

# NYSE: ELA

“Re-commerce” leader  
enabling a better world  
via the circular economy.

Overview Document  
Developed July 2022



# Company Overview

Envela is the North American “re-commerce” leader. Our business promotes a better world by empowering both buyers and sellers to extend the useful life of specialty and durable goods. We seize retail, recycling, and reverse-logistics opportunities in supply chains to **benefit consumers and manufacturers alike.**

## Two Primary Business Segments:

- 01 Envela’s B2B portfolio (“ECHG”) re-commercializes consumer electronics and IT equipment and provides end-of-life recycling services for such products across a variety of industries.
- 02 Envela’s B2C portfolio (“DGSE”) offers preowned luxury hard assets and precious metals, including gold, silver and diamonds, through retail stores and online.

TICKER SYMBOL — NYSE AMERICAN: ELA

COMPANY HQ: IRVING, TEXAS

NUMBER OF EMPLOYEES: 256

ANNUAL REVENUE RUN RATE: \$171.8M

PRODUCT DE-MANUFACTURING

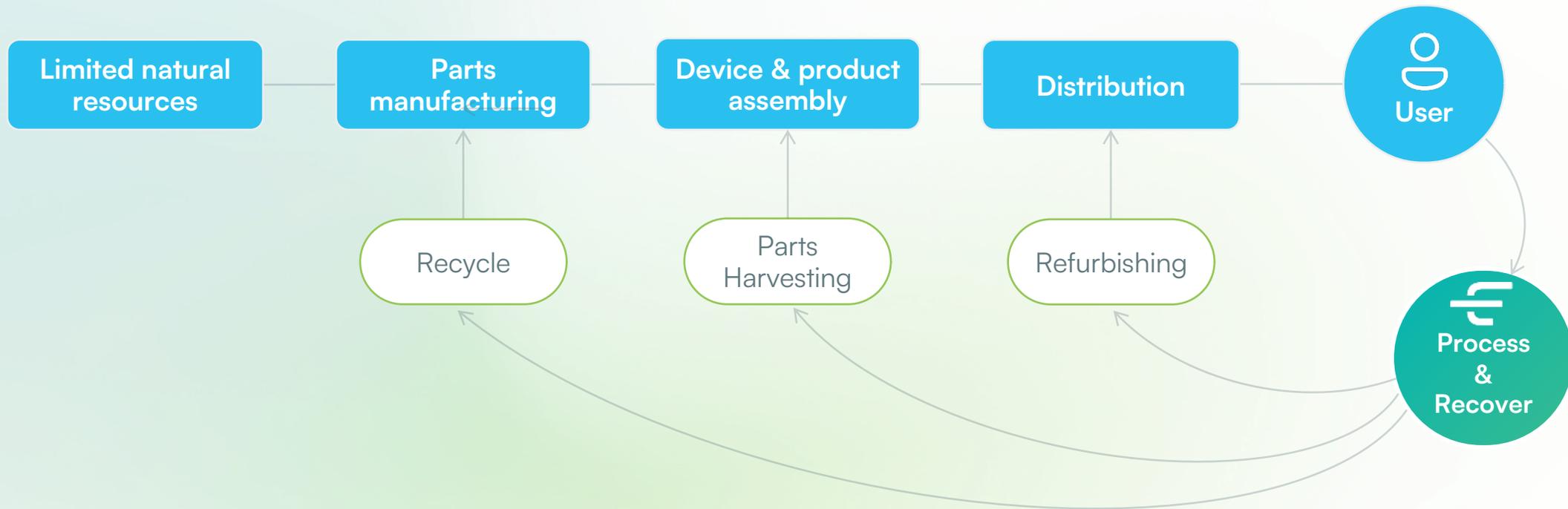
YEAR FOUNDED: 1965

RECEIVED 2021 VERIZON SUSTAINABILITY AWARD FOR EFFORTS WITH HIGH-PROFILE PARTNERS

A term coined by Forrester Research, “re-commerce” (or “reverse commerce”) is the process of reselling previously-owned products as whole goods, or recycling items’ components/ materials for reuse.

It is the foundation of the circular economy — an economic system aimed at eliminating waste and driving continued reuse of existing resources.

# Envela and its Subsidiaries Help enable the Circular Economy



# Investment Highlights

01.

The re-commerce sector is growing 4x faster than retail and is expected to accelerate after the coronavirus pandemic

02.

Two divisions that focus on the highest volume-to-value re-commerce products

03.

Robust network of partners to quickly sell valuable inventory to wholesale customers and third-party refiners

04.

Online and brick-and-mortar retail distribution expertise; experienced evaluators quickly and accurately assess re-commerce values

05.

Exposure to both B2C and B2B segments provides keen insight into market demand and pricing

06.

Knowledgeable management team with deep industry experience and expertise

# We reduce e-waste, accurately authenticate goods to mitigate loss and avoid counterfeits

## Electronic waste is likely the fastest-growing waste stream in the world

Estimated \$60 billion (50 million tons) of global electronic waste generated annually

Toxic chemicals from electronic waste (e.g., mercury, lead, beryllium, cadmium) are extremely harmful to people and surrounding environments

40% of toxic, heavy metals in landfills are from consumer electronics

74% of 18-29-year-olds favor sustainable/recycled/reused products

## Private, individual ownership of devices fragments electronic waste

Less than 20% of electronic waste is recycled (World Economic Forum, 2019 report)

Lack of proper recycling channels increases likelihood of improper disposal

## Knowledge and experience required to authenticate jewelry, avoid buying fakes

Fakes are getting better and more frequent as re-commerce market grows

Accurate authentication mitigates losses and prevents selling counterfeits to customers

## Most common re-commerce items

### Sold as whole goods

Cars      Electronics      Musical Instruments

Jewelry      Gym equipment

Clothing      Furniture

### Recycled for component resale or refining

Printer ink      Electronics (copper, metals, and REEs)

Jewelry (precious metals and gems)      Steel

# Envela's Re-commerce Solutions: Extract — Resell — Reuse

Envela operates at retail and wholesale levels, through distributors, resellers, dedicated stores and online.

