

20 February 2024

# Appendix 4D

## Summary Interim Financial Report

Results for announcement to the market

For the financial half year ended 31 December 2023

|                                                                          | Consolidated Group                     |                                        | Variance to prior period |      |
|--------------------------------------------------------------------------|----------------------------------------|----------------------------------------|--------------------------|------|
|                                                                          | Half Year ended<br>31 December<br>2023 | Half Year ended<br>31 December<br>2022 |                          |      |
|                                                                          | \$'000                                 | \$'000                                 | \$'000                   | %    |
| Revenues from ordinary activities                                        | 29,561                                 | 27,581                                 | 1,980                    | 7.2% |
| Profit/(loss) after tax from ordinary activities attributable to members | (5,760)                                | (6,148)                                | 388                      | 6.3% |
| Net profit/(loss) attributable to members                                | (5,760)                                | (6,148)                                | 388                      | 6.3% |
| Net tangible assets/(liabilities) per security (cents)                   | 0.4                                    | 0.8                                    |                          |      |

The net tangible asset backing per security of 0.4 cents (31 December 2022: 0.8 cents) presented above is inclusive of right-of-use assets and lease liabilities. The net tangible asset per security, at 31 December 2023, would reduce to 0.2 cents (31 December 2022: 0.6 cents) if right-of-use assets were excluded, and lease liabilities were included in the calculation.

### Dividends and distributions

The company has not declared, and does not propose to pay, any dividends for the half year ended 31 December 2023.

Details of any dividend or distribution reinvestment plans in operation: Not applicable.

### Control gained or lost over entities in the half year

There was no control gained or lost over entities during the half year.

### Investments in associates and joint ventures

Not applicable.

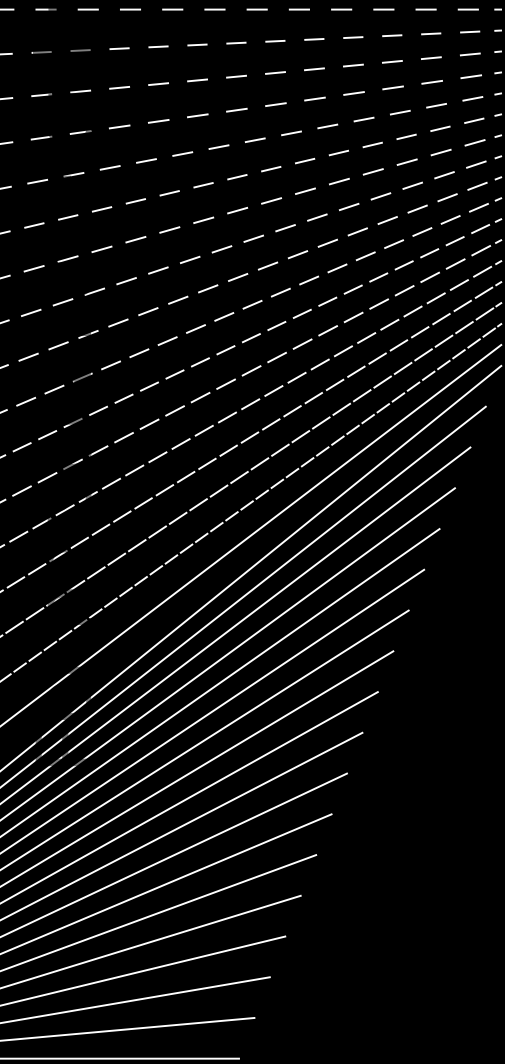
### Other

Additional Appendix 4D disclosure requirements and commentary on significant features of the operating performance, results of segments, business combination, trends in performance, foreign entities and other factors affecting the results for the period are contained in the attached Interim Financial Statements for the half year ended 31 December 2023.

This report is based on Interim Financial Statements which have been reviewed by PKF Brisbane Audit.

# Interim Report

For the half year ended 31 December 2023



**Envirosuite Limited**  
ABN: 42 122 919 948

**Board of Directors**

|                                   |                             |                          |
|-----------------------------------|-----------------------------|--------------------------|
| David Johnstone<br>Chair          | Colby Manwaring<br>Director | Stuart Bland<br>Director |
| Jason Cooper<br>Managing Director | Sue Klose<br>Director       |                          |

**Company Secretary**

Adam Gallagher

**Registered office and  
principal place of business**

Envirosuite Limited  
Level 30, 385 Bourke St  
Melbourne VIC 3000

Phone: 02 8484 5819

**Auditor**

PKF Brisbane Audit  
Level 6, 10 Eagle Street,  
Brisbane, Queensland 4000

Phone: 07 3839 9733

**Share Registry**

Boardroom Pty Limited  
Level 8, 210 George Street,  
Sydney, New South Wales 2000

Phone: 02 9290 9600

**Stock Exchange Listing**

Envirosuite Limited shares are  
listed on the Australian Securities  
Exchange (Code EVS)

This Half Year Report (Report) is lodged with the Australian Securities and Investments Commission and ASX Limited. Envirosuite Ltd (EVS) ABN 42 122 919 948 is a publicly listed company in Australia. The Report contains information prepared on the basis of the Corporations Act 2001 (Cth), 4th edition ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, Accounting Standards and interpretations issued by the Australian Accounting Standards Board and International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

The Report also provides information on the EVS Group's activities and performance throughout the first half of FY24, showing how the EVS Group is creating value through its strategy, operations, governance and financial activities.

Nothing in the Report is, or should be taken as, an offer of securities in EVS for issue or sale, or an invitation to apply for the purchase of such securities.

All figures in the Report are in Australian dollars unless otherwise stated.



# Contents

- Key metrics
- At a glance
- Directors Report
- Financial Statements

For personal use only

# Key Metrics

\$60.1m

Annual recurring revenue  
+ 5.6% PCP

442

Sites  
+ 1.4% PCP

\$29.6m

Statutory revenue  
+ 7.2% PCP

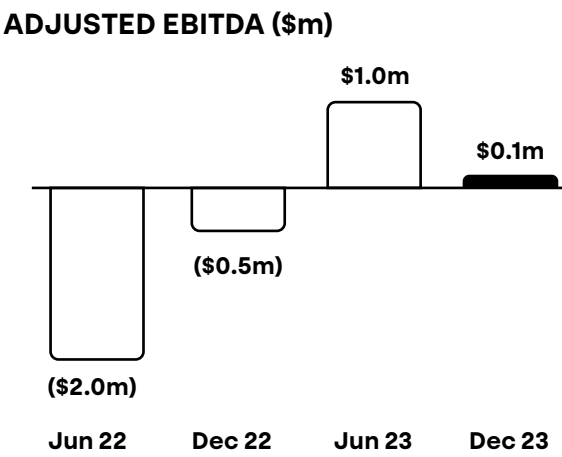
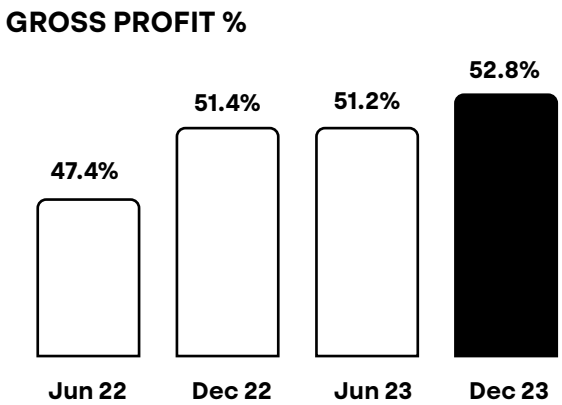
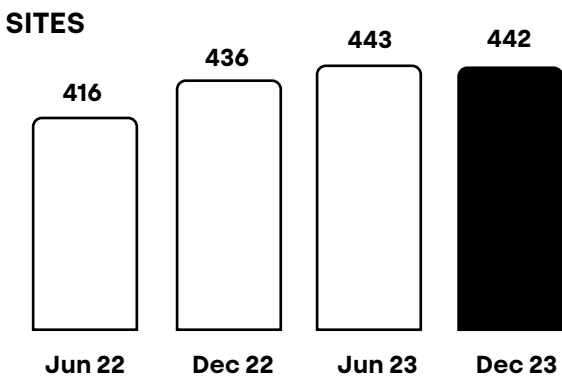
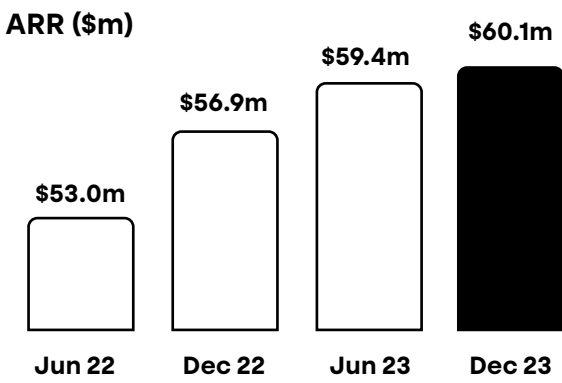
52.8%

