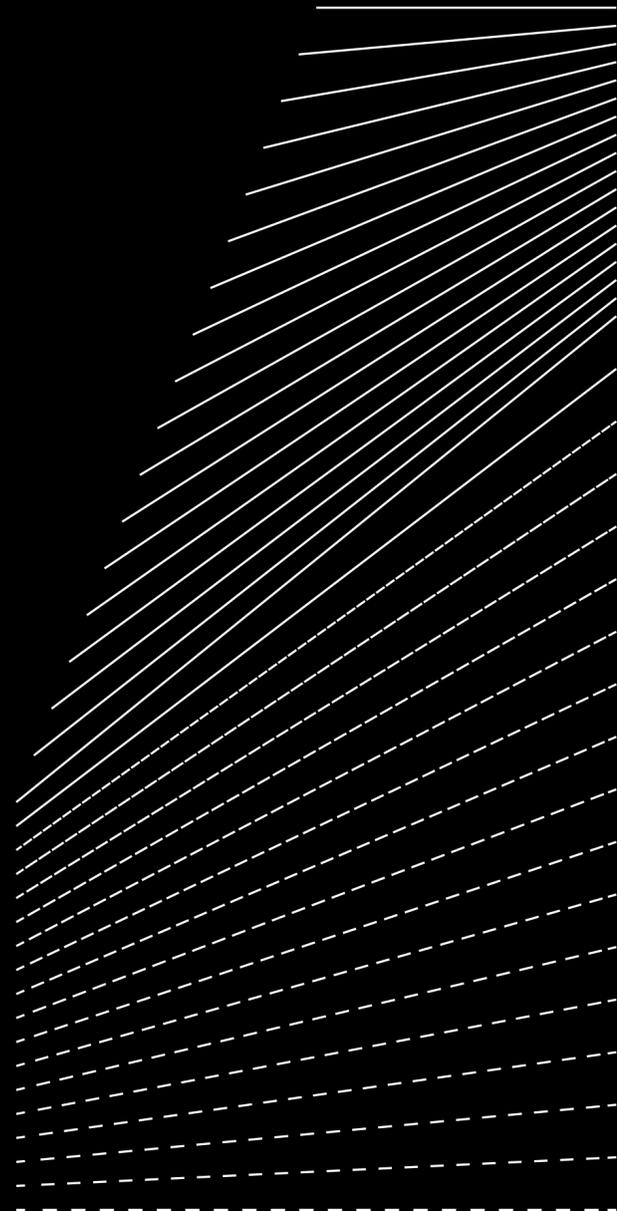




1H FY24 Results Presentation

ASX: EVS

20 February 2024





Important Information

This presentation provides additional detail on the Interim Report of Envirosuite Ltd ABN 42 122 919 948 and its subsidiaries (the Group) for the 6 months ended 31 December 2023. Therefore, it should be read in conjunction with the detailed information provided in that document.

The material in this presentation is general background information and is current at the date of the presentation. The information is given in summary form and does not purport to be complete.

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Any opinions expressed reflect the Group's position at the date of this presentation and are subject to change.

All amounts are in Australian dollars unless otherwise stated.



Agenda

01

Introducing
Envirosuite



Jason Cooper
CEO

02

1H FY24
highlights



Justin Owen
CFO

03

Product suite
update



Andrew Barron
Head of Product

04

Financials



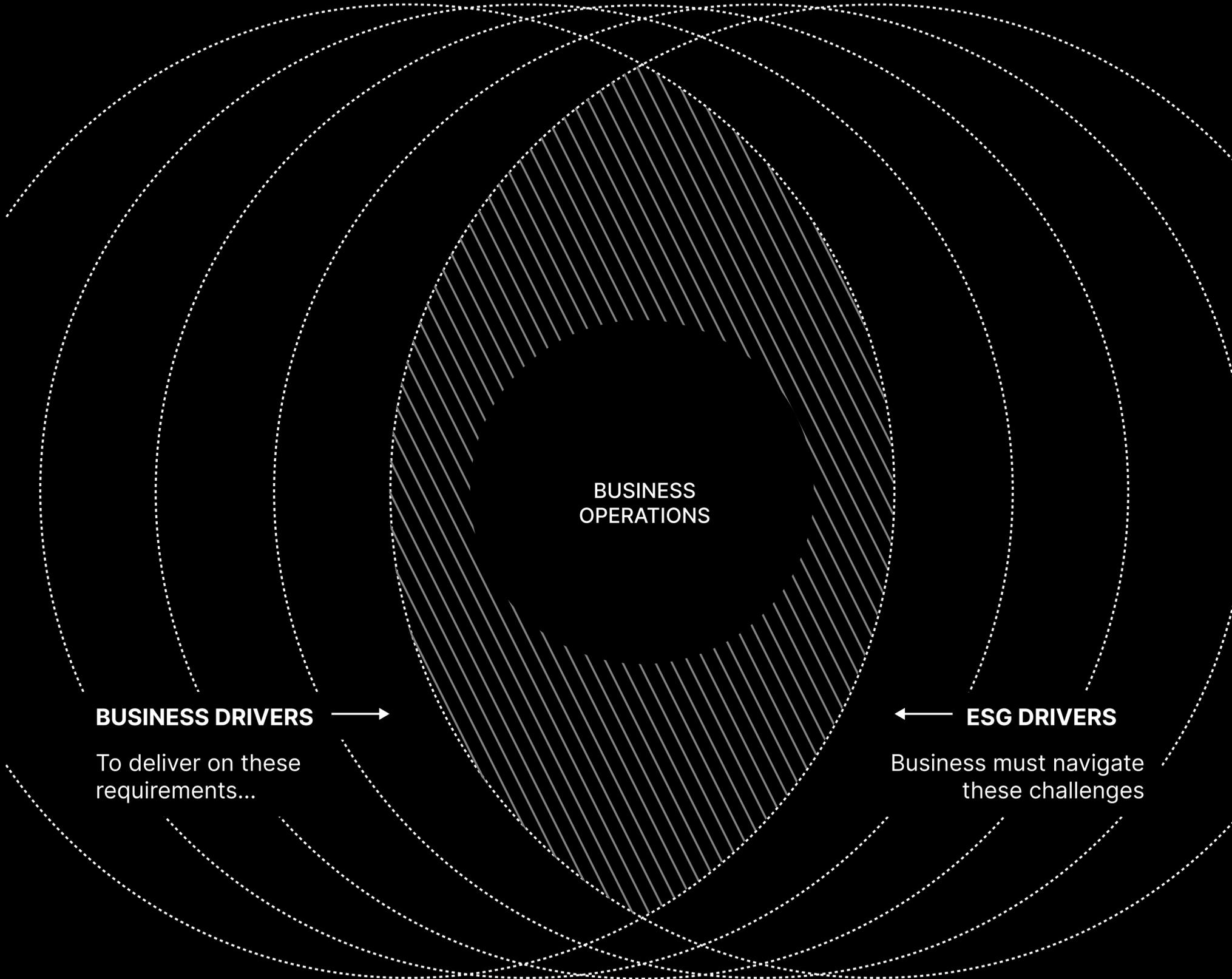
Jeremy Gaedtke
Director of Marketing
& Communications

