director so requires.
- 11.3 General meetings shall be held in the place at which the company has its corporate seat as well as Schiphol (Haarlemmermeer), The Hague, Rotterdam, or Amersfoort. In the event that the meeting is held elsewhere, legally valid resolutions may only be passed if the entire issued share capital is represented.
- 11.4 Persons with meeting rights shall be given notice of a meeting by or on behalf of the board of directors by an announcement on the company's website no later than on the day as prescribed by law. Further, all notices to persons with meeting rights may also be published in a newspaper in the country where the shares have been admitted to an official quotation, if foreign regulations require such. The notice shall contain the agenda of the meeting.
- 11.5 Notice of a meeting may also be given by sending an electronic message that is readable and capable of being produced in writing to the address notified for this purpose to the company by those persons with meeting rights that have consented to receiving notice in this manner.
- 11.6 Where the rules laid down by law or by these articles of association in relation to the convening of meetings, drawing up of agendas and availability for inspection of the list of matters to be discussed have not been complied with, le-

gally valid resolutions may nevertheless be passed by a unanimous vote at a meeting at which the entire issued share capital is represented.

Article 12

- 12.1 The general meeting shall be chaired by the chairman of the board of directors.
- 12.2 Every person with meeting rights is entitled, in person or by written proxy, to participate in the general meeting and to take the floor.
- 12.3 Each share shall give the right to cast one vote at general meetings.
- 12.4 In determining whether a certain part of the share capital is represented or whether a majority represents a certain part of the share capital, shares for which no votes may be cast shall not be taken into account.
- 12.5 Voting about issues shall take place by show of hands and voting about persons shall take place by unsigned, closed ballots, unless the chairman of the meeting determines or allows a different manner of voting and none of the persons present with the right to vote is opposed thereto.
- 12.6 Unless these articles of association require a greater majority, all resolutions shall be passed by a majority of three/forth the votes cast.
- 12.7 No votes may be cast at the general meeting in respect of shares belonging to the company or a subsidiary; nor may such shares be taken into account in the calculation of a majority or quorum.
- 12.8 Persons with meeting rights shall be entitled to attend and to vote at general meetings, provided that they have such rights on the registration date mentioned in paragraph 9 and that they are recorded in a register designated by the management board, irrespective of who may be entitled to the shares or depositary receipts issued with the cooperation of the company at the time of the general meeting.
- 12.9 The registration date as mentioned in paragraph 8 is the twenty-eighth day prior to the date of the general meeting.
- 12.10 The notice for convening the meeting shall mention the registration date and the manner in which the persons with meeting rights at the meeting may procure their registration and the way they may exercise their rights.
- 12.11 The board of directors shall keep a record of the resolutions passed. The record shall be available at the company's offices for inspection by persons with meeting rights. Such persons shall, upon request, be provided with a copy of or extract from the record, at no more than the cost price.

RESOLUTIONS PASSED WITHOUT A MEETING

Article 13

Unless the company has receipt holders of which the depositary receipts have been issued with the company's cooperation, shareholders' resolutions may, instead of at a general meeting, be passed in writing, provided that all shareholders with the right to vote have voted in favour.

FINANCIAL YEAR AND ANNUAL ACCOUNTS

Article 14

- 14.1 The financial year of the company shall coincide with the calendar year.
- 14.2 The board of directors shall close the company's books as at the last day of each financial year and shall within four months draw up annual accounts and deposit them at the company's offices for inspection by the shareholders. Within the same period, the board of directors shall also submit its annual report. The annual accounts shall be signed by all directors; where one or more of their signatures is missing, the annual accounts shall refer to this and to the reasons for it.
- 14.3 The company shall ensure that the annual accounts, the annual report and the information to be added pursuant to Article 2:392(1) DCC shall be available at its offices from the day on which the general meeting at which they are to be discussed is convened.
Persons with meeting rights are entitled to inspect such documents at the aforementioned location and obtain a copy at no cost.
- 14.4 The provisions of Articles 2:391 up to and including 2:394 DCC shall not apply if Article 2:403 DCC applies to the company.
- 14.5 The general meeting shall adopt the annual accounts.
- 14.6 The company shall publish the documents and information referred to in this article if and to the extent and in the manner required by Articles 2:394 et seq. DCC.

APPROPRIATION OF PROFITS

Article 15

- 15.1 In the company's books, a dividend reserve shall be maintained.
- 15.2 The company may make distributions to shareholders and other persons entitled to distributable profits only to the extent that the shareholders' equity exceeds the sum of the paid and called-up part of the share capital and the reserves which must be maintained by law.
- 15.3 The profits that appear from the adopted annual accounts shall be at the disposal of the general meeting for distribution of dividend on the shares or in order to be added to the dividend reserve or for such other purposes within the company's objects as the meeting shall decide.
- 15.4 Losses shall be charged to the dividend reserve.
- 15.5 The general meeting may resolve to distribute such amounts on the shares up to the amount of the positive balance of the dividend reserve, if and to the extent the dividend reserve is sufficient.
The general meeting may only decide not to distribute the amounts referred to in the preceding sentence if and to the extent that it can be demonstrated that the company's liquidity position does not allow this.
- 15.6 The company may only make interim additions to the dividend reserve if the requirement in paragraph 2 has been met and provided that the prior approval

of the general meeting has been obtained.

- 15.7 No distribution shall be made in favour of the company on shares acquired by the company in its own capital or depositary receipts for such shares.
- 15.8 Shares or depositary receipts for shares on which, pursuant to the provisions of paragraph 7, no distribution is made in favour of the company do not count for the purpose of calculating the profit appropriation.
- 15.9 The claim for payment of dividends shall lapse on the expiry of a period of five years.

DISSOLUTION AND LIQUIDATION

Article 16

- 16.1 In the event of the company being dissolved, the liquidation shall be effected by the board of directors, unless the general meeting decides otherwise.
- 16.2 The general meeting shall determine the remuneration to be granted to the liquidators and to those in charge of supervising the liquidation.
- 16.3 To the extent possible, these articles of association shall remain in effect during the liquidation.
- 16.4 Any assets remaining after payment of all of the company's debts shall first be applied to paying back the amounts paid up on the shares. Any remaining assets shall then be distributed among the shareholders in proportion to the aggregate nominal amount of their shares. No distribution upon liquidation may be made to the company in respect of shares held by it.

APPENDIX B
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30
SEPTEMBER 2020



Envipco Holding N.V.

Interim Financial Report | Third Quarter & Nine Months 2020

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2020 THIRD QUARTER AND NINE MONTHS CONSOLIDATED RESULTS UNAUDITED

Highlights

in EUR millions	9M 2020	9M 2019	3Q 2020	3Q 2019	FY 2019
Revenues	22.78	27.56	9.15	10.14	36.25
Gross Profit	8.43	10.57	3.85	4.29	13.55
Gross profit %	37%	38%	42%	42%	37%
Operating profit/(loss)	(1.46)	(0.14)	1.11	0.74	(2.58)
Net profit/(loss) after taxes after minority	(1.63)	(0.69)	1.38	0.33	(1.88)
EBITDA*	1.95	2.52	2.58	1.64	1.61
Earnings/(loss) per share in €	(0.40)	(0.17)	0.34	0.08	(0.46)
Shareholders' equity	21.93	26.36	21.93	26.36	24.35

*Earnings before interest, taxes, depreciation and amortisation

2020 Third Quarter – Consolidated Results:

Whilst the business is still impacted by the Covid-19 situation, sustained recovery is starting to be seen both in the US and Europe during Q3. Revenues vs. Prior Year are recovering with Revenue Q3 2020 being 10% down vs. Q3 2019; an improvement on 1HY 2020 which was 22% lower than 1HY 2019. This was driven by recovery in US service and operating throughput revenues and by continued improvement in Europe with a good performance for the Swedish business, which grew 84% in Q3 2020 vs Q3 2019.

Another highlight was profitability of €1.11m in Q3 2020 versus €0.74m in Q3 2019 and increased EBITDA of EUR 2.58m or 28% of revenues compared to Q3 2019 EUR 1.64m or 16% of revenues. This improvement was driven by stable gross profit margin (42% Q3 2020 and Q3 2019), cost control of G&A expenses and lower IP litigation cost.

During this period the business has maintained strict cost controls, as such operating expenses for Q3 2020 decreased to €2.75m compared to €3.56m for Q3 2019, with the largest reductions being in curtailed general and administration costs and lower IP litigation cost.

2020 Nine Months – Consolidated Results:

Revenues for the first nine months of 2020 decreased 17% to €22.78m from €27.56m in 2019.

The North American 2020 business revenues declined 20% for the 9 month period with limited currency impact over this period. The lower North American business revenue is attributable to the Covid-19 impact on lower container throughput business and lower RVM machine sales.

The European platform continues to perform well vs. Prior Year, 2020 revenue growth was 7% higher for the nine months period compared to the same period for 2019.

Gross profit for the 9M 2020 period decreased to €8.43m from €10.57m for the first nine months of 2019 as a result of the Covid-19 impact resulting in lower throughput volume and RVM sales. Gross profit margin was slightly down: 37% for the first nine months of 2020 compared to 38% for the first nine months of 2019, on account of fixed costs and lower manufacturing overhead cost absorption.

The operating profit for 9M 2020 was a loss of (€1.46m) compared to a loss of (€0.14m) for the first nine months of 2019. The North American operating profit at €1.86m for the first nine-months of 2020 was lower compared with €3.46m for the same period in 2019. The European business operating loss reduced to (€1.48m) compared to a loss of (€1.63m) over

this 9M period, driven by higher volumes and reduced expenses. The Holding company expenses decreased to €1.84m for the nine months 2020 compared to €1.97m for the same period in 2019. This nine-month 2020 decrease is principally attributed to savings in IP litigation cost of €0.37m offset by higher other administration costs of €0.24m.

EBITDA decreased to €1.95m from €2.52m for the first nine months of 2020 compared to 2019, though showing strong recovery compared to the previous quarters of 2020, turning EBITDA from negative to positive in Q3 and YTD 2020.

Financial Position:

- The Company generated a negative €0.72m cash flow from its operating activities for the first nine months of 2020 versus a positive €0.08m for the same period in 2019, mainly due to lower service and machine sales levels, on account of Covid-19 in 2020.
- The Company's bank financing drawn was at €8.58m for 30/9/2020 compared with €4.64m in 30/9/2019 due to increased borrowings during 2020. The Company has adequate bank facilities to fund its current requirements.
- Under the provisions of the Paycheck Protection Program (PPP), the Company will be eligible for forgiveness for a significant portion or all of the €1.5m loan obtained earlier in the year. Criteria for forgiveness are currently being finalised and we expect this will be reflected as Other income in Q4 2020 or H1 2021.
- Shareholders' equity at 30/09/2020 decreased by €2.42m from year end 31/12/2019 based on the nine months 2020 net loss augmented by a negative translation reserve impact of €0.80m.

Other:

- We continue to maintain very active market development activity in Scotland and UK at large. A system administrator is still expected to be appointed by the Scottish government early 2021 and will oversee the operational requirements to fulfill the DRS regulations and fully defined RVM machine configurations. Envipco's UK management team continues to engage with the retailer community and have made further progress in commercial discussions and more advanced pilot projects.
- As part of the Company's strategy to develop a strong business in Europe, we have continued to build out the European organization centered around a Group HQ in The Netherlands. As previously announced, we have the pleasure of welcoming Derk Visser as Group CFO and will continue to expand this team to lead growth in the future.
- On 31 January 2020, the Company filed its appeal of an unfavourable decision by the German courts regarding its IP infringement litigation. It is not expected that the defendant responses to the appeal will be filed until later this year and that the court ruling will come in early 2022. Within current general proceedings Envipco was successful in the Munich Appeal Court during October to dismiss a patent vindication appeal by a third party. The Company expects to continue to incur legal cost on this matter, albeit with 2020 legal cost reduced from the 2019 cost of €0.80m.

“Whilst we continue to work aggressively to meet the Covid-19 impacts for the company, we are encouraged by the recovery and strengthening of the business seen in Q3 2020. We expect continuing recovery through year end 2020 and a solid start to 2021. We are managing the business carefully in these challenging times, while maintaining our focus on new market development and building our capability in Europe to capture future exciting growth.” **Simon Bolton, CEO Envipco.**

Business Segment Review

	Nine Months		3 rd Quarter		Full Year
in EUR millions	2020	2019	2020	2019	2019
Revenues	22.78	27.56	9.15	10.14	36.25
North America	19.98	24.95	7.70	9.37	32.65
Europe	2.80	2.61	1.45	0.77	3.60
ROW	-	-	-	-	-
Gross Profit	8.43	10.57	3.85	4.29	13.55
Gross Profit in %	37%	38%	42%	42%	37%
Operating expenses excluding new market development costs	9.16	9.69	2.54	2.97	14.73
New market development costs	0.73	1.03	0.21	0.59	1.40
Operating expenses	9.89	10.72	2.75	3.56	16.13
Operating profit/(loss)	(1.46)	(0.14)	1.11	0.74	(2.58)

Business Segments Q3 & Nine Months 2020:

- The Covid-19 pandemic continues to have an impact on the North American business, with revenues for Q3 2020 vs. Q3 2019 reflecting a 15% decrease in our container throughput business and a decline in RVM machines, but with a strong improvement in Q3 versus H1 RVM sales reduced to €0.59m in the quarter vs. €1.02m in 2019. We expect continued RVM sales recovery into yearend 2020 as demonstrated by a recent 120+ unit order from one of our large US customers which will be delivered Q4/early Q1 2021. Gross profit % decreased slightly due to unabsorbed fixed costs from lower volume.
- For Q3 2020, European revenues increased to €1.45m compared to €0.77m in Q3 2019. For Q3 2020, Sweden had an outstanding quarter on both machine sales and service revenues, revenue increasing by 84% to €1.33m compared to €0.72m in 2019. The 2020 improvements in Sweden are a direct result of the success of the Quantum platform and focused service delivery in this market.
- As previously highlighted, we have kept a strict overall control of costs during this period, particularly G&A costs. While we have maintained high levels of market development activity, reduction in travel and other expenses due to Covid-19 related restrictions have meant that new market development costs were lower in the Quarter. In Q3 2020 €0.21m were incurred compared to €0.59m in Q3 2019. The Company expects to continue to incur new market development costs in Europe around developing DRS opportunities. Overall Quarterly Operating Expenses were €2.75m (2020) vs. €3.56m (2019), 23% reduction and for the first 9 months €9.89m vs. €10.72m (8% down).

Market Outlook

Whilst the Company has seen sustained improvements during Q3 2020, we are subject to continuing negative impacts of Covid-19 and also the potential for further shut-downs and restrictions. This impact is especially seen in North America which could delay full return of the normalised throughput volume until Q1/Q2 of 2021. Our European business is less impacted with Sweden expected to finish a strong year in new machine sales and service revenues from an increasing installed base in 2020. We also continue to engage a number of other European markets for RVM sales in Q4 and early 2021.

Travel restrictions and specific Covid-19 market challenges may have an impact on timing of new European DRS initiatives as well as on the development of several non-deposit markets. We expect the Scottish market opportunity to gain momentum in early 2021 when the administrator is appointed. Consequently, we expect no delay in Scotland of the DRS implementation date of July 2022. The Company has adequate financial resources to continue to execute during these challenging times.

Risks and Uncertainties

- Legislation driven growth: Our RVM business, which is mainly dependent on deposit laws can have significant negative impact, if such laws are repealed or curtailed significantly.
- Major RVM customers going out of business may also have a significant negative impact, although unlikely due to the diversity of our customer base.
- The Group may be at risk from competition.
- At present, majority of the Group revenue is generated in USD, which can be subject to significant fluctuations that may have a negative or positive impact on the Group results depending upon whether it is a favourable or an unfavourable change.
- Non-availability of lines of credit or cash to continue to fund projects under development stage may impact long term viability of the Group.
- COVID-19: The Company has and continues to manage the challenges of Covid-19 during 2020. As we approach the second wave of Covid-19, it seems that things might not return to normal level until Q1 2021, which means there is a likely possibility that 2020 results will be further impacted to some extent.

Capital & Shareholding

Authorised and Issued Share Capital

The Company's authorised capital is €4,000,000 divided into 8,000,000 shares, each having a nominal value of €0.50. The issued share capital of the Company currently amounts to €2,048,803.50 divided into 4,097,607 shares, each having a nominal value of €0.50.

Substantial Shareholders

The Group has been notified of or is aware of the following 3% or more interest as at 30 September 2020.

	Number of Shares	Shareholding %	Voting Rights %
Alexandre Bouri/Megatrade International SA	2,168,068	52.91	52.91
Gregory Garvey	555,779	13.56	12.73
Douglas Poling/GD Env LLC	200,000	4.88	4.88
B. Santchurn/Univest Portfolio Inc.	155,480	3.79	3.79
Otus Capital Management Ltd	247,727	6.05	6.05
Lazard Freres Gestion SAS	222,532	5.43	5.43

Amersfoort, 24 November 2020
Board of Directors
Envipco Holding N.V.

Simon Bolton
CEO and Executive Board Member

Consolidated Statement of Comprehensive Income

in EUR thousands	Note	Q3 2020	Q3 2019	9M 2020	9M 2019	FY 2019
Revenues		9,153	10,138	22,779	27,558	36,251
Cost of revenue		(5,303)	(5,852)	(14,353)	(16,991)	(22,699)
Gross Profit		3,850	4,286	8,426	10,567	13,552
Selling and distribution expenses		(586)	(659)	(1,586)	(1,934)	(1,074)
General and administrative expenses		(1,738)	(2,504)	(7,519)	(7,938)	(13,762)
Research and development expenses		(427)	(394)	(787)	(853)	(1,323)
Other income /(expenses)		6	13	11	20	26
Operating Results		1,105	742	(1,455)	(138)	(2,581)
Financial expense		(89)	(51)	(281)	(151)	(273)
Financial income		472	(53)	292	(47)	93
Net finance (cost) and or income		383	(104)	11	(198)	(180)
Results before tax		1,488	638	(1,444)	(336)	(2,761)
Income taxes		(106)	(304)	(184)	(357)	882
Net Results		1,382	334	(1,628)	(693)	(1,879)
<i>Other comprehensive income</i>						
<i>Items that will be reclassified subsequently to profit and loss</i>						
Exchange differences on translating foreign operations		(1,414)	923	(797)	1,076	265
Total other comprehensive income		(1,414)	923	(797)	1,076	265
Total comprehensive income		(32)	1,257	(2,425)	383	(1,614)
Profit attributable to:						
Owners of the parent						
Profit/(loss) for the period		1,384	332	(1,627)	(696)	(1,883)
Non-controlling interests						
Profit/(loss) for the period		(2)	2	(1)	3	4
Total						
Profit/(loss) for the period		1,382	334	(1,628)	(693)	(1,879)
Total comprehensive income attributable to:						
Owners of the parent		(30)	1,255	(2,424)	380	(1,619)
Non-controlling interests		(2)	2	(1)	3	5
		(32)	1,257	(2,425)	383	(1,614)
Number of weighted average (exclude treasury shares) shares used for calculations of EPS		4,097,607	4,097,607	4,097,607	4,097,607	4,097,607
- Basic (euro)		0.34	0.08	(0.40)	(0.17)	(0.46)
- Diluted (euro)		0.34	0.08	(0.40)	(0.17)	(0.46)
Earnings/(loss) per share for profit attributable to the ordinary equity holders of the parent during the period						
- Basic (euro)		0.34	0.08	(0.40)	(0.17)	(0.46)
- Fully diluted (euro)		0.34	0.08	(0.40)	(0.17)	(0.46)

Consolidated Balance Sheet

	Note	9M 2020	9M 2019	FY 2019
in EUR thousands				
ASSETS				
Non-current assets				
Intangible assets		6,547	6,397	6,160
Property, plant and equipment		8,622	9,249	9,668
Financial assets		88	572	208
Deferred tax assets		2,812	1,911	2,934
Total non-current assets		18,069	18,129	18,970
Current assets				
Inventory		10,361	11,341	10,341
Trade and other receivables		12,133	13,245	9,960
Cash and cash equivalents		1,055	1,481	675
Total current assets		23,549	26,067	20,976
Total assets		41,618	44,196	39,946
EQUITY				
Share capital		2,049	2,049	2,049
Share premium		51,256	51,488	51,703
Translation reserves		3,296	4,915	4,093
Legal reserves		6,147	5,915	5,700
Retained earnings		(40,820)	(38,014)	(39,192)
Equity attributable to owners of the parent		21,928	26,353	24,353
Non-controlling interests		32	29	32
Total equity		21,960	26,382	24,385
Liabilities				
Non-current liabilities				
Borrowings	(5)	5,665	3,312	2,975
Lease commitments		119	-	366
Other liabilities		120	120	120
Total non-current liabilities		5,904	3,432	3,461
Current liabilities				
Borrowings	(5)	2,911	1,329	1,171
Trade creditors		6,662	9,757	6,569
Accrued expenses		2,651	2,576	3,440
Provisions		331	319	314
Lease commitments		544	-	388
Tax and social security		655	401	218
Total current liabilities		13,754	14,382	12,100
Total liabilities		19,658	17,814	15,561
Total equity and liabilities		41,618	44,196	39,946

Consolidated Cash Flow Statement

	Note	9M 2020	9M 2019	FY 2019
in EUR thousands				
Cashflow from operating activities				
Operating results		(1,455)	(138)	(2,581)
Adjustment for:				
Amortisation		803	837	1,187
Depreciation		1,904	1,866	2,488
Changes in trade and other receivables		(2,398)	(2,965)	61
Changes in inventories		(20)	(2,050)	(1,418)
Changes in provisions		-	274	244
Changes in trade and other payables		884	2,762	1,312
Changes in other liabilities		-	-	(100)
Cash generated from operations		(282)	586	1,193
Interest received and paid		(252)	(150)	(189)
Income taxes (payment)/refund		(184)	(357)	(199)
Net cash flow from operating activities	(6)	(718)	79	805
Investing activities				
Investment in intangible fixed assets		(1,338)	(1,230)	(1,386)
Investments in property, plant & equipment		(1,886)	(1,517)	(1,982)
Net cash flow used in investing activities	(6)	(3,224)	(2,747)	(3,368)
Financial activities				
Changes in borrowings – proceeds		8,044	1,062	1,072
Changes in borrowings – repayments		(3,238)	(1,077)	(1,450)
Changes in lease commitments		(423)	-	(527)
Net cash flow from financing activities	(6)	4,383	(15)	(905)
Net increase/(decrease) in cash and cash equivalents		441	(2,683)	(3,468)
Opening position		675	4,107	4,107
Foreign currency differences on cash and cash equivalents		(61)	57	36
Closing position		1,055	1,481	675
The closing position consists of:				
Cash and cash equivalents		1,055	1,481	675
Total closing balance in cash and cash equivalents		1,055	1,481	675

Consolidated Statement of Changes in Equity

in EUR thousands	Share Capital	Share Premium	Translation Reserve	Legal Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balance at 1 January 2020	2,049	51,703	4,093	5,700	(39,192)	24,353	32	24,385
Net profit/(loss) for the period	-	-	-	-	(1,628)	(1,628)	-	(1,628)
Other comprehensive income								
- Currency translation adjustment	-	-	(797)	-	-	(797)	-	(797)
Total recognised movements for the period ended 30 September 2019	-	-	(797)	-	(1,628)	(2,425)	-	(2,425)
Legal reserve		(447)		447		-		-
Balance at 30 September 2020	2,049	51,256	3,296	6,147	(40,820)	21,928	32	21,960

	Q3 2020	Q3 2019	9M 2020	9M 2019	FY 2019
Opening Balance	21,992	25,125	24,385	25,999	25,999
Net profit/(loss) for the period	1,382	334	(1,628)	(693)	(1,879)
Other comprehensive income:					
- Currency translation adjustment	(1,414)	923	(797)	1,076	265
Total recognised movements for the period	(32)	1,257	(2,425)	383	(1,614)
Closing Balance	21,960	26,382	21,960	26,382	24,385

1. General

Activities

Envipco Holding N.V. is a public limited liability company incorporated in accordance with the laws of The Netherlands, with its registered address at Arnhemseweg 10, 3817 CH Amersfoort, The Netherlands.

Envipco Holding N.V. and Subsidiaries (“the Company” or “Envipco”) are engaged principally in Recycling in which it develops, manufactures, assembles, leases, sells, markets and services a line of “reverse vending machines” (RVMs) mainly in the USA and Europe.

Basis of Preparation

The consolidated interim financial information for the nine months ended 30 September 2020 has been prepared in accordance with IAS 34 “interim financial reporting.” The consolidated interim financial information should always be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with IFRS as endorsed by the European Union.

All financial information is reported in thousands of euros unless stated otherwise.

2. Accounting Policies

Except as set out below, the accounting policies of these interim financial statements are consistent with the annual financial statements for the year ended 31 December 2019.

- Taxes on income in the period are accrued using the tax rate that would be applicable to expected total annual earnings.
- The annual impairment tests on goodwill and intangible assets with indefinite life will be carried out at the end of fiscal year 2020. Consequently, any impairment losses will only be recognised in the annual financial statements over the fiscal year 2020.
- These interim financial statements have not been reviewed by our auditors.

3. Segment Reporting

In accordance with the provisions of IFRS 8, the segments are identified based on internal reporting. The senior management board has been identified as the chief operating decision-maker. The senior management board reviews internal reporting on a periodical basis. The Group’s two segments are the RVM and Holding company functions.

- RVM Segment: The deposit market activities under this segment include operation of systems to redeem, collect, account for and processing of post-consumer beverage containers in the legislated environment including other related activities like sale and lease of RVMs, container data handling, management and deposit clearing functions. The non-deposit market activities under this segment include sales and market development activities for the automated recovery of used beverage containers in non-legislated environments. All of the Group’s RVM related research and development activities are also included under this segment.
- Holding Segment: This comprises of all Holding company activities including head office and corporate expenses.

in EUR thousands

	RVM Segment	Holding Segment	Total
Segment Results – 30 September 2020			
Revenue from external customers	22,779	-	22,779
Other income/(expenses)	11	-	11
Depreciation & amortization	1,904	803	2,707
Net profit attributable to owners of the parent	(132)	(1,496)	(1,628)
Segment Assets – 30 September 2020	34,424	7,194	41,618
Segment Results – 30 September 2019			
Revenue from external customers	27,558	-	27,558
Other income/(expenses)	20	-	20
Depreciation & amortization	1,866	837	2,703
Net profit attributable to owners of the parent	1,339	(2,032)	(693)
Segment Assets – 30 September 2019	36,981	7,215	44,196

4. Transactions with Related Parties

There is a loan receivable of €0.69m due from an affiliate under common control of the majority shareholder.

5. Borrowings – Third Parties

in EUR thousands	9 months to 30 Sep 2020	9 months to 30 Sep 2019
At beginning of period	4,146	4,434
Additions	8,044	1,062
Repayments	(3,238)	(1,077)
Translation effect	(376)	222
At end of period	8,576	4,641

6. Consolidated Cash Flow

The group generated a negative €0.72m cash from its operating activities for the first nine months of 2020 versus a positive €0.08m for the same period in 2019. Investments in tangible and intangible assets were €3.22m for the nine months of 2020 (first nine months 2019 - €2.75m). Net borrowings were €4.81m for the nine months 2020 compared to net debt repayment of €0.02m in the nine months of 2019.

APPENDIX C
AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER
2019



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Chief Executive Officer Statement

The world is turning from accelerated awareness of the environmental issues of single-use material waste to a call for action to halt the crisis, “The climate emergency is a race we are losing, but it is a race we can win ... we have had enough talk ... You don’t negotiate with nature. This is a climate action summit” United Nations Secretary-General António Guterres¹. This call for action is spreading from supranational movements like Extinction Rebellion² to youth protests championed by new emerging voices and leadership such as Greta Thunberg³. These voices effect political priorities and drive, in the end, to try and find real world solutions. This is where Envipco comes in and we get to work.



With this continued focus on reducing litter and driving recycling rates especially for plastic materials, for example EU targets⁴, implementing a deposit return scheme (DRS) that uses reverse vending machines (RVMs) within a circular system is seen as the only really scalable solution. The volumes are staggering, globally we consume nearly 1 Trillion containers per year⁵ that could be recycled through a DRS. To handle such volume the current global systems needs to scale 3-4 times from where they are now, Envipco is determined to help get these systems working well and win a solid share of this market.

It is my pleasure to join the Company at this critical and exciting time. The business had a transitional year last year and, whilst timing changed in several new DRS markets, we continue to strengthen our ability to capitalise on significant potential growth particularly in Europe over the next 5-8 years. Envipco helped invent and shape the RVM concept back in the 70s, and I have already seen in the business the commitment and depth of knowledge about the product and systems that delights our customers. Highlights of 2019 included: implementation of extensive pilot projects in Scotland, official opening of our Greek facility, continued growth and development in our core US market, and large-scale roll-out of our innovative Quantum product in Sweden. Envipco has demonstrated the ability to deliver success, we need to work with all our stakeholders to deliver on the opportunity ahead.

In joining a solid business like Envipco, you do so to build on the strong foundation made possible by the previous efforts and support of customers, suppliers, employees, partners, leadership, the Board, and supportive shareholders. Thank you for your efforts over the years and the continued support to the business. I look forward to working with each of you as we embark on the next stage of the journey.

Simon Bolton
CEO

Post-note: As this report is released the world finds itself in the grips of an unprecedented global pandemic due to Coronavirus/COVID-19. As a responsible business we are working with government authorities and implementing guidelines to keep customers supported and employees safe. We have a more detailed update in the body of the report, as a Company helped by high recurring revenues, options to work remotely, and an excellent team, we are mitigating the effects of this crisis to the very best of our abilities.

Note: Mr. Simon Bolton will be proposed as an executive board member at the Company’s next AGM.

Ref:

1 – Pre-summit press release, UNs Climate Action Summit, New York, September 2019

2 – <https://rebellion.global/>

3 – <https://www.businessinsider.com/greta-thunberg-bio-climate-change-activist-2019>

4 – https://ec.europa.eu/environment/index_en.htm

5 – <https://www.nationalgeographic.com/environment>

Report of the Board of Directors

General

The Board of Directors of the Company hereby presents its director's report for the financial year ended on 31 December 2019.

Envipco Holding N.V. is a public limited liability Company incorporated in accordance with the laws of The Netherlands. Envipco Holding N.V. and its subsidiaries listed on page 31 consist of the Group (hereafter the Group).

Mission Statement

Our mission is to provide the most cost-effective and efficient technology solutions for recycling used drinks packaging in order to dramatically increase the reuse of raw materials and conserve our limited natural resources.

Our purpose is to provide global deposit return solutions that are convenient and scalable for every unique application.

Our vision is for a cleaner, more sustainable environment for the next generation.

The Group's principal activity is the design, development and operation of automated solutions to recover used beverage containers which includes:

- The design, development, manufacture and sale or lease of Reverse Vending Machines (RVM) as the foundation of recycling systems for the collection and processing of used beverage containers.
- The provision of technical support, RVM maintenance and accounting services to the retail stores, bottlers and distributors for containers redeemed through these machines.
- The provision of deposit, handling fees, scrap reconciliations, commodity brokerage, clearing house functions and accounting.
- Provision of materials handling services, primarily in the Northeastern part of the United States of America (USA), for containers that are subject to deposits mandated by law.

