

H1 FY25 Results Presentation

ASX : EVS

20 FEBRUARY 2025

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All amounts are in Australian dollars unless otherwise stated.

Agenda



Jason Cooper
CEO



Emma Stepic
CFO



Jeremy Gaedtke
Director of Marketing & Communications

01 Introducing Envirosuite

02 H1 FY25 Highlights

03 Financial Results

04 Outlook

05 Q&A



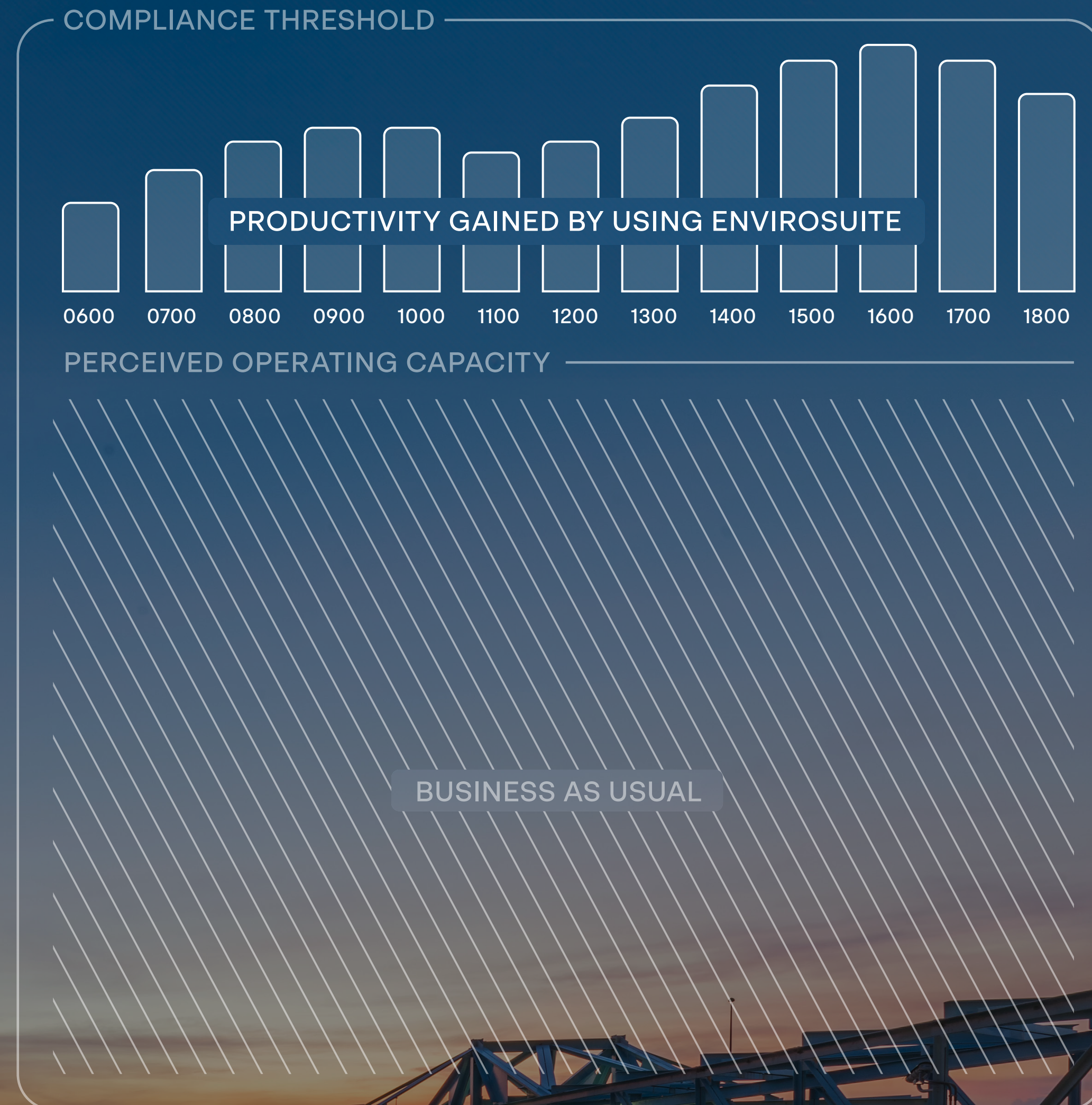
WE ARE PURPOSE LED

Vision: A world where people, planet and industry can prosper in partnership.

Mission: To revolutionise sustainable industry growth through environmental intelligence technology.

HOW WE CREATE VALUE

Operational flexibility means customers can maximise productivity and profitability responsibly while protecting staff and communities.



H1 FY25 Highlights



Transformational H1 FY25 sets Envirosuite up for H2 and sustainable long-term growth

Hitachi Construction Machinery invest \$10m at 32% premium¹

Head of Global Mining Sales appointed in November 2024 to drive Hitachi Construction Machinery relationship

Colby Manwaring appointed chair and board refreshed

First deal through Hitachi Construction Machinery relationship in advanced stages of negotiation

Investment into Finance leadership, CFO Emma Stepic joined in November 2024

Significant H1 FY25 results supporting Envirosuite confidence in new long-term goal

Achieved positive EBITDA for H1 FY25

\$10.1m H1 FY25 Total New Sales underpinned by Mining and Americas success

51% growth in rolling 12-month pipeline for EVS Industrial

Expanded EVS Aviation TAM following validation of ANSP¹ airspace carbon optimisation solution

Goal to double ARR every five years following significant H1 FY25 achievements and improved results

Key Metrics

\$65.7m

Annual Recurring Revenue
+ 9.3% PCP

451

Customer Sites
+ 2.0% PCP

\$29.5m

Statutory Revenue
- 0.2% PCP

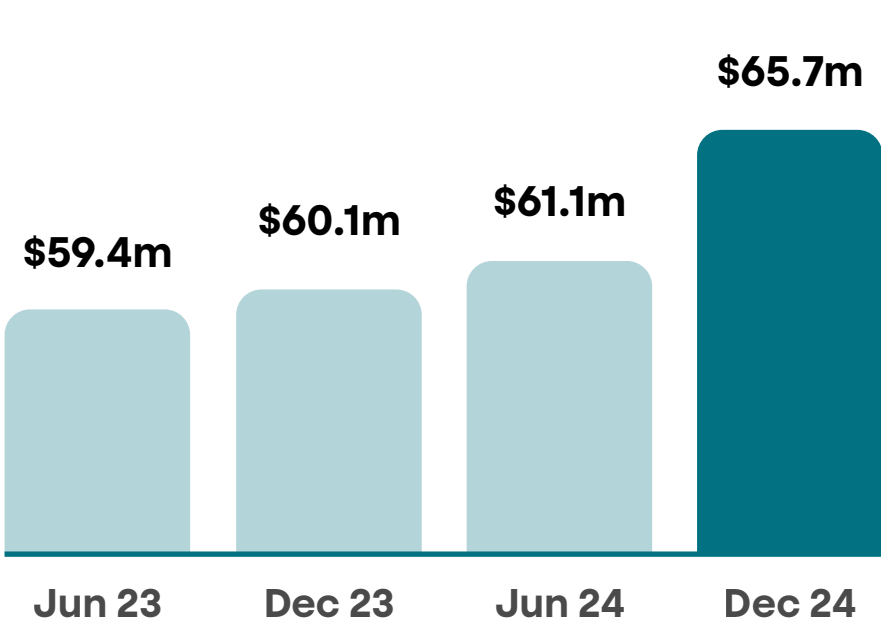
53.8%

EBITDA Gross Profit
+ 1.9% PCP

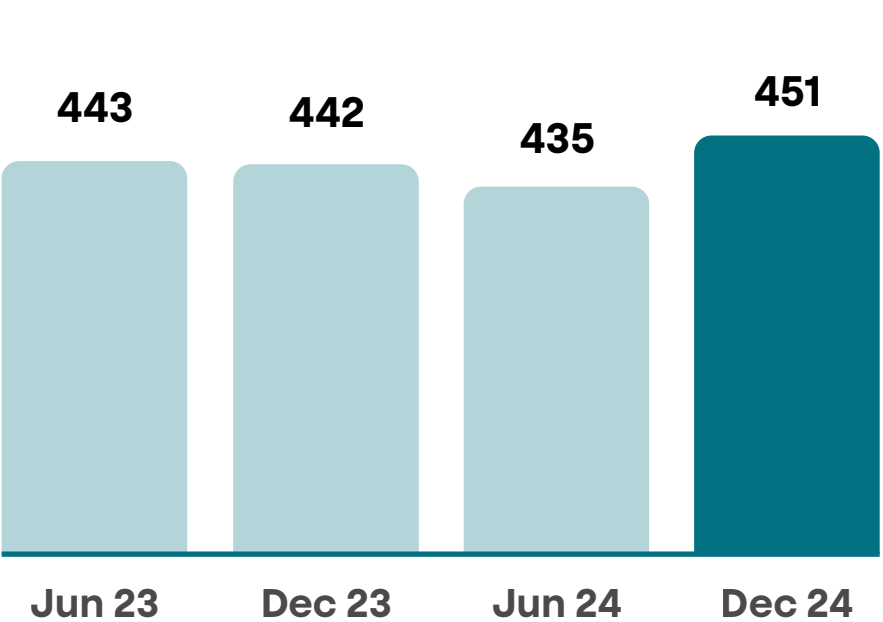
\$0.2m

EBITDA
+ 225.9% PCP

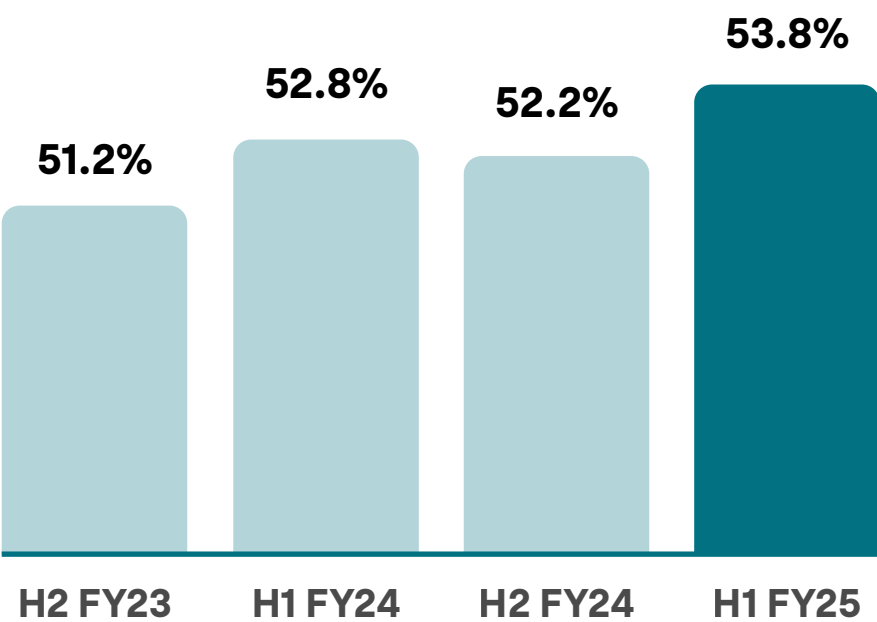
ARR (\$m)