05

Q&A

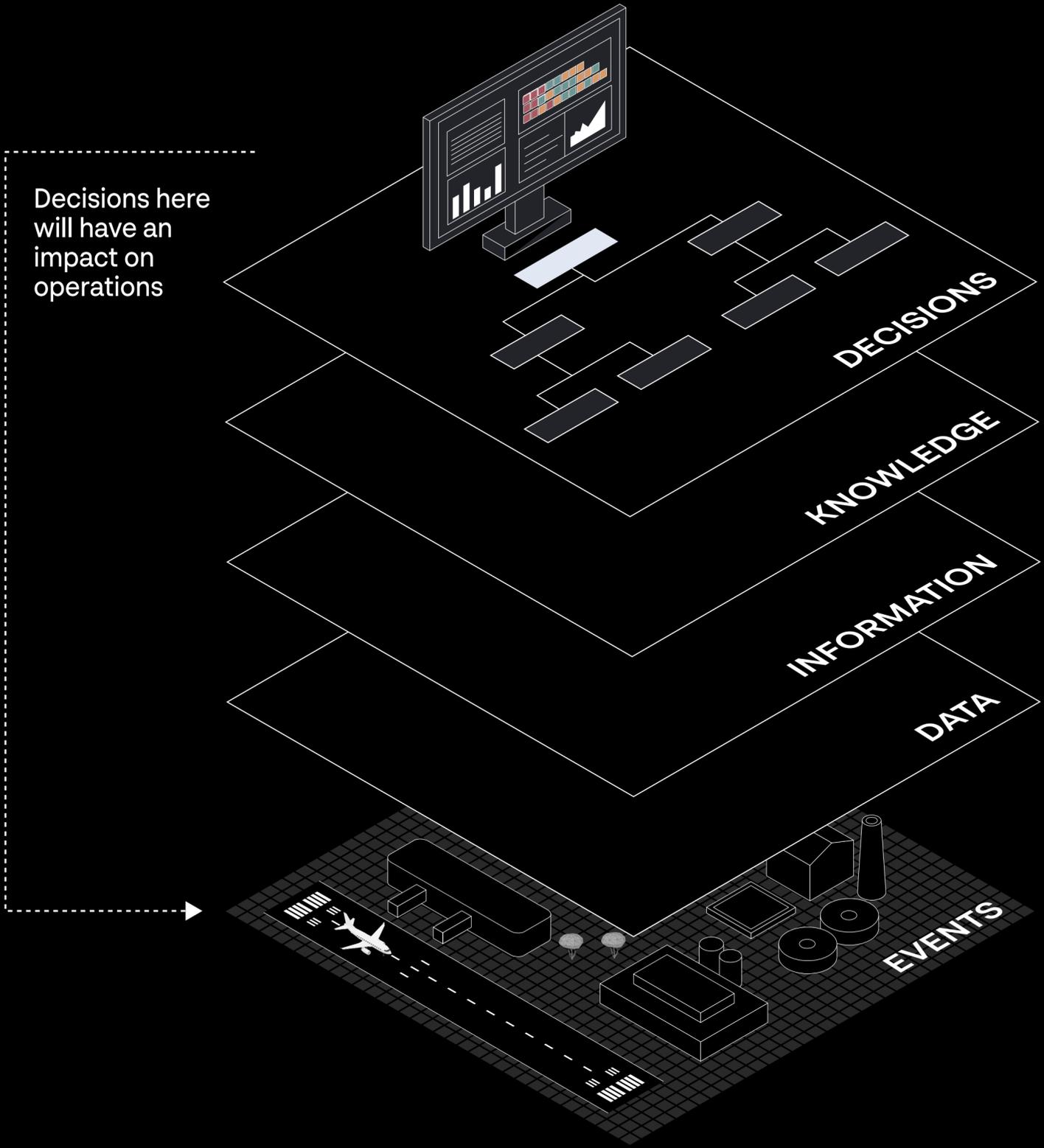


The technology
required to operate in
our evolving world.



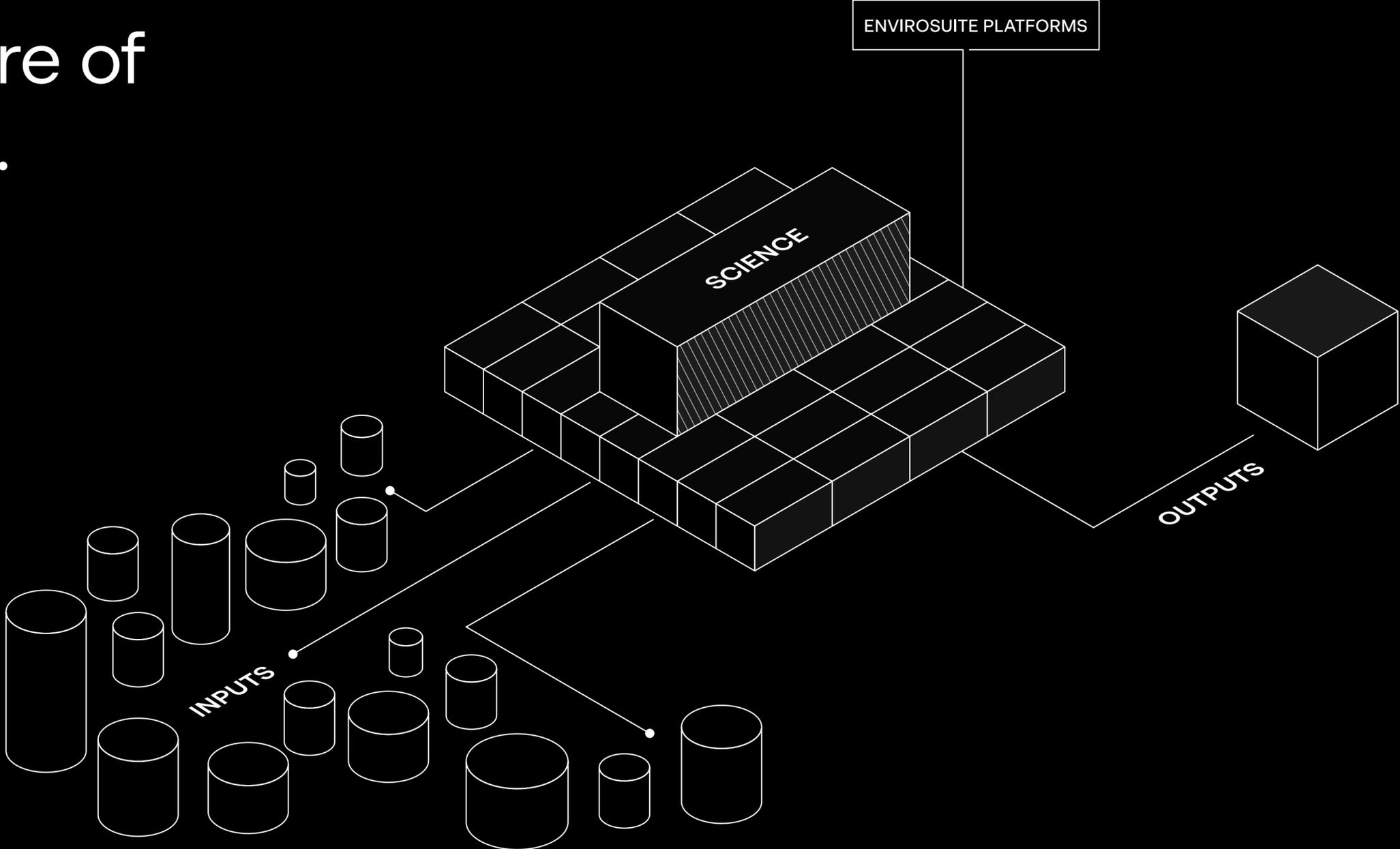


We build category-leading technology that helps organisations to manage their complex operational and environmental challenges.





Science is at the core of everything we build.





From NASA to BHP, we help companies across a variety of sectors.

Aviation



Mining



Industrial



Waste



Wastewater



Water Treatment





Our Purpose

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



Key Metrics

\$60.1m

Annual Recurring Revenue

+ 5.6% PCP

442

Sites

+ 1.4% PCP

\$29.6m

Statutory revenue

+ 7.2% PCP

52.8%

Gross profit¹

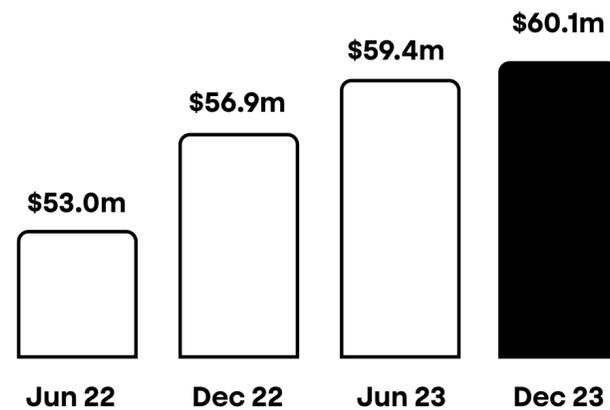
+ 2.7% PCP

\$0.1m

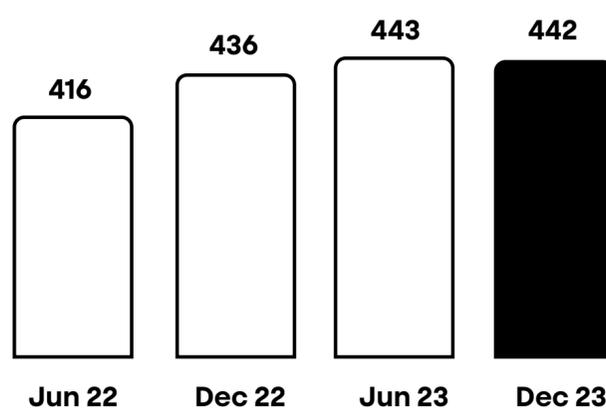
Adjusted EBITDA

+ 122.3% PCP

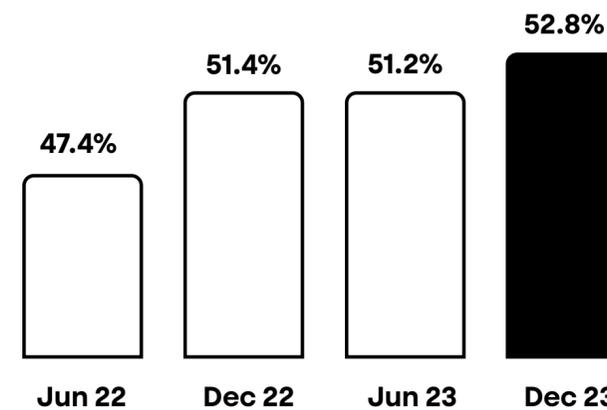
ARR (\$m)



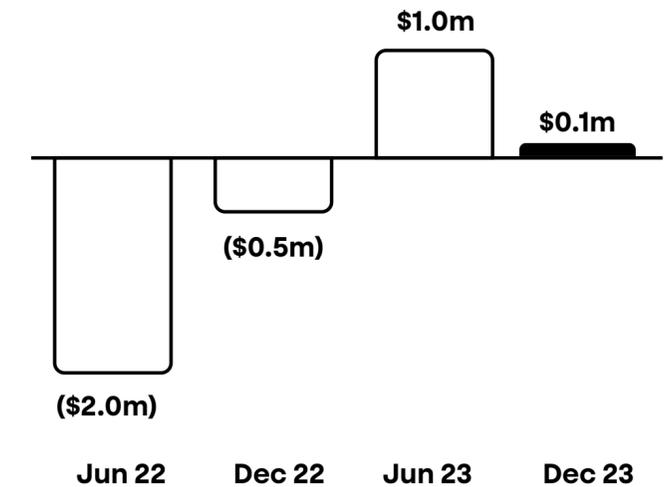
SITES



GROSS PROFIT %



ADJUSTED EBITDA (\$m)



1 - Numbers presented on an EBITDA basis. A reconciliation to statutory results can be found in the appendix.