Financial Highlights

	2019	2018
in EUR millions		
Continuing Operations		
Revenues	36.25	35.38
Gross profit	13.55	13.94
Gross profit %	37.4%	39.4%
Operating profit/(loss)	(2.58)	2.19
Net profit/(loss) after taxes after minority	(1.88)	1.85
EBITDA (earnings before interest, taxes, depreciation and amortisation)	1.61	5.48
Earnings/(loss) per share in €	(0.46)	0.47
Equity		
Shareholders' equity	24.35	25.97
Liquidity ratio (current assets/current liabilities)	1.73	2.11
Total Assets	39.95	40.00

The table above including the financial highlights contain the main Key Performance Indicators (KPI's) consisting of revenues, gross profit, net profit, and EBITDA.

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 Sweden.

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 €1.0m 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 recognise 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 €0.81m 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.

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. DRS regulations were announced in March 2020 in support of implementation of the law in 2022. 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 opened our facility in Pallini, Greece. We expect continued positive development in this market.

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 the establishment of a strong European team to execute the exciting growth potential tied to new DRS legislation.

Operating expenses excluding new market development costs for 2019 increased to €14.76m compared to €11.93m for 2018. The majority of this increase relates to former CEO separation agreement of €1.00m, North America constant currency impact of €0.33m, increased R&D expense of €0.52m and increased Holding expense for IP litigation and CEO recruitment of €0.48m.

Substantial new market development costs of €1.40m were incurred during 2019 compared to €0.48m in 2018. The majority of this cost was surrounding the impending Scottish DRS law and UK market development activities along with cost to establish facilities in Greece. The Company expects to continue to incur new market development costs in Europe around developing DRS opportunities both short and long term.

North America

North American revenues for the year 2019 increased to €32.65m from €32.32m in 2018. On a constant currency basis, North America revenues declined 4.1% for the year 2019. The 2019 decline in revenue was attributable to lower RVM machine sales of €3.65m in 2019 compared €4.31m in 2018. The RVM sales decline is a result of lower new store construction and renovation during the year compared to 2018. The container throughput business volume was stable for the year with revenues of €29.01m compared to €29.52m in 2018 excluding any currency impact. The 2019 container throughput revenue declined as a result of lower commodity prices compared to 2018.

Europe

European revenues for the year 2019 increased 17.6% to €3.60m from €3.06m in 2018. For the year 2019, Sweden has performed very well with Quantum sales and service revenue increasing 141% to €3.05m compared to 2018. The 2019 Sweden improvements are a direct result of the success of the Quantum modular concept completed in 2018. The Greece and France markets had minimal RVMs and parts sales in year 2019 compared to sales of €1.40m in 2018. Leveraging our recently completed Greece facility investments and overall increased market activities, we expect meaningful RVM sales to Greece in 2020. Overall, we see strong short and long term growth potential in Europe with sustained Sweden momentum, continued growth in existing markets including Greece and France, and entry into new markets including Scotland/UK.

Rest of World

ROW revenue, which currently reflects the Australian market had no sales during 2019 and 2018. Our Australian distributor has been delayed in implementing RVM services to supplement current manual operations.

Liquidity

The group generated €0.81m cash from its operating activities for the year 2019 versus €4.64m during 2018. Cash flows used in investing activities were €3.37m for the year 2019 (2018: €3.80m). The debt increased during the year by €1.07m (2018: €0.00m) under the line of credit facility and repayments were €1.45m during the year 2019 compared to €1.30m in 2018. Subsequent to year end, the Company has executed a new \$6.00m term loan agreement with its' US banking relationship. The loan proceeds can be utilised for general purpose and European DRS market development expenses and associated inventory requirements. In April 2020 our US subsidiary has received a loan of \$1.80m under government assistance program, with 1% interest over two years with deferred interest and principal payments for first six months. Under this program, subject to certain conditions, a portion or all of the loan might be eligible for forgiveness.

Managing Risks

A majority of our current RVM business is dependent upon legislation. The Company may be at risk if such legislation was cancelled, although we have seen no such cancellations in the area where we have operated over the last 20 years. Theoretically this can happen, but we see that even in such an unlikely scenario there will be a notice period which will help the Company plan for any transition. Equally the reverse can also happen as new legislation is implemented in more states and countries.

The Group strategy is to grow and win market share by delivering innovative market solutions at competitive prices along with superior service. The Company may be at risk from competition and new market uncertainties. These risks

can be managed by adequate market research to ensure customer acceptance of its products. It also invests consistently in R&D to continually innovate and stay ahead of the competition.

Customers with whom we have long term contracts can go out of business which would have an impact on our costs due to lower volumes. To mitigate the impact, we closely monitor and control our variable costs.

Sharp fluctuation in foreign exchange risk or interest rate risk can impact the cash situation of the Company but is mitigated by proper cash and liquidity management. No hedging is applied to manage foreign exchange and interest rate risk.

Non-availability of lines of credit or restrictions on existing facilities due to breach of covenants or cash to continue to fund projects under a development stage may impact the long-term viability of the Company.

For details on financial risk management, refer to note 5 in the notes to the consolidated financial statements.

Research and development

We manage our research and development expenditures across our entire product portfolio in accordance with our strategic priorities. We make decisions about whether or not to proceed with development projects on a project-by-project basis. In order to maintain and improve the competitiveness of our product and be able to address the new markets for RVMs in Europe Envipco invests heavily in Research and Development. Envipco has over the last years developed products that are unique in the RVM marketplace and established the Company as the innovation leader. The Quantum platform is the first and only bulk feed RVM with market success in particular in high volume outdoor installations, the Flex series of RVMs represents the most compact full-service machine in the market taking 2 or 3 different material fractions. Our major development project nearing completion is the delivery of a new technology core for our single feed RVMs to bring Envipco ahead of the competition in the full range of products. Research costs are recognised as an expense as incurred. Development costs are capitalised if certain conditions are met as further explained in note 3 of the consolidated financial statements.

Employees

At 31 December 2019, we had approximately 186 employees (2018: 180). Envipco recognises the benefits of diversity and is fully committed to providing equal opportunities and treatment for all. The Company has an open and inclusive culture in which diversity is considered to be an added value.

The health and well-being of its employees is an important aspect of Envipco's sustainability strategy. The Company participates through its partners, where possible, wellness programs for the benefits of its employees.

Envipco and its employees must act with integrity, honesty and in compliance with the laws, as stipulated in the Company's Code of Conduct, which is available on the Company website.

Envipco interacts frequently with all its stakeholders including investors, employees, partners and local communities in both formal and informal settings.

Social and Environmental

Envipco is an active and engaged corporate citizen that regularly provides educational tours to school groups, environmental groups and political decision-makers focused on learning more about the recycling process. We offer scholarships and internships to students interested in pursuing environmentally-focused careers and participate in programmes designed to give workers a second chance.

Envipco is always implementing new ways to reduce our carbon footprint. We are a lean manufacturing Company that has improved our facilities with green materials and have several initiatives ongoing to move toward a zero-waste environment.

Envipco RVMs are essential to efficient recycling of beverages through deposit systems and are as such environmental products. All Envipco products are developed and manufactured according to environmental requirements like the Restriction of the Use of certain Hazardous Substances in Electrical and Electronic Equipment (RoHS), and designed for recyclability. In our design efforts we seek to minimise power usage both during operations (efficient compaction) and in idle mode.

Stichting Employees Envipco Holding ('the New Foundation')

A foundation, Stichting Employees Envipco Holding was formed in 2011 with the following Board members:

- ▶ Mr. Dick Stalenhoef
- ▶ Mr. Guy Lefebvre

The New Foundation was set up in the past to establish an employee share based payment plan. No such plan is in place and the Foundation currently has no activities.

Summary as of 31 December 2019 of Issued Share Capital

	2019	2018
	€'000	€'000
Common stock of €0.50 nominal value per share:		
Opening and closing balance	4,097,607	4,097,607

During the year 2018 the Company issued 260,000 ordinary shares via private placement. For more details please refer to note 20 of the notes to the consolidated financial statements. No shares have been issued in 2019.

Substantial Shareholding

The Group has been notified of or is aware of the following 3% or more interests at 31 December 2019 and 2018.

	31 December			
	2019		2018	
	Number of Shares	Shareholding %	Number of Shares	Shareholding %
A. Bouri/Megatrade International SA	2,168,068	52.91	2,171,068	52.98
G. Garvey	521,513	12.73	521,513	12.73
B. Santchurn/Univest Portfolio Inc	155,480	3.79	155,480	3.79
D. Poling/GD Env LLC	200,000	4.88	200,000	4.88
Otus Capital Management Ltd	247,727	6.05	247,727	6.05
Lazard Freres Gestion SAS	222,532	5.43	222,532	5.43

Directors and their Interests

As per Articles of Association of the Company, the Board comprises of executive and non-executive board members. The Board includes five non-executive and one executive board members. Mr. B. Santchurn left the Company in December 2019. The current Directors of the Company are as follows:

Non-executive:

Mr. Alexandre Bouri
Mr. Dick Stalenhoef
Mr. Guy Lefebvre
Mr. David D'Addario
Mr. Christian Crepet

Executive:

Mr. Gregory Garvey (Chairman)

For further details please click on the link: https://www.envipco.com/investors_bod in respect of gender, age, nationality, principal position, date of initial appointment and current term.

Corporate Governance

Dutch Corporate Governance Code

Based on EU law, the Company is considered to be a Public Interest Entity (in Dutch “Organisatie van Openbaar Belang” or “OOB”) as it has issued financial instruments, which are listed on the regulated market of the Euronext Amsterdam and Brussels.

Based on article 2 of the EC directive 2006/43/EC Implementation Decree of 26 July 2008 (the “Decree”) concerning audit of annual accounts, the Company has to comply with parts of the Dutch Corporate Governance Code.

Compliance with the Dutch Corporate Governance Code

The Dutch Corporate Governance Code of December 2016 effective 1 January 2017 (the “Code”) was complied with except for the provisions mentioned below. The Code contains principles and best practice provisions for a managing board, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditing, disclosure, compliance with and enforcement of the Code.

The corporate governance code can be accessed at <http://commissiecorporategovernance.nl/information-in-english>

Dutch companies admitted to trading on a registered stock exchange or, under certain circumstances, registered on a multilateral trading facility, whether in the Netherlands or elsewhere, are required under Dutch law to disclose in their annual reports whether or not they apply the provisions of the Code and, if and to the extent they do not apply, to explain the reasons why.

The Company acknowledges the importance of good corporate governance. Since 2011 the Company supports the Code (www.envipco.com) and has started to implement the relevant provisions of the Code subject to the exceptions set out below:

The Company does not comply with the following provisions of the Dutch corporate governance code:

- II.2 The Company does not have in place a formal risk management system. In the view of the Board of Directors, the Company has adequate measures in place to monitor risks considering the size of the Company.
- II.2.1.5 The Company has not drawn up a formal diversity policy, in view of the size of the Company, the Board of Directors is of the opinion that this is not necessary.
- II.2.14 The Company has not published on its website the main elements of the service agreements with the executive directors. In view of the size of the Company, the Board of Directors is of the opinion that publishing elements of the salary of executive directors in the financial statements is sufficient.

- II.2.2.8 The Company does not have a formal evaluation process for non-executive board, various committees and for executive and non-executive members. In view of the size of the Company, the Board of Directors is of the opinion that this is not necessary.
- II.2.4.4 The Company does not publish attendance percentages of its non-executive board meetings. In view of the low number of meetings, the Board of Directors is of the opinion that this is not necessary.
- III.3.1 The Company has not prepared a profile for the non-executive members of the Board of Directors. In view of the size of the Board of Directors, the Board of Directors is of the opinion that this is not necessary.
- III.3.6 The Board of Directors has not made a schedule of retirement by rotation. In view of the size of the Company, the Board of Directors is of the opinion that this is not necessary.
- III.4.3 The Company has no secretary. Due to the size of the Company, the Company believes this is not necessary.
- III.5 The Company does not have a remuneration committee or a selection and nomination committee. The tasks to be performed by these committees are performed by the non-executive members of the Board of Directors. In view of the size of the Company, there is no need to have a separate remuneration committee and a nomination and selection committee.
- V.1.5 The non-executive directors have not rendered their formal report. In view of the size of the Company, the Board of Directors is of the opinion that certain relevant information provided elsewhere in the financial statements is sufficient.
- V.3 The Company has no internal audit function. In view of the size of the Company, the Company believes this is not necessary. The internal risks are in the view of the Board of Directors adequately monitored.

The Directors confirmed that the Company, except for the above Articles is in compliance with the Code.

General Meetings of Shareholders and Voting Rights

The Annual General Meeting of Shareholders must be held within six months after the end of each financial year. The notice convening any General Meeting of Shareholders shall contain an agenda indicating the items for discussion included therein. The notice for convening the General Meeting of Shareholders shall mention the registration date and the manner in which the persons with meeting rights at the General Meeting of Shareholders may procure their registration and the way they may exercise their rights. The registration date is the twenty-eighth day prior to the date of the General Meeting of Shareholders.

Decisions of the General Meeting of Shareholders are taken by a majority of three/fourths of the votes validly cast, except where Dutch law or the Company's Articles of Association provide for a special or greater majority.

Pursuant to the Implementing Decree of 5 April 2006 relating to Article 10 of Directive 2004/25/EC on takeover bids of 21 April 2004 of the European Parliament and the Council of the European Union, Envipco includes the following explanatory notes:

As at 31 December 2019 and 2018 Envipco had issued 4,097,607 ordinary shares. The Company issued 260,000 ordinary shares via private placement during 2018.

There are no physical share certificates issued, except for entries in the shareholders register. The Articles of Association do not provide for any limitation on the transferability of the ordinary shares.

Significant direct and indirect shareholdings are set out in this report under the section 'Substantial Shareholdings'.

Envipco currently does not hold any employee share scheme in which the control rights are not exercised directly by the employees.

The voting right is not subject to any limitation. All shares entitle the holder to one vote per share. No securities with special control rights have been issued. No agreement has been entered with any shareholder that could give rise to any limitation on the transfer of shares and/or voting rights.

Unless otherwise specified by the Articles, all resolutions at the General Meeting of Shareholders shall be passed by a majority of three-fourths of the votes cast.

The appointment, suspension and discharge of the members of the Board of Managing Directors and their remuneration are decided at the General Meeting of Shareholders as per Article 8 of the Articles of Association.

The issue of new shares shall be by a resolution of the General Meeting of Shareholders and subject to the provisions of Article 5 of the Articles of Association.

The Enterprise Chamber may at the request of the Company, any shareholder of the Company, for shares issued with the cooperation of the Company or a foundation or association with full legal capacity which articles promote the interests of such Company, shareholder, order a shareholder who has obtained 30% or more of the Company's voting rights or more to make a public offer in respect of all shares.

The above mentioned obligation for a person acting solely or together with others to make a public offer does not apply according to the Exemption Decree on Public Offers (*Vrijstellingbesluit overnamebiedingen Wft*) in cases where prior to, but no more than three months prior to, the acquisition of 30% or more of the Company's shares or voting rights, the General Meeting of the Shareholders has approved such acquisition with 95% of the votes cast by others than the acquirer and the person(s) acting with him/her.

After a public offer, pursuant to Section 2:359c of the Dutch Civil Code, a holder of at least 95% of the outstanding shares and voting rights, which has been acquired as a result of a public offer, has the right to require the minority shareholders to sell their shares to him/her.

Corporate Social Responsibility

As a Company dedicated to improving the rates at which the world recycles, Envipco works closely to help all of our clients reach their environmental goals. By helping beverage companies recover significant percentages of their bottles and cans, we have developed customised programs that promote sustainability. Envipco also proactively promotes its comprehensive recycling program and constantly explores new opportunities for greener operations.

Within the communities in which we operate, Envipco is an active and engaged citizen. We recognise our potential role as educators, regularly inviting school groups to tour our manufacturing facility to learn more about the process of recycling. We offer scholarships and internship programs to students interested in pursuing environmentally focused careers.

We have begun setting up the foundation of good corporate social responsibility principles which we intend to adopt as the Company grows. We plan to implement various initiatives to achieve a high level of employee satisfaction, optimising the use of both internal and external resources to have the most efficient carbon foot print while ensuring the adoption of a high code of conduct and ethics relating to all aspects of our business.

Code of conduct

The Company subscribes to the highest standards of ethical business conduct and fair and honest dealings with all of its stakeholders: employees, customers, partners, suppliers, shareholders, investors and the community at large. The Code of Conduct sets forth standards to promote honest and ethical conduct, appropriate public disclosures and legal compliance and includes policies related to conflicts of interest, record keeping, use of Company property or resources, and policies regarding fraud, dishonesty or criminal conduct. This code applies to the Company and all its affiliates and provides a mandatory guide for every employee (including every officer) and member of the Board of Directors (BOD Members) that explains your role within the Company as it relates to the work we do and how we interact with one

another and those with whom we do business. Full details of the policy is available at: https://www.envipco.com/sr_pdf/Code-of-Conduct-2019.pdf

Internal Controls

The executive board is responsible for establishing and maintaining adequate internal controls. The executive board members are involved in the day to day management. Both these members are responsible to implement the management board's decisions and strategy and are also accountable to the management board for their respective organisations.

Envipco's internal control system is designed to provide reasonable assurance to the Company's management board regarding the preparation and fair presentation of published financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). All internal control systems, no matter how well designed, have inherent limitations, and therefore can provide only reasonable assurance with respect to financial statement preparation and presentation. Management maintains a comprehensive system of controls intended to ensure that transactions are executed in accordance with Management's authorisation, assets are safeguarded, and financial records are reliable. Management periodically assesses the effectiveness of the Company's internal controls and believes these to be effective and reliable.

The Management Board

The Company's Management Board consisted of 2 executive and 5 non-executive directors during 2019. The non-executive directors shall elect a chairman of the Management Board from among themselves. The Management Board is charged with the management of the Company and is responsible for establishing the Group's strategy and general policies. The executive director is responsible for the day-to-day management of the Company.

In the opinion of the non-executive board, the independence requirements referred to in the best practice provision 2.1.7 to 2.1.9 inclusive have been fulfilled except for in relation to its chairman. There are 2 non-executive board members out of five who are not considered independent.

Currently the Company does not have any female members in the Management Board and does not meet the 30% target. The Company shall be making efforts to appoint female members to its Board. Such efforts for consideration at the June 2020 AGM have been negatively challenged by the COVID-19 travel restrictions.

Audit Committee

The Company has established an audit committee which operates pursuant to the terms of reference adopted by the Board of Directors, which are published on the Company's website. The audit committee was established by the Board of Directors on 27 June 2011 and is comprised of three non-executive directors appointed by the Board of Directors. The terms of reference of the audit committee are included in the Board Regulations. The audit committee is chaired by the person appointed thereto by the Board of Directors, provided that this person: i) shall be independent (in the manner prescribed by the Dutch Corporate Governance Code, and set out in the Board regulations), ii) shall not be the chairman of the Board of Directors, nor a former executive director, and iii) shall have the necessary qualifications. The audit committee shall meet at least four times per year, or more frequently according to need. Currently, the audit committee consists of Mr. Stalenhoef as chairperson and Mr. Lefebvre.

Due to the frequent discussions of the audit committee with senior management within the Group and discussions with our external auditors, the committee is satisfied with its oversight on financial reporting, risk management and audit functions of the Group activities, even though no formal procedure is currently in place due to the frequent

involvement of the audit committee members with the senior management. It has therefore not completely formalised this part of the governance code.

Nomination

The Articles of Association of the Company provide for the number of directors to be determined by the Management Board. The remuneration and the terms and conditions of employment for each director are determined at the General Meeting of Shareholders.

Representation

The Company is represented by the Management Board or by one executive director.

Meetings

Meetings of the Management Board are convened upon the request of a member of the Management Board. Resolutions of the Management Board are passed by an absolute majority of votes.

Whistleblower Policy

The Company's whistleblower policy can be accessed at its website:
https://www.envipco.com/sr_pdf/Whistleblower-Policy-2019.pdf

Articles of Association

Per Article 9 Clause 9.8 of the Articles of Association, the Management Board shall require the approval of the General Meeting of the Shareholders for resolutions concerning a major change such as the amendment of the Articles of Association of the Company.

Auditors

The General Meeting of Shareholders shall appoint the auditors of the Company.

Post Balance Sheet Events

Bank Financing

Subsequent to year end, the Company's US subsidiary has executed a new \$6.00m term loan agreement, with 3.51% interest over five years with its main lender. In April 2020 our US subsidiary has received a loan of \$1.80m under government assistance program, with 1% interest over two years with deferred interest and principal payments for first six months. Under this program, subject to certain conditions, a portion or all of the loan might be eligible for forgiveness.

COVID-19

On 11 March 2020, the World Health Organisation declared the outbreak of coronavirus (COVID-19) pandemic. The US response to COVID-19 has the effect of temporarily suspending enforcement of redemption services in certain US states for retailers. Since mid-March 2020 the impact has been a significant decrease in revenue.

Redemption services however are designated as an essential business which reflects the importance of customers to be able to redeem deposits paid. We expect redemption services to pick-up again when the enforcement suspensions

are lifted in the course of 2020. The Company expects this will start to occur in June 2020. The Company has already secured incremental financing in 2020 from a new term loan of EUR 5.4m. After the outbreak of COVID-19 the Company obtained funding under the Coronavirus Aid, Relief, and Economic Security (CARES) Act's Paycheck Protection Program of EUR 1.6m. Currently the Company has sufficient liquidity.

In case redemption service will be suspended for a prolonged period management will take measures to reduce cost levels to meet its covenant for the US activities and delay expenditures relating to the European expansion activities. Considering these measures, combined with the incremental financing obtained in 2020, management has prepared the financial statements based on the going concern assumption. The COVID-19 pandemic however remains a challenge for the global economy and at the date of these financial statements its effects remain subject to levels of uncertainty.

Overall Outlook

Under the current situation and subject to COVID-19 impact as explained above, the Company continues strengthening the North America performance, to invest in Research and Development, and to growth in the European markets of Sweden, Greece and France. Further growth is anticipated and tied to new DRS legislation becoming effective in a number of European markets. However, due to the ongoing situation with COVID-19, there might be some delays with our plans in potential European markets. As mentioned earlier, uncertainties relating to this COVID-19 situation are likely to impact the 2020 results as well as our investments.

Board Responsibility Statement

In accordance with best practice II.1.5 of the Dutch corporate governance code of December 2016, the Board of Directors confirms that internal controls over financial reporting provide a reasonable level of assurance that the financial reporting does not contain any material inaccuracies and confirms that these controls functioned properly in the year under review and that there are no indications that they will not continue to do so. The financial statements fairly represent the Company's financial condition and the results of the Company's operations and provide the required disclosures.

It should be noted that the above does not imply that these systems and procedures provide absolute assurance as to the realisation of operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliances with legislation, rules and regulations.

The Company's directors hereby declare that, to the best of their knowledge:

- the annual financial statements for the year 2019, which have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union and with Part 9 of Book 2 of the Dutch Civil code, give a true and fair view of the assets, liabilities, financial position and the profit or loss of the Company and its consolidated entities;
- the directors' report gives a true and fair view of the position of the Company and its related entities whose financial information has been consolidated in the annual financial statements as at the balance sheet date 31 December 2019 and of their state of affairs during the financial year 2019;
- the annual report describes the principal risks that the Company faces.

w.s. Gregory Garvey
Chairman

w.s. Alexandre Bouri

w.s. Dick Stalenhoef

w.s. Guy Lefebvre

w.s. Christian Crepet

w.s. David D'Addario

12 May 2020

Remuneration Report

Remuneration Policy of the Board of Directors

This Remuneration Report is the first report on remuneration from the Board of Directors reflecting the provisions of EU Shareholder Rights Directive that became effective in the Netherlands in 2019 (“SRD”). Our non-executive directors annually propose the remuneration of the individual executive members of our Board of Directors to the General Meeting of Shareholders. Customary benefits are provided to the management board members in line with respective industry and country practice.

The short-term compensation of the Management Board includes both fixed and variable compensation, which is dependent upon the area of individual responsibility, expertise, position experience, conduct and performance. The variable component of minimum 25% of base salary is discretionary and dependent upon specific performance criteria such as EBITDA and aligned with the long-term performance measure of the Company and reviewed on an annual basis. There is no possibility to reclaim variable compensation.

For 2019 the variable compensation was based on specific performance measures and goals including EBITDA of the US subsidiary, that were met to a certain extent and appropriate bonus based thereon was established.

No long-term compensation plan or share based payment compensation plan is in place.

The compensation for the non-executive directors is not formalised and is based on time spent and amounts charged. Not all non-executive directors claimed compensation for services provided.

Board Remuneration in 2019

The remuneration of the Management Board charged to the result in 2019 was €1,930,000 (2018: €624,000), which and can be specified as follows:

in EUR thousands	Fixed Salary/fee	Variable compensation	Fringe benefits	Pension cost	Extraordinary compensation	Total	Proportion of fixed and variable compensation
2019							
B. Santchurn*	409	274	36	4	1,070	1,793	25/75
G. Garvey *	54	-	-	-	-	54	100/0
C. Crepet	20	-	-	-	-	20	100/0
T.J.M. Stalenhoef	53	-	-	-	-	53	100/0
G. Lefebvre	10	-	-	-	-	10	100/0
A. Bouri	-	-	-	-	-	-	
D. D'Addario	-	-	-	-	-	-	
Total	546	274	36	4	1,070	1,930	
2018							
B. Santchurn*	371	110	26	3	-	510	78/22
G. Garvey*	51	-	-	-	-	51	100/0
C. Crepet	11	-	-	-	-	11	100/0
T.J.M. Stalenhoef	42	-	-	-	-	42	100/0
G. Lefebvre	10	-	-	-	-	10	100/0
A. Bouri	-	-	-	-	-	-	
D. D'Addario	-	-	-	-	-	-	
Total	485	110	26	3	-	624	

*B. Santchurn and G. Garvey are Executive Directors, Other members of the Board are Non-Executive Directors.

The fixed compensation is annually determined by the non-executive directors. The variable compensation is based on the realisation of set targets. In 2019 the variable pay-out for B. Santchurn was established based on certain specific criteria including EBITDA of our US subsidiary.

Pension entitlements consist of €4,000 (2018: €3,000). Fringe benefits consist of employer contributions of €36,000 (2018: €26,000).

In 2019 a severance payment of €1,070,000 was included in relation to the expiration of the agreement with the former CEO. Non-executive Directors obtain a fixed compensation based on time spent and charged, except for A. Bouri and D. D'Addario.

A loan to Mr. Christian Crepet, a director, of €20,000 given in 2012 with a balance of €1,317 on 31 December 2018 was repaid with interest at Euribor plus 1%, in 2019. A. Bouri, the majority shareholder, received €1,000 (2018: €3,000) as interest on the loan due him from the Company for an amount of €100,000, which was repaid during the year. See note 26 for related party transactions.

The pay ratio of the CEO in compensation with the average total employee benefit cost per employee as required under the Dutch corporate governance system was 27 in 2019 and 11 excluding the severance payment (2018: 8). The pay ratio is calculated as total benefits paid, excluding board compensation, to employee's average benefit expense per employee for the year.

The table below shows the year-on-year change in remuneration of the Board members. Also included is EBITDA for those years as well as the change in employee compensation.

in EUR thousands	2015	2016	2017	2018	2019
Executive Members					
B. Santchurn	12%	10%	10%	-18%	*42%
G. Garvey	-58%	13%	-3%	-14%	6%
Non-executive Members					
T.J.M. Stalenhoef	6%	6%	11%	-	26%
G. Lefebvre	-	-	-	-	-
A. Bouri	-	-	-	-	-
D. D'Addario	-	-	-	-	-
C. Crepet	-100%	-	100%	10%	82%
EBITDA	-53%	6%	-7%	29%	-71%
Change in employee average compensation	16%	14%	-9%	11%	7%

*Excluding severance payment.

The Directors' interests in the share capital of the Group are shown below:

	31 December			
	2019		2018	
	Number of Shares	Shareholding %	Number of Shares	Shareholding %
Alexandre Bouri/Megatrade International SA	2,168,068	52.91	2,171,068	52.98
Gregory Garvey	521,513	12.73	521,513	12.73
B. Santchurn*/Univest Portfolio Inc.	155,480	3.79	155,480	3.79
C. Crepet	7,012	0.17	7,012	0.17
D. D'Addario	80,451	1.96	80,451	1.96
TJM Stalenhoef	600	0.01	600	0.01

*Mr. B. Santchurn's term as executive director expired on 31 December 2019



Consolidated Statement of Profit or Loss and Comprehensive Income

in EUR thousands	Note	FY 2019	FY 2018
Revenue	(6)	36,251	35,380
Cost of revenue		(22,699)	(21,441)
Gross Profit		13,552	13,939
Selling and distribution expenses		(1,074)	(1,118)
General and administrative expenses	(9, 13 & 14)	(13,762)	(10,486)
Research and development expenses		(1,323)	(801)
Other income	(8)	26	651
Operating Profit (loss)		(2,581)	2,185
Financial expense	(10)	(273)	(269)
Financial income	(10)	93	3
Net finance (cost) and or income		(180)	(266)
Profit (loss) before tax		(2,761)	1,919
Income taxes	(11)	882	(65)
Profit (loss)		(1,879)	1,854
Other comprehensive income			
Items that will be reclassified subsequently to profit and loss			
Exchange differences on translating foreign operations		265	809
Total other comprehensive income		265	809
Total comprehensive income		(1,614)	2,663
Profit attributable to:			
Owners of the parent		(1,883)	1,848
Non-controlling interest		4	6
Total			
Profit/(loss) for the period		(1,879)	1,854
Total comprehensive income attributable to:			
Owners of the parent		(1,619)	2,657
Non-controlling interests		5	6
		(1,614)	2,663
Number of weighted average (exclude treasury shares) shares used for calculations of EPS		4,098	3,982
Earnings/(loss) per share for profit attributable to the ordinary equity holders of the parent during the period			
- Basic (euro)	(12)	(0.46)	0.47
- Fully diluted (euro)	(12)	(0.46)	0.47

The notes on pages 24 to 64 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

in EUR thousands	Note	FY 2019	FY 2018
ASSETS			
Non-current assets			
Intangible assets	(13)	6,160	6,016
Property, plant and equipment	(14)	9,668	9,165
Financial assets	(15)	208	349
Deferred tax assets	(16)	2,934	1,819
Total non-current assets		18,970	17,349
Current assets			
Inventory	(17)	10,341	8,525
Trade and other receivables	(18)	9,960	10,021
Cash and cash equivalents	(19)	675	4,107
Total current assets		20,976	22,653
Total assets		39,946	40,002
EQUITY			
Share capital	(20)	2,049	2,049
Share premium	(20)	51,703	51,874
Translation reserves	(20)	4,093	3,838
Legal reserves	(20)	5,700	5,529
Retained earnings	(20)	(39,192)	(37,318)
Equity attributable to owners of the parent		24,353	25,972
Non-controlling interests		32	27
Total equity		24,385	25,999
Liabilities			
Non-current liabilities			
Borrowings	(21)	2,975	3,014
Lease commitments	(21)	366	-
Other liabilities	(21)	120	220
Total non-current liabilities		3,461	3,234
Current liabilities			
Borrowings	(21)	1,171	1,420
Trade creditors		6,569	6,406
Accrued expenses	(24)	3,440	2,554
Provisions	(22)	314	77
Lease commitments		388	-
Tax and social security		218	312
Total current liabilities		12,100	10,769
Total liabilities		15,561	14,003
Total equity and liabilities		39,946	40,002

The notes on pages 24 to 64 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

		Note	FY 2019	FY 2018
in EUR thousands				
Cashflow from operating activities				
Operating results			(2,581)	2,185
Adjustment for:				
Amortisation	(13)		1,187	1,028
Depreciation	(14)		2,488	2,336
Changes in:				
Changes in trade and other receivables			61	(269)
Changes in inventories			(1,418)	(583)
Changes in provisions			244	94
Changes in trade and other payables			1,312	135
Changes in other liabilities			(100)	-
Cash generated from operations			1,193	4,926
Interest received and paid			(189)	(223)
Income taxes paid			(199)	(65)
Net cash flow from operating activities			805	4,638
Investing activities				
Development expenditure, patents	(13)		(1,386)	(1,488)
Investments in property, plant & equipment	(14)		(1,982)	(2,307)
Net cash flow used in investing activities			(3,368)	(3,795)
Financial activities				
Proceeds from issuance shares			-	2,711
Changes in borrowings – proceeds	(21)		1,072	-
Changes in borrowings – repayments	(21)		(1,450)	(1,298)
Changes in lease commitments			(527)	-
Net cash flow from financing activities			(905)	1,413
Net increase/(decrease) in cash and cash equivalents			(3,468)	2,256
Opening position			4,107	1,788
Foreign currency differences on cash and cash equivalents			36	63
Closing position			675	4,107
The closing position consists of:				
Cash and cash equivalents	(19)		675	4,107
Total closing balance in cash and cash equivalents			675	4,107

The notes on pages 24 to 64 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

in EUR thousands	Share Capital	Share Premium	Translation Reserve	Legal Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balance at 1 January 2018	1,919	49,718	3,019	5,104	(39,157)	20,603	22	20,625
Net profit/(loss) for the period	-	-	-	-	1,848	1,848	6	1,854
Other comprehensive income								
- Currency translation adjustment	-	-	810	-	-	810	(1)	809
Total comprehensive income for the period	-	-	810	-	1,848	2,658	5	2,663
Issuance of shares	130	2,581	-	-	-	2,711	-	2,711
Legal reserve	-	(425)	-	425	-	-	-	-
Balance at 31 December 2018	2,049	51,874	3,829	5,529	(37,309)	25,972	27	25,999
Changes in equity for 2019								
Net profit/(loss) for the period	-	-	-	-	(1,883)	(1,883)	4	(1,879)
Other comprehensive income								
- Currency translation adjustment	-	-	264	-	-	264	1	265
Total comprehensive income for the period	-	-	264	-	(1,883)	(1,619)	5	(1,614)
Legal reserve	-	(171)	-	171	-	-	-	-
Balance at 31 December 2019	2,049	51,703	4,093	5,700	(39,192)	24,353	32	24,385

The notes on pages 24 to 64 are an integral part of these consolidated financial statements.



