

ASX Release

Investor briefing

26 February 2021

Join us for the Envirosuite Limited's financial results for the half year.

This presentation will be conducted at 10:00am (AEDT Sydney/Melbourne) on Wednesday, 2 March with Peter White, Jason Cooper and Matthew Patterson for Envirosuite's half year results for the period ended 31 December 2020.

The CEO and CFO will provide a briefing on the:

- First half overview
- H1 FY2021 financial results
- Growth outlook

Questions from participants will be taken throughout the session and will be responded to via ASX release following the webinar.

Register to join the briefing at: <https://attendee.gotowebinar.com/register/5454337849551786253>. The presentation and Q&A will be available on the Envirosuite website www.envirosuite.com as soon as possible after the completion of the webinar.

For Investor Relations queries, please contact our team at investors@envirosuite.com.



H1 FY21 Results Presentation

26 February 2021



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All amounts are in Australian dollars unless otherwise stated.

First half overview



- Impact of COVID-19 mainly on Airlines, EVS customers are Airports
- Retention rate > 99%
- 2 new airports
- Lower non-recurring spend



- 30% annualised growth in ARR
- 2 Macquarie referrals
- Teck Coal – 2 new sites
- Veolia 6th site



- Acquisition of AqMB
- Public Utilities Board of Singapore competition win
- Momentum with GHD and Urban Utilities wins
- Commercialisation of SeweX
- Opens up additional \$1.7bn market

Positive signs despite challenging conditions

Envirosuite is diversified across several sectors providing clients with compliance, engagement and operations solutions.

Despite the challenges of COVID-19, Envirosuite's solutions continued to provide critical business value to all sectors including those in the Airports sector.

Over the course of 2020, Envirosuite has continued to respond to the impacts of COVID-19, with a focus on supporting our customers and our teams.



Financial and operating performance highlights for the six months ending December 31, 2020



Revenue of \$23.6m

H2 FY20: \$20.1m¹



85% Recurring revenue

H2 FY20: 77%



41% Gross Margin

H2 FY20: 32%



(\$3.6m) Adjusted EBITDA

H2 FY20: (\$6.9m)

1 - Envirosuite acquired EMS Bruel & Kjaer Holdings ("EMS") on 28 February 2020. H2 FY20 result includes 4 months of the EMS business.

H1 FY21 Financial Performance

Despite the negative impacts of COVID-19 on the Airports business and the impact of the appreciating AUD against USD, the business delivered solid results demonstrating the resilience of the recurring revenue business model

	For the 6 months ended		
A\$000	31-Dec-20	30-Jun-20	31-Dec-19
Total revenue	23,565	20,137	3,720
<i>Recurring as a % of total</i>	85.2%	77.3%	63.3%
Cost of revenue	(13,989)	(13,695)	(2,768)
Gross profit	9,576	6,441	953
<i>Gross margin %</i>	40.6%	32.0%	25.6%
Operating expenses	(17,289)	(18,284)	(7,332)
Other income/(expense)	(380)	(125)	(30)
Operating deficit	(8,094)	(11,967)	(6,410)
Add back: Depreciation & amortisation	3,250	2,586	655
EBITDA	(4,843)	(9,381)	(5,755)
Less: AASB 16 depreciation & interest	(747)	(656)	-
Add back: Share-based payments	1,306	1,046	2,108
Add back: Foreign currency losses / (gains)	380	125	30
Add back: Transaction and integration costs	343	1,956	307
Adjusted EBITDA	(3,562)	(6,910)	(3,310)

