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Appendix 4D

Summary Interim Financial Report

Results for announcement to the market

For the financial half year ended 31 December 2020

	Half Year ended 31 December 2020	Half Year ended 31 December 2019	Variance to prior year	
	$'000	$'000	$'000	%
Revenues from ordinary activities	23,565	3,721	19,844	533%
Profit/(loss) after tax from ordinary activities attributable to members	(7,808)	(6,485)	(1,324)	(20%)
Net profit/(loss) attributable to members	(7,808)	(6,485)	(1,324)	(20%)
Net tangible assets/(liabilities) per security (cents)	0.8	3.9	-	-

The net tangible asset backing per security of 0.8 cents presented above is inclusive of right-of-use assets and lease liabilities. The net tangible asset per security as at 31 December 2020 would reduce to 0.5 if right-of-use assets were excluded.

Dividends and distributions

The company has not declared, and does not propose to pay, any dividends for the half-year ended 31 December 2020.

Details of any dividend or distribution reinvestment plans in operation: N/A

Control gained over entities in the half-year

On 17th August 2020, the Group acquired 100% of the issued capital of AqMB Pty Ltd.

Envirosuite Brasil Comercialização de Equipamentos Ltda was incorporated on 13 July 2020

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 2021 Interim Financial Report.

This report is based on interim financial statements which have been audited by PKF Brisbane Audit.

envirosuite

Interim Report

For the half-year ended 31 December 2020

(ASX: EVS) ACN: 122 919 948
www.envirosuite.com

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Introducing Envirosuite

Harness the power of our experience in tech & science to grow your intelligence. Make educated, confident decisions that positively impact your community and business outcomes.

We take your

Environmental Input

- Flight Tracking
- Weather
- Noise
- Dust and Air Quality
- Water
- Vibration

and harness the power of

Technology and Science

- Machine learning
- Proven data algorithms
- Decades of experience
- Scientific excellence

so you can receive

Environmental Intelligence

- Predictive modelling
- Real time, continuous monitoring
- Automated compliance reporting
- Trusted, quality data & insights

to make

Smarter decisions that make a real impact on your community and business outcomes.

Discover problems before and as they arise, and use these insights to make a positive difference to your business and community.

Engage transparently with your community and stakeholders, and optimise your operations and asset life to grow your business sustainably.

Impact the real world, in real time with Environmental Intelligence.

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OUR VISION

We harness the power of environmental intelligence, so industries grow sustainably, and communities thrive.

OUR MISSION

We are driven to create world-leading technology solutions that produce actionable insights from environmental data so our customers can realise their full potential.

OUR VALUES

Our company is built on a strong culture of challenging the status quo, empowering our people to excel and being accessible and responsive to our customers.

At Envirosuite, we are

- Innovative
- Accountable
- Customer Centric

CONTENTS

Your directors present their report, together with the interim financial statements of the consolidated entity consisting of Envirosuite Limited (ABN: 42 122 919 948) (referred to hereafter as the Company) and its controlled entities (referred to hereafter as the Group), for the financial half year ended 31 December 2020.

Directors

The following persons were directors of the Company at any time during, or since the end of, the financial year up to the date of this report:

David Johnstone (Non-executive Chairman)
Peter White (Managing Director)
Adam Gallagher (Director and Company Secretary) – Resigned 31 July 2020
Hugh Robertson (Non-executive Director)
Zhigang Zhang (Non-executive Director) - Resigned 27 November 2020
Sue Klose (Non-executive Director) - Appointed 1 December 2020

Mr White was Director and Chief Executive Officer until 12 October when he was appointed Managing Director. Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

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.

On 17 August 2020, the Group completed its acquisition of AqMB Pty Ltd, a water modelling R&D technology software company that assists in the design stage of wastewater treatment plants and allows the plant to optimize chemicals and electricity usage while maintaining compliance with strict local regulations around water quality and discharge.