Key themes

1H FY24 performance: Sustained revenue momentum and emerging profitability

Sustained revenue momentum

- Envirosuite has a compelling value proposition that is resonating with the Company's key sectors and delivering revenue growth.
- Solid EVS Aviation growth during the last 12 months offsetting the one-off churn event reported in FY23 Q3 and foreign exchange movements.
- EVS Industrial portfolio continues to contribute strongly, with recurring revenue up 15.1% on PCP on the back of strong New ARR sales in the last 12 months including \$2.3m in Mining (up 19.1% on PCP) and \$2.0m in Waste (up 17.1% on PCP).
- Americas region continues its exciting growth, now contributing 39.6% of recurring revenue up 16.1% PCP.

Emerging profitability

- Envirosuite is operating more efficiently and effectively following a company restructure in February 2023 and reflecting the Company's strong focus on its pathway to profitability and cash management.
- Unwavering focus on underlying financial results driving a significant improvement in our EBITDA from (\$1.8m) in 1H FY23 to (\$0.2m) in 1H FY24.
- Strategic rationalisation of low-margin, non-core Industrial contracts during the half.



New ARR sales last 12 months

2H FY23

FY23 Q3 Sales Update: \$4.2m Sales up 14% on PCP, Company ARR grows 15% on PCP to \$56.2m.

FY23 Q4 Sales Update: Record quarter, \$6.8m new Sales up 13% on PCP. Total ARR grows 12% on PCP to \$59.4m.

\$5.1m New ARR

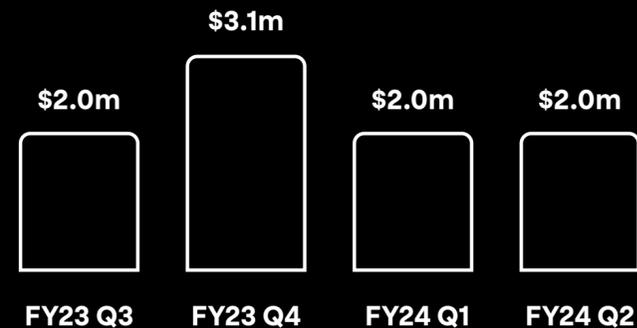
1H FY24

FY24 Q1 Sales Update: \$3.7m Sales up 9% on PCP, Company ARR grows 10% on PCP to \$60.6m.

FY24 Q2 Sales Update: New Sales of \$3.1m, ARR grows 5.6% YoY to \$60.1m.

\$4.0m New ARR

New ARR



 evs aviation	\$3.3m	\$36.5m	9.1%
 evs industrial	\$5.1m	\$21.9m	26.3%
 evs water	\$0.7m	\$1.7m	63.6%
	New ARR	Total ARR	New ARR Growth LTM

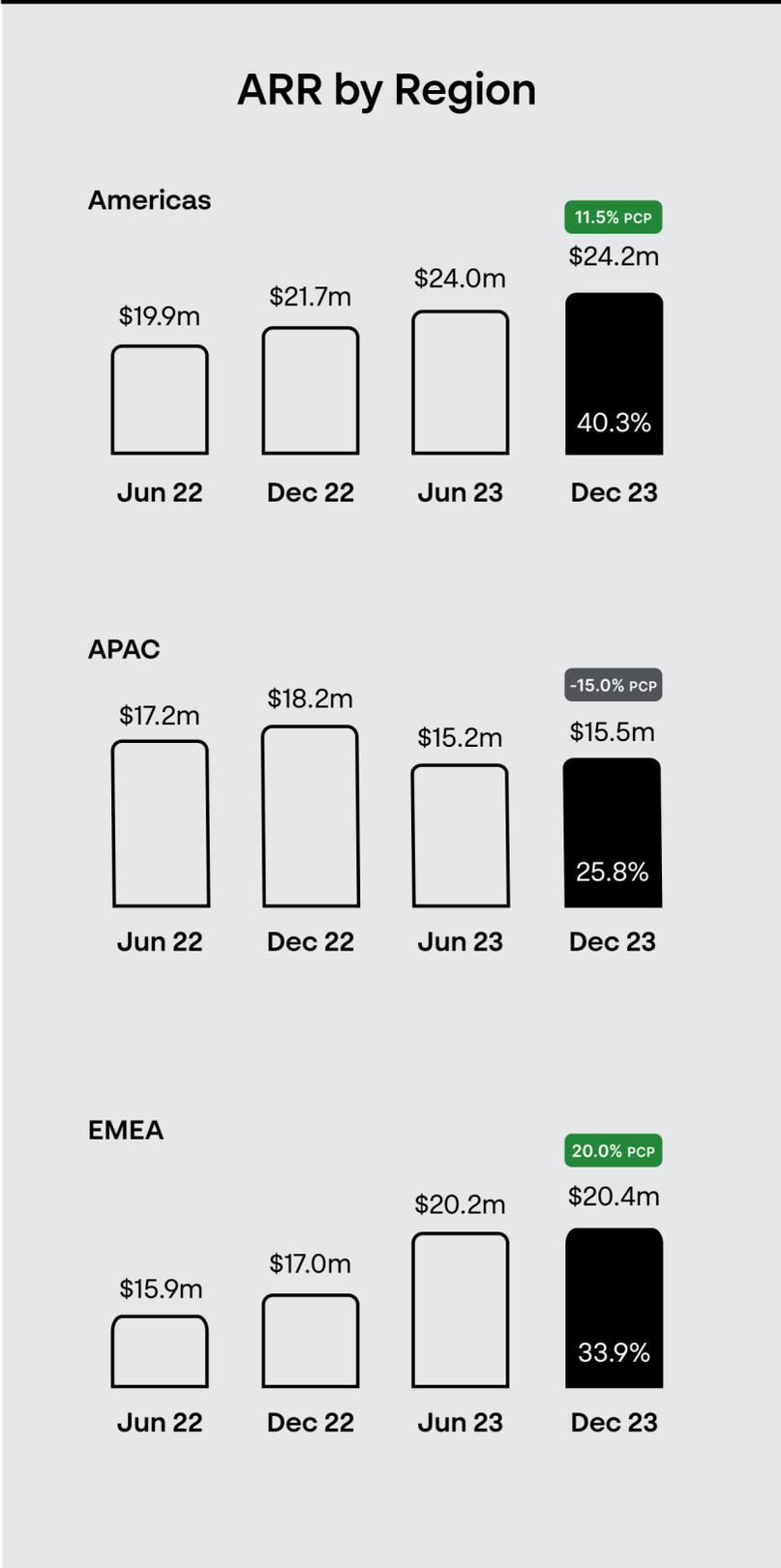
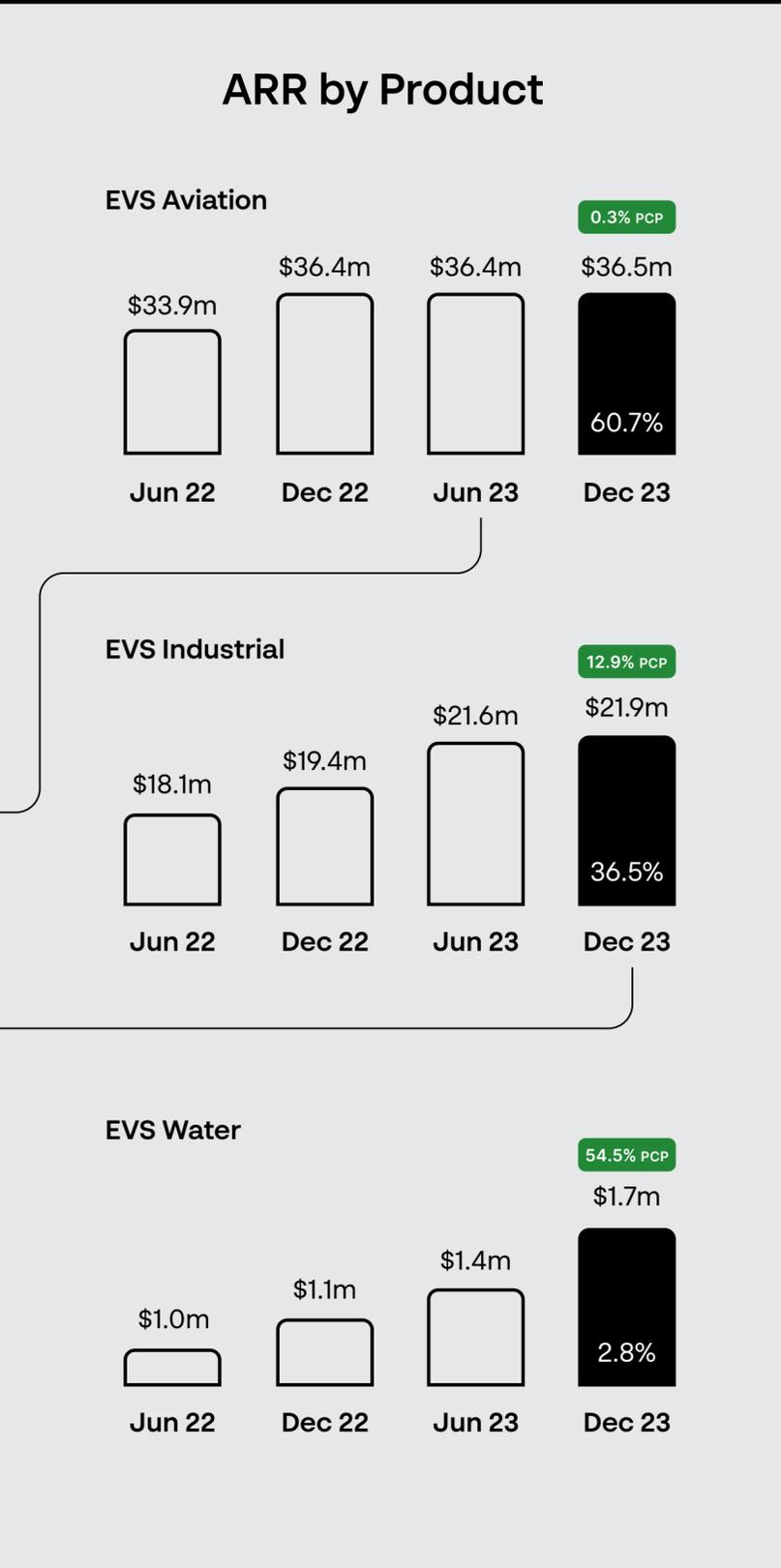