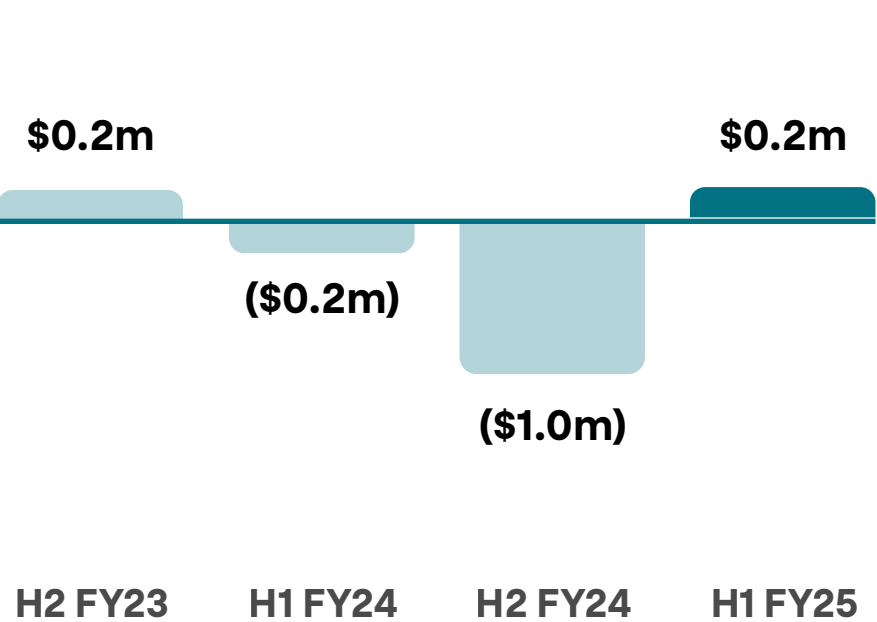
Customer Sites



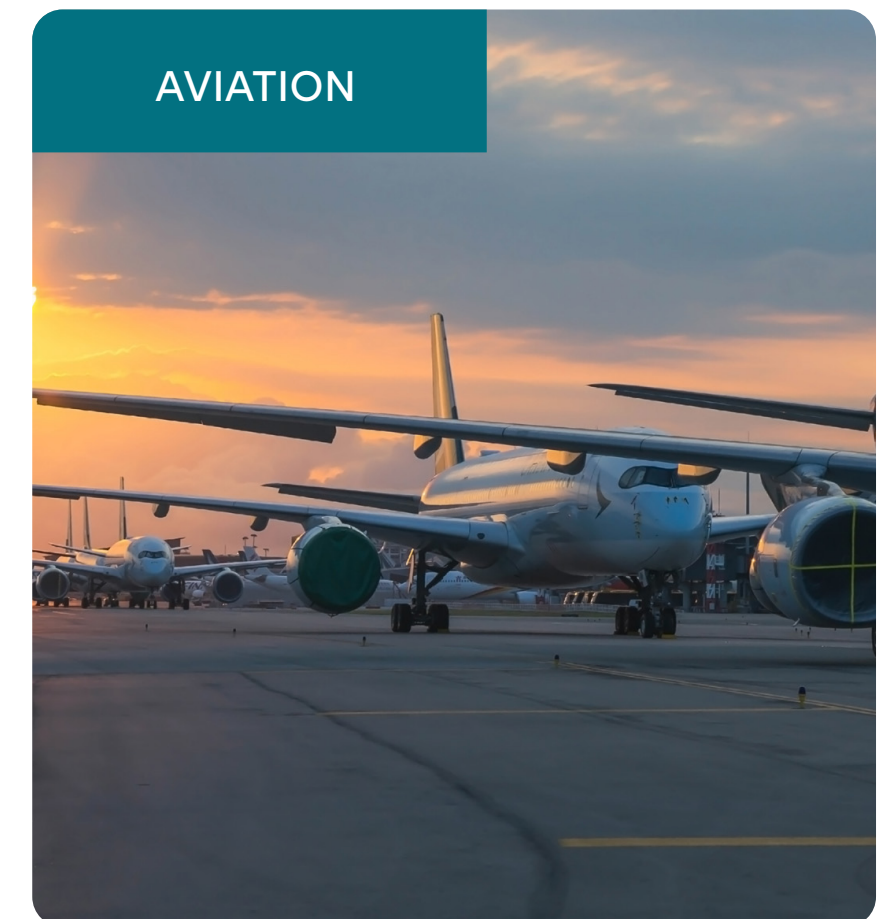
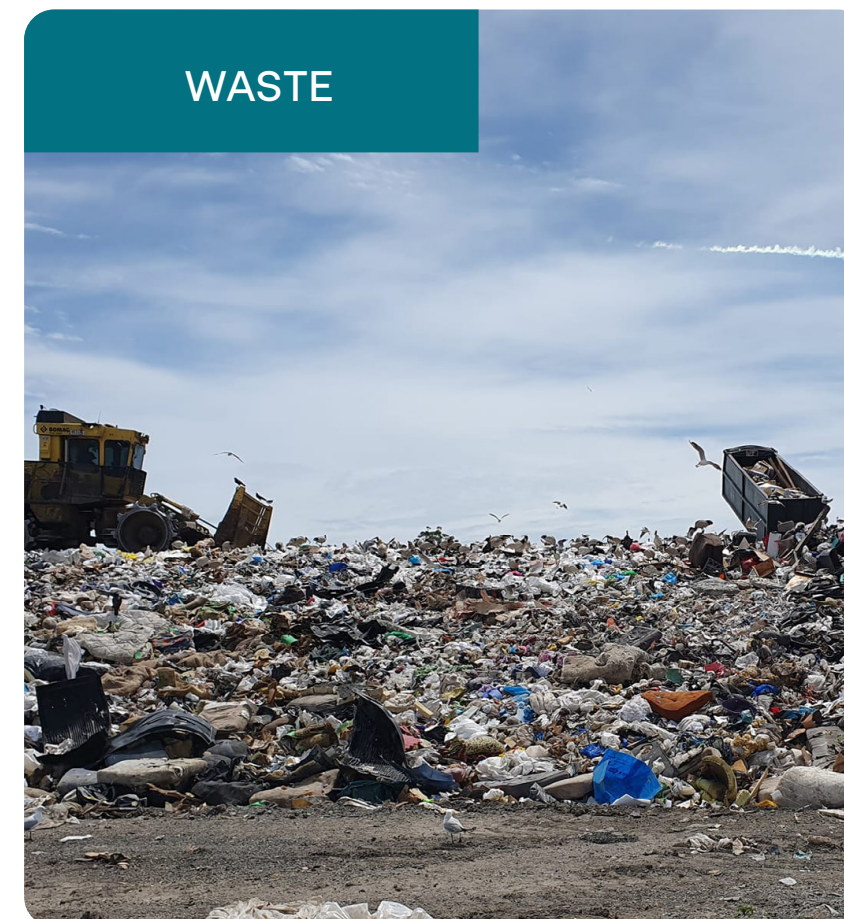
Gross Profit %



EBITDA (\$m)

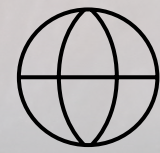


Our goal is to be #1 in our high value focus sectors



We provide best-in-class solutions that reduce environmental risk, improve operational efficiency, unlock productivity, and manage relationships with communities and stakeholders

Clear strategy and focus



Become the **global #1 environmental intelligence** technology company



Deliver value through customer experiences that **improve retention and engagement**



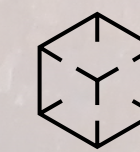
Fast-track time to value for customers, leveraging automation, tools and data to drive continuous margin improvement



Accelerate growth in our core markets:
Mining, Industrial, Waste, Wastewater and Aviation



Drive company-wide **Land Expand & Scale strategy** aligned with regional and product strategy



Build solutions that **solve high-value problems in our core markets**, leveraging our subject matter expertise and capabilities in data, AI and technology



