



Q1 2024 Financial Results

NYSE: ELA



FORWARD-LOOKING STATEMENTS AND NON-GAAP FINANCIAL MEASURES

This presentation includes statements that may constitute “forward-looking” statements, including statements regarding acquisitions, financial outlook, and the potential future success of business lines and strategies. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, market conditions and other risks detailed in the Company’s periodic report filings with the Securities and Exchange Commission. By making these statements, the Company undertakes no obligation to update these statements for revisions or changes after the date of this release except as required by law.

Envela is a leading provider of recommerce services at the forefront of the circular economy

Envela's diversified portfolio serves multiple industries through its Commercial and Consumer business segments:



Commercial

Re-commercializes consumer electronics and IT equipment and provides end-of-life recycling services including extracting, collecting and reselling high-value components, metals and other materials



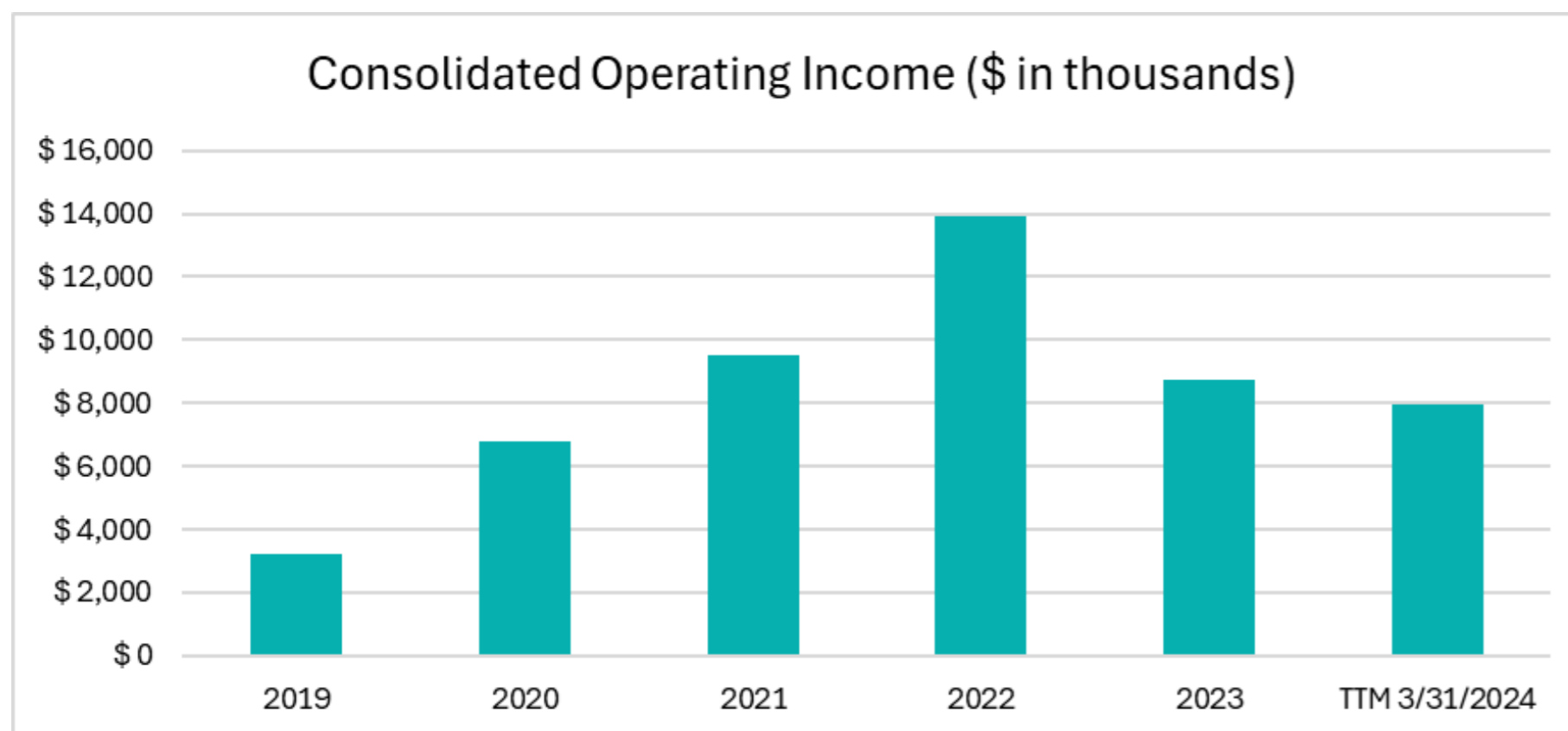
Consumer

Buys and sells pre-owned luxury hard assets and precious metals, including gold, silver and diamonds, through retail stores and online

Consolidated Business



Gross Margin and Operating Income



TTM 3/31/2024:

Gross Margin of \$40.6 million

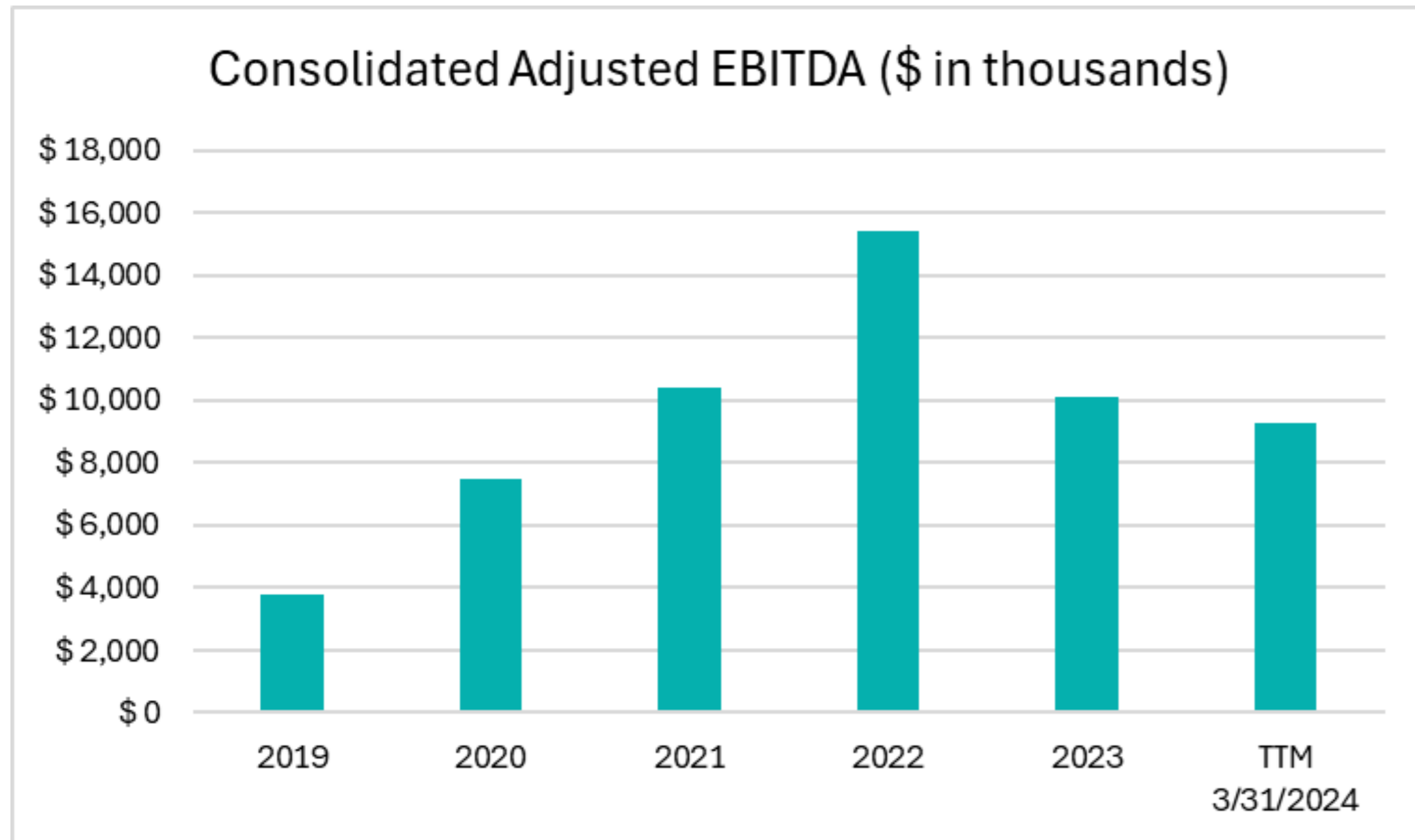
Operating Income of \$7.9 million

Q1 2024:

Gross Margin of \$10.3 million

Operating Income of \$2.3 million

Adjusted EBITDA



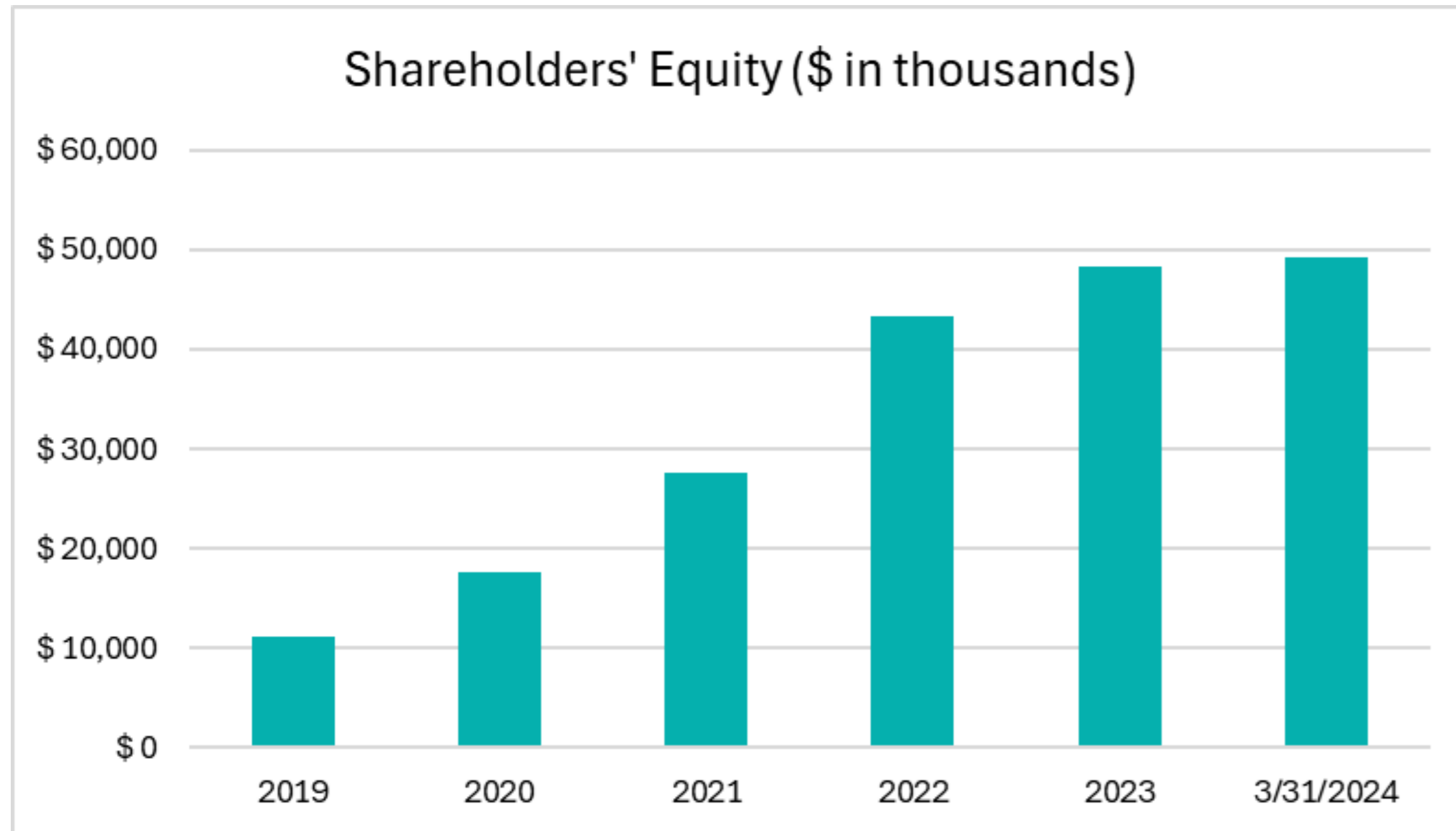
TTM 3/31/2024:

Adjusted EBITDA of \$9.3 million

Q1 2024:

Adjusted EBITDA of \$2.7 million

Strong Balance Sheet



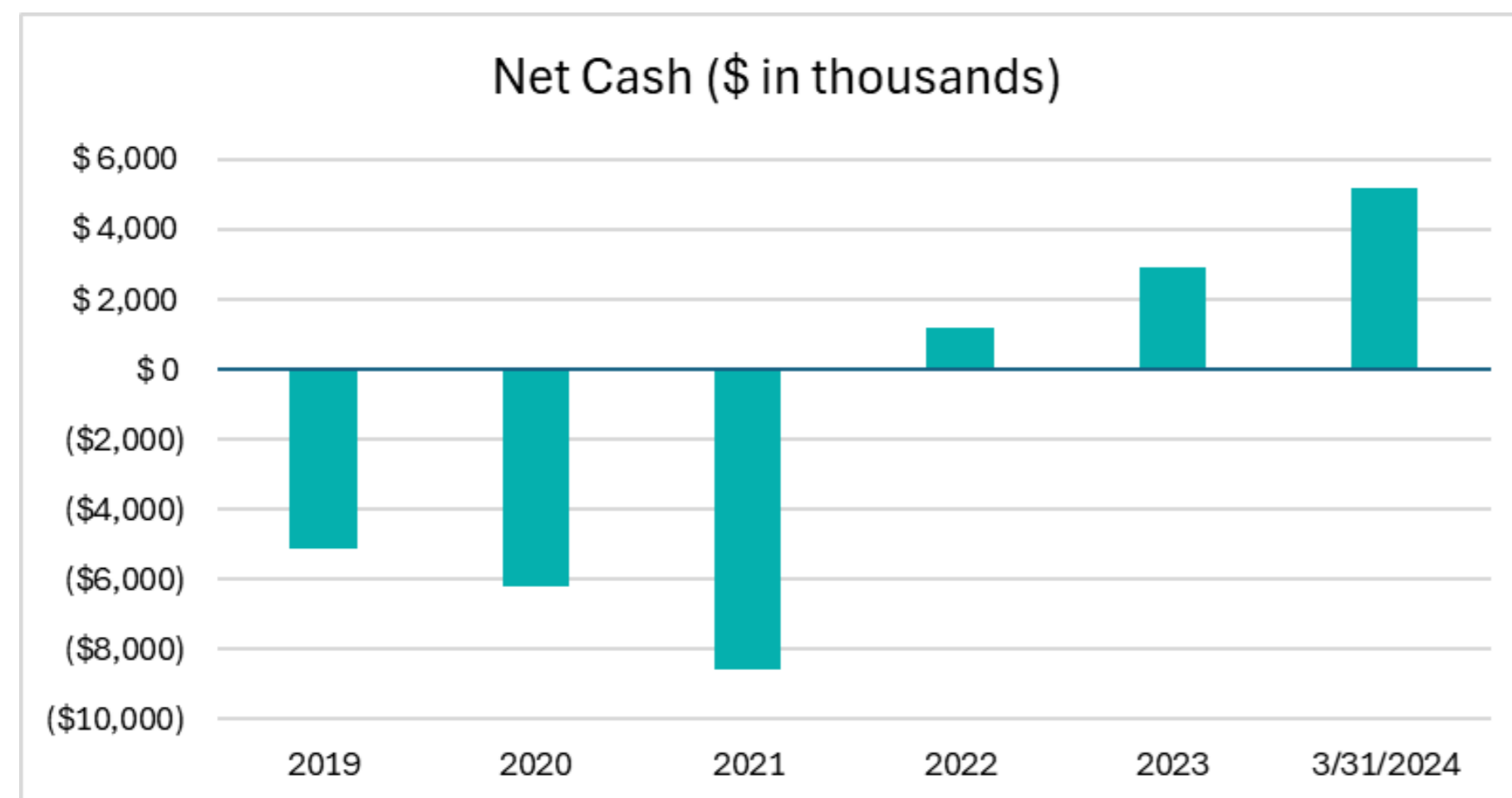
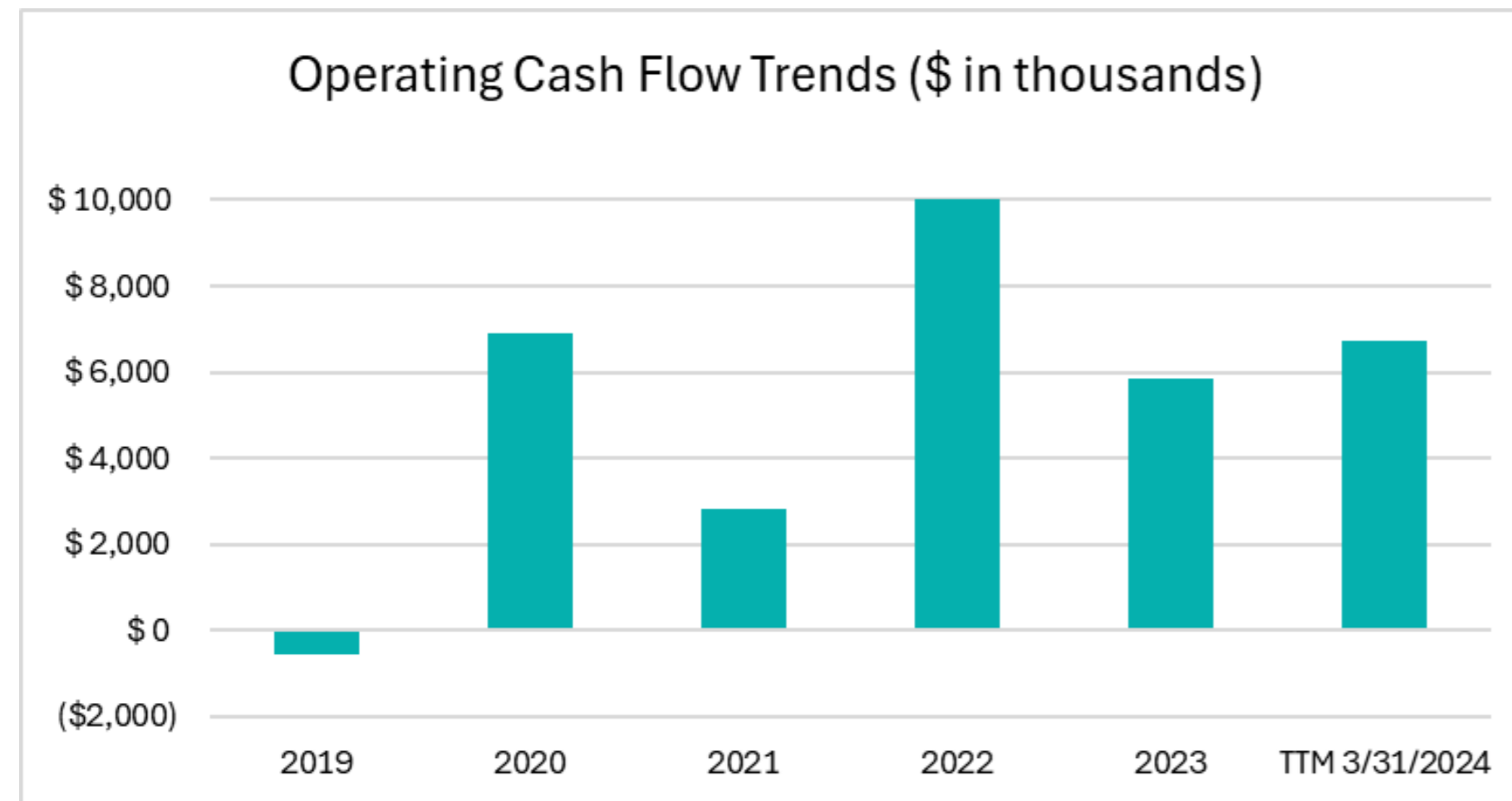
Q1 2024:

Total Shareholders' Equity: **\$49.3 Million**

Cash position: **\$19.8 Million**

Total Debt: **\$14.6 Million**

Liquidity Position



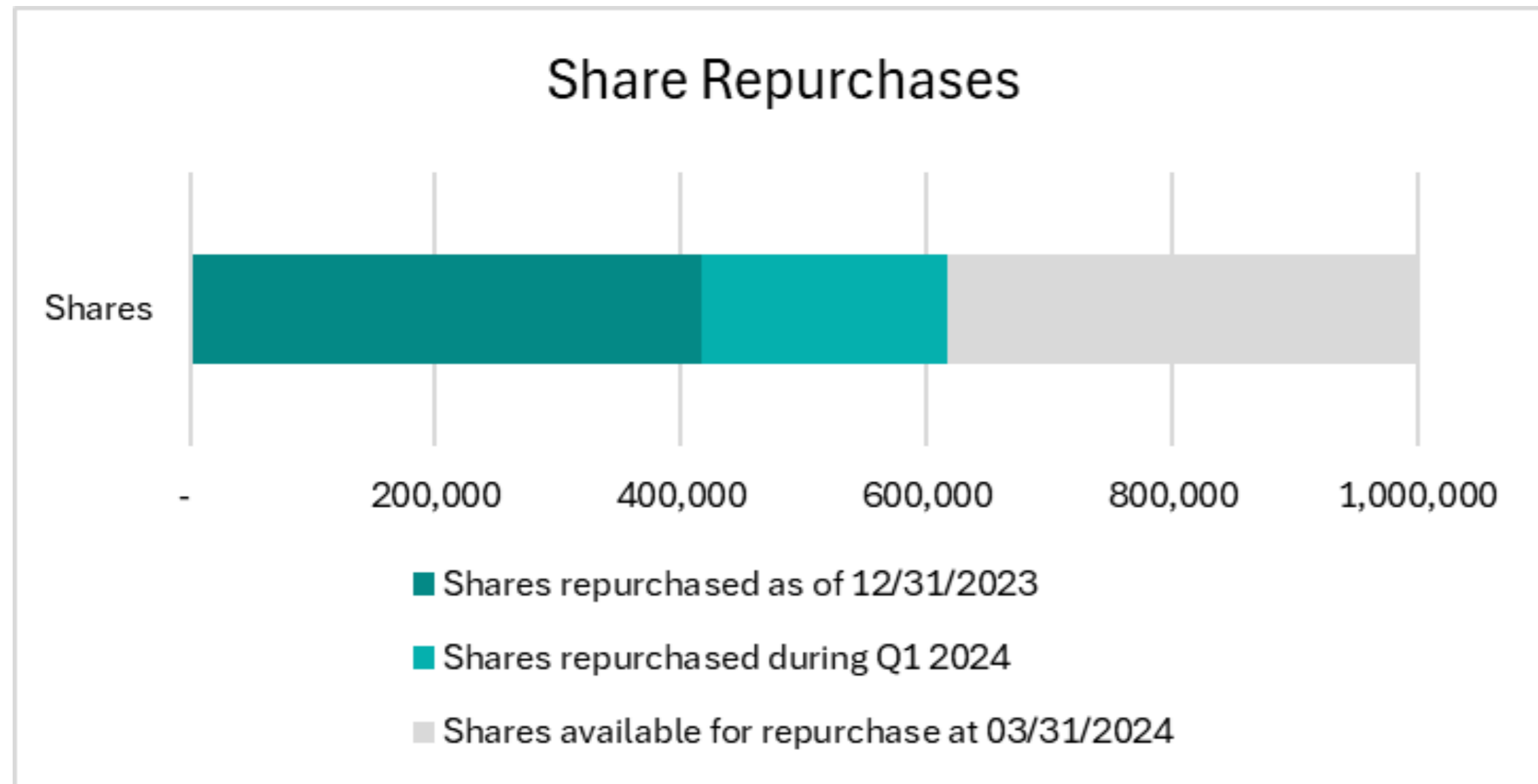
Q1 2024:

Operating Cash Flow of \$3.8 million

Net Cash of \$5.2 million

Undrawn line of credit: \$3.5 million

Share Repurchases



Q1 2024 Activity:

Repurchased shares as of 12/31/2023: **415,973**

Shares repurchased during Q1 2024: **201,340**

Shares available for repurchase at 03/31/2024⁽¹⁾: **382,687**

Source: Company filings and data

Refer to the Glossary at the end of this presentation for definitions of key terms

(1): All shares were purchased in open-market transactions through the stock repurchase program approved by the Board on March 14, 2023, for the repurchase of