In November 2020, EVS Water was launched, which combines the AqMB technology acquired with EVS's exclusive license over SeweX algorithms to monitor and prolong the operational life of water collection and distribution infrastructure. The offering aims to significantly improve the economics and environmental outcomes for water asset operators. In December 2020, EVS Water was selected to the final 2 grant nominees of 104 applicants in Singapore Public Utility Board's (PUB) Global Innovation Challenge, in the category 'Seamless Coagulation Control'. As a global leader in the space, Singapore PUB is focused on the constant pursuit of innovation to transform into a Smart Utility of the Future. The Directors are excited about the potential new opportunities that EVS Water brings to the Group's growth prospects, introducing a pure Software as a Solution offering that provides a meaningful return on investment to its customers.

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Operating results and review of operations for the year

Envirosuite continues to deliver a high level of recurring revenue with significant growth as a result of the acquisition of EMS Bruel & Kjaer Holdings in February 2020.

Operating Results

	For the half year ended			Movement $		Movement %	
A$000	**31 Dec 2020**	**30 Jun 2020**	**31 Dec 2019**	**30 Jun 2020**	**31 Dec 2019**	**30 Jun 2020**	**31 Dec 2019**
Recurring revenue	20,071	15,558	2,357	4,513	17,714	29.0%	751.6%
Non-recurring revenue	3,477	4,411	1,007	(934)	2,470	(21.2%)	245.3%
Other revenue	17	167	357	(150)	(340)	(89.8%)	(95.2%)
Total revenue	**23,565**	**20,137**	**3,721**	**3,428**	**19,844**	**17.0%**	**533.4%**
Cost of revenue	(13,989)	(13,695)	(2,768)	(293)	(11,221)	2.1%	405.5%
Gross profit	**9,576**	**6,441**	**953**	**3,135**	**8,623**	**48.7%**	**905.1%**
Operating expenses	(17,290)	(18,284)	(7,332)	994	(9,957)	(5.4%)	135.8%
Other income/(expense)	(380)	(125)	(30)	(256)	(350)	204.9%	1154.5%
Operating deficit	**(8,094)**	**(11,967)**	**(6,410)**	**3,874**	**(1,684)**	**(32.4%)**	**26.3%**
Net loss after tax	**(7,808)**	**(11,751)**	**(6,485)**	**3,943**	**(5,267)**	**(33.6%)**	**20.4%**
Adjusted EBITDA	**(3,562)**	**(6,911)**	**(3,309)**	**3,349**	**(3,602)**	**(48.5%)**	**7.6%**
Recurring revenue as % of total revenue	*85.2%*	*77.3%*	*63.3%*	*+7.9%*	*21.8%*		
Gross profit %	*40.6%*	*32.0%*	*25.6%*	*+8.6%*	*15.0%*		

Key highlights:

- Record revenue of $23.6m of which 85% is recurring, an increase of $3.4m over H2 FY20[1] which reflects the current period being the first full half-year period with the EMS business, offset with reductions in non-recurring revenue and temporary discounts offered to Airport customers as a result of COVID-19, and the negative impact of an appreciating AUD against the USD on the Group's overseas revenue
- Gross margin continues to improve with gross margin of 40.6% compared with 32.0% for H2 FY20 and 25.6% for H1 FY20
- Operating expenses decreased 5% over H2 FY20
- Adjusted EBITDA loss of $3.6m represents a significant improvement over $6.9m loss in H2 FY20 despite the impacts of COVID-19 on the Group's nonrecurring revenue, temporary discounts offered to Airport customers, and the impacts of FX on the Group's USD revenue

1- H1 FY21 represents the 6 month period ending 30 June 2020; H2 FY20 represents the 6 month period ending 30 June 2020; H1 FY20 represents the 6 month period ending 31 December 2019

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Revenue

Total revenues for the Group for the half year ending 31 December 2020 was $23.5m (H2 FY20:$20.0m, H1 FY20:$3.4m) with recurring revenues of $20.1m (H2 FY20: $15.6m; H1 FY20: $2.4m).