All of Envela's business units have recognized multiple years of growth.

End-of-life recycling includes traditional recycling by waste-management companies. But for specialists like Envela, it also entails extracting, collecting, and reselling high-value components, metals, and other materials.

Jewelry styles change over time, but their high-value metals can be recycled for use in new, future designs.

Mobile-telephone technology quickly becomes outdated, but the metals and materials used in their components are like those in newer phones. Recycling these metals and materials delivers value and preserves our environment.

Envela's B2B offering is robust and powers a circular economy. In partnership with major telecommunication companies, we perform a variety of vital re-commerce services in the supply chain.

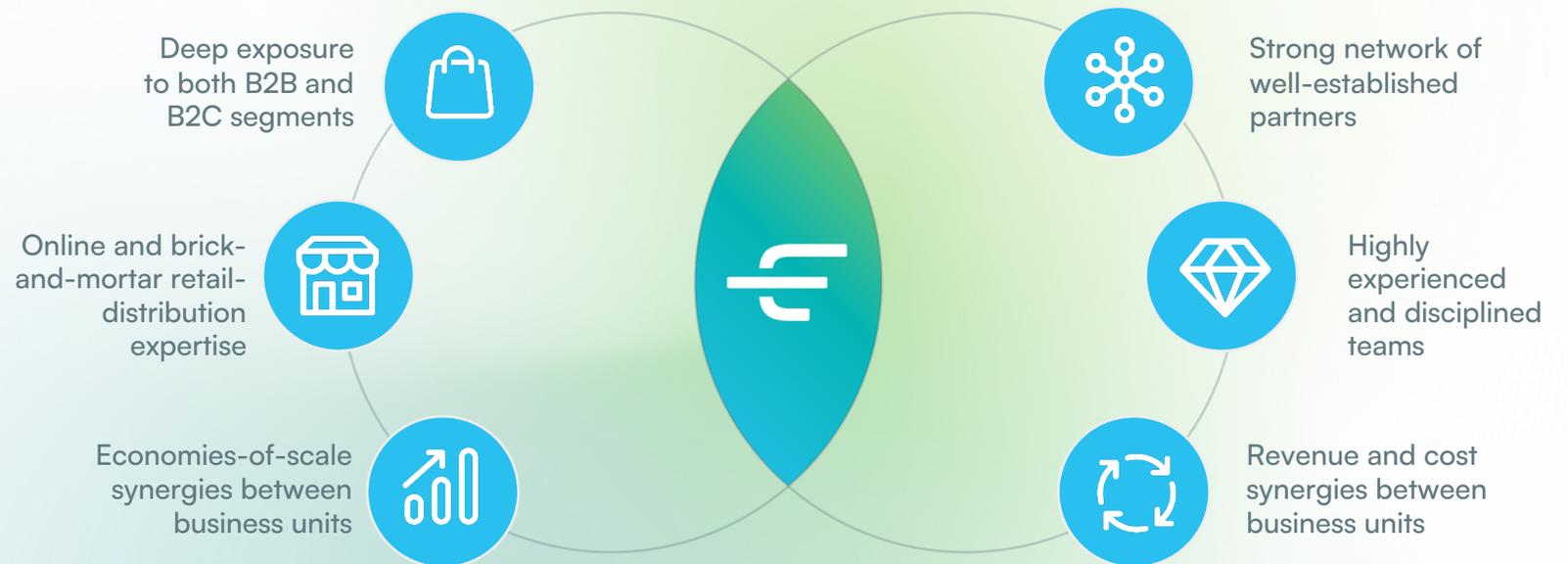
01	REVERSE LOGISTICS
02	RETURNS MANAGEMENT
03	PRODUCT REFURBISHMENT
04	CONSUMER TRADE-INS
05	PRODUCT DE-MANUFACTURING
06	END-OF-LIFE RECYCLING
07	IT ASSET DISPOSITION

# Envela Advantages Include a Diversified Portfolio

Re-commerce done right includes not only reselling whole goods, but also recycling end-of-life items to harvest their components or re-use their metals/materials.

Envela's B2B portfolio (the "ECHG" Companies) re-commercializes consumer electronics and IT equipment, and also provides end-of-life recycling services for products in a variety of industries.

Envela's B2C portfolio (the "DGSE" Companies) includes retail stores and online sites, offering luxury hard assets, precious metals (gold, silver, platinum, palladium), and diamonds.



## Envela's B2B Portfolio ("ECHG" Companies)

Preserving the environment is at the heart of our business model. We seek to optimize our world's finite resources and enable the circular economy through re-commerce.

Through its Echo Environmental and ITAD subsidiaries, Envela helps industries securely and responsibly reuse, recycle, and manage the disposal of IT equipment and electronic products.

We work with companies that are committed to a low-carbon future. They appreciate our help in achieving their sustainability goals.

Envela's B2B portfolio re-commercializes consumer electronics and IT equipment, and also provides end-of-life recycling services for products across a variety of industries.

We help world-leading brands and retailers accelerate their sustainability transformations by extending their assets' life cycles.

Continual innovation is key to extracting more value from end-of-life assets and ensuring a more sustainable future.