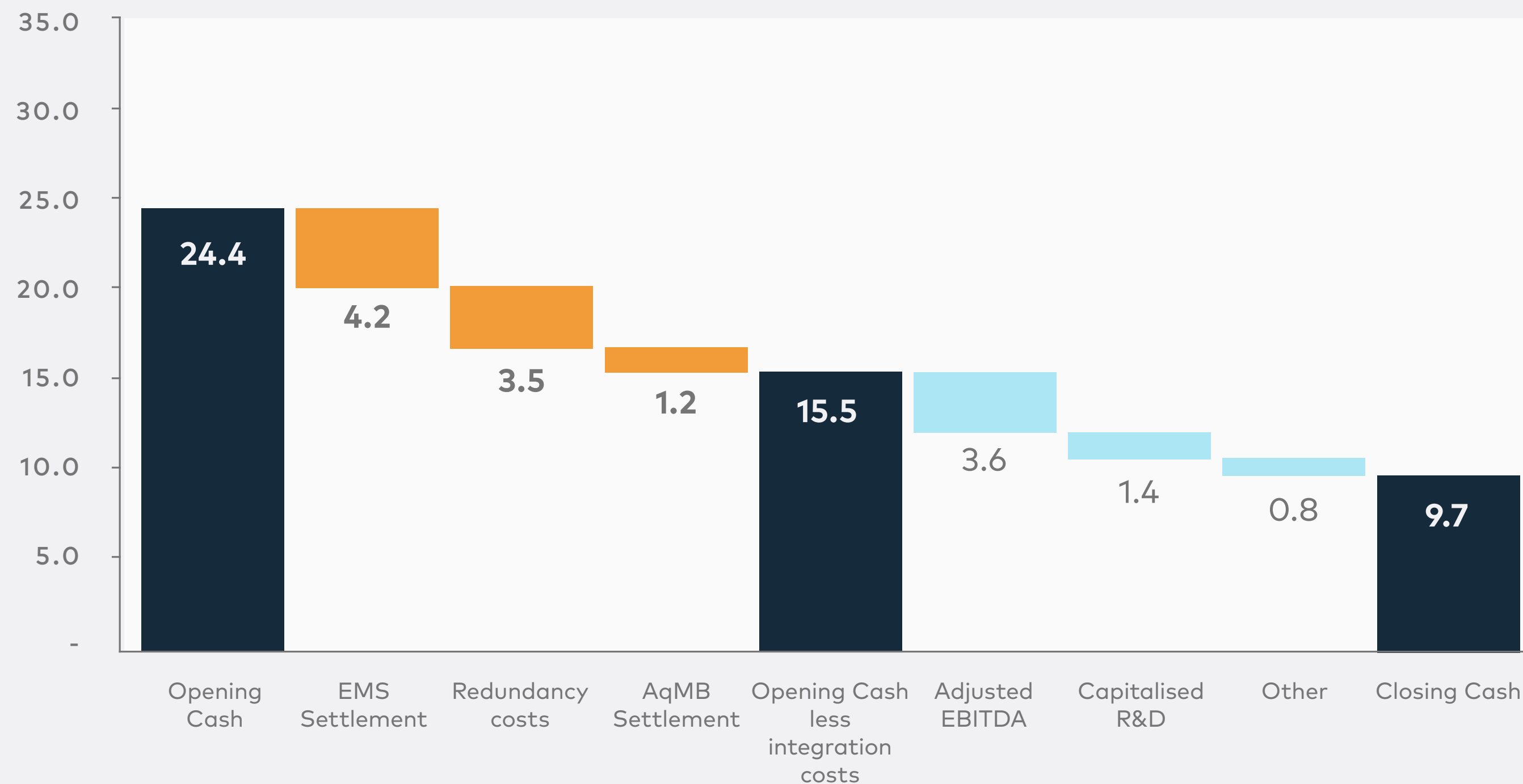
Revenue \$23.6m up on prior half but includes additional 2 months of EMS business

- > Recurring revenue negatively impacted by appreciating AUD against USD and temporary discounts offered to support our Airport customers
- > Historically low level of non-recurring revenue impacted by project delays in Airport sector due to COVID-19

Cost-out initiatives implemented in H1 FY21 contributed to improved gross margin % and improved Adjusted EBITDA result

* Management has amended the definition of Adjusted EBITDA in the current period to include the impacts of capitalising internally developed software costs to align with industry practice