Sustained revenue momentum

Strong **New ARR growth LTM of 16.0%**, representing high-value contracts in our key focus sectors.

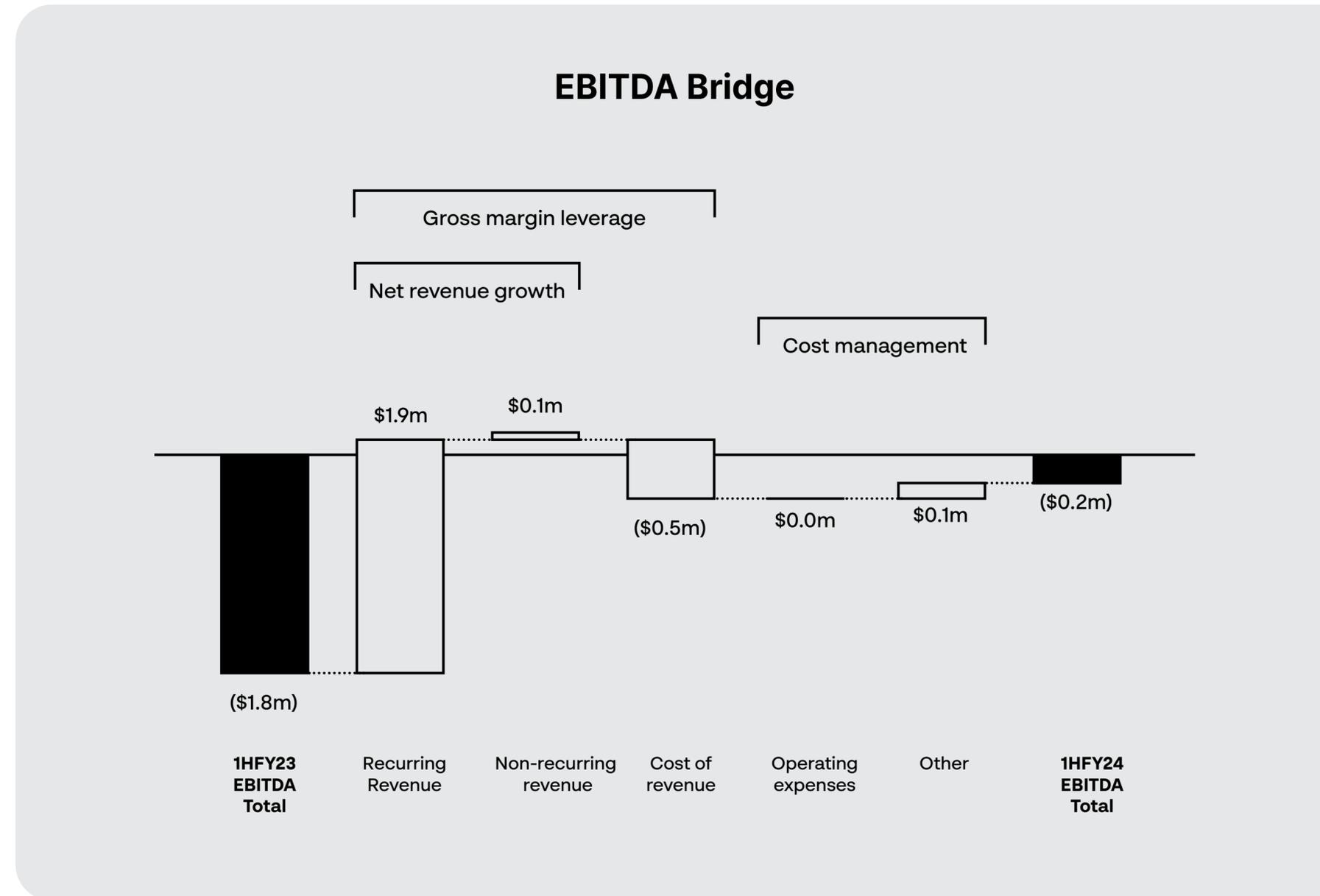
Abnormal, one-off churn event reported in FY23 Q3.

Strategic rationalisation of low-margin, non-core Industrial contracts.



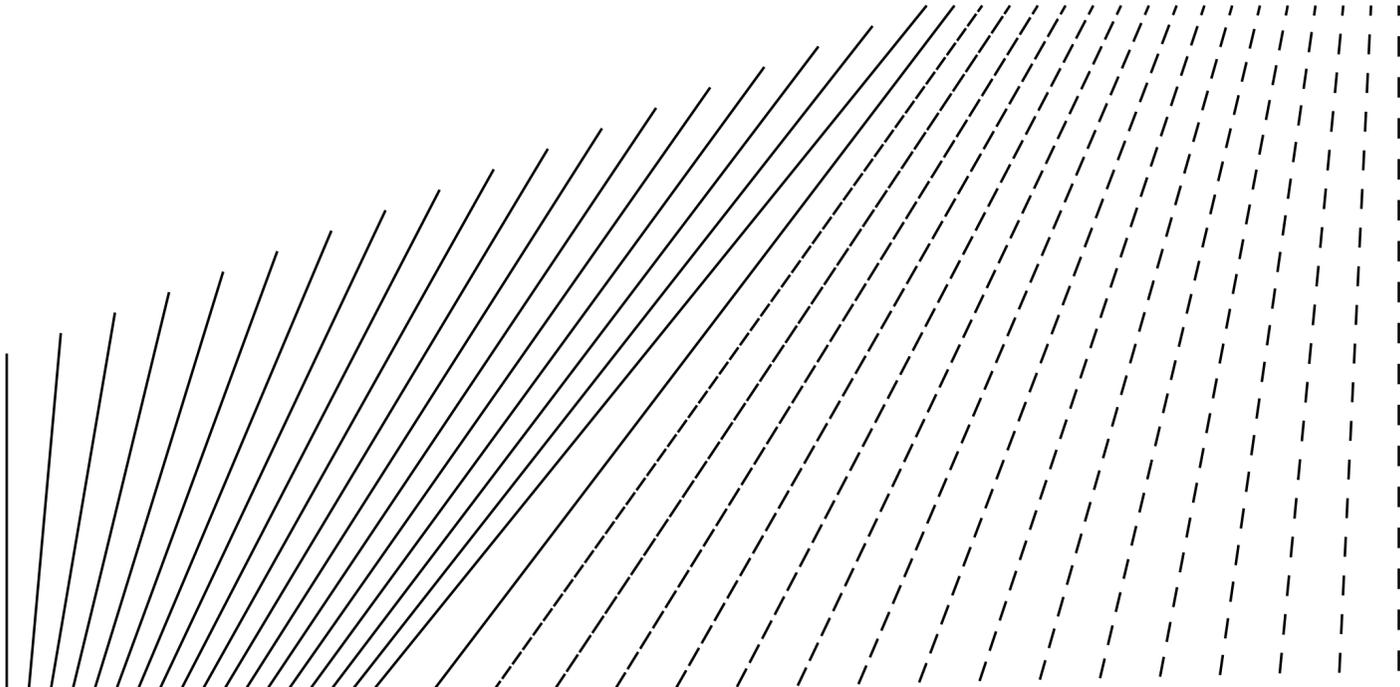
Emerging profitability

- Focus over the last three years on building higher quality revenue mix across all portfolios through the land, expand and scale strategy, driving higher margin recurring revenue and multi-year contracts.
- Operating expenses have been largely flat as a result of ongoing robust cost management and the operational restructure in FY23.
- Gross margin continues to improve with higher recurring revenue contribution margin in both new sites and expansion business, particularly in EVS Industrial.