Revenue by Region

A$000	For the half year ended 31 Dec 2020	For the half year ended 30 Jun 2020	For the half year ended 31 Dec 2019	Movement $ 30 Jun 2020	Movement $ 31 Dec 2019	Movement % 30 Jun 2020	Movement % 31 Dec 2019
Recurring revenue							
Asia Pacific	7,319	5,646	672	1,673	6,647	29.6%	989.1%
EMEA	6,209	5,028	516	1,181	5,693	23.5%	1,103.3%
North America	5,560	4,053	623	1,507	4,937	37.2%	792.4%
South America	687	682	546	6	141	0.8%	25.9%
China	297	150	-	147	297	98.5%	n/a
Total Recurring revenue	**20,071**	**15,558**	**2,357**	**4,514**	**17,714**	**29.0%**	**751.6%**
Total Trading revenue							
Asia Pacific	8,057	5,725	809	2.331	7,248	40.7%	895.9%
EMEA	6,570	5,575	541	995	6,029	17.8%	1,114.3%
North America	6,844	4,313	910	2,531	5,934	58.7%	652.1%
South America	882	837	1,104	46	(222)	5.5%	(20.1%)
China	1,196	3,519	-	(2,323)	1,196	(66.0%)	n/a
Total Trading revenue	**23,548**	**19,969**	**3,364**	**3,580**	**20,184**	**17.9%**	**600.0%**

Recurring revenues were $4.5m higher in H1 FY21 compared with H2 FY20 which is primarily attributed to the prior reporting period only including 4 months of the EMS business, which was acquired on 28 February 2020. Recurring revenues for the current reporting period were negatively impacted by temporary discounts offered to Airport customers, primarily in the EMEA region, as a result of the impacts of COVID-19 on the airport industry; some of these discounts started to unwind in December 2020. Recurring revenues in the North America region were also negatively impacted by the strengthening AUD on the Group's USD revenue; the AUD was 10% higher against the USD during H1 FY21 compared with H2 FY20.

Total trading revenue was $3.6m higher in H1 FY21 compared with H2 FY20, with non-recurring revenue negatively impacted by a decrease in China non-recurring revenue as the business started to shift towards targeting higher margin recurring revenue opportunities. The margin on non-recurring revenue from China in H2 FY20 was relatively low margin equipment sales such that the decrease in revenue in H1 FY21 did not have a substantial impact on the Group's EBITDA. Excluding China, non-recurring revenue was still lower than the historical levels achieved by the EMS pre-acquisition as the impacts of COVID-19 on the airport industry resulted in a material decrease in non-recurring revenues from project work and equipment sales. During the 2nd quarter and the beginning of the 3rd quarter of FY21, the Group has been able to record new wins in non-recurring work that should result in non-recurring revenue increasing in H2 FY21.

Revenue by Industry

A$000	For the half year ended 31 Dec 2020	For the half year ended 30 Jun 2020	For the half year ended 31 Dec 2019	Movement $ 30 Jun 2020	Movement $ 31 Dec 2019	Movement % 30 Jun 2020	Movement % 31 Dec 2019
Recurring revenue							
Airports	14,339	10,724	-	3,616	14,339	33.7%	n/a
Non-Airports	5,732	4,835	2,357	897	3,375	18.6%	143.2%
Total Recurring revenue	**20,071**	**15,558**	**2,357**	**4,514**	**17,714**	**29.0%**	**751.6%**
Total Trading revenue							
Airports	15,231	11,482	-	3,749	15,231	32.7%	n/a
Non-Airports	8,317	8,487	3,364	(170)	4,954	(2.0%)	147.3%
Total Trading revenue	**23,548**	**19,969**	**3,364**	**3,580**	**20,184**	**17.9%**	**600.0%**

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Recurring revenues from Airports was up $3.6m (33.7%) compared with H2 FY20 which reflects an additional 2 months of recurring revenue from the EMS business for which the prior period contains only 4 months of that business activity. Adjusting for this, revenue from Airports was down $1.9m (11.6%) due to the temporary discounts offered to Airport customers, primarily in EMEA, and the impacts of the appreciating AUD against the USD on North America revenues as noted above.

Outside of Airports, recurring revenue was up $0.9m compared with H2 FY20 (18.6%). Total revenue from non-airport customers was down $0.2m (-2.0%) which is attributable to the decrease in non-recurring revenue in China as the Group moved to focus more on higher margin recurring revenue. Excluding China non-recurring revenue, total revenue from Non-airport customers was up $2.3m (44.9%).