(1) General information

(a) Reporting entity and relationship with parent Company

Envipco Holding N.V. is a public limited liability Company incorporated in accordance with the laws of The Netherlands, with its registered address at Arnhemseweg 10, 3817 CH Amersfoort, The Netherlands (Chamber of Commerce number: 33304225). The Company is a holding Company and is incorporated in Amsterdam.

Envipco Holding N.V. and Subsidiaries (“the Group” or “Envipco”) are engaged principally in Recycling in which it develops, manufactures, assembles, leases, sells, markets and services a line of “reverse vending machines” (RVMs) mainly in the USA and Europe.

Deposit redemption programs

Under deposit redemption programs in the US, the Company is responsible for the operation of systems to redeem, collect, account for and dispose of used beverage containers. In connection with these programs, participating retailers lease or purchase RVMs from the Company. The Company then acts in a clearinghouse capacity to collect deposits and handling fees on redeemed containers from participating beverage distributors and to distribute deposit refunds and handling fees to participating retailers. Accordingly, deposits and handling fees as paid to the participating retailers are not included as revenue and expense in the consolidated financial statements. The Company earns its revenues through leasing and selling machines to retailers and other participants, and through various services provided to distributors and retailers, including container collection, disposition, and accounting services (See note 6).

(b) Financial reporting period

These financial statements cover the year 2019, which ended at the balance sheet date of 31 December 2019.

(c) Going concern

On 11 March 2020, the World Health Organisation declared the outbreak of coronavirus (COVID-19) pandemic. The US response to COVID-19 has the effect of temporarily suspending enforcement of redemption services in certain US states for retailers. Since mid-March 2020 the impact has been a significant decrease in revenue.

Redemption services however are designated as an essential business which reflects the importance of customers to be able to redeem deposits paid. We expect redemption services to pick-up again when the enforcement suspensions are lifted in the course of 2020. The Company expects this will start to occur in June 2020. The Company has already secured incremental financing in 2020 from a new term loan of €5.40m. After the outbreak of COVID-19 the Company obtained funding under the Coronavirus Aid, Relief, and Economic Security (CARES) Act’s Paycheck Protection Program of €1.60m. Currently the Company has sufficient liquidity.

In case redemption service will be suspended for a prolonged period management will take measures to reduce cost levels to meet its covenant for the US activities and delay expenditures relating to the European expansion activities. Considering these measures, combined with the incremental financing obtained in 2020, management has prepared the financial statements based on the going concern assumption. The COVID-19 pandemic however remains a challenge for the global economy and at the date of these financial statements its effects remain subject to levels of uncertainty.

(2) Basis of preparation

(a) Statement of compliance

The consolidated financial statements of the Company are part of the statutory financial statements of the Company. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and with Section 2:362(9) of the Dutch Civil Code.

These Financial Statements have been approved for issue by the Board of Directors on 12 May 2020 and are subject to adoption by the shareholders at the Annual General Meeting of Shareholders. All amounts are in thousands of euros unless stated otherwise.

This is the first set of the Group's annual financial statements in which IFRS 16 Leases has been applied. The related changes to significant accounting policies are described in note 3(a).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity are disclosed in note 3.

Basis of measurement

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at amortised costs. Income and expenses are accounted for on accrual basis. Profit is only included when realised on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements. Revenues from goods are recognised upon delivery. The cost of these goods is allocated to the same period. Revenues from services are recognised in proportion to the services rendered. The cost of these services is allocated to the same period.

(b) Measurement of fair values

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or;

- In the absence of a principal market, in the most advantageous market for the asset or liability;

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

(3) Summary of significant accounting policies

(a) Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in note 3 to all periods presented in these consolidated financial statements. The nature and effect of the changes are explained below.

The Group has initially applied IFRS 16 Leases from 1 January 2019. A number of other new standards and amendments are also effective from 1 January 2019 but they do not have a material effect on the Group's financial statements. These new standards and amendments are as follows:

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

A. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease as included in IFRS 16.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

B. As a lessee

As a lessee, the Group leases many assets including property, production equipment and IT equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under IAS 17

Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application: The Group applied this approach to its largest property lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: The Group applied this approach to all other leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use assets at the date of initial application; and
- used hindsight when determining the lease term.

C. As a lessor

The Group leases out its own property being mainly RVM machines. The Group has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease, which is not applicable for the Group.

D. Impact on financial statements

*i. Impact on transition**

On transition to IFRS 16, the Group recognised additional right-of-use assets, and additional lease liabilities, recognising the difference (if any) in retained earnings. The impact on transition is summarised below.

EUR '000	Impact of adopting IFRS 16 at 1 January 2019
Right-of-use assets – property, plant and equipment	911
Lease liabilities	911
Retained earnings	-

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 8%.

The reconciliation between the operating lease commitments as disclosed under IAS 17 in the Group's consolidated financial statements as at 31 December 2018 and the lease liabilities recognised at 1 January 2019 is as follows:

EUR '000	1 January 2019
Operating lease commitments at 31 December 2018 as disclosed under IAS 17 in the Group's consolidated financial statements	1,339
Adjustment amounts not included as at 31 December 2018	(223)
Discounted using the incremental borrowing rate at 1 January 2019	(151)
Finance lease liabilities recognised as at 31 December 2018	965
– Recognition exemption for leases of low-value assets	(10)
– Recognition exemption for leases with less than 12 months of lease term at transition	(44)
– Extension options reasonably certain to be exercised	-
Lease liabilities recognised at 1 January 2019	911

The impact of IFRS 16 on the 2019 income statement is as follows:

EUR '000	2019
Increase in depreciation expense	442
Increase in interest expense	68
Decrease in operating expense	(527)
Tax impact	-
Net impact	(17)

The impact on the cash flow statement is that an amount of €527,000 is now included as financing cash flow while it was previously included in operating cash flow.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2019 and not adopted early by the Group:

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- *Amendments to References to Conceptual Framework in IFRS Standards.*
- *Definition of a Business (Amendments to IFRS 3).*
- *Definition of Material (Amendments to IAS 1 and IAS 8).*
- *IFRS 17 Insurance Contracts.*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).*

(b) Consolidated cash flow statement

The Group's consolidated statement of cash flows is presented using the indirect method.

The funds in the cash flow statement consist of cash and cash equivalents. Bank overdrafts are included as a component of cash and cash equivalents when the overdrafts are repayable on demand and often fluctuate. Cash flows in foreign currencies are translated at an average rate.

(c) Consolidation

Basis of consolidation

Based on IFRS 10, the Company prepares consolidated financial statements where it controls an entity or entities, as defined under Subsidiaries below, and following the principles of control, it will consolidate an entity irrespective of the nature of the entity. If the Company has the power by way of actual or potential voting rights over an entity, then such entity's results will be consolidated. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single economic entity. InterCompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Subsidiaries

Subsidiaries are all entities (including single economic entities) where the Group has control over an investee, it is classified as a subsidiary. The Company controls an investee, if all three of the following elements are present:

- power over the investee
- exposure to variable returns from the investee and
- the ability of the investor to use its power to affect those variable returns

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

InterCompany transactions and balances between Group companies are eliminated.

Non-controlling interest

The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

The consolidated balance sheets comprise the financial data of Envipco Holding N.V., Amersfoort, The Netherlands, and the following Group companies:

Envipco (UK) Limited – London, United Kingdom – 100%
Envipco Automaten GmbH, Westerkappeln, Germany – 100%
Envipco Pickup & Processing Services Inc., Delaware, U.S.A. – 99.85%
Environmental Products Corporation, Delaware, U.S.A. – 99.85%
Environmental Products Recycling Inc., Delaware, U.S.A. – 99.85%
Envipco A.S., Oslo, Norway – 100%
Envipco N.D. Inc., Delaware, U.S.A. – 99.85%
Envipco Sweden A.B., Borlange, Sweden – 100%
Envipco Hellas SA, Athens, Greece – 100%
Envipco France SA, Paris, France – 100%
Envipco Solutions SRL, Alba Iulia, Romania – 100%

Stichting Employees Envipco Holding (SEEH) is controlled by Envipco Holding N.V. The Board of Stichting Employees Envipco Holding consists of 2 members of the Management Board of Envipco Holding N.V. It is a foundation and its function is to administer an Employee Share Option scheme. Currently there are no activities of the Foundation.

The acquisition method of accounting is used to account for Business combinations by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income.

Segment reporting

The segments are identified on the basis of internal reports about components of the entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess its performance. The Group considers geography and products as its main segments. Management measures geographical segment performance based on the segment's operating result. Similarly, the respective assets and liabilities are allocated to the geographical segments. This coincides with the Group's internal organisational and management structure and its internal financial management reporting system. A business segment is a group of operations engaged in providing services or products that are subject to risks and returns that are different from those of other business segments.

(d) Foreign currencies

Foreign currency transactions and foreign operations

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Euros, which is the Company's functional and presentation currency. The subsidiaries that are included in the consolidation have the Euro, US Dollars, UK Sterling Pounds, Romanian Leu, Swedish Kroner and

Norwegian Kroner as their functional currency. Transactions and cash flows in foreign currencies are translated into the functional currency at the rate prevailing when the transaction took place. Related exchange rate differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the income.

Balance sheets of entities that have a functional currency other than the Euro are translated using the closing rates at each reporting date. The income statements of such entities are translated at the average rates during the period. The resulting exchange difference is recognised in the translation reserve. When a foreign entity is sold, such cumulative exchange difference is reclassified in the income as part of the gain or loss on sale. Translation gains and losses on inter-Company balances which are in substance a part of the investment in such Group Company are also recognised in other comprehensive income. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Revenue

General

Revenue arises mainly from the offering of pickup and processing, repairs and maintenance, sale of RVMs and leasing of RVMs. To determine whether to recognise revenue, the Group follows a 5-step process according to IFRS 15:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. When the Group acts as a principal revenue is recognised in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred. When the Group acts as an agent with a performance obligation to arrange for the provision of the specified good or service by another party, then revenue is recognised in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due. In the USA, under the Bottle Bill deposit system, one of the subsidiary's billing includes mandatory deposits on the beverage containers which once collected, are passed through to the operators of redemption sites where Envipco machines are used. These pass-through amounts are included in receivables and payables and are not recognised as revenues.

Service revenue

The Group's primary service offerings include repairs and maintenance, and pickup and processing. These services are provided on a time and material basis or as a fixed-price contract with contract terms generally ranging from less than one year to three years.

Revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered. Revenue from fixed-price contracts involving managed services is generally recognised in the period the services are provided using a straight-line basis over the term of the contract.

If circumstances arise that may change the original estimates of revenues, costs, or extent of progress toward completion, then revisions to the estimates are made. These revisions may result in increases or decreases in estimated revenues or costs, and such revisions are reflected in income in the period in which management becomes aware of the circumstances that give rise to the revision.

Sale of goods

Revenue from product sales is generally recognised when the product is delivered to the client and when there are no unfulfilled obligations that affect the client's final acceptance of the arrangement. Delivery does not occur until products have been shipped, risk of loss has transferred to the client and client acceptance has been obtained, client acceptance provisions have lapsed, or the Group has objective evidence that the criteria specified in the client acceptance provisions are either perfunctory or have been satisfied.

Leasing revenue

Revenues from product lease are recognised over the term of the lease on a straight-line basis, when classified as operational leases.

Cost of revenue

Cost of revenue includes all direct material and labour costs and those indirect costs related to contract performance, such as indirect labour, supplies, and depreciation costs. The Group performs ongoing profitability analysis of its service contracts in order to determine whether the latest estimates - revenues, costs and profits - require updating. If, at any time, these estimates indicate that a contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately and presented as losses on contracts under provisions.

Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities;

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(f) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the income on a straight-line basis over the period of the lease.

Leases where the Group has transferred substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset or the present value of the minimum lease payment. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the income over the lease period using the effective interest method. Assets acquired under finance leases are depreciated over the shorter of their useful life or the lease term.

The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated. The Group has disclosed accounting policies under both IFRS 16 (for the current period) and IAS 17 (for the comparative period presented) in order for users to understand the current period as well as comparative information and changes in significant accounting policies. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease. The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group recognises the lease payments associated with these leases on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(i) As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(ii) As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

(g) Deferred tax

Deferred income tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a Business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes

The Group is subject to income tax in several jurisdictions and significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when, despite the Company's belief that its tax return positions are supportable, the Company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The Company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

Deferred tax valuation

The Group recognises deferred tax assets for loss carry-forwards and deductible temporary differences, estimating the amount of future taxable profit that will be probable, against which the loss carry-forwards and deductible temporary difference can be utilised (see note 16).

(h) Intangible assets

All intangible assets have finite lives based on their economic use except for Goodwill. The intangible assets with finite lives are amortised using the straight-line method. The useful life is estimated at 7 years.

General and administrative expenses in the consolidated statement of comprehensive income (page 20) include the amortisation charge for intangible assets.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is tested annually for impairment. An impairment loss is recognised for the amount by which the goodwill of a cash generating unit exceeds its recoverable amount.

The recoverable amount is the higher of the cash generating unit's fair value less costs to sell and value in use. Impairment testing of goodwill is performed at the level of the cash generating units, which is the smallest identifiable group of assets to independently generate cash flows. For the group, the smallest cash generating units comprise the activities of one single country. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Goodwill impairment testing

The Group is required to test, on an annual basis whether goodwill has suffered any impairment. The recoverable amount is determined based on value-in-use calculations. The use of this method requires the estimation of future

cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. More information including carrying values is included in note 13.

Patents, licenses and concessions

The amortisation for the patents, licenses and concessions is included in general and administrative expenses (see page 20).

Patents are acquired intangible assets and are measured initially at cost on the acquisition date. They are amortised using the straight-line method based on the estimated useful life of 7 years.

Concessions relating to RVM distribution rights in the USA Midwest market are recognised and amortised over the life of the contract.

Research and development

Research and development expenses are included in general and administrative expenses (see page 20). Research costs are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the costs attributable to the product during its development can be reliably measured.

The capitalised development cost is amortised when the asset becomes available for use. Once the asset is completely developed, it is amortised over the estimated useful life, which is 7 years.

- A legal reserve is made for capitalised development costs (see pages 21 & 23).

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have not been put into use yet are tested for impairment at each reporting date irrespective of whether indicators of impairment exist. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The Group amortises its intangible assets, except for Goodwill, over the contracted term or their expected useful lives which are as follows:

Patents , licenses and concessions	7 years with the exception of a concession, whose useful life is less than 7 years and as such is being amortised over the contracted term.
Capitalised development costs	7 years

The capitalisation and potential impairments of internally generated research and development is amongst others based on estimates of future recovery.

(i) Property, plant and equipment

Property, plant and equipment are valued at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent expenditures that extend the asset's useful life are capitalised. Expenditures for repairs and maintenance are expensed when incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values, based on the estimated useful lives of such assets.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Assets under construction will be depreciated once the assets are complete and available for use.

Depreciation is based on the estimated useful lives of assets as follows:

Buildings	40 years
Plant and machinery	4-7 years
Vehicles and equipment	3-5 years

(j) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other highly liquid investments with original maturities of three months or less. The cash and cash equivalents are available on demand.

(k) Trade receivables

Trade receivables are recognised initially at fair value, which is generally the face value, and subsequently carried at amortised cost less provision for impairment. Impairment provisions for credit losses are recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Please refer to paragraph (s) Financial instruments initial recognition and subsequent measurement for further accounting policy elaboration in respect of the financial instruments.

(l) Inventory

The Group's US subsidiary uses a weighted average actual cost method (WAAC) for valuation of inventory. Product inventory is valued at the lower of cost or net realisable value based on a weighted average actual cost method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Spare parts inventory is valued at the lower of historical cost, or net realisable value. Appropriate consideration is given to excessive inventory levels, product deterioration and other factors when establishing the net realisable value.

Allowance for inventory obsolescence

All RVM parts inventory is valued at the lower of cost and net realisable value. For repaired parts inventory, the estimated value has been assessed at 50% of cost.

(m) Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Amounts contributed by the shareholder(s) of the Company in excess of the nominal share capital, are accounted for as share premium. This also includes additional capital contributions by existing shareholders without the issue of shares or issue of rights to acquire shares of the Company.

Minority interests are valued at the proportionate share of third parties in the net value of the assets and liabilities of a consolidated entity, determined in accordance with the Company's measurement principles.

The Company records purchases of its own ordinary shares (treasury shares) under the cost method whereby the entire cost of the acquired shares is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

(n) Provisions

The group recognises provisions for liabilities of uncertain timing or amount including those for onerous leases, warranty claims, leasehold dilapidations and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability. In the case of leasehold dilapidations, the provision takes into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

(o) Trade creditors and other current liabilities

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost. Please refer to paragraph (s) Financial instruments initial recognition and subsequent measurement for further accounting policy elaboration in respect of the financial instruments.

(p) Employee benefits

Employee benefits are charged to the profit and loss account in the period in which the employee services are rendered and, to the extent not already paid, as a liability on the balance sheet. If the amount already paid exceeds the benefits owed, the excess is recognised as a current asset to the extent that there will be a reimbursement by the employees or a reduction in future payments by the Company.

The Group subsidiaries sponsor employee benefit plans which cover substantially all of their employees. Such plan is referred to as defined contribution. A defined contribution plan is a plan under which the Group companies pay fixed contributions into a separate entity. Under defined contribution plans, the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, Envipco pays contributions to publicly or privately administered funds or insurance companies. Contributions are generally based on fixed amounts of eligible compensation and the cost for such plans is recognised based on employee service.

(q) Deferred income

In some of the Group's services contracts, the Group bills the client prior to performing the services resulting in the recognition of deferred income on the consolidated balance sheet. However, there are no contracts where deferred income is material to the financial statements.

(r) Financial instruments initial recognition and subsequent measurement

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets, except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost.
- fair value through profit or loss (FVTPL).
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset.
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within administrative expenses.

A financial asset and a financial liability are offset when the entity has a legally enforceable right to set off the financial asset and financial liability and the Company has the firm intention to settle the balance on a net basis, or to settle the asset and the liability simultaneously. If there is a transfer of a financial asset that does not qualify for derecognition in the balance sheet, the transferred asset and the associated liability are not offset.

Subsequent measurement of financial assets

(i) Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and other receivables fall into this category of financial instruments as well as interest-bearing loans bonds that were previously classified as held-to-maturity under IAS 39.

(ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and;
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.
- '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assesses impairment of trade receivables on a collective basis. As they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Group's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include borrowings, trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(s) Fair values

The management assessed that cash and cash equivalents, trade and other receivables, trade and other payables, and other current liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the interest-bearing loans and borrowings is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate borrowings are evaluated by the Group based on parameters such as interest rates and the risk characteristics of the financed project.

The fair value of the interest-bearing loans and borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities, being sensitive to a reasonably possible change in the forecast cash flows or the discount rate. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

(t) Critical accounting estimates and judgments

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Key judgements and accounting estimates relate to the following:

- Note 11 and 16 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 13 and 14 – useful life of intangible and tangible fixed assets, including impairment testing if applicable;
- Notes 22 and 45 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 17 – measurement of provision for obsolescence;
- Note 18 – measurement of ECL allowance for trade receivables.

(4) Capital management

The Group's capital consists of its net equity and long-term loans. Management monitors and assesses the capital requirements for the Group and ensures that enough funding is available to meet the working capital requirements and also for the future business development. To raise funding, the Group considers both committed credit lines and equity contributions.

One of the Group's subsidiaries has to comply with certain financial covenants under its loan agreement, details of which are given in note 21. The Group's current funding requirements have been met from operations and from the committed credit lines.

(5) Financial risk management

The Group has exposure to Credit, Liquidity and Market risks on the financial instruments used by it. The Board of Directors has the overall responsibility to monitor and manage these risks.

Credit risk

Credit risk arises from the possibility of asset impairment occurring because counterparties are not able to meet their obligations in transactions mainly involving trade receivables and can increase due to COVID-19 outbreak and impact on the global economy. The Group has exposure to credit risk and is dependent on three major customers (see table below) for its receivables, in 2019 for 32% of its receivables and in 2018, 28% of receivables. In the normal course of business, the Group provides credit to clients, provides credit evaluations of these clients, and maintains an impairment provision for credit losses. Cash and cash equivalents are held with reliable counterparties.

	2019 Accounts receivable	2018 Accounts receivable
Concentration of credit risk		
Customer 1	15%	15%
Customer 2	9%	9%
Customer 3	8%	4%
Others	68%	72%
Total	100%	100%

USA operations manage its gross receivables through a system of deposit accounting where Envipco acts as a clearing house for services provided and not on RVM sales but disburses payable funds to customers only after collections have been made from its receivables. European and USA operations have receivables from RVM sales, which are managed closely for collections.

The credit rating of customer 1 is determined by Fitch at AA.

The carrying amount of financial assets represents the maximum credit exposure. This maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

in EUR thousands	€'000 Current	€'000 31-60 Days	€'000 61-90 Days	€'000 >90 Days	€'000 TOTAL
2019					
Europe	660	-	-	-	660
United States	6,301	1,269	124	126	7,820
Total	6,961	1,269	124	126	8,480
2018					
Europe	1,101	-	-	-	1,101
United States	5,939	1,471	209	123	7,742
Total	7,040	1,471	209	123	8,843

Management manages credit risk by reviewing the creditworthiness of counterparties on a regular basis and will set credit limits. No credit insurance is taken-out. Due to the limited number of customers the Group determines the ECLs of trade receivables on an individual basis.

Liquidity risk

Liquidity risk arises from the possibility that the Group may encounter difficulty in meeting its obligations as they fall due or inability to draw under re-finance credit facilities.

The Group's policy is to ensure, as far as possible, that it will have sufficient liquidity to meet its obligations in a timely manner. The executive directors follow liquidity risk management focused on maintaining sufficient cash, enforcing strict credit policy and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

Liquidity is managed closely by pursuing receivable collections in the USA and also by keeping the committed credit lines in place. The following are the Group's contractual maturities of financial liabilities based on contractual undiscounted payments including short term leases:

in EUR thousands	€'000 In 1 Year	€'000 1-2 Years	€'000 2-5 Years	€'000 > 5 Years	€'000 TOTAL
2019					
Borrowings	1,171	1,521	186	1,268	4,146
Lease commitments	366	304	84	-	754
Trade creditors	6,569	-	-	-	6,569
Total liabilities	8,106	1,825	270	1,268	11,469
2018					
Borrowings	1,419	1,549	134	1,332	4,434
Trade creditors	6,406	-	-	-	6,406
Total liabilities	7,825	1,549	134	1,332	10,840

Market risk

Market risk arises from the fact that the value of financial instruments may be positively or negatively affected by fluctuating prices on the financial markets. Market risk includes currency risk, fair value interest rate risk, and price risk.

- **Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to exchange rate fluctuations. Exposure to currency risks arises primarily when receivables and payables are denominated in a currency other than the operating Company's local currency. In addition, the Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. The Group manages its currency risk by closely monitoring the currency fluctuations and does not hedge its currency risk.

A 5% strengthening of US Dollar against the Euro would have increased the profit after tax by €77,000 (2018: €46,000) and would result in net increase in equity of €77,000 (2018: €46,000) and a 5% decline in US Dollar against the Euro would have had an equal but opposite effect on the basis that all other variables remain constant.

- **Interest rate risk**

The Group's interest rate risk arises from selected long-term borrowings. Such borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group tries to minimise its interest rate by negotiating both fixed and variable interest rates for the borrowings. The Group has no interest rate swaps to hedge interest rate risk. The Group evaluated its exposure to interest rate risk based on its long-term debt (see note 21) and concluded that a reduction in interest rate by 0.25% would have increased the profit after tax by €7,000 (2018: €7,000) and an increase in interest rate by 0.25% would have decreased the profit after tax by €7,000 (2018: €7,000).

- **Price risk**

The Group does not have an exposure to price risk.

Financial instruments – fair values and risk management

The Company has no financial assets and financial liabilities that are measured at fair value. The fair value for financial assets and financial liabilities not measured at fair value is a reasonable approximation of fair value except for borrowings that are further explained in note 21.

Further, for the current year the fair value disclosure of lease liabilities is also not required.

(6) Segment information

Envipco considers geography as its main segments. Management measures geographical segment performance based on the segment's profit. Similarly, the respective assets and liabilities are allocated to the geographical segments. The segments are identified on the basis of internal reports about components of the entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess its performance. The Group's main continuing operations relate to its core activity of Recycling. This activity has a single main operating segment – RVMs. The RVM business segment includes operations in the USA and Europe due to RVM sales, and services. The other unallocated amounts include the Holding Company and rest of the non-active Group entities. Segment information for continuing operations is presented by geographical areas where a segment is based.

(6) Segment information (continued)

Segment information of the reportable segments is detailed below:

	2019				2018			
	Europe	North America	Rest of World	Total	Europe	North America	Rest of World	Total
in EUR thousands								
Revenues								
Recycling – RVM								
Sale of goods	3,171	3,646	-	6,817	2,756	4,310	-	7,066
Service revenue	427	19,243	-	19,670	306	18,850	-	19,156
Leasing revenue	-	9,764	-	9,764	-	9,158	-	9,158
Total	3,598	32,653	-	36,251	3,062	32,318	-	35,380
Total assets								
Recycling – RVM	5,522	27,595	-	33,117	3,700	28,216	-	31,916
Other unallocated amounts	6,829	-	-	6,829	8,086	-	-	8,086
Total	12,351	27,595	-	39,946	11,786	28,216	-	40,002
Segment Profit (loss)								
Recycling – RVM	(2,805)	3,548	-	743	(1,000)	4,858	-	3,858
Other unallocated amounts	(2,622)	-	-	(2,622)	(2,004)	-	-	(2,004)
Total	(5,427)	3,548	-	(1,879)	(3,004)	4,858	-	1,854
Total liabilities								
Recycling – RVM	1,339	13,572	-	14,911	650	12,218	-	12,868
Other unallocated amounts	650	-	-	650	1,135	-	-	1,135
Total	1,989	13,572	-	15,561	1,785	12,218	-	14,003
Property, Plant & Equipment & Intangibles Additions								
Recycling – RVM	289	2,840	-	3,129	96	2,231	-	2,327
Other unallocated amounts	1,364	-	-	1,364	1,469	-	-	1,469
Total	1,653	2,840	-	4,493	1,565	2,231	-	3,796
Depreciation & Amortisation								
Recycling – RVM	21	2,467	-	2,488	27	2,309	-	2,336
Other unallocated amounts	1,187	-	-	1,187	1,028	-	-	1,028
Total	1,208	2,467	-	3,675	1,055	2,309	-	3,364

The Group initially applied IFRS 16 at 1 January 2019, which requires the recognition of right-of-use assets and liabilities for lease contracts that were previously classified as operating leases. As a result, the Group recognised €911,000 of right-of-use-assets and €911,000 of lease liabilities from those lease contracts. The assets and liabilities are included in the Recycling - RVM segments under Europe and North America as at 31 December 2019. The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated.

The revenues and non-current assets of the Company's country of domicile i.e. Netherlands were respectively €0,000 (2018: €0,000) and €5,922,000 (2018: €5,777,000).

See table above for Revenue details where contract (lease) revenues and performance obligations for sale of goods have been disclosed as part of the Group's revenue recognition policies. Contract balances, if any, at year end are included in trade receivables (see note 18).

(7) Audit fees

The fee paid to the Group's auditors for the following services relating to the calendar year is included in general expenses and can be specified as follows:

	KPMG Accountants N.V.	Other KPMG Network	Total 2019	Grant Thornton Accountants en Adviseurs B.V.	Other Grant Thornton Network	Total 2018
	€'000	€'000	€'000	€'000	€'000	€'000
Audit fee of financial statements	145	129	274	105	154	259
Other audit engagement	-	-	-	-	-	-
Tax-related advisory services	-	-	-	-	-	-
Other non-audit services	-	-	-	-	-	-
Total	145	129	274	105	154	259

KPMG Accountants N.V. is the auditor in 2019 and Grant Thornton Accountants en Adviseurs B.V., was the auditor in 2018 to the Company and its subsidiaries.

(8) Other income/(expenses)

	2019	2018
	€'000	€'000
Other income	26	651
Total	26	651

Other income in 2019 amounted to €26,000 (2018: €31,000); and a one-time contract settlement of €620,000 in 2018.

(9) Employee benefit expense

	2019	2018
	€'000	€'000
Salaries and wages	*11,943	9,549
Other employee benefits	1,268	1,356
Social Security expenses	882	706
Pension expenses	54	52
Total	14,147	11,663
Average number of employees		
North America		
Production/Supply chain	28	28
Research and Development	11	11
Sales and Service	80	77
General Administration	27	27
Management	4	4
Europe		
Production/Supply chain	14	12
Research & Development	7	7
Sales & Service	7	5
General Administration	4	7
Management	4	2
Total	186	180

*Including €1,070,000 of severance for the former CEO

The expense is included in the following line items in the financial statements:

	2019	2018
	€'000	€'000
Cost of revenue	4,896	4,172
General and administrative expenses	6,141	4,688
Selling and distribution expenses	1,031	1,009
Research and development expenses	2,079	1,794
Total employee benefit expense	14,147	11,663

(9) Employee benefit expense (continued)

Remuneration of the Management Board

The remuneration of the Management Board charged to the result in 2019 was €1,930,000 (2018: €624,000), which and can be specified as follows:

in EUR thousands	Fixed Salary/fee	Variable compensation	Fringe benefits	Pension cost	Extraordinary compensation	Total
2019						
B. Santchurn*	409	274	36	4	1,070	1,793
G. Garvey *	54	-	-	-	-	54
C. Crepet	20	-	-	-	-	20
T.J.M. Stalenhoef	53	-	-	-	-	53
G. Lefebvre	10	-	-	-	-	10
A. Bouri	-	-	-	-	-	-
D. D'Addario	-	-	-	-	-	-
Total	546	274	36	4	1,070	1,930
2018						
B. Santchurn*	371	110	26	3	-	510
G. Garvey*	51	-	-	-	-	51
C. Crepet	11	-	-	-	-	11
T.J.M. Stalenhoef	42	-	-	-	-	42
G. Lefebvre	10	-	-	-	-	10
A. Bouri	-	-	-	-	-	-
D. D'Addario	-	-	-	-	-	-
Total	485	110	26	3	-	624

*B. Santchurn and G. Garvey are Executive Directors, Other members of the Board are Non-Executive Directors.