\$10.1m H1 FY25 Total New Sales positions

Envirosuite well heading into H2

\$4.1m New ARR Sales

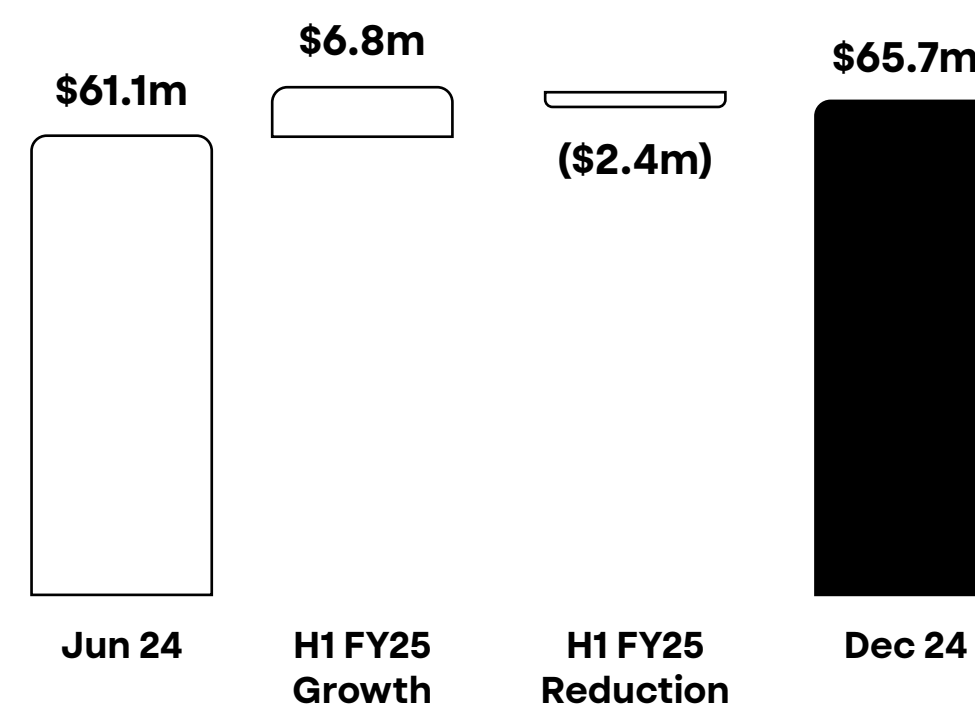
- New ARR Sales \$4.1m underpinned by global Mining success and continued macro-economic momentum in the Americas
- Land, Expand and Scale strategy continues to deliver with 78.0% of New ARR Sales sourced from 'expand' and 'scale' opportunities

New ARR Sales Growth LTM

 evs aviation	\$2.6m	\$39.0m	7.1%
 evs industrial	\$5.4m	\$26.7m	22.9%
	New ARR Sales	Total ARR	New ARR Sales Growth LTM

\$65.7m Total ARR

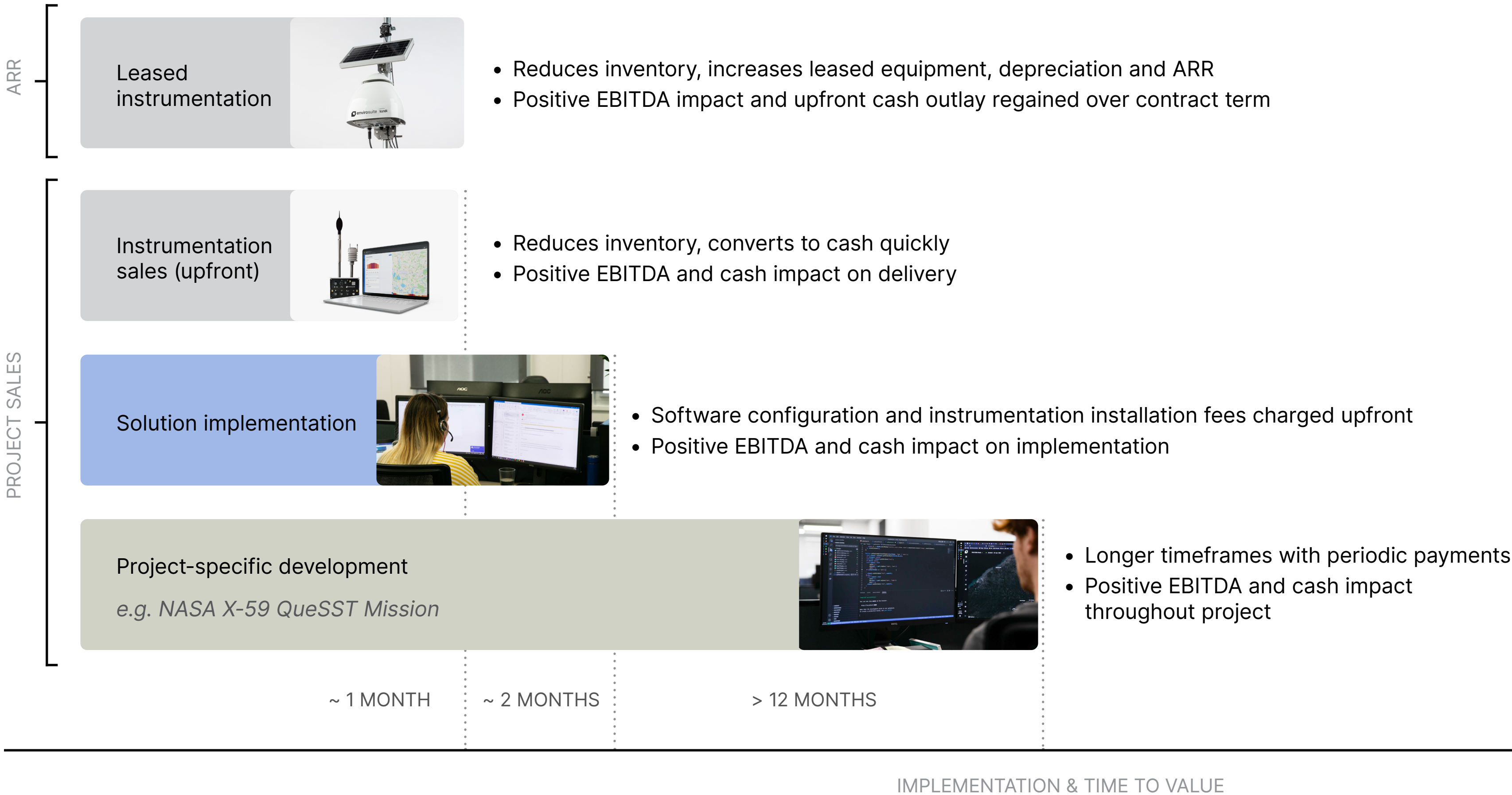
Churn LTM 4.2%



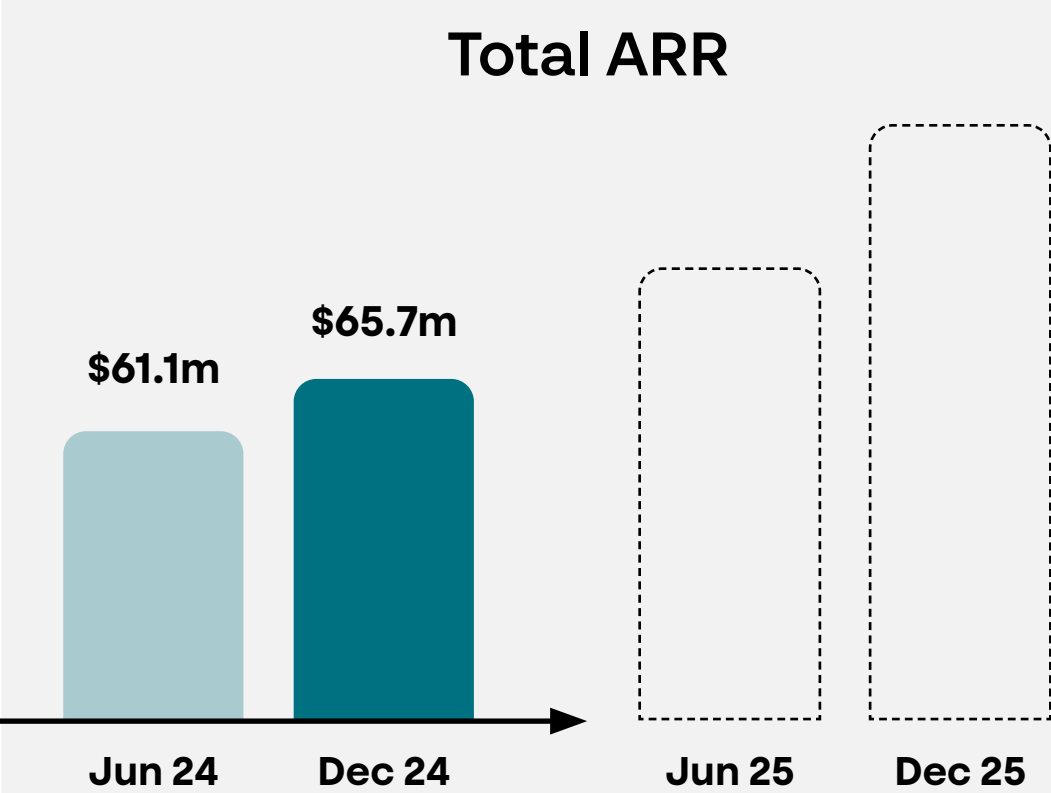
\$6.0m Project Sales

Record half-year result driven by upfront instrumentation sales, solution implementation fees, customer projects delayed in FY24, and a significant expansion of work under NASA X-59 QueSST mission

