



1H FY23 Results Presentation

ASX: EVS

22 February 2023



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All amounts are in Australian dollars unless otherwise stated.

Agenda

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04

Q&A



Jason Cooper
Chief Executive Officer



Justin Owen
Chief Financial Officer



Key metrics

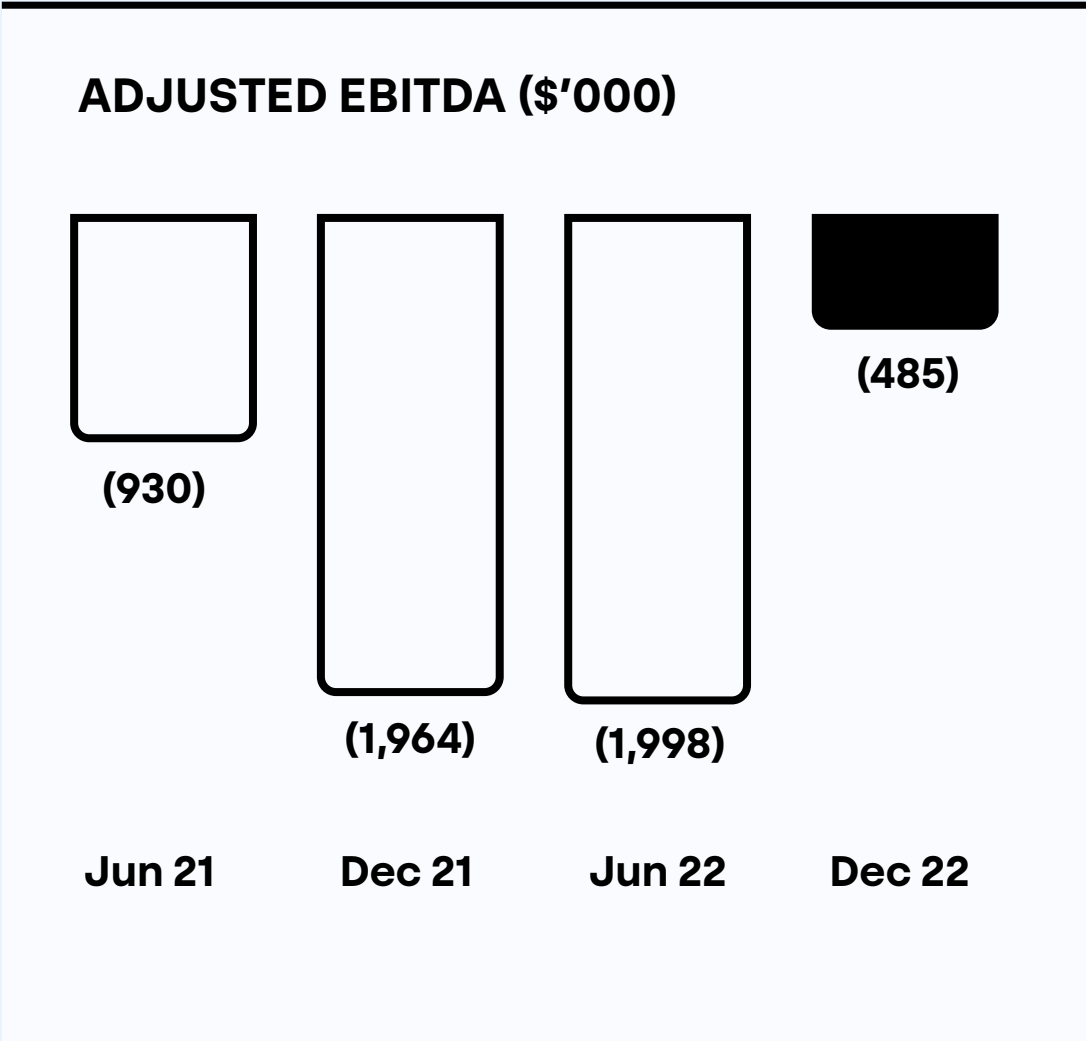
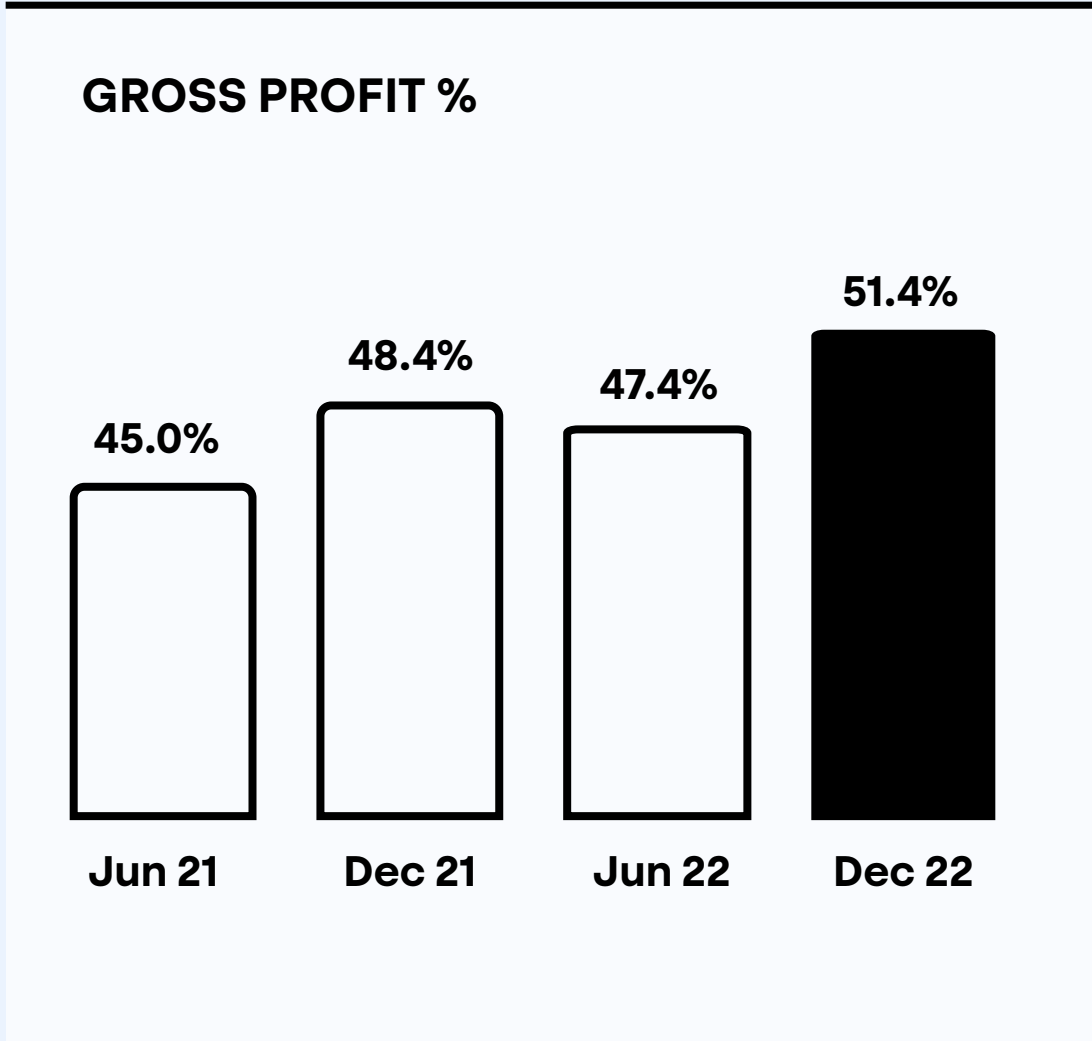
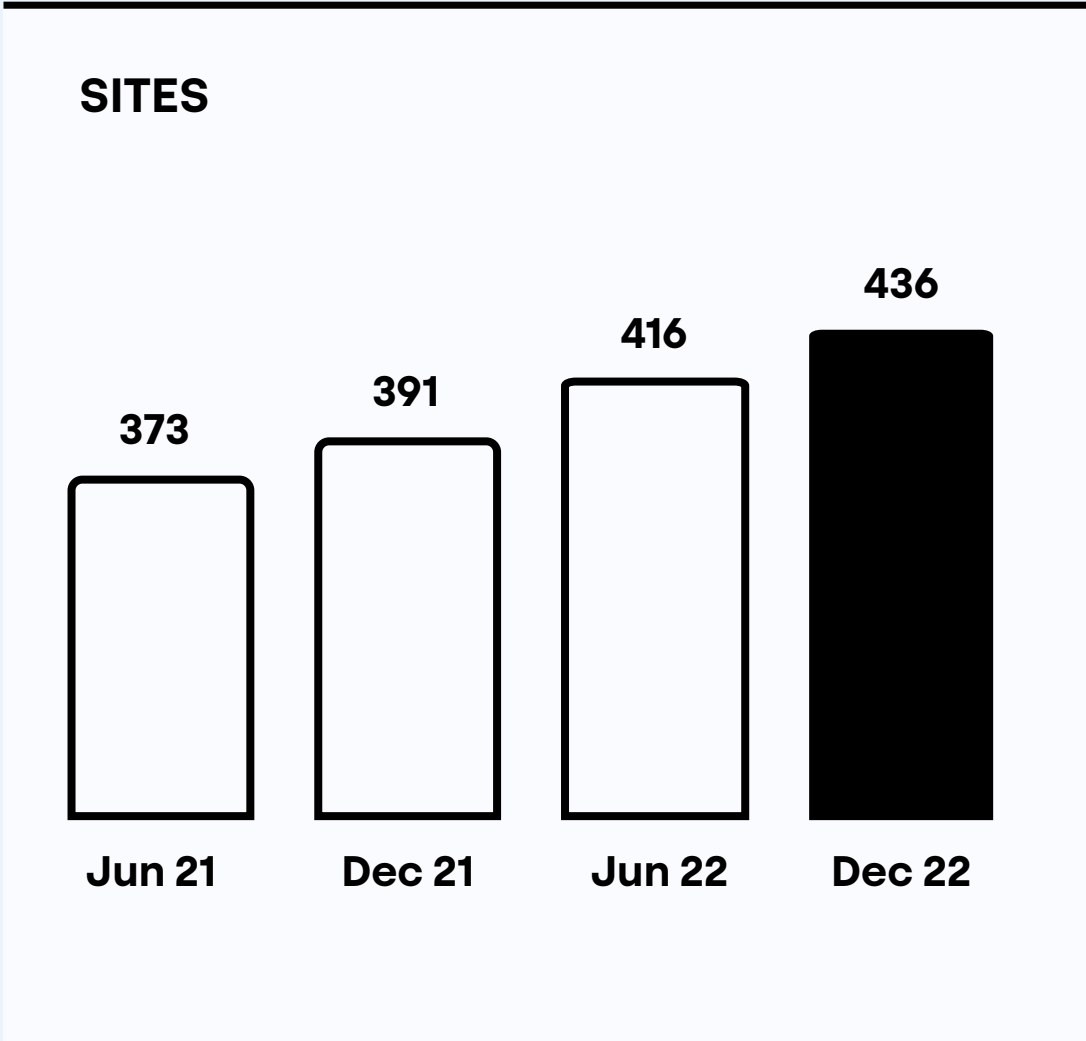
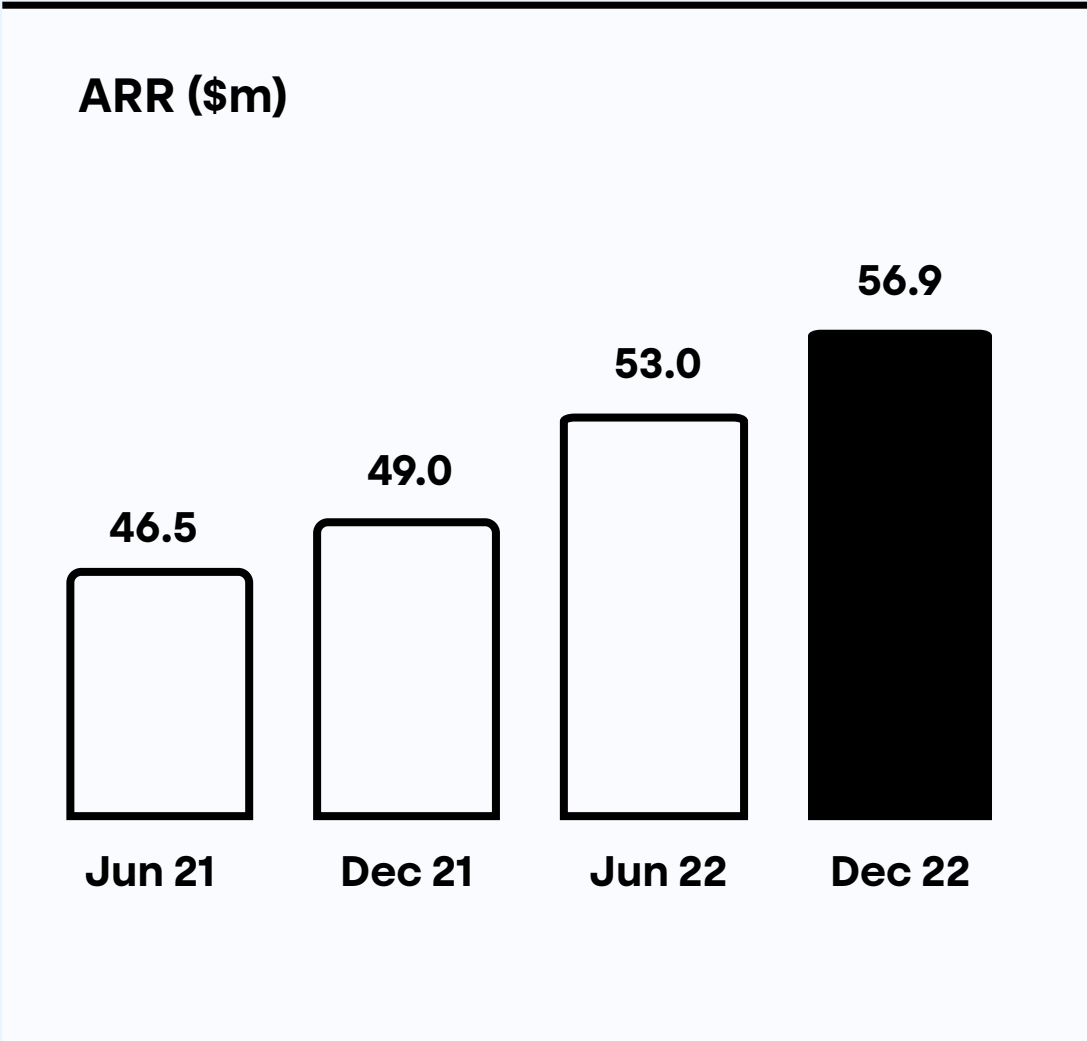
\$56.9m
Annual Recurring Revenue
+ 16.3% PCP