The salary/fee of B. Santchurn consists of a fixed salary of €449,000 (2018: €400,000) and a bonus of €274,000 (2018: €110,000). In 2019 a severance payment of €1,070,000 was included. The salary/fee of G. Garvey consists of €54,000 (2018: €51,000). Non-executive Directors obtain a fixed compensation based on time spent and amounts charged. A. Bouri and D. D'Addario did not receive compensation.

A loan to Mr. Christian Crepet, a director, of €20,000 given in 2012 with a balance of €1,317 on 31 December 2018 was repaid with interest at Euribor plus 1%, in 2019. A. Bouri, the majority shareholder, received €1,000 (2018: €3,000) as interest on the loan due him from the Company for an amount of €100,000 which was repaid during the year. See note 26 for related party transactions.

(10) Finance expense and income

The financial expenses are fully in respect of borrowings and financial lease commitments. Financial income relates to interest received.

	2019	2018
	€'000	€'000
Interest and similar expenses	(273)	(226)
Exchange losses	-	(43)
Interest and similar income	15	3
Exchange gains	78	-
Net finance (cost) and or income	(180)	(266)

(11) Income taxes

Effective tax rate

Envipco operates in several jurisdictions with varied local statutory income tax rates. This causes a difference between the average statutory income tax rate and The Netherlands tax rate of 25%. The following table reconciles income taxes based on the Group's weighted average statutory income tax rate and the Group's income tax benefit from continuing operations:

in EUR thousands		2019		2018
		€'000		€'000
Profit/(loss) before tax		(2,761)		1,919
Taxation (charge)/credit – statutory rate	25%	690	25%	(480)
Tax (charge) credit for different statutory tax rates on foreign subsidiaries		198		-
Non-deductible expenses				
Effect of unused losses and temporary differences of a prior year for which previously no deferred tax asset had been recognised *		1,565		480
Effect of current year losses for which no deferred tax asset has been recognised		(1,372)		-
State tax		(199)		(65)
Effective income tax	32%	882	-3%	(65)

**Effect of unused losses and temporary differences of a prior year for which previously no deferred tax asset (DTA) had been recognised is a result of management's estimate that these assets will be recovered in the near future. No deferred tax assets have been recognised yet for losses in most of the European businesses that are starting up.*

(11) Income taxes (continued)

Current and deferred tax income/ (expense)

in EUR thousands	2019	2018
	€'000	€'000
Current		
USA	(199)	(65)
Netherlands	-	-
Total	(199)	(65)
Deferred		
USA	1,081	-
Netherlands	-	-
Total	882	-

None of the items of other comprehensive income is included in income taxes. See note 16.

The deferred tax income was favourably impacted by a credit of approximately €1.1m in 2019 due to recognition of deferred tax asset for previously unrecognised US losses in 2019. No deferred tax asset has been recognised for losses in the international business.

Available tax losses totaling €21,292,000 (2018: €25,525,000), expire as follows: €2,840,000 in 2021, €3,585,000 in 2022, €1,344,000 in 2023, €2,574,000 in 2024, €8,389,000 from 2025 through 2031, €1,384,000 in 2034 and €1,176,000 in 2035. Tax losses where no deferred tax has been recognised amounted to €7,788,000 (2018: €16,572,000).

(12) Earnings per share

The numerator for both basic and fully diluted net result per ordinary share (earnings per share or EPS) is net result attributable to holders of ordinary shares. The denominator for basic EPS is the number of ordinary shares outstanding during the year, excluding ordinary shares held as treasury shares. The fully diluted EPS is same as the basic EPS.

The net result per ordinary share has been calculated according to the following schedule:

	2019	2018
	€'000	€'000
	Total Operations	Total Operations
Numerator		
Earnings/(loss) used in basic and diluted EPS	(1,879)	1,854
Denominator		
	'000	'000
Weighted average number of shares used in basic and diluted EPS	4,098	3,982

Basic and diluted earnings per share for 2019 have been calculated using the weighted-average number of current ordinary shares of 4,097,607 and 3,981,744 for 2018.

(13) Intangible Assets

	Goodwill	Patents, Licenses & Concessions	Development Costs	Total
in EUR thousands				
At 1 January 2018				
Cost	148	1,096*	7,398*	8,642*
Accumulated amortisation	-	(801)*	(2,293)*	(3,094)*
Net carrying amount	148	295	5,105	5,548
Changes to net carrying amount in 2018				
Additions	-	87	1,401	1,488
Disposals	-	(3)	-	(3)
Amortisation	-	(74)	(977)	(1,051)
Currency translation differences	7	27	-	34
Total changes in 2018	7	37	424	468
At 31 December 2018				
Cost	155	1,207*	8,799*	10,161*
Accumulated amortisation and impairment	-	(875)*	(3,270)*	(4,145)*
Net carrying amount	155	332	5,529	6,016
Changes to net carrying amount in 2019				
Additions	-	53	1,282	1,335
Amortisation	-	(76)	(1,111)	(1,187)
Currency translation differences	3	(7)	-	(4)
Total changes in 2019	3	(30)	171	144
At 31 December 2019				
Cost	158	1,253	10,081	11,492
Accumulated amortisation and impairment	-	(951)	(4,381)	(5,332)
Net carrying amount	158	302	5,700	6,160

All development cost is internally generated.

See note 21 for security of assets.

*The 2018 amounts for costs and accumulated amortisation of patents, licenses and development costs have been restated for comparative purposes by €1,124,000 because costs that were fully amortised that had no future economic benefits had not been removed in previous years. This did not have an impact on the 2018 net carrying amount.

(13) Intangible Assets (continued)

The expense is included in the following line items in the financial statements:

	2019	2018
	€'000	€'000
General and administrative expenses	1,187	1,051
Total amortisation and depreciation expenses	1,187	1,051

Goodwill

Goodwill as per 31 December 2019 and 2018 relates to goodwill of one Cash Generating Unit in the RVM segment in the US, which was tested for any impairment, based on its value in use, by using present value of discrete cash flows for next three years and the present value of the terminal cash flow with the following assumptions: pre-tax WACC discount rate of 7.94%, working capital requirement at 10% of revenue and terminal cash flow growth rate of 2.5%. Sensitivities related to the value in use calculation would imply that a 1% increase in the discount rate or using a 0% growth rate would not have resulted in an impairment.

Patents, licenses & concessions

All concessions are being amortised with a useful life of 7 years.

Development costs

All capitalised development costs relate to internally developed assets in respect of new product range namely Quantum Indoor, e-Portal, Quantum Modular and New Recognition Systems for the existing and new markets. All materials, labour and overhead costs directly attributable to these projects have been capitalised. €1,282,000 (2018: €1,401,000) of the development costs was capitalised in 2019. Fully developed assets are amortised over their expected useful lives, which is 7 years, evaluated on a periodic basis. The largest individual asset included in the development cost has a book value of €2,871,000 due to consolidation of similar projects (2018: €1,240,000).

Key projects under development during 2019 included New Recognition System-Single Feed, New Recognition System-Bulk Feed and Quantum Modular Core.

(14) Property, plant and equipment

	Reverse Vending Machines	Land & Buildings	Plant & Machinery	Vehicles & Equipment	Total
in EUR thousands					
At 1 January 2018					
Cost	22,033	2,080	676	1,282	26,071
Accumulated depreciation	(15,088)	(451)	(379)	(969)	(16,887)
Net carrying amount	6,945	1,629	297	313	9,184
Changes to net carrying amount in 2018					
Additions	2,089	-	97	121	2,307
Disposals/transfers to inventory	(422)	-	6	(15)	(431)
Depreciation	(2,026)	(55)	(132)	(102)	(2,315)
Currency translation	320	76	(4)	27	419
Total changes in 2018	(39)	21	(33)	31	(20)
At 31 December 2018					
Cost	24,020	2,156	775	1,415	28,366
Accumulated depreciation	(17,114)	(506)	(511)	(1,071)	(19,202)
Net carrying amount	6,906	1,650	264	344	9,164
At 1 January 2019					
Recognition of right-of-use asset on initial application of IFRS 16	-	291	219	401	911
Adjusted balance as at 1 January 2019	6,906	1,941	483	745	10,075
Changes to net carrying amount in 2019					
Additions	1,765	227	210	84	2,286
Disposals/transfers to inventory	(407)	3	(49)	(16)	(469)
Depreciation	(2,188)	(61)	(128)	(111)	(2,488)
Currency translation	144	29	6	6	185
Reclassification cost	79	-	-	-	79
Total changes in 2019	(607)	198	39	(37)	(407)
At 31 December 2019					
Cost	25,601	2,706	1,161	1,890	31,358
Accumulated depreciation	(19,302)	(567)	(639)	(1,182)	(21,690)
Net carrying amount	6,299	2,139	522	708	9,668

IFRS 16 right of use assets recognised at 1 January 2019 included investments in Land & Buildings, Plant & Machinery and Vehicles & Equipment.

See note 21 for security of assets.

(14) Property, plant and equipment (continued)

The expense is included in the following line items in the financial statements:

	2019	2018
	€'000	€'000
Cost of revenue	2,228	2,075
General and administrative expenses	245	226
Selling and distribution expenses	11	7
Research and development expenses	4	7
Total amortisation and depreciation expenses	2,488	2,315

(15) Financial Assets

	2019	2018
	€'000	€'000
Schedule of movement of deposits with vendors		
At beginning of period	349	72
Additions	-	277
Releases	(141)	-
At end of period	208	349

(16) Deferred tax assets

€'000	31 December 2019					
	Net balance at 31 Dec 2018	(Charge)/ credit profit & loss	(Charge)/ credit equity	Net balance	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(675)	(413)	(14)	(1,102)	-	(1,102)
Inventory	555	(137)	(5)	413	413	-
Tax losses carried forward	1,914	1,531	50	3,495	3,495	-
Other	26	99	3	128	128	-
Total	1,820	1,080	34	2,934	4,036	(1,102)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same fiscal authority. The deferred tax liabilities are offset against deferred tax assets in the same fiscal unity.

(16) Deferred tax assets (continued)

Current and deferred tax income/(expense)

The deferred tax credit was recognised during the year due to the tax re-evaluation of future profits of a Group's subsidiary and is further explained in note 11.

(17) Inventory

	2019	2018
	€'000	€'000
Finished Goods	3,293	1,803
Raw materials and parts	8,992	8,004
Work in progress	42	477
Provisions for obsolescence	(1,986)	(1,759)
Total	10,341	8,525

In 2019 inventory usage amounting to €19,274,000 (2018: €12,879,000) has been included in the cost of revenue.

Finished goods are valued at lower of cost and net realisable value. Cost includes material cost, direct labour and overheads. Raw material and parts are valued at lower of cost and net realisable value. Cost includes purchase cost and cost of bringing the part to its present location. Work in progress is valued including direct material cost and a proportion of direct labour and overheads.

Estimates of net realisable value of inventory are based on the most reliable evidence available at the time the estimates are made. The carrying amount of the inventory carried at fair value less costs to sell is nil. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. As such, estimates are continuously evaluated and it is common that in the normal course of business, circumstances that previously caused inventories to be written down below cost no longer exist resulting in reversals of write-downs.

Schedule of movement of provision for obsolescence

	2019	2018
	€'000	€'000
Beginning of period	1,759	1,699
Addition to/release of provision	192	(20)
Exchange gains/(losses)	35	80
End of period	1,986	1,759

The increase/ (decrease) in provisions relating to raw materials is affected through cost of revenue. Total book value of items included in the provision is €3,972,000 (2018: €3,518,000).

(18) Trade and other receivables

	2019	2018
	€'000	€'000
Trade receivables	8,480	8,843
Other receivables	457	285
Prepaid expenses	347	129
Loan receivables - affiliate	676	764
Total	9,960	10,021

A loan receivable to an affiliate under common control of the majority shareholder as of 31 December 2019 amounted to €676,000 (2018: €764,000), with an interest rate of Euribor plus 2.5% and is repayable on 31 December 2020. Other receivables include a €50,000 (2018: €50,000) loan to a German subsidiary employee

Estimates of the recoverability of trade receivables are based on the most reliable evidence available at the time the estimates are made. As these estimates are continuously evaluated, it is common that in the normal course of business, circumstances that previously caused trade receivables to be impaired no longer exist resulting in reversals of impairment charges. Trade receivables are shown net of bad debt provisions of €299,000 and €777,000 at the end of years 2019 and 2018 respectively.

Schedule of movement of bad debts

	2019	2018
	€'000	€'000
Beginning of period	777	600
Additions	-	102
Release/utilisation of provisions	(494)	(117)
Currency translation adjustment	16	192
End of period	299	777

(19) Cash and cash equivalents

	2019	2018
	€'000	€'000
Cash at bank and in hand	675	4,107
Cash and cash equivalents	675	4,107

(20) Shareholders' equity

Share Capital

Authorised and issued share capital

	Ordinary Shares	
	2019	2018
Number of authorised shares	8,000,000	8,000,000
Authorised share capital	€4,000,000	€4,000,000
Number of outstanding shares on 1 January	4,097,607	3,837,607
Number of outstanding shares on 31 December	4,097,607	4,097,607
Issued share capital on 31 December	€2,048,803.50	€2,048,803.50
Nominal value	€0.50	€0.50

During 2018 the Company issued 260,000 ordinary shares via private placement.

Share premium reserve

For full detailed movements in share premium reserve please refer to the consolidated statement of changes in equity on page 23.

Legal reserve

Movement in legal reserve is in respect of the capitalised development costs of €171 (see note C for Separate Financial Statements).

Retained earnings

At the Company's Annual General Meeting of the Shareholders it will be proposed to include the 2019 loss to retained earnings.

Translation reserve

Group entities, whose functional currency is other than Euro, the Group's reporting currency, are translated using closing rates for balance sheets and average rates for income statements. The resulting difference is recognised as translation reserve in equity and is non-distributable.

(21) Non-current liabilities

	2019	2018
	€'000	€'000
Borrowings	2,975	3,014
Total	2,975	3,014

	2019	2018
	€'000	€'000
Lease commitments	366	-
Total	366	-

	2019	2018
	€'000	€'000
Other liabilities	120	220
Total	120	220

Lease commitments arose as a result of having recognised IFRS 16 right-of-use assets.

Other non-current liabilities include a loan of €120,000 (2018: €120,000) payable to Mr. Gregory Garvey, a related party. There are no conditions, interest or maturity period for this loan.

Borrowings

Environmental Products Corporation (EPC) has borrowing facility from a third-party lender for \$6,457,000. The following loans have been drawn:

	Nominal interest rate	Year of maturity	Face Value	Carrying amount
Line of credit (LOC)	5.5%	2021	\$3,000	€1,068
Term loan	FHLB classic rate plus 2.5%	2020	\$2,175	€203
Mortgage facility	5.5%	2024	\$2,240	€1,614
Term loan	FHLB 48/48 rate plus 2.5%	2021	\$4,000	€1,261

The line of credit (LOC) of \$3,000,000 is capped based on eligible accounts receivables and repayable after 2 years with interest, \$2,175,000 as a Term Loan, repayable within 4 years with interest at FHLB classic rate plus 2.5% and \$2,240,000 as a Mortgage facility, repayable (based on a 20 year amortisation) within 10 years including interest at 5.50% with a balloon payment in year 2024. A loan of \$4,000,000 was secured in May 2017 repayable over 4 years with interest at FHLB 48/48 amortising rate plus 2%. The LOC is renewable annually for a term of 2 years. These loans are collateralised by a fixed and floating charge on all assets of the USA subsidiary and guaranteed by the Company. Net borrowing costs deducted were €1,000 (2018: €4,000).

The debt covenants for the USA subsidiaries have been met during the year and in 2018.

(21) Non-current liabilities (continued)

Schedule of borrowings movement

	2019	2018
	€'000	€'000
Beginning of period	4,434	5,498
Increase	1,072	-
(Decrease)	(1,450)	(1,359)
Translation effect	90	295
End of period	4,146	4,434

Future payments under long term borrowings

	2019	2018
	€'000	€'000
Current	1,171	1,420
Due between 1 to 5 years	2,975	3,014
Total borrowings	4,146	4,434

Fair value of borrowings

	Nominal interest rate	2019 Carrying amount	Fair Value	2018 Carrying amount	Fair value
Line of credit (LOC)	5.5%	€1,068	€1,068	€0	€0
Term loan	FHLB classic rate plus 2.5%	€203	€202	€674	€672
Mortgage facility	5.5%	€1,614	€1,697	€1,654	€1,761
Term loan	FHLB 48/48 rate plus 2.5%	€1,261	€1,246	€2,106	€2,136
Total		€4,146	€4,213	€4,434	€4,569

Increases and decreases reconcile to cash flow statement on page 22. For lease liabilities reference is made to note 25.

(22) Provisions

	2019	2018
	€'000	€'000
Provisions	314	77
Total	314	77

Movement of warranty provisions

These are required by our German subsidiary for warranty for the repair and maintenance of compactor sales and are adequate for expected usage.

	2019	2018
	€'000	€'000
Beginning of period	77	236
Additions	176	24
Release/utilisation	-	(183)
End of period	253	77

Movement of other provisions

	2019	2018
	€'000	€'000
Beginning of period	-	-
Additions	61	-
Release/utilisation	-	-
End of period	61	-

(23) Employee benefit plans

Group companies provide pension benefits for their employees. The way these benefits are provided varies according to the legal, fiscal and economic conditions of each country. Such benefits are provided under defined contribution plans. For the year ended 31 December 2019, expenses relating to defined contribution plans amounted to €54,000 (2018: €52,000).

(24) Accrued expenses

	2019	2018
	€'000	€'000
Payroll and vacation accruals	1,580	348
Other accrued expenses	1,860	2,206
Total	3,440	2,554

Severance accrual of €1,070,000 for the former CEO has been included in payroll and vacation accruals in 2019.

(25) Commitments and contingencies

The future minimum lease payments under non-cancellable operating leases as of 31 December 2018 were as follows:

	2018
	€'000
Within 1 year	369
Between 2 to 5 years	970
Total	1,339

The leases relate to plant and equipment, office machines and vehicles. Rent expenses for the year ended 31 December 2018 were approximately €553,000.

The future minimum lease receivable under non-cancellable RVM operating leases as of 31 December 2019 and 2018 were as follows:

	2019	2018
	€'000	€'000
Within 1 year	2,328	2,823
Between 2 to 5 years	2,982	4,033
Total	5,310	6,856

Lease revenues from RVMs for the year ended 31 December 2019 were approximately €4,221,000 (2018: €3,928,000).

Legal proceedings

Several Group companies are parties to various legal activities which are incidental to the conduct of their businesses.

During April 2016, Envipco was granted a patent by the German patent office after filing for a utility model in 2007. This specific IP covers a method for how security labels are created and interpreted; which we believe is being allegedly used by several parties in Germany in compliance with the German deposit system. Envipco is currently seeking enforcement proceedings against potential infringers. 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. No reliable estimate can be made of the outcome at this moment and no receivable has been recognised. However, the Company remains positive about the outcome.

(26) Related party transactions

Transactions and relations with an affiliate are explained in note 18. €1,000 of interest was charged to the income statement on the average outstanding loans payable in 2019 with interest at euribor plus 2% (2018: €3,000) to Mr. Alexandre Bouri, the majority shareholder. A payable to Mr. Bouri at year end was €0 (2018: €100,000).

The balance receivable at year end from an affiliate under common control of the majority shareholder was €676,000 (2018: €764,000) with interest at euribor plus 2.5% and repayable on 31 December 2020.

Other liabilities include a loan of €120,000 (2018: €120,000) payable to Mr. Gregory Garvey, a related party (See note 21). There are no conditions, interest or maturity period for this loan.

The key management personnel comprised of the Management Board (refer to Note 9 for further details regarding transactions with related parties as well). A loan was granted to Mr. Christian Crepet, a director, in 2012 for €20,000 with a balance of €1,317 was repaid with interest at Euribor plus 1% during the year ended 31 December 2019.

Post balance sheet events

The Company's US subsidiary obtained incremental financing in 2020 from a new term loan of €5.40m and funding under the Coronavirus Aid, Relief, and Economic Security (CARES) Act's Paycheck Protection Program €1.60m and has sufficient liquidity.

On 11 March 2020, the World Health Organisation declared the outbreak of coronavirus (COVID-19) pandemic. For the consideration of the impact we refer to the going concern paragraph.

Separate Financial Statements

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Separate Statement of Financial Position

(After appropriation)

in EUR thousands	Note	2019	2018
Assets			
Fixed assets			
Intangible assets	(C)	5,922	5,777
Financial fixed assets	(D)/(H)	22,966	20,228*
		28,888	26,005
Current assets			
Trade and other receivables	(E)	838	831
Cash and cash equivalents	(F)	174	1,476
Total assets		29,900	28,312
Equity and liabilities			
Shareholders' equity	(B)/(G)		
Share capital		2,049	2,049
Share premium		51,703	51,874
Translation reserve		4,093	3,829
Legal reserve		5,700	5,529
Retained earnings		(39,192)	(37,309)
		24,353	25,972
Non-current liabilities			
Loans from subsidiaries	(I)	2,909	1,397
Other non-current liabilities	(J)	757	220*
Current liabilities			
Creditors and other liabilities	(K)	1,881	723*
Total equity and liabilities		29,900	28,312

*Amounts have been restated for comparative purposes, refer to note A.

The notes on pages 68 to 75 are an integral part of these separate financial statements.

Separate Statement of Profit or Loss

in EUR thousands	Note	2019	2018
General and administrative expenses	(L)	(2,684)	(2,005)
Research and development expenses		(339)	(62)
Other income	(M)	1,221	1,180
Operating profit (loss)		(1,802)	(887)
Finance expenses	(N)	(52)	(3)
Finance income	(N)	63	6
Profit (loss) before tax		(1,791)	(884)
Tax on result from ordinary activities	(O)	-	-
Share of result from participating interests	(P)	(92)	2,732
Profit (loss)		(1,883)	1,848

The notes on pages 68 to 75 are an integral part of these separate financial statements.

(A) General information

General

For general information about the Company and its principal activities, we refer to note 1 of the consolidated financial statements. Refer to note H for an overview of the Company's subsidiaries.

Accounting principles used to prepare Separate Financial Statements

The Company financial statements have been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code. In accordance with Article 2:362 subsection 8 of the Civil Code, the Company has elected to apply the valuation of the accounting policies used in the consolidated financial statements to the separate Company financial statements. The financial statements are presented in Euros, which is the Company's functional currency. All amounts are in thousands unless stated otherwise.

In addition, Consolidated Group companies (financial fixed assets) are valued based on their net equity, determined using the Group accounting policies. In case the net equity of a Group Company is negative, the Company nets the negative equity value with the intercompany loans which are determined to be part of the net investment as far as this is possible. For the remaining part of the negative equity, the Company records a provision for as far as the Company assesses that it has a legal or constructive obligation to reimburse the Group companies' losses.

The Company makes use of the option to eliminate intragroup expected credit losses against the book value of loans and receivables from the Company to participating interests, instead of elimination against the equity value / net asset value of the participating interests.

The share in the result of participating interests consists of the share of the group in the results of these participating interests, determined on the basis of the accounting principles of the group. Results on transactions, where the transfer of assets and liabilities between the group and the non-consolidated participating interests and mutually between non-consolidated participating interests themselves, are not recognised as they can be deemed as not realised.

Restatement

During 2019, the Group discovered that losses from subsidiaries with negative asset value had been erroneously recorded in provisions and other creditors, instead of credited to loan receivables from subsidiaries in its prior year separate financial statements. The loan receivables were incorrectly not accounted for as long-term investment that in substance form part of the net investment in the subsidiary. As a consequence, provisions, other creditors and loans to subsidiaries have been overstated. The errors have been corrected by restating each of the affected financial statement line items for prior periods. The impact of the restatement was a decrease in loans to subsidiaries of €738,000, a decrease in provisions of €587,000 and a decrease in other creditors by €151,000. The restated amounts for 2018 are as follows: loans to subsidiaries of €1,847,000, provisions of €0 and other creditors of €723,000. There is no impact on the Group's statement of profit or loss and no impact on the Group's statement of cash flows for the years ended 31 December 2019 and 2018.

(B) Composition of shareholders' equity

Refer to the statement of changes in equity and note 20 of the consolidated financial statements for Shareholders' equity of the separate financial statements.

(C) Intangible assets

In EUR thousands	Patents & licenses	Development costs	Total
At 1 January 2018			
Cost	698*	7,398*	8,096
Accumulated amortisation and impairment	(467)*	(2,293)*	(2,760)
Net carrying amount	231	5,105	5,336
Changes to net carrying amount in 2018			
Additions	68	1,401	1,469
Amortisation	(51)	(977)	(1,028)
Total changes in 2018	17	424	441
At 31 December 2018			
Cost	766*	8,799**	9,565
Accumulated amortisation and impairment	(518)*	(3,270)**	(3,788)
Net carrying amount	248	5,529	5,777
Changes to net carrying amount in 2019			
Additions	31	1,282	1,313
Amortisation	(57)	(1,111)	(1,168)
Total changes in 2019	(26)	171	145
At 31 December 2019			
Cost	797	10,081	10,878
Accumulated amortisation and impairment	(575)	(4,381)	(4,956)
Net carrying amount	222	5,700	5,922

* The 2018 amounts for costs and accumulated amortisation of patents and licenses have been restated for comparative purposes by €202,000 due to an error. This did not have an impact on the 2018 net carrying amount.

** The 2018 amounts have been restated, refer to note 13 of the consolidated financial statements.

Development costs

Major projects capitalised during the year included New Recognition Systems – Single Feed €909,000 (2018: €510,000), Modular and Modular Core €142,000 (2018: €783,000) and New Recognition Systems-Bulk Feed €105,000 (2018: €29,000). See also note 13 for capitalised development costs of the Company.

(D) Financial fixed assets

	2019	2018
	€'000	€'000
Investment in subsidiaries	21,812	18,381
Loans to subsidiaries	1,154	1,847
Total Financial Fixed Assets	22,966	20,228

Movements in financial fixed assets were as follows:

	Investment in subsidiaries	Loans to subsidiaries
	€'000	€'000
Balance at 1 January 2019	18,381	1,847
Investments and loans provided	688	1,241
Results of the group companies for the year	(92)	-
Exchange differences	264	-
Movement of negative participations to loans	1,934	(1,934)
Movement of negative participations to provision	637	-
End of year	21,812	1,154

(E) Receivables

	2019	2018
	€'000	€'000
Other receivables	764	831
Receivables from subsidiaries	74	-
Total	838	831

Other receivables include €676,000 (2018: €764,000) that relates to a loan to an affiliate under common control of the majority shareholder which is extended in the year and repayable on 31 December 2020, with interest at Euribor plus 2.5%. €50,000 (2018: €50,000) relates to a loan to a German subsidiary employee. €20,000 is in respect of VAT receivable (2018: €17,000), €3,000 is prepaid insurance (2018: €0) and other receivables amount €15,000 (2018: €0). The 2018 receivables also included a loan of €1,317 to a director, Mr. Christian Crepet, which was repaid during the year December 2019.

(F) Cash and cash equivalents

	2019	2018
	€'000	€'000
Cash at bank and in hand	174	1,476
Cash and cash equivalents	174	1,476

(G) Shareholders' equity

Refer to Consolidated statement of changes in equity (page 23) and note 20 Shareholders' equity of the Company's consolidated financial statements for further information regarding the Company's shareholders' equity.

Legal reserve

According to Book 2 of the Netherlands Civil Code, the Company is required to restrict part of its equity from distribution to shareholders, by forming a legal reserve equal to the amount it has capitalised for development costs. The equity enclosed in this legal reserve is not at the disposal of the General Meeting of Shareholders. Therefore, this amount cannot be distributed to shareholders until the capitalised development costs have been recognised in the profit and loss account. The capitalised development costs as at 31 December 2019 amounted to €5,700,000 (2018: €5,529,000). A legal reserve equaling these amounts has been created in both the years by decreasing the share premium reserve with these respective amounts. In the consolidated statement of changes in equity and note 20 of the consolidated financial statements the legal reserve is included in the share premium reserve.

Dividends

No dividends were declared or paid by the Company for the year.

Proposed appropriation of profit or loss for the financial year 2019

No dividend was paid in 2019. The Board of Directors proposes that the loss for the financial year 2019 amounting to €1,883,000 will be charged to the retained earnings. The financial statements reflect this proposal.

The Netherlands Civil Code stipulates that the Company can only make payments to the shareholder and other parties entitled to the distributable profit insofar as (1) the Company can continue to pay its outstanding debts after the distribution (the so-called distribution test), and (2) the shareholder's equity exceeds the legal reserves and statutory reserves under the articles of association to be maintained (the so-called balance sheet test). If not, management of the Company shall not approve any distribution.

(H) Subsidiaries and affiliates of Envipco

The Company has the following subsidiaries:

Envipco (UK) Limited – London, United Kingdom – 100%
Envipco Automaten GmbH, Westerkappeln, Germany – 100%
Envipco Pickup & Processing Services Inc., Delaware, U.S.A. – 99.85%
Environmental Products Corporation, Delaware, U.S.A. – 99.85%
Environmental Products Recycling Inc., Delaware, U.S.A. – 99.85%
Envipco A.S., Oslo, Norway – 100%
Envipco N.D. Inc., Delaware, U.S.A. – 99.85%
Envipco Sweden A.B., Borlange, Sweden – 100%
Envipco Hellas SA, Athens, Greece – 100%
Envipco France SA, Paris, France – 100%
Envipco Solutions SRL, Alba Iulia, Romania – 100%

(I) Loans from subsidiaries

	2019	2018
	€'000	€'000
Beginning of period	1,397	451
Additions	1,512	946
End of period	2,909	1,397

Loans from subsidiaries include current balances that have been rolled over by the Company annually and will not be repaid in the short term. No interest has been charged in 2019. The Company has formalised the agreements in 2020 and has presented these as non-current in the balance sheet in accordance with the revised maturity.

(J) Other non-current liabilities

	2019	2018
	€'000	€'000
Provision against investments	637	-
Other liabilities	120	220
Total	757	220

Other liabilities include a loan of €120,000 (2018: €120,000) payable to Mr. Gregory Garvey, a related party. There are no conditions, interest or maturity period for this loan. The Company determines that a constructive obligation exists to reimburse for all of the subsidiaries' losses and therefore records a provision for the entire amount of the subsidiaries' negative equity after netting with the intercompany loans.