- 01 Custom-designed, comprehensive end-of-life electronics-recycling solutions meet customers' specific needs
- 02 Separation and shredding processes reduce materials into their commodity components (e.g., plastic, metal, glass) for resale and remanufacture into new products



- 01 Tailored solutions return reusable whole products into the supply chain
- 02 Electronics-trade-in programs, IT asset disposition, OEM electronics repair and refurbishment, reverse logistics/consumer-returns liquidation

# Behind the Scenes of Envela's B2B Business

Our ECHG entities re-commercialize consumer electronics and IT equipment to maximize values via resale as whole goods, or recycling components or metals/materials.

## Where we acquire re-commerce inventory

Businesses that upgrade software or systems

Educational and other organizations that upgrade systems

Manufacturers with returned goods or raw materials

Individuals with resale items

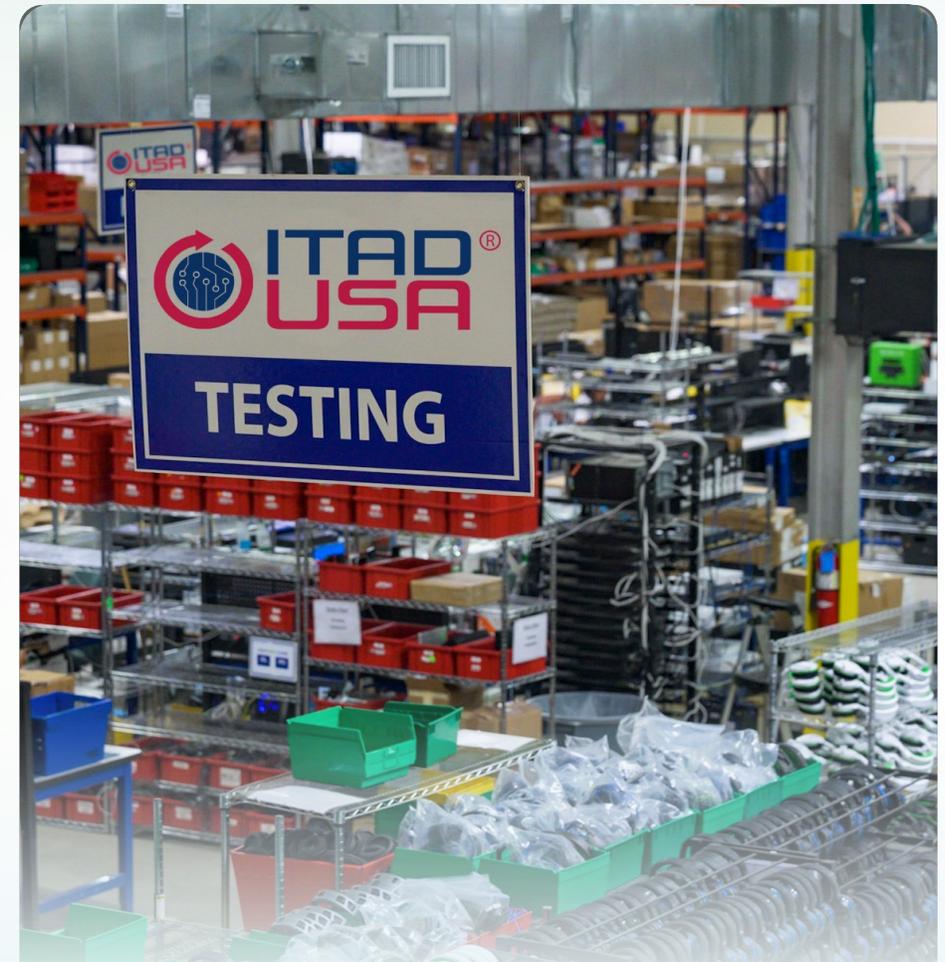
## Inventory assessment and ROI

A team of industry experts assess inventory for its whole-good or recycled-market value. Items that meet threshold requirements are acquired by lots as re-commerce inventory

~60% gross profit on refurbished goods

~45% gross profit on recycled components or refined materials

Fee-based services for disposing sundry items or materials



## B2C Portfolio (“DGSE” Companies)

DALLAS  
Gold & Silver  
EXCHANGE

CHARLESTON  
Gold & Diamond  
EXCHANGE

DGSE  
AUTHENTICATED RECOMMERCE

Envela’s B2C portfolio (“DGSE”) includes retail stores and online sites offering luxury hard assets, precious metals (e.g., gold and silver), and diamonds.

We operate a portfolio of three main proprietary retail brands in the re-commerce of luxury assets—jewelry, diamonds, watches, bullion, rare coins, and currency.

Our retail exchange stores are a leading marketplace for authenticated luxury hard assets, where the public and dealers can buy, sell, and trade fine jewelry, watches, fine art, and luxury items.

An in-house staff of experts, including horologists, gemologists, and authenticators, inspect items for authenticity and resale value as whole goods or for recycling.

Precious metals garnered from our retail locations are sold through Bullion Express, one of the region’s largest precious-metals dealers. Through this channel we offer a wide selection of gold, silver, platinum, and palladium coins, bars, bullion rounds, collectibles, and other numismatic products from mints around the world.



## Behind the Scenes of Envela's B2C Business

Our DGSE Companies re-commercialize hard assets (jewelry, diamonds, fine watches, rare coins and currency, precious-metal bullion, collectibles) as refurbished whole goods, or recycle them—reusing their components or refining their metals.

### Where we acquire re-commerce inventory:

Individuals selling items provide most of refurbished/repaired inventory of whole goods

Recycled components

Certified gems

Precious metals (gold, silver, platinum, and palladium) for extraction/refining/resale.