Gross profit<sup>1</sup>  
+ 2.7% PCP

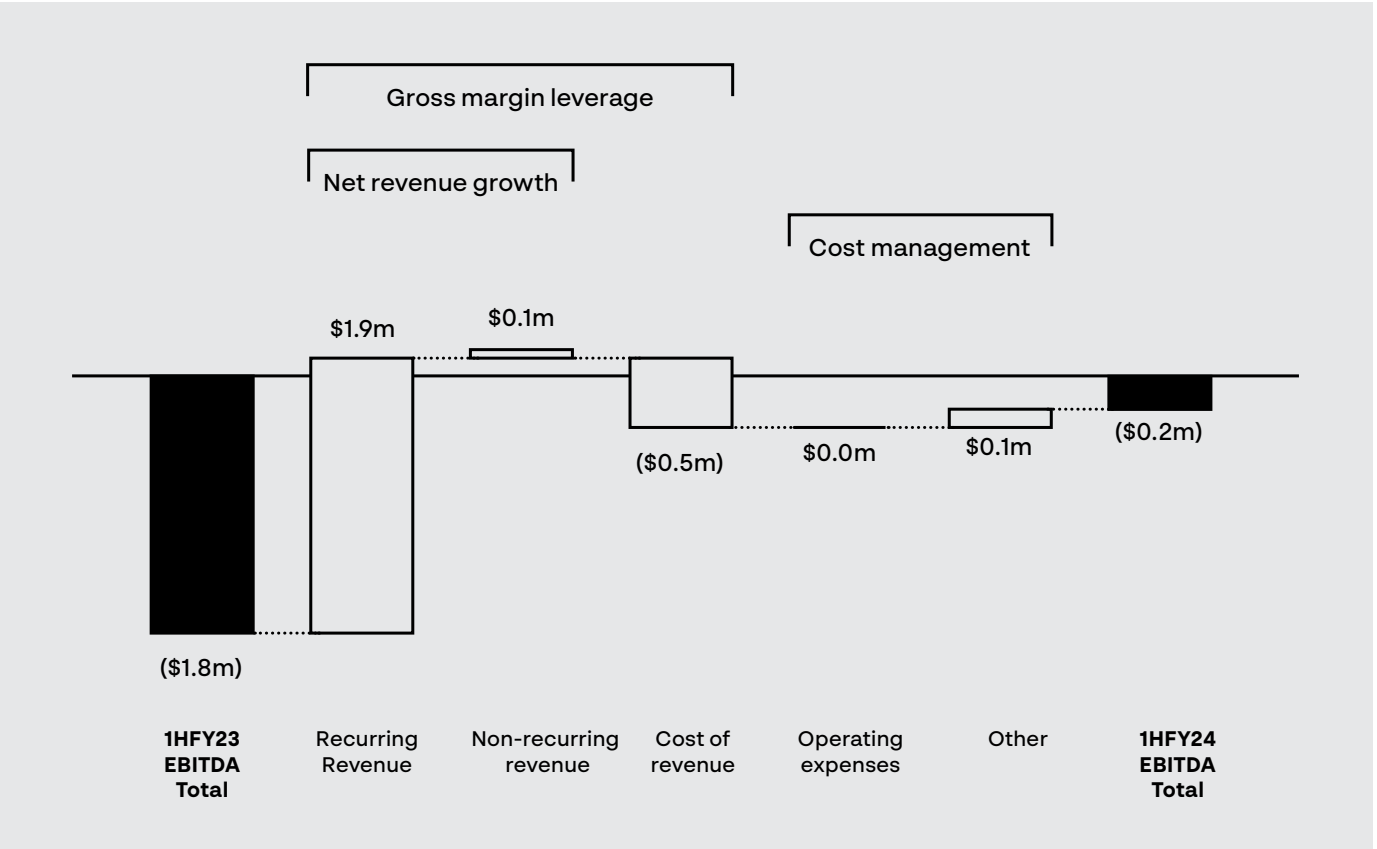
\$0.1m

Adjusted EBITDA  
+ 122.3% PCP

1 - Numbers presented on an EBITDA basis



## EBITDA GROWTH





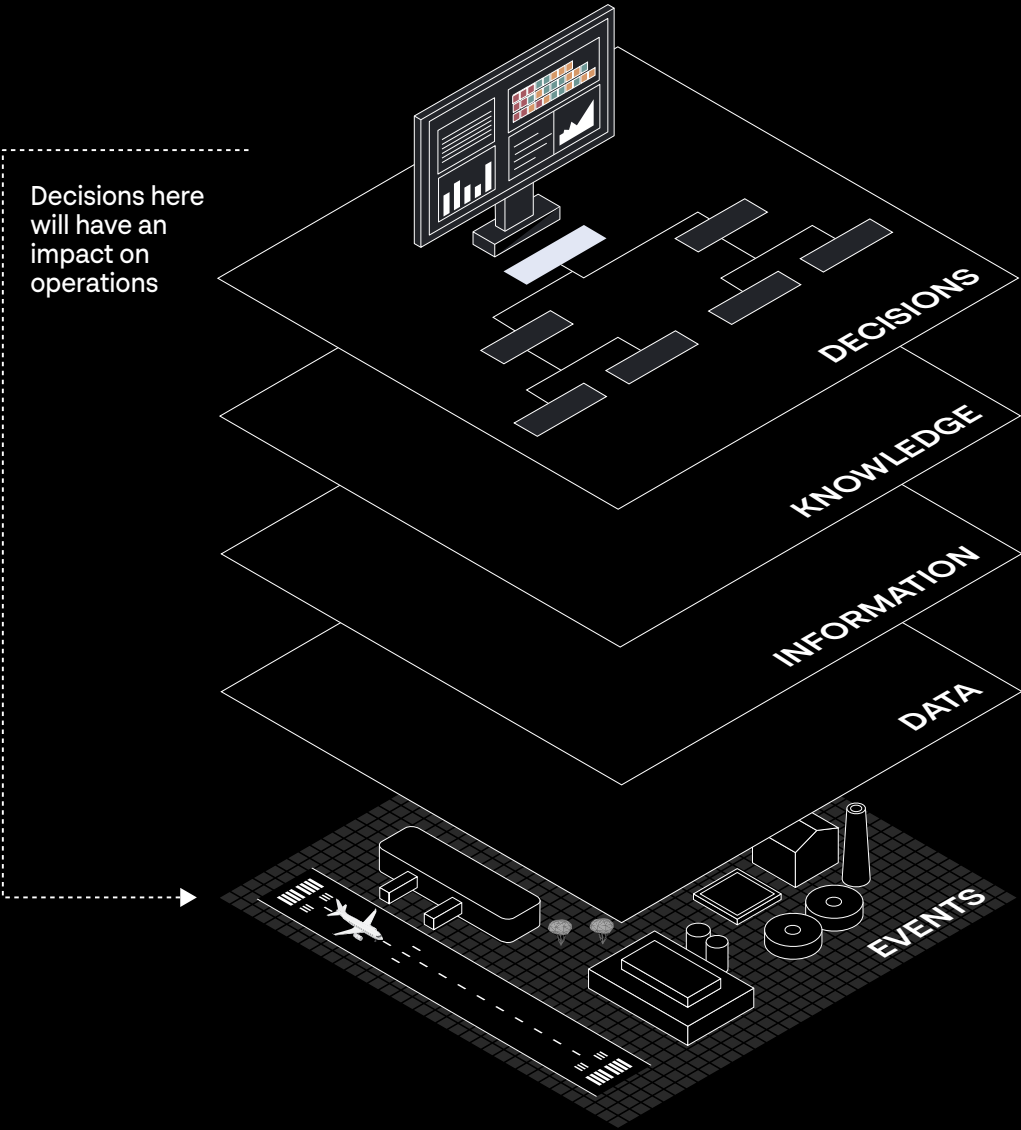
# Envirosuite is the world's most advanced environmental intelligence technology provider

Envirosuite builds category-leading technology that helps organisations to manage their complex operational challenges while protecting and strengthening their social license and community relationships in relation to noise, vibration, odour, dust, air quality and water management.

With high-calibre customers across the aviation, mining, industrial, waste, wastewater, and water treatment sectors, Envirosuite combines

evidence-based science with innovative technologies and industry expertise to reduce operational and safety risk, improve productivity, and proactively engage with communities and regulatory stakeholders.

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



# Directors' report

Your directors present their report, together with the financial statements of the consolidated entity (referred to hereafter as the Group) consisting of Envirosuite Limited (ABN: 42 122 919 948) and its controlled entities (referred to hereafter as the Company, Group or Envirosuite), for the half-year ended 31 December 2023.

## Directors

The following persons were directors of the Company at any time during, or since the end of, the financial half year up to the date of this report unless otherwise stated.

**David Johnstone** (Non-executive Chair)

**Jason Cooper** (Managing Director and CEO)

**Sue Klose** (Non-executive Director)

**Stuart Bland** (Non-executive Director)

**Colby Manwaring** (Non-executive Director) – Appointed 1 September 2023

**Hugh Robertson** (Non-executive Director) – Resigned 1 September 2023

## Principal activities and significant changes in nature of activities

During the period, the principal continuing activities of the Group consisted of the development and sale of environmental management technology solutions.

## Debt Facility

As announced on the Australian Securities Exchange (ASX) on 6 October 2023, the Group secured a debt facility of \$7.5m from Partners for Growth VII, L.P. (PFG), a well-known San Francisco Bay based specialised provider of growth funding solutions to technology companies.

The facility will support certain contractual arrangements where Envirosuite allows customers to bundle their instrumentation requirements together with their software and support components into the recurring payments over the contract term. The facility is also intended to provide funding to support the Company's working capital requirements.

Refer Note 7 for further details on this debt facility.



## Operating and Financial Review

### Operating Results

The loss of the Group after providing for income tax amounted to \$5,760k (31 December 2022: \$6,148k)

| A\$000                                  | For the half year ended |                |                | Movement \$    |              | Movement %      |               |
|-----------------------------------------|-------------------------|----------------|----------------|----------------|--------------|-----------------|---------------|
|                                         | 31 Dec 2023             | 30 Jun 2023    | 31 Dec 2022    | 30 Jun 2023    | 31 Dec 2022  | 30 Jun 2023     | 31 Dec 2022   |
| Recurring revenue                       | 26,055                  | 25,331         | 24,156         | 724            | 1,899        | 2.9%            | 7.9%          |
| Non-recurring revenue                   | 3,445                   | 4,844          | 3,279          | (1,399)        | 166          | (28.9%)         | 5.1%          |
| Other revenue                           | 61                      | 143            | 146            | (82)           | (85)         | (57.3%)         | (58.2%)       |
| <b>Total revenue</b>                    | <b>29,561</b>           | <b>30,318</b>  | <b>27,581</b>  | <b>(757)</b>   | <b>1,980</b> | <b>(2.5%)</b>   | <b>7.2%</b>   |
| Cost of revenue                         | (14,429)                | (14,996)       | (13,732)       | 567            | (697)        | 3.8%            | (5.1%)        |
| <b>Gross profit</b>                     | <b>15,132</b>           | <b>15,322</b>  | <b>13,849</b>  | <b>(190)</b>   | <b>1,283</b> | <b>(1.2%)</b>   | <b>9.3%</b>   |
| Operating expenses                      | (20,841)                | (20,224)       | (20,138)       | (617)          | (703)        | (3.1%)          | (3.5%)        |
| Other income / (expense)                | 78                      | 272            | (129)          | (194)          | 207          | (71.3%)         | 160.5%        |
| <b>Operating deficit</b>                | <b>(5,631)</b>          | <b>(4,630)</b> | <b>(6,418)</b> | <b>(1,001)</b> | <b>787</b>   | <b>(21.6%)</b>  | <b>12.3%</b>  |
| <b>Net Loss after tax</b>               | <b>(5,760)</b>          | <b>(4,130)</b> | <b>(6,148)</b> | <b>(1,630)</b> | <b>388</b>   | <b>(39.5%)</b>  | <b>6.3%</b>   |
| <b>EBITDA</b>                           | <b>(162)</b>            | <b>215</b>     | <b>(1,828)</b> | <b>(377)</b>   | <b>1,666</b> | <b>(175.3%)</b> | <b>91.1%</b>  |
| <b>Adjusted EBITDA</b>                  | <b>108</b>              | <b>966</b>     | <b>(485)</b>   | <b>(858)</b>   | <b>593</b>   | <b>(88.8%)</b>  | <b>122.3%</b> |
| <i>Other Key Metrics</i>                |                         |                |                |                |              |                 |               |
| ARR (\$m)                               | 60,086                  | 59,433         | 56,923         | 655            | 3,165        | 1.1%            | 5.6%          |
| Sites                                   | 442                     | 443            | 436            | (1)            | 6            | (0.2%)          | 1.4%          |
| Recurring revenue as % of total revenue | 88.1%                   | 83.6%          | 87.6%          | 4.5%           | 0.5%         | 5.4%            | 0.6%          |
| Gross profit %                          | 51.2%                   | 50.5%          | 50.2%          | 0.7%           | 1.0%         | 1.4%            | 2.0%          |