Product suite update





Trusted industry leadership in Aviation

FORUM23 event snapshot

2

Locations

87

Users

55

Customers

Validating and collaborating on current and future industry challenges.

- Getting more from airport noise management data
- Innovative noise mitigation techniques and best practice
- Net Zero 2050 and carbon management
- Operational air quality management
- Community engagement and social license
- Advanced air mobility

Envirosuite already provides value in these areas



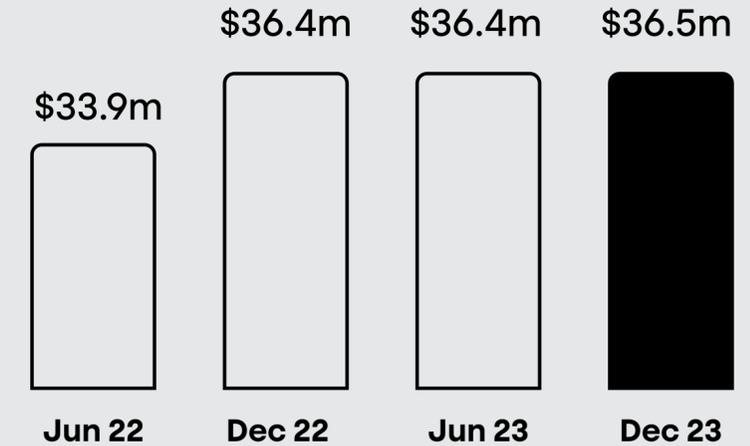
Competing and winning in Aviation

1H FY24

- Strong market leadership position demonstrated through competitive tender wins, contract extensions of 3-5 years, and expansion of existing customer solutions.
- Delivered two major milestones of the innovative air navigation services provider (ANSP) application of existing EVS Aviation solutions sold in FY23 Q3. This exciting application will allow the customer to develop and deploy a contemporary airspace redesign that balances operational performance and environmental impact.
- Solid EVS Aviation growth during the last 12 months offsetting the abnormal one-off churn event reported in FY23 Q3 and foreign exchange movements.

Outlook

- The Company's flagship aviation customer event 'FORUM23' was held during the half, where agendas and discussions confirmed that there are still significant growth opportunities in noise management, but that air quality and carbon management are also emerging as prominent industry challenges.
- Envirosuite is focused on leveraging its industry expertise and significant install base to accelerate the expansion and scaling of customer solutions across noise, air quality, community engagement, carbon emissions and operational performance.



Annual Recurring Revenue

\$36.5m

+ 0.3% PCP (+ 10.3% PCP normalised¹)

Sites

190

+ 4.4% PCP

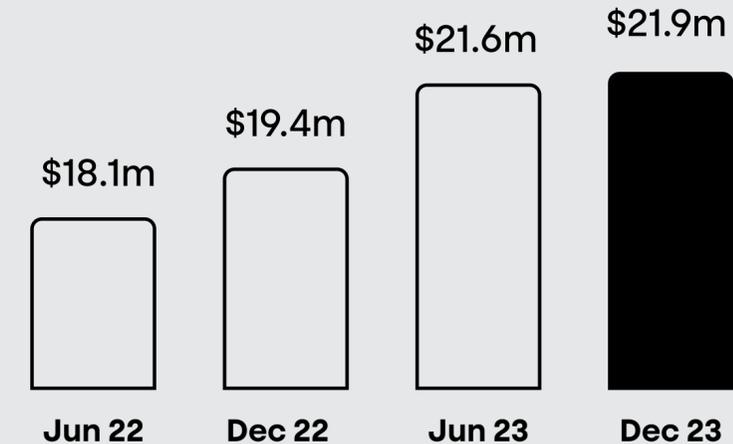
Land, expand & scale a proven blueprint

1H FY24

- The Company's land, expand and scale strategy is delivering sustainable success. Landed and scaled to 17 new sites during the half, while expanding solutions at seven existing sites.
- **ARPS increased 17.5%** to \$95k per site on the back of Envirosuite's strategy to focus on higher value key sectors. The Company concluded and decided not to pursue new construction projects and a low gross margin third-party monitoring arrangement, resulting in a net reduction in sites.
- Opportunities to cross-sell Industrial air quality management solutions into Aviation continue to emerge, while existing wastewater customers represent a strong opportunity to cross-sell EVS Water technologies.

Outlook

- Macroeconomic drivers around ESG, the Environmental Justice social movement in the USA, and social responsibility continue to dominate corporate agendas globally, further strengthening the Company's strong pipeline.
- Land, expand and scale strategy unearthing new opportunities to provide value at different levels of customers' organisations, operationally at the site level and across site portfolios at an enterprise reporting level.



Annual Recurring Revenue

\$21.9m

+ 12.9% PCP

Sites

231

- 3.8% PCP

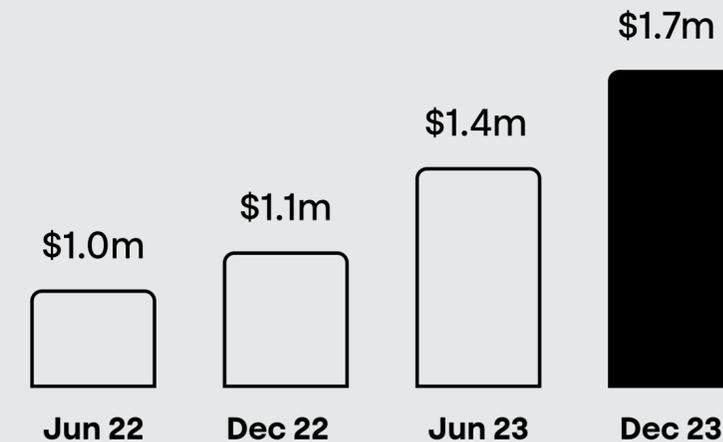
B2B strategy delivers back-to-back success

1H FY24

- Strong top-line growth with \$0.5m ARR and six new sites added during the half.
- Signed back-to-back enterprise agreements with leading water treatment solutions companies Ion Exchange in India and ACE Water in Singapore, following a shift in focus to B2B engagements.
- Envirosuite continues to see strong cross-sell opportunities between EVS Water and EVS Industrial.

Outlook

- The B2B strategy continues to focus on highly scalable Industrial Water applications, with multiple opportunities with prospective customers and growth opportunities with existing customers currently in play.
- Implementations with early customers are yielding valuable learnings around product requirements, which are being fed directly back into Development further strengthening customer value.



Annual Recurring Revenue

\$1.7m

+ 54.5% PCP

Sites

21

+ 50.0% PCP



After a successful proof-of-concept was delivered in FY23, Biggin Hill Airport (BQH) committed to using Envirosuite's Omnis solution for three years to help proactively address rising community concerns around ambient air quality. The Airport already uses Envirosuite solutions to manage operational noise and community engagement, taking a similar approach with air quality was an obvious choice.

With NO₂, SO₂ and Particulate Matter now being measured, BQH can correlate ground movement data against air quality results to better understand the source of higher levels and further strengthen its social license to operate, which is critical to successful future growth.

EVS technologies used:



Envirosuite's recent shift in focus towards B2B engagements in Water has delivered strong early results, with back-to-back enterprise agreements signed with both Ion Exchange in India and ACE Water in Singapore during the half. Both customers are leading water treatment solutions companies in their respective countries, providing solutions across every phase of a water facility's lifecycle.

As water becomes an increasingly critical and scarce resource, Ion Exchange and ACE Water are looking to innovative technologies including Plant Designer and Plant Optimiser to address key aspects of water treatment and plant optimisation including reducing energy and chemical consumption and reducing risk.