### Inventory assessment and ROI:

Professional jewelers evaluate customers' items for authenticity and market value as whole goods, or as recycled component parts, precious metals or gems.

~35% gross profit on resold whole goods at retail

~5% gross profit on recycled components, certified gems, or refined metals



# Proprietary Assessment and Authentication Across Envela's Businesses

Powering Envela initiatives is a proprietary assessment and authentication process to ensure manufacturers and consumers can trust the products offered in their supply chains.

Envela invests in programs to generate synergy among its various businesses, including processes to accurately assess its inventory of re-commerce purchases. These include component parts, precious metals, gems, etc. for potential refurbishing and resale as whole goods, or to be recycled for component parts or precious-metal value.

In-house staffs of experts, including horologists, gemologists and authenticators, inspect items for authenticity and resale value.

## Evaluating potential re-commerce inventory includes:

- 01 Determining resale values of items as whole goods, perhaps requiring refurbishment or upgrading
- 02 Calculating recycle values of reusable product components



# Envela Leadership Eyes Perpetual Growth

Envela seeks additional partners and investors who want to join the company's extensive network of traditional and online retail, recycling, reverse logistics, de-manufacturing, and IT asset disposition.

Preserving the environment and optimizing natural resources are at the core of Envela's business model.

Envela plans to grow organically through more B2B and B2C businesses like its current subsidiaries to power the circular economy.

Envela continually seeks opportunities to build its portfolio with adjacent and synergistic businesses focused on re-commerce.

## We plan to continually broaden our participation in the environmental sector

- 01 Focus on most profitable B2B and B2C segments for reselling and recycling
- 02 Leverage economies of scale, develop interdivisional synergies, reduce marketing costs for whole and recycled goods
- 03 Utilize our extensive network to discover new re-commerce sectors
- 04 Consistently communicate and align with downstream material/component recyclers to increase margins and markets for our inventories
- 05 Capitalize on the expanding ESG movement



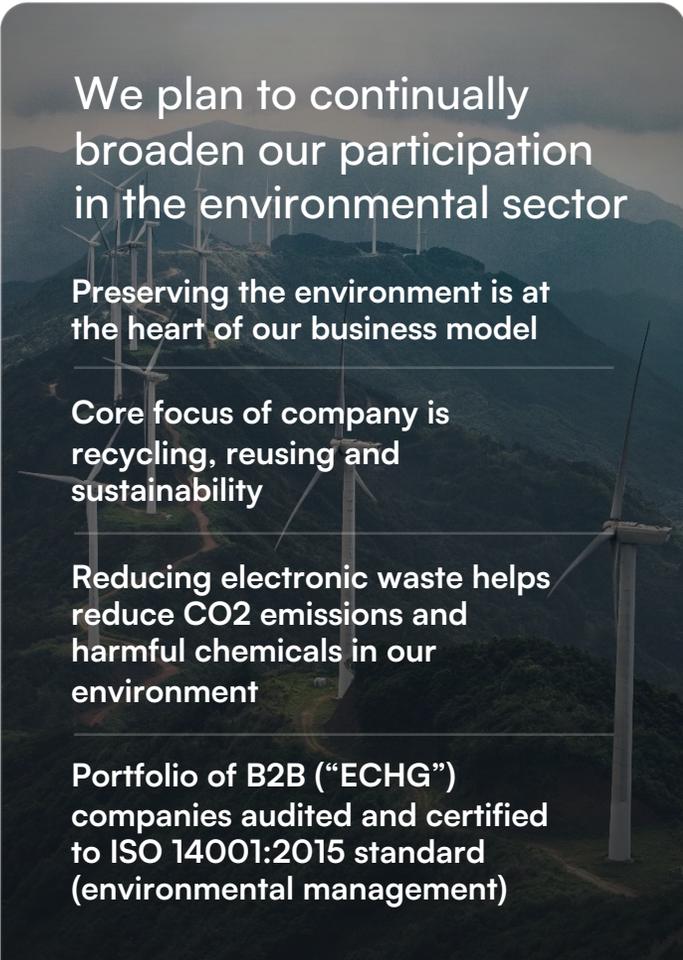
## B2B Portfolio

- 01 Expand organically and through acquisitions, while building customer loyalty
- 02 Focus on increasing recurring revenues and expanding margins; help fund future acquisitions

## B2C Portfolio

- 01 Increase number of operating stores by opening new locations in current markets and new markets
- 02 New-store additions stem from internal-investment success, preferred-sites availability, favorable regulatory/zoning environments, capital access, and qualified-personnel availability