### Key Highlights

- Total recurring revenue increased \$1.9m (7.9%) over 1H FY23 (PCP<sup>1</sup>) with strong growth in Industrial \$1.1m (15.1%) and Aviation \$0.7m (4.3%) driven by growth in the Americas 16.1% and EMEA 17.9% regions.
- Total recurring revenue increased 7.9% PCP but increases to 15.5% when excluding the abnormal churn event that occurred in 2H FY23 (announced FY23 Q3). The Company continues to grow recurring revenue turning on new revenue through expansion and new site additions.
- Non-recurring revenue achieved a 5.1% increase PCP and, in line with expectations, decreased compared to prior period<sup>2</sup>. Historically the second half of the year is the stronger for non-recurring revenue and ARR and this trend is expected to continue into 2H FY24.
- Gross profit (statutory) continues to improve with gross profit margin of 51.2%, showing steady growth from 50.4% in prior period and 50.2% in PCP due to an increase in higher margin recurring revenue (88.1% of total revenue in 1H FY24) and improvements to product infrastructure and deployment methodologies.
- Operating expenses increased 3.5% over PCP but decreased as a percentage of total trading revenue from 73.0% to 70.5%, as the Group continues to control the cost base while growing revenue and improving margins.
- Significant increase in EBITDA of \$1.7m or 91.1% over PCP directly resulting from a combined improved margin of \$1.3m and cost management of \$0.4m.
- Adjusted EBITDA of \$0.1m demonstrates the gross margin improvement along with prudent cost management.
- Operating deficit has improved 12.3% PCP, led by the improvement of 9.3% in gross profit and augmented through the ongoing management of operating expenses, highlighting the focus of Envirosuite to achieve its strategies and goal of reaching positive Adjusted EBITDA less Capitalised Development costs on a run rate basis during FY24.

<sup>1</sup> PCP is the prior comparative period from 1 July 2022 to 31 December 2022.

<sup>2</sup> Prior period is the period from 1 January 2023 to 30 June 2023.

## Revenue

## Revenue by Region

| A\$000                       | For the half year ended |               |               | Movement \$  |              | Movement %    |             |
|------------------------------|-------------------------|---------------|---------------|--------------|--------------|---------------|-------------|
|                              | 31 Dec 2023             | 30 Jun 2023   | 31 Dec 2022   | 30 Jun 2023  | 31 Dec 2022  | 30 Jun 2023   | 31 Dec 2022 |
| <b>Recurring revenue</b>     |                         |               |               |              |              |               |             |
| Asia Pacific                 | 7,082                   | 7,394         | 7,929         | (312)        | (847)        | (4.2%)        | (10.7%)     |
| EMEA                         | 8,667                   | 8,097         | 7,351         | 570          | 1,316        | 7.0%          | 17.9%       |
| America                      | 10,306                  | 9,840         | 8,876         | 466          | 1,430        | 4.7%          | 16.1%       |
| <b>Recurring revenue</b>     | <b>26,055</b>           | <b>25,331</b> | <b>24,156</b> | <b>724</b>   | <b>1,899</b> | <b>2.9%</b>   | <b>7.9%</b> |
| <b>Trading revenue</b>       |                         |               |               |              |              |               |             |
| Asia Pacific                 | 8,184                   | 8,453         | 8,906         | (269)        | (722)        | (3.2%)        | (8.1%)      |
| EMEA                         | 9,899                   | 9,696         | 7,965         | 203          | 1,934        | 2.1%          | 24.3%       |
| America                      | 11,417                  | 12,026        | 10,564        | (609)        | 853          | (5.1%)        | 8.1%        |
| <b>Total Trading revenue</b> | <b>29,500</b>           | <b>30,175</b> | <b>27,435</b> | <b>(675)</b> | <b>2,065</b> | <b>(2.2%)</b> | <b>7.5%</b> |
| <b>ARR</b>                   |                         |               |               |              |              |               |             |
| Asia Pacific                 | 15,480                  | 15,187        | 18,204        | 293          | (2,724)      | 1.9%          | (15.0%)     |
| EMEA                         | 20,366                  | 20,255        | 16,974        | 111          | 3,392        | 0.5%          | 20.0%       |
| America                      | 24,242                  | 23,991        | 21,745        | 251          | 2,497        | 1.0%          | 11.5%       |
| <b>Total ARR</b>             | <b>60,088</b>           | <b>59,433</b> | <b>56,923</b> | <b>655</b>   | <b>3,165</b> | <b>1.1%</b>   | <b>5.6%</b> |
| <b>Sites</b>                 |                         |               |               |              |              |               |             |
| Asia Pacific                 | 112                     | 118           | 119           | (6)          | (7)          | (5.1%)        | (5.9%)      |
| EMEA                         | 139                     | 136           | 125           | 3            | 14           | 2.2%          | 11.2%       |
| America                      | 191                     | 189           | 192           | 2            | (1)          | 1.1%          | (0.5%)      |
| <b>Number of sites</b>       | <b>442</b>              | <b>443</b>    | <b>436</b>    | <b>(1)</b>   | <b>6</b>     | <b>(0.2%)</b> | <b>1.4%</b> |

Strong growth of 5.6% PCP in total ARR to \$60.1m, 12.1% growth excluding one-off churn event reported in FY23 Q3.

ARR growth rates over prior period have been suppressed due to the impact of unfavourable currency movements since 30 June 2023 with the AUD strengthening against the USD, CAD, EUR and GBP. On a constant currency basis applying 30 June 2023 rates to 31 December 2023 ARR, growth would have been 3.0% compared to prior period compared to 1.1% at reported rates (refer FY24 Q2 Sales Update for constant currency ARR).

Envirosuite continues to deliver solid new ARR each quarter of \$2.0m in 1H FY24 and underlying churn remains consistent with long-term average at 2.7% (excluding one-off churn event).

Total trading revenue growth of 7.5% PCP and total recurring revenue growth of 7.9% PCP is in line with management expectations and represents sustainable growth with prudent cost management as the focus remains on the pathway to profitability. Movements from prior period are expected given the cadence of non-recurring revenue which is historically weighted to the second half of the year and that trend is expected to continue in 2H FY24.

Negative ARR growth in Asia Pacific does not truly represent the region's success in the last 12 months. In FY23 Q3 the significant one-off churn event occurred but has been more than replaced by new contracts by 31 December 2023, growth excluding this event was 4.0% PCP and Envirosuite will benefit from the impact of those new contracts won in 2H FY24 on revenue as the projects are implemented and the services activated.

20.0% PCP ARR growth in EMEA drives substantial growth in total trading revenue of 24.3% PCP and is an outstanding result for the region as it continues to dominate the EVS Aviation space in Europe, particularly in Spain and UK, with proven industry experience and breadth of solutions available.

Americas \$11.4m total trading revenue continues to be the largest region in terms of revenue and ARR \$24.2m. Growth rates of 8.1% and 11.5% respectively represents the ongoing success of the Australian developed technology in a globally significant market.



## Revenue by Product Family

| A\$000                         | For the half year ended |               |               | Movement \$  |              | Movement %    |             |
|--------------------------------|-------------------------|---------------|---------------|--------------|--------------|---------------|-------------|
|                                | 31 Dec 2023             | 30 Jun 2023   | 31 Dec 2022   | 30 Jun 2023  | 31 Dec 2022  | 30 Jun 2023   | 31 Dec 2022 |
| <b>Recurring revenue</b>       |                         |               |               |              |              |               |             |
| EVS Aviation                   | 17,212                  | 16,543        | 16,509        | 669          | 703          | 4.0%          | 4.3%        |
| EVS Industrial                 | 8,585                   | 8,441         | 7,457         | 144          | 1,128        | 1.7%          | 15.1%       |
| EVS Water                      | 258                     | 347           | 190           | (89)         | 68           | (25.6%)       | 35.8%       |
| <b>Total Recurring revenue</b> | <b>26,055</b>           | <b>25,331</b> | <b>24,156</b> | <b>724</b>   | <b>1,899</b> | <b>2.9%</b>   | <b>7.9%</b> |
| <b>Trading revenue</b>         |                         |               |               |              |              |               |             |
| EVS Aviation                   | 19,418                  | 19,262        | 17,885        | 156          | 1,533        | 0.8%          | 8.6%        |
| EVS Industrial                 | 9,791                   | 10,467        | 9,312         | (676)        | 479          | (6.5%)        | 5.1%        |
| EVS Water                      | 291                     | 446           | 238           | (155)        | 53           | (34.8%)       | 22.3%       |
| <b>Total Trading revenue</b>   | <b>29,500</b>           | <b>30,175</b> | <b>27,435</b> | <b>(675)</b> | <b>2,065</b> | <b>(2.2%)</b> | <b>7.5%</b> |
| <b>ARR</b>                     |                         |               |               |              |              |               |             |
| EVS Aviation                   | 36,450                  | 36,434        | 36,432        | 16           | 18           | -             | 0.1%        |
| EVS Industrial                 | 21,938                  | 21,643        | 19,391        | 295          | 2,547        | 1.4%          | 13.1%       |
| EVS Water                      | 1,700                   | 1,356         | 1,100         | 344          | 600          | 25.4%         | 54.5%       |
| <b>Total ARR</b>               | <b>60,088</b>           | <b>59,433</b> | <b>56,923</b> | <b>655</b>   | <b>3,165</b> | <b>1.1%</b>   | <b>5.6%</b> |
| <b>Sites</b>                   |                         |               |               |              |              |               |             |
| EVS Aviation                   | 190                     | 188           | 182           | 2            | 8            | 1.1%          | 4.4%        |
| EVS Industrial                 | 231                     | 239           | 240           | (8)          | (9)          | (3.3%)        | (3.8%)      |
| EVS Water                      | 21                      | 16            | 14            | 5            | 7            | 31.3%         | 50.0%       |
| <b>Total Sites</b>             | <b>442</b>              | <b>443</b>    | <b>436</b>    | <b>(1)</b>   | <b>6</b>     | <b>(0.2%)</b> | <b>1.4%</b> |