436
Client sites
+ 11.5% PCP

\$27.6m
Statutory revenue
+ 2.8% PCP

51.4%
Gross profit*
+ 6.1% PCP

\$(0.5)m
Adjusted EBITDA (loss)
Improved 75.3% PCP





Our Purpose

We believe
**environmental
intelligence** is the
key to improving the
wellbeing of people
and the planet.

Business snapshot

Envirosuite provides our customers with the tools and software to be able to accurately measure their environmental and social impact and the data-driven intelligence to make better business decisions



Airport environmental management software built on decades of experience managing complex airport noise issues, engaging with communities and supporting growth initiatives.



Environmental management software built for today's operators to act on site emissions, plan for weather risk and engage transparently with stakeholders.



Digital twin technology water treatment software for plants powered by machine learning and deterministic modelling.



Clients in
46
Countries

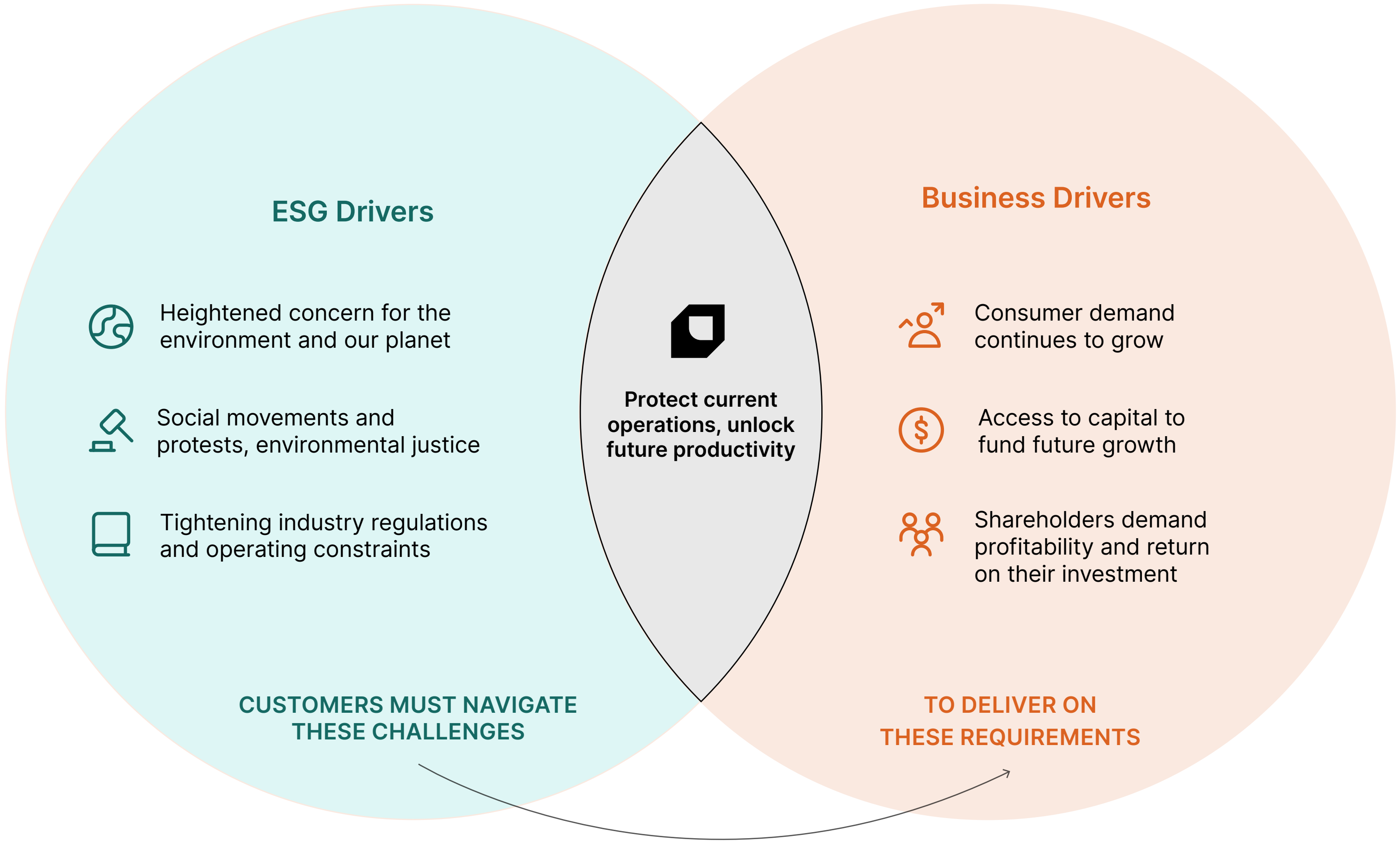
270
Employees

4000+
Connected
IoT devices

30+
Years
experience

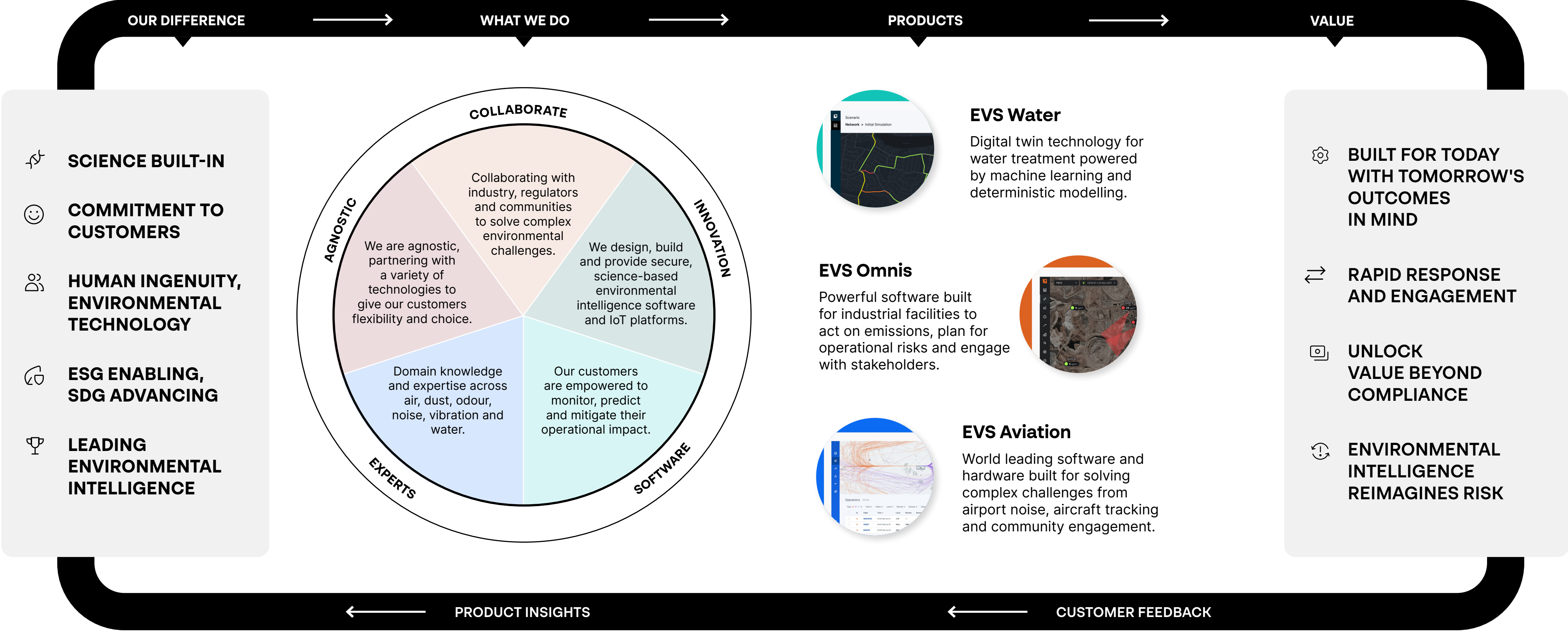


The platforms **required** to operate in our evolving world





World's most advanced environmental intelligence technology provider





1H FY23 Highlights

Revenue

- Growth in ARR of 16.3% PCP to \$56.9m
- Statutory revenue of \$27.6m of which 87.6% is recurring
- Ongoing growth from our largest product suite with **EVS Aviation up 13.7% PCP**
- Fastest growth from our largest region with the Americas up 22.3%

Pathway to profitability

- **75.3% improvement in Adjusted EBITDA** profitability to (\$0.5m) loss
- Achieved Adjusted EBITDA positive result in the months of November and December
- Uplift in gross profit exceeding 50% for the first time to 51.4%
- Operating leverage continues to improve with ongoing cost control
- \$11.9m cash at bank and no debt

Customers and sites

- Growth in total **customer sites up 11.5% PCP** to 436
- Enhanced our global geographic representation with Americas region growing fastest
- Strengthened sales team with focused effort near-term revenue by upselling existing customers (evidenced by revenue growing faster than sites)
- Continued to progress longer-term strategic partnerships (SGS and GHD) with significant potential to accelerate future growth

Diversification benefits across product suite

- 1H has demonstrated the benefits of diversified revenue streams across three independently growing product portfolios
- **EVS Aviation** - continues to grow strongly with exceptionally sticky customer base and the innovative Carbon Emission Modelling module introducing new revenue opportunities
- **EVS Omnis** - upsell of new product features to existing customers with a 17.3% increase in ARR from 9.6% growth in sites
- **EVS Water** - achieved commercial validation at globally significant reference site

1H FY23 – Revenue breakdown

\$24.2m

Recurring revenue up 11.9% PCP

87.6% of revenue is recurring
with a SaaS based business model

\$21.7m

ARR from Americas up 22.3% PCP

Strong product-market fit and growth from the Americas,
our largest region which now represents 38% of ARR

\$36.4m

ARR from EVS Aviation up 13.7% PCP

Exceptionally low churn, expansion within existing