# Envela's Environment/Social/Governance (ESG) Highlights



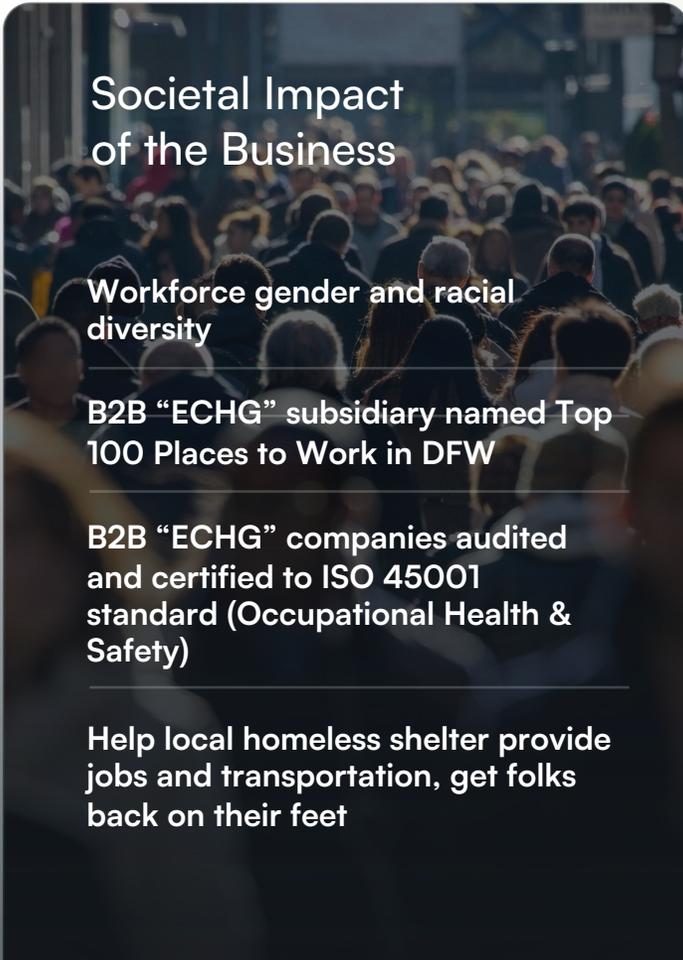
We plan to continually broaden our participation in the environmental sector

Preserving the environment is at the heart of our business model

Core focus of company is recycling, reusing and sustainability

Reducing electronic waste helps reduce CO2 emissions and harmful chemicals in our environment

Portfolio of B2B ("ECHG") companies audited and certified to ISO 14001:2015 standard (environmental management)



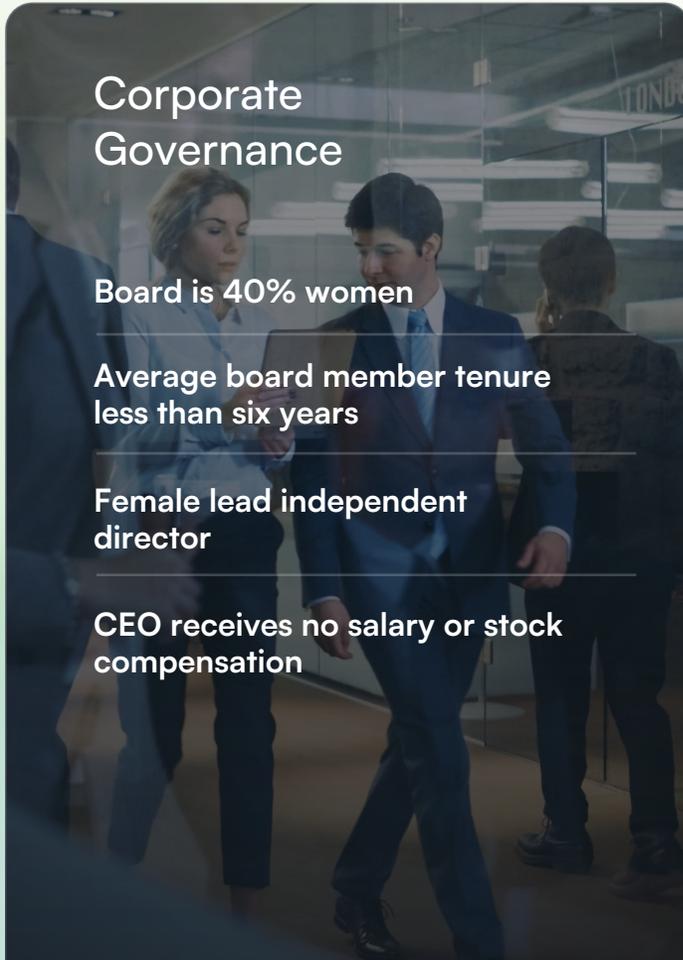
Societal Impact of the Business

Workforce gender and racial diversity

B2B "ECHG" subsidiary named Top 100 Places to Work in DFW

B2B "ECHG" companies audited and certified to ISO 45001 standard (Occupational Health & Safety)

Help local homeless shelter provide jobs and transportation, get folks back on their feet