(K) Creditors and other liabilities

	2019	2018
	€'000	€'000
Creditors	121	270
Accrued expenses	423	453
Payables to subsidiaries	1,337	-
Total	1,881	723

(L) General and administrative expenses

General and administrative expenses include the following:

Legal and other expenses

	2019	2018
	€'000	€'000
Legal charges	769	541
Compliance and other costs	747	436
Depreciation and amortisation of intangible fixed assets	1,168	1,028
Total	2,684	2,005

Wages and Salaries

Wages and salaries included in general and administrative expenses are the following:

	2019	2018
	€'000	€'000
Wages & Salaries	54	42
Total	54	42

Average number of employees

The staffing level (average number of staff) can be divided into the following staff categories:

	2019	2018
	€'000	€'000
General and administrative	1	1
Total number of employees	1	1

During the 2019 financial year the average number of staff employed in the Company converted to equivalents, amounted to 1 person (2018: 1 person).

(M) Other operating income

	2019	2018
	€'000	€'000
Management fee	613	590
Royalty fee	608	590
Total	1,221	1,180

(N) Finance income and expense

	2019	2018
	€'000	€'000
Interest and similar expenses	(52)	(3)
Interest and similar income	14	3
Exchange gains/(losses)	49	3
Total	11	3

(O) Tax on result from ordinary (business) activities

The tax on the result from ordinary activities, amounting to a credit of €0 (2018: €0) can be specified as follows:

	2019	2018
	€'000	€'000
Result before taxes	(1,883)	1,848
Income tax using the appropriate tax rate in the Netherlands @ 25%	471	(462)
Participation exemption	(23)	683
Current year losses for which no deferred tax asset was recognised and changes in unrecognised temporary differences	(448)	(221)
Effective taxes	-	-

Tax losses where no deferred tax has been recognised amounted to €7,788,000 (2018: €6,014,000).

(P) Transactions with related parties

Transactions and relations with the shareholders and affiliates are explained in notes 18 and 26 of the consolidated financial statements.

Net research and development costs invoiced by Germany and USA were €1,496,000 (2018: €1,401,000) to the Company. The Group companies charge interest on intercompany loans. No interest is charged on the intercompany current account balances. The Company also charges a management fee to its subsidiaries.

During the year 2019 the Company received funds of €0 (2018: €1,550,000) from one its US subsidiaries as return of capital.

The Company provided a Guarantee of \$6,457,000 in 2019 and \$8,083,000 in 2018 to the USA subsidiary's lender, TD Bank N.A., for the credit facilities.

(Q) Financial instruments

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk.
- Liquidity risk.
- Market risk.

In the notes to the consolidated financial statements information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

These risks, objectives, policies and processes for measuring and managing risk, and the management of capital apply also to the separate financial statements of the Company.

(R) Fair value

The fair values of most of the financial instruments recognised on the statement of financial position, including trade and other receivables, cash and cash equivalents and current liabilities, is approximately equal to their carrying amounts. The fair value of the loans due to and from group companies cannot be determined with sufficient certainty. For further information, please refer to note D - Financial fixed assets and note I - Loans from subsidiaries.

(S) Post balance sheet events

Details of the post balance sheet events are given on page 64 of the notes to the consolidated financial statements.

Amersfoort, 12 May 2020

w.s. Mr. Gregory Garvey (Chairman)

w.s. Mr. Alexandre Bouri

w.s. Mr. David D'Addario

w.s. Mr. Guy Lefebvre

w.s. Mr. Dick Stalenhoef

w.s. Mr. Christian Crépet

Statutory rules concerning appropriation of results

In Article 15 of the Company statutory regulations the following has been presented concerning the appropriation of result:

1. In the Company's books, a dividend reserve shall be maintained for each class of shares. These dividend reserves shall be designated as 'dividend reserve' followed by the letter corresponding with the relevant class of shares.
2. The Company may make distributions to shareholders and other persons entitled to distributable profits only to the extent that the shareholders' equity exceeds the sum of the paid and called-up part of the share capital and the reserves which must be maintained by law.
3. An amount equal to three percent of the average balance of the relevant dividend reserve over the relevant financial year, increased by the amounts withdrawn from the reserves pursuant to the provisions of paragraph 5 of this article, shall be retained from the profit as referred to in paragraph 2 of this article and added to each of the dividend reserves. If the amount calculated as described above is larger than the available profit, the amounts to be added shall be decreased pro rata.
4. The profit that remains after applying the above shall be at the disposal of the General Meeting of Shareholders. If the General Meeting of Shareholders does not resolve to add the profit to the Company's general reserve, the profit shall be added to the abovementioned dividend reserves pro rata to the nominal amount of the shares of the single class.
5. Losses shall be charged to the Company's general reserve and, if and to the extent this reserve is insufficient, to the dividend reserves pro rata to the nominal amount of the shares of the single class.
6. Each withdrawal from the dividend reserve pursuant to the provisions of the preceding paragraph must be compensated before any addition can be made to any dividend reserve pursuant to paragraph 4.
7. The General Meeting of Shareholders shall resolve to distribute such amounts on the shares corresponding with a particular dividend reserve as has been decided upon by the meeting of the holders of the single class of shares, up to the amount of the positive balance of that dividend reserve and if and to the extent the relevant dividend reserve is sufficient.

The General Meeting of Shareholders may only decide not to distribute the amounts referred to in the preceding sentence if and to the extent that it can be demonstrated and that the Company's liquidity position does not allow this.
8. The General Meeting of Shareholders is authorised to apply the dividend reserves for a different purpose after having obtained the prior approval of all holders of shares of a particular class, on the understanding that the distribution shall be charged to the various reserves pro rata to the nominal amount of the shares of the relevant classes.
9. The Company may only make interim additions to the dividend reserves if the requirement in paragraph 2 has been met and provided that the prior approval of the General Meeting of Shareholders has been obtained.
10. No distribution shall be made in favour of the Company on shares acquired by the Company in its own capital for such shares.
11. Shares for shares on which, pursuant to the provisions of paragraph 7, no distribution is made in favour of the Company do not count for the purpose of calculating the profit appropriation.
12. The claim for payment of dividends shall lapse on the expiry of a period of five years.



Independent auditor's report

To: the General Meeting of Shareholders of Envipco Holding N.V.

Report on the audit of the financial statements 2019 included in the Annual Report

Our opinion

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Envipco Holding N.V. as at 31 December 2019 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying separate financial statements give a true and fair view of the financial position of Envipco Holding N.V. as at 31 December 2019 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2019 of Envipco Holding N.V. ('the Company or Envipco') based in Amsterdam. The financial statements include the consolidated financial statements and the separate financial statements.

The consolidated financial statements comprise:

- 1 the consolidated statement of financial position as at 31 December 2019;
- 2 the following consolidated statements for the year ended 31 December 2019: the statements of profit or loss and comprehensive income, cash flows and changes in equity; and
- 3 the notes comprising a summary of the significant accounting policies and other explanatory information.

The separate financial statements comprise:

- 1 the separate statement of financial position as at 31 December 2019;
- 2 the separate statement of profit or loss for the year ended 31 December 2019; and
- 3 the notes comprising a summary of the accounting policies and other explanatory information.



Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Envipco in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit approach

Summary

Materiality

- Materiality of EUR 350,000
- 1% of Revenue

Group audit

- 89% of total assets
- 92% of revenue

Key audit matters

- Revenue recognition in cut-off period
- Inaccurate capitalization of development costs
- Valuation of deferred tax assets
- Uncertainties related to COVID-19

Opinion

Unqualified

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 350,000. The materiality is determined with reference to the relevant benchmark being revenue (1.0%). We consider revenue as the most appropriate benchmark



because the Company is in a growth stage and the main stakeholders at this state of the life cycle are primarily focused on the growth in revenue. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Board of Directors that unadjusted misstatements in excess of EUR 17,500 which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Envipco is at the head of a group of components. The financial information of this group is included in the financial statements of Envipco.

Our group audit mainly focused on significant components that are (i) of individual financial significance to the group, or (ii) that, due to their specific nature or circumstances, are likely to include significant risks of material misstatement of the group financial statements.

We have:

- performed audit procedures at group level in respect of the company financial statements and specific items for group companies;
- We made use of the work of KPMG USA for the audit of the US components that are significant to the group. We have sent detailed instructions to KPMG USA, covering significant areas including the relevant risks of material misstatement and set out the information required to be reported to the group audit team. We held conference calls and physical meetings with KPMG USA. We visited the component location and we performed a review of the audit files of KPMG USA;
- for the remaining components, we performed analytical procedures in order to corroborate our assessment that there are no risks of material misstatements.

By performing the procedures mentioned above at group components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

Our procedures as described above can be summarized as follows:

Total assets

87%

Audit of the complete
reporting package

2%

Audit of specific
items

11%

Covered by additional
procedures at group level



Revenue

92%

Audit of the complete reporting package

0%

Audit of specific items

8%

Covered by additional procedures at group level

Audit scope in relation to fraud

In accordance with the Dutch Standards on Auditing we are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. In determining the audit procedures we will make use of the evaluation of management in relation to fraud risk management (prevention, detections and response), including ethical standards to create a culture of honesty.

In our process of identifying fraud risks we assessed fraud risk factors, which we discussed with the Board of Directors. Fraud risk factors are events or conditions that indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. In our risk assessment we made use of a forensic specialist.

We communicated identified fraud risks throughout our team and remained alert to any indications of fraud throughout the audit. This included communication from the group to component audit teams of relevant fraud risks identified at group level.

We identified and addressed the following fraud risks that were relevant to our audit:

- fraud risk in relation to the US revenue recognition in respect of incorrect cut-off at period end (a presumed risk); and
- fraud risk in relation to management override of controls (a presumed risk).

Our audit procedures included an evaluation of the design and implementation of internal controls relevant to mitigate these fraud risks and supplementary substantive audit procedures. This included inquiries of management and detailed testing of high risk journal entries amongst others relating to revenue and an evaluation of key estimates and judgement by management with respect to the estimates as described in the key audit matters 'inaccurate capitalization of development costs' and 'the valuation of deferred tax assets'. Furthermore, in relation to the correct recognition of revenues for the period prior to the financial year-end, we carried out inspection and testing of documentation such as agreements with customers and shipping documents.

As part of our evaluation of any instances of fraud, we inspected the incident register/whistle blowing reports.



We communicated our audit response to management and the Board of Directors. Our audit procedures differ from a specific forensic fraud investigation, which investigation often has a more in-depth character.

For details on our audit procedures and observations regarding revenue recognition in respect of incorrect cut-off at period, we refer to the key audit matter on this topic as included in this auditor's report.

We do note that our audit is based on the procedures described in line with applicable auditing standards and are not primarily designed to detect fraud.

Audit scope in relation to non-compliance with laws and regulations

We have evaluated facts and circumstances in order to assess laws and regulation relevant to the Company.

We identified laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience, through discussions with the Board of Directors, and discussed the Company's policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations within our audit team and remained alert to any indications of non-compliance throughout the audit. This included communication from the group to component audit teams of relevant laws and regulations identified at group level. The potential effect of these laws and regulations on the financial statements varies considerably:

- Firstly, the company is subject to laws and regulations that directly affect the financial statements including taxation and financial reporting (including related company legislation). We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have an indirect material effect on amounts recognized or disclosures provided in the financial statements, or both, for instance through the imposition of fines or litigation.

We identified the following areas of laws and regulations as those most likely to have such an effect: competition legislation, employment legislation, health and safety regulation, contract legislation, environmental regulation and recycling legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to inquiry of the Board of Directors and inspection of board minutes and regulatory and legal correspondence, if any. Through these procedures, we did not identify any additional actual or suspected non-compliance other than those previously identified by the company in each of the above areas. We considered the effect of actual or suspected non-compliance as part of our procedures on the related financial statement items.

Our procedures to address compliance with laws and regulations did not result in the identification of a key audit matter.



We do note that our audit is not primarily designed to detect non-compliance with laws and regulations and that management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud, including compliance with laws and regulations.

The more distant non-compliance with indirect laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

Initial audit

Initial audit engagements involve considerations in addition to those applied in recurring audits. During initial audit engagements we need to gain sufficient knowledge about the Company, its business, control environment and application of accounting principles in order to perform our initial audit risk assessment and planning of audit activities.

A transition plan, including independence clearance, was prepared prior to the start of the audit. We started our transitional procedures to gain an understanding of Envipco and its business including its control environment and accounting policies. We have been in close contact with the predecessor auditor and have performed reviews on their audit files at all levels throughout the group. During 2019 we have had regular meetings with management, performed site visits in the US and Germany, and assessed key audit matters at an early stage.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition in cut-off period

Description

Revenue is recognized when the performance obligations have been fulfilled. The Company has various revenue streams with different performance obligations. These include service revenue, revenue from sale of goods and leasing revenue. We have identified a presumed risk of fraud on the existence of revenue due to targets to be realized. This fraud risk especially relates to the sales of RVM machines sold at year-end (cut-off) considering the high value of these machines.



Our response

Our procedures included, amongst others:

- inquiry of management and inspection of documents to obtain an understanding about the process with respect to the cut-off of revenue including testing the design and implementation;
- assessment of the revenue recognition method based on IFRS 15;
- execution of test of details based on a sample, including testing underlying evidence of revenue recognized such as contract, confirmation of delivery and payments;
- verification of sales transactions taking place before year-end to ensure that the revenue and accounts receivables are recognized in the appropriate period.

Our observation

Based on the results of our procedures performed we consider the accounting for revenue regarding the sale of goods to be satisfactory.

Inaccurate capitalization of development costs

Description

The Company has significant capitalized development costs related to the development of (new) products. The capitalization of development costs is considered to be a key audit matter, because capitalization needs to be performed in accordance with the recognition criteria in IAS 38. That amongst other requires judgement on the cost that can be capitalized and conditions that should be met. Inaccurate capitalizing of developments costs is therefore considered to be a significant risk of error.

Our response

Our procedures included, amongst others:

- inquiry of management and inspection of documents to obtain an understanding about the capitalization of development costs;
- testing design and implementation of controls set up by management surrounding the capitalization of development costs;
- verification of the amount capitalized in accordance with the recognition criteria in IAS 38;
- performing test of details on the accuracy of cost capitalized based on supporting documentation. Based on a sample we vouched the underlying documents, such as hours incurred, hourly rates, external invoices, with the Company's ledger to confirm the accuracy;



- assessment of the adequacy of the disclosures made by the Company in this area and the Company's compliance with EU-IFRS accounting policies.

Our observation

Based on the procedures performed on the capitalization of development costs we consider that the accounting for capitalization is satisfactory and in accordance with the EU-IFRS. Furthermore we determined that the related disclosure meets the requirements of EU-IFRS.

Valuation of deferred tax assets

Description

The Company has significant deferred tax asset positions (DTA) in the US. These are subject to the recognition criteria in IAS 12. We identified a risk of error due to the judgement and uncertainty involved in management's forecasts of future taxable income to support the recognition of these deferred tax asset positions.

Our response

Our procedures included, amongst others:

- inquiry of management and inspection of documents to obtain an understanding about the tax process;
- testing design and implementation of controls set up by management surrounding the valuation of deferred tax assets;
- inspection and verification of the variables and assumptions included in the model used to determine the recoverability. This included the reconciliation of net operating losses' with the tax return, verification of the expiration term and verification of the accuracy of related current and deferred tax balances;
- involvement of KPMG tax specialists to support auditing the US tax position;
- evaluation of management's judgements and estimates in relation to availability of sufficient taxable profits against which the deferred tax assets will be realized is probable;
- challenge management assumptions used and perform a retrospective review of the prior year's forecasts used;
- assessment of the adequacy of the disclosures made by the Company in this area and the Company's compliance with EU-IFRS accounting policies.

Our observation

The results of our procedures regarding the evaluation of management's judgements and estimates are satisfactory. We determined that the related disclosure in note 16 meets the requirements of EU-IFRS.

Uncertainties related to COVID-19

Description

As part of the preparation of the financial statements, management is responsible to assess the possible effects of COVID-19 on the company's liquidity and related ability to continue as a going concern and appropriately disclose the results of its assessment in the financial statements. The COVID-19 pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of the financial statements its effects are subject to significant levels of uncertainty. Management prepared a financial and liquidity risk analysis addressing amongst others future compliance with financing covenants as well as the financing and cash requirements to ensure continuation of the company's operations.

Our response

We considered the uncertainties arising from COVID-19 in planning and performing our audit. Our procedures included:

- consideration of management's assessment of COVID-19-related sources of risk for the company's business and financial resources compared with our own understanding of the risks. We considered management's plans to take action to mitigate the risks;
- assessment of the reliability of the forecasts for the US activities by performing a retrospective review of previous forecasts and by comparing them with market expectations;
- evaluation of the assumptions in respect of projected available future cash flows from operating, financing and possible delay of expansion activities in Europe as well projected key ratios for future covenant calculations;
- assessment of management's analysis to our assessment of the full range of reasonably possible scenarios resulting from COVID-19 uncertainty;
- inspection of supporting documentation such as new loan agreements, subsequent cash positions and underlying calculations of future covenants;
- evaluation of the disclosure related to going concern as set forth in note 1(d), including those in the Board of Directors report, comparing the overall picture against our understanding of the risks.

Our observation

We found management's assumptions and aforementioned disclosures to be acceptable. However, an audit cannot predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to COVID-19.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.



Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the General Meeting of Shareholders as auditor of Envipco Holding N.V. on 12 August 2019, as of the audit for the year ending on 31 December 2019.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing Envipco Holdings N.V.'s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate Envipco Holding N.V. or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.



Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report. This description forms part of our auditor's report.

Amstelveen, 14 May 2020

KPMG Accountants N.V.

L.A. Ekkels RA

Appendix:

Description of our responsibilities for the audit of the financial statements



Appendix

Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud or non-compliance is higher than the risk resulting from error, as fraud and non-compliance may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Envipco Holding N.V.'s internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- concluding on the appropriateness of the Board of Director's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Envipco Holding N.V.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements



regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.



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APPENDIX D
AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER
2018



Annual Report | 2018

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Chief Executive Officer's Statement

2018 marked a turning point in our industry. Increasing public awareness of the environmental, health and societal concerns associated with plastic pollution, as evidenced by searing articles such as National Geographic's editorial "[Planet or Plastic?](#)" and the launch of the [UN's "Beat Plastic Pollution" campaign](#), have all highlighted the need for Envipco's products and created a unique opportunity for us to capitalize on. The European Union (EU) has enacted legislation requiring all its member states to recover 77% of plastics and other packaging waste and to use 25% recycled content in new packaging effective 2025. These target rates will be reset by 2030 to achieve 90% and 35% respectively. As I mentioned earlier this year, "we are now at a tipping point, where explosive growth of our industry is expected within the next 5 years. I am convinced that the introduction of Deposit Refund Schemes (DRS) is the best way to meet recycling targets as set by the EU." These EU markets would require over 200,000 RVMs, more than double the current world market size.

I believe that Envipco is very well positioned to take advantage of these developments. We have advanced our readiness to enter these new/evolving markets in Europe in the past year. Our target is to capture a sizeable market share in each of these new markets. We focused our business development activities on the most imminent markets at the moment, in particular in Scotland, Great Britain, Portugal and some Balkan and Mediterranean countries which are the most advanced in adapting DRS. We have recruited a Managing Director and are in the process of setting up an operational center in the UK. We also invested in adapting and completing our product portfolio, including our unique modular Quantum bulk feed RVMs, to anticipate the needs of these new markets.

The potential of new DRS in Europe makes it imperative that Envipco undertakes the necessary activities and investments to ensure that we are well prepared. We are planning significant investments in R&D and market development, accordingly we are expanding and securing our supply chain and ramping up manufacturing plants to meet expected demands in a timely manner. We have raised capital by issuing new shares in a private placement in October 2018, to fund new market development expenses, including setting up local organisations and infrastructure.

Other notable achievements over the year include the dual listing of Envipco on the Euronext Amsterdam Stock Exchange in June; success at the high-profile Thessaloniki International Fair in Greece showcasing our technology to the Balkan countries; the award of a 300 RVM frame order in Greece and our growing market share. Our Swedish operation is progressing fairly well and is expected to grow, especially with the introduction of our new Quantum Indoor and Outdoor Modular Bulk Feed RVMs, which provide several benefits and flexibility. With significant interests being shown by retail customers we expect more placements during 2019.

I am very pleased with the overall strong performance during 2018, having generated a net profit of €1.85 million and an EBITDA of €5.48 million. We are well positioned for growth in the existing and new European markets.

All these achievements would not be possible without the efforts of our global Envipco community. As years come and go there is comfort in knowing that Envipco is supported by hardworking and dedicated employees, a strong and experienced management team, suppliers, valued customers, and supportive shareholders who no doubt will ensure continued success in the future. Innovation, Focus and Execution supported by Superior implementations and customer satisfactions, remain our mantra.

My sincere thanks to all.

B. Gool Santchurn

General

Envipco Holding N.V. is a public limited liability company incorporated in accordance with the laws of The Netherlands. Envipco Holding N.V. and its subsidiaries listed on page 29 consist of the Group (hereafter the Group).

Mission Statement

Our mission is to become the most respected global company that develops and operates automated solutions to recover used beverage containers, while creating high value for our shareholders, customers, partners and employees. We believe these objectives can be achieved by our strategy to grow and win market share by delivering innovative technologies, while providing superior service at competitive prices.

The Group's principal activity is the design, development and operation of automated solutions to recover used beverage containers which includes:

- The design, development, manufacture and sale or lease of Reverse Vending Machines (RVM) as the foundation of recycling systems for the collection and processing of used beverage containers.
- The provision of technical support, RVM maintenance and accounting services to the retail stores, bottlers and distributors for containers redeemed through these machines.
- The provision of deposit, handling fees, scrap reconciliations, commodity brokerage, clearing house functions and accounting.
- Provision of materials handling services, primarily in the Northeastern part of the United States of America (USA), for containers that are subject to deposits mandated by law.

Key Developments

The Group's key developments during 2018 were as follows:

- a) On a constant currency basis, revenues for the year 2018 increased by 8.2% compared to 2017.
- b) Gross profit increased 19.8% in 2018 compared to 2017, on a constant currency basis. For the year 2018, gross profit margin improved to 39.4% from 35.6% in 2017.
- c) Excluding one-time settlement payment in Q2 2018, the full year 2018 EBITDA increased 20.9% over 2017 on a constant currency basis.
- d) Net profit after taxes increased to €1.85m in 2018 from a loss of €2.54m in 2017.
- e) The company obtained a dual listing on Euronext Amsterdam.
- f) During the year the Company issued 260,000 new shares that generated net proceeds of €2.71m.
- g) Award of orders in Greece and market share increase in the US.
- h) Significant increase in prospects for new DRS in Europe tied to growing awareness and activism to address plastic container pollution.

Financial Highlights

	2018	2017
Continuing operations		
Revenues	€35.38m	€34.05m
Gross Profit	€13.94m	€12.12m
Gross profit margin	39.40%	35.59%
Net profit (loss) before taxes	€1.92m	€0.66m
Net profit (loss) after taxes after minority	€1.85m	€(2.54)m
EBITDA	€5.48m	€4.25m
Earnings (loss) per share	€0.47	€(0.69)

Equity

Shareholder's equity	€25.97m	€20.60m
Liquidity ratio (current assets / current liabilities)	2.11	1.84
Total assets	€40.00m	€35.05m

Results

Revenues for the year 2018 increased by 3.9% to €35.38m from €34.05m in 2017. On a constant currency basis, revenues for the year 2018 increased by 8.2% compared to 2017, mainly due to increase in the redemption volumes.

Gross profit for the year 2018 increased 15.0% to €13.94m from €12.12m in 2017. On a constant currency basis, gross profit increased by 19.8%. This improvement was largely driven by the North American business with increased volumes of the throughput program services and also by increased RVM sales. Gross profit margin improved to 39.4% for the year 2018 compared to 35.6% in 2017, due to continued and improved efficiencies and sourcing.

Operating expenses excluding new market development expenses for the full year 2018 increased 5.6% to €11.93m compared to €11.30m in 2017 due largely to compliance costs €0.45m and other provisions of €0.18m.

Operating profit for the year 2018 increased 163.9% to €2.19m from €0.83m in 2017. On a constant currency basis this improvement was 215.8% for 2018. The operating profit in 2018 was favorably impacted by the one-time settlement payment of €0.62m reported in Q2 of this year. The full year 2018 operating profit was negatively impacted by €0.48m of new market development expense incurred in Europe during Q3 and Q4.

EBITDA for the full year 2018 increased 28.9% to €5.48m from €4.25m in 2017. On a constant currency basis, the improvement for the full year 2018 over 2017 was 36.3%. Adjusting to exclude the one-time payment, but including new market development expense, the full year 2018 EBITDA would have been €4.86m representing a 20.9% improvement over 2017 on a constant currency basis.

Report of the Board of Directors

Net profit increased to €1.85m from a loss of €2.54m in 2017, which included tax expenses of €3.20m mainly due to changes in the company's deferred tax assets. Earnings per share improved 168.1% to €0.47 for the full year 2018 compared to earnings per share of €(0.69) in 2017.

Shareholders' equity increased to €25.97m at 31/12/2018 compared to €20.60m at 31/12/2017 as a result of the full year 2018 earnings of €1.85m, a positive translation reserve of €0.82m and the net proceeds of the issuance of 260,000 new shares in October 2018.

The company has improved its net working capital to €11.99m at 31/12/2018 and has adequate working capital with borrowing availability of approximately €1.96m under its financing arrangement.

North America

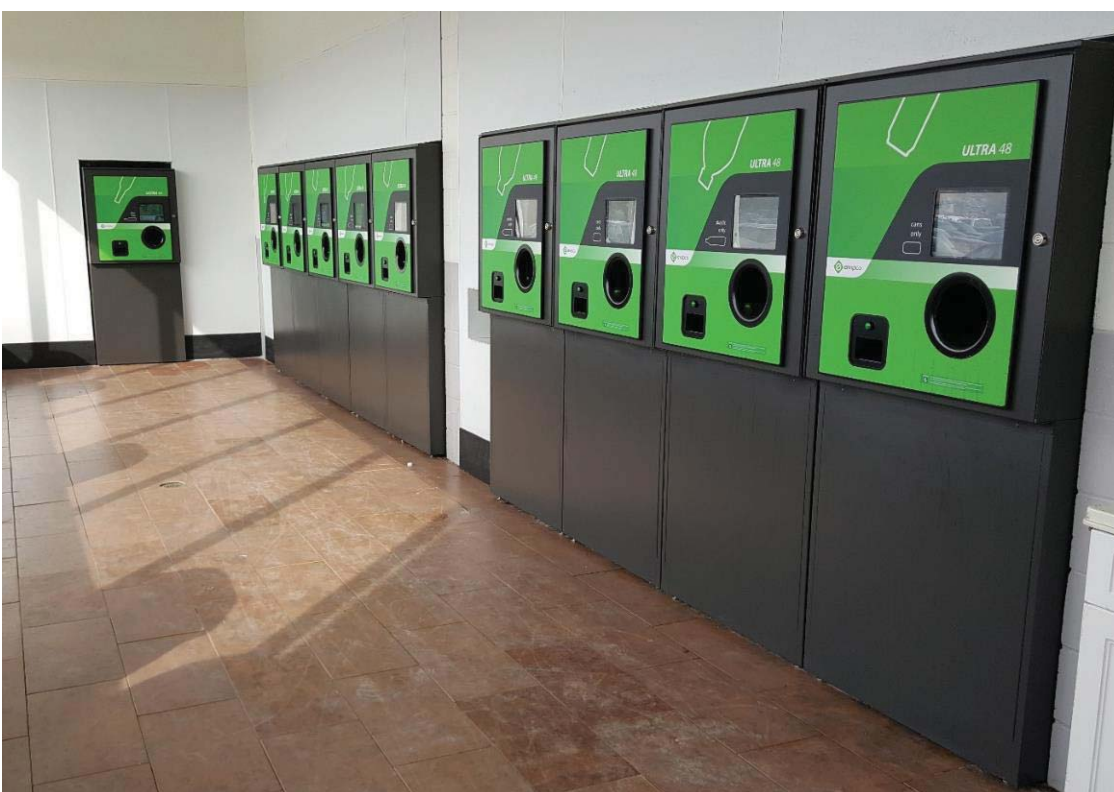
North America revenues for the full year 2018 increased 7.2% to €32.32m compared to €30.14m for 2017. In the fourth quarter of 2018, revenues increased by 14.9% to €7.81m compared to €6.80m in 2017. In local USD

currency, North American Revenues increased 12.2% in 2018 compared to 2017. North America's program services revenues increased 10.3% for the full year 2018 over 2017 on higher container throughput in local currency. RVM sales for the full year 2018 were up 26.6% over 2017 in local currency.

North America operating profit (excluding the one-time settlement gain) in local currency, increased 57.4% for the full year 2018 over 2017 and increased 186.2% for the fourth quarter of 2018 over 2017. North America EBITDA (excluding the one-time

settlement gain) in local currency, increased 28.5% for the full year 2018 over 2017.

The North America business continues to perform well with market share gains under long-term contracts, overall container volume increases, renewed RVM sales and sustained operational efficiencies. The company expects continued strong performance in 2019 albeit with some moderation in the growth of program services tied to container throughput volume.



Europe

Europe revenues for the full year 2018 decreased by 21.7% to €3.06m compared to €3.91m in 2017. For Q4 2018, revenues decreased 69.1% to €0.55m compared to €1.78m in Q4 2017. European RVM sales in Q4 2018 were down as expected compared to strong performance of Q3 2018 and also compared to a particularly strong Q4 2017.

Quantum sales to Sweden slowed for the first nine months of 2018 compared to 2017. This slowdown was partly intentional as the engineering and manufacturing processes to move to a total modular concept were being implemented in our German manufacturing facility. The modular



concept provides for more flexible configurations, increased material bin storage options, improved transport and installation handling and enhanced service capabilities. Two new Quantum installations in Sweden were completed in Q4 2018. Implementation of the Quantum modular concept has been a success both internally and from our customers' perspective. The company has strong expectations for Sweden in 2019 based on a good order book.

Recently enacted European Union (EU) legislation opens up opportunities in new European markets. These EU markets reflect a potential of doubling the current world market size. Envipco is well positioned and aims to capture a sizeable market share in each of these new markets.

Scotland is leading the charge with legislation expected by the 3rd quarter of 2019 and implementation by 2020. In preparation, we have recruited a UK Managing Director and are in the process of setting up an operational center, including a showroom in Edinburgh to support sales and marketing activities, as well as pilot tests. The Scottish RVM market is estimated to be around 4500 RVMs. The rest of the UK is also considering such schemes, which would create the world's largest market for RVMs but is not expected to be implemented before 2022 - we are closely monitoring developments.

Malta recently announced the introduction of a DRS, with expected implementation date by early 2020. Although relatively small, our Flex platform is well-suited for this market. Turkey, Portugal and Romania have

also announced legislation to take effect from 2021. Several other European countries are evaluating DRS and are at different stages of the consultation process.

We expect solid growth in the European market for 2019 considering our Greece and France order backlogs along with new Quantum sales momentum. Over the longer-term and tied to the prospects of new DRS markets, we expect significant growth in our European market.

Rest of World

ROW revenue, which currently reflects the Australian market had no sales during 2018 and 2017. Our Australian distributor has been delayed in implementing RVM services to supplement current manual operations.

Intellectual Property

The Company is continuing IP enforcement activities related to its German patent that covers a method for how container security labels are created and interpreted. Legal cost for the full year 2018 was €0.54m compared to €0.68m for 2017. The Company expects to continue to incur cost on this matter, pending certain court hearings and followed by decisions, expected during 2019.

Overall Outlook

The company sees a very positive outlook for the business considerate of strengthening North America performance, continued market execution in our established European markets of Sweden, Greece and France and most importantly the significant potential for growth tied to new DRS legislation in a number of European markets.