Cash spend H1 FY21



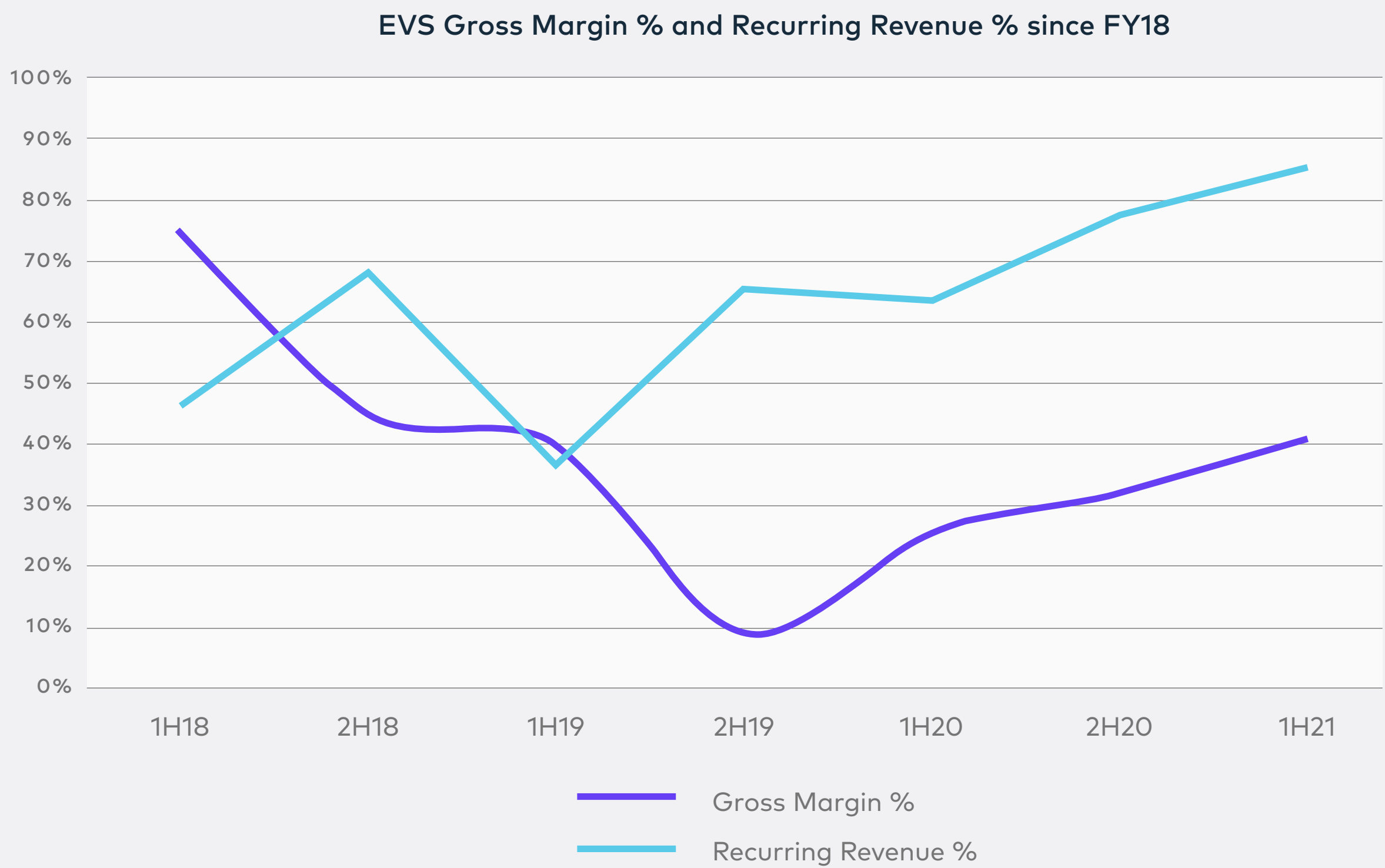
Cash spend of \$5.8m excluding one-off items

As noted in FY20 results presentation, there were various non-recurring acquisition and integration cash outflows that occurred in H1 FY21. Forecasted one-off costs have been in line with expectations:

- › \$4.2m remaining EMS settlement
- › \$3.5m of pay-outs for redundancy costs
- › \$1.2m for AqMB acquisition

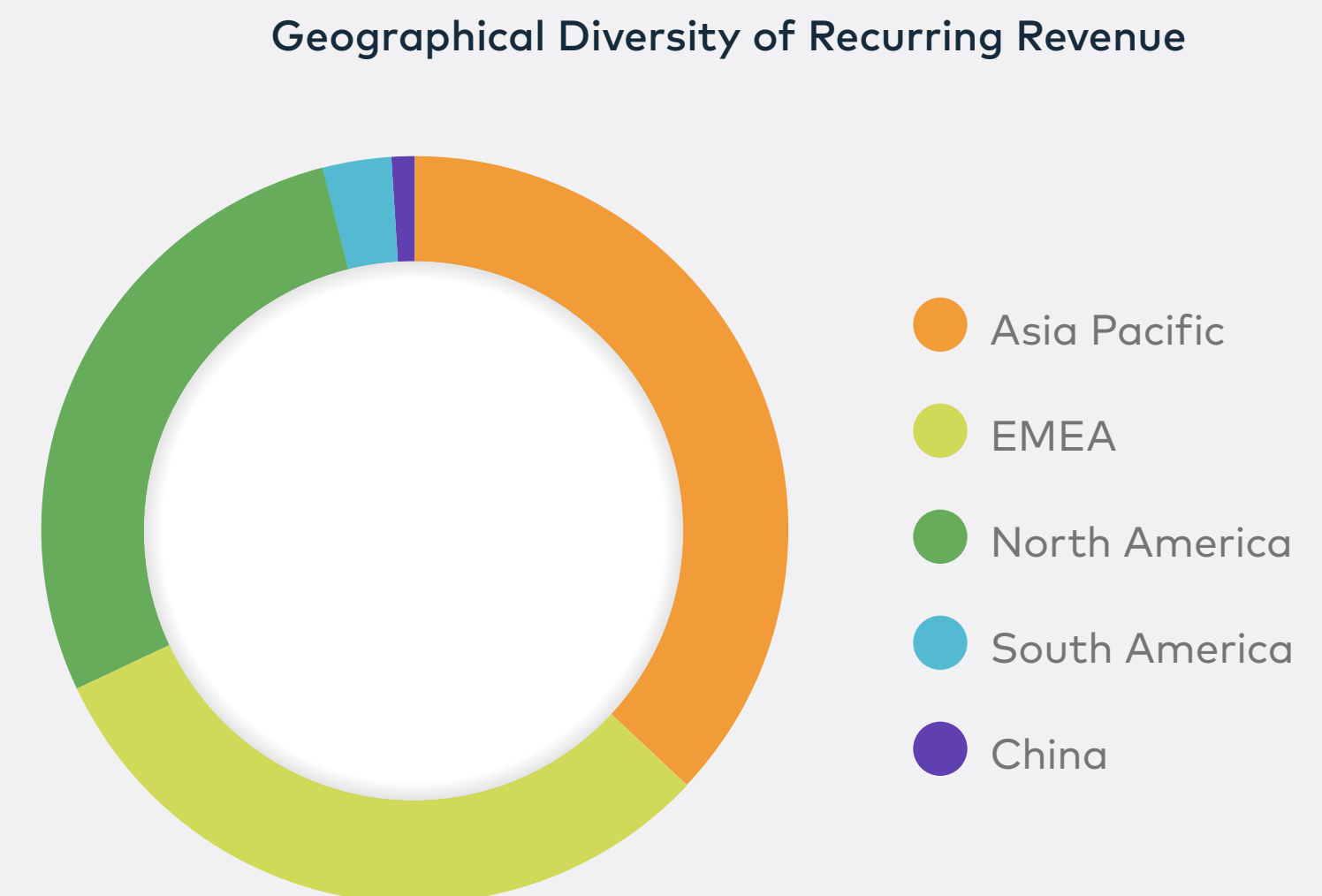
Excluding these non-recurring cash costs, the adjusted cash spend in H1 FY21 was \$5.8m. Additional recurring and non-recurring revenue forecast to reduce cash spend for H2 FY21.