EVS technologies used:



Southern Water in the UK is a long-standing user of Envirosuite's Omnis solution in the wastewater sector, specifically to improve its understanding of how odour impacts correlate to wastewater treatment operations which is then used to deliver better complaint management outcomes with concerned community members. After delivering strong value at four existing sites, Southern Water agreed to scale this solution to a fifth wastewater site during the half.

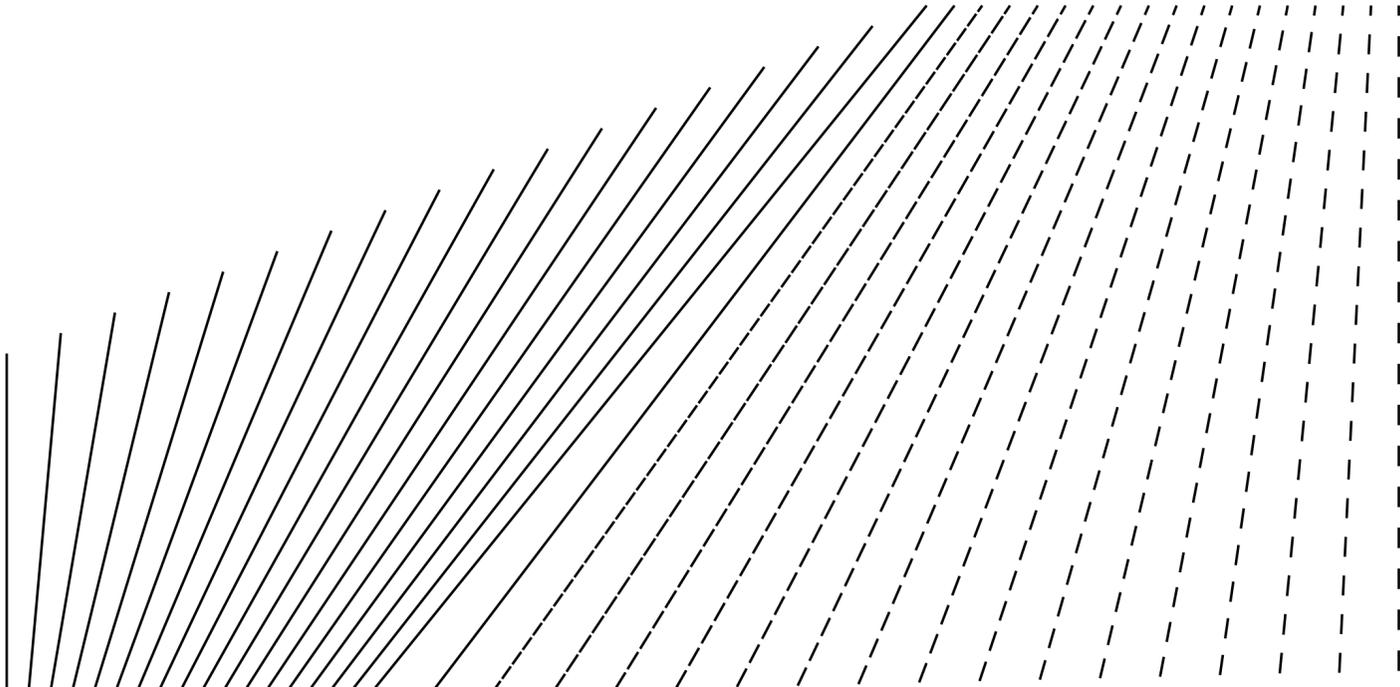
Southern Water has also committed to using SeweX at an underground wastewater treatment plant to better understand if current network dosing plans are mitigating H₂S propagation as effectively as possible before maintenance staff enter the network to perform works.

EVS technologies used:





Financials



1H FY24 Financial performance

Recurring revenue of

\$26.1m

+ 7.9% PCP

Gross profit improved to

52.8%

+ 2.7% PCP

Adjusted EBITDA improved to

\$0.1m

Improved 122.3% PCP

EBITDA improved to

(\$0.2m)

Improved 91.1% PCP

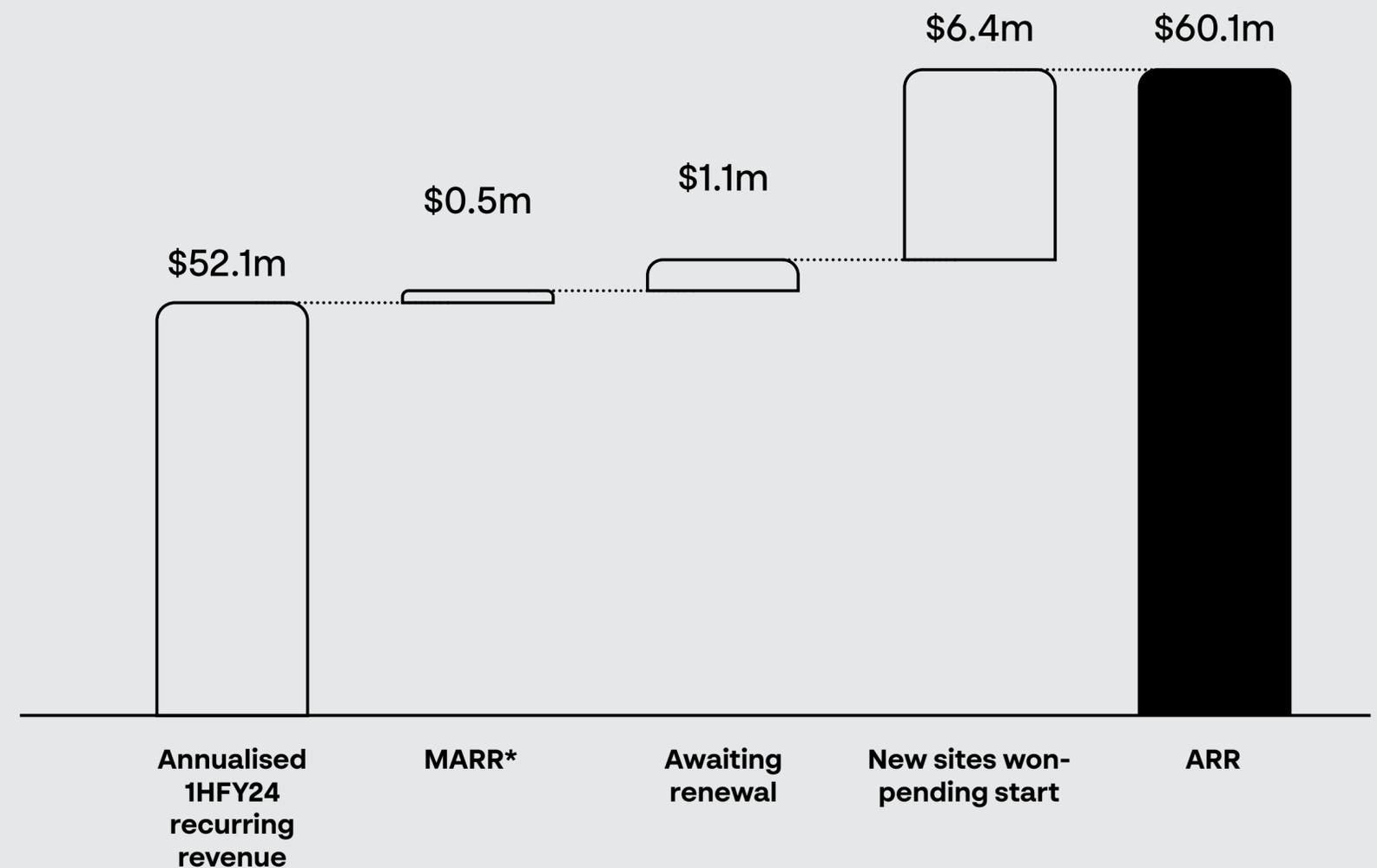
Income Statement EBITDA

\$000	1HFY24	1HFY23	Movement \$	Movement %
Recurring revenue	26,055	24,156	1,899	7.9%
Non-recurring revenue	3,445	3,279	166	5.1%
Other revenue	61	146	(85)	(58.2%)
Total revenue	29,561	27,581	1,980	7.2%
Cost of revenue	(13,960)	(13,411)	(549)	(4.1%)
Gross profit	15,601	14,170	1,431	10.1%
Gross profit %	52.8%	51.4%	1.4%	2.7%
Sales and marketing	(6,066)	(6,623)	557	8.4%
Product development	(4,509)	(4,880)	371	7.6%
General and administrative	(5,266)	(4,366)	(900)	(20.6%)
Total operating expenses	(15,841)	(15,869)	28	0.2%
Other income / (expenses)	78	(129)	207	160.5%
EBITDA	(162)	(1,828)	1,666	91.1%
Adjusted EBITDA	108	(485)	593	122.3%
Recurring revenue as a % of total revenue	88.1%	87.6%	0.5%	0.6%

Reconciling recurring revenue to ARR

ARR of \$60.1m

Contracted revenue pipeline remains strong with ongoing focus on closing contracted renewals and improving implementation timeframes.

