

ASX Release

Strategic acquisition to boost Envirosuite's offering to global water treatment customers

6 August 2020

Key Highlights:

- Envirosuite acquires water modelling and management software technology
- Acquisition takes Envirosuite's SaaS solutions into the core operations of its customers
- AqMB IP shown to directly reduce water treatment plant operational costs by up to 35%
- Envirosuite will now launch new "smart water" modelling product to address the US\$7bn p.a¹ global water optimisation market

Global leader in the provision of environmental intelligence solutions, **Envirosuite Limited (ASX:EVS)** (the **Company**) has today executed a binding Share Purchase Agreement to acquire 100% of water modelling R&D technology software company AqMB Holdings Pty Ltd for a total consideration of A\$1.35m, subject to certain purchase price adjustments at completion (**acquisition**).

Founded in Sydney in 2014, the AqMB (Aqueous Material Balance) business has developed a "Digital Twin" – a neural network-based machine learning tool that models chemical and biological processes in water treatment plants to predict and optimise operations for water network assets (**AqMB IP**). The AqMB IP is also applicable across all water treatment plants including those in mining, industrial production, infrastructure sites as well as the waste and wastewater sectors.

To date the AqMB IP has been used to support consulting projects for companies including Veolia and Jacobs, mainly in the design stage of wastewater treatment plants. The acquisition opportunity is to embed the AqMB IP in Envirosuite's cloud-based solution suite and offer it as an ongoing operational application via a SaaS model.

For Envirosuite's existing and future wastewater treatment plant customers this acquisition takes Envirosuite beyond the compliance threshold of odour management solutions, and into the core operations to directly address two of their most significant operating cost items; chemicals and energy.

Prior to committing to the acquisition, the AqMB IP was trialled at the Yinghai recycled water treatment plant in Beijing to determine to what extent the application could optimise chemicals and electricity usage at the plant while still ensuring compliance with increasingly stringent local regulations around water quality and discharge.

The trial indicated a potential reduction of up to 35% or A\$500,000 equivalent in annual electricity and chemical usage at the plant. The Yinghai plant is owned by Beijing Enterprises Water Group (HK listing code 0371) that has an asset portfolio that includes 500 of China's 3300 wastewater and recycled water treatment plants. Globally Envirosuite has so far identified as many as 25,000 applicable sites which could benefit from the technology.

¹ - Global Water Intelligence (GWI 2016). Water's Digital Future, 2021 dollars AUD

In consultation with its existing wastewater customers and strategic partners, Envirosuite had determined that a reduction of 25% in plant operating costs would be the key hurdle to ensure that the AqMB IP had a strong prospect for widespread industry adoption. The economic benefits are expected to improve further once the AqMB IP is embedded in an operational software solution.

Envirosuite is now accelerating the development of a new "smart water" product solution that will be launched commercially within the next six months. The new solution will combine the strength of the AqMB IP for the modelled effects of biological and other processes on chemical and energy inputs, with EVS's exclusively licenced SeweX algorithms to monitor and prolong the operational life of water collection and distribution infrastructure. This will enable Envirosuite to go to market with a proprietary end-to-end smart water product that aims to significantly improve the economics and environmental outcomes for water asset operators.

Envirosuite CEO Peter White said:

"Envirosuite aims to play an increasingly important role for water asset operators around the world who are looking to solve problems relating to water supply, quality and scarcity via digital transformation."

"The acquisition of AqMB is a very significant step towards achieving our vision to unlock value beyond compliance and apply our augmented environmental modelling software to directly assist customers to optimise their working assets and reduce expensive and polluting chemical inputs."

Further details in accordance with ASX Guidance Note 8 are provided below:

- Envirosuite will fund the acquisition from its existing cash reserves.
- While it has only been applied to discreet consulting projects in the past, AqMB has a small amount of ongoing revenues though the immediate effect of the acquisition on the Company's balance sheet and earnings is negligible.
- Completion of the acquisition remains subject to the satisfaction of customary conditions and is expected to occur by the end of August 2020.
- There are no other material conditions or information relevant to assessing the impact of the acquisition on the Company's securities.

Authorised for the release by the Board of Envirosuite Limited

For further information contact investor@envirosuite.com or visit www.envirosuite.com

About Envirosuite

Envirosuite (ASX:EVS) is a global leader in environmental intelligence spanning more than 15 countries and is a trusted partner to the world's leading industry operators in airports, cities, construction, mining, heavy industry, waste and water.

Envirosuite's solutions combines leading-edge science and predictive technology with industry expertise to produce actionable insights, allowing customers to optimise their operations whilst managing their environmental impact.

By harnessing the power of environmental intelligence, Envirosuite helps industry grow and communities thrive.

www.envirosuite.com