### ARR

Strong ARR growth within EVS Industrial continues at 13.1% PCP as the land, expand and scale strategy drives results. Growth on a constant currency basis compared to prior period was 3.7% (compared to the 1.4% on reported currency basis). Growth in total ARR since prior period has been tempered by strategic rationalisation of low-margin, non-core Industrial contracts.

New ARR within EVS Aviation has demonstrated underlying growth in the segment whereby the significant churn event has been fully replaced within the 12 month period. This is represented by the underlying growth of 10.3% PCP (excluding the churn event) but represented as flat over the period. Additionally, the impact of unfavourable currency movements from prior period has suppressed the results, with 1.9% growth since 30 June 2023 on a constant currency basis.

54.5% ARR growth over PCP for EVS Water due to contracts won with expansion potential as the Company focuses on B2B opportunities and contracting with customers under enterprise agreements with some of the world's most notable water treatment and industrial operators.

**Earnings before interest, tax, depreciation and amortisation (EBITDA)**

| A\$000                                      | For the half year ended |             |                | Movement \$  |              | Movement %      |               |
|---------------------------------------------|-------------------------|-------------|----------------|--------------|--------------|-----------------|---------------|
|                                             | 31 Dec 2023             | 30 Jun 2023 | 31 Dec 2022    | 30 Jun 2023  | 31 Dec 2022  | 30 Jun 2023     | 31 Dec 2022   |
| Net loss after tax                          | (5,760)                 | (4,130)     | (6,148)        | (1,630)      | 388          | (39.5%)         | 6.3%          |
| Add back: Tax (benefit) / expense           | (222)                   | (618)       | (342)          | 396          | 120          | 64.1%           | 35.1%         |
| Add back: Net finance expense               | 351                     | 118         | 72             | 233          | 279          | 197.5%          | 387.5%        |
| Add back: Depreciation & amortisation       | 5,469                   | 4,845       | 4,590          | 624          | 879          | 12.9%           | 19.2%         |
| <b>EBITDA</b>                               | <b>(162)</b>            | <b>215</b>  | <b>(1,828)</b> | <b>(377)</b> | <b>1,666</b> | <b>(175.3%)</b> | <b>91.1%</b>  |
| Less: AASB 16 depreciation & interest       | (616)                   | (664)       | (527)          | 48           | (89)         | 7.2%            | (16.9%)       |
| Add back: Share-based payments              | 373                     | 959         | (216)          | (586)        | 589          | (61.1%)         | 272.7%        |
| Add back: Foreign currency losses / (gains) | 136                     | (194)       | 112            | 330          | 24           | 170.1%          | 21.4%         |
| Add back: Restructuring cost savings        | 78                      | 285         | 1,548          | (207)        | (1,470)      | (72.6%)         | (95.0%)       |
| Add back: Transaction and integration costs | 299                     | 365         | 306            | (66)         | (7)          | (18.1%)         | (2.3%)        |
| Add back: Philippines set up costs          | -                       | -           | 159            | -            | (159)        | -               | (100.0%)      |
| Add back: Property make good provisions     | -                       | -           | (39)           | -            | 39           | -               | 100.0%        |
| <b>Adjusted EBITDA</b>                      | <b>108</b>              | <b>966</b>  | <b>(485)</b>   | <b>(858)</b> | <b>593</b>   | <b>(88.8%)</b>  | <b>122.3%</b> |

EBITDA is a non-IRFS measure and is calculated by adding back depreciation, amortisation and interest from net loss before tax. Adjusted EBITDA also adds back share-based compensation expense, foreign currency gains and excludes the impacts of adopting AASB 16, as the application of the standard results in operating expenses being excluded from EBITDA. Additionally, costs which are not seen as recurring are excluded, including restructuring costs, transaction and integration costs and other costs.

Improved EBITDA of \$1.7m PCP achieved through the combination of gross margin growth and prudent cost management aligns with the underlying Group strategy of pathway to profitability. This significant improvement and ongoing focus are resulting in strong signs of emerging profitability at the EBITDA metric.

Adjusted EBITDA of \$0.1m represents a substantial improvement of 122.3% PCP and is in alignment with EBITDA improvements. Historically the Company has benefited from stronger H2 non-recurring revenue sales and revenue recognition, a trend that is expected to continue into H2 FY24. On-going restructuring, transaction and integration costs mainly relate to the transformation from physical to cloud based infrastructure.



## Financial Position

| A\$000                    | For the half year ended |              |              | Movement \$ |                | Movement %    |              |
|---------------------------|-------------------------|--------------|--------------|-------------|----------------|---------------|--------------|
|                           | 31 Dec 2023             | 30 Jun 2023  | 31 Dec 2022  | 30 Jun 2023 | 31 Dec 2022    | 30 Jun 2023   | 31 Dec 2022  |
| Cash and cash equivalents | 5,527                   | 8,277        | 11,906       | (2,750)     | (6,379)        | (33.2%)       | (53.6%)      |
| Borrowings, net of costs  | 3,578                   | -            | -            | 3,578       | 3,578          | 100%          | 100%         |
| Current assets            | 27,107                  | 26,762       | 31,090       | 345         | (3,983)        | 1.3%          | (12.8%)      |
| Current liabilities       | (22,536)                | (22,137)     | (22,673)     | (399)       | 137            | (1.8%)        | 0.6%         |
| <b>Net current assets</b> | <b>4,571</b>            | <b>4,625</b> | <b>8,417</b> | <b>(54)</b> | <b>(3,846)</b> | <b>(1.2%)</b> | <b>45.7%</b> |
| Total tangible assets     | 35,866                  | 36,142       | 40,186       | (276)       | (4,320)        | (0.8%)        | (10.8%)      |
| Net tangible assets       | 4,588                   | 7,969        | 10,499       | (3,381)     | (5,911)        | (42.4%)       | (56.3%)      |

## Adjusted Operating Cash Flow

| A\$000                                                                                    | For the half year ended |                |                | Movement \$    |                | Movement %      |                |
|-------------------------------------------------------------------------------------------|-------------------------|----------------|----------------|----------------|----------------|-----------------|----------------|
|                                                                                           | 31 Dec 2023             | 30 Jun 2023    | 31 Dec 2022    | 30 Jun 2023    | 31 Dec 2022    | 30 Jun 2023     | 31 Dec 2022    |
| Cash used in operating activities (statutory)                                             | (1,834)                 | 874            | (128)          | (2,708)        | (1,706)        | (309.8%)        | (1,332.8%)     |
| Less: Capitalised development costs                                                       | (2,692)                 | (2,762)        | (2,998)        | 70             | 306            | 2.5%            | (10.2%)        |
| <b>Cash (used in) / from operating activities including capitalised development costs</b> | <b>(4,526)</b>          | <b>(1,888)</b> | <b>(3,126)</b> | <b>(2,638)</b> | <b>(1,400)</b> | <b>(139.7%)</b> | <b>(44.8%)</b> |

Cash and Cash Equivalents decreased by \$2.7m during 1H FY24 compared to \$4.4m decrease PCP. Cash outflow of \$2.7m comprised:

- (\$1.8m) cash used in operating activities (statutory), (\$0.1m) PCP
- (\$4.1m) cash used in investing activities, (\$4.0m) PCP
- \$3.6m cash provided by financing activities, (\$0.6m) PCP
- (\$0.4m) adverse effects of exchange rates, \$0.4m positive effects PCP

Statutory cash used in operating activities was a (\$1.8m) outflow to 31 December 2023 representing an increase in funds invested into working capital balances that will drive contracted services and project deliveries to customers in 2H FY24. The working capital requirements were in line with management expectations and were supported by the securing of a debt facility in the period (discussed in the financing activities section below).

Working capital requirements included:

- \$2.3m increase in trade and other receivables due to timing of invoicing. This increase has been settled through the receipt of cash post half year
- \$0.6m increase in inventories / instrumentation in preparation for contracted project implementations in H2
- Offset partially by an increase in revenue in advance \$1.3m as customers are billed in advance of service and project deliveries in H2

Cash used in investing activities has remained stable in the current period at (\$4.1m) with spend on revenue generating activities including:

- (\$2.7m) cash used in the acquisition of intangible assets, (\$3.0m) PCP, which consists of capitalised product development costs across EVS Aviation, EVS Industrial and EVS Water
- (\$1.3m) in payments for Property, Plant and Equipment (\$1.0m) PCP which includes investment in revenue generating assets, equipment leased to clients

Financing activities resulted in a net inflow of \$3.6m as a result of securing a debt facility in October 2023 (refer Note 7 for details) and was comprised of:

- \$4.9m net proceeds from borrowings in the period as the facility is managed to requirements
- (\$0.5m) of borrowing costs incurred in setting up the 3 year debt facility and interest payments
- (\$0.7m) in payments for lease liabilities related to buildings, (\$0.6m) PCP

The debt facility will support certain contractual arrangements where Envirosuite allows customers to bundle their instrumentation requirements together with their software and support components into the recurring payments over the contract term (equipment leased to clients). The facility is also intended to provide funding to support the Company's working capital requirements.