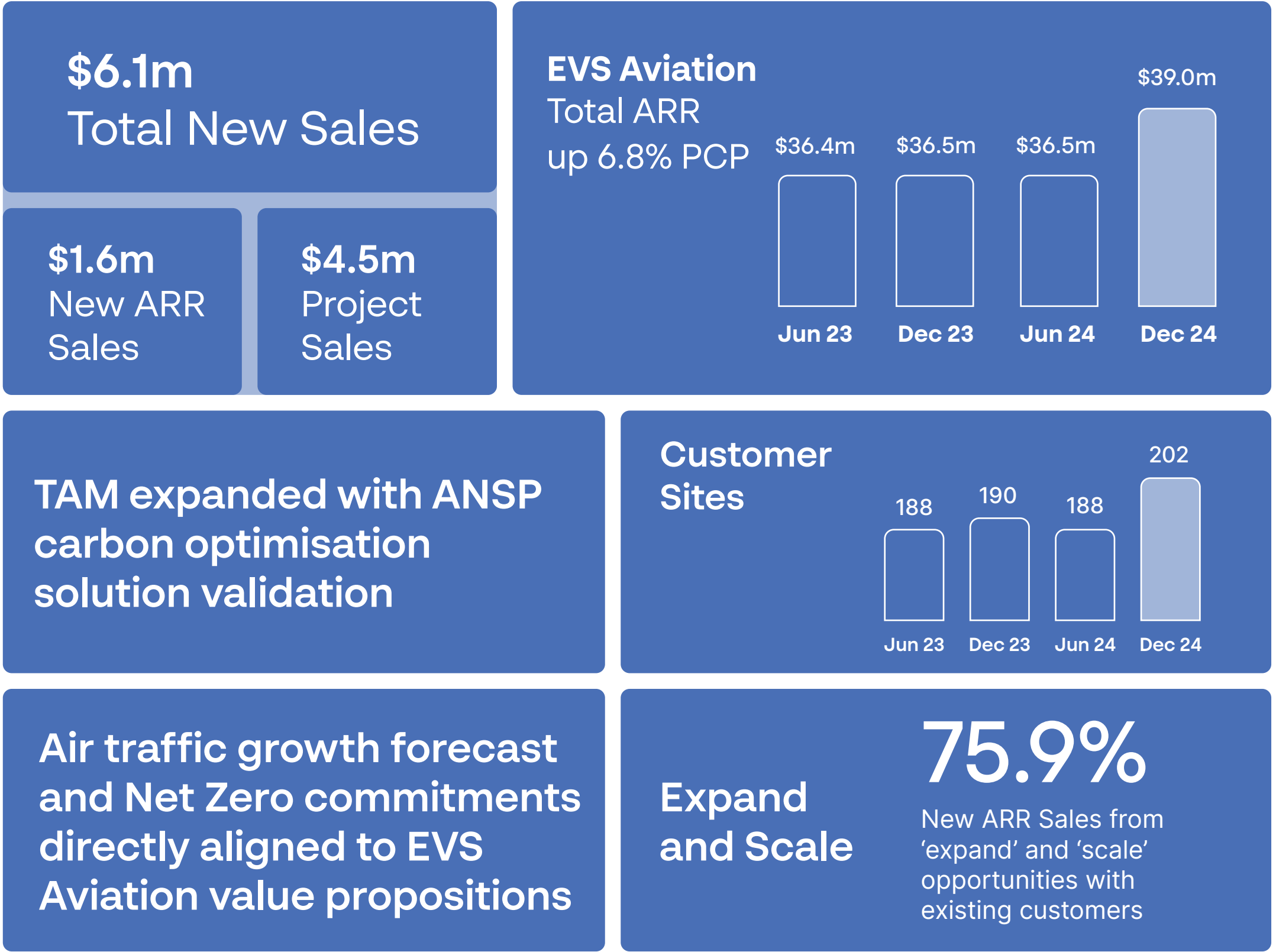
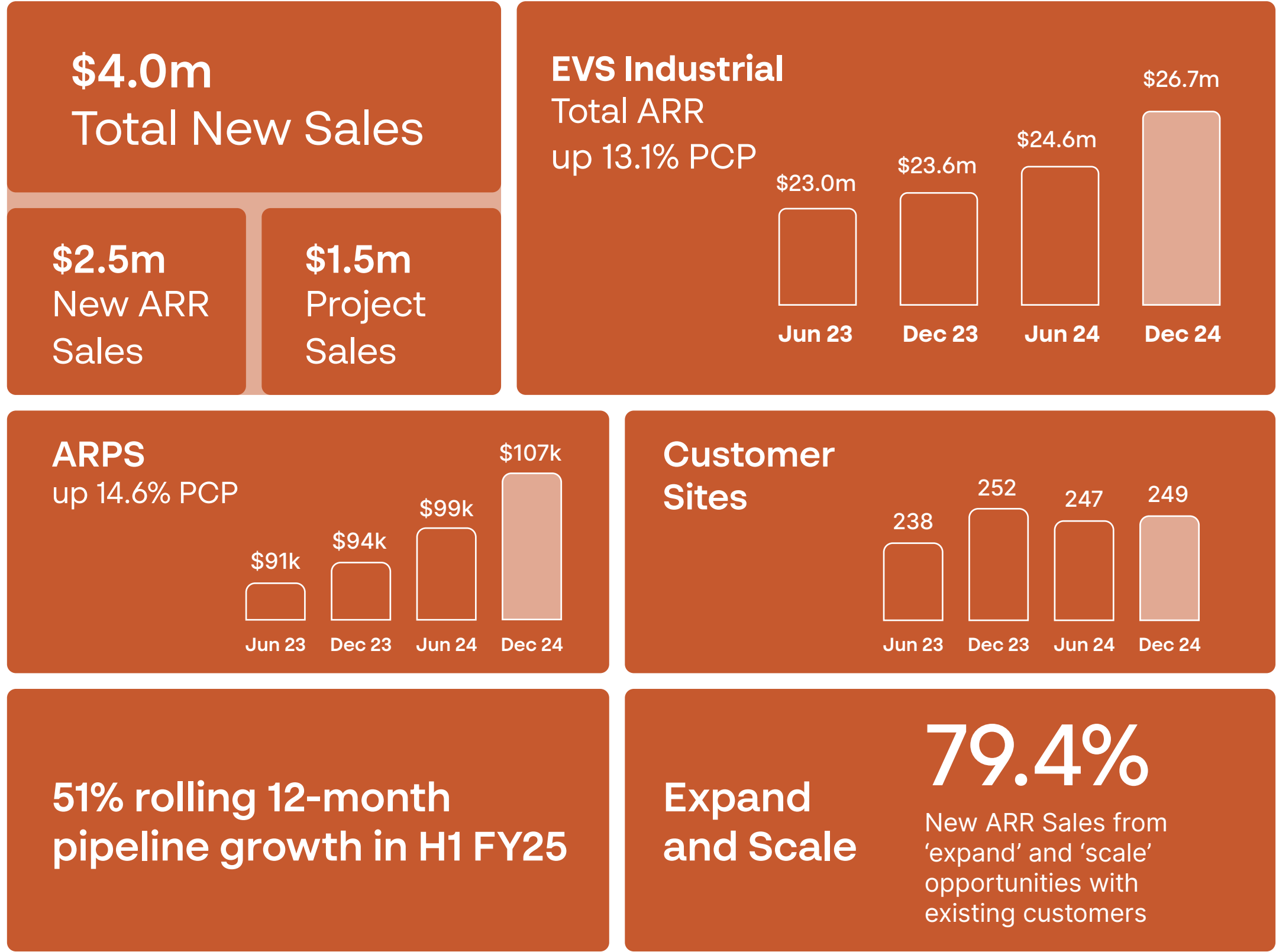
Project Sales play a crucial role in growing Annual Recurring Revenue



Project Sales is a key catalyst for **ARR expansion**, embedding Envirosuite technology into customer operations.



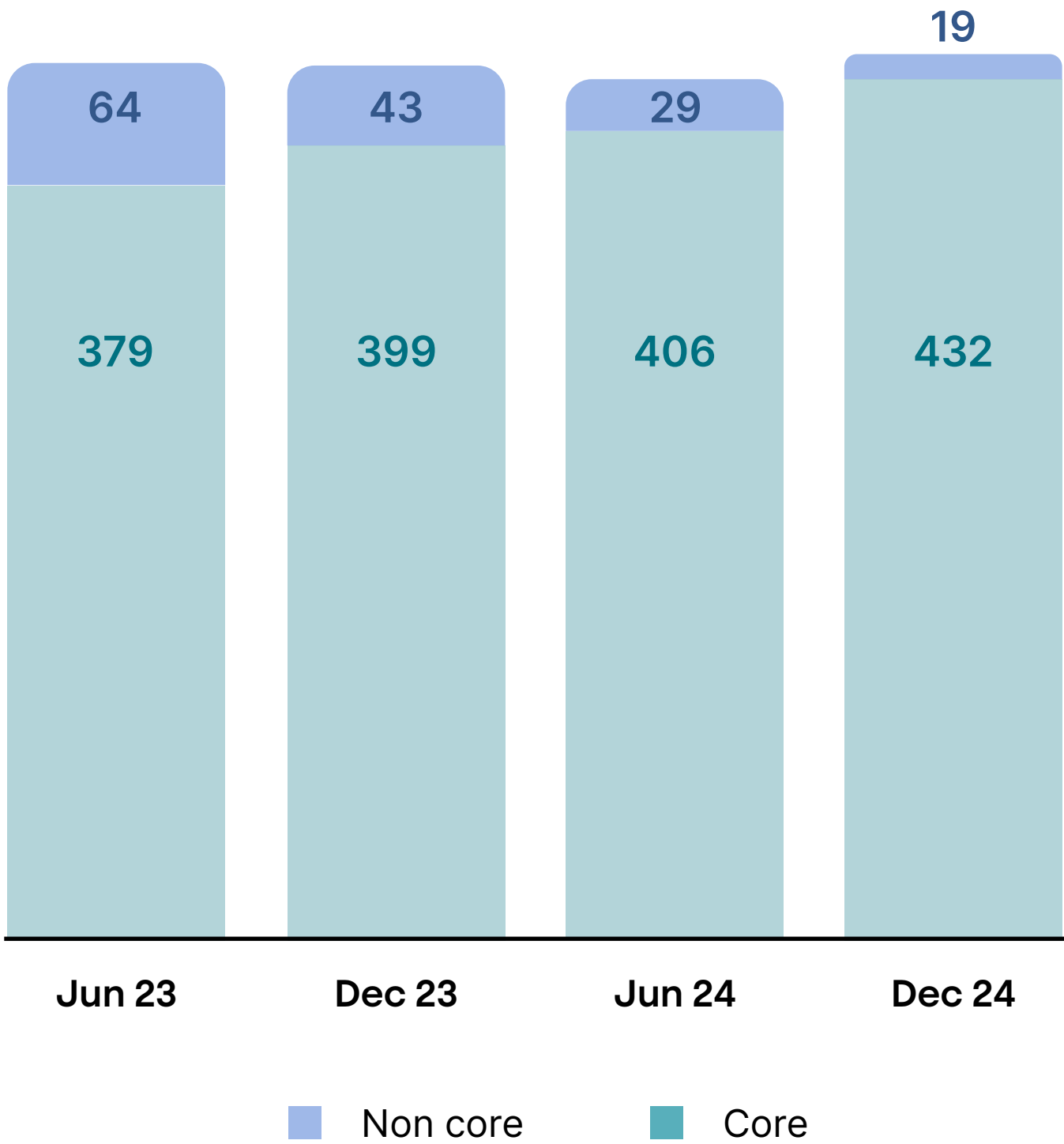
Portfolio highlights



Strategic focus on quality revenue driving site growth in high value focus sectors