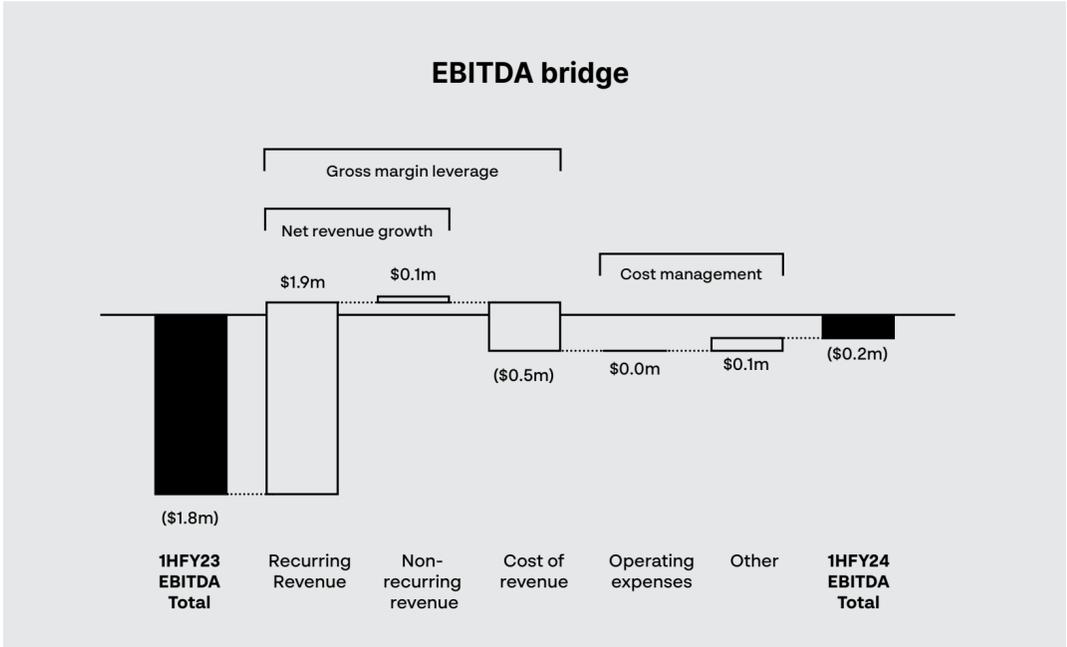


* MARR = Monthly Annualised Recurring Revenue represents the month-to-date recurring revenue booked in the P&L in December multiplied by 12.



Operating leverage

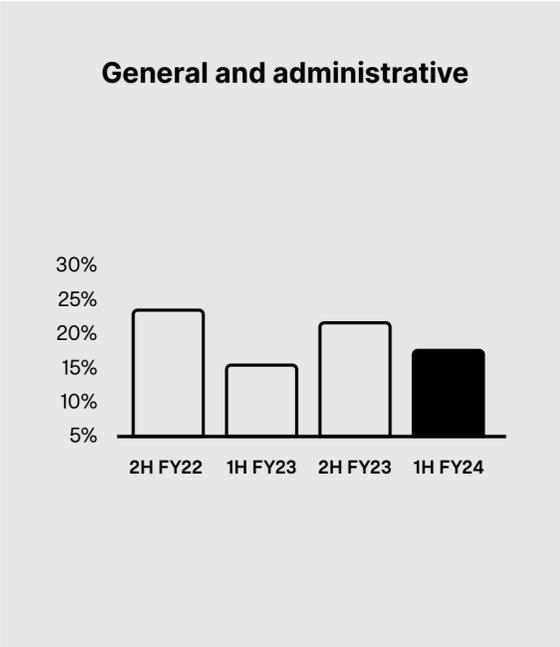
Percentage of revenue¹



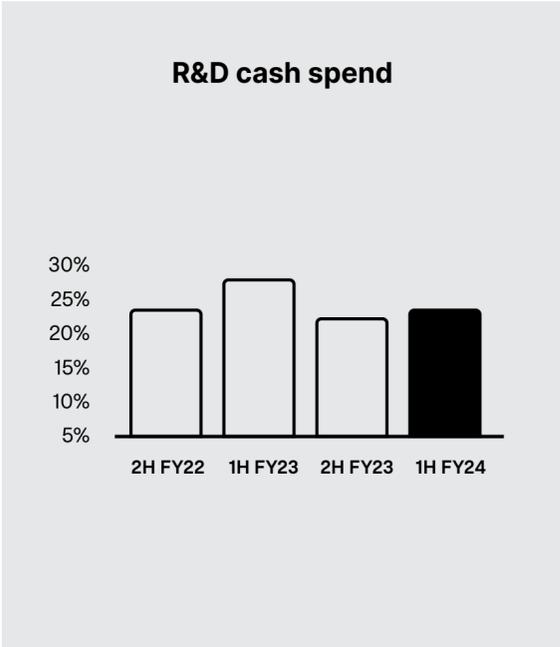
Continued growth in revenue and gross margin together with effective cost management resulting in significant improvement in EBITDA, with improved gross margin flowing through to EBITDA result for the half.



Successful FORUM23 events hosted in September. Global management of Sales and Marketing headcount and non-personnel costs.



Strategic in-region business partner and operational appointments for Americas and EMEA with further leverage within Philippines.



Combined AWS migration, product roadmap development and platform stability driving innovative, customer driven solutions.

Balance sheet

- (A) Net cash of \$0.6m with undrawn capacity of \$2.6m. Well within facility covenants.
- (B) Working capital increase in trade and other receivables represents timing impact of invoicing.
- (C) Investment in inventories in preparation for 2H FY24 non-recurring instrument sales.
- (D) While a net decrease in monitors and sensors, \$0.9m of instrumentation was installed at customer sites under rental agreements.
- (E) Included within transaction costs is the fair value of warrants issued (\$0.96k) under the debt facility.

Balance Sheet

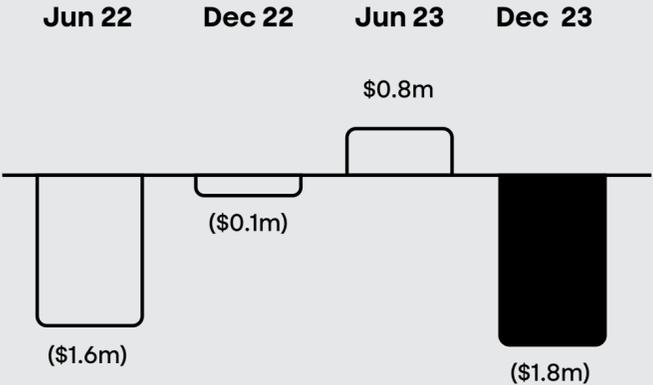
\$000		31 Dec 23	30 Jun 23
Cash and cash equivalents	(A)	5,527	8,277
Trade and other receivables	(B)	13,229	10,962
Inventories	(C)	4,538	3,936
Monitors and sensors ¹	(D)	3,081	3,237
Other property, plant and equipment		2,557	2,008
Intangible assets		105,873	107,246
Other		8,214	9,023
Total Assets		143,019	144,689
Trade and other payables		8,848	8,743
Borrowings - debt facility	(A)	4,900	-
Borrowings - transaction costs	(E)	(1,322)	-
Provisions		4,921	5,772
Other		13,931	13,658
Total Liabilities		31,278	28,173
Net Assets		111,741	116,516
Total Equity		111,741	116,516
Current Ratio		1.20	1.21
Quick Ratio		1.00	1.03

1 - Monitors and sensors largely consist of monitoring instrumentation provided to customers under operating expense contracts

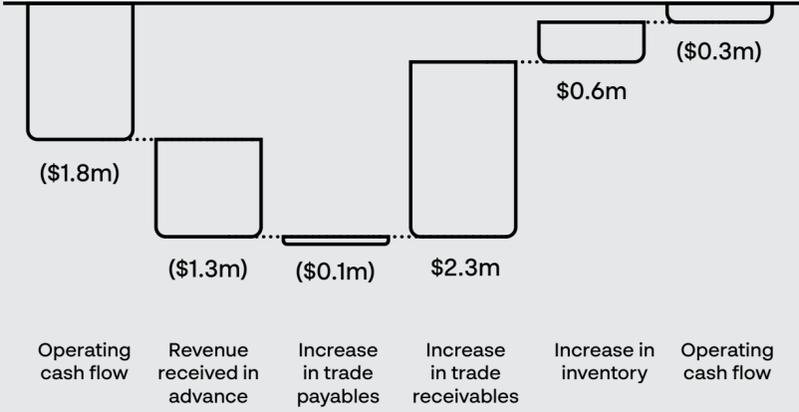


Operating cash flow

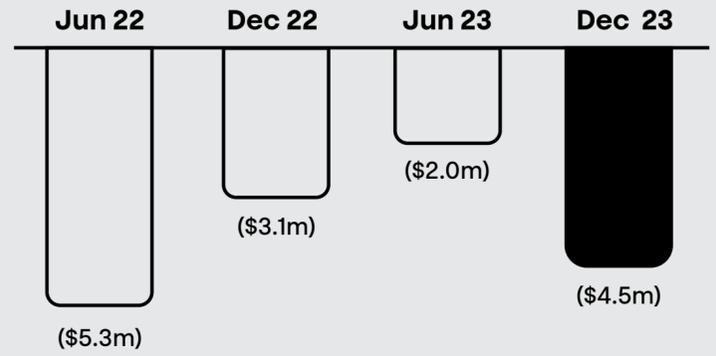
Operating activities cash flow (statutory)



Operating cash flow working capital investment



Operating activities cash flow less capitalised development costs



Raising significant invoices towards the end of the half resulting in significant increase in trade receivables. Cash receipts post 1H FY24 has bought the balance in line with historical trends. Build up of inventory to support non-recurring revenue opportunities in 2H.