Net tangible assets has decreased by \$3.4m since 30 June 2023. Total tangible assets have remained in line, but as discussed above, cash has decreased and converted into increased working capital balances, trade and other receivables and inventory. The decrease in net tangible assets is caused by an increase in total liabilities. Total Liabilities has increased since 30 June 2023 mainly due to the addition of a debt facility with a net financial liability balance at 31 December 2023 of \$3.6m.

The Directors continue to monitor the impacts of the current economic climate on group operations and respond appropriately to risks identified.

### **Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the Group in the period.

### **Dividends paid or recommended**

No dividends were paid by the Group to members during the period. No dividends were recommended or declared for payment to members during the half year.

### **Events after the reporting period**

The Directors are not aware of any matters or circumstances that have arisen since 31 December 2023 that have significantly affected or may significantly affect the operations of the Group in subsequent financial years, the results of those operations, or the state of affairs of the Group in future financial years.



### **Likely developments and expected results of operations**

There are no likely developments in the operations of the Group that were not finalised at the date of this report.

### **Environmental regulation**

The Group is not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory, in which the group operates.

### **Indemnification and insurance of officers or auditor**

During the half year period, the Group paid insurance premiums for a Directors and Officers Liability Insurance Policy. This policy covers Directors and Officers of the Group. In accordance with normal commercial practices under the terms of the insurance contracts, the disclosure of the nature of the liabilities insured against and the amount of the premiums are prohibited by the policy.

No indemnities have been given or insurance premiums paid, during or since the end of the half year period for the auditor of the Group.

### **Proceedings on behalf of the Company**

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 13.

### **Rounding of amounts**

The Company is an entity to which Legislative Instrument 2016/191 applies and accordingly amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

This Director's report is signed in accordance with a resolution of the Board of Directors.

**David Johnstone**  
Chairman  
20 February 2024

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF ENVIROSUITE LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2023, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.



PKF BRISBANE AUDIT



TIM FOLLETT  
PARTNER

20 FEBRUARY 2024  
BRISBANE



---

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALITY

---

## CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

|                                                                                             |          | Consolidated Group         |                            |
|---------------------------------------------------------------------------------------------|----------|----------------------------|----------------------------|
|                                                                                             |          | Half year ended            |                            |
|                                                                                             | Notes    | 31 December 2023<br>\$'000 | 31 December 2022<br>\$'000 |
| Trading revenue                                                                             |          | 29,500                     | 27,435                     |
| Other revenue                                                                               |          | 61                         | 146                        |
| <b>Total revenue</b>                                                                        | <b>3</b> | <b>29,561</b>              | <b>27,581</b>              |
| Cost of revenue                                                                             | 4        | (14,429)                   | (13,732)                   |
| <b>Gross profit</b>                                                                         |          | <b>15,132</b>              | <b>13,849</b>              |
| Operating expenses                                                                          |          |                            |                            |
| Sales and marketing                                                                         |          | (6,205)                    | (6,741)                    |
| Product development                                                                         |          | (7,029)                    | (6,650)                    |
| General and administrative                                                                  |          | (7,607)                    | (6,747)                    |
| <b>Total operating expenses</b>                                                             | <b>4</b> | <b>(20,841)</b>            | <b>(20,138)</b>            |
| Other income / (expense)                                                                    |          | 78                         | (129)                      |
| <b>Operating deficit</b>                                                                    |          | <b>(5,631)</b>             | <b>(6,418)</b>             |
| Net finance expense                                                                         |          | (351)                      | (72)                       |
| <b>Net loss before tax</b>                                                                  |          | <b>(5,982)</b>             | <b>(6,490)</b>             |
| Income tax benefit                                                                          |          | 222                        | 342                        |
| <b>Net loss after tax</b>                                                                   |          | <b>(5,760)</b>             | <b>(6,148)</b>             |
| Other comprehensive income                                                                  |          |                            |                            |
| <i>Items that may be reclassified to profit or loss</i>                                     |          |                            |                            |
| Exchange differences on translation of foreign operations                                   |          | (356)                      | 354                        |
| <b>Other comprehensive income for the half year, net of tax</b>                             |          | <b>(356)</b>               | <b>354</b>                 |
| <b>Total comprehensive loss for the half year</b>                                           |          | <b>(6,116)</b>             | <b>(5,794)</b>             |
| <b>Net loss attributed to:</b>                                                              |          |                            |                            |
| Equity holders of Envirosuite Limited                                                       |          | (5,760)                    | (6,148)                    |
| <b>Total comprehensive loss for the half year attributable to the owners of Envirosuite</b> |          | <b>(6,116)</b>             | <b>(5,794)</b>             |
|                                                                                             |          | <b>Cents</b>               | <b>Cents</b>               |
| <b>Basic loss per share</b>                                                                 |          | <b>(0.46)</b>              | <b>(0.49)</b>              |
| <b>Diluted loss per share</b>                                                               |          | <b>(0.46)</b>              | <b>(0.49)</b>              |

The accompanying notes form part of these financial statements.



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

Consolidated Group

|                                        | Notes | 31 December 2023<br>\$'000 | 30 June 2023<br>\$'000 |
|----------------------------------------|-------|----------------------------|------------------------|
| <b>ASSETS</b>                          |       |                            |                        |
| Current Assets                         |       |                            |                        |
| Cash and cash equivalents              |       | 5,527                      | 8,277                  |
| Trade and other receivables            |       | 13,229                     | 10,962                 |
| Other assets                           |       | 3,813                      | 3,587                  |
| Inventories                            |       | 4,538                      | 3,936                  |
| <b>Total current assets</b>            |       | <b>27,107</b>              | <b>26,762</b>          |
| Non-current Assets                     |       |                            |                        |
| Property, plant and equipment          |       | 5,638                      | 5,245                  |
| Right of use assets                    | 5     | 1,644                      | 2,110                  |
| Deferred tax assets                    |       | 1,280                      | 1,301                  |
| Intangible assets                      | 6     | 105,873                    | 107,246                |
| Other assets                           |       | 1,477                      | 2,025                  |
| <b>Total non-current assets</b>        |       | <b>115,912</b>             | <b>117,927</b>         |
| <b>TOTAL ASSETS</b>                    |       | <b>143,019</b>             | <b>144,689</b>         |
| <b>LIABILITIES</b>                     |       |                            |                        |
| Current Liabilities                    |       |                            |                        |
| Trade and other payables               |       | 8,848                      | 8,743                  |
| Revenue in advance                     |       | 6,441                      | 5,165                  |
| Other liabilities                      |       | 1,526                      | 1,526                  |
| Employee benefit provisions            |       | 4,671                      | 5,545                  |
| Lease liabilities and other borrowings | 5     | 1,050                      | 1,158                  |
| <b>Total current liabilities</b>       |       | <b>22,536</b>              | <b>22,137</b>          |
| Non-current Liabilities                |       |                            |                        |
| Employee benefit provisions            |       | 250                        | 227                    |
| Lease liabilities                      | 5     | 1,950                      | 2,427                  |
| Borrowings                             | 7     | 3,578                      | -                      |
| Deferred tax liabilities               |       | 2,964                      | 3,382                  |
| <b>Total non-current liabilities</b>   |       | <b>8,742</b>               | <b>6,036</b>           |
| <b>TOTAL LIABILITIES</b>               |       | <b>31,278</b>              | <b>28,173</b>          |
| <b>NET ASSETS</b>                      |       | <b>111,741</b>             | <b>116,516</b>         |
| <b>EQUITY</b>                          |       |                            |                        |
| Issued capital                         | 8     | 181,370                    | 181,352                |
| Reserves                               |       | 2,633                      | 1,666                  |
| Retained losses                        |       | (72,262)                   | (66,502)               |
| <b>TOTAL EQUITY</b>                    |       | <b>111,741</b>             | <b>116,516</b>         |

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

|                                                                            | Notes | Ordinary shares<br>\$'000 | Reserves<br>\$'000 | Retained losses<br>\$'000 | Total Equity<br>\$'000 |
|----------------------------------------------------------------------------|-------|---------------------------|--------------------|---------------------------|------------------------|
| At 1 July 2022                                                             |       | 180,597                   | 10,798             | (65,674)                  | 125,721                |
| Comprehensive income                                                       |       |                           |                    |                           |                        |
| Loss for the half year                                                     |       | -                         | -                  | (6,148)                   | (6,148)                |
| Other comprehensive income for the half year                               |       | -                         | 354                | -                         | 354                    |
| <b>Total comprehensive income / (loss) for the half year</b>               |       | <b>-</b>                  | <b>354</b>         | <b>(6,148)</b>            | <b>(5,794)</b>         |
| Transactions with owners, in their capacity as owners, and other transfers |       |                           |                    |                           |                        |
| Shares issued / to be issued to directors                                  |       | 80                        | -                  | -                         | 80                     |
| Shares issued / to be issued to employees                                  |       | 606                       | (606)              | -                         | -                      |
| Options and performance rights issued – value of services                  |       | -                         | (216)              | -                         | (216)                  |
| Shares options and performance rights expired or lapsed                    |       | -                         | (220)              | 220                       | -                      |
| <b>Total transactions with owners and other transfers</b>                  |       | <b>686</b>                | <b>(1,042)</b>     | <b>220</b>                | <b>(136)</b>           |
| At 31 December 2022                                                        |       | 181,283                   | 10,110             | (71,602)                  | 119,791                |
| At 1 July 2023                                                             |       | 181,352                   | 1,666              | (66,502)                  | 116,516                |
| Comprehensive income                                                       |       |                           |                    |                           |                        |
| Loss for the half year                                                     |       | -                         | -                  | (5,760)                   | (5,760)                |
| Other comprehensive loss for the half year                                 |       | -                         | (356)              | -                         | (356)                  |
| <b>Total comprehensive loss for the half year</b>                          |       | <b>-</b>                  | <b>(356)</b>       | <b>(5,760)</b>            | <b>(6,116)</b>         |
| Transactions with owners, in their capacity as owners, and other transfers |       |                           |                    |                           |                        |
| Shares issued / to be issued to employees                                  |       | 18                        | -                  | -                         | 18                     |
| Options and performance rights issued – value of services                  |       | -                         | 417                | -                         | 417                    |
| Shares options and performance rights expired or lapsed                    |       | -                         | (62)               | -                         | (62)                   |
| Warrants issued                                                            | 7     | -                         | 968                | -                         | 968                    |
| <b>Total transactions with owners and other transfers</b>                  |       | <b>18</b>                 | <b>1,323</b>       | <b>-</b>                  | <b>1,341</b>           |
| At 31 December 2023                                                        |       | 181,370                   | 2,633              | (72,262)                  | 111,741                |

The accompanying notes form part of these financial statements.



## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

Consolidated Group

|                                                                               | Notes | Half year ended               |                               |
|-------------------------------------------------------------------------------|-------|-------------------------------|-------------------------------|
|                                                                               |       | 31 December<br>2023<br>\$'000 | 31 December<br>2022<br>\$'000 |
| Cash flows from operating activities                                          |       |                               |                               |
| Receipts from customers                                                       |       | 29,021                        | 29,485                        |
| Payments to suppliers and employees                                           |       | (30,732)                      | (29,621)                      |
|                                                                               |       | (1,711)                       | (136)                         |
| Other revenue                                                                 |       | 53                            | 146                           |
| Taxes paid                                                                    |       | (209)                         | (157)                         |
| Interest received                                                             |       | 48                            | 21                            |
| Interest paid                                                                 |       | (15)                          | (2)                           |
| <b>Net cash used in operating activities</b>                                  |       | <b>(1,834)</b>                | <b>(128)</b>                  |
| Cash flows from investing activities                                          |       |                               |                               |
| Payments for property, plant and equipment                                    |       | (1,340)                       | (1,049)                       |
| Payments for intangible assets                                                |       | (2,692)                       | (2,998)                       |
| Payment of other investing activities                                         |       | (84)                          | -                             |
| <b>Net cash used in investing activities</b>                                  |       | <b>(4,116)</b>                | <b>(4,047)</b>                |
| Cash flows from financing activities                                          |       |                               |                               |
| Net proceeds from borrowings                                                  |       | 4,900                         | 19                            |
| Payment of borrowings transaction costs                                       |       | (369)                         | -                             |
| Payment of interest and other finance costs                                   |       | (289)                         | -                             |
| Repayment of lease liabilities                                                |       | (686)                         | (584)                         |
| <b>Net cash from / (used in) by financing activities</b>                      |       | <b>3,556</b>                  | <b>(565)</b>                  |
| <b>Net decrease in cash and cash equivalents in cash and cash equivalents</b> |       | <b>(2,394)</b>                | <b>(4,740)</b>                |
| Effects of exchange rate changes on cash and cash equivalents                 |       | (356)                         | 354                           |
| Cash and cash equivalents at the beginning of the half year                   |       | 8,277                         | 16,292                        |
| <b>Cash and cash equivalents at the end of the period</b>                     |       | <b>5,527</b>                  | <b>11,906</b>                 |

The accompanying notes form part of these financial statements.

# I | | Notes to Financial Statements

|    |                                                 |    |                                    |
|----|-------------------------------------------------|----|------------------------------------|
| 20 | (1.) Summary of significant accounting policies | 25 | (7.) Borrowings                    |
| 21 | (2.) Segment information                        | 26 | (8.) Issued capital                |
| 22 | (3.) Revenue                                    | 27 | (9.) Commitments and contingencies |
| 23 | (4.) Expenses                                   | 27 | (10.) Interest in subsidiaries     |
| 23 | (5.) Right of use assets and lease liabilities  | 27 | (11.) Subsequent events            |
| 24 | (6.) Intangible assets                          |    |                                    |



## NOTES TO FINANCIAL STATEMENTS

For the Financial Half-Year Ended 31 December 2023

These consolidated interim financial statements and notes represent those of Envirosuite Limited and controlled entities (the "Consolidated Group" or "Group"). The financial statements are presented in Australian dollars.

The financial statements were authorised for issue on 20 February 2024 by the Directors of the Company.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation of the half year financial report

The consolidated interim financial statements, being a general purpose report, have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board AASB 134 Interim Financial Reporting and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the statement of cash flows. Cost is based on the fair values of consideration in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

The consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as and should be read in conjunction with the financial statements and related notes included in the Group's annual report for the year ended 30 June 2023 and any public announcements made by Envirosuite Limited during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. This half year report does not include all the notes of the type normally included in annual financial report.

#### (b) New accounting standards and interpretations

The group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

None of the new standards or amendments to standards that are mandatory for the first time materially affected any of the amounts recognised in the current period or any prior period.

For personal use only

## 2. SEGMENT INFORMATION

The Group is organised into three geographic operating segments: Asia-Pacific (APAC), Americas and Europe, Middle East and Africa (EMEA) plus a central Corporate segment which contains costs that are managed centrally that are not allocated to the geographic segments. These operating segments are based on the internal reports that are reviewed and used by the CEO and Board of Directors, (who are identified as the Chief Operating Decision Makers (CODM)) in assessing performance and in determining the allocation of resources.

Segment assets and liabilities are not presented as they are not regularly provided to the CODM and assets and liabilities are only reviewed and considered on a consolidated basis.

### Regional

#### Half year ended

##### 31 December 2023

| \$'000 Consolidated                            | Asia Pacific | EMEA         | Americas      | Corporate       | Total          |
|------------------------------------------------|--------------|--------------|---------------|-----------------|----------------|
| Recurring revenue                              | 7,082        | 8,667        | 10,306        | -               | 26,055         |
| Non-recurring revenue                          | 1,102        | 1,232        | 1,111         | -               | 3,445          |
| Other revenue                                  | -            | -            | -             | 61              | 61             |
| <b>Total operating revenue</b>                 | <b>8,184</b> | <b>9,899</b> | <b>11,417</b> | <b>61</b>       | <b>29,561</b>  |
| Cost of revenue                                | (4,883)      | (4,632)      | (4,914)       | -               | (14,429)       |
| <b>Gross profit</b>                            | <b>3,301</b> | <b>5,267</b> | <b>6,503</b>  | <b>61</b>       | <b>15,132</b>  |
| Operating expenses                             | (1,228)      | (1,198)      | (2,155)       | (16,260)        | (20,841)       |
| Other income / (expense)                       | -            | -            | -             | 78              | 78             |
| <b>Operating profit / (deficit) before tax</b> | <b>2,073</b> | <b>4,069</b> | <b>4,348</b>  | <b>(16,121)</b> | <b>(5,631)</b> |
| Net finance (expense) / income                 | (11)         | (1)          | (10)          | (329)           | (351)          |
| <b>Net profit / (loss) before tax</b>          | <b>2,062</b> | <b>4,068</b> | <b>4,338</b>  | <b>(16,450)</b> | <b>(5,982)</b> |

#### Half year ended

##### 31 December 2022

| \$'000 Consolidated                            | Asia Pacific | EMEA         | Americas      | Corporate       | Total          |
|------------------------------------------------|--------------|--------------|---------------|-----------------|----------------|
| Recurring revenue                              | 7,929        | 7,351        | 8,876         | -               | 24,156         |
| Non-recurring revenue                          | 977          | 614          | 1,688         | -               | 3,279          |
| Other revenue                                  | -            | -            | -             | 146             | 146            |
| <b>Total operating revenue</b>                 | <b>8,906</b> | <b>7,965</b> | <b>10,564</b> | <b>146</b>      | <b>27,581</b>  |
| Cost of revenue                                | (4,762)      | (4,343)      | (4,627)       | -               | (13,732)       |
| <b>Gross profit</b>                            | <b>4,144</b> | <b>3,622</b> | <b>5,937</b>  | <b>146</b>      | <b>13,849</b>  |
| Operating expenses                             | (1,625)      | (1,243)      | (2,447)       | (14,823)        | (20,138)       |
| Other income / (expense)                       | -            | -            | -             | (129)           | (129)          |
| <b>Operating profit / (deficit) before tax</b> | <b>2,519</b> | <b>2,379</b> | <b>3,490</b>  | <b>(14,806)</b> | <b>(6,418)</b> |
| Net finance (expense) / income                 | (10)         | (2)          | (11)          | (49)            | (72)           |
| <b>Net profit / (loss) before tax</b>          | <b>2,509</b> | <b>2,377</b> | <b>3,479</b>  | <b>(14,855)</b> | <b>(6,490)</b> |



## 2. SEGMENT INFORMATION (Continued)

The Group also has adopted a secondary operating segment which is each Product family, being EVS Aviation, EVS Industrial and EVS Water. CODM's are provided with reporting on the recurring and non-recurring revenue for these additional operating segments.

### Product family

#### Half year ended

##### 31 December 2023

| \$'000 Consolidated            | EVS Aviation  | EVS Industrial | EVS Water  | Corporate | Total         |
|--------------------------------|---------------|----------------|------------|-----------|---------------|
| Recurring revenue              | 17,212        | 8,585          | 258        | -         | 26,055        |
| Non-recurring revenue          | 2,206         | 1,206          | 33         | -         | 3,445         |
| Other revenue                  | -             | -              | -          | 61        | 61            |
| <b>Total operating revenue</b> | <b>19,418</b> | <b>9,791</b>   | <b>291</b> | <b>61</b> | <b>29,561</b> |

#### Half year ended

##### 31 December 2022

| \$'000 Consolidated            | EVS Aviation  | EVS Industrial | EVS Water  | Corporate  | Total         |
|--------------------------------|---------------|----------------|------------|------------|---------------|
| Recurring revenue              | 16,509        | 7,457          | 190        | -          | 24,156        |
| Non-recurring revenue          | 1,376         | 1,855          | 48         | -          | 3,279         |
| Other revenue                  | -             | -              | -          | 146        | 146           |
| <b>Total operating revenue</b> | <b>17,885</b> | <b>9,312</b>   | <b>238</b> | <b>146</b> | <b>27,581</b> |

## 3. REVENUE

### For the six months ended 31 December

|                        | 2023<br>\$'000 | 2022<br>\$'000 |
|------------------------|----------------|----------------|
| Recurring revenue      | 26,055         | 24,156         |
| Non-recurring revenue  | 3,445          | 3,279          |
| <b>Trading revenue</b> | <b>29,500</b>  | <b>27,435</b>  |
| Other revenue          | 61             | 146            |
| <b>Other revenue</b>   | <b>61</b>      | <b>146</b>     |
| <b>Total revenue</b>   | <b>29,561</b>  | <b>27,581</b>  |