Growth strategy pre-FY22

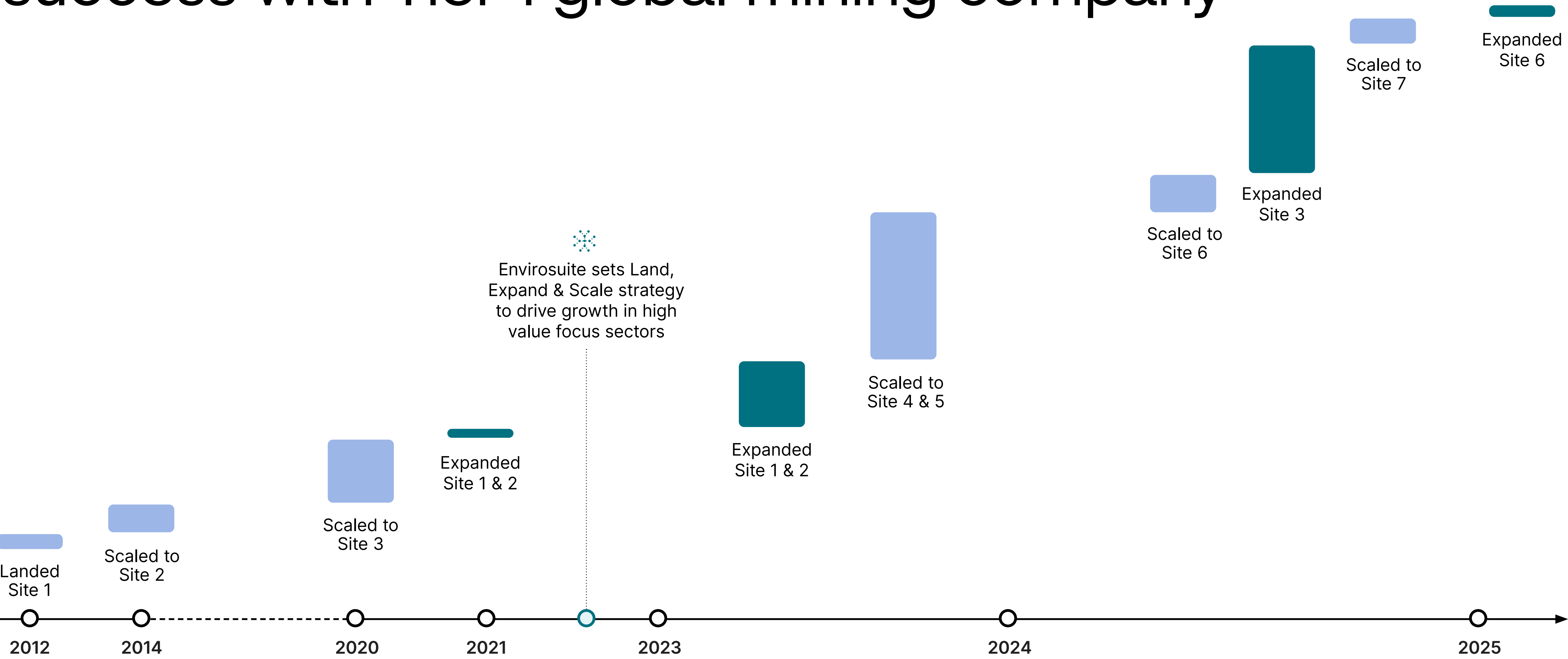
- Customer portfolio balance included fixed term, low margin and non-core contracts (e.g. construction, third-party monitoring contracts)
- Legacy proprietary hardware (prior acquisitions)
- Resulted in reduced revenue and site growth in recent periods as undesirable contracts concluded and were consciously not renewed



Land, Expand & Scale strategy set in FY22

- Refined growth strategy to focus on solving high value problems in five core sectors
- Consolidated instrumentation manufacturing to noise and vibration, leveraging third-party manufacturers for other parameters
- Driven quality site growth from 379 to 432 core sites

Demonstrated Land, Expand, Scale success with Tier 1 global mining company



Customer advocacy unlocks scale to second site within nine months

Envirosuite secured a Scandinavian mining customer in March 2024, delivering a dust management solution and driving product adoption quickly thanks to a strong local team.

Smooth, fast implementation and positive experience fostered customer advocacy, enabling the sales team to secure a second site within just nine months.



Innovation partnership driving key customer relationship expansion

Envirosuite has partnered with a key customer to deliver an automated AI-driven solution to monitor and reduce noise from aircraft landing gear deployment.

Prior innovation partnerships with this customer have attracted considerable interest from other airports at the EVS Aviation Forums, supporting ARR expansion.



Hitachi Construction Machinery collaboration validated, first deal in advanced stages of negotiation



Financial Results

First time H1 EBITDA positive performance

Recurring revenue of

\$27.0m

+ 3.5% PCP

Gross Profit

\$15.9m

+ 1.7% PCP

EBITDA

\$0.2m

+ 225.9% PCP

Income Statement EBITDA

\$000	31 Dec 24	31 Dec 23	Movement \$	Movement %
Recurring revenue	26,973	26,055	918	3.5%
Non-recurring revenue	2,515	3,445	(930)	(27.0%)
Other revenue	-	61	(61)	(100.0%)
Total revenue	29,488	29,561	(73)	(0.2%)
Cost of revenue	(13,623)	(13,960)	337	2.4%
Gross profit	15,865	15,601	264	1.7%
Gross profit %	53.8%	52.8%	1.0%	1.9%
Sales and marketing	(6,505)	(6,066)	(439)	(7.2%)
Product development	(3,947)	(4,509)	562	12.5%
General and administrative	(4,880)	(5,266)	386	7.3%
Total operating expenses	(15,332)	(15,841)	509	3.2%
Other income / (expenses)	(329)	78	(407)	(521.8%)
EBITDA	204	(162)	366	225.9%
Recurring revenue as a % of total revenue	91.5%	88.1%	3.4%	3.9%

Recurring revenue: Growth impacted by Australian Department of Defence churn of \$0.4m at the beginning of H1, growth excluding the churn is 4.9% driven by the Americas and EMEA through expansions with existing customers and new logos

Non-recurring revenue: Lower projects sales in H2 FY24 impacting available activations in the period. Record Project Sales in H1 will translate to non-recurring revenue

Other revenue: Prior period included the sub-lease of the Sydney office which has now been closed

Gross profit %: Improvement reflects operating cost leverage and focus on efficiencies in Customer Success

Sales and marketing: Investment into sales growth through Sales Enablement, Americas Sales and Global Head of Mining Sales to leverage expansion across the Hitachi Construction Machinery network

Product development: Reflects higher portion of costs invested in product development and lower ongoing maintenance requirements

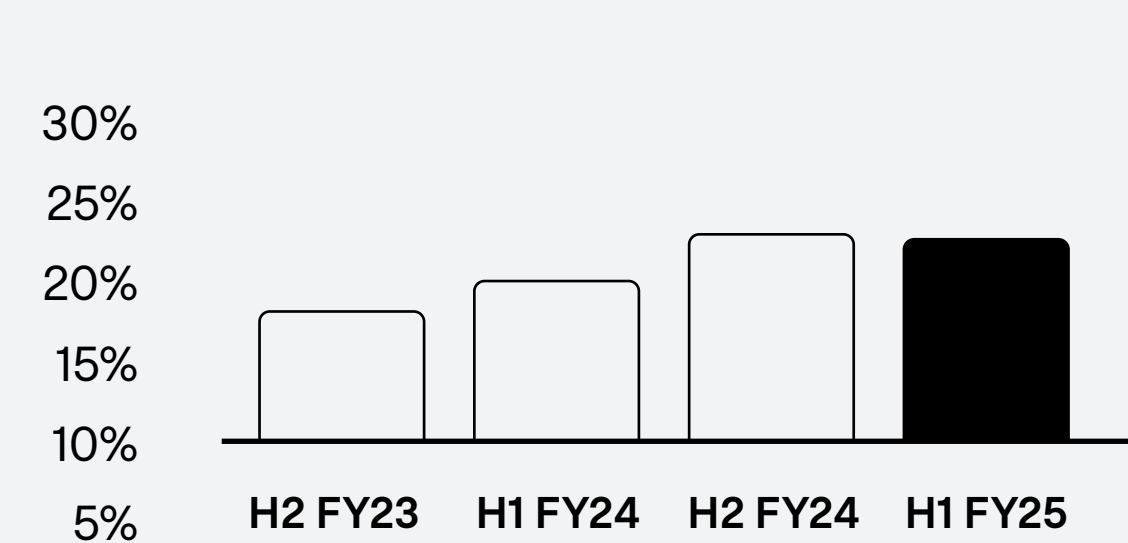
General and administrative: Disciplined cost management driving down expenses

Other income / (expenses): Increase in expense reflects FX impacts with the weakening of the Australian dollar, and the prior period included a one-off write back of doubtful debts

EBITDA: Positive EBITDA for the first time in an H1 period, reflecting disciplined cost management and operating cost leverage