customers and the addition of new Carbon Emission
Modelling module creating new revenue opportunities





Managing the most demanding noise, operational and community requirements.

The world-leading platform for airports to demonstrate compliance with local regulations, maintain trust with their communities and support growth initiatives.

- Deeper solutions to existing customers
- Leverage technical leadership to capture net-new airports
- New frontiers of aviation including Green Aviation and Advanced Air Mobility (AAM)



Future-proofing the industrial sector to take on a rapidly changing world.

Highly accurate, predictive insights for operators to balance increasing community and regulatory expectations with production goals.

- Single pane-of-glass environmental site operational tool
- Deep engagement with communities to support social license to operate
- Provides predictive insights to plan efficient asset use



Water is critical to daily life and the world’s prosperity, but it isn’t limitless.

Powerful digital twin technology for water utility operators and engineers to address increasing business, operational, customer and environmental challenges.

- Reduce Opex and optimise Capex spending whilst reducing risk
- Transform the accuracy of decision making at dramatically lower costs
- Repeatable and accessible science-based decision making

PRODUCT

STRATEGY

LAND, EXPAND & SCALE

Air Navigation Services Provider

- World-leading air navigation services provider strategically measuring, analysing, and communicating ground and airborne operational performance.
- EVS Aviation solution will allow NAV CANADA to develop and effectively deploy a contemporary airspace redesign that balances operational performance and environmental impact.

Semi-conductor manufacturer

- Global semi-conductor manufacturer using EVS Omnis to both monitor and predict its odour impact on surrounding communities, and to defend itself when falsely accused of creating odour impacts.
- Following EVS Omnis’ success at the first site, customer has scaled the solution to an additional three plants.

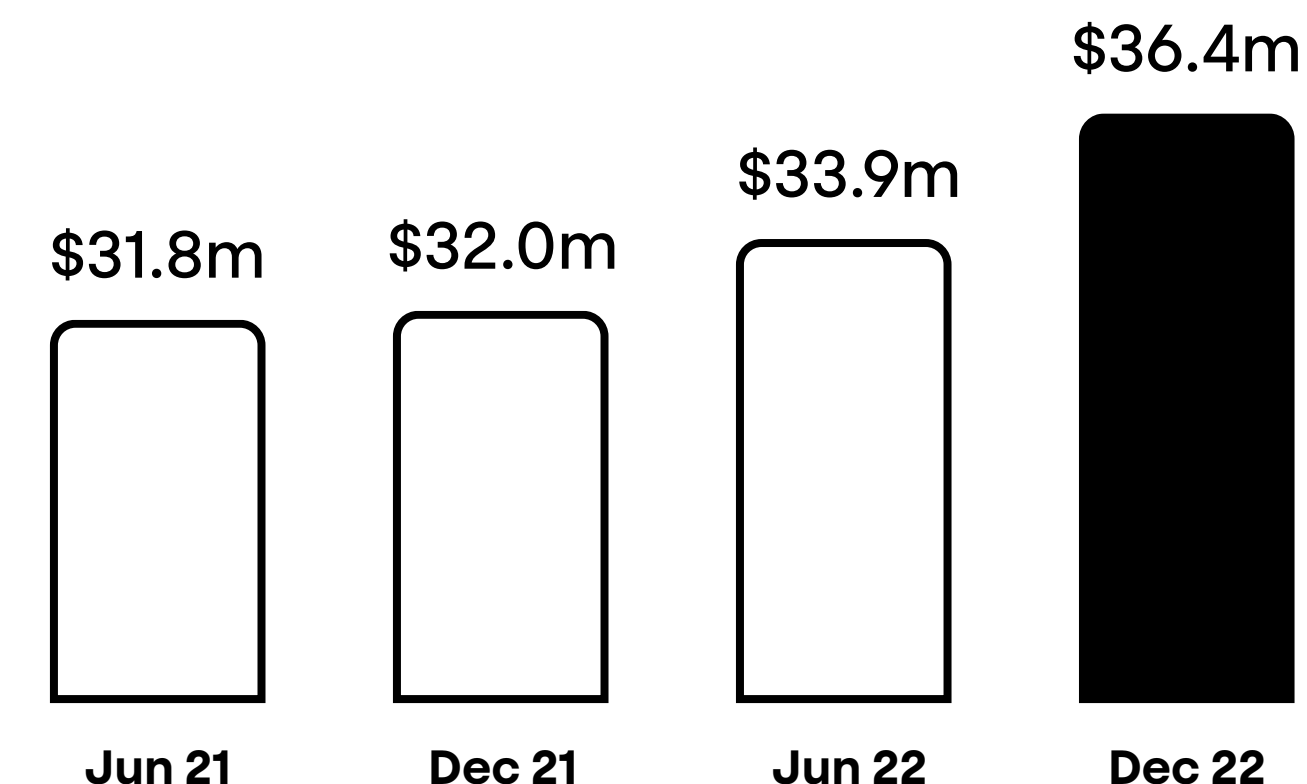


- Hong Kong WSD selected Plant Optimiser for its first ever digital twin project at Tai Po Water Treatment Works.
- The recommendations from Plant Optimiser identified opportunities to reduce alum dosing by 23.3% compared to business-as-usual operations.

CUSTOMERS



Growth and Innovation



\$36.4m

Annual Recurring Revenue

+ 13.7% PCP

182

Client sites

+ 9.0% PCP

1H FY23

- Record new ARR of \$4.1m over the last 12 months through a combination of renewing and upselling to existing customers and winning new sites from other providers.
- Achieved early adoption of our innovative new Carbon Emissions modelling solution, deepening our customer relationships.

Outlook

- Increased confidence among airports as air passenger demand has largely returned to pre-pandemic levels. Airports now looking for environmentally sustainable aviation solutions to deliver next phase of growth, driving demand for EVS Aviation solutions.
- Community pressure is driving airports to modernise their solutions as operations ramp up to meet demand. This is driving project revenue opportunities with our existing customers.