up to one million shares of the Company's common stock. The stock repurchase program was publicly announced on May 3, 2023, and expires March 31, 2026. Repurchases under the stock repurchase plan began on May 10, 2023.

Consolidated	1Q 2024	1Q 2023
	Unaudited	Unaudited
Sales	\$ 39,858	\$ 49,810
Cost of goods sold	29,537	38,400
Gross margin	10,321	11,410
Expenses:		
Selling, general and administrative	7,637	7,905
Depreciation and amortization	344	354
Total operating expenses	7,981	8,260
Operating income	2,340	3,150
Other income/(expense):		
Other income	239	211
Interest expense	(121)	(117)
Income before income taxes	2,458	3,244
Income tax expense	(550)	(718)
Net income	\$ 1,908	\$ 2,526

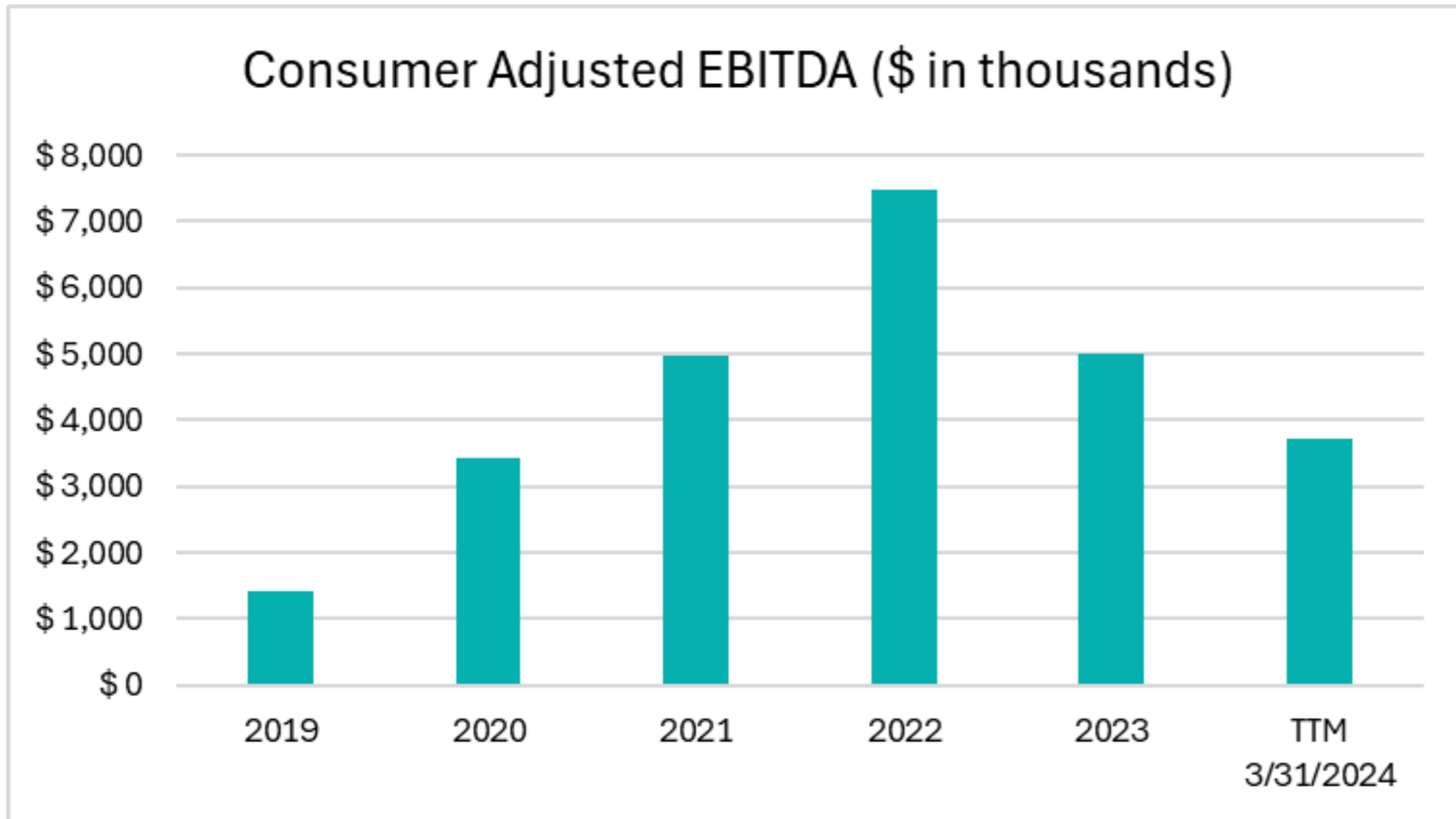
Consolidated Financial Results:

- **Revenue** was \$39.9 million for the first quarter of 2024, a decrease from revenue of \$49.8 million
- **Gross margin** increased to 25.9% in the first quarter of 2024 compared to 22.9% in the prior-year quarter
- **Operating expenses** decreased 3.4% to \$8.0 million in the first quarter of 2024 compared to \$8.3 million in the prior-year quarter
- **Operating income** in the first quarter of 2024 was \$2.3 million, a decrease of 25.7% compared to \$3.2 million in the prior-year quarter

Consumer Business



Adjusted EBITDA



TTM 3/31/2024:

Adjusted EBITDA of \$3.7 million

Q1 2024:

Adjusted EBITDA of \$0.3 million

Consumer	1Q 2024	1Q 2023
	Unaudited	Unaudited
Sales	\$ 28,226	\$ 36,704
Cost of goods sold	24,677	32,719
Gross margin	3,549	3,985
Expenses:		
Selling, general and administrative	3,251	2,396
Depreciation and amortization	94	98
Total operating expenses	3,345	2,494
Operating income	204	1,491
Other income/(expense):		
Other income	8	24
Interest expense	(64)	(60)
Income before income taxes	148	1,455
Income tax expense	(59)	(318)
Net income	\$ 88	\$ 1,137

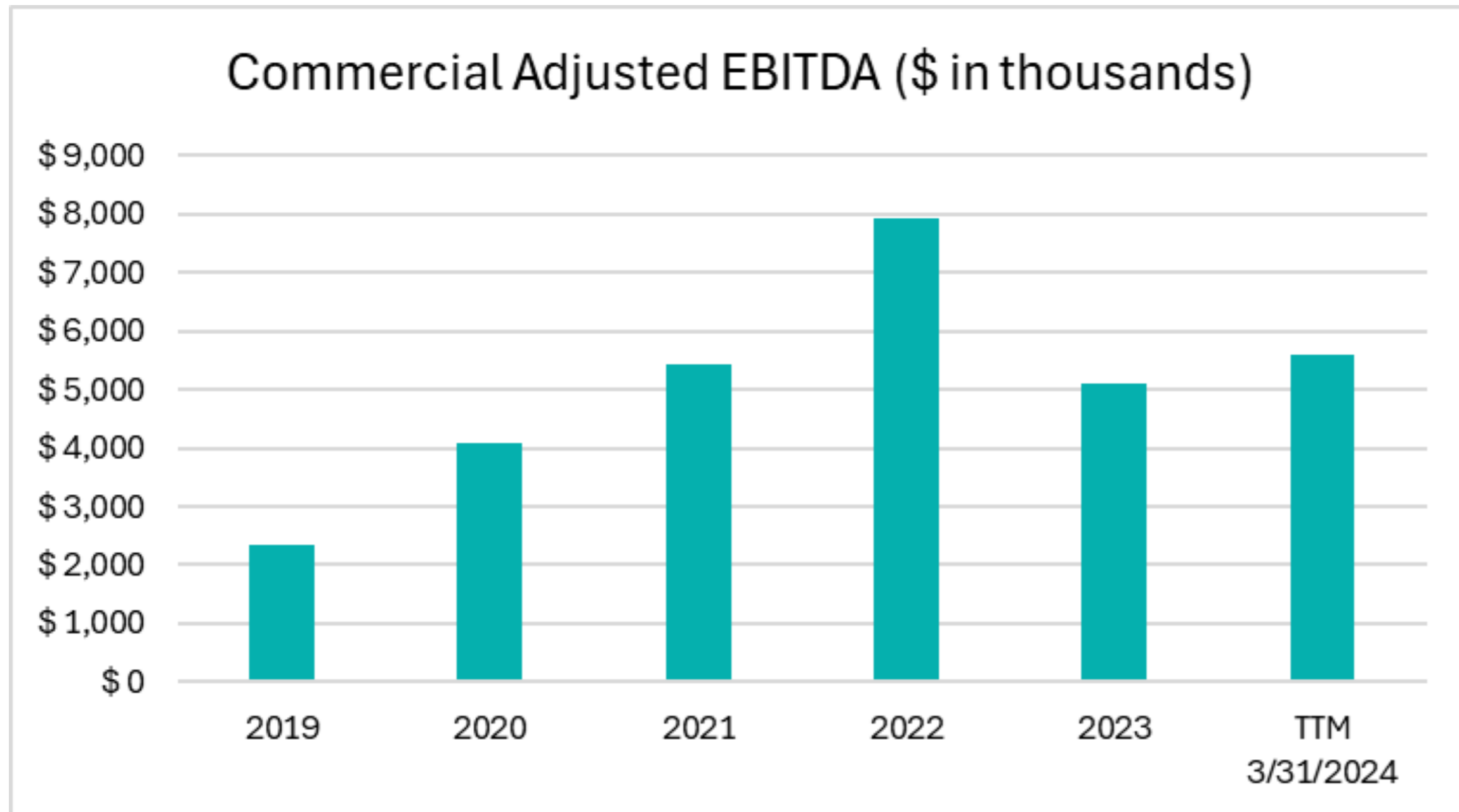
Consumer Division Financial Results:

- **Revenue** was \$28.2 million for the first quarter of 2024, a decrease from revenue of \$36.7 million
- **Gross margin** increased to 12.6% in the first quarter of 2024 compared to 10.9% in the prior-year quarter
- **Operating expenses** increased 34.1% to \$3.3 million in the first quarter of 2024 compared to \$2.5 million in the prior-year quarter
- **Operating income** in the first quarter of 2024 was \$204 thousand, a decrease of 86.3% compared to \$1.5 million in the prior-year quarter

Commercial Business



Adjusted EBITDA



TTM 3/31/2024:

Adjusted EBITDA of \$5.6 million

Q1 2024:

Adjusted EBITDA of \$2.4 million

Commercial	1Q 2024	1Q 2023
	Unaudited	Unaudited
Sales	\$ 11,632	\$ 13,105
Cost of goods sold	4,860	5,680
Gross margin	6,771	7,425
Expenses:		
Selling, general and administrative	4,385	5,509
Depreciation and amortization	250	256
Total operating expenses	4,635	5,765
Operating income	2,136	1,659
Other income/(expense):		
Other income	231	187
Interest expense	(56)	(57)
Income before income taxes	2,310	1,789
Income tax expense	(491)	(400)
Net income	\$ 1,819	\$ 1,389

Commercial Division Financial Results:

- **Revenue** was \$11.6 million for the first quarter of 2024, a decrease from revenue of \$13.1 million
- **Gross margin** increased to 58.2% in the first quarter of 2024 compared to 56.7% in the prior-year quarter
- **Operating expenses** decreased 19.6% to \$4.6 million in the first quarter of 2024 compared to \$5.8 million in the prior-year quarter
- **Operating income** in the first quarter of 2024 was \$2.1 million, an increase of 28.7% compared to \$1.7 million in the prior-year quarter