Cash flow from operations along with investment in working capital and capitalised development costs support underlying improvement in operational profit and loss performance as measured through EBITDA result for the half.

Funding facility

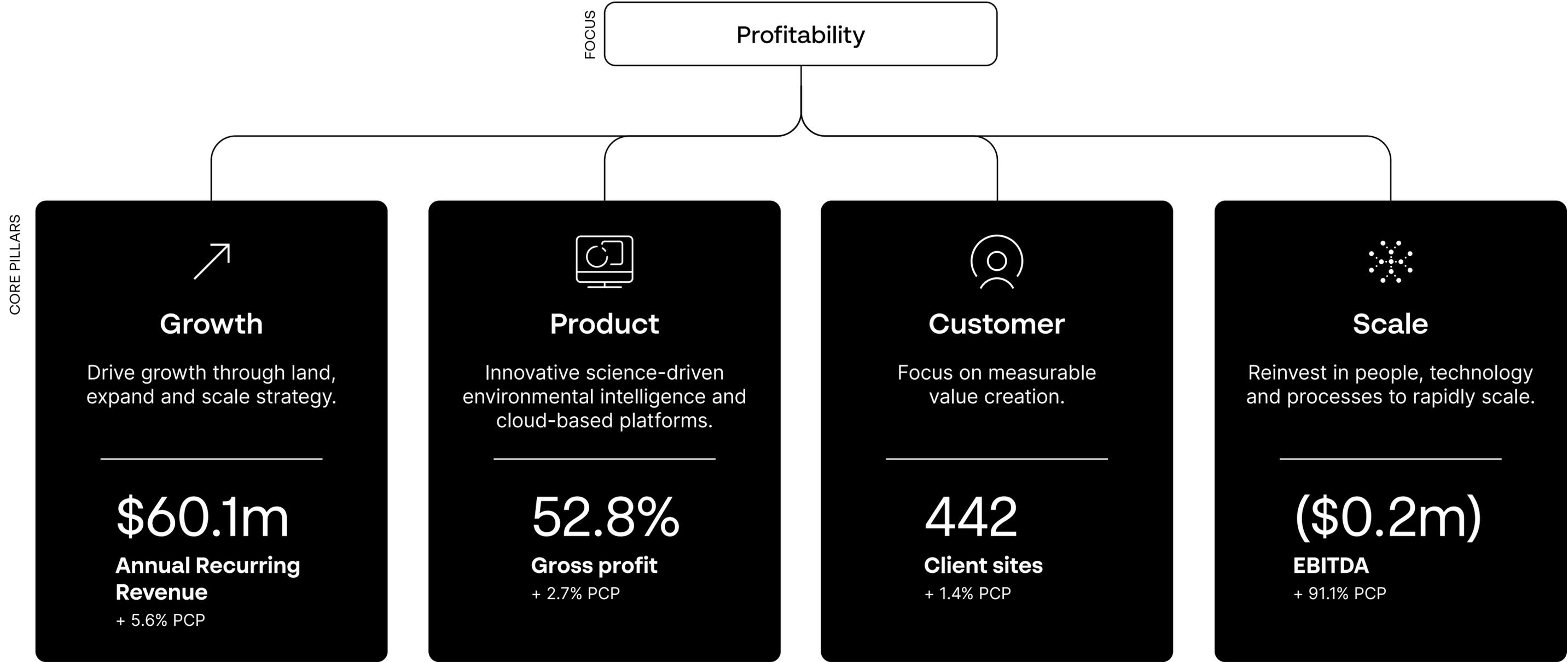
Key Terms	
Lender	Partners for Growth VII, L.P.
Purpose	Growth and working capital in the normal course of business, including funding trade finance and equipment finance
Limit	\$7.5m
Borrowing formula	2.5 times of trailing 3 months average monthly recurring subscription revenue
Terms	3 years from 5 October 2023 with no amortising requirement
Fees	Establishment fee: 1.5% Undrawn facility: 2% pa, Early repayment fee: <ul style="list-style-type: none">• Yr 1: 3%• Yr 2: 2%• Yr 3: nil
Interest rate	The greater of the 3 month BBSW rate plus 7.75% and 11.75%
Warrants	Warrants to the value of \$750,000 issued, exercisable at \$0.055 per warrant with a 5 year term Independently valued at \$968k



Outlook



Strategic priorities driving financial outcomes





Q&A



Definitions

ARPS	Average ARR Per Site which is calculated by taking the ARR divided by the number of sites.	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.
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.	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.
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.	Land	Terminology used when the Company signs an initial site with a new customer.
New ARR Growth LTM	New ARR sales generated over last 12 months as a percentage of ARR at commencement of 12 month period.	Expand	Terminology used when the Company provides additional solutions on top of solutions already being provided to an existing customer site.
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.	Scale	Terminology used when the Company signs an additional site(s) with an existing customer for a similar solution to that provided at existing sites.
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.	EVS Aviation	The Company's product portfolio focused on the Aviation industry. The portfolio includes world-leading platforms for airports to demonstrate compliance with local regulations, maintain trust with their communities and support growth initiatives.
Non-recurring revenue	Revenue from projects for the installation of environmental monitoring solutions and upgrades, and sales of environmental monitoring units.	EVS Industrial	The Company's product portfolio focused on the Mining, Industrial, Waste and Wastewater industries. The portfolio's flagship software, Omnis, provides highly accurate, predictive insights for operators to balance increasing community and regulatory expectations with production goals.
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, and (c) add back depreciation and interest connected with leases recognised under IFRS 16 Leases as these are deemed to be recurring operating cash expenses.	EVS Water	The Company's product portfolio focused on the Water Treatment industry including sewer networks. The portfolio includes powerful digital twin technology for water utility operators and engineers to address increasing business, operational, customer and environmental challenges.
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.		

Thank you



Appendix



Key metrics by product

\$000	EVS Aviation		EVS Industrial		EVS Water	
	1HFY24	1HFY23	1HFY24	1HFY23	1HFY24	1HFY23
ARR	36,450	36,432	21,938	19,391	1,700	1,100
# Sites	190	182	231	240	21 ¹	14 ¹
ARPS	192	200	95	81	80.1 ¹	79 ¹
Churn %	9.4%	1.3%	7.3%	6.2%	3.1%	0.0%
ARR Growth %	0.3%	13.7%	12.9%	17.3%	54.5%	192.6%
Statutory revenue						
Recurring revenue	17,212	16,509	8,585	7,457	258	190
Non-recurring revenue	2,206	1,376	1,206	1,855	33	48
Total trading revenue	19,418	17,885	9,791	9,312	291	238
Recurring revenue as a % of total revenue	88.6%	92.3%	87.7%	80.1%	88.7%	79.8%

Net loss after tax to Adjusted EBITDA reconciliation

\$000	1HFY24	1HFY23	Movement \$	Movement %
Net loss after tax	(5,760)	(6,148)	388	6.3%
Add back: Tax (benefit) / expense	(222)	(342)	120	35.1%
Add back: Net finance expense	351	72	279	387.5%
Add back: Depreciation & amortisation	5,469	4,590	879	19.2%
EBITDA	(162)	(1,828)	1,666	91.1%
Less: AASB 16 Depreciation & interest	(616)	(527)	(89)	(16.9%)
Add back: Share based payments	373	(216)	589	272.7%
Add back: Foreign currency losses / (gains)	136	112	24	21.4%
Add back: Restructuring cost savings	78	1,548	(1,470)	(95.0%)
Add back: Transaction and integration costs	299	306	(7)	(2.3%)
Add back: Philippines set up costs	-	159	(159)	(100.0%)
Add back: Property make good provisions	-	(39)	39	100.0%
Adjusted EBITDA	108	(485)	593	122.3%

Cash flow

Reconciliation of statutory
to operating cash flows
including capitalised
development costs

Cash flow

\$000	1HFY24	1HFY23	Movement \$	Movement %
Cash used in operating activities (statutory)	(1,834)	(128)	(1,706)	(1332.8%)
Less: Capitalised development costs	(2,692)	(2,998)	306	(10.2)
Cash from / (used in) operating activities including capitalised development costs	(4,526)	(3,126)	(1,400)	(44.8%)

Adjusted EBITDA bridge