Case study

World-leading Air Navigation
Services Provider

Contemporary airspace redesign to global best practice

Problem

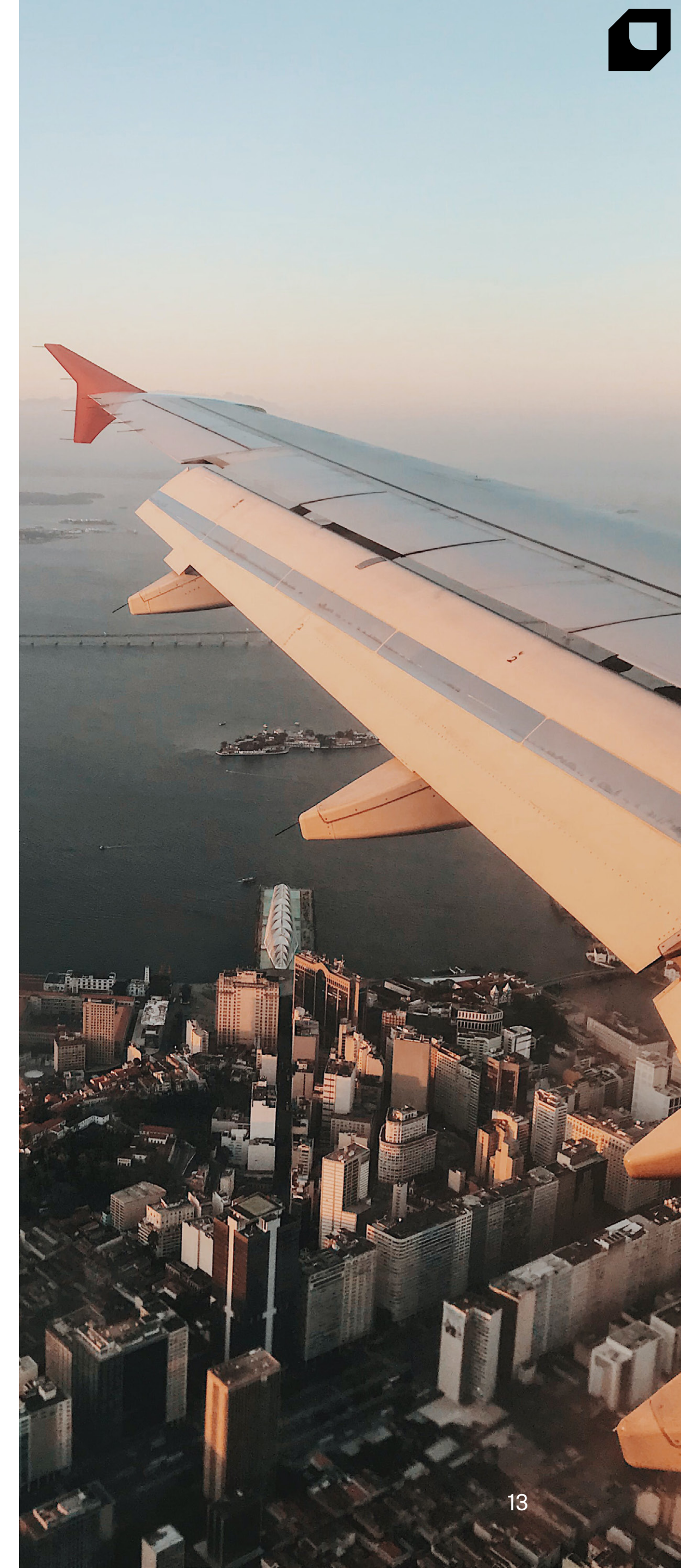
A world-leading Air Navigation Services Provider (ANSP) with a strategic goal to measure and improve operational and environmental performance, specifically measuring against the CANSO delay/operation performance KPIs and the CANSO flight efficiency and environmental impact KPIs. The ANSP currently uses various data sources which require manual aggregation and analysis, resulting in significant limitations around data availability, quality, and consistency and impacting their ability to execute on its strategic vision.

Solution

Using our ANOMS flight tracking and modelling platform and our new Carbon Emissions technology, Envirosuite is providing the capability to effectively measure, analyse, and communicate ground and airborne operational performance of four major national airports. This solution will allow the ANSP to measure and report on the CANSO KPIs in-line with global frameworks including the Greenhouse Gas (GHG) Protocol and Science Based Targets initiative (SBTi).

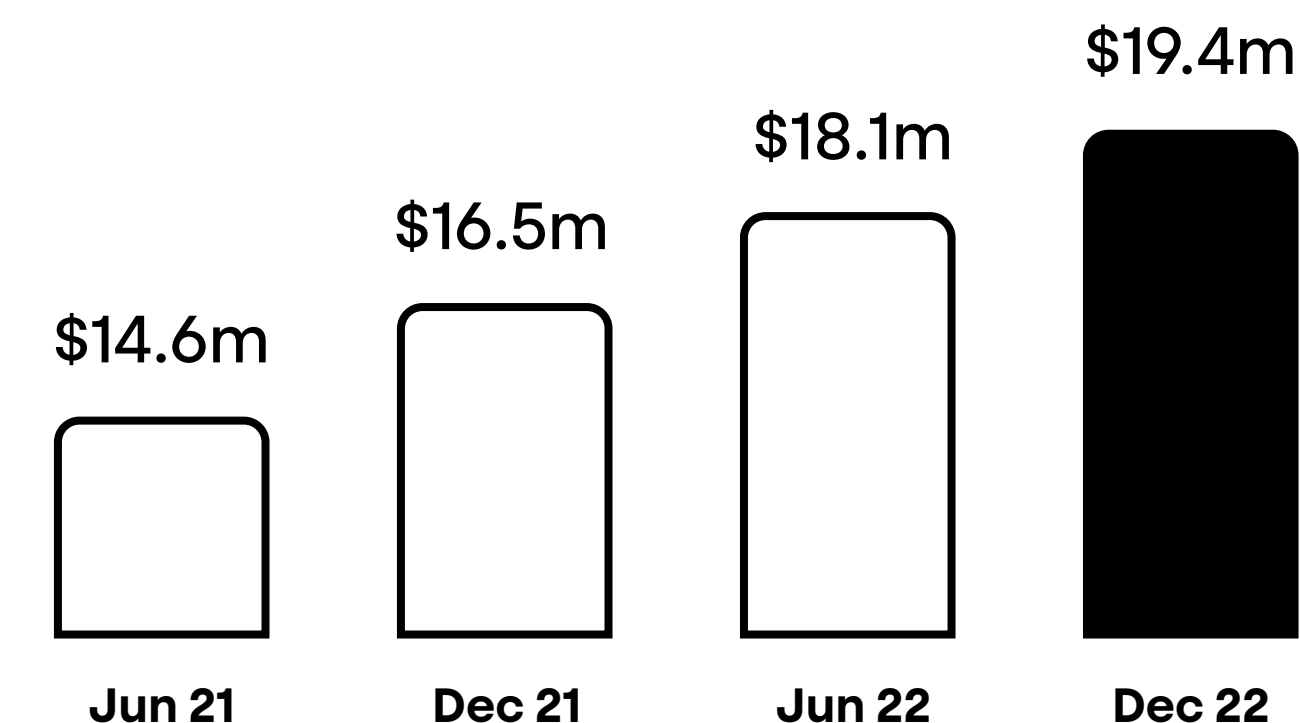
Value

The ANSP will now be able to quantify the value provided to stakeholders and airspace users, identify areas of concern, collaboratively set improvement targets, and measure the benefits of enhancement initiatives. This solution will allow the ANSP to develop and effectively deploy a contemporary airspace redesign that balances operational performance and environmental impact to the satisfaction of all stakeholders.





Strong product and revenue growth



\$19.4m

Annual Recurring Revenue

+ 17.3% PCP

240

Client sites

+ 9.6% PCP

1H FY23

- EVS Omnis growth continues to demonstrate its applicability across industry verticals, with several key deals signed with material customers in mining, food and beverage, and waste sectors.
- Released deeper noise management functionality, providing advanced alerting and analysis capabilities which further strengthens EVS Omnis' value proposition as a single pane of glass for all environmental parameters.
- Entered into a global strategic alliance agreement with SGS, the world's leading testing, inspection and certification company.

Outlook

- Pipeline is strong for 2H FY23, particularly in the mining sector with demand for natural resources is driving opportunities.
- Momentum continues to build. We expect EVS Omnis to continue tracking at or above its longer-term growth trend as the year progresses.



Case study

Global semi-conductor manufacturer

Odour solution scales from one site to four

Problem

The customer manufactures semi-conductor chips and has many of its manufacturing plants located in industrial parks where other companies' facilities are also located. This proximity of the plants can cause odour issues that extends to nearby communities, creating a challenge for the customer in terms of determining which facility is responsible for the odour at any given time.

Solution

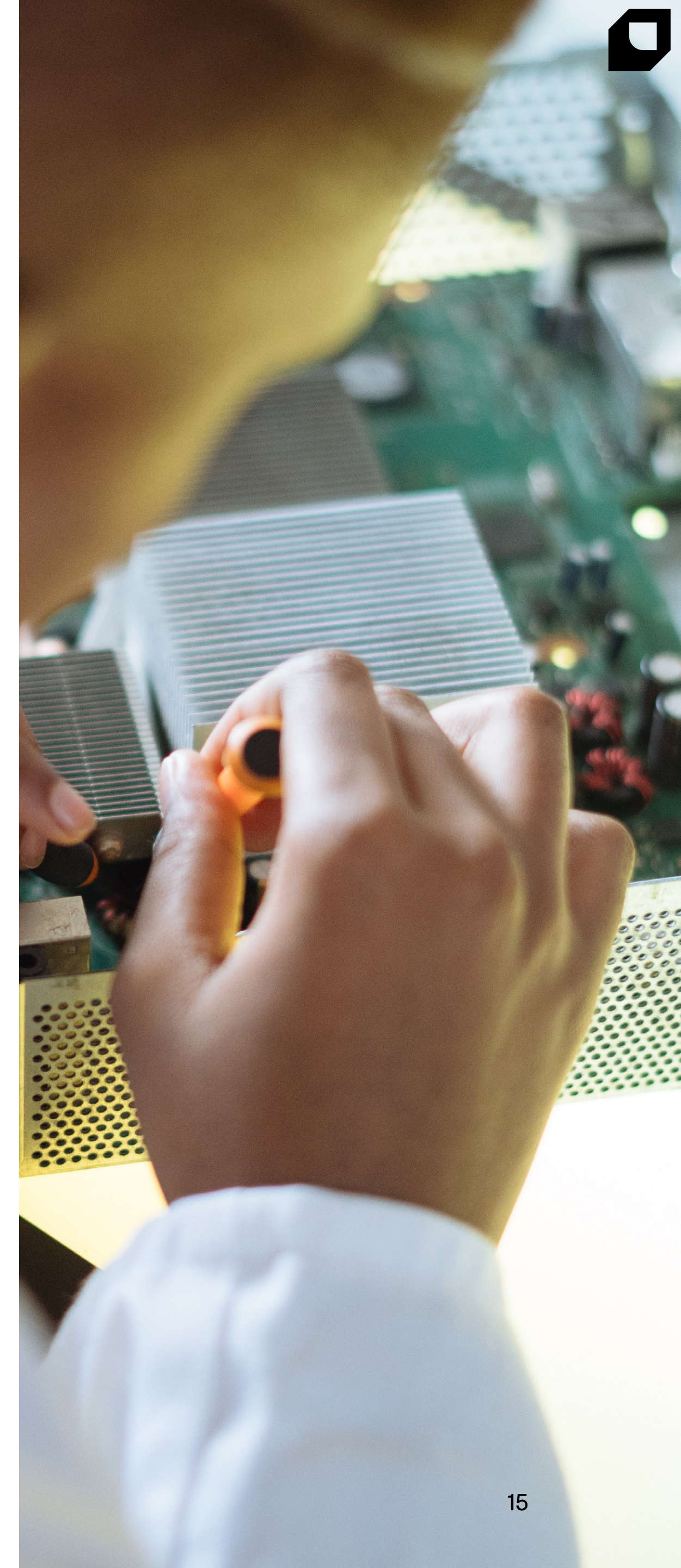
Indicative odour monitoring instruments have been installed at key locations around neighbouring communities, with that monitoring data accessible via EVS Omnis. The hyper-local meteorological modelling capability of EVS Omnis allows the customer to both review past incidents and determine whether its facility was at fault or not, and alter operating plans in the upcoming 72 hours based on meteorological forecast data.