Liquidity

The group generated €4.64m cash from its operating activities for the year 2018 versus €3.18m during 2017. Cash flows used in investing activities were €3.80m for the year 2018 (2017: €3.72m). The 2018 outflows were funded mostly by cash generated from operations during the year along with €2.71m generated from the sale of new shares and €1.97m from sale of treasury shares in 2017. Net debt repayments were €1.30m during the year 2018 compared to net borrowings of €0.90m in 2017.

Managing Risks

A majority of our current RVM business is dependent upon legislation. The Company may be at risk if such legislation was cancelled, although we have seen no such cancellations in the area where we have operated over the last 20 years. Theoretically this can happen, but we see that even in such an unlikely scenario there will be a notice period which will help the Company plan for any transition. Equally the reverse can also happen as new legislation is implemented in more states and countries.

The Group strategy is to grow and win market share by delivering innovative market solutions at competitive prices along with superior service. The Company may be at risk from competition and new market uncertainties. These risks can be managed by adequate market research to ensure customer acceptance of its products. It also invests consistently in R&D to continually innovate and stay ahead of the competition. Customers with whom we have long term contracts can go out of business which would have an impact on our costs due to lower volumes. To mitigate the impact we closely monitor and control our variable costs.

Sharp fluctuation in foreign exchange risk can impact the cash situation of the Company but is mitigated by proper cash management.

Non-availability of lines of credit or cash to continue to fund projects under a development stage may impact the long-term viability of the Company.

For details on financial risk management, refer to note 5 in the notes to the consolidated financial statements.

Stichting Employees Envipco Holding ('the New Foundation')

A foundation, Stichting Employees Envipco Holding was formed in 2011 with following Board members:

- ▶ Mr Dick Stalenhoef
- ▶ Mr Guy Lefebvre

Summary as of 31 December 2018 of Issued Share Capital

	2018	2017
Common stock of €0.50 nominal value per share:		
Opening and Closing balance	<u>4,097,607</u>	<u>3,837,607</u>

During the year the Company issued 260,000 ordinary shares via private placement. Stichting Employees Envipco Holding held 240,000 treasury shares of the Company at a nominal value of €0.50, which were sold during 2017.

For more details please refer to note 20 of the notes to the consolidated financial statements.

Report of the Board of Directors

Substantial Shareholding

The Group has been notified of or is aware of the following 3% or more interests at 31 December 2018 and 2017.

	31 December			
	2018		2017	
	Number of Shares	Percentage	Number of Shares	Percentage
A Bouri/Megatrade International SA	2,171,068	52.98%	2,558,568	66.67%
G Garvey/EV Knot LLC	521,513	12.73%	234,013	6.10%
B Santchurn/Univest Portfolio Inc	155,480	3.79%	155,480	4.05%
Douglas Poling/GD Env LLC	200,000	4.88%	200,000	5.21%
Otus Capital Management Ltd	247,727	6.05%	-	-
Lazard Freres Gestion SAS	222,532	5.43%	-	-

Directors and their Interests

As per Articles of Association of the Company, the Board comprises of executive and non-executive board members. The Board includes five non-executive and two executive board members:

Non-executive:

Mr Gregory Garvey (Chairman)
Mr Alexandre Bouri
Mr Dick Stalenhoef
Mr Guy Lefebvre
Mr David D'Addario

Executive:

Mr Bhajun Santchurn
Mr Christian Crépet

For further details please click on the link: <https://www.envipco.com/investors-media/Board-of-Directors.php>

The Directors' interests in the share capital of the Group are shown below:

	31 December			
	2018		2017	
	Number of Shares	Percentage	Number of Shares	Percentage
A Bouri/Megatrade International SA	2,171,068	52.98%	2,558,568	66.67%
G Garvey/EV Knot LLC	521,513	12.73%	234,013	6.10%
B Santchurn/Univest Portfolio Inc	155,480	3.79%	155,480	4.05%
C Crepet	7,012	0.17%	6,456	0.17%
D D'Addario	80,451	1.96%	80,451	2.10%
TJM Stalenhoef	600	0.01%	600	0.02%

Remuneration of the Members of the Management Board

The Board of Directors is comprised of five non-executive and two executive directors. The total remuneration was €624,000 in 2018, as compared to 2017 of €742,000 for the prior year (see note 9).

There is an employment contract in place for Mr. Bhajun Santchurn. A loan was granted to Mr. Christian Crepet, a director in 2012 for €20,000 which has been repaid during the year 31 December 2018 (see note 26).

Remuneration Policy of the Board of Directors and Senior Executives:

According to the Dutch Civil Code, our General Meeting of Shareholders has adopted a remuneration policy in respect of the remuneration of our Board of Directors, which is published on our website. Our non-executive directors propose the remuneration of the individual executive members of our Board of Directors to the General Meeting of Shareholders.

Senior executives apply to the CEO and other senior management executives for their respective performance appraisals as part of the remuneration policy. Salary and other employment terms for the senior executives shall be competitive with local markets to retain the best talents. Salary includes both fixed and variable factors which are dependent upon the area of individual responsibility, expertise, position experience, conduct and performance. The variable component is dependent upon specific performance criteria. The Chairman of the Board appointed the CEO whose goals and remuneration package and any changes are proposed to the Board for approval. The remuneration of other senior executives including any changes is agreed by the CEO and the respective executive.

Corporate Governance

Dutch Corporate Governance Code

The Dutch Corporate Governance Code of December 2016 effective 1 January 2017 (the “Code”) was complied with. The Code contains principles and best practice provisions for a managing board, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditing, disclosure, compliance with and enforcement of the Code.

The corporate governance code can be accessed at <http://commissiecorporategovernance.nl/information-in-english>

Dutch companies admitted to trading on a registered stock exchange or, under certain circumstances, registered on a multilateral trading facility, whether in the Netherlands or elsewhere, are required under Dutch law to disclose in their annual reports whether or not they apply the provisions of the Code and, if and to the extent they do not apply, to explain the reasons why.

The Company acknowledges the importance of good corporate governance. Since 2011 the Company supports the Code (www.envipco.com) and has started to implement the relevant provisions of the Code subject to the exceptions set out below:

The Company does not comply with the following provisions of the Dutch corporate governance code:

- II.2 The Company does not have in place a formal risk management system. In the view of the Board of Directors, the Company has adequate measures in place to monitor risks considering the size of the Company.
- II.2.14 The Company has not published on its website the main elements of the service agreements with the executive directors. In view of the size of the Company, the Board of Directors is of the opinion that publishing elements of the salary of executive directors in the financial statements is sufficient.
- III.3.1 The Company has not prepared a profile for the non-executive members of the Board of Directors. In view of the size of the Board of Directors, the Board of Directors is of the opinion that this is not necessary.
- III.3.6 The Board of Directors has not made a schedule of retirement by rotation. In view of the size of the Company, the Board of Directors is of the opinion that this is not necessary.
- III.4.3 The Company has no secretary. Due to the size of the Company, the Company believes this is not necessary.
- III.5 The Company does not have a remuneration committee or a selection and nomination committee. The tasks to be performed by these committees are performed by the non-executive members of the Board of Directors. In view of the size of the Company, there is no need to have a separate remuneration committee and a nomination and selection committee.
- V.3 The Company has no internal audit function. In view of the size of the Company, the Company believes this is not necessary. The internal risks are in the view of the Board of Directors adequately monitored.

General Meetings of Shareholders and Voting Rights

The Annual General Meeting of Shareholders must be held within six months after the end of each financial year. The notice convening any General Meeting of Shareholders shall contain an agenda indicating the items for discussion included therein. The notice for convening the General Meeting of Shareholders shall mention the registration date and the manner in which the persons with meeting rights at the General Meeting of Shareholders may procure their registration and the way they may exercise their rights. The registration date is the twenty-eighth day prior to the date of the General Meeting of Shareholders.

Decisions of the General Meeting of Shareholders are taken by a majority of three-fourths of the votes validly cast, except where Dutch law or the Company's Articles of Association provide for a special or greater majority.

Pursuant to the Implementing Decree of 5 April 2006 relating to Article 10 of Directive 2004/25/EC on takeover bids of 21 April 2004 of the European Parliament and the Council of the European Union, Envipco includes the following explanatory notes:

As at 31 December 2018 and 2017 Envipco had issued 4,097,607 and 3,837,607 ordinary shares respectively. Stichting Employees Envipco Holding held 240,000 shares of the Company at a nominal value of €0.50, which were sold during the year 2017. The Company issued 260,000 ordinary shares via private placement during 2018.

There are no physical share certificates issued, except for entries in the shareholders register. The Articles of Association do not provide for any limitation on the transferability of the ordinary shares.

Significant direct and indirect shareholdings are set out in this report under the section 'Substantial Shareholdings'.

Envipco currently does not hold any employee share scheme in which the control rights are not exercised directly by the employees.

The voting right is not subject to any limitation. All shares entitle the holder to one vote per share. No securities with special control rights have been issued. No agreement has been entered with any shareholder that could give rise to any limitation on the transfer of shares and/or voting rights.

Unless otherwise specified by the Articles, all resolutions at the General Meeting of Shareholders shall be passed by a majority of three-fourths of the votes cast.

The appointment, suspension and discharge of the members of the Board of Managing Directors and their remuneration are decided at the General Meeting of Shareholders as per Article 8 of the Articles of Association.

The issue of new shares shall be by a resolution of the General Meeting of Shareholders and subject to the provisions of Article 5 of the Articles of Association.

The Enterprise Chamber may at the request of the Company, any shareholder of the Company, for shares issued with the cooperation of the Company or a foundation or association with full legal capacity which articles promote the interests of such company, shareholder, order a shareholder who has obtained 30% or more of the Company's voting rights or more to make a public offer in respect of all shares.

The above mentioned obligation for a person acting solely or together with others to make a public offer does not apply according to the Exemption Decree on Public Offers (*Vrijstellingbesluit overnamebiedingen Wft*) in cases where prior to, but no more than three months prior to, the acquisition of 30% or more of the Company's shares or voting rights, the General Meeting of the Shareholders has approved such acquisition with 95% of the votes cast by others than the acquirer and the person(s) acting with him/her.

After a public offer, pursuant to Section 2:359c of the Dutch Civil Code, a holder of at least 95% of the outstanding shares and voting rights, which has been acquired as a result of a public offer, has the right to require the minority shareholders to sell their shares to him/her.

Corporate Social Responsibility

As a Company dedicated to improving the rates at which the world recycles, Envipco works closely to help all of our clients reach their environmental goals. By helping beverage companies recover significant percentages of their bottles and cans, we have developed customised programs that promote sustainability. Envipco also proactively promotes its comprehensive recycling program and constantly explores new opportunities for greener operations.

Within the communities in which we operate, Envipco is an active and engaged citizen. We recognise our potential role as educators, regularly inviting school groups to tour our manufacturing facility to learn more about the process of recycling. We offer scholarships and internship programs to students interested in pursuing environmentally focused careers.

We have begun setting up the foundation of good corporate social responsibility principles which we intend to adopt as the Company grows. We plan to implement various initiatives to achieve a high level of employee satisfaction, optimising the use of both internal and external resources to have the most efficient carbon footprint while ensuring the adoption of a high code of conduct and ethics relating to all aspects of our business.

Internal Controls

The executive board is responsible for establishing and maintaining adequate internal controls. The executive board members are involved in the day to day management. Both these members are responsible to implement the management board's decisions and strategy and are also accountable to the management board for their respective organisations.

Envipco's internal control system is designed to provide reasonable assurance to the Company's management board regarding the preparation and fair presentation of published financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). All internal control systems, no matter how well designed, have inherent limitations, and therefore can provide only reasonable assurance with respect to financial statement preparation and presentation. Management maintains a comprehensive system of controls intended to ensure that transactions are executed in accordance with Management's authorisation, assets are safeguarded, and financial records are reliable. Management periodically assesses the effectiveness of the Company's internal controls and believes these to be effective and reliable.

The Management Board

The Company's Management Board consists of 2 executive and 5 non-executive directors. The non-executive directors shall elect a chairman of the Management Board from among themselves. The Management Board is charged with the management of the Company and is responsible for establishing the Group's strategy and general policies. The executive directors are responsible for the day-to-day management of the Company.

Currently the Company does not have any female members in the Management Board. The Company shall be making efforts to appoint female members to its Board at the expiry of current term of the existing members.

Audit Committee

The Company has established an audit committee which operates pursuant to the terms of reference adopted by the Board of Directors, which are published on the Company's website. The audit committee was established by the Board of Directors on 27 June 2011 and is comprised of three non-executive directors appointed by the Board of Directors. The terms of reference of the audit committee are included in the Board Regulations. The audit committee is chaired by the person appointed thereto by the Board of Directors, provided that this person: i) shall be independent (in the manner prescribed by the Dutch Corporate Governance Code, and set out in the Board regulations), ii) shall not be the chairman of the Board of Directors, nor a former executive director, and iii) shall have the necessary qualifications. The audit committee shall meet at least four times per year, or more frequently according to need. Currently, the audit committee consists of Mr. Stalenhoef as chairperson and financial expert, Mr. Garvey and Mr. Lefebvre.

Due to the frequent discussions of the audit committee with senior management within the Group and discussions with our external auditors, the committee is satisfied with its oversight on financial reporting, risk management and audit functions of the Group activities, even though no formal procedure is currently in place due to the frequent involvement of the audit committee members with the senior management. It has therefore not completely formalised this part of the governance code.

Nomination

The Articles of Association of the Company provide for the number of directors to be determined by the Management Board. The remuneration and the terms and conditions of employment for each director are determined at the General Meeting of Shareholders.

Representation

The Company is represented by the Management Board or by one executive director.

Meeting

Meetings of the Management Board are convened upon the request of a member of the Management Board. Resolutions of the Management Board are passed by an absolute majority of votes.

Articles of Association

Per Article 9 Clause 9.8 of the Articles of Association, the Management Board shall require the approval of the General Meeting of the Shareholders for resolutions concerning a major change such as the amendment of the Articles of Association of the Company.

Auditors

The General Meeting of Shareholders shall appoint the auditors of the Company. Envipco will appoint a new auditor, which will be presented at the shareholders' meeting for approval.

Post Balance Sheet Events

Details of the post balance sheet events are given on page 62 of the notes to the consolidated financial statements.

Board Responsibility Statement

In accordance with best practice II.1.5 of the Dutch corporate governance code of December 2016, the Board of Directors confirms that internal controls over financial reporting provide a reasonable level of assurance that the financial reporting does not contain any material inaccuracies and confirms that these controls functioned properly in the year under review and that there are no indications that they will not continue to do so. The financial statements fairly represent the Company's financial condition and the results of the Company's operations and provide the required disclosures.

It should be noted that the above does not imply that these systems and procedures provide absolute assurance as to the realisation of operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliances with legislation, rules and regulations.

The Company's directors hereby declare that, to the best of their knowledge:

- the annual financial statements for the year 2018, which have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union and with Part 9 of Book 2 of the Dutch Civil code, give a true and fair view of the assets, liabilities, financial position and the profit or loss of the Company and its consolidated entities;
- the directors' report gives a true and fair view of the position of the Company and its related entities whose financial information has been consolidated in the annual financial statements as at the balance sheet date 31 December 2018 and of their state of affairs during the financial year 2018;
- the annual report describes the principal risks that the Company faces.

w.s. Gregory Garvey w.s. Alexandre Bouri w.s. Dick Stalenhoef w.s. Guy Lefebvre
Chairman

w.s. Bhajun Santchurn w.s. Christian Crepet w.s. David D'Addario

26 April 2019



Financial Statements

Consolidated Statement of Comprehensive Income for the year ended 31 December

(in thousands of euros)

	Note	2018	2017
Revenue	(6)	35,380	34,049
Cost of revenue		(19,415)	(19,743)
Leasing depreciation		(2,026)	(2,188)
Gross profit		13,939	12,118
Selling expenses	(7)	(1,118)	(1,174)
General and administrative expenses	(7&9)	(11,287)	(10,123)
Other income/(expenses):			
- Miscellaneous income/(expenses)	(8)	651	9
Operating result		2,185	830
Financial expense	(10)	(226)	(299)
Financial income	(10)	3	3
Exchange gains/(losses)		(43)	128
Result before taxes		1,919	662
Income taxes	(11)	(65)	(3,201)
		(65)	(3,201)
Net results		1,854	(2,539)
Other comprehensive income			
Items that will be reclassified subsequently to profit and loss			
Exchange differences on translating foreign operations		819	(2,279)
Other movements		(10)	(7)
Total other comprehensive income		809	(2,286)
Total comprehensive income		2,663	(4,825)

Consolidated Statement of Comprehensive Income for the year ended 31 December

(in thousands of euros)	Note	2018	2017
Profit attributable to :			
Owners of the parent			
Profit/(loss) for the period		1,848	(2,540)
		<hr/> 1,848	<hr/> (2,540)
Non-controlling interest			
Profit/(loss) for the period		6	1
		<hr/> 6	<hr/> 1
Total			
Profit/(loss) for the period		1,854	(2,539)
		<hr/> 1,854	<hr/> (2,539)
Total comprehensive income attributable to :			
Owners of the parent		2,657	(4,826)
Non-controlling interest		6	1
		<hr/> 2,663	<hr/> (4,825)
Number of weighted average shares used for calculation of EPS (exclude treasury shares)			
- Basic	(12)	3,981,744	3,655,315
- Diluted	(12)	3,981,744	3,655,315
Earnings/(loss) per share for profit attributable to the ordinary equity holders of the parent during the year			
Basic (euro)		0.47	(0.69)
Fully diluted (euro)		0.47	(0.69)

**Consolidated Balance Sheet as at
31 December After Appropriation of Result**

(in thousands of euros)

	Note	2018	2017
Assets			
Non-current assets			
Intangible assets	(13)	6,016	5,548
Property, plant and equipment	(14)	9,165	9,184
Financial assets	(15)	349	72
Deferred tax assets	(16)	1,819	1,737
Total non-current assets		17,349	16,541
Current assets			
Inventory	(17)	8,525	7,044
Trade and other receivables	(18)	10,021	9,677
Cash and cash equivalents	(19)	4,107	1,788
Total current assets		22,653	18,509
Total assets		40,002	35,050

**Consolidated Balance Sheet as at
31 December After Appropriation of Result**

(in thousands of euros)

	Note	2018	2017
Equity	(20)		
Share capital		2,049	1,919
Share premium and legal reserves		57,403	54,822
Retained earnings		(37,318)	(39,157)
Translation reserves		3,838	3,019
Equity attributable to owners of the parent		25,972	20,603
Non-controlling interest		27	22
Total equity		25,999	20,625
Liabilities			
Non-current liabilities			
Borrowings	(21)	3,014	4,142
Other liabilities	(21)	220	217
Total non-current liabilities		3,234	4,359
Current liabilities			
Borrowings	(21)	1,420	1,356
Trade creditors		6,406	6,236
Accrued expenses	(24)	2,554	1,755
Provisions	(22)	77	236
Tax and social security		312	483
Total current liabilities		10,769	10,066
Total liabilities		14,003	14,425
Total equity and liabilities		40,002	35,050

Consolidated Cash Flow Statement for the year ended 31 December

(in thousands of euros)

	Note	2018	2017
Cash flow from operating activities			
Operating result		2,185	830
Adjustments for:			
Depreciation and amortisation	(13/14)	3,364	3,287
Interest received		3	3
Interest paid		(226)	(299)
Changes in trade and other receivables		(269)	(320)
Changes in inventories		(583)	136
Changes in provisions		94	(31)
Changes in trade and other payables		135	(605)
Cash generated from operations		4,703	3,001
Income taxes (payment)/refund		(65)	177
Net cash flow from operating activities		4,638	3,178
Investing activities			
Investment in intangible fixed assets	(13)	(1,488)	(1,142)
Investment in property, plant & equipment	(14)	(2,307)	(2,573)
Net cash flow used in investing activities		(3,795)	(3,715)
Financing activities			
Proceeds from sale of shares		2,711	1,969
Changes in borrowings – proceeds	(21)	-	3,548
Changes in borrowings – repayments	(21)	(1,298)	(4,447)
Net cash flow from financing activities		1,413	1,070
Net increase/(decrease) in cash and cash equivalents		2,256	533
Opening position as at 1 January		1,788	1,416
Foreign currency differences on cash and cash equivalents		58	(134)
Foreign currency differences and other changes		5	(27)
Closing position as at 31 December		4,107	1,788
The closing position consists of:			
Cash and cash equivalents	(19)	4,107	1,788
		4,107	1,788

Consolidated Statement of changes in Equity for the year ended 31 December

(in thousands of euros)

	Share capital	Share premium	Legal Reserve	Retained earnings	Translation reserve	Total	Non-controlling interests	Total equity
Balance at 1 January 2017	1,919	48,237	4,616	(36,618)	5,298	23,452	29	23,481
Changes in equity for 2017								
Net profit/(loss) for the year	-	-	-	(2,540)	-	(2,540)	1	(2,539)
Other comprehensive income for the year								
-Currency translation adjustments	-	-	-	-	(2,279)	(2,279)	-	(2,279)
-Other movements	-	-	-	1	-	1	(8)	(7)
Total comprehensive income for the year	-	-	-	(2,539)	(2,279)	(4,818)	(7)	(4,825)
Sale of treasury shares	-	1,969	-	-	-	1,969	-	1,969
Legal reserve	-	(488)	488	-	-	-	-	-
Balance at 31 December 2017	1,919	49,718	5,104	(39,157)	3,019	20,603	22	20,625
Changes in equity for 2018								
Net profit/(loss) for the year	-	-	-	1,848	-	1,848	6	1,854
Other comprehensive income for the year								
-Currency translation adjustments	-	-	-	-	819	819	-	819
-Other movements	-	-	-	(9)	-	(9)	(1)	(10)
Total comprehensive income for the year	-	-	-	1,839	819	2,658	5	2,663
Sale of shares	130	2,581	-	-	-	2,711	-	2,711
Legal reserve	-	(425)	425	-	-	-	-	-
Balance at 31 December 2018	2,049	51,874	5,529	(37,318)	3,838	25,972	27	25,999

Please refer to note 20 for changes in share capital and reserves.

(1) General information

Envipco Holding N.V. is a public limited liability company incorporated in accordance with the laws of The Netherlands, with its registered address at Arnhemseweg 10, 3817 CH Amersfoort, The Netherlands (Chamber of Commerce number: 33304225). The company is incorporated in Amsterdam. Envipco Holding N.V. and Subsidiaries (“the Group” or “Envipco”) are engaged principally in Recycling in which it develops, manufactures, assembles, leases, sells, markets and services a line of “reverse vending machines” (RVMs) in the USA, Europe, Australia and the Far East.

In 2018 the Group has adopted new guidance for the recognition of revenue from contracts with customers according to IFRS 15, Revenue Recognition. This guidance was applied using a modified retrospective (‘cumulative catch-up’) approach. There is no effect of this new guidance on the Group financial statements.

Further, the Group has adopted new guidance for accounting for financial instruments. This guidance was applied using the transitional relief allowing the entity not to restate prior periods. No material differences arose from the adoption of IFRS 9 in relation to classification, measurement, and impairment, and no change in retained earnings was required.

These Financial Statements have been approved for issue by the Board of Management on 26 April 2019 and are subject to approval by the shareholders at the Annual General Meeting of Shareholders. All amounts are in thousands of euros unless stated otherwise.

Deposit redemption programs

Under deposit redemption programs, the Company is responsible for the operation of systems to redeem, collect, account for and dispose of used beverage containers. In connection with these programs, participating retailers lease or purchase RVMs from the Company. The Company then acts in a clearinghouse capacity to collect deposits and handling fees on redeemed containers from participating beverage distributors and to distribute deposit refunds and handling fees to participating retailers. Accordingly, deposits and handling fees as paid to the participating retailers are not included as revenue and expense in the consolidated financial statements. The Company earns its revenues through leasing and selling machines to retailers and other participants, and through various services provided to distributors and retailers, including container collection, disposition, and accounting services.

(2) Summary of significant accounting policies

Basis of preparation

The consolidated financial statements of Envipco have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereafter: IFRS) and are compliant with IFRS.

(2) Summary of significant accounting policies (continued)

Fair Value

The Group measures financial instruments, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or;
- In the absence of a principal market, in the most advantageous market for the asset or liability;

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at amortised costs. Income and expenses are accounted for on accrual basis. Profit is only included when realised on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial

(2) Summary of significant accounting policies (continued)

statements. Revenues from goods are recognised upon delivery. The cost of these goods is allocated to the same period. Revenues from services are recognised in proportion to the services rendered. The cost of these services is allocated to the same period.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity are disclosed in note 3.

New standards, amendments and interpretations applicable as of 1 January 2018

The Company has adopted the following new standards with a date of initial application of 1 January 2018: IFRS 9 Financial instruments IFRS 15 Revenue from Contracts with Customers **IFRS 9 Financial instruments** IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets. IFRS 9 also contains new requirements on the application of hedge accounting. IFRS 9 has been applied by the Group with effect 1 January 2018.

There is no material impact on the Group's balance sheet or equity from applying the classification and measurement requirements of IFRS 9. Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest, and shown at amortised cost which is consistent with IAS39. IFRS 9 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group applies the simplified approach and records lifetime expected losses on all trade receivables.

IFRS 15 Revenue from Contracts with Customers IFRS 15 'Revenue from Contracts with Customers' and the related 'Clarifications to IFRS 15 Revenue from Contracts with Customers' (hereinafter referred to as 'IFRS 15') replace IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related interpretations. The new Standard has been applied by the Group retrospectively without restatement. On the date of initial application of IFRS 15, 1 January 2018, there was no impact to retained earnings of the Group. In accordance with the transition guidance, IFRS 15 has only been applied to contracts that are incomplete as at 1 January 2018.

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue from contracts with customers. Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e., when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The majority of the Group's revenue is derived from service revenue, sale of RVM's and leasing revenue. For service revenue control is transferred to the customer both in time and over time. For goods shipped to customers, control transfers to the customer when the product is delivered and accepted. For lease revenue the control is transferred over the leasing period.

Adoption of IFRS 15 has had no effect on when revenue is recognised at Envipco.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2018 and not adopted early by the Group:

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations neither adopted nor listed below have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

IFRS 16 Leases will replace IAS 17 'Leases' and three related Interpretations. It completes the IASB's long running project to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability. There are two important reliefs provided by IFRS 16 for assets of low value and short-term leases of less than 12 months. IFRS 16 is effective from periods beginning on or after 1 January 2019. Early adoption is permitted; however, the Group have decided not to early adopt.

Management is in the process of assessing the full impact of the Standard. So far, the Group:

- has decided to make use of the practical expedient not to perform a full review of existing leases and apply IFRS 16 only to new or modified contracts. As some leases will be modified or renewed in 2019, the Group has reassessed these leases and concluded they will be recognised on the statement of financial position as a right-of-use asset;
- believes that the most significant impact will be that the Group will need to recognise a right of use asset and a lease liability for the office and production buildings currently treated as operating leases. At 31 December 2018 the future minimum lease payments amounted to EUR 6,856. This will mean that the nature of the expense of the above cost will change from being an operating lease expense to depreciation and interest expense;
- concludes that there will not be a significant impact to the finance leases currently held on the statement of financial position;
- is implementing a new IT system that will facilitate to record lease contracts;

The Group is planning to adopt IFRS 16 on 1 January 2019 using the Standard's modified retrospective approach. Under this approach the cumulative effect of initially applying IFRS 16 is recognised as an adjustment to equity at the date of initial application. Comparative information is not restated.

Choosing this transition approach results in further policy decisions the Group need to make as there are several other transitional reliefs that can be applied. These relate to those leases previously held as operating leases and can be applied on a lease-by-lease basis. The Group is currently assessing the impact of applying these other transitional reliefs.

IFRS 16 has not made any significant changes to the accounting for lessors, and therefore the Group does not expect any changes for leases where they are acting as a lessor.

Notes to Consolidated Financial Statements for the year ended 31 December

Consolidated cash flow statement

The Group's consolidated statement of cash flows is presented using the indirect method.

The funds in the cash flow statement consist of cash and cash equivalents. Bank overdrafts are included as a component of cash and cash equivalents when the overdrafts are repayable on demand and often fluctuate. Cash flows in foreign currencies are translated at an average rate.

Consolidation

Basis of consolidation

Based on IFRS 10, the Company prepares consolidated financial statements where it controls an entity or entities, as defined under Subsidiaries below, and following the principles of control, it will consolidate an entity irrespective of the nature of the entity. If the Company has the power by way of actual or potential voting rights over an entity, then such entity's results will be consolidated. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single economic entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Subsidiaries

Subsidiaries are all entities (including single economic entities) where the Group has control over an investee, it is classified as a subsidiary. The company controls an investee, if all three of the following elements are present:

- power over the investee
- exposure to variable returns from the investee and
- the ability of the investor to use its power to affect those variable returns

Notes to Consolidated Financial Statements for the year ended 31 December

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions and balances between Group companies are eliminated.

Non-controlling interest

The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

The consolidated balance sheets comprise the financial data of Envipco Holding N.V., Amersfoort, The Netherlands, and the legal seats of the following Group companies:

Envipco (UK) Limited – London, United Kingdom – 100%

Envipco Automaten GmbH, Westerkappeln, Germany – 100%

Envipco Pickup & Processing Services Inc., Delaware, U.S.A. – 99.85%

Environmental Products Corporation, Delaware, U.S.A. – 99.85%

Environmental Products Recycling Inc., Delaware, U.S.A. – 99.85%

Envipco A.S., Oslo, Norway – 100%

Envipco N.D. Inc., Delaware, U.S.A. – 99.85%

Envipco Sweden A.B., Borlange, Sweden – 100%

Envipco Hellas SA, Athens, Greece – 100%

Envipco France SA, Paris, France – 100%

Envipco Solutions SRL, Alba Iulia, Romania – 100%

Stichting Employees Envipco Holding (SEEH) is controlled by EHNv. The Board of Stichting Employees Envipco Holding consists of 2 members of the Management Board of Envipco Holding N.V. It is a foundation and its function is to administer an Employee Share Option scheme, if applicable.

In 2017, the Company sold 240,000 treasury shares which were held by Stichting Employees Envipco Holding and realised the proceeds.

The acquisition method of accounting is used to account for Business combinations by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income.

Segment reporting

The segments are identified on the basis of internal reports about components of the entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess

its performance. The Group considers geography and products as its main segments. Management measures geographical segment performance based on the segment's operating result. Similarly the respective assets and liabilities are allocated to the geographical segments. This coincides with the Group's internal organisational and management structure and its internal financial management reporting system. A business segment is a group of operations engaged in providing services or products that are subject to risks and returns that are different from those of other business segments.

Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Euros, which is the Company's functional and presentation currency. The subsidiaries that are included in the consolidation have the Euro, US Dollars, UK Sterling Pounds, Romanian Leu, Swedish Kroner and Norwegian Kroner as their functional currency. Transactions and cash flows in foreign currencies are translated into the functional currency at the rate prevailing when the transaction took place. Related exchange rate differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the income.

Balance sheets of entities that have a functional currency other than the Euro are translated using the closing rates at each reporting date. The income statements of such entities are translated at the average rates during the period. The resulting exchange difference is recognised in other comprehensive income in equity. When a foreign entity is sold, such cumulative exchange difference is reclassified in the income as part of the gain or loss on sale. Translation gains and losses on inter-company balances which are in substance a part of the investment in such Group company are also recognised in other comprehensive income. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Revenue

General

Revenue arises mainly from the offering of pickup and processing, repairs and maintenance, sale of RVM's and leasing of RVM's. To determine whether to recognize revenue, the Group follows a 5-step process according to IFRS 15:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. When the Group acts as a principal revenue is recognised in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred. When the Group acts an agent with a performance obligation to arrange for the provision of the specified good or service by another party, then revenue is recognised in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due. In the USA, under the Bottle Bill deposit system, one of the subsidiary's billing includes mandatory deposits on the beverage containers which once collected, are passed through to the operators of redemption sites where Envipco machines are used. These pass-through amounts are included in receivables and payables and are not recognised as revenues.