#### 4. EXPENSES

The Group categorises expenses within the Consolidated Income Statement based on the function of the expense. The table below discloses expenses based on the nature of the expense.

|                                                                               | For the six months ended 31 December |                 |
|-------------------------------------------------------------------------------|--------------------------------------|-----------------|
|                                                                               | 2023<br>\$'000                       | 2022<br>\$'000  |
| <b>Cost of revenue and operating expenses</b>                                 |                                      |                 |
| Cost of revenue                                                               | (14,429)                             | (13,732)        |
| Total operating expenses                                                      | (20,841)                             | (20,138)        |
| <b>Total cost of revenue and operating expenses</b>                           | <b>(35,270)</b>                      | <b>(33,870)</b> |
| <i>Total cost of revenue and operating expenses are comprised of:</i>         |                                      |                 |
| Employment costs                                                              | (19,084)                             | (17,930)        |
| Share based compensation                                                      | (373)                                | 216             |
| Consultants and contractors                                                   | (1,356)                              | (1,969)         |
| Professional fees                                                             | (1,050)                              | (1,926)         |
| Computer expenses                                                             | (4,176)                              | (4,315)         |
| Equipment and associated costs                                                | (1,379)                              | (1,621)         |
| Building costs                                                                | (484)                                | (707)           |
| Director's fees                                                               | (207)                                | (216)           |
| Audit and accounting fees                                                     | (182)                                | (267)           |
| Depreciation and amortisation (excl intangible asset – software amortisation) | (2,988)                              | (2,740)         |
| Other operating expenses                                                      | (4,202)                              | (3,402)         |
| <b>Sub-total</b>                                                              | <b>(35,481)</b>                      | <b>(34,877)</b> |
| Software and IP development cost – capitalised                                | 2,692                                | 2,857           |
| Intangible asset – software and IP amortisation                               | (2,481)                              | (1,850)         |
| <b>R&amp;D costs capitalised, net</b>                                         | <b>211</b>                           | <b>1,007</b>    |
| <b>Total cost of revenue and operating expenses</b>                           | <b>(35,270)</b>                      | <b>(33,870)</b> |

#### 5. RIGHT OF USE ASSETS AND LEASE LIABILITIES

| Right of use assets                | 31 December 2023<br>\$'000 | 30 June 2023<br>\$'000 |
|------------------------------------|----------------------------|------------------------|
| <b>Buildings</b>                   |                            |                        |
| Balance at 1 July                  | 2,110                      | 1,711                  |
| Additions                          | -                          | 1,332                  |
| Depreciation                       | (481)                      | (949)                  |
| Effect of foreign exchange         | 15                         | 16                     |
| <b>Balance at 31 December 2023</b> | <b>1,644</b>               | <b>2,110</b>           |

Building leases for periods of less than 12 months and variable lease payments for recharge of overhead costs by the building owner are included within building costs as disclosed in Note 4.

Lease liabilities are included within lease liabilities and other borrowings on the Consolidated Statement of Financial Position. Interest expense on lease liabilities for the period ended 31 December 2023 was \$134,501 (2023: \$87,182) and is included within net finance expense on the Consolidated Income Statement.

| Lease liabilities                  | 31 December 2023<br>\$'000 | 30 June 2023<br>\$'000 |
|------------------------------------|----------------------------|------------------------|
| Current                            | 1,050                      | 1,158                  |
| Non-Current                        | 1,950                      | 2,427                  |
| <b>Balance at 31 December 2023</b> | <b>3,000</b>               | <b>3,585</b>           |

## 6. INTANGIBLE ASSETS

Reconciliations of the carrying amounts of the various components of intangible assets at the beginning and end of the current half year and prior half year are presented in the table below. Other intangibles consist of customer relationships, brand value and intellectual property.

| <b>31 December 2023</b>            |                 | <b>Internally Developed Software</b> | <b>Acquired Software</b> | <b>Other Intangibles</b> | <b>Total</b>    |
|------------------------------------|-----------------|--------------------------------------|--------------------------|--------------------------|-----------------|
| <b>\$'000 Consolidated</b>         | <b>Goodwill</b> |                                      |                          |                          |                 |
| <b>Cost value</b>                  |                 |                                      |                          |                          |                 |
| Balance at 1 July 2023             | 89,552          | 20,378                               | 10,942                   | 6,616                    | 127,488         |
| Additions                          | -               | 2,371                                | -                        | 321                      | 2,692           |
| Effects of foreign exchange        | (19)            | -                                    | -                        | -                        | (19)            |
| <b>Balance at 31 December 2023</b> | <b>89,533</b>   | <b>22,749</b>                        | <b>10,942</b>            | <b>6,937</b>             | <b>130,161</b>  |
| <b>Accumulated amortisation</b>    |                 |                                      |                          |                          |                 |
| Balance at 1 July 2023             | -               | (9,674)                              | (6,987)                  | (3,581)                  | (20,242)        |
| Amortisation for the period        | -               | (2,288)                              | (1,092)                  | (666)                    | (4,046)         |
| Effects of foreign exchange        | -               | -                                    | -                        | -                        | -               |
| <b>Balance at 31 December 2023</b> | <b>-</b>        | <b>(11,962)</b>                      | <b>(8,079)</b>           | <b>(4,247)</b>           | <b>(24,288)</b> |
| <b>Net book value</b>              | <b>89,533</b>   | <b>10,787</b>                        | <b>2,863</b>             | <b>2,690</b>             | <b>105,873</b>  |

| <b>30 June 2023</b>             |                 | <b>Internally Developed Software</b> | <b>Acquired Software</b> | <b>Other Intangibles</b> | <b>Total</b>    |
|---------------------------------|-----------------|--------------------------------------|--------------------------|--------------------------|-----------------|
| <b>\$'000 Consolidated</b>      | <b>Goodwill</b> |                                      |                          |                          |                 |
| <b>Cost value</b>               |                 |                                      |                          |                          |                 |
| Balance at 1 July 2022          | 89,551          | 15,523                               | 10,942                   | 5,960                    | 121,976         |
| Additions                       | -               | 4,855                                | -                        | 656                      | 5,511           |
| Effects of foreign exchange     | 1               | -                                    | -                        | -                        | 1               |
| <b>Balance at 30 June 2023</b>  | <b>89,552</b>   | <b>20,378</b>                        | <b>10,942</b>            | <b>6,616</b>             | <b>127,488</b>  |
| <b>Accumulated amortisation</b> |                 |                                      |                          |                          |                 |
| Balance at 1 July 2022          | -               | (6,313)                              | (4,803)                  | (2,208)                  | (13,324)        |
| Amortisation for the period     | -               | (3,361)                              | (2,183)                  | (1,373)                  | (6,917)         |
| Write-off                       | -               | -                                    | (1)                      | -                        | (1)             |
| <b>Balance at 30 June 2023</b>  | <b>-</b>        | <b>(9,674)</b>                       | <b>(6,987)</b>           | <b>(3,581)</b>           | <b>(20,242)</b> |
| <b>Net book value</b>           | <b>89,552</b>   | <b>10,704</b>                        | <b>3,955</b>             | <b>3,305</b>             | <b>107,246</b>  |

### Impairment tests

The Group has identified that there are three regional Cash Generating Units (CGU) which are aligned with the operating segments disclosed in Note 2 and against which goodwill and other intangible assets are allocated and tested. Goodwill has been allocated to each CGU as follows:

|                                 | <b>31 December 2023</b> |
|---------------------------------|-------------------------|
|                                 | <b>\$'000</b>           |
| Asia Pacific                    | 37,743                  |
| EMEA                            | 29,682                  |
| Americas                        | 22,108                  |
| <b>Total Goodwill allocated</b> | <b>89,533</b>           |

### Impairment tests

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation.

In accordance with AASB 136 Impairment of Assets, the Group tests goodwill for impairment annually or more frequently whenever indicators of impairment are identified. In accordance with the accounting standard the Group has set 30 June as the date for the annual review for impairment of the cash generating units (CGUs) to which goodwill has been allocated.

On 31 December 2023, the Group's market capitalisation accounted for 90% of the Group's total net assets, triggering an impairment review. Despite the market capitalisation of the Group being lower than its net assets at reporting date, the Group has performed favourably against budget, exceeding both adjusted EBITDA and management EBITDA (being adjusted EBITDA plus capitalised development costs) year to date.

In testing for impairment, the carrying amount of each CGU is compared against the recoverable amount. AASB 136 defines recoverable amount as being the higher of its fair value less cost of disposal (FVLCD) and its value in use. The Group has adopted FVLCD as the basis for determining the recoverable amount of each CGU.

In adopting FVLCD, the Group has applied accounting standard AASB 13 Fair Value Measurement as directed by AASB 136. In applying AASB 13 the Group has adopted the Income Approach to determine fair value. The income Approach converts future cash amounts to a single (discounted) amount using a discounted cash flow model. The fair value measured reflects current

## 6. INTANGIBLE ASSETS (Continued)

market expectations about future amounts and is a technique commonly applied by market participants in determining fair value. Under the Income Approach adopted, the Group has allowed for restructure costs representing cost synergies that a market participant would typically apply in an orderly transaction between market participants.

The discounted cash flow model (DCF) uses post-tax cash flow projections that are based on the most recent Board approved 12-month budget and extrapolated for a further four years using underlying customer revenue contract data, appropriate growth rates, cost synergies, risk-based discount rates and a terminal value as appropriate for the CGU. Terminal growth rates applied in the DCF are based on estimates of long-term industry growth in the country in which the CGU primarily operates.

The assumptions applied in calculating the recoverable amounts of the CGU in testing for impairment are as follows:

| Input                                                     | Asia Pacific | Americas | EMEA   |
|-----------------------------------------------------------|--------------|----------|--------|
| Four-year revenue compound annual growth rate post year 1 | 16.58%       | 17.91%   | 15.87% |
| Post tax discount rate                                    | 12.28%       | 12.60%   | 13.60% |
| Terminal growth rate                                      | 2.75%        | 2.00%    | 2.00%  |

The discount rates for each CGU reflects management's estimate of the time value of money and the Group's weighted average cost of capital adjusted for each CGU's risk-free rate in each CGU's major operating country and the volatility of the share price relative to market movements.