Value

Thanks to the EVS Omnis odour solution, the customer can now:

- Monitor odour impacts on surrounding communities in real-time.
- Better determine how best to maintain operating productivity while minimising odour impact
- Drive better relationships and outcomes with both communities and regulatory authorities based on science

Due to this success, the customer has scaled this solution to an additional three sites.





\$1.1m

Annual Recurring Revenue

+ 192.6% PCP

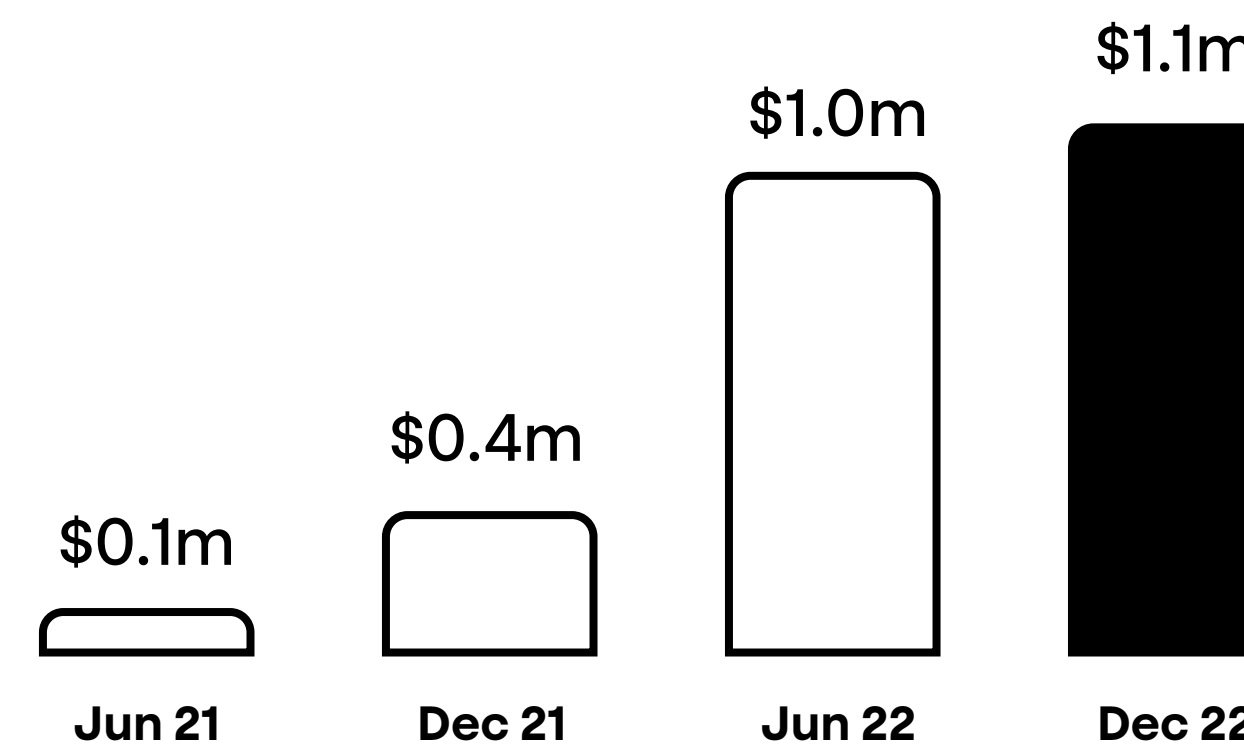
14

Client sites*

+ 180% PCP

* This number does not include Plant Designer sites

Validation at globally relevant reference site



1H FY23

- Achieved commercial validation of Plant Optimiser product, with 23.3% dosage savings identified at Hong Kong Water Supplies Department's Tai Po Water Treatment Works plant.
- Continued investment into SeweX to enhance user experience and self-service capabilities, reduce implementation time and improve scalability.
- Strong and positive engagement with existing customers around increased expansion.

Outlook

- Several opportunities progressed to near completion in 1H expected to close in 2H.
- Strategic appointment of new Global Growth Director based in the Middle East to accelerate international adoption.
- Continued collaboration with existing customers to validate ROI and improve the platform, driving case studies to support new opportunities and expansion discussions.



Case study

Hong Kong Water Supplies Department (WSD)

Commercial validation

Problem

In 2018, the WSD completed an expansion of the Tai Po Water Treatment Works (WTW) to produce 800,000 cubic metres of quality drinking water per day, future-proofing Hong Kong's drinking water supply. However, feed water variables at the plant cause high colour events driven by inorganic ions such as manganese, presenting operational challenges and requiring increased spend on dosing chemicals. In May 2022, the WSD selected Envirosuite's Plant Optimiser for its first-ever digital twin project to address these challenges.

Solution

A digital twin for Tai Po WTW has been built in Plant Optimiser. By combining machine learning and deterministic modelling, the solution provides actionable advice every hour by email on optimum alum and lime dosage, assisting WSD operators in process optimisation and to drive down dosing costs while maintaining treated water quality objectives. This advice email also contains other key performance metrics including expected pH, turbidity and soluble aluminium in the blended DAF effluent based on the dosage amounts being recommended.

Value

Since implementing in June 2022, the outputs from Plant Optimiser have been evaluated against actual plant operations with WSD confirming that the solution can be trusted as a basis for decision making to drive down costs of operation related to alum usage, while maintaining operations within required bounds. It could therefore be applied at other similar plants or considered for expansion into other process operations at the same plant to assist operators improve performance and lower cost further. Over the project period (June-October 2022), the recommendations from Plant Optimiser identified opportunities to reduce alum dosing by 23.3% compared to business-as-usual operations.





Financials

1H FY23 Financial performance

Recurring revenue of

\$24.2m

+ 11.9% PCP

Gross profit improved to

51.4%

+ 6.1% PCP

Adjusted EBITDA improved to

\$(0.5)m

Improved 75.3% PCP

Income Statement EBITDA

A\$'000	1HFY23	1HFY22	Movement \$	Movement %
Recurring revenue	24,156	21,580	2,576	11.9%
Non-recurring revenue	3,279	5,216	(1,937)	(37.1%)
Other revenue	146	21	125	595.2%
Total revenue	27,581	26,817	764	2.8%
Cost of revenue	(13,411)	(13,826)	415	3.0%
Gross profit	14,170	12,991	1,179	9.1%
Gross profit % ¹	51.4%	48.4%	2.9%	6.1%
Sales and marketing	(6,623)	(6,404)	(219)	(3.4%)
Product development	(4,880)	(4,080)	(800)	(19.6%)
General and administrative	(4,366)	(4,196)	(170)	(4.1%)
Total operating expenses	(15,869)	(14,680)	(1,189)	(8.1%)
Other (expenses) / income	(129)	39	(168)	(430.8%)
EBITDA	(1,828)	(1,650)	(178)	(10.8%)
Adjusted EBITDA	(485)	(1,964)	1,479	75.3%
Recurring revenue as a % of total revenue	87.6%	80.5%	7.1%	8.8%

¹ Calculations subject to rounding differences

Numbers presented on an EBITDA basis, a reconciliation to statutory result can be found on page 25



Key metrics by product

Strong growth from EVS Aviation
together with improved ARPS across
all products.

A\$'000	EVS Aviation	EVS Omnis	EVS Water
ARR	36,432	19,391	1,100
# Sites	182	240	14 ¹
ARPS	200	81	79
Churn %	1.3%	6.2%	-
ARR Growth %	13.7%	17.3%	192.6%
Recurring revenue	16,509	7,457	190
Non-recurring revenue	1,376	1,855	48
Total trading revenue	17,885	9,312	238
Recurring revenue as a % of total revenue	92.3%	80.1%	79.8%

Annual Recurring Revenue

ARR of \$56.9m

Strong sales growth continues with solid pipeline of new project deliveries. Product enhancements enabling more efficient onboarding and revenue recognition.



* MARR = Monthly Annualised Recurring Revenue represents the month-to-date recurring revenue booked in the P&L in December multiplied by 12.

