

**ASX RELEASE**

20 January 2022

# Q2 Sales Update: Strong results as Group ARR nears \$50m

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**KEY HIGHLIGHTS**

- Total new Q2 sales orders of \$4.6m, new ARR of \$1.8m up 64% on PCP
- Year to Date new ARR of \$3.5m up 52% on PCP
- Total Group ARR nears \$50m as at 31/12/21
- Major long-term contract renewals from APAC and EMEA
- EVS Water has doubled total ARR in Q2
- Low churn maintained remaining at approximately 2%

Leading environmental intelligence technology company Envirosuite Limited ('Envirosuite' / 'the Company' / 'Group') is pleased to announce a strong Q2FY22, resulting in total Group ARR<sup>1</sup> nearing \$50m at the end of the quarter at \$49m.

Record total new sales orders for Q2 of \$4.6m were achieved, including 1.8m of ARR and 2.8m of non-recurring project work. This 1.8m of new ARR for the quarter represented a 64% increase on the PCP, further adding to the company's base of ARR. The new ARR apportioned across the Group's three channel product offering as follows:

<b>Product</b>	<b>ARR \$m</b>	<b>ARR %</b>
Aviation	0.3	15
Omnis	1.3	75
Water	0.2	10

Further to the new sales in aviation the Company won major public tenders to continue servicing existing clients under renewals of long-term contracts.

EVS continues to maintain a strong ARR base with a stable churn rate of approximately 2% over the trailing twelve months. The reported ARR has been impacted this quarter due to discounts in Aviation to support long-standing customers and the Australian dollar appreciation across several currencies.

1- ARR represents the recurring revenue at the reporting date that the company expects to receive from customers based on sales orders received net of any churn



## **EVS Water momentum continues with 100% increase on Q1 result**

Envirosuite's SaaS product EVS Water is gaining momentum across all regions with total new ARR for the product suite doubling from Q1 (from 0.2m to 0.4m total ARR). While the opportunity pipeline continues to grow globally with the appointment of Water industry professionals within the sales organisation, the APAC region has been leading the charge following on from the Water Corporation win in Q1<sup>2</sup> where EVS will provide a proof of concept of SeweX, Envirosuite's corrosion, odour and safety software. This account has since been expanded to three sites.

In Q2, new projects have been secured in Southeast Asia including the first desalination plant for EVS Water Plant Optimiser. Envirosuite offers a unique digital twin technology and hybrid modelling approach for both types of water plants, which is unique to the industry and an advancement in the way to solve their challenges. According to Yale School of Environment, there were approximately 15,000<sup>3</sup> operational desalination plants globally in 2020.

Recently, Envirosuite was also awarded the highly recognised Frost & Sullivan's 2021 Global Digital Twin Technology for Water Entrepreneurial Company of the Year<sup>4</sup>. The award recognises Envirosuite's leading global digital twin technology for the water industry and entrepreneurial innovation against criteria including market disruption, competitive differentiation, and environmental leadership.

Frost & Sullivan's Best Practices Research Analyst, Makysm Beznosiuk, said,

*"Envirosuite offers innovative digital twin solutions that help clients work on engineering design with high speed, precision, and productivity unmatched by the competition."*

With strong market interest and product validation, the Company raised \$10.5m via a strongly supported strategic placement<sup>5</sup> to accelerate EVS Water with the funds going to the direct sales team, the addition of product and technical roles, as well as the creation of further strategic partnerships to support implementation and growth of this high margin, SaaS product suite.

## **Strategic partnerships**

During the quarter, two strategic agreements were signed with GHD<sup>6</sup>, a highly regarded consulting group in the global water industry, to support the scaling of implementation of EVS Water and leveraging GHD's global network for referral opportunities.

2- Refer to ASX Announcement dated 2 September 2021, ["EVS and WA's Water Corporation Enter into SeweX proof of concept"](#)

3- Source: <https://e360.yale.edu/features/as-water-scarcity-increases-desalination-plants-are-on-the-rise>

4- Source: <https://www.frost.com/wp-content/uploads/2021/12/2021-Award-Write-Up-Envirosuite.pdf>

5- Refer to ASX Announcement dated 3 December 2021, ["Envirosuite raises A\\$10. Million to accelerate EVS Water"](#)

6- Refer to ASX Announcement dated 24 November 2021, ["Strategic agreements with GHD to Implement & Refer EVS Water"](#)



The execution of the agreements has started off strong with engagement processes established and introductions to potential clients initiated in all regions. Initial feedback has been positive and there is a potential opportunity gaining momentum for SeweX within EMEA.