Corporate Governance

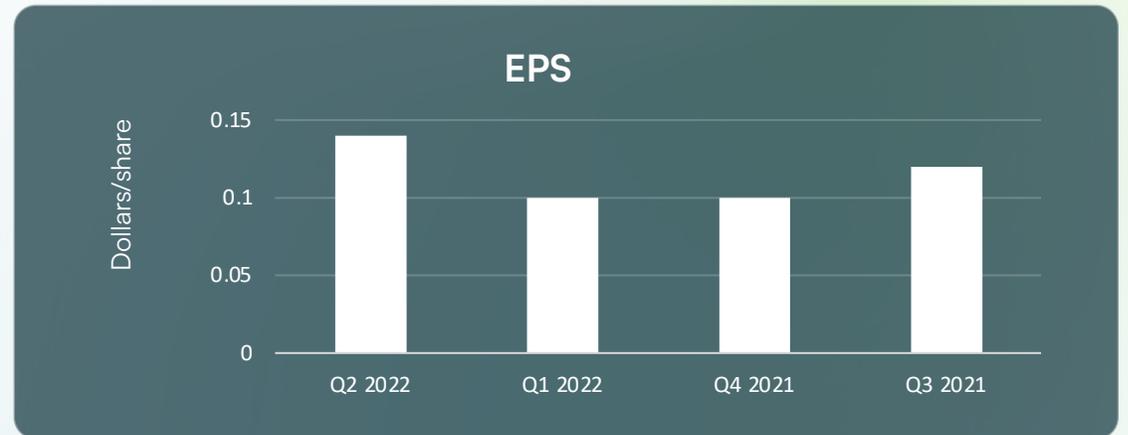
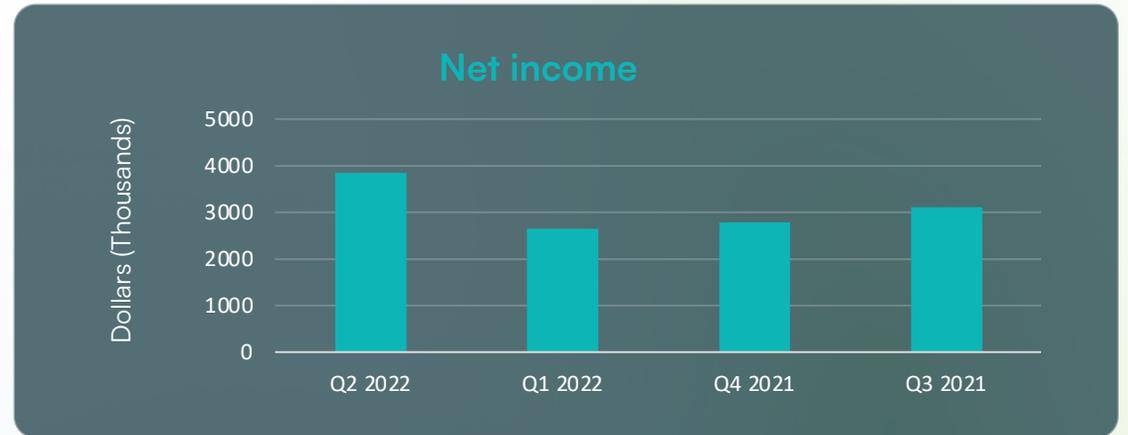
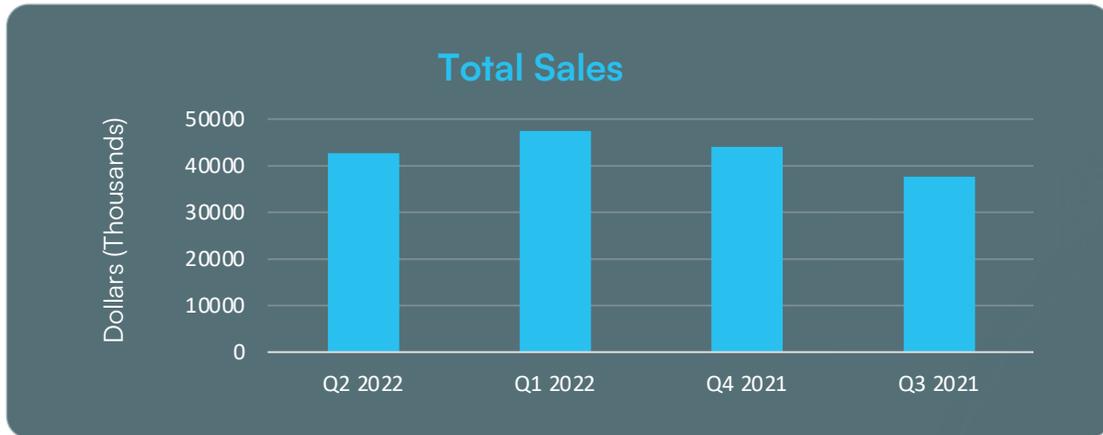
Board is 40% women

Average board member tenure less than six years

Female lead independent director

CEO receives no salary or stock compensation

# Envela's Financial Performance

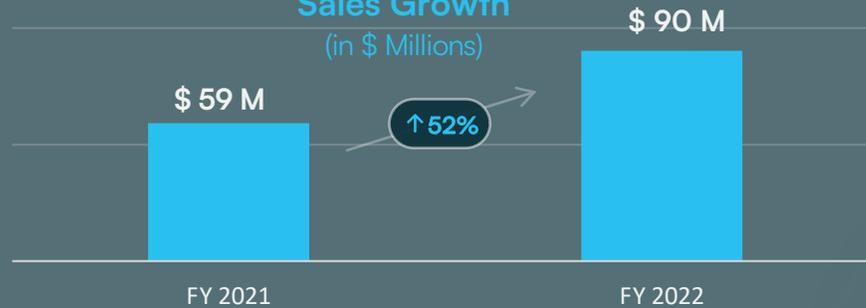


# Envela's Financial Performance

### Six Months Ended June 30, 2021 vs 2022

#### Sales Growth

(in \$ Millions)



### Six Months Ended June 30, 2021 vs 2022

#### Gross Profit Growth

(in \$ Millions)



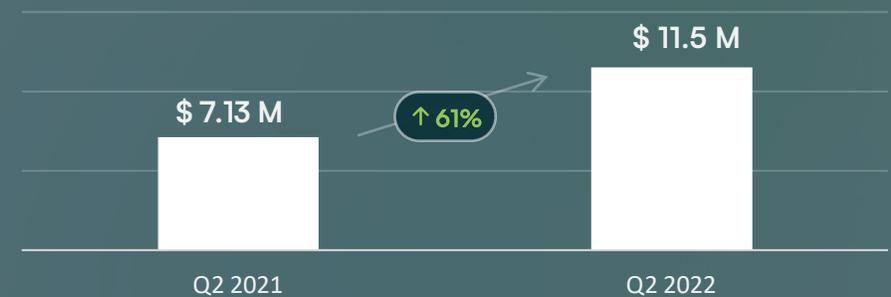
### 2022 Q2 Sales Growth

(in \$ Millions)