Group revenue

Service revenue

The Group's primary service offerings include repairs and maintenance, and pickup and processing. These services are provided on a time and material basis or as a fixed-price contract with contract terms generally ranging from less than one year to three years.

Revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered. Revenue from fixed-price contracts involving managed services is generally recognised in the period the services are provided using a straight-line basis over the term of the contract.

If circumstances arise that may change the original estimates of revenues, costs, or extent of progress toward completion, then revisions to the estimates are made. These revisions may result in increases or decreases in estimated revenues or costs, and such revisions are reflected in income in the period in which management becomes aware of the circumstances that give rise to the revision.

Sale of goods

Revenue from product sales is generally recognised when the product is delivered to the client and when there are no unfulfilled obligations that affect the client's final acceptance of the arrangement. Delivery does not occur until products have been shipped, risk of loss has transferred to the client and client acceptance has been obtained, client acceptance provisions have lapsed, or the Group has objective evidence that the criteria specified in the client acceptance provisions are either perfunctory or have been satisfied.

Leasing revenue

Revenues from product lease are recognised over the term of the lease, which are classified as operational leases.

Cost of revenue

Cost of revenue includes all direct material and labour costs and those indirect costs related to contract performance, such as indirect labour, supplies, and depreciation costs. The Group performs ongoing profitability analysis of its service contracts in order to determine whether the latest estimates - revenues, costs and profits - require updating. If, at any time, these estimates indicate that a contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately and presented as losses on contracts under provisions.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the income on a straight-line basis over the period of the lease.

Leases where the Group has transferred substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset or the present value of the minimum lease payment. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the income over the lease period using the effective interest method. Assets acquired under finance leases are depreciated over the shorter of their useful life or the lease term.

Deferred tax

Deferred income tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a Business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Intangible assets

All intangible assets have finite lives based on their economic use except for Goodwill. The intangible assets with finite lives are amortised using the straight-line method. The useful life is estimated at 7 years.

General and administrative expenses in the consolidated statement of comprehensive income (page 18) include the amortisation charge for intangible assets.

(a) Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is tested annually for impairment. An impairment loss is recognised for the amount by which the goodwill of a cash generating unit exceeds its recoverable amount.

The recoverable amount is the higher of the cash generating unit's fair value less costs to sell and value in use. Impairment testing of goodwill is performed at the level of the cash generating units, which is the smallest identifiable group of assets to independently generate cash flows. For the group, the smallest cash

generating units comprise the activities of one single country. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

(b) Patents, licenses and concessions

The amortisation for the patents, licenses and concessions is included in general and administrative expenses (see page 18).

Patents are acquired intangible assets and are measured initially at cost on the acquisition date. They are amortised using the straight-line method based on the estimated useful life of 7 years.

Concessions relating to RVM distribution rights in the USA Midwest market are recognised and amortised over the life of the contract.

(c) Research and development

Research and development expenses are included in general and administrative expenses (see page 18). Research costs are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the costs attributable to the product during its development can be reliably measured.

The capitalised development cost is amortised when the asset becomes available for use. Once the asset is completely developed, it is amortised over the estimated useful life, which is 7 years.

- A legal reserve is made for capitalised development costs. (see pages 21 & 23)

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Property, plant and equipment

Property, plant and equipment are valued at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent expenditures that extend the asset's useful life are capitalised. Expenditures for repairs and maintenance are expensed when incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values, based on the estimated useful lives of such assets.

Notes to Consolidated Financial Statements for the year ended 31 December

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Assets under construction will be depreciated once the assets are complete and available for use.

Depreciation is based on the estimated useful lives of assets as follows:

Buildings	40 years
Plant and machinery	4-7 years
Vehicles and equipment	3-5 years

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other highly liquid investments with original maturities of three months or less. The cash and cash equivalents are available on demand.

Trade receivables

Trade receivables are recognised initially at fair value, which is generally the face value, and subsequently carried at amortised cost less provision for impairment. Impairment provisions for credit losses are recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Inventory

The Group's US subsidiary uses a weighted average actual cost method (WAAC) for valuation of inventory. Product inventory is valued at the lower of cost or net realisable value based on a weighted average actual cost method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Spare parts inventory is valued at the lower of historical cost, or net realisable value. Appropriate consideration is given to excessive inventory levels, product deterioration and other factors when establishing the net realisable value.

Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The Company records purchases of its own ordinary shares (treasury shares) under the cost method whereby the entire cost of the acquired shares is deducted from equity until the shares are cancelled, reissued or disposed of.

Notes to Consolidated Financial Statements for the year ended 31 December

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

Provisions

The group recognises provisions for liabilities of uncertain timing or amount including those for onerous leases, warranty claims, leasehold dilapidations and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability. In the case of leasehold dilapidations, the provision takes into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

Trade creditors and other current liabilities

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost.

Employee benefit plans

The Group subsidiaries sponsor employee benefit plans which cover substantially all of their employees. Such plan is referred to as defined contribution. A defined contribution plan is a plan under which the Group companies pay fixed contributions into a separate entity. Under defined contribution plans, the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, Envipco pays contributions to publicly or privately administered funds or insurance companies. Contributions are generally based on fixed amounts of eligible compensation and the cost for such plans is recognised based on employee service.

Deferred income

In some of the Group's services contracts, the Group bills the client prior to performing the services resulting in the recognition of deferred income on the consolidated balance sheet.

Financial instruments initial recognition and subsequent measurement

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets, except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost.
- fair value through profit or loss (FVTPL).
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI. The classification is determined by both:

- the entity's business model for managing the financial asset.
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within administrative expenses.

Subsequent measurement of financial assets

(i) Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and other receivables fall into this category of financial instruments as well as interest-bearing loans bonds that were previously classified as held-to-maturity under IAS 39.

(ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan

Notes to Consolidated Financial Statements for the year ended 31 December

commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and;
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assesses impairment of trade receivables on a collective basis. As they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Group's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include borrowings, trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Fair values

Set out below is a comparison, by class, of the carrying amounts and fair instruments, other than those with carrying amounts that are reasonable approximations of fair value.

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for the year ended 31 December**

	Carrying amount	Level 1
	2018	2017
	€	€
Financial assets		
Trade receivables	10,021	9,677
Total	10,021	9,677

	Carrying amount	Level 1
	2018	2017
	€	€
Financial liabilities		
Trade payables	6,406	6,236
Interest-bearing loans and borrowings	4,534	5,595
Total	10,940	11,831

The management assessed that cash and cash equivalents, trade and other receivables, trade and other payables, and other current liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the interest-bearing loans and borrowings is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate borrowings are evaluated by the Group based on parameters such as interest rates and the risk characteristics of the financed project.

The fair value of the interest-bearing loans and borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities, being sensitive to a reasonably possible change in the forecast cash flows or the discount rate. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

(3) Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including estimates and assumptions concerning the future that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The main areas for which the use of different estimates and assumptions could cause material adjustment to the carrying amounts of assets and liabilities are discussed below.

Legal proceedings

The Group reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

Income taxes

The Group is subject to income tax in several jurisdictions and significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the company recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when, despite the company's belief that its tax return positions are supportable, the company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

Deferred tax valuation

The Group recognises deferred tax assets for loss carry-forwards and deductible temporary differences, estimating the amount of future taxable profit that will be probable, against which the loss carry-forwards and deductible temporary difference can be utilised (see note 16).

Goodwill impairment testing

The Group is required to test, on an annual basis whether goodwill has suffered any impairment. The recoverable amount is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. More information including carrying values is included in note 13.

Allowance for inventory obsolescence

All RVM parts inventory is valued at the lower of cost and net realisable value. For repaired inventory, the estimated value has been assessed at 50% of cost.

Intangible assets

The Group amortises its intangible assets, except for Goodwill, over the contracted term or their expected useful lives which are as follows:

Notes to Consolidated Financial Statements for the year ended 31 December

Patents, licenses and concessions 7 years with the exception of a concession, whose useful life is less than 7 years and as such is being amortised over the contracted term.

Capitalised development costs 7 years

The capitalisation and potential impairments of internally generated research and development is amongst others based on estimates of future recovery.

Property, plant and equipment

The Group estimates useful lives of its assets as follows:

Buildings	40 years
Plant and machinery	4-7 years
Vehicles and equipment	3-5 years

(4) Capital management

The Group's capital consists of its net equity and long-term loans. Management monitors and assesses the capital requirements for the Group and ensures that enough funding is available to meet the working capital requirements and also for the future business development. To raise funding, the Group considers both committed credit lines and equity contributions.

One of the Group's subsidiaries has to comply with certain financial covenants under its loan agreement, details of which are given in note 21. The Group's current funding requirements have been met from operations and from the committed credit lines.

(5) Financial Risk Management

The Group has exposure to Credit, Liquidity and Market risks on the financial instruments used by it. The Board of Directors has the overall responsibility to monitor and manage these risks.

Credit risk

Credit risk arises from the possibility of asset impairment occurring because counterparties are not able to meet their obligations in transactions mainly involving trade receivables. While the Group's trade receivables are mostly exposed to credit risk, the exposure to concentrations of credit risk is limited due to the diverse geographic areas and industries covered by its operations. The Group has exposure to credit risk and is dependent on three major customers (see table below) for its sales and receivables in 2018 for 40% of its revenues and 28% of its receivables and in 2017, 39% of its revenues and 29% of receivables. In the normal course of business, the Group provides credit to clients, provides credit evaluations of these clients, and maintains an impairment provision for credit losses. Cash and cash equivalents are held with reliable counterparties.

Notes to Consolidated Financial Statements
for the year ended 31 December

	2018		2017	
	Revenue	Accounts receivable	Revenue	Accounts receivable
Concentration of credit risk				
Customer 1	25%	15%	25%	15%
Customer 2	9%	9%	10%	7%
Customer 3	6%	4%	4%	7%
Others	60%	72%	61%	71%
Total	100%	100%	100%	100%

USA operations manage its gross receivables through a system of deposit accounting where Envipco acts as a clearing house for services provided and not on RVM sales but disburses payable funds to customers only after collections have been made from its receivables. European and USA operations have receivables from RVM sales, which are managed closely for collections.

The credit rating of customer 1 is determined by Fitch at AA.

The carrying amount of financial assets represents the maximum credit exposure. This maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was:

	€'000 Current	€'000 31-60 Days	€'000 61-90 Days	€'000 >90 Days	€'000 TOTAL
2018 Europe	1,271	-	-	845	2,116
United States	5,831	1,471	209	394	7,905
	7,102	1,471	209	1,239	10,021
2017 Europe	1,016	-	-	871	1,887
United States	5,090	1,492	258	950	7,790
	6,106	1,492	258	1,821	9,677

Liquidity risk

Liquidity risk arises from the possibility that the Group may encounter difficulty in meeting its obligations as they fall due. The Group's policy is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations in a timely manner. The executive directors follow prudent liquidity risk management by maintaining sufficient cash, enforcing strict credit policy and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available. Liquidity is managed closely by pursuing receivable collections in the USA and also by keeping the committed credit lines in place.

Notes to Consolidated Financial Statements for the year ended 31 December

The following are the Group's contractual maturities of financial liabilities:

	€'000 In 1 Year	€'000 1-2 Years	€'000 2-5 Years	€'000 > 5 Years	€'000 TOTAL
2018 Europe					
Operational leases & payables	1,562	-	-	220	1,782
United States					
Operational leases & payables	8,163	554	207	198	9,122
Bank debt & finance leases	1,419	1,553	134	1,332	4,438
Total liabilities and future non-cancellable leases (rents)	11,144	2,107	341	1,750	15,342
Future non-cancellable leases (rents)	(381)	(554)	(207)	(197)	(1,339)
	10,763	1,553	134	1,553	14,003
2017 Europe					
Operational leases & payables	1,804	-	-	217	2,021
United States					
Operational leases & payables	7,350	571	168	-	8,089
Bank debt & finance leases	1,342	2,375	424	1,357	5,498
Total liabilities and future non-cancellable leases (rents)	10,496	2,946	592	1,574	15,608
Future non-cancellable leases (rents)	(444)	(571)	(168)	-	(1,183)
	10,052	2,375	424	1,574	14,425

Market risk

Market risk arises from the fact that the value of financial instruments may be positively or negatively affected by fluctuating prices on the financial markets. Market risk includes currency risk, fair value interest rate risk, and price risk.

- Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to exchange rate fluctuations. Exposure to currency risks arises primarily when receivables and payables are denominated in a currency other than the operating company's local currency. In addition, the Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. The Group manages its currency risk by closely monitoring the currency fluctuations and does not hedge its currency risk.

- Sensitivity analysis

A 5% strengthening of US Dollar against the Euro would have increased the profit after tax by €46,000 (2017: €75,000) and would result in net increase in equity of €46,000 (2017: €75,000) and a 5% decline in US Dollar against the Euro would have had an equal but opposite effect on the basis that all other variables remain constant.

- Interest rate risk

The Group's interest rate risk arises from selected long-term borrowings. Such borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group tries to minimize its interest rate risk on these borrowings by negotiating a fixed interest rate for the borrowings and by applying hedging on interest rate swaps. The Group has no interest rate swaps. However, the Group evaluated its exposure to interest rate risk based on its long-term debt (see note 21) and concluded that a reduction in interest rate by 0.25% would have increased the profit after tax by €7,000 (2017: €11,000) and an increase in interest rate by 0.25% would have decreased the profit after tax by €7,000 (2017: €11,000).

- Price risk

The Group does not have an exposure to price risk.

Notes to Consolidated Financial Statements for the year ended 31 December

(6) Segment information

Envipco considers geography and products as its main segments. Management measures geographical segment performance based on the segment's operating result. Similarly the respective assets and liabilities are allocated to the geographical segments. The segments are identified on the basis of internal reports about components of the entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess its performance. The Group's main continuing operations relate to its core activity of Recycling. This activity has a single main operating segment – RVMs. The RVMs business segment includes operations in the USA due to RVM sales, and services and in Germany due to compactor sales. The non-operating segments include the Holding company and rest of the non-active Group entities. Segment information for continuing operations is presented by geographical areas where a segment is based.

Segment information of the main operating segments is detailed below:

(in thousands of euros)					2018				2017			
	Europe	North America	Rest of World	Total	Europe	North America	Rest of World	Total	Europe	North America	Rest of World	Total
Revenues												
Recycling – RVM												
Sale of goods	2,756	4,310	-	7,066	3,906	6,360	-	10,266				
Service revenue	306	18,850	-	19,156	-	14,783	-	14,783				
Leasing revenue	-	9,158	-	9,158	-	9,000	-	9,000				
Non-operating segments												
Total	3,062	32,318	-	35,380	3,906	30,143	-	34,049				
Gross assets												
Recycling - RVM	3,700	28,216	-	31,916	2,106	26,430	-	28,536				
Non-operating segments	8,086	-	-	8,086	6,514	-	-	6,514				
Total	11,786	28,216	-	40,002	8,620	26,430	-	35,050				
Segment Results												
Recycling - RVM	(1,000)	4,852	-	3,852	(651)	(428)	-	(1,079)				
Non-operating segments	(2,004)	-	-	(2,004)	(1,460)	-	-	(1,460)				
Total	(3,004)	4,852	-	1,848	(2,111)	(428)	-	(2,539)				

Notes to Consolidated Financial Statements for the year ended 31 December

(6) Segment information (continued)

	2018				2017			
	Europe	North America	Rest of World	Total	Europe	North America	Rest of World	Total
Gross Liabilities								
Recycling – RVM	650	12,218	-	12,868	1,058	12,403	-	13,461
Non-operating segments	1,135	-	-	1,135	964	-	-	964
Total	1,785	12,218	-	14,003	2,022	12,403	-	14,425

	2018				2017			
	Europe	North America	Rest of World	Total	Europe	North America	Rest of World	Total
Property, Plant & Equipment and Intangibles Additions								
Recycling - RVM	96	2,231	-	2,327	23	2,577	-	2,600
Non-operating segments	1,469	-	-	1,469	1,384	-	-	1,384
Total	1,565	2,231	-	3,796	1,407	2,577	-	3,984

	2018				2017			
	Europe	North America	Rest of World	Total	Europe	North America	Rest of World	Total
Depreciation & Amortisation								
Recycling – RVM	27	2,309	-	2,336	12	2,457	-	2,469
Non-operating segments	1,028	-	-	1,028	818	-	-	818
Total	1,055	2,309	-	3,364	830	2,457	-	3,287

The revenues and non-current assets of the Company's country of domicile i.e. Netherlands were respectively €0,000 (2017: €0,000) and €26,743,000 (2017: €21,886,000).

RVM segment leasing depreciation of €2,026,000 (2017: €2,188,000) in North America is included in cost of revenue.

There were non-cash expenses other than depreciation and amortisation such as provisions (see note 22).

There were no associates or joint ventures where equity accounting was required.

Notes to Consolidated Financial Statements for the year ended 31 December

(7) Expenses

Selling expenses

Selling expenses consist of costs associated with market development, marketing and promotions and trade shows.

General and administrative expenses

General and administrative expenses include depreciation expenses for an amount of €1,244,000 (2017: €1,028,000), research and development costs of €801,000 incurred by the US and German subsidiaries (2017: €1,455,000), payments made under operating leases of €553,000 (2017: €569,000), and bad debt written back of €15,000 (2017: charge €236,000).

The fee paid to the Group's auditors for the following services relating to the calendar year is included in general expenses and can be specified as follows:

Grant Thornton Accountants en Adviseurs B.V. to the company and subsidiaries

	Grant Thornton Accountants en Adviseurs B.V..	Other Grant Thornton Network	Total 2018	Grant Thornton Accountants en Adviseurs B.V..	Other Grant Thornton Network	Total 2017
	€'000	€'000	€'000	€'000	€'000	€'000
Audit fee of financial statements	105	154	259	101	126	227
Other audit engagement	-	-	-	-	-	-
Tax-related advisory services	-	-	-	-	-	-
Other non-audit services	-	-	-	-	-	-
	105	154	259	101	126	227

(8) Other income/(expenses)

Other income in 2018 included a one-time contract settlement for €620,000 and other income of €31,000 (2017: €9,000).

Notes to Consolidated Financial Statements
for the year ended 31 December

(9) Employee benefit expense

	2018	2017
	€'000	€'000
Salaries	9,367	9,643
Social security expenses	540	455
Pension expenses	52	48
	9,959	10,146

	2018	2017
Average number of employees		
North America		
Production/Supply Chain	28	21
Research & Development	11	11
Sales & Service	77	77
General Administration	27	27
Management	4	5
Europe		
Production/Supply Chain	12	13
Research & Development	7	6
Sales & Service	5	2
General Administration	7	7
Management	2	1
Total	180	170

Notes to Consolidated Financial Statements for the year ended 31 December

(9) Employee benefit expense (continued)

Remuneration of the Management Board

The remuneration of the Management Board charged to the result in 2018 was €624,000 (2017: €742,000) and can be specified as follows:

(in thousands of euros)	Salary/fee	Social cost	Pension	Total
2018				
B. Santchurn	481	26	3	510
C. Crepet	11	-	-	11
G. Garvey	51	-	-	51
T.J.M. Stalenhoef	42	-	-	42
G. Lefebvre	10	-	-	10
A. Bouri	-	-	-	-
D. D'Addario	-	-	-	-
Total	595	26	3	624
2017*				
B. Santchurn	593	25	3	621
C. Crepet	10	-	-	10
G. Garvey	59	-	-	59
T.J.M. Stalenhoef	42	-	-	42
G. Lefebvre	10	-	-	10
A. Bouri	-	-	-	-
D. D'Addario	-	-	-	-
Total	714	25	3	742

* Some numbers have been restated for comparative purposes.

A loan to Mr. Christian Crepet, a director, of €20,000 given in 2012 with a balance of €11,000 on 31 December 2017 has been repaid with interest at euribor plus 1%, during 31 December 2018. A. Bouri, the majority shareholder, received €3,000 (2017: €3,000) as interest on the loan due him from the company.

(10) Financial expense and income

The financial expense and income are fully in respect of borrowings.

Notes to Consolidated Financial Statements for the year ended 31 December

(11) Income taxes

Effective tax rate

Envipco operates in several jurisdictions with varied local statutory income tax rates. This causes a difference between the average statutory income tax rate and The Netherlands tax rate of 25%. The following table reconciles income taxes based on the Group's weighted average statutory income tax rate and the Group's income tax benefit from continuing operations:

Reconciliation between the company's effective tax rate and the statutory income tax rate in The Netherlands, which currently is 25%, can be specified as follows:

	2018		2017
	€'000		€'000
Profit/(loss) before tax	1,919		662
Taxation (charge)/credit - statutory rate	25% (480)	25%	(165)
Tax (charge) credit for different statutory tax rates on foreign subsidiaries	-		-
Effect of unused losses for which no deferred tax asset has been recognised	480		165
Effect of derecognising deferred tax asset for which previously no tax has been recognised (USA)	(65)		(3,201)
Effective income tax	-3% (65)	-483%	(3,201)

None of the items of other comprehensive income is included in income taxes. See note 16.

Current and deferred tax income/ (expense)

	2018	2018	2017	2017
	€'000	€'000	€'000	€'000
	This Period	Total	This period	Total
Current				
- USA	(65)	(65)	(3,201)	(3,201)
- Netherlands	-	-	-	-
Total	(65)	(65)	(3,201)	(3,201)

The deferred tax income was favourably impacted by a credit of approximately €0.49m in 2018 due to tax legislation introduced in the USA but no adjustment was made as it was immaterial, and an unfavourable charge of approximately €3.20m in 2017 by tax loss carry-forwards resulting from expected profits in future years of a Group's US subsidiary.

(11) Income taxes (continued)

Available tax losses totaling €25,525,000 (2017: €32,531,000), expire as follows: €484,000 in 2019, €4,386,000 in 2020, €2,703,000 in 2021, €3,530,000 in the years 2022, €9,259,000 from 2023 through 2031, €2,281,000 in 2034 and €2,882,000 in 2035. Tax losses where no deferred tax has been recognised amounted to €16,572,000. The US subsidiary has substantial NOLs, but its anticipated profits over the next 3 years is not sufficient to absorb all of the NOLs at a tax rate of 21%. The remainder of the NOLs remain with the Parent company, which is not a profit centre. As such the Parent's NOLs cannot be utilised to record a Deferred Tax Asset.

(12) Earnings per share

The numerator for both basic and fully diluted net result per ordinary share (earnings per share or EPS) is net result attributable to holders of ordinary shares. The denominator for basic EPS is the number of ordinary shares outstanding during the year, excluding ordinary shares held as treasury shares. The fully diluted EPS is same as the basic EPS.

The net result per ordinary share has been calculated according to the following schedule:

	2018 €'000	2017 €'000
	Total Operations	Total Operations
Numerator		
Earnings/(loss) used in basic and diluted EPS	1,854	(2,539)
Denominator		
	'000	'000
Weighted average number of shares used in basic and diluted EPS	3,982	3,655

Basic and diluted earnings per share for 2018 have been calculated using the weighted-average number of current ordinary shares of 3,981,744 and 3,655,315 for 2017.

**Notes to Consolidated Financial Statements
for the year ended 31 December**

(13) Intangible assets

(in thousands of euros)

	Goodwill	Patents, licenses & concessions	Development costs	Total
At 1 January 2017				
Cost	169	866	7,149	8,184
Accumulated amortization	-	(617)	(2,533)	(3,150)
Net carrying amount	169	249	4,616	5,034
Changes to net carrying amount in 2017				
Additions	-	129	1,255	1,384
Disposals	-	(15)	-	(15)
Amortisation	-	(66)	(766)	(832)
Currency translation differences	(21)	(2)	-	(23)
Total changes in 2017	(21)	46	489	514
At 31 December 2017				
Cost	148	978	8,404	9,530
Accumulated amortisation and impairment	-	(683)	(3,299)	(3,982)
Net carrying amount	148	295	5,105	5,548
Changes to net carrying amount in 2018				
Additions	-	87	1,401	1,488
Disposals	-	(3)	-	(3)
Amortisation	-	(74)	(977)	(1,051)
Currency translation differences	7	27	-	34
Total changes in 2018	7	37	424	468
At 31 December 2018				
Cost	155	1,089	9,805	11,049
Accumulated amortisation and impairment	-	(757)	(4,276)	(5,033)
Net carrying amount	155	332	5,529	6,016

(13) Intangible assets (continued)

Goodwill

No impairment charges were recognised on any goodwill during the period. All goodwill as per 31 December 2018 and 2017 relates to goodwill of one Cash Generating Unit in the RVM segment, which was tested for any impairment, based on its value in use, by using present value of discrete cash flows for next three years and the present value of the terminal cash flow with the following assumptions: cost of capital 10.81%, working capital requirement 10% of revenue and terminal cash flow growth rate of 2.5%. Recoverable amount of goodwill is €2,795,000.

Patents, licenses & concessions

All concessions are being amortised with a useful life of 7 years.

Development costs

All capitalised development costs relate to internally developed assets in respect of new product range namely Quantum Indoor, e-Portal, Quantum Modular and New Recognition Systems for the existing and new markets. All materials, labour and overhead costs directly attributable to these projects have been capitalised. €1,401,000 (2017: €1,255,000) of the development costs was capitalised in 2018. Fully developed assets are amortised over their expected useful lives, which is 7 years, evaluated on a periodic basis. The largest individual asset included in the development cost has a book value of €1,240,000 (2017: €1,567,000). Management reviewed the capitalised development costs as of 31 December 2018 and decided that no impairment was necessary.

Key projects under development during 2018 included New Recognition System-Single Feed, Quantum Modular Core and the e-Portal New Reward Platform/e-Port.

Notes to Consolidated Financial Statements for the year ended 31 December

(14) Property, plant and equipment

(in thousands of euros)

At 1 January 2017

	Reverse Vending machines	Land & Buildings	Plant & Machinery	Vehicles & equipment	Total
Cost	21,154	2,584	766	1,165	25,669
Accumulated depreciation	(12,900)	(666)	(364)	(697)	(14,627)
Net carrying amount	8,254	1,918	402	468	11,042

Changes to net carrying amount in 2017

Additions	2,477	17	43	63	2,600
Disposals/transfers to inventory	(598)	-	-	(27)	(625)
Depreciation	(2,188)	(57)	(141)	(108)	(2,494)
Currency translation	(1,000)	(249)	(7)	(83)	(1,339)
Reclassification cost	-	(272)	(126)	164	(234)
Reclassification depreciation	-	272	126	(164)	234
Total changes in 2017	(1,309)	(289)	(105)	(155)	(1,858)

At 31 December 2017

Cost	22,033	2,080	676	1,282	26,071
Accumulated depreciation	(15,088)	(451)	(379)	(969)	(16,887)
Net carrying amount	6,945	1,629	297	313	9,184

Changes to net carrying amount in 2018

Additions	2,089	-	97	121	2,307
Disposals/transfers to inventory	(422)	-	6	(15)	(431)
Depreciation	(2,026)	(55)	(132)	(102)	(2,315)
Currency translation	320	76	(4)	27	419
Reclassification cost	-	-	-	-	-
Reclassification depreciation	-	-	-	-	-
Total changes in 2018	(39)	21	(33)	31	(20)

At 31 December 2018

Cost	24,020	2,156	775	1,415	28,366
Accumulated depreciation	(17,114)	(506)	(511)	(1,071)	(19,202)
Net carrying amount	6,906	1,650	264	344	9,164

**Notes to Consolidated Financial Statements
for the year ended 31 December**

(15) Financial assets	2018 €'000	2017 €'000
Schedule of movement of deposits with vendors		
At beginning of year	72	-
Additions	277	219
Releases	-	(147)
At 31 December	349	72

(16) Deferred tax assets	2017 €'000	2017 €'000	2017 €'000	2017 €'000	2017 €'000
				(Charge)/ credit profit & loss	(Charge)/ credit Equity
	Asset	Liability	Net		
Recognised tax asset for unused losses	1,737	-	1,737	(3,201)	-
At 31 December	1,737	-	1,737	(3,201)	-
	2018 €'000	2018 €'000	2018 €'000	2018 €'000	2018 €'000
				(Charge)/ credit profit & loss	(Charge)/ credit Equity
	Asset	Liability	Net		
Recognised tax assets for unused losses	1,819	-	1,819	(65)	-
At 31 December	1,819	-	1,819	(65)	-

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same fiscal authority.

One of the Group subsidiaries has not recognised additional deferred tax assets of approximately €0.49m in 2018 based on its next three year's projected profits of €8.95m. Consequently, it will have remaining tax losses of €16.57m where no deferred tax has been recognised. An exchange difference of €82 explains the change in Deferred Tax Asset recognised from 2017 to 2018.

(16) Deferred tax assets (continued)

Overview of changes in tax losses

Current and deferred tax income/ (expense)

	2018	2018	2017	2017
	€'000	€'000	€'000	€'000
	This Period	Total	This period	Total
Current				
- USA	(65)	(65)	(3,201)	(3,201)
Total	(65)	(65)	(3,201)	(3,201)

The deferred tax expense was recognized during the year due to the tax rate change and re-evaluation of future profits of a Group's subsidiary.

(17) Inventory

	2018	2017
	€'000	€'000
Finished goods	1,803	1,524
Raw material and parts	8,004	7,219
Work in process	477	-
Provision for obsolescence	(1,759)	(1,699)
	8,525	7,044

In 2018 inventory usage amounting to €12,879,000 (2017: €13,369,000) has been included in the cost of revenue.

Finished goods are valued at lower of cost and net realisable value. Cost includes material cost, direct labour and overheads. Raw material and parts are valued at lower of cost and net realisable value. Cost includes purchase cost and cost of bringing the part to its present location. Work in progress is valued including direct material cost and a proportion of direct labour and overheads.

Estimates of net realisable value of inventory are based on the most reliable evidence available at the time the estimates are made. The carrying amount of the inventory carried at fair value less costs to sell is nil. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. As such estimates are continuously evaluated and it is common that in the normal course of business, circumstances that previously caused inventories to be written down below cost no longer exist resulting in reversals of write-downs.

**Notes to Consolidated Financial Statements
for the year ended 31 December**

(17) Inventory (continued)

Schedule of movement of provision for obsolescence	2018	2017
	€'000	€'000
At beginning of period	1,699	1,783
Release of provision	(20)	(229)
Exchange gains/(losses)	80	145
At end of period	1,759	1,699

The increase/ (decrease) in provisions relating to raw materials is effected through cost of revenue. Total book value of items included in the provision is €3,518,000 (2017: €3,398,000).

(18) Trade and other receivables

	2018	2017
	€'000	€'000
Trade receivables	8,843	7,861
Other receivables	285	646
Prepaid expenses	129	479
Loan receivable – affiliate	764	691
Trade and other receivables	10,021	9,677

A loan to an affiliate under common control of the majority shareholder is due as of 31 December 2018 of €764,000 (2017: €691,000) and is repayable without interest or a fixed maturity period.

Estimates of the recoverability of trade receivables are based on the most reliable evidence available at the time the estimates are made. As these estimates are continuously evaluated, it is common that in the normal course of business, circumstances that previously caused trade receivables to be impaired no longer exist resulting in reversals of impairment charges. Trade receivables are shown net of bad debt provisions of €777,000 and €600,000 at the end of years 2018 and 2017 respectively.