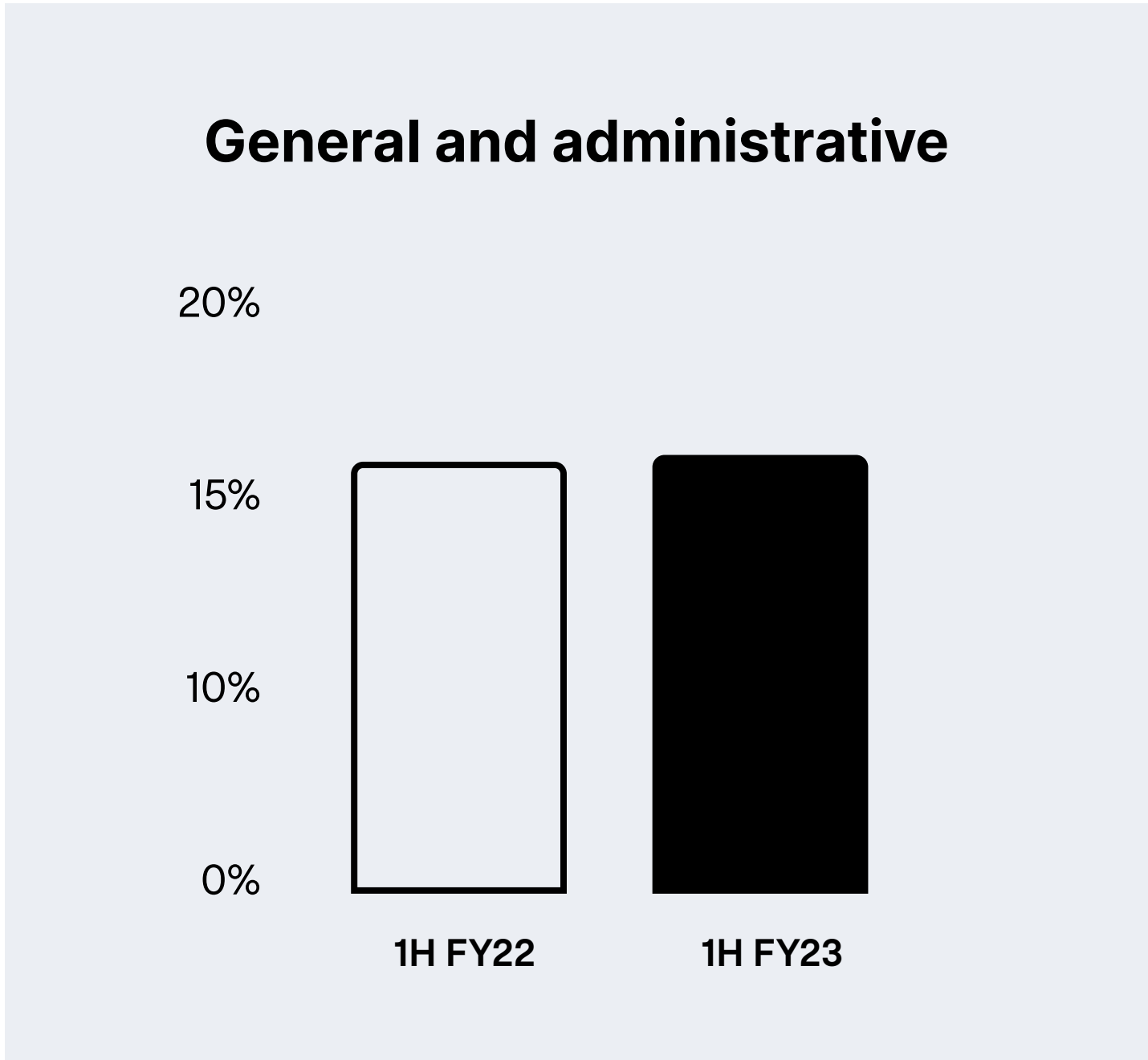


Operating leverage

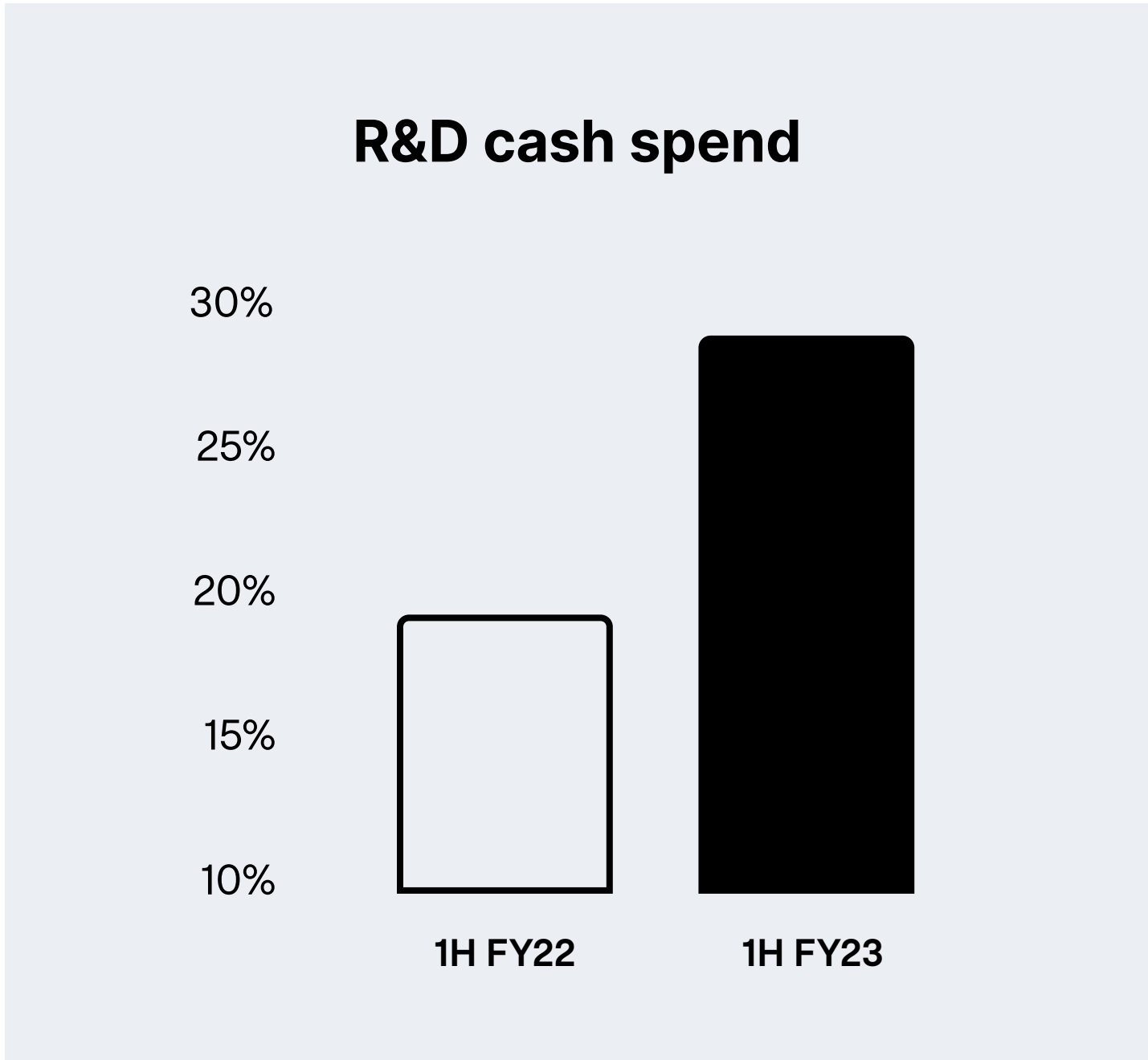
Percentage of revenue



Product and region focus by global sales and marketing teams has enabled effective management of the cost base.



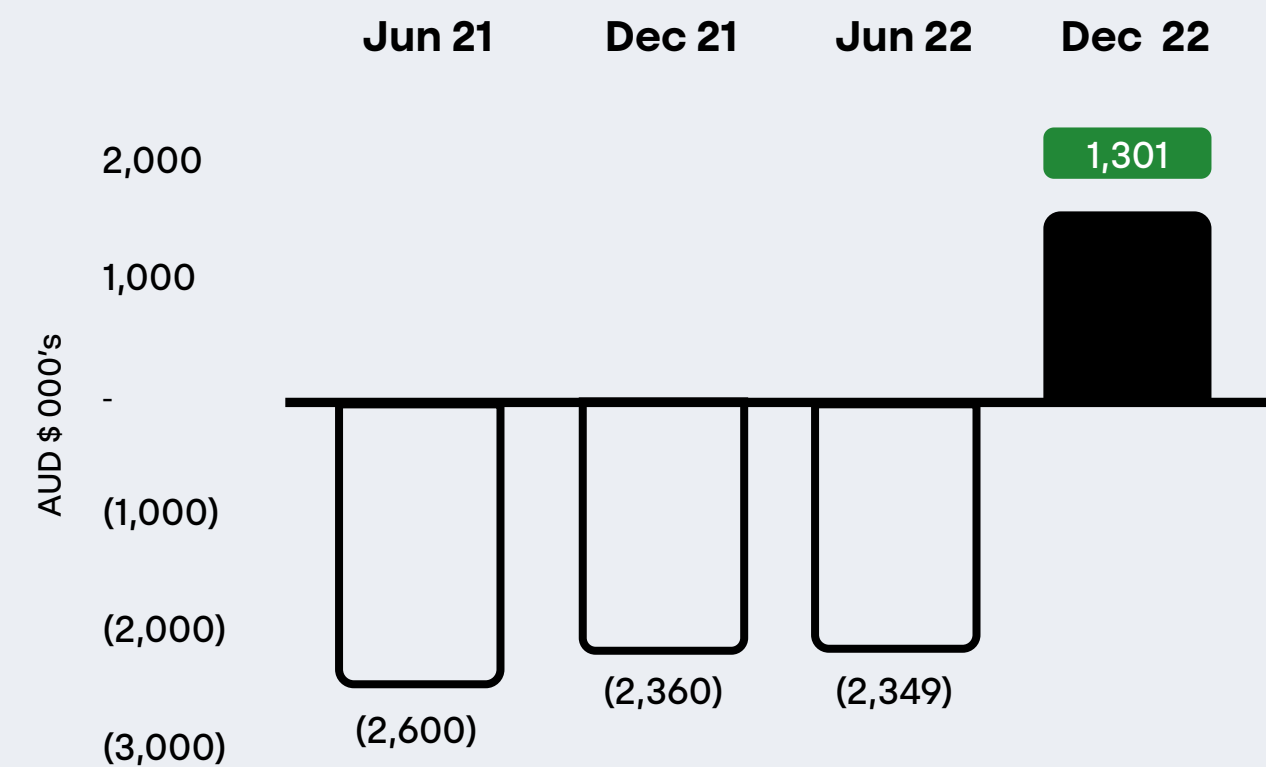
Leveraging the Philippines Centre of Excellence has enabled cost effective revenue growth.



Growth in R&D cash spend supports the significant development across the product suite road map along with further enhancement of the Aviation and Omnis instrumentation.