The Company also entered into an agreement with Aeroqual<sup>7</sup>, a global air quality monitoring platform provider, headquartered in New Zealand to explore global business opportunities and integration of technologies as a solution. Initial discussions with potential prospects have been positive with an active opportunity in the pipeline in South America.

### **Long-term customer renewals and confidence**

During Q2 the Company continued its 20-year long commercial relationships with both the city of Madrid and Airservices Australia (ASA)<sup>8</sup>. For Madrid City Council (MCC), Envirosuite continues to provide one of the most advanced noise monitoring systems in the world that has evolved over time with the client.

Envirosuite helps MCC understand the changing soundscape of the city, allowing more effective management and mitigation of the impacts of road traffic, industrial and other noise.

EVS signed a 5-year contract renewal with ASA, extending a 20-year relationship for the provision of independent aviation noise monitoring for Australian airports. The EVS solution is provided to 12 airports nationally with solutions that support independent reporting on aircraft, background and community noise events.

### **EVS Omnis continues to grow with significant Cerrejon signing**

The Company's Mining and Industrial focused solution suite in EVS Omnis continues to be a significant revenue contributor. EVS has continued to build and expand on the relationship with Cerrejon, one of the largest open-cut mines in the world, with over \$1m of sales signed including new ARR. Cerrejon have integrated the EVS platform as part of their operations to support and improve their environmental, community and financial outcomes<sup>9</sup>.

Other notable wins in the Mining sector include additional projects with Teck Resources, a growing account of significance with multiple sites in North America as well as Roy Hill in Australia.

Interest is emerging for EVS Omnis in new sectors with a recent win with Byers Scientific, a company that provides emissions analysis to help cannabis cultivators, consultants, and engineers to measure, monitor and understand plant emissions.

7 - Refer to the ASX Announcement dated 4 November 2021, "[Envirosuite executes MoU for partnership with Aeroqual](#)"

8 - Refer to the ASX Announcement dated 16 December 2021, "[EVS signs 5-year contract renewal with Airservices Australia](#)"

9 - Refer to the ASX Announcement dated 9 May 2019, "[Cerrejon Mine becomes Envirosuite's largest client](#)"



This unique opportunity has significant potential given the rapid pace of the multi-billion<sup>10</sup> legalised cannabis industry in the United States.

### **Strengthening of the executive leadership team**

As EVS continues to scale for growth, the Company has recently appointed Mr. Aaron Lapsley as Chief Operating Officer, effective from 10 January. Based in North America Aaron brings a wealth of experience from the technology and consulting industries to lead the development of a world class operations team globally.

EVS also anticipates the announcement of a new Chief Financial Officer to join the executive team in the near future.

Commenting on the Q2 performance Envirosuite, CEO, Jason Cooper said;

*“The second quarter continues to prove our ability to grow and execute in challenging conditions with a pandemic that’s showing no signs of slowing down. With this in front of us, the team have shown focus and discipline to continue to win and renew business across all of our focus sectors and regions. It’s exciting to see EVS Water continue to prove product market fit with the addition of a desalination plant in Asia, while EVS Omnis continues to expand into adjacent industries such as cannabis showing the applicability of capability across sectors, and our EVS Aviation customers showing confidence in our product with multi-year renewals. It’s an exciting time for the company as we continue to strengthen the foundations of our business for scale with high calibre executive hires, bringing in industry experienced sales professionals and continuing to invest in our product to meet the growing needs of the market as the environment becomes an increasingly important agenda item for all industries.”*

For the purposes of compliance with Guidance Note 8 of the ASX Listing Rules, the Company highlights that the required details of any material contracts referred to in the above, have already been disclosed to investors via the ASX Market Announcements Platform in separate announcements. There are no other material contracts, provisions of any contract to be disclosed nor any material conditions to be satisfied prior to the parties being legally bound to proceed, with any contract mentioned above.

Authorised for release by the Board of Envirosuite.

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10 - Source: <https://www.fortunebusinessinsights.com/industry-reports/cannabis-marijuana-market-100219>



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## **ABOUT ENVIROSUITE**

Envirosuite (ASX:EVS) is a global leader in environmental intelligence and is a trusted partner to the world's leading industry operators in aviation, mining & industrial, waste and water.

Envirosuite is an ASX All Technology Index company and ranked 12th in Deloitte's Technology Fast 50 winners for 2020.

Envirosuite's proprietary software combines leading-edge science and innovative technology with industry expertise to produce predictable and actionable insights, allowing customers to optimise their operations, whilst remaining compliant and managing their environmental impact.

By harnessing the power of environmental intelligence, Envirosuite helps industries grow sustainably and communities to thrive.

[www.envirosuite.com](http://www.envirosuite.com)