EMS acquisition has provided a stable platform for growth

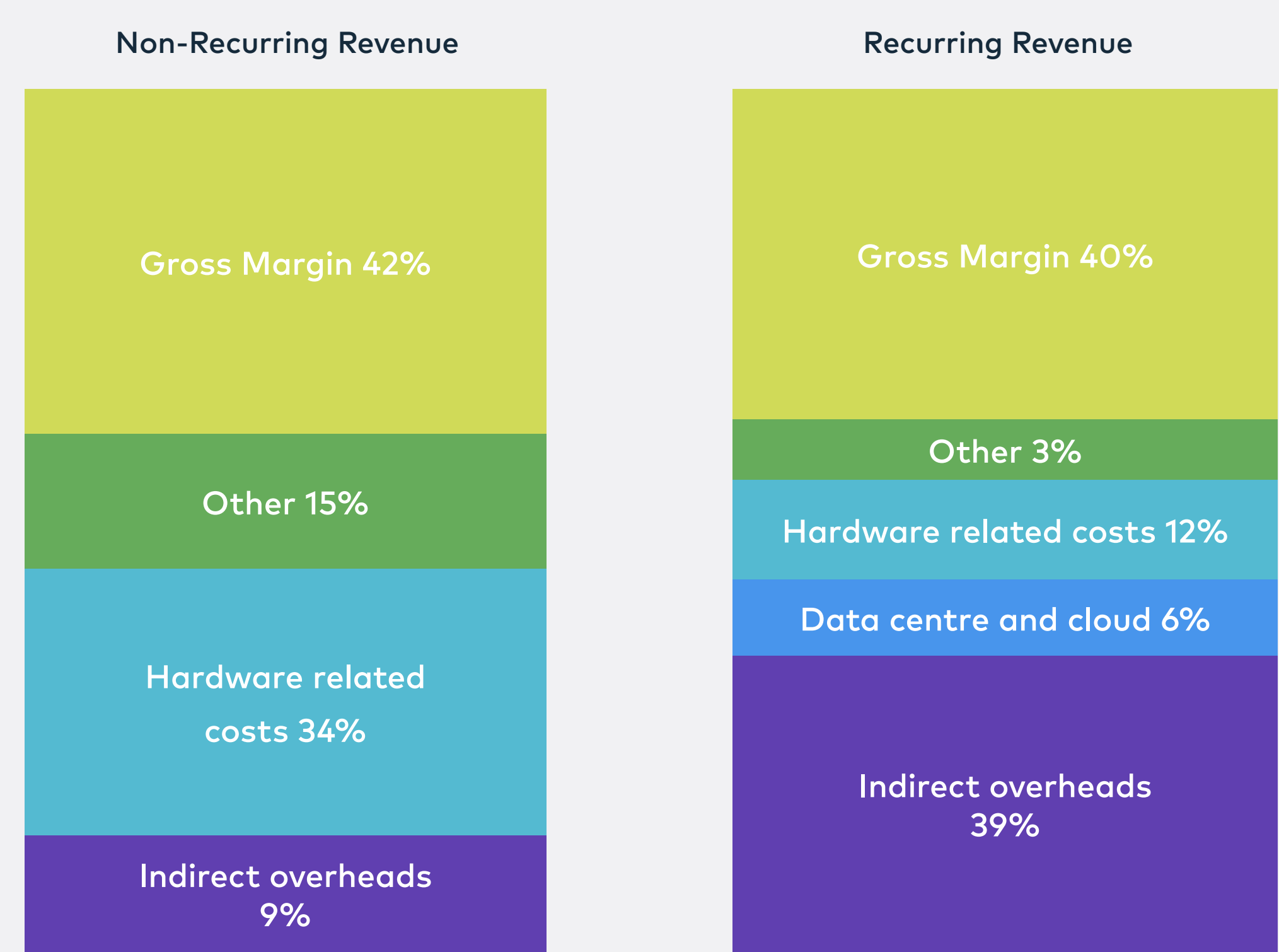


85% Recurring revenue
Vs
63% pre-EMS acquisition

40% Gross margin
Vs
26% pre-EMS acquisition



Gross margin will continue to increase above the current levels as the business transforms