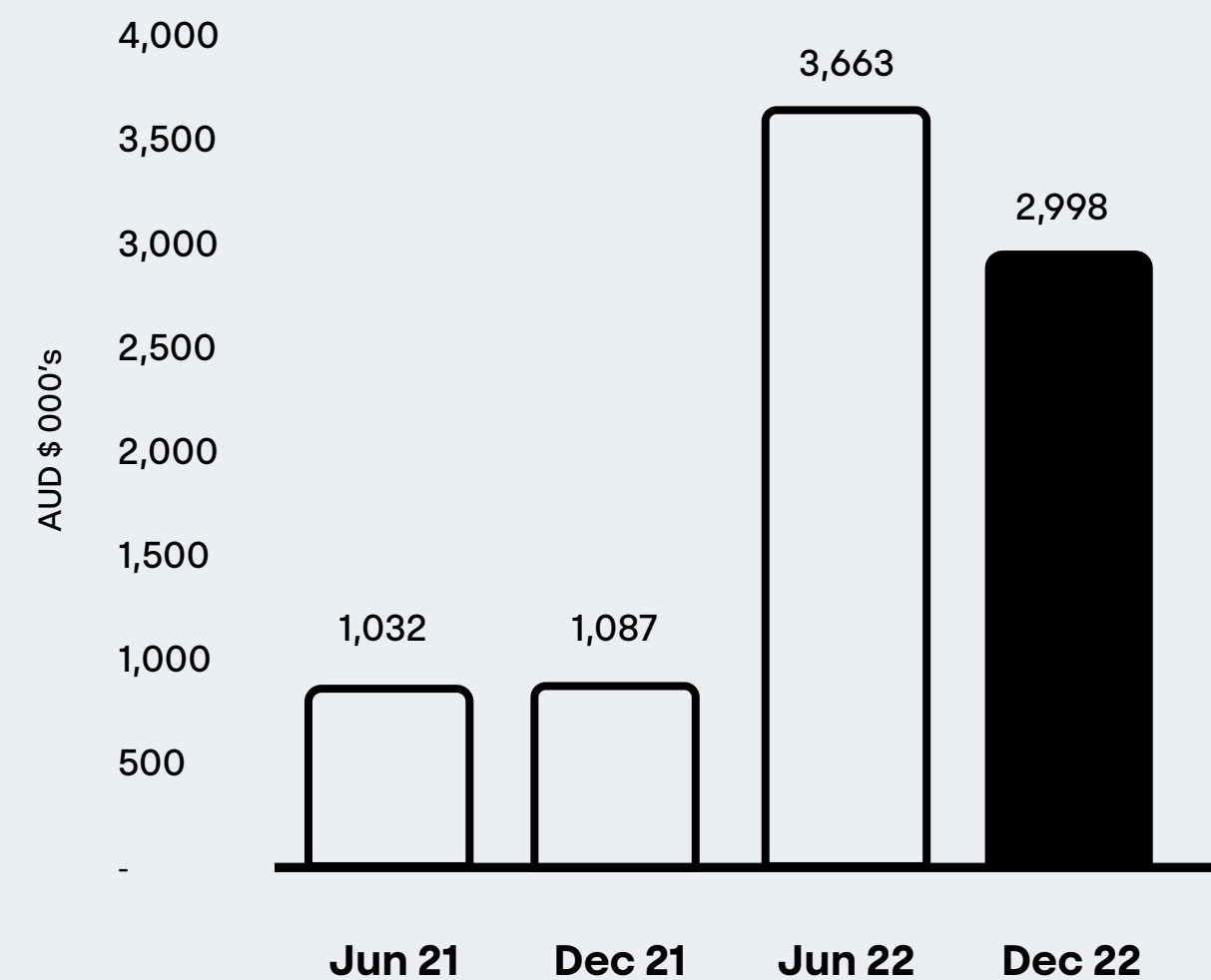
Improvement in cash flow

Operating activities cash flow¹
(\$'000)



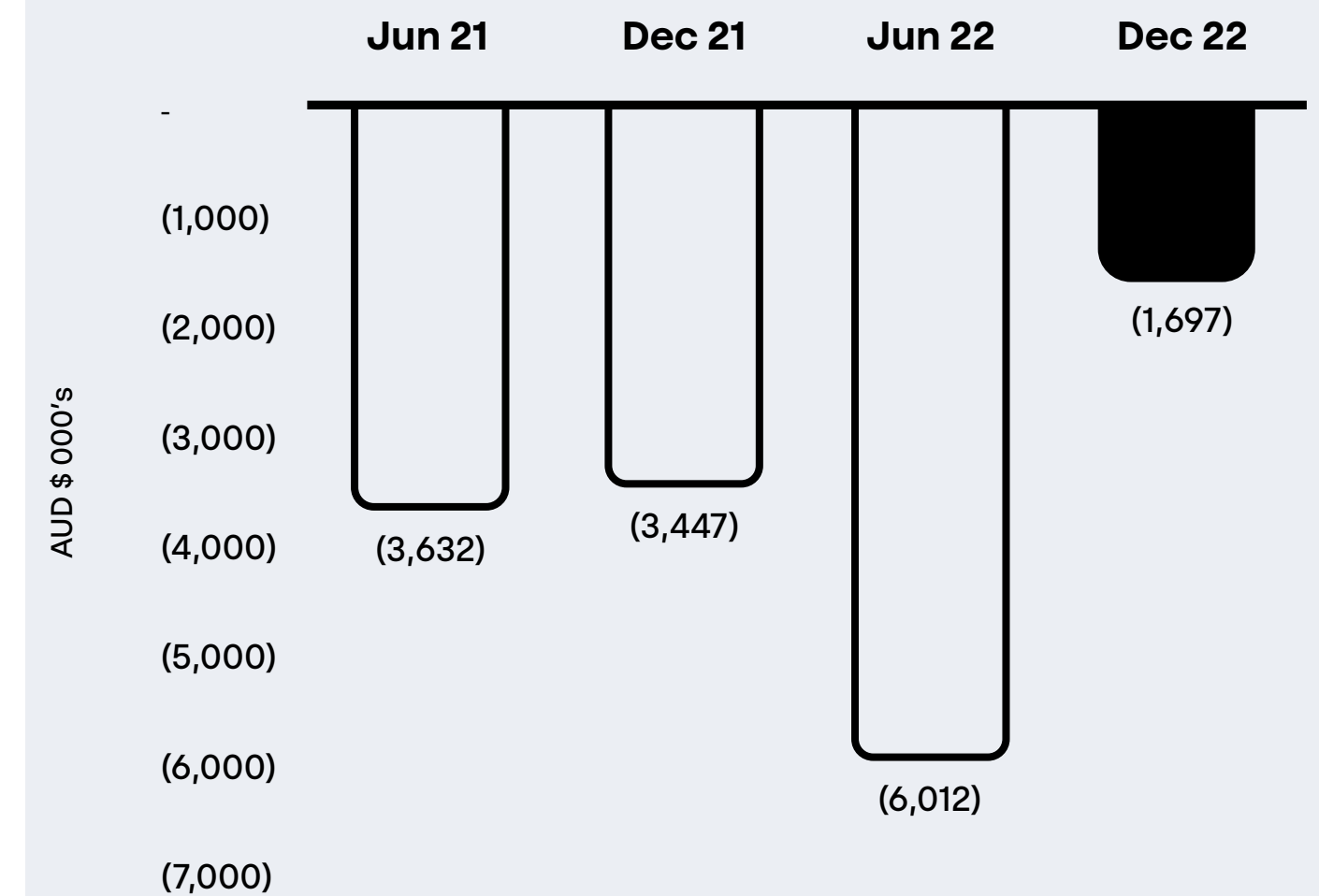
Revenue growth along with gross margin improvement and strong cost management has resulted in significant improvement in the Adjusted operating activities cash flow.

Capitalised development costs
(\$'000)



Product development activities are directed by individual product roadmaps. Continual feedback is taken to ensure development activities meet with customer and market expectations.

Adjusted operating cash flow²
(\$'000)



With improved operating cashflows, and highly focused product development team, the transition to cash flow positive remains a key strategic objective of the Group

Strong balance sheet

Strong cash management with no debt

Balance Sheet

A\$'000	31 Dec 22	30 Jun 22
Cash and cash equivalents	11,906	16,292
Trade and other receivables	11,982	12,448
Inventories	3,306	2,355
Intangible assets	108,074	108,652
Other	14,210	10,991
Total Assets	149,478	150,738
Trade and other payables	10,208	8,467
Provisions	4,342	4,687
Other	15,137	11,863
Total Liabilities	29,687	25,017
Net Assets	119,791	125,721
Total Equity	119,791	125,721
Current Ratio	1.37	1.78
Quick Ratio	1.23	1.66

Significant improvement in Adjusted EBITDA

- Adjusted EBITDA positive for months of November and December
- On track to transition to sustainable Adjusted EBITDA positive during FY23
- Cost restructuring completed February 2023

Adjusted EBITDA Reconciliation

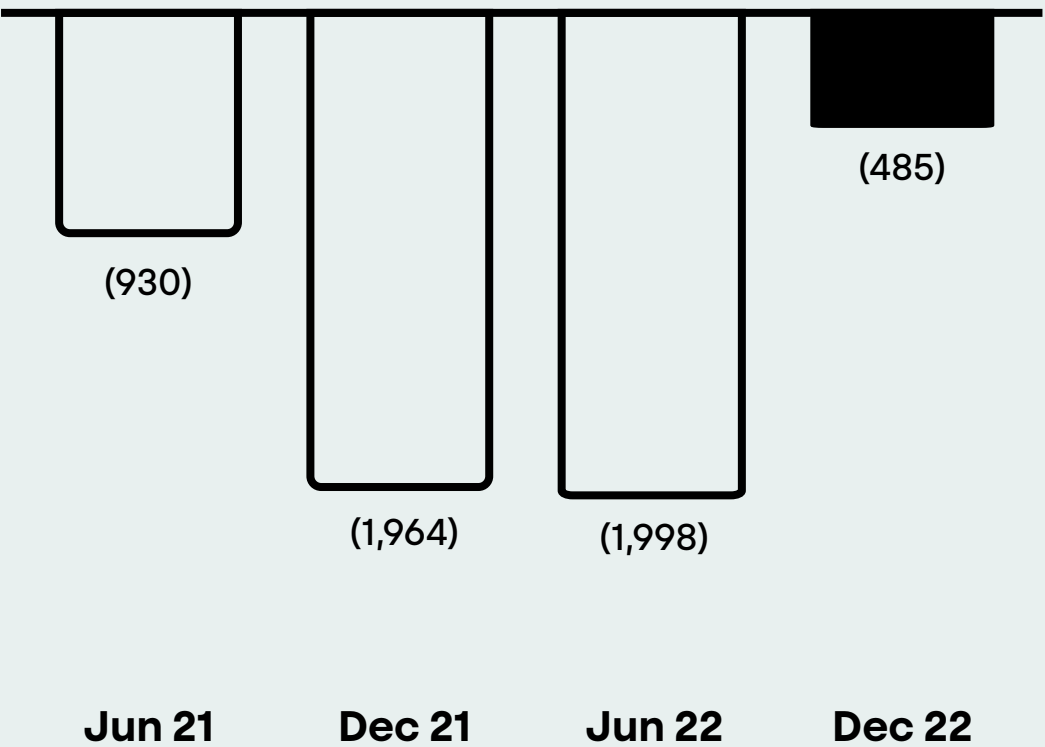
A\$'000	1HFY23	1HFY22	Movement \$	Movement %
Net loss after tax	(6,148)	(5,802)	(346)	(6.0%)
Add back: Tax (benefit) / expense	(342)	(51)	(291)	(570.6%)
Add back: Net finance expense	72	131	(59)	(45.0%)
Add back: Depreciation & amortisation	4,590	4,072	518	12.7%
EBITDA	(1,828)	(1,650)	(178)	(10.8%)
Less: AASB 16 depreciation & interest	(527)	(855)	328	38.4%
Add back: Share-based payments	(216)	311	(527)	(169.5%)
Add back: Foreign currency losses / (gains)	112	118	(6)	(5.1%)
Add back: Restructuring cost savings ¹	1,548	112	1,436	1282.1%
Add back: Transaction and integration costs	306	-	306	-
Add back: Philippines set up costs	159	-	159	-
Add back: Property make good provisions	(39)	-	(39)	-
Adjusted EBITDA	(485)	(1,964)	1,479	75.3%

1 - Assumes financial impact of the restructure had been applied from 1 July 2022