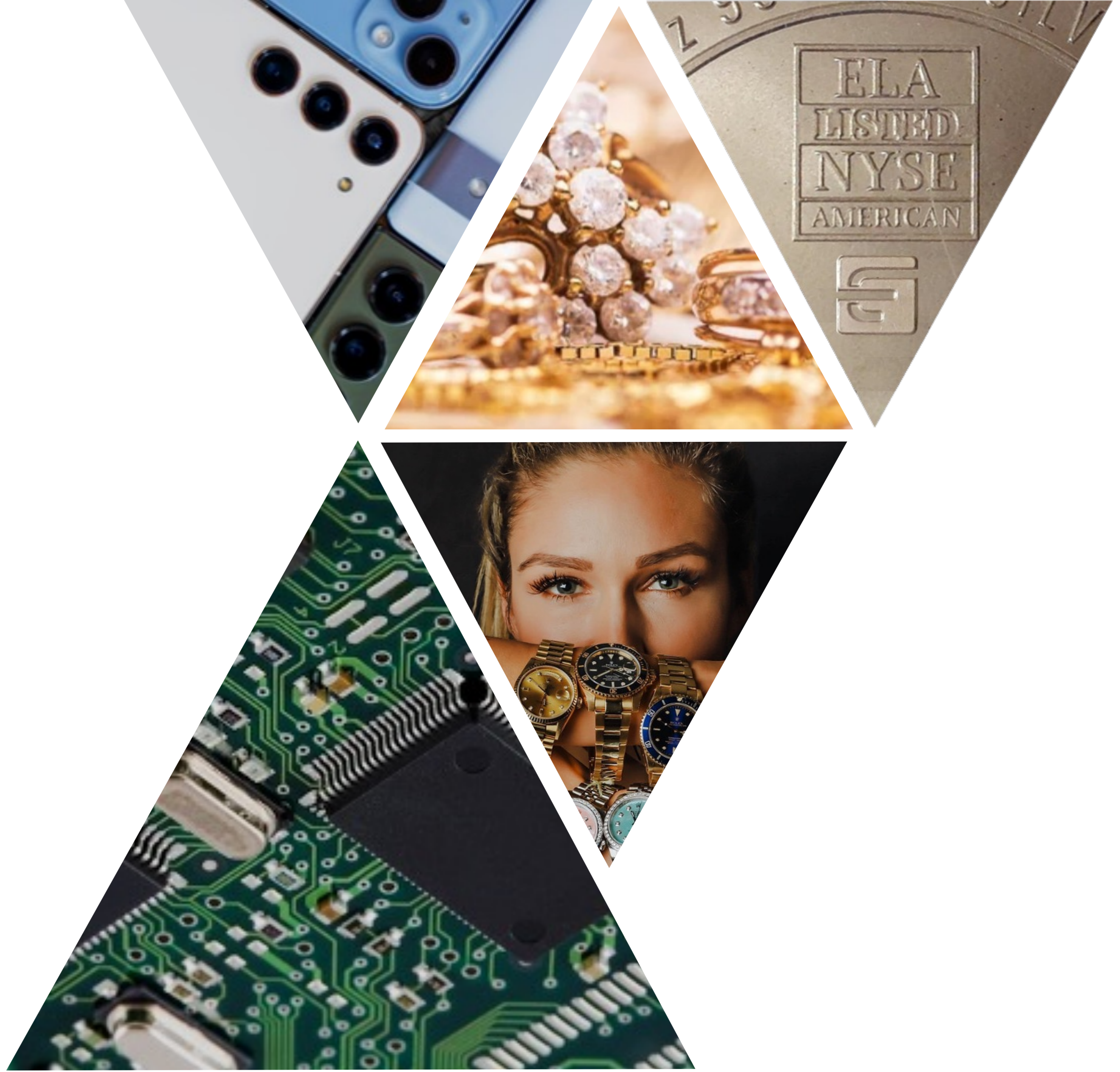
Appendix



Historical Financial Results

Income Statement (\$ in thousands)											
(\$ in thousands, except per unit amounts)	2019	2020	2021	2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	2023	1Q 2024	2024 YTD
	Audited	Audited	Audited	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Unaudited	
Sales	\$ 82,024	\$ 113,922	\$ 140,966	\$ 182,686	\$ 49,810	\$ 50,304	\$ 36,266	\$ 36,715	\$ 173,095	\$ 39,858	\$ 39,858
Cost of goods sold	65,769	90,853	109,745	137,859	38,400	39,541	26,532	26,965	131,438	29,537	29,537
Gross margin	16,256	23,069	31,221	44,827	11,410	10,762	9,734	9,750	41,657	10,321	10,321
Expenses:											
Selling, general and administrative	12,495	15,553	20,798	29,431	7,905	8,363	7,446	7,823	31,538	7,637	7,637
Depreciation and amortization	520	729	926	1,452	354	336	338	334	1,362	344	344
Total operating expenses	13,015	16,282	21,724	30,883	8,260	8,699	7,784	8,157	32,900	7,981	7,981
Operating income	3,241	6,787	9,497	13,945	3,150	2,063	1,950	1,593	8,757	2,340	2,340
Other income/(expense):											
Other income	50	307	1,369	919	211	154	192	171	728	239	239
Interest expense	(415)	(620)	(704)	(484)	(117)	(115)	(117)	(114)	(463)	(121)	(121)
Income before income taxes	2,876	6,474	10,162	14,380	3,244	2,102	2,025	1,650	9,021	2,458	2,458
Income tax expense (benefit)	(95)	(90)	(113)	1,310	(718)	(499)	(318)	(340)	(1,874)	(550)	(550)
Net income	\$ 2,781	\$ 6,384	\$ 10,049	\$ 15,689	\$ 2,526	\$ 1,604	\$ 1,707	\$ 1,310	\$ 7,147	\$ 1,908	\$ 1,908
Basic earnings per share:	\$ 0.10	\$ 0.24	\$ 0.37	\$ 0.58	\$ 0.09	\$ 0.06	\$ 0.06	\$ 0.05	\$ 0.27	\$ 0.07	\$ 0.07
Diluted earnings per share:	\$ 0.10	\$ 0.24	\$ 0.37	\$ 0.58	\$ 0.09	\$ 0.06	\$ 0.06	\$ 0.05	\$ 0.27	\$ 0.07	\$ 0.07
Weighted average shares outstanding:											
Basic	26,925	26,925	26,925	26,925	26,925	26,925	26,810	26,640	26,823	26,419	26,419
Diluted	26,940	26,940	26,940	26,940	26,940	26,940	26,825	26,655	26,838	26,434	26,434
Adjusted EBITDA	3,761	7,516	10,423	15,396	3,505	2,399	2,288	1,927	10,119	2,684	2,684

Glossary



Glossary

- **Adjusted EBITDA.** We use Adjusted EBITDA as a non-US GAAP measure to track our performance and assess our ability to service our borrowings. This is a non-US GAAP financial measure supplement and should be considered in addition to and not in lieu of, the results of operations, prepared in accordance with US GAAP. Adjusted EBITDA is derived from and reconciled to, but not equivalent to, its most directly comparable GAAP measure of net income. Adjusted EBITDA represents net income plus (a) depreciation and amortization expense, (b) interest expense, (c) income tax expense, less (d) other income.
- **Gross Margin.** Gross margin is the amount of revenue less cost of goods sold, as a percent of total revenue.
- **Net Cash.** Net cash is the difference between (i) cash and cash equivalents and (ii) the sum of debt obligations per the Balance Sheet.
- **Operating Cash Flow.** Operating cash flow is the measure of how much cash is generated from normal business operations during the specific period.
- **Operating Expense.** Operating expenses is the amount of expense that is incurred from performing core operations. Operating income represents (a) selling, general and administrative expense, and (b) depreciation and amortization expense.
- **Operating Income.** Operating income is the amount of income that is generated from core operations. Operating income represents sales, less (a) cost of goods sold, (b) selling, general and administrative expense, and (c) depreciation and amortization expense.
- **Revenue.** Revenue is total sales derived from the income statement.



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