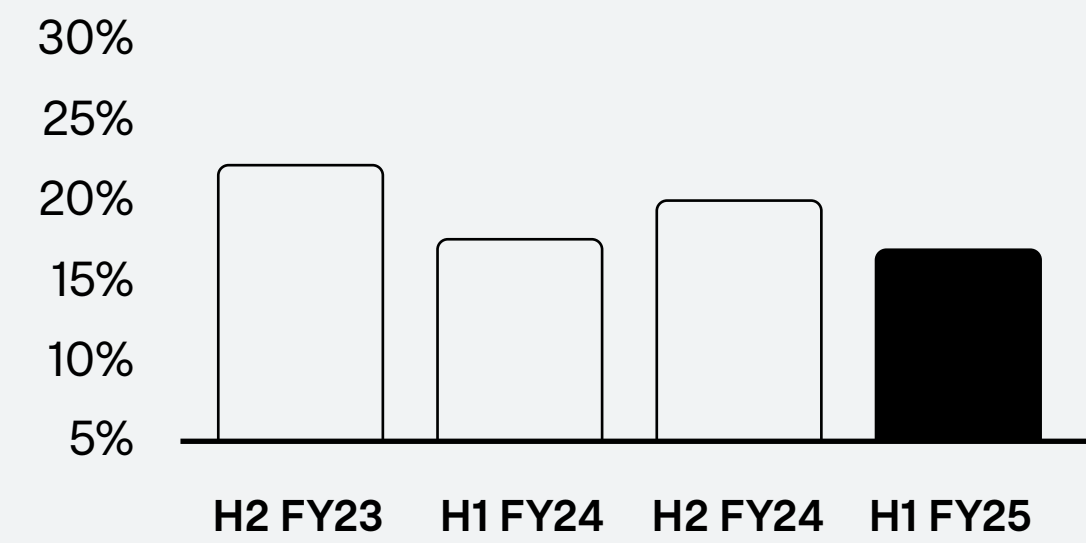
Generating operating leverage to reinvest in growth

Sales and Marketing



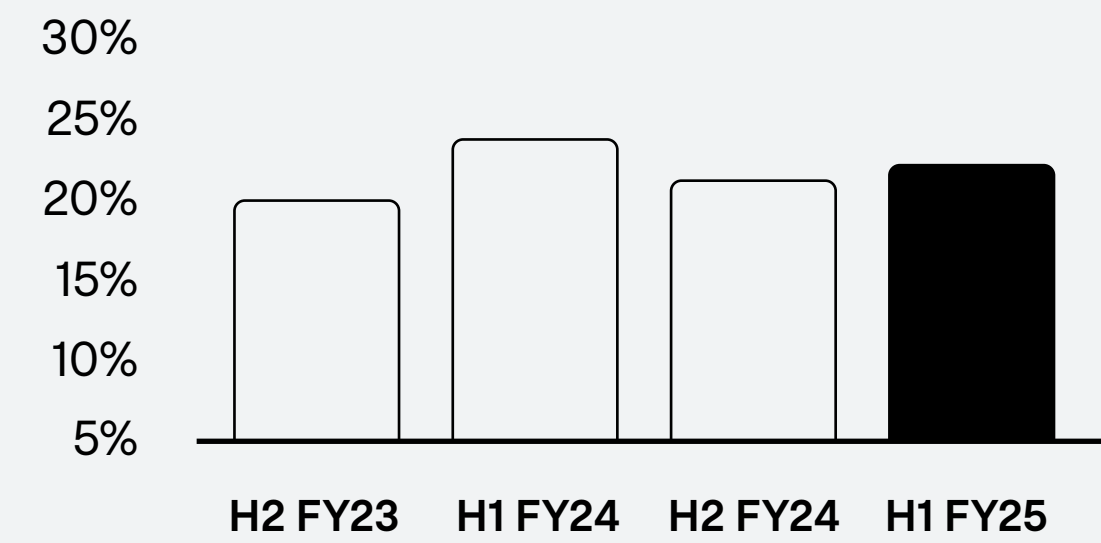
Investment in growth through Sales Enablement, Americas Sales and Global Head of Mining Sales to leverage expansion across Hitachi Construction Machinery network

General and administrative



Disciplined cost management and impact of redundancies from the Water restructure

R&D cash spend

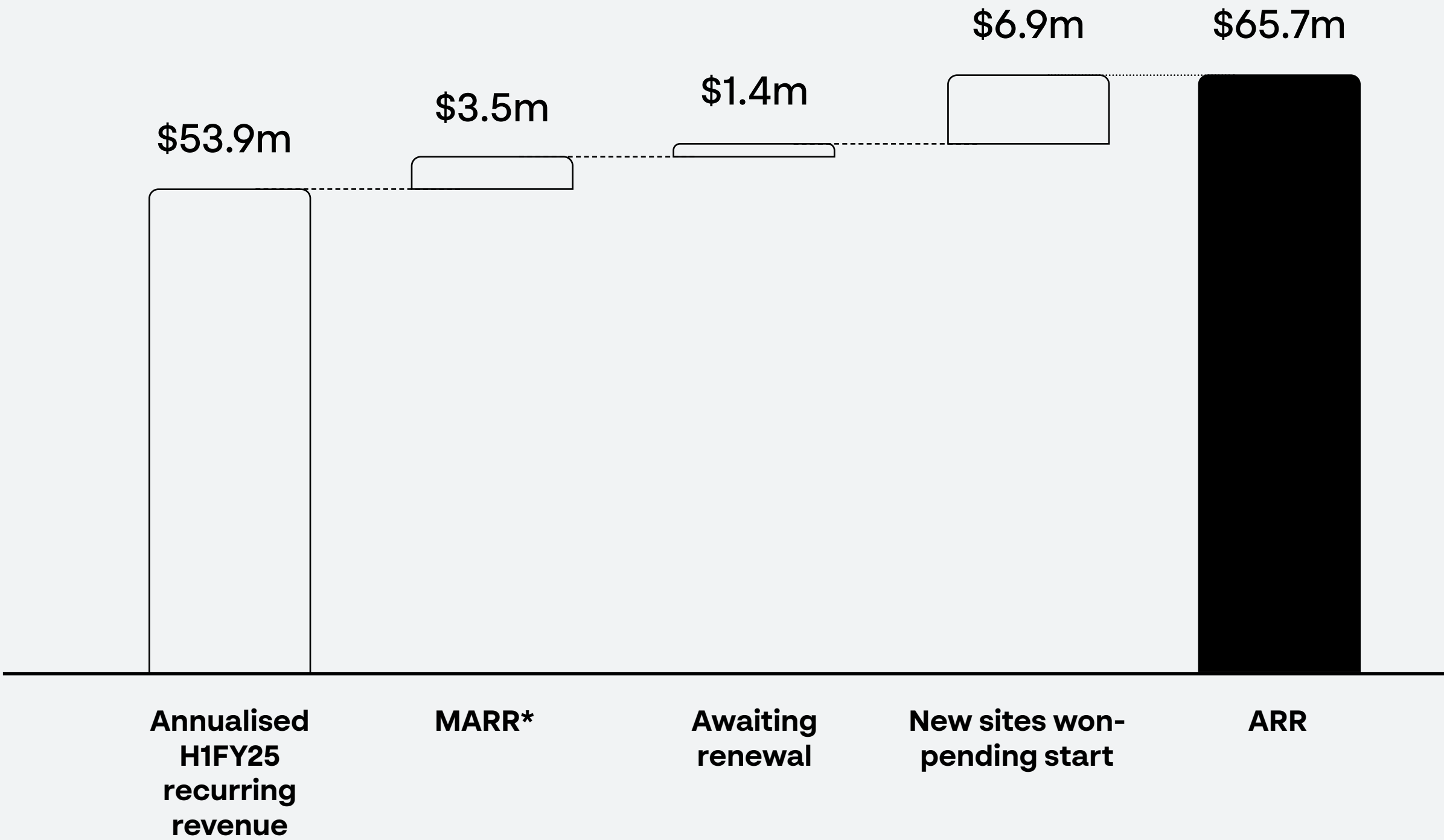


AWS migration, product roadmap development and platform stability driving scalability and innovative customer driven solutions

Reconciling recurring revenue to ARR

ARR of \$65.7m

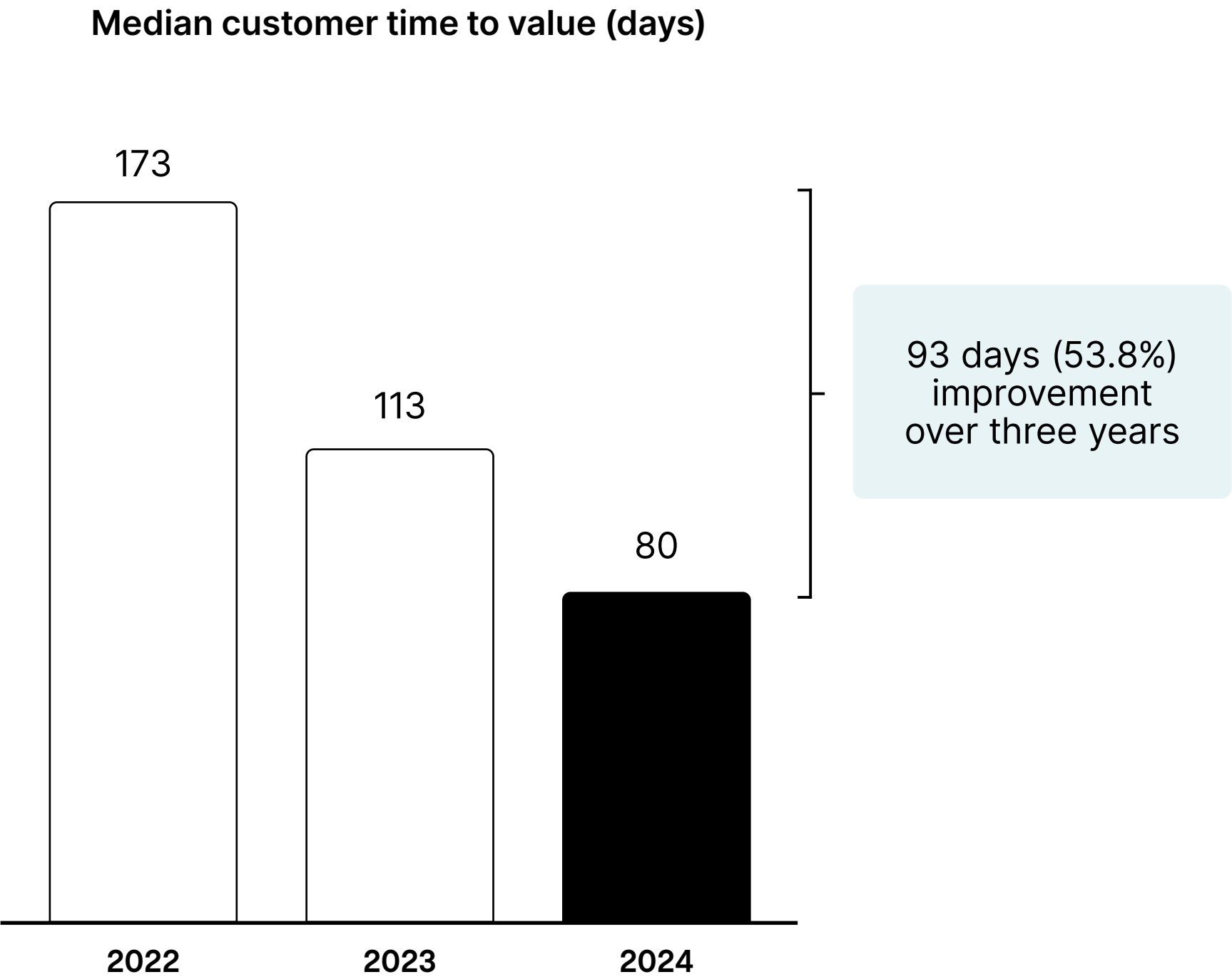
Contracted revenue pipeline remains strong with ongoing focus on closing contract renewals and improving time to value for new sites won through improving implementation timeframes.