The business continues to transform its operational model to optimise margin across both recurring and non-recurring revenue beyond the impact of FX and temporary Airport discounts (~4% impact on margin):

Specifically:

- > Accelerated shift to one cloud platform to consolidate instances and reduce cost
- > Review the location of business functions to take advantage of our global footprint and optimise our resource cost base as we scale
- > Consolidate our office space and locations in response to COVID-19

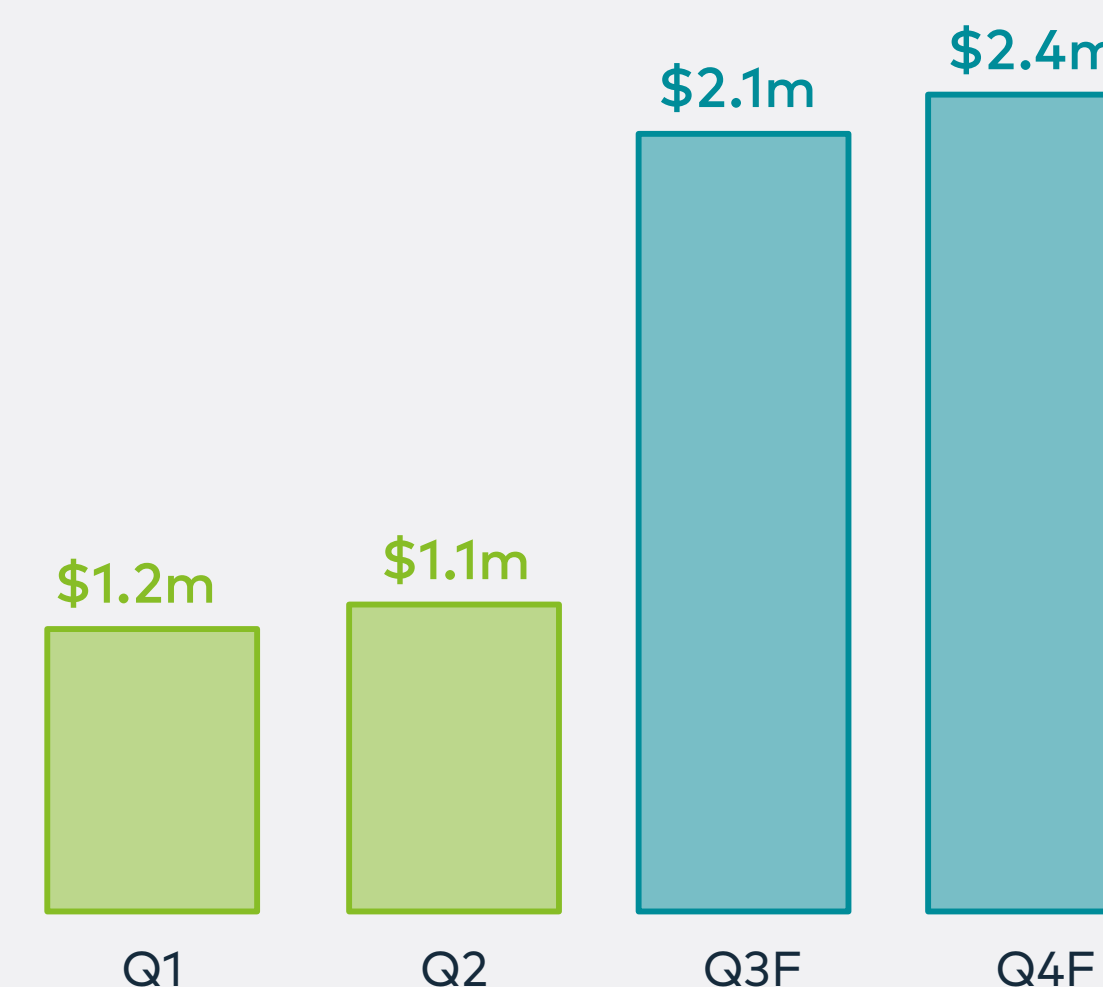
* Based on H1 FY21 results. Non-recurring revenue margins fluctuate depending on the project and, therefore, these are presented as indicative