### 2022 Q2 Gross Profit Growth

(in \$ Millions)



# Envela's Income Statement

	For the SIX MONTHS Ended June 30		For the THREE MONTHS Ended June 30	
	FY 2021	FY 2022	2Q 2021	2Q 2022
<b>Total sales</b>	<b>\$ 59,214,447</b>	<b>\$ 90,054,816</b>	<b>\$ 33,724,006</b>	<b>\$ 42,639,718</b>
Cost of Sales	45,782,293	68,865,782	26,596,116	31,161,718
<b>Gross Margin</b>	<b>\$ 13,432,154</b>	<b>\$ 21,189,034</b>	<b>\$ 7,127,890</b>	<b>\$ 11,478,000</b>
<b>Expenses</b>				
Sales, General and Administrative Expenses	8,984,454	13,643,658	4,831,225	7,083,903
Loss on Disposal of Equipment	-	-	-	-
Depreciation and Amortization	421,131	571,463	216,219	279,516
<b>Total Cost of Revenue</b>	<b>9,405,585</b>	<b>14,215,121</b>	<b>5,047,444</b>	<b>7,363,419</b>
<b>Operating Income/(Loss)</b>	<b>4,026,569</b>	<b>6,973,913</b>	<b>2,080,446</b>	<b>4,114,581</b>
Other Income, net	554,996	(154,005)	283,055	(95,429)
Interest Expense	(356,726)	(244,281)	(177,704)	(121,042)
<b>Income before taxes</b>	<b>4,224,839</b>	<b>6,475,627</b>	<b>2,185,797</b>	<b>3,898,110</b>
Income Tax Expense	63,455	80,544	32,685	50,252
<b>Net income</b>	<b>\$ 4,161,384</b>	<b>\$ 6,495,083</b>	<b>\$ 2,153,112</b>	<b>\$ 3,847,858</b>
<b>Earning Per Share</b>	<b>0.15</b>	<b>0.24</b>	<b>0.08</b>	<b>0.14</b>
Basic	26,924,381	26,924,631	26,924,381	26,924,631
Diluted	26,939,631	26,939,631	26,939,631	26,939,631

↑ 178%

## Envela's Divisional Sales Performance

	B2C Portfolio ("DGSE")				B2B Portfolio ("ECHG")			
	Q2 2021	Margin	Q2 2022	Margin	Q2 2021	Margin	Q2 2022	Margin
Resale of Whole Goods	\$ 20,893,838	12.8%	\$ 28,165,026	13.2%	\$ 8,595,910	35.1%	\$ 9,102,001	61.2%
Resale of Recycled Components / Materials	\$ 2,118,486	19.7%	\$ 2,174,101	21.6%	\$ 2,115,772	47.8%	\$ 3,198,590	53.9%
<b>Total</b>	<b>\$ 23,012,324</b>		<b>\$ 30,339,127</b>		<b>\$ 10,711,682</b>		<b>\$ 12,300,591</b>	

### Q2 2022 Quarter Highlights

Gross profit increased to \$11.5 million

Net income was \$3.85 million, or \$0.14 per basic and diluted share versus \$0.08 per share in 2Q 2021.

Consolidated gross profit margin was 26.9%.

B2C "DGSE" revenue increased by \$7.3 million or 32% to \$30.3 million.

Resale revenue in B2C "DGSE" sector, such as bullion, jewelry, watches, and rare coins, increased \$7.2 million, or 35% compared to the same period last year.