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

93 day improvement in median customer time to value

Time to value measures the time from signing a contract (New ARR) to implementation, that is when the customer starts to gain operational insights from the platform and recurring revenue starts to be recognised.



This improvement has been driven by:

- Instrumentation manufacturing and supply chain optimisation
- Solution implementation process automation and optimisation
- Increasing share of 'expand' and 'scale' wins with existing customers (78.0% in H1 FY25)

Envirosuite will continue to drive improvement in this area

Balance sheet

Balance Sheet

\$000	31 Dec 24	30 Jun 24	Movement \$	Movement %
Cash and cash equivalents	4,047	3,549	498	14.0%
Trade and other receivables	12,270	11,744	526	4.5%
Inventories	4,823	4,476	347	7.8%
Leased equipment	5,176	4,182	994	23.8%
Other property, plant and equipment	1,380	1,567	(187)	(11.9%)
Intangible assets	84,556	85,697	(1,141)	(1.3%)
Other	8,635	8,043	592	7.4%
Total Assets	120,887	119,258	1,629	1.4%
Trade and other payables	7,375	8,138	(763)	(9.4%)
Contract liabilities	6,458	5,879	579	9.8%
Borrowings - debt facility	7,027	7,720	(693)	(9.0%)
Provisions	4,886	5,807	(921)	(15.9%)
Other	6,213	6,677	(464)	(6.9%)
Total Liabilities	31,959	34,221	(2,262)	(6.6%)
Net Assets	88,928	85,037	3,891	4.6%
Total Equity	88,928	85,037	3,891	4.6%

Cash and cash equivalents: Cash utilised towards operating activities, lease equipment and inventory to generate revenue, investment in internally generated software, repayment of debt and debt costs, and payment of aged trade payables

Trade receivables: Increased with high non-recurring revenue billings at the end of the calender year

Inventory: Investment to support H2 FY25 sales and long lead time inventory ordered in FY23 and FY24 received, with demand reducing for this inventory since ordering

Leased equipment: Increase in bundled sales with instrumentation combined into recurring subscription fees particularly across Industrial in the Americas

Intangible assets: Reflects continuing investment in R&D

Other assets: Includes right of use assets and other assets such as cash backed guarantees and prepayments

Trade payables: Reduced with payment of \$1.0m in aged payables relating to H1 FY24

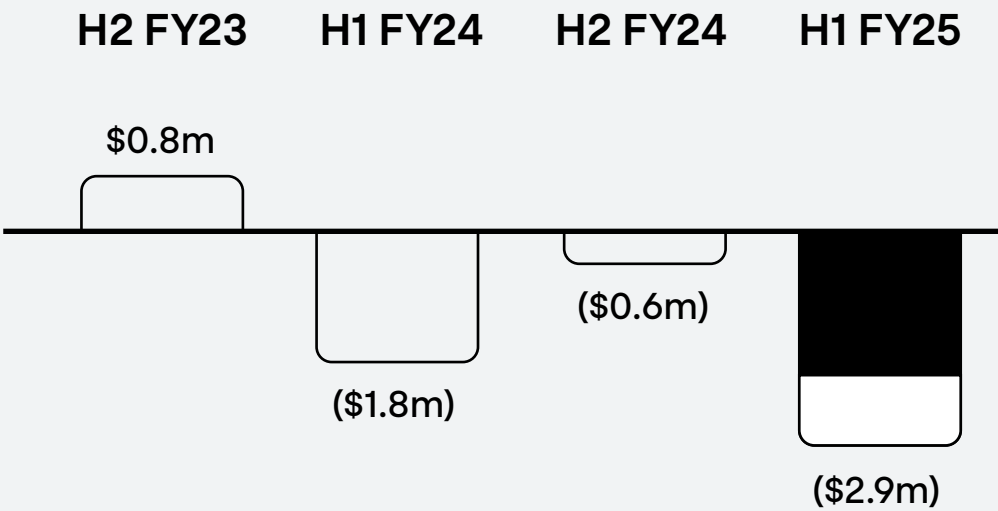
Contract liabilities: Increased with upfront payments on seasonal billing cycles and non-recurring revenue

Borrowings: Drawn Partners For Growth debt facility balanced with cash on hand, undrawn facility of \$4.7m at 31 December 2024

Other liabilities: Includes lease liabilities, deferred tax liabilities, and other liabilities which offsets against other assets

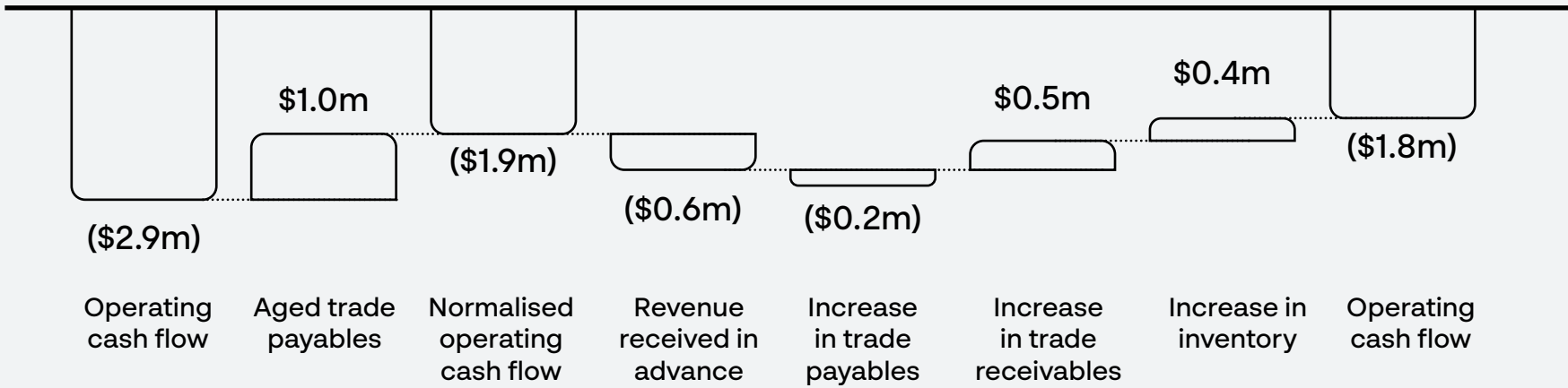
Operating cash flow

Operating activities cash flow (statutory)



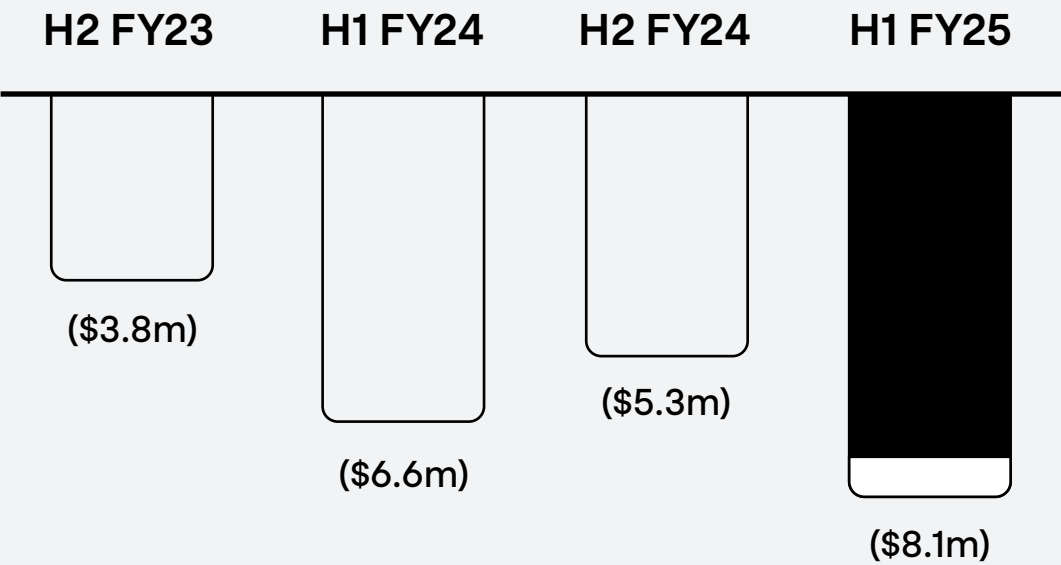
Operating activities cash outflows includes \$1.0m for aged trade payables related to H1 FY24, and seasonal outflows for short term incentive payments.