Outlook

H2 Outlook

- › Recurring revenue expected to be up 4-8% on H1 FY21 as temporary discounts offered to Airport customers start to unwind
- › Non-recurring revenue expected to be significantly up on H1 FY21 based on delivery of projects won in Q2 FY21 and beginning of Q3 FY21 as well as weighted pipeline
- › Overall, the Adjusted EBITDA for H2 FY21 is expected to be improved on H1 FY21
- › Adjusted EBITDA expected to be positive in Q4 of FY21 dependent on timing of non-recurring revenue

New ARR Sales Orders¹

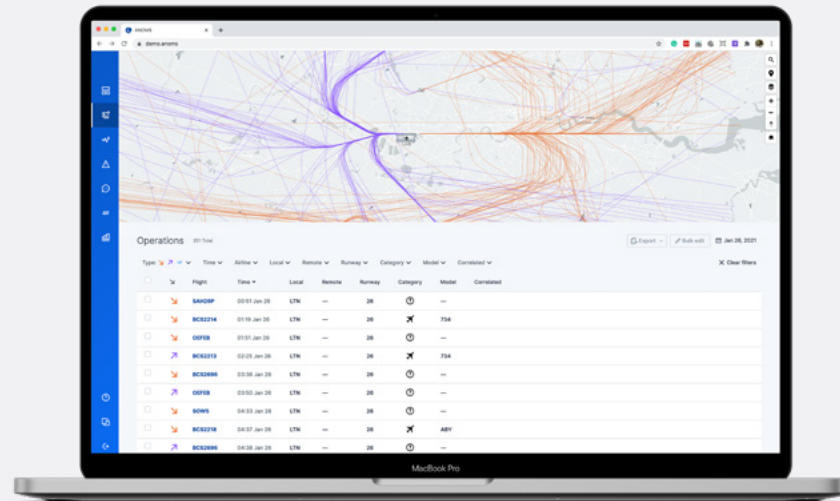


Short-term outlook impacted by:

- › The duration and severity of the COVID-19 pandemic in particular on the Airports sector
- › The timing of delivery on non-recurring projects
- › The impact of foreign exchange including the negative impact of a strengthening AUD
- › New investment opportunities

Envirosuite Solutions

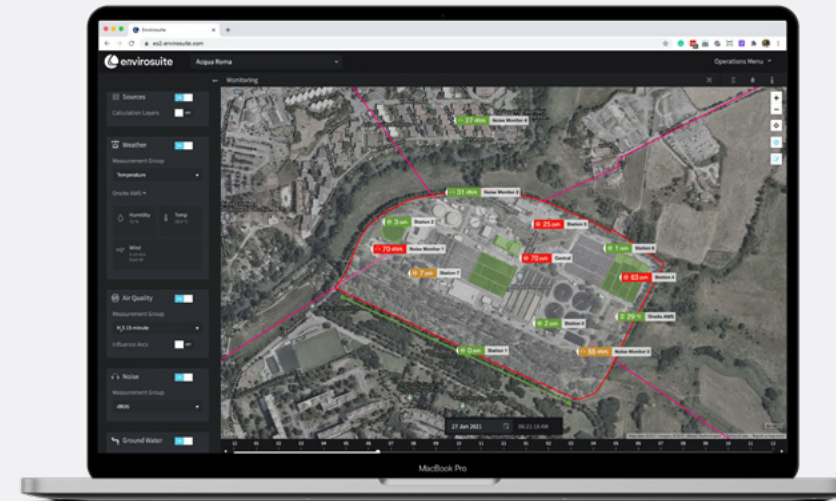
Stability



Airports

- › Industry leader with ~30% market share¹
- › High retention rate (churn of <2%)
- › Decrease in revenue in H1 FY21 attributed to appreciating AUD and temporary discounts offered, some of which started to unwind in December 2020