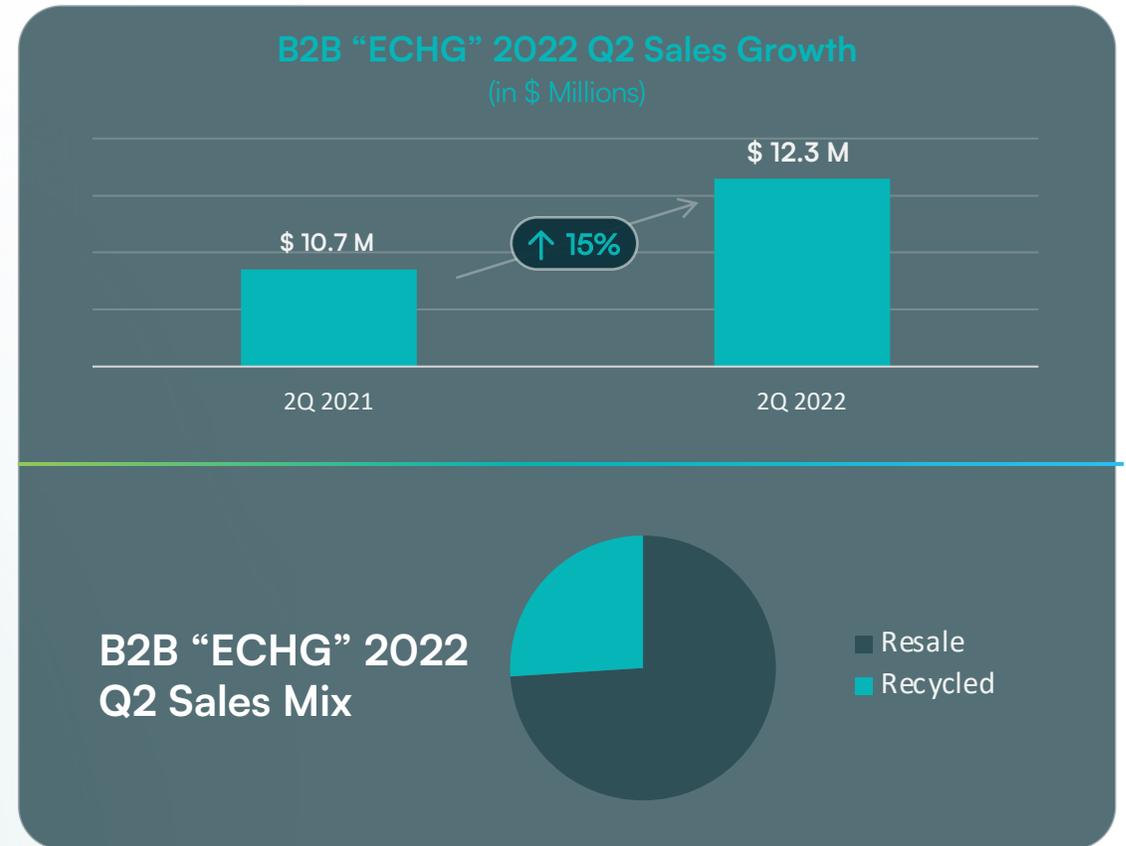
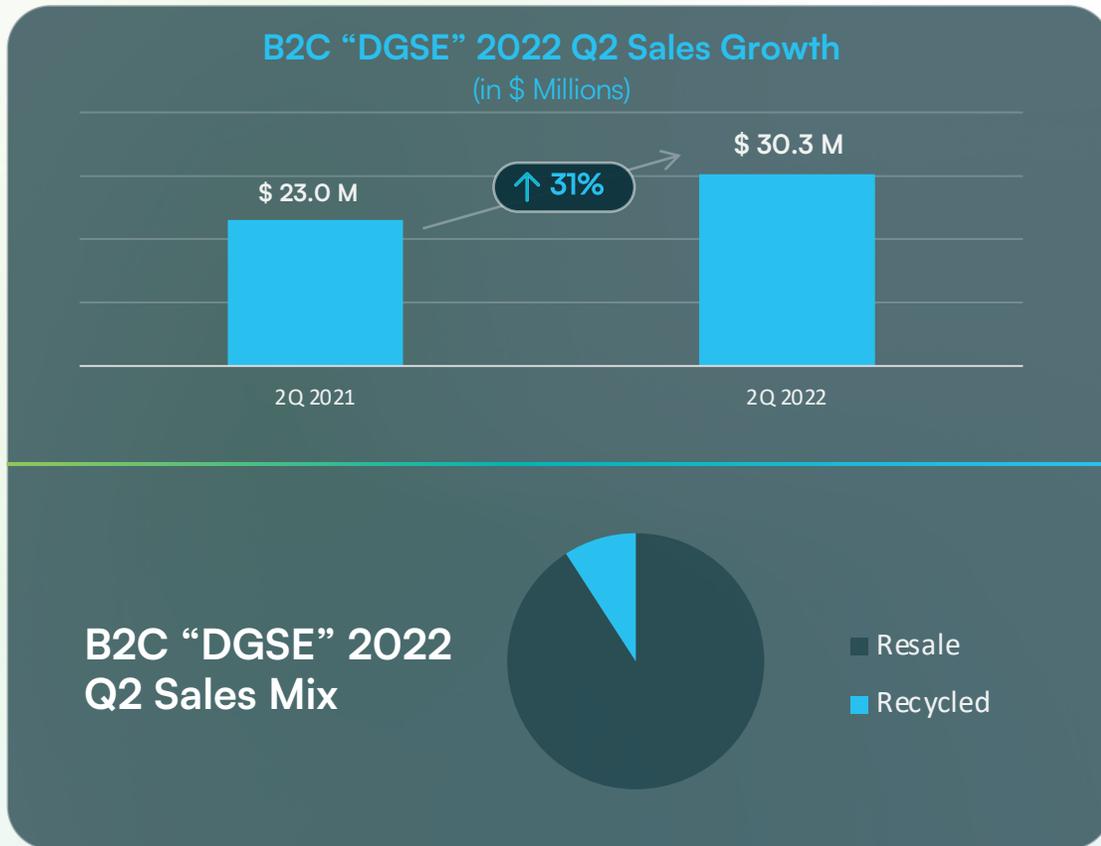
Recycled-material sales at B2C "DGSE" increased to \$2.2 million.

Revenues related to B2B "ECHG" operations were \$12.3 million.

Resale revenue at B2B "ECHG" accounted for 74% of its total sales at \$9.1 million.

Recycled-material sales at B2B "ECHG" accounted for 26% of its total sales at \$3.2 million.

# Envela's Divisional Sales Performance



# Envela: A Corporate Snapshot of Success

**\$13.9M**

Total Cash and  
Cash Equivalents

(6-30-22)

**~71%**

Insider  
Ownership

(6-30-22)

**\$185.2M**

Market  
Cap

(6-30-22)

**26.9M**

Shares  
Outstanding

(6-30-22)

**\$178M**

Forecasted  
2022  
Revenue

**5**

Straight Years  
of Profitability  
delivered by  
Current  
Management

# NYSE: ELA



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This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, that is, statements that address future, not past events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. These statements are based on assumptions of future events that may not prove accurate. They are also based on our current plans and strategy and such plans and strategy could change in the future. Actual results may differ materially from those projected or implied in any forward-looking statements.

Please refer to our most recent SEC filings, including our 2021 Annual Report on Form 10-K, subsequently filed Quarterly reports on Form 10-Q, as well as our other filings with the SEC, for detailed information regarding factors that could cause or contribute to actual results differing materially from those expressed or implied in such forward-looking statements. We do not undertake to update our forward-looking statements, except as required by law.