Operating cash flow working capital investment



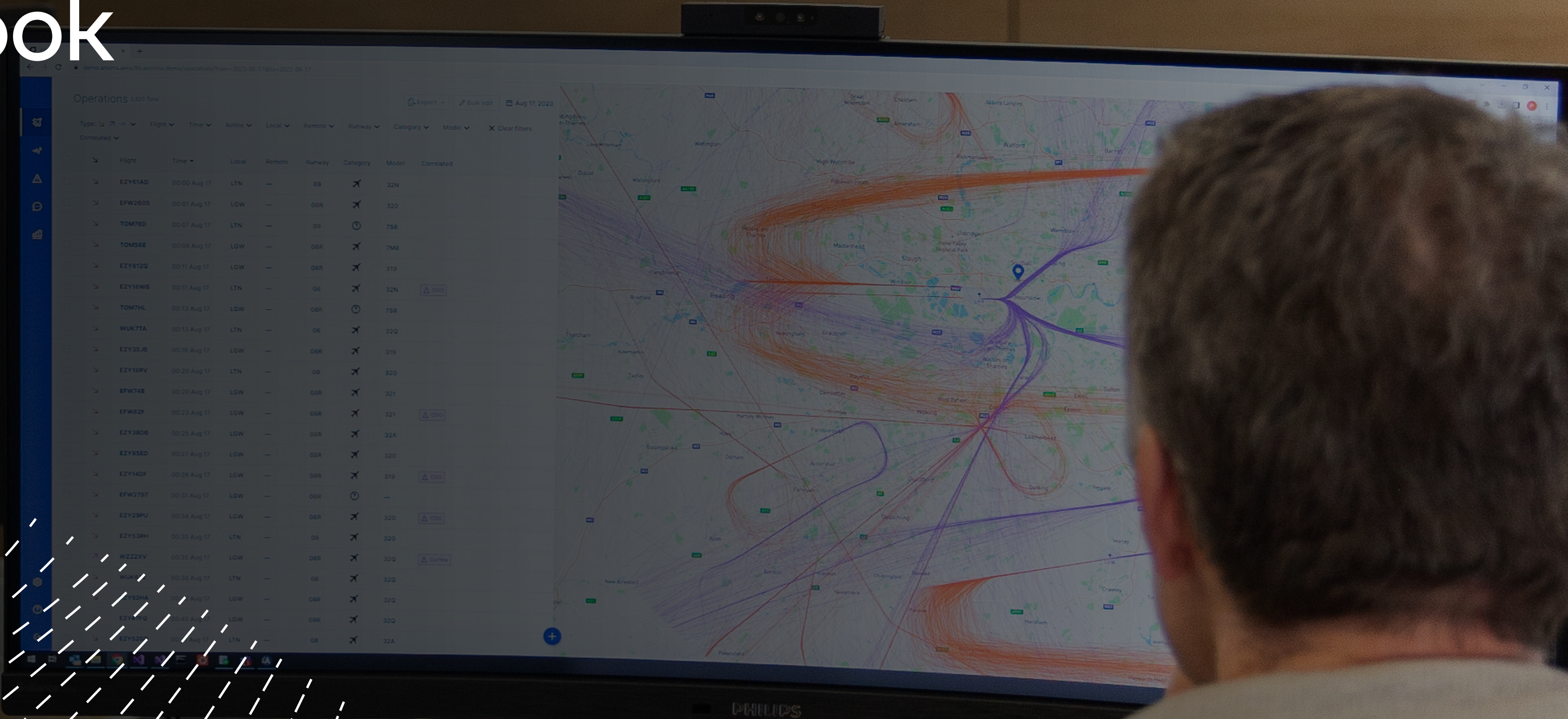
Trade receivables increase from non-recurring revenue billing with cash receipts post H1 FY25. Inventory increased for long lead time monitors.

Free cash flow



Free cash outflows of \$7.1m adjusted for aged trade payables. Investment in revenue generating monitors, and internally developed software.

Summary & Outlook



Summary

**\$10.1m Total
New Sales**

Including 78.0% New
ARR Sales from existing
customers

**\$0.2m H1 FY25
positive EBITDA**

**\$6.0m Project Sales leading
to improved cash flow
generation in H2 and beyond**

**93 day (53.8%)
improvement in
time to value over
three years**

**Hitachi Construction
Machinery validation of
Mining value propositions
and ESG potential**

**Colby Manwaring appointed
chair, board refreshed,
investment in Finance and
Mining Sales leadership**

Goal to double ARR every five years

Investing for further growth in Mining and Americas



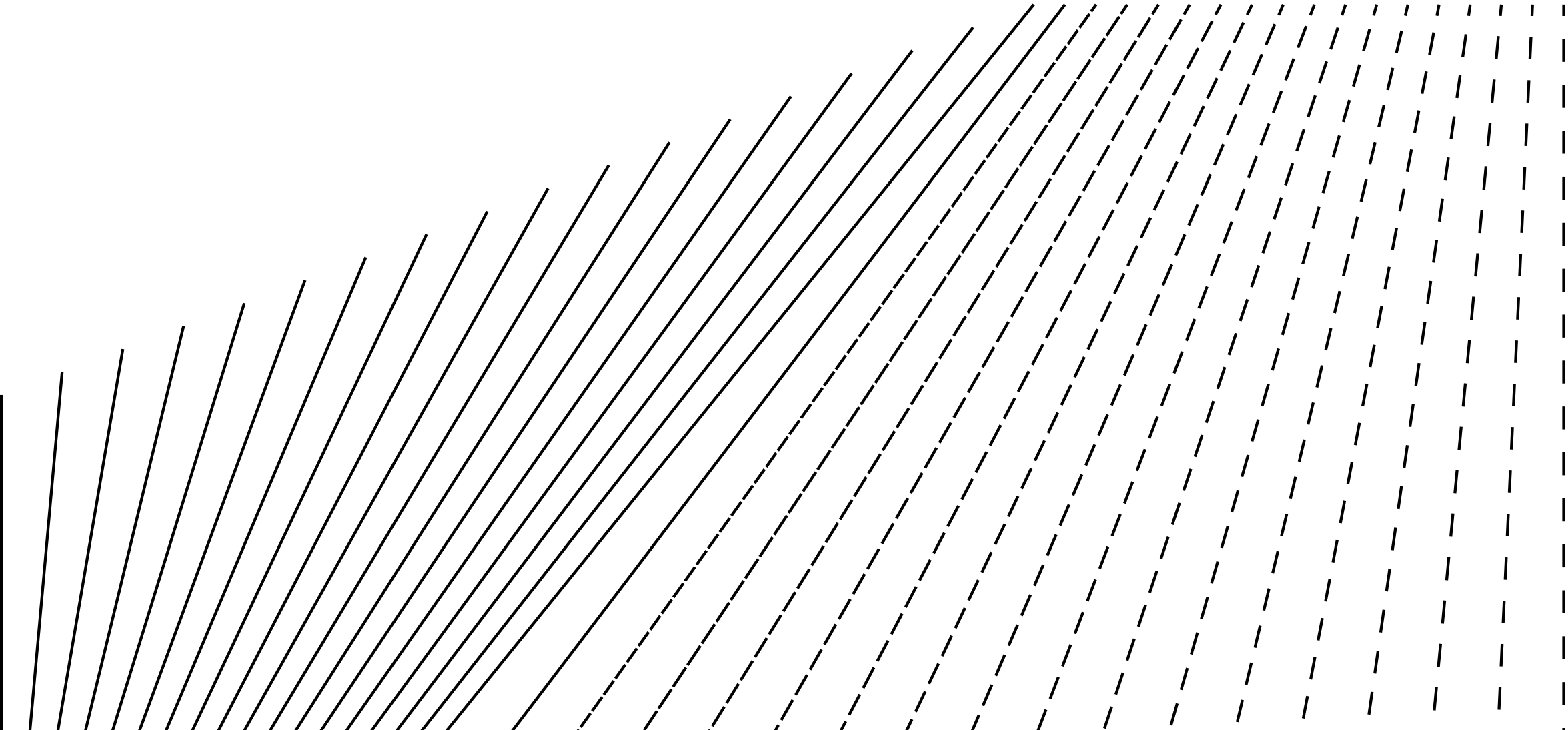
Expanded EVS Aviation TAM, validation of ANSP airspace carbon optimisation solution



51% growth in rolling 12-month pipeline supporting continued growth of quality revenue base

Market leadership in noise and community management to protect social license in core commercial aviation sector

Q&A



Definitions

Recurring revenue	Revenue that Envirosuite 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.	Land	Terminology used when Envirosuite signs an initial site with a new customer.
Non-recurring revenue	Revenue activated from projects including upfront instrumentation sales, solution implementation fees, and project-specific development and consulting work.	Expand	Terminology used when Envirosuite provides additional solutions on top of solutions already being provided to an existing customer site.
EBITDA	Earnings Before Interest, Tax and Depreciation and Amortisation	Scale	Terminology used when Envirosuite signs an additional site(s) with an existing customer for a similar solution to that provided at existing sites.
ARR	Annual Recurring Revenue represents contracted recurring revenue at the reporting date that Envirosuite expects to receive from customers, including contracted revenue that Envirosuite has not yet activated. A minimum of 12 months is required for recognition of ARR.	EVS Industrial	Envirosuite's product portfolio focused on the Mining, Industrial, Waste and Wastewater industries including sewer networks. The portfolio includes cutting edge platforms for providing real-time and predictive insights for operators to balance increasing community and regulatory expectations with production goals, as well as digital twin technology for water utility operators and engineers to address increasing operational, customer and environmental challenges.
Churn LTM	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 or where there remain other contractual relationships with the customer or suite.	EVS Aviation	Envirosuite'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.
Site	A separate and distinguishable site (e.g., airport, mine site, waste or wastewater facility, industrial site, etc.) at which Envirosuite's environmental intelligence 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.	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.
ARPS	Average ARR Per Site which is calculated by taking the ARR divided by the number of sites.		
Total New Sales	Total New Sales is the sum of New ARR Sales plus Project Sales for the period.		
New ARR Sales	ARR added over the period as a result of sales, not including churn.		
New ARR Sales Growth LTM	New ARR Sales generated over the last 12 months as a percentage of ARR at the commencement of the 12 month period.		
Project Sales	Project Sales include upfront instrumentation sales, solution implementation fees, and project-specific development and consulting work.		