Schedule of movement of bad debts	2018	2017
	€'000	€'000
At beginning of period	600	369
Additions	102	276
Release of provision	(117)	-
Translation adjustment	192	(45)
At end of period	777	600

Notes to Consolidated Financial Statements for the year ended 31 December

(19) Cash and cash equivalents

	2018	2017
	€'000	€'000
Cash at bank and in hand	4,107	1,788
Cash and cash equivalents	4,107	1,788

(20) Shareholders' equity

Share Capital

Authorised and Issued Share Capital

	2018 Ordinary Shares	2017 Ordinary Shares
Number of authorised shares	8,000,000	8,000,000
Authorised share capital	€ 4,000,000	€ 4,000,000
Number of outstanding shares on 1 Jan	3,837,607	3,837,607
Number of shares on 31 Dec	4,097,607	3,837,607
Issued share capital	€ 2,048,803.50	€ 1,918,803.50
Nominal value	€ 0.50	€ 0.50

During the year the Company issued 260,000 ordinary shares via private placement. Stichting Employees Envipco Holding held 240,000 treasury shares of the Company at a nominal value of €0.50, which were sold during 2017. There is one vote for each ordinary share.

Share premium reserve

For full detailed movements in share premium reserve please refer to the consolidated statement of changes in equity on Page 23.

Legal reserve

Movement in legal reserve is in respect of the capitalised development costs per note D of the notes to the Company Only Financial Statements.

Retained earnings

At the Company's Annual General Meeting of the Shareholders it will be proposed to include the 2018 net result to retained earnings.

Notes to Consolidated Financial Statements for the year ended 31 December

(20) Shareholders' equity (continued)

Translation reserve

Group entities, whose functional currency is other than Euro, the Group's reporting currency, are translated using closing rates for balance sheets and average rates for income statements. The resulting difference is recognised as translation reserve in equity and is non-distributable.

(21) Non-current liabilities

	2018 €'000	2017 €'000
Borrowings	3,014	4,142
	2018 €'000	2017 €'000
Other liabilities	220	217
	220	217

Other liabilities include a loan of Stichting Employees Envipco Holding of €120,000 (2017: €120,000).

Borrowings

	2018 €'000	2017 €'000
Environmental Products Corporation (EPC) has borrowing facility from a third party lender for \$11,415,000 of which a maximum of \$3,000,000 as a line of credit (LOC) is capped based on eligible accounts receivables and is repayable after 2 years with interest and \$2,175, 000 as a Term Loan, repayable within 4 years with interest at FHLB classic rate plus 2.5% and \$2,240,000 as a Mortgage facility, repayable (based on a 20 year amortisation) within 10 years including interest at 5.50% with a balloon payment in year 2024. A new loan of \$4,000,000 was secured in May 2017 repayable over 4 years with interest at FHLB 48/48 amortizing rate plus 2%. The LOC is renewable annually for a term 2 years. These loans are collateralised by a fixed and floating charge on all assets of EPC and guaranteed by the Company. Net borrowing costs deducted is €4,000 (2017: €17,000).	3,014	4,142
Total	3,014	4,142

The debt covenants for the USA subsidiaries have been met during the year and in 2017. Total debt repayable inclusive of borrowing costs of €4,000 (2017: €17,000) is €4,438,000 (2017: €5,515,000).

Notes to Consolidated Financial Statements for the year ended 31 December

(21) Non-current liabilities (continued)

Future payments under long term borrowings	2018	2017
	€'000	€'000
Current	1,420	1,356
Due between 1 to 5 years	3,014	4,142
> 5 years	-	-
Total borrowings	4,434	5,498

Schedule of movement	2018	2017
	€'000	€'000
At beginning of period	5,498	7,238
Increase	-	3,548
(Decrease)	(1,359)	(4,447)
Translation effect	295	(841)
At end of period	4,434	5,498

(22) Provisions

	2018	2017
	€'000	€'000
Warranty provisions	77	236
	77	236

Movement of warranty provisions

These are required by our German subsidiary for warranty for the repair and maintenance of compactor sales and are adequate for expected usage.

	2018	2017
	€'000	€'000
Beginning of period	236	267
Additions	24	-
Releases	(183)	(31)
End of period	77	236

(23) Employee benefit plans

Group companies provide pension benefits for their employees. The way these benefits are provided varies according to the legal, fiscal and economic conditions of each country. Such benefits are provided under defined contribution plans. For the year ended 31 December 2018, expenses relating to defined contribution plans amounted to €52,000 (2017: €48,000).

Notes to Consolidated Financial Statements for the year ended 31 December

(24) Accrued expenses

	2018	2017
	€'000	€'000
Payroll and vacation accruals	348	560
Other accrued expenses	2,206	1,195
	2,554	1,755

(25) Commitments and contingencies

The future minimum lease payments under non-cancellable operating leases as of 31 December 2018 and 2017 were as follows:

	2018	2017
	€'000	€'000
Current	369	443
Between 2 to 5 years	970	739
	1,339	1,182

The leases relate to plant and equipment, office machines and vehicles. Rent expenses for the year ended 31 December 2018 were approximately €553,000 (2017: €569,000).

The future minimum lease payments receivable under non-cancellable RVM operating leases as of 31 December 2018 and 2017 were as follows:

	2018	2017
	€'000	€'000
Current	2,823	2,898
Between 2 to 5 years	4,033	5,705
	6,856	8,603

Lease revenues from RVMs for the year ended 31 December 2018 were approximately €3,928,000 (2017: €4,030,000).

Legal proceedings

Several Group companies are parties to various legal activities which are incidental to the conduct of their businesses.

During April 2016, Envipco was granted a patent by the German patent office after filing for a utility model in 2007. This specific IP covers a method for how security labels are created and interpreted; which we believe is being allegedly used by several parties in Germany in compliance with the German deposit system. Envipco is currently seeking enforcement proceedings against potential infringers.

(26) Related party transactions

Transactions and relations with an affiliate are explained in note 18. €3,000 of interest was charged to the income statement on the average outstanding loans payable in 2018 with interest at euribor plus 2% (2017: €3,000) to Mr. Alexandre Bouri, the majority shareholder. A payable to Mr. Bouri at year end was €100,000 (2017: €97,000). The balance receivable at year end from an affiliate under common control of the majority shareholder was €764,000 (2017: €691,000) with no interest or a fixed maturity period.

The key management personnel comprised of the Management Board (refer to Note 9 for further details regarding transactions with related parties as well). A loan was granted to Mr. Christian Crepet, a director, in 2012 for €20,000 with a balance of €11,000 was repaid with interest at euribor plus 1% during the year ended 31 December 2018.

Group companies enter into transactions with each other in the normal course of business. These transactions are eliminated in consolidation. Net research and development costs invoiced by Germany was €764,000 and USA was €637,000 (2017: Germany - €714,000 and USA - €541,000) to the Holding company, which was capitalised. R&D expensed by the US and German subsidiaries were €801,000 (2017: €1,455,000). The Group companies charge interest on intercompany loans. No interest is charged on the intercompany current account balances. The Holding Company also charges a management fee to its subsidiaries. Please refer to note Q of the Company Only Financial Statements for details of management fee and royalty fee.

The Holding company provided a Guarantee of \$11,415,000 in 2018 and \$11,740,000 2017 to the USA subsidiary's lender, TD Bank N.A., for the credit facilities.

The Company received funds during the year of €1,550,000 from one its US subsidiaries as return of capital.

The Group companies had the following intra-group transactions:

	2018	2017
	€'000	€'000
Goods and services	6,384	8,006
Other charges and services	1,180	1,153
Research and development	1,401	1,427
	8,965	10,586

Joint operation

Environmental Products Corporation (EPC), a US subsidiary, executed an agreement on 22 December 2009 for the evaluation and pilot of innovative recycling concepts in selected US non-deposit markets. The pilot employs new proprietary technology developed by Envipco for large scale collection of PET and aluminum beverage containers. According to IFRS11, the investment has been treated as a joint operation. The pilot was closed in 2015. The Group's share of the assets and liabilities at the balance sheet date amounted to €24,000 (2017: €23,000) having recognised 50% share of the remaining intangibles i.e. reimagine trademark.

Post balance sheet events

There are no post balance sheet events.

Significant non-cash transactions

There were no non-cash transactions other than depreciation and amortisation. See note 25 for commitments and contingencies, which are non-cash transactions.

Separate Company Balance Sheet at 31 December After Appropriation of Result

(in thousands of euros)

	Note	2018	2017
Assets			
Fixed assets			
Intangible assets	(D)	5,777	5,336
Investment in subsidiaries	(E)/(J)	18,381	14,903
Loans to group companies	(F)	2,585	1,627
		26,743	21,866
Current assets			
Receivables	(G)	831	876
Cash and cash equivalents	(H)	1,476	295
		2,307	1,171
Total assets		29,050	23,037
Equity and liabilities			
Shareholders' equity			
	(I)		
Share capital		2,049	1,919
Share premium		51,874	49,718
Legal reserve		5,529	5,104
Retained earnings		(37,318)	(39,157)
Translation reserve		3,838	3,019
		25,972	20,603
Non-current liabilities			
Loans from group companies	(K)	1,397	451
Other non-current liabilities	(L)	807	1,240
Current liabilities			
Creditors and other liabilities		874	743
Total equity and liabilities		29,050	23,037

Separate Company Income Statement for the year ended 31 December

(in thousands of euro)

	Note	2018	2017
Revenues		-	-
Cost of revenue		-	-
Gross profit		-	-
Operating expenses	(M)	(2,067)	(2,890)
Other operating income	(N)	1,180	1,424
Operating result		(887)	(1,466)
Financial expenses		(3)	(3)
Financial income		3	3
Exchange gains/(losses)		3	158
Financial gains and losses	(O)	3	158
Results before tax		(884)	(1,308)
Tax on result from ordinary activities	(P)	-	-
Share of result from participating interests	(Q)	2,732	(1,231)
Net result		1,848	(2,539)

(A) General information**Accounting principles used to prepare separate Company financial statements**

The Company financial statements have been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code. In accordance with Article 2:362 subsection 8 of the Civil Code, the Company has elected to apply the valuation of the accounting policies used in the consolidated financial statements to the separate Company financial statements. All amounts are in thousands of euros unless stated otherwise.

In addition, Consolidated Group companies (financial fixed assets) are valued based on their net equity, determined using the Group accounting policies. In case the net equity of a Group company is negative, the Company records a provision for as far as the Company assesses that it has a legal or constructive obligation to reimburse the Group companies' losses. This provision shall be deducted from receivables of the Group company if these receivables are part of the net investment in the Group company.

(B) Composition of shareholders' equity

Refer to Note I Shareholders' equity of the separate Company financial statements.

(C) Remuneration of the Management Board

The remuneration of the Management Board charged to the result in 2018 was €624,000 (2017: €742,000) and can be specified as follows:

(in thousands of euros)	Salary/fee	Social cost	Pension	Total
2018				
B. Santchurn	481	26	3	510
C. Crepet	11	-	-	11
G. Garvey	51	-	-	51
T.J.M. Stalenhoef	42	-	-	42
G. Lefebvre	10	-	-	10
A. Bouri	-	-	-	-
D. D'Addario	-	-	-	-
Total	595	26	3	624
2017*				
B. Santchurn	593	25	3	621
C. Crepet	10	-	-	10
G. Garvey	59	-	-	59
T.J.M. Stalenhoef	42	-	-	42
G. Lefebvre	10	-	-	10
A. Bouri	-	-	-	-
D. D'Addario	-	-	-	-
Total	714	25	3	742

* Some numbers have been restated for comparative purposes.

(C) Remuneration of the Management Board (continued)

The Company has no formal bonus arrangements in place; granting bonuses for Board members is at the discretion of the Board of Directors on an ad hoc basis. A loan to Mr. Christian Crepet, a director of €20,000. Please see Note G for details.

(D) Intangible assets

(in thousands of euros)

	Patents & licenses	Development costs	Total
At 1 January 2017			
Cost	866	7,149	8,015
Accumulated amortisation and impairment	(617)	(2,533)	(3,150)
Net carrying amount	249	4,616	4,865
Changes to net carrying amount in 2017			
Additions	34	1,255	1,289
Amortisation	(52)	(766)	(818)
Total changes in 2017	(18)	489	471
At 31 December 2017			
Cost	900	8,404	9,304
Accumulated amortisation and impairment	(669)	(3,299)	(3,968)
Net carrying amount	231	5,105	5,336
Changes to net carrying amount in 2018			
Additions	68	1,401	1,469
Amortisation	(51)	(977)	(1,028)
Total changes in 2018	17	424	441
At 31 December 2018			
Cost	968	9,805	10,773
Accumulated amortisation and impairment	(720)	(4,276)	(4,996)
Net carrying amount	248	5,529	5,777

(D) Intangible assets (continued)**Research and developments costs**

During the year research and development costs of €801,000 (2017: €1,455,000) incurred by the Company's US and German subsidiaries have been expensed.

Development costs

Major projects capitalised during the year included New Recognition Systems – Single Feed €510,000 (2017: €3,000), Modular and Modular Core €783,000 (2017: €410,000) and e-Port & New Reward Platform and e-Portal €65,000 (2017: €301,000). See also note 13 for capitalised development costs of the Company. Management reviewed the capitalised development costs as of 31 December 2018 and determined that no impairment was necessary.

(E) Investment in subsidiaries

	2018 €'000	2017 €'000
At beginning of year	14,903	19,259
Investments / Return of capital	(1,550)	(1,103)
Results of the group companies for the year	2,732	(1,231)
Exchange differences	819	(2,279)
Increase of loans in subsidiaries	1,477	257
At end of year	18,381	14,903

The above assets relate to the investments in Group companies.

(F) Loans to group companies

	2018 €'000	2017 €'000
At beginning of year	1,627	694
Additions	958	933
At end of year	2,585	1,627

(G) Receivables

	2018 €'000	2017 €'000
At beginning of year	876	866
Additions	-	21
Repayments	(45)	(11)
At end of year	831	876

(G) Receivables (continued)

The receivables include a loan to Mr. Christian Crepet, a director, of €20,000 with a balance €11,000, given in 2012 was repaid with interest at euribor plus 1% during the year 31 December 2018. Also, during 2013 a loan of €80,000 (outstanding €85,000) was granted to a director of an affiliate, under common control, with interest at euribor plus 1% originally repayable on 30 June 2018. This has now been assigned to the same affiliate under common control as of 31 December 2018, €17,000 is in respect of VAT receivable (2017: €13,000), €7,000 is prepaid insurance and a loan to a German subsidiary employee of €50,000 (2017: €70,000) with interest at euribor plus 1% repayable within 5 years. In 2018, €20,000 of this loan was repaid. The balance is a loan receivable of €764,000 (2017: €691,000) from an affiliate under common control of the majority shareholder and is repayable without interest or a fixed maturity date for repayment. A receivable from an affiliate in 2016 of €5,000 was extinguished in 2017.

(H) Cash and cash equivalents

	2018 €'000	2017 €'000
Cash at bank and in hand	1,476	295
Cash and cash equivalents	1,476	295

(I) Shareholders' equity

At the General Meeting of the Shareholders, the Company's shareholders approved that the 2017 net results of the Company be transferred to the retained earnings.

Refer to Consolidated statement of changes in equity (page 23) and note 20 Shareholders' equity of the Company's consolidated financial statements for further information regarding the Company's shareholders' equity. Transactions and relations with the shareholders included €3,000 (2017: €3,000) of interest charged to the income statement on the average outstanding loans payable in 2017 with interest at euribor plus 2% to Mr. Alexandre Bouri, the majority shareholder. The balance payable at year end is €100,000 (2017: €97,000).

According to Book 2 of the Netherlands Civil Code, the Company is required to restrict part of its equity from distribution to shareholders, by forming a legal reserve equal to the amount it has capitalised for development costs. The equity enclosed in this legal reserve is not at the disposal of the General Meeting of Shareholders. Therefore, this amount cannot be distributed to shareholders until the capitalised development costs have been recognised in the profit and loss account. The capitalised development costs as at 31 December 2018 amounted to €5,529,000 (2017: €5,105,000). A legal reserve equaling these amounts has been created in both the years by decreasing the share premium reserve with these respective amounts. In the consolidated statement of changes in equity and note 20 of the consolidated financial statements the legal reserve is included in the share premium reserve.

(J) Subsidiaries and affiliates of Envipco

The company has the following subsidiaries:

Envipco (UK) Limited – London, United Kingdom – 100%
 Envipco Automaten GmbH, Westerkappeln, Germany – 100%
 Envipco Pickup & Processing Services Inc., Delaware, U.S.A. – 99.85%
 Environmental Products Corporation, Delaware, U.S.A. – 99.85%
 Environmental Products Recycling Inc., Delaware, U.S.A. – 99.85%
 Envipco A.S., Oslo, Norway – 100%
 Envipco N.D. Inc., Delaware, U.S.A. – 99.85%
 Envipco Sweden A.B., Borlange, Sweden – 100%
 Envipco Hellas SA, Athens, Greece – 100%
 Envipco France SA, Paris, France – 100%
 Envipco Solutions SRL, Alba Iulia, Romania – 100%

(K) Loans from group companies

	2018	2017
	€'000	€'000
At beginning of year	451	742
Additions	946	-
Repayments	-	(291)
At end of year	1.397	451

There are no intercompany loan agreements and hence no interest is charged on outstanding balances for the years 2018 and 2017 nor is there a definite repayment period for them.

(L) Non-current liabilities

	2018	2017
	€'000	€'000
Provision against investments	587	1,023
Other liabilities	220	217
	807	1,240

Refer to note 26 of the consolidated financial statements for transactions with related parties. There are no contingencies. See also transactions with related parties on page 72 for US bank Guarantee. The Company will extend any support to Envipco Germany to meet its funding requirements for 2019, as it has done in during the year.

(M) Operating expenses

During the year operating expenses of €2,067,000 (2017: €2,890,000) were incurred. This included amortisation cost of €1,028,000 (2017: €818,000), legal expenses of €541,000 (2017: €577,000), research and development expenses of €62,000 (2017: €1,004,000) and the balance was on account of compliance costs of the company, including the following:

	2018	2017
	€'000	€'000
Wages & salaries		
Wages and salaries	42	42
	42	42

Average number of employees

During the 2018 financial year the average number of staff employed in the Company converted to equivalents, amounted to 1 person (2017: 1 person)

The staffing level (average number of staff) can be divided into the following staff categories:

	2018	2017
General and administrative	1	1
Total number of employees	1	1

Depreciation and amortisation of tangible and intangible fixed assets

	2018	2017
	€'000	€'000
Amortisation of intangible fixed assets	1,028	818
	1,028	818

Other operating expenses

	2018	2017
	€'000	€'000
Legal charges	541	577
Research and development expenses*	62	1,004
Compliance and other costs	289	348
	892	1,929

*Research and development expenses transferred by the German subsidiary were considerably lower compared to the previous year.

(M) Operating expenses (continued)**Auditor's fees**

The fees charges by the auditor's organisation as well as by Grant Thornton Accountants en Adviseurs B.V., responsible for auditing the financial statements, can be specified as follows:

	2018	2017
	€'000	€'000
Audit of the financial statements	105	101
	105	101

(N) Other operating revenue

	2018	2017
	€'000	€'000
Management fee	590	575
Royalty fee	590	578
Other revenue	-	271
	1,180	1,424

(O) Financial income and expense

	2018	2017
	€'000	€'000
Interest and similar expenses	(3)	(3)
Interest and similar income	3	3
Exchange gains/(losses)	3	158
	3	158

(P) Tax on result from ordinary (business) activities

The tax on the result from ordinary activities, amounting to a credit of €0 (2017: €0) can be specified as follows:

	2018	2017
	€'000	€'000
Result from ordinary business activities	1,919	662
Result before taxes	1.919	662
Income tax using the appropriate tax rate in the Netherlands @ 25%	(480)	(165)
Tax effect of : Recognition of previously not recognised losses	480	165
Effective taxes	-	-

(Q) Result of participations

	2018	2017
	€'000	€'000
Environmental Product Corporation, USA and Subsidiaries	3,879	21
Envipco Automaten GmbH	(1,060)	(1,274)
Envipco Sweden AB	131	29
Envipco Hellas SA	107	-
Envipco France SA	(5)	-
Envipco AS, Norway	(3)	(4)
Envipco (UK) Limited	(317)	(3)
	2,732	(1,231)

Transactions with related parties

Transactions and relations with the shareholders and affiliates are explained in notes 18 and 26 of the consolidated financial statements. €3,000 of interest was charged to the income statement on the average outstanding loans payable in 2018 with interest at euribor plus 2% (2017: €3,000) to Mr. Alexandre Bouri, the majority shareholder. A payable to Mr. Bouri at year end was the €100,000 (2017: €97,000). The balance receivable at year end from an affiliate under common control of the majority shareholder was €764,000 (2017: €691,000) and is repayable without interest or a fixed maturity period.

The key management personnel comprised of the Management Board (refer to Note 9 of the consolidated financial statements for further details). A loan was granted to Mr. Christian Crepet, a director, in 2012 for €20,000 with a balance of €11,000 was repaid with interest at euribor plus 1% during 31 December 2018. Group companies enter into transactions with each other in the normal course of business. These transactions are eliminated in consolidation. Net research and development costs invoiced by Germany and USA were €1,401,000 (2017: €1,255,000) to the Holding company. R&D expensed by the US and German subsidiaries were €801,000 (2017: €1,455,000). The Group companies charge interest on intercompany loans. No interest is charged on the intercompany current account balances. The Holding Company also charges a management fee to its subsidiaries. During the year 2018 the Company received funds of €1,550,000 from one its US subsidiaries as return of capital.

The Holding company provided a Guarantee of \$11,415,000 and \$11,740,000 in 2018 and 2017 respectively to the USA subsidiary's lender, TD Bank N.A., for the credit facilities.

The Group companies had the following intra-group transactions:

	2018	2017
	€'000	€'000
Goods and services	6,384	8,006
Other charges and services	1,180	1,153
Research and development	1,401	1,427
	8,965	10,586

Post balance sheet events

There are no post balance sheet events.

Appropriation of result for the financial year 2017

The annual report 2017 was determined in the General Meeting of Shareholders held on 26 June 2018. The General Meeting of Shareholders has determined the appropriation of result in accordance with the proposal being made to that end.

Dividend distributions

Dividend distributions may only be paid out of the profit and equity as shown in the separate Company financial statements adopted by the General Meeting of Shareholders. Dividends may not be paid if the distribution would reduce shareholders' equity below the sum of the paid up and called up part of the issued share capital and any reserves which must be retained according to Dutch law or the Company's Articles of Association.

The Board of Management proposes the amount that shall be reserved from the profits as disclosed in the adopted annual accounts.

Proposed appropriation of profit for the financial year 2018

The Board of Directors proposes that the profit for the financial year 2018 amounting to €1,848,000 will be added to the retained earnings. The financial statements do reflect this proposal.

Amersfoort, 26 April 2019

w.s. Mr Gregory Garvey (Chairman)

w.s. Mr Alexandre Bouri

w.s. Mr Dick Stalenhoef

w.s. Mr Guy Lefebvre

w.s. Mr Bhajun Santchurn

w.s. Mr David D'Addario

w.s. Mr Christian Crépet

Statutory rules concerning appropriation of results

In Article 15 of the Company statutory regulations the following has been presented concerning the appropriation of result:

- 1 In the Company's books, a dividend reserve shall be maintained for each class of shares. These dividend reserves shall be designated as 'dividend reserve' followed by the letter corresponding with the relevant class of shares.
- 2 The Company may make distributions to shareholders and other persons entitled to distributable profits only to the extent that the shareholders' equity exceeds the sum of the paid and called-up part of the share capital and the reserves which must be maintained by law.
- 3 An amount equal to three percent of the average balance of the relevant dividend reserve over the relevant financial year, increased by the amounts withdrawn from the reserves pursuant to the provisions of paragraph 5 of this article, shall be retained from the profit as referred to in paragraph 2 of this article and added to each of the dividend reserves.
If the amount calculated as described above is larger than the available profit, the amounts to be added shall be decreased pro rata.
- 4 The profit that remains after applying the above shall be at the disposal of the General Meeting of Shareholders. If the General Meeting of Shareholders does not resolve to add the profit to the company's general reserve, the profit shall be added to the abovementioned dividend reserves pro rata to the nominal amount of the shares of the single class.
- 5 Losses shall be charged to the company's general reserve and, if and to the extent this reserve is insufficient, to the divided reserves pro rata to the nominal amount of the shares of the single class.
- 6 Each withdrawal from the dividend reserve pursuant to the provisions of the preceding paragraph must be compensated before any addition can be made to any dividend reserve pursuant to paragraph 4.
- 7 The General Meeting of Shareholders shall resolve to distribute such amounts on the shares corresponding with a particular dividend reserve as has been decided upon by the meeting of the holders of the single class of shares, up to the amount of the positive balance of that dividend reserve and if and to the extent the relevant dividend reserve is sufficient.
The General Meeting of Shareholders may only decide not to distribute the amounts referred to in the preceding sentence if and to the extent that it can be demonstrated and that the Company's liquidity position does not allow this.
- 8 The General Meeting of Shareholders is authorised to apply the dividend reserves for a different purpose after having obtained the prior approval of the all holders of shares of a particular class, on the understanding that the distribution shall be charged to the various reserves pro rata to the nominal amount of the shares of the relevant classes.
- 9 The Company may only make interim additions to the dividend reserves if the requirement in paragraph 2 has been met and provided that the prior approval of the General Meeting of Shareholders has been obtained.

Statutory rules concerning appropriation of results (continued)

- 10 No distribution shall be made in favour of the Company on shares acquired by the Company in its own capital for such shares.
- 11 Shares for shares on which, pursuant to the provisions of paragraph 7, no distribution is made in favour of the Company do not count for the purpose of calculating the profit appropriation.
- 12 The claim for payment of dividends shall lapse on the expiry of a period of five years.

Auditor's report

The auditor's report is set forth on the following page.

To: The shareholders and Board of Directors of
Envipco Holding N.V.

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INDEPENDENT AUDITOR'S REPORT

A. Report on the Audit of the Financial Statements 2018

Our opinion

We have audited the financial statements 2018 of Envipco Holding N.V., based in Amersfoort, as set out on pages 18 to 73. The financial statements comprise the consolidated financial statements and the company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Envipco Holding N.V. as at December 31, 2018, and of its result and its cash flows for 2018 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of Envipco Holding N.V. as at December 31, 2018 and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at December 31, 2018;
2. the following statements for 2018: the consolidated income statement, the consolidated statement of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company balance sheet as at December 31, 2018;
2. the company profit and loss account for 2018; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Envipco Holding N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 601.000. The materiality is based on 1.7% of the revenue which we consider to be one of the principal considerations for members of the company in assessing the financial performance of the group. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Board of Directors that misstatements in excess of € 30.000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Envipco Holding N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Envipco Holding N.V.

Our group audit mainly focused on significant group entities. We consider a component significant when:

- it is of individual financial significance to the group; or
- the component, due to its specific nature or circumstances, is likely to include significant risks of material misstatement, whether due to fraud or error of the group financial statements.

We have:

- performed audit procedures ourselves at group entity Envipco Holding N.V.;
- used the work of Grant Thornton component auditors in the United States of America, who are familiar with local laws and regulations, to perform full scope audit procedures on entities Environmental Products Corporation, Environmental Products Recycling Inc. and Envipco Pickup & Processing Services Inc.;
- performed review procedures or specific audit procedures at other group entities.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the consolidated financial statements as a whole. The group engagement team has visited the component teams.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Our audit strategy
<p><i>Revenue recognition</i></p> <p>Revenue recognition has been identified as a key audit matter. Envipco group has multiple revenue streams and there are industry specific risks related to revenue recognition.</p> <p>The unique nature of the key revenue earning business contains complexities which are inherent in the industry. These risk characteristics, in combination with the significance of revenue is the reason for identifying revenue recognition as a key audit matter.</p> <p>Refer to Note 2, revenue recognition of the financial statements for disclosure on the revenue.</p>	<p>The audit approach included, amongst others, considering the appropriateness of the group's revenue recognition policy, focusing on substantive procedures.</p> <p>We obtained an understanding of the policies and procedures applied to revenue recognition, as well as compliance therewith, including an analysis of the effectiveness of controls related to revenue recognition processes.</p> <p>Substantive procedures consisted of performing analytical review procedures, cut off procedures, transaction testing on a sample of revenue, review of subsequent cash receipts for the receivables and journal entry testing.</p> <p>The results of our procedures related to the accounting for revenue recognition are satisfactory. We consider the disclosure in note 2 of the financial statements as adequate.</p>

<p><i>Valuation of capitalized development costs</i> Intangible assets include capitalised development cost. The capitalisation of development costs is considered to be a key audit matter as the companies expectations on the development of distinctive products is highly judgemental and can differ from the market acceptance, resulting in development costs for certain projects not being recovered which can result in an impairment.</p> <p>The recoverability of the development costs is dependent on managements ability to generate sales on the developed products in the future and therefore need to be considered for impairment.</p> <p>Refer to note 13, Intangible assets of the financial statements for disclosure on the development costs.</p>	<p>The audit procedures included substantively testing of the additions to development costs to ensure that it is in line with the IAS38, Intangible assets.</p> <p>The audit procedures included consideration of whether the estimated useful lives remained appropriate and included challenging the reasonableness of the received forecasts from management in order to determine whether there was a triggering event for impairment.</p> <p>The results of our procedures related to the accounting for development costs are satisfactory. We consider the disclosures in note 13 of the financial statements as adequate.</p>
<p><i>Valuation of the inventory</i> Inventory is valued at the lower of cost and net realisable value.</p> <p>The valuation of inventory is considered to be a key audit matter due to the judgements and estimates in the calculation of the inventory provision, this includes determining the long aged inventory (specifically RVM's). The inventory for the RVM business comprises the majority of the Groups inventory.</p> <p>The disclosure note relating to the inventory valuation is included in note 17 of the financial statements.</p>	<p>The audit approach included substantive procedures on the inventory obsolescence comprising of specific testing on management methodology in determining the provision, inputs of the calculation and an analytical review on the inventory movements.</p> <p>The results of our procedures related to the valuation of inventory and the disclosures in note 17 are satisfactory.</p>

<p><i>Tax position</i></p> <p>Envipco has a significant deferred tax asset. The Group has international operations and in the normal course of business management makes judgements and estimates in relation to tax matters and exposures.</p> <p>The realisation of deferred tax assets is dependent on managements forecasts of future taxable income to set off this loss, therefore this is a key audit matter.</p> <p>The Group is operating in a number of tax jurisdictions and has exposure to the complexities of transfer pricing.</p> <p>The disclosure note relating to the tax position is included in notes 11 and 16 of the financial statements</p>	<p>The Company retained a tax advisor to assist with the computation of the tax position and offer tax advice. A tax comfort letter from was obtained from the tax advisor.</p> <p>Additionally, the component auditor tax specialists reviewed the tax comfort letter and audited the tax position. With regard to the companies deferred tax assets we evaluate the company's assumptions and estimates in relation to the likelihood of generating sufficient future taxable income based on the budgets.</p> <p>We assessed the adequacy of the income tax disclosures and consider the disclosures in note 11 and 16 of the financial statements in relation to the deferred tax assets as adequate.</p>
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B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the report of the Board of Directors;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code;

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the Board of Directors report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Report on other legal and regulatory requirements**Engagement**

We were engaged by the General Meeting of Shareholders of Envipco Holding N.V. on June 28, 2017, as the auditor for the year 2017 and have operated as statutory auditor since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

D. Description of responsibilities regarding the financial statements**Responsibilities of management and the Board of Directors for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Board of Directors is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect, we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the Board of Directors in accordance with Article 11 of the EU-Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, April 29, 2019

Grant Thornton Accountants en Adviseurs B.V.

drs. P.N. van Vuure RA



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