Projected revenue growth rates in each CGU are appropriate based on experience and forecasts of the growth of the market for environmental intelligence products.

Based upon the FVLCD estimates using a discounted cash flow model, the carrying values of the CGU's and the goodwill therein are not impaired (30 June 2023: no impairment).

### Sensitivities

Management have made judgements and estimates in respect of impairment testing. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease.

The key sensitivities that management has considered are as follows:

- Revenue decreases by 5% per year over the forecast period
- Terminal growth rate decrease 5%
- Post tax discount rate increased by between 3.5% and 6.7% for the CGU based upon market factors for countries where the CGU resides

Incorporating these sensitivities within the DCF model has not impacted the CGU impairment outcome.

## 7. BORROWINGS

|                                                 | 31 December 2023 | 30 June 2023 |
|-------------------------------------------------|------------------|--------------|
| Non-current liabilities                         | \$'000           | \$'000       |
| Loan from Partners for Growth VII, L.P. ('PFG') | 4,900            | -            |
| Warrants                                        | (957)            | -            |
| Capitalised borrowing costs                     | (365)            | -            |
| <b>Balance at 31 December 2023</b>              | <b>3,578</b>     | <b>-</b>     |

### Loan from Partners for Growth VII, L.P. ('PFG')

During the period, the Group secured a debt facility of \$7,500,000 from Partners for Growth VII, L.P. ('PFG'), a well-known San Francisco Bay based specialised provider of growth funding solutions to technology companies. The facility will support certain contractual arrangements where Envirosuite allows customers to bundle their instrumentation requirements together with their software and support components into the recurring payments over the contract term. The facility is also intended to provide funding to support the Company's working capital requirements.

The Group has drawn down \$4,900,000 of the facility during the half year. The remaining \$2,600,000 is available for immediate drawdown.

The PFG facility is for 36 months from 5 October 2023 with interest variable over the life of the facility. The interest rate is the greater of the 3 months BBSW rate plus 7.75% pa and 11.75% pa.

The borrowings are secured by a general first ranking security charge over the assets of the Company. All other debt is subordinated to PFG loan unless permitted by PFG or mandatory by law to have priority



## 7. BORROWINGS (Continued)

### Warrants

As part of the loan agreement, the Group has agreed to issue the following warrants to PFG Nominees:

- EVS to receive cash consideration of \$78.78 in exchange for 13,638,900 Warrants issued to PFG to the total value of \$750,000, exercisable at \$0.055 being a 10% discount to the 5-day VWAP prior to financial close with a 5-year term to expiry.
- PFG may choose a cashless exercise such that they will receive the difference between the total number of shares that may be applied to under the Warrants and \$750,000. The value difference is determined based on the 10-day VWAP prior to exercise.
- In lieu of exercising the Warrants, PFG have the option to put the Warrants to the Company for \$750,000. The Warrants can only be put upon a change of control (including a sale), liquidation or upon expiry.

During the reporting period, the Group had the warrants independently valued by a third party using a Monte Carlo Simulation model.

The fair value of the warrants under the third-party valuation was calculated at \$968,000. The warrants (including the imbedded put option) issued have been treated as a transaction cost under AASB 9: Financial Instruments.

### Financing arrangements

Unrestricted access was available at period end reporting date to the following lines of credit. The Group was in compliance with all PFG reporting covenants at 31 December 2023.

|                                       | 31 December 2023<br>\$'000 | 30 June 2023<br>\$'000 |
|---------------------------------------|----------------------------|------------------------|
| <i>Total facilities</i>               |                            |                        |
| Partners for Growth VII, L.P. ('PFG') | 7,500                      | -                      |
| <i>Used at the reporting date</i>     |                            |                        |
| Partners for Growth VII, L.P. ('PFG') | 4,900                      | -                      |
| <i>Unused at the reporting date</i>   |                            |                        |
| Partners for Growth VII, L.P. ('PFG') | 2,600                      | -                      |

## 8. ISSUED CAPITAL

Movements in the number of ordinary shares on issue during the half year is presented in the following table.

|                                                        | 31 December<br>2023<br>Number | 31 December<br>2023<br>\$'000 | 30 June<br>2023<br>Number | 30 June<br>2023<br>\$'000 |
|--------------------------------------------------------|-------------------------------|-------------------------------|---------------------------|---------------------------|
| <b>Movements in ordinary shares</b>                    |                               |                               |                           |                           |
| <b>Balance at 1 July</b>                               | <b>1,261,606,466</b>          | <b>181,352</b>                | <b>1,255,268,970</b>      | <b>180,597</b>            |
| Issue of ordinary shares - employee performance rights | 200,000                       | 18                            | 5,869,660                 | 923                       |
| Issue of ordinary shares - directors                   | -                             | -                             | 467,836                   | 80                        |
| Transaction costs of capital raising (inc. tax effect) | -                             | -                             | -                         | (248)                     |
| <b>Ordinary shares on issue at 31 Dec</b>              | <b>1,261,806,466</b>          | <b>181,370</b>                | <b>1,261,606,466</b>      | <b>181,352</b>            |

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held.

As the shareholders' meeting each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

### Options

For the half year ended 31 December 2023, the Company issued the following options:

- 2,000,000 issued to directors (2022: 2,000,000)

### Performance rights

For the half year ended 31 December 2023, the Company issued the following performance rights:

- 667,486 issued to employees (2022: 1,724,861)

## 9. COMMITMENTS AND CONTINGENCIES

### Contingencies

The Group has potential exposure to guarantees it has issued to third parties in relation to the performance and obligation of controlled entities with respect to property lease rentals and customer contractual obligations amounting to \$1,703,864 (30 June 2023: \$1,786,068).

## 10. INTEREST IN SUBSIDIARIES

### Parent entity

The parent entity within the Group is Envirosuite Limited

### Subsidiaries

| Entity Name                                                           | Country of Incorporation | 31 Dec 2023 % | 31 Dec 2022 % |
|-----------------------------------------------------------------------|--------------------------|---------------|---------------|
| Envirosuite Operations Pty Ltd                                        | Australia                | 100           | 100           |
| Envirosuite Holdings Pty Ltd                                          | Australia                | 100           | 100           |
| Envirosuite Corp                                                      | USA                      | 100           | 100           |
| Envirosuite Europe Sociedad Limitada                                  | Spain                    | 100           | 100           |
| Envirosuite Canada Inc.                                               | Canada                   | 100           | 100           |
| Envirosuite Chile SpA                                                 | Chile                    | 100           | 100           |
| Envirosuite Colombia S.A.S. <sup>(1)</sup>                            | Colombia                 | 100           | 100           |
| Beijing Envirosuite Environmental Science & Technology <sup>(1)</sup> | China                    | 100           | 100           |
| Hengli Ruiyan Environmental Engineering Co. Ltd <sup>(1)</sup>        | China                    | 100           | 100           |
| Envirosuite Brasil Comercializacao De Equipamentos Ltda.              | Brazil                   | 100           | 100           |
| Envirosuite Holdings No 2 Pty Ltd                                     | Australia                | 100           | 100           |
| Envirosuite Australia No 2 Pty Ltd                                    | Australia                | 100           | 100           |
| EMS Bruel & Kjaer Pty Ltd                                             | Australia                | 100           | 100           |
| Envirosuite Inc                                                       | USA                      | 100           | 100           |
| Envirosuite Iberica S.A.                                              | Spain                    | 100           | 100           |
| Envirosuite Denmark Aps                                               | Denmark                  | 100           | 100           |
| Envirosuite BV                                                        | Netherlands              | 100           | 100           |
| Envirosuite UK Ltd                                                    | United Kingdom           | 100           | 100           |
| Envirosuite Korea Ltd                                                 | South Korea              | 100           | 100           |
| Envirosuite Taiwan Ltd                                                | Taiwan                   | 100           | 100           |
| Envirosuite Philippines Inc <sup>(2)</sup>                            | Philippines              | 100           | -             |
| AqMB Pty Ltd. <sup>(3)</sup>                                          | Australia                | -             | 100           |
| AqMB Holdings Pty Ltd. <sup>(3)</sup>                                 | Australia                | -             | 100           |
| As Maybe Max Pty Ltd. <sup>(3)</sup>                                  | Australia                | -             | 100           |

(1) These subsidiaries have a financial year-end of 31 December as required by local regulations. The Group has received an exemption from ASIC from aligning the financial year end of these subsidiaries with that of Envirosuite Limited, being 30 June.

(2) Envirosuite Philippines Inc was established July 2023.

(3) AqMB Pty Ltd, AqMB Holdings Pty Ltd and As Maybe Max Pty Ltd were deregistered by the Group in April 2023.

### Transactions with other related parties

There were no transactions with related parties during the financial half year.

## 11. SUBSEQUENT EVENTS

The Directors are not aware of any matters or circumstances that have arisen since 31 December 2023 that have significantly affected or may significantly affect the operations of the Group in subsequent financial years, the results of those operations, or the state of affairs of the Group in future financial years.



## DIRECTORS DECLARATION

In accordance with a resolution of the directors of Envirosuite Limited, the directors of the Company declare that:

- (a) The financial statements and notes set out on pages 15 to 27 are in accordance with the *Corporations Act 2001*, and:
  - (i) comply with Australian Accounting Standards AASB 134: Interim Financial Reporting; and
  - (ii) give a true and fair view of the financial position at 31 December 2023 and of the performance for the half year ended on that date of the Consolidated Group; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

**David Johnstone, Chairman**  
20 February 2024

For personal use only

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ENVIROSUITE LIMITED

### Conclusion

We have reviewed the accompanying half-year financial report of Envirosuite Limited ("the company"), which comprises the consolidated statement of financial position as at 31 December 2023 and the consolidated income statement and statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Envirosuite Limited is not in accordance with the *Corporations Act 2001* including:-

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Independence

In conducting our review, we have complied with the auditor independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the company a written Auditor's Independence Declaration.

### Responsibility of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Regulations 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



PKF BRISBANE AUDIT



TIM FOLLETT  
PARTNER

20 FEBRUARY 2024  
BRISBANE