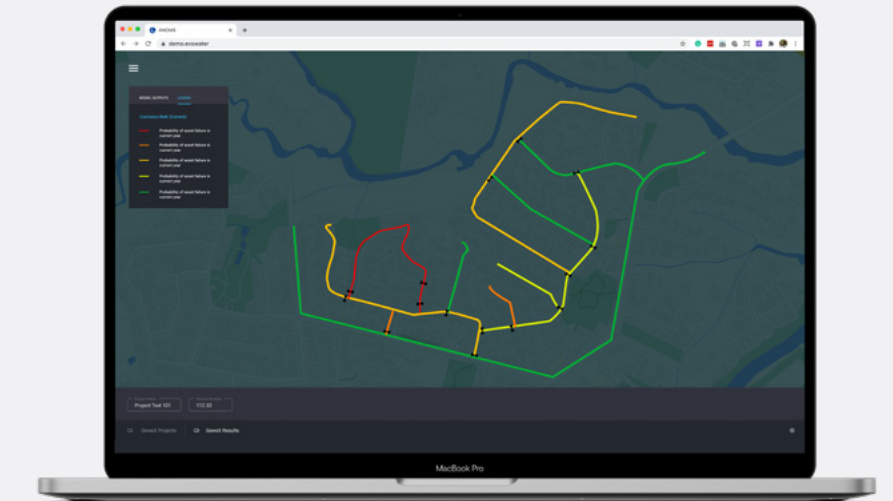
Growth



Industrial

- › Combining EMS Noise and Vibration platform with EVS Air Quality platform
- › Scaling business with over 200 customers
- › 30% annualised growth H1 FY21²

Upside



Water

- › Commercialisation of SeweX and AqMB to create EVS Water
- › Launched in November 2020
- › Strong momentum including 3 wins
- › Opens up additional \$1.7bn market

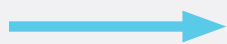
Unlocking adjacent opportunities through our product strategy

- › Envirosuite’s traditional focus on noise, vibration and air quality solutions is being expanded deeper into to operational intelligence with the acquisition of AqMB and launch of EVS Water.
- › The product is applicable to any water-intensive industry such as water treatment plants, power stations, food and beverage and mine sites.
- › Early wins with GHD, Urban Utilities and PUB in Singapore have validated the product market fit and differentiated offering.

Current Envirosuite sites●
\$43m ARR



\$2.3bn
(Addressable market based on current solutions)



Adjacent growth \$4.0bn
(Addressable market based on current and emerging EVS Water solution)

Market tailwinds

- › Urbanisation - by 2025 there will be 60% of the world's population in cities, increasing overlap of communities with industry¹
- › Increasing **COMMUNITY DEMANDS** and **PUBLIC AWARENESS** means **RISING TIDE** of regulation
- › Most countries adopting zero carbon emission targets: USA, Europe, UK, China
- › Biden Administration focus on climate change and environmental justice
- › **DO NOTHING** case for industry is no longer sustainable

1- Global Mega Trends to 2030, Frost and Sullivan, September 2019



Summary



Global Market Leader

- › Across Air, Noise, Water, Vibration
- › Fragmented competitor base



Market

- › \$4.0bn identified SAM
- › Rising global tide of environmental regulation



Solution as a Service

- › High % of revenues recurring (85%)
- › Low churn rate (<2.5%)



Organic growth

Targetted growth rate of 20% per annum over 3 years



M&A

Inorganic growth to be active part of our strategy



Go to market

Focus on high growth markets North America and Asia Pacific

For more information please contact:

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www.envirosuite.com



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environmental intelligence