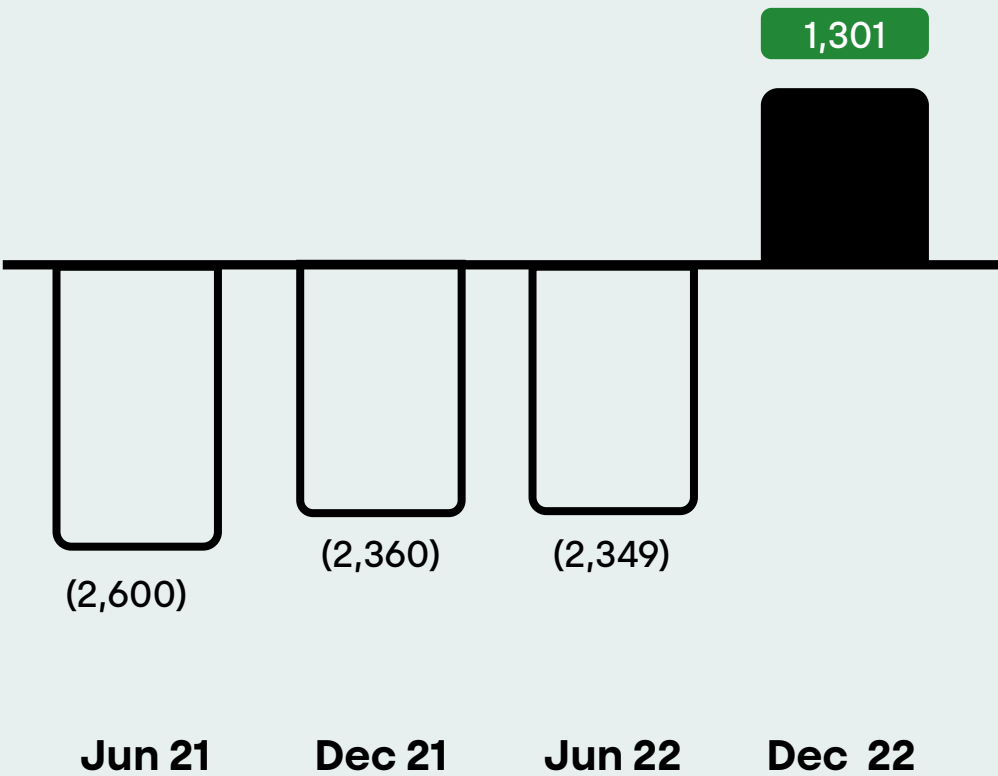
Pathway to profitability

- Significant improvement in Adjusted EBITDA
- Revenue growth and improved gross margin along with effective cost management driving improved performance
- Adjusted operating cash flows providing trajectory to cash accretive performance
- Strong growth PCP for Aviation, largest segment of the group, along with ongoing strong performance in the Americas
- Successful regional strategy – Americas largest segment by ARR
- Established, experienced and focused global leadership team
- Adjusted EBITDA positive for the months of November and December and transitioning to Adjusted EBITDA positive during FY23

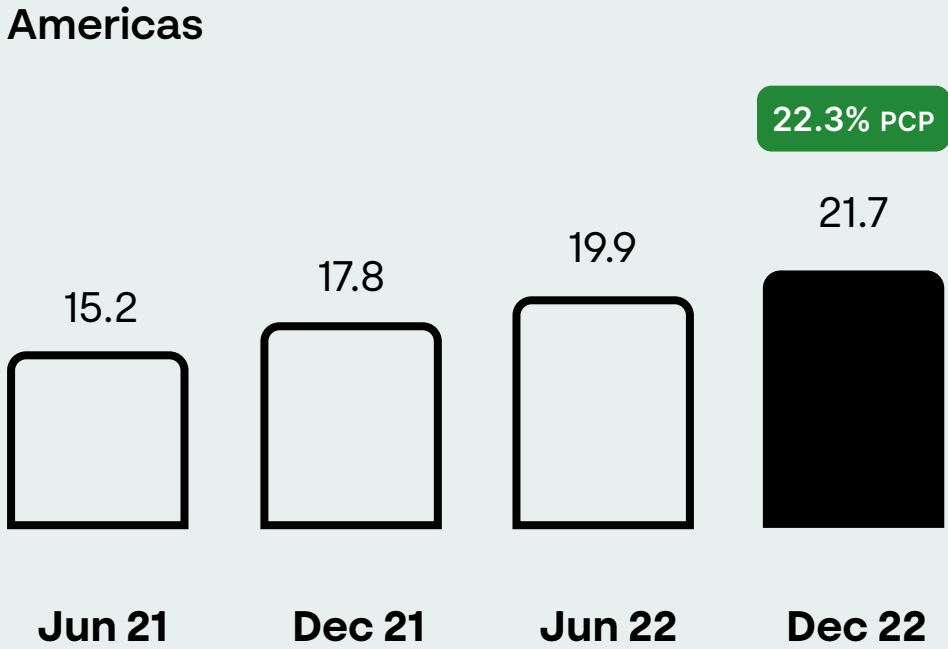
ADJUSTED EBITDA (\$'000)



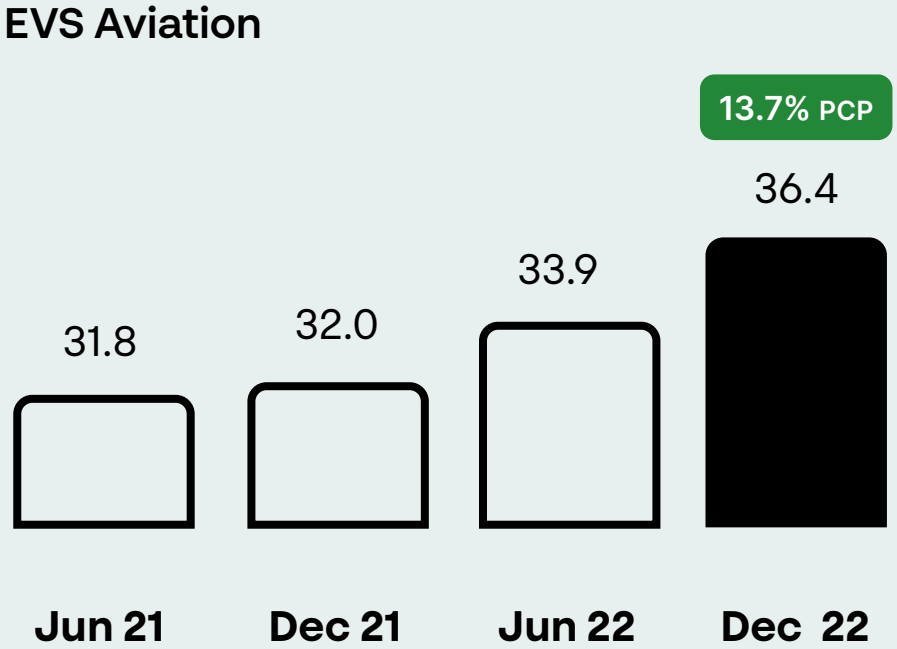
OPERATING ACTIVITIES CASH FLOW (\$'000)



ARR BY REGION (\$m)



ARR BY PRODUCT (\$m)





Outlook



Strategic priorities driving financial outcomes



Growth

Drive growth through customer site acquisition.

\$56.9m

Annual Recurring Revenue

+ 16.3% PCP



Product

Innovative science-driven Environmental Intelligence and cloud-based platforms.

51.4%

Gross profit*

+ 6.1% PCP



Customer

Focus on measurable value creation.

436

Client sites

+ 11.5% PCP



Scale

Reinvest in people, technology and processes to rapidly scale.

\$(0.5)m

Adjusted EBITDA (loss)

Improved 75.3% PCP



Q&A



Definitions

ARPS	Average ARR Per Site which is calculated by taking the ARR divided by the number of sites.	Adjusted EBITDA	Earnings Before Interest, Tax and Depreciation and Amortisation adjusted to (a) exclude share-based compensation, which is a non-cash expense; (b) exclude foreign exchange gains/losses, transformation and transition expenses (redundancy payments and integration costs connected with acquisitions) which are deemed to be non-recurring in nature, (c) add back depreciation and interest connected with leases recognised under IFRS 16 Leases as these are deemed to be recurring operating cash expenses and (d) add back Restructure cost savings impact assuming the restructure was effective from the beginning of the reporting period.
ARR	Annual Recurring Revenue represents the monthly recurring revenue at the reporting date that the company expects to receive from customers based on sales orders received net of any churn.		
Churn %	The decrease in ARR over the last 12 months as a result of contract cancellations as a percentage of ARR at the beginning of the prior corresponding period. This does not include contracts where the underlying project has been completed.		
Site	A separate and distinguishable site (e.g., airport, mine site, waste and wastewater facility, construction site, etc.) at which Envirosuite's environmental monitoring software and/or solutions are deployed. A single customer may have multiple sites which can be through separate contracts or under one master contract with Envirosuite. A site is only counted once it is included within the calculation of ARR.	Current ratio	Measures the ability of the group to pay current liabilities with its current assets. It's calculated by current assets divided by current liabilities.
		Quick ratio	Measures the ability of the group to meet short-term obligations with the most liquid assets. It's calculated by current assets less inventory divided by current liabilities.
Recurring revenue	Revenue that the company expects to continue for 12 months or more based on the term of the contract entered into with the customer or experience with the customer on other similar sites. Once revenue is treated as recurring revenue, it will continue to be accounted for as recurring revenue until the contract is terminated.	Serviceable Addressable Market (SAM)	The serviceable addressable market is the portion of the Total Addressable Market (TAM) that can be meaningfully reached by Envirosuite's software and solutions. It is calculated by taking the applicable global Sites (mines, wastewater treatment plants etc.) where Envirosuite's software and solutions could meaningfully apply and multiplied by the current market Annual Recurring Revenue (ARR) price for that software/solution.
Environmental Intelligence	Environmental Intelligence harnesses the power of environmental data through proprietary technology to provide analytics, real-time visualisations, predictive modelling and actionable insights so that industry and government can make fast, confident decisions that optimise operational outcomes and improve the liveability of their communities.	Total Addressable Market (TAM)	The Total Addressable Market (TAM) refers to the total market demand for EVS products if 100% of the available market is addressed. It is calculated by multiplying the total number of global Sites (mines, waste water treatment plants etc) by the theoretical market ARR for that Site type.



Thank you



Appendix

Cash flow

Reconciliation of Statutory to Adjusted operating cash outflow.

Operating cashflow

A\$'000	1HFY23	1HFY22
Cash used in operating activities (statutory)	(128)	(1,562)
Less: repayment of AASB 16 lease payments	(584)	(910)
Add back: Restructuring costs	1,548	112
Add back: Transaction and integration costs	306	-
Add back: Philippines set up costs	159	-
Cash used in operating activities excluding capitalised development costs	1,301	(2,360)
Less: capitalised development costs	(2,998)	(1,087)
Adjusted operating cash outflow	(1,697)	(3,447)