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

EBITDA 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 losses, and transaction and integration costs connected with acquisitions which are seen as non-recurring. Adjusted EBITDA excludes the impacts of adopting AASB 16 as the application of the standard results in operating expenses being excluded from EBITDA. In the prior period, Adjusted EBITDA also excluded capitalised internally developed software costs. Management has amended the definition of Adjusted EBITDA in the current period to include the impacts of capitalising internally developed software costs to align with industry practice. EBITDA and Adjusted EBITDA are non-GAAP measures that are key financial measure used by management to assess the performance of the underlying business.

	For the half year ended			Movement $		Movement %	
A$000	**31 Dec 2020**	**30 Jun 2020**	**31 Dec 2019**	**30 Jun 2020**	**31 Dec 2019**	**30 Jun 2020**	**31 Dec 2019**
Net loss after tax	(7,808)	(11,751)	(6,485)	3,943	(1,324)	(33.6%)	20.4%
Add back: tax expense / (benefit)	(422)	(326)	96	(96)	(518)	29.4%	(539.1%)
Add back: net finance expense / (income)	136	109	(20)	27	156	24.9%	(771.6%)
Add back: Depreciation & amortisation	3,250	2,586	655	664	2,596	25.7%	396.5%
EBITDA	**(4,844)**	**(9,382)**	**(5,754)**	**4,538**	**910**	**(48.4%)**	**(15.8%)**
Less: AASB 16 Depreciation & interest	(747)	(656)	-	(91)	(747)	13.8%	n/a
Add back: Share-based payments	1,306	1,046	2,108	259	(802)	24.8%	(38.1%)
Add back: Foreign currency losses/(gains)	380	125	30	256	350	204.9%	1154.5%
Add back: Transaction and integration costs	343	1,956	307	(1,613)	36	(82.5%)	11.6%
Adjusted EBITDA	**(3,562)**	**(6,911)**	**(3,309)**	**3,349**	**(253)**	**(48.5%)**	**7.6%**

In June 2020, the Company announced a restructuring of its operations as a result of the integration of the EMS business, which included the removal of over 40 roles from the combined businesses. Adjusted EBITDA excludes the impacts of the one-off restructuring costs in relation to the integration of the EMS business.

For the half-year ended 31 December 2020, the Group reported an Adjusted EBITDA loss of $3.6m which was an improved result over the $6.9m loss incurred in the prior half year ending 30 June 2020. The result for the current half year period benefited from the removal of the roles that was announced in June 2020. The result was negatively impacted by the strengthening of the Australian dollar against the US dollar with the average AUD:USD foreign currency rate appreciating 10% over H2 FY20 and 6% over H1 FY20; approximately 26.8% of the Group's trading revenue is generated in the United States of America.

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Financial Position

A$000	31 Dec 2020	30 Jun 2020	Movement
Cash and cash equivalents	9,697	24,385	(14,688)
Current assets	21,717	39,412	(17,695)
Current liabilities	(13,506)	(23,791)	10,285
Net current assets	**8,211**	**15,621**	**(7,410)**
Total tangible assets	28,642	46,881	(18,239)
Net tangible assets	11,987	19,801	(7,814)
For the 6 months ending:			
Net cash from / (used in) operating activities	(6,504)	(7,364)	860

Cash and cash equivalents decreased by $14.7m during the H1 FY21 partially as a result of cash disbursements to complete the acquisition of EMS Bruel & Kjaer Holdings ($4.2m), cash payments made to redundant staff as part of the integration of the EMS business ($3.5m), the acquisition of AqMB in August 2020 ($1.2m). The remaining decrease in cash can be attributed to investment in capitalised R&D ($1.4m) and the operating loss incurred by the Group including working capital movements in the half year ending 31 December 2020.

The decrease in current assets is primarily related to the decrease in cash and cash equivalents discussed above. The decrease in current liabilities is primarily related to the payment made to complete the acquisition of EMS Bruel & Kjaer Holdings ($4.2m) and the cash payments made to redundant staff as part of the integration of the EMS business ($3.5m), which are also described above and were liabilities included on the 30 June 2020 balance sheet.

Cash used in operating activities of $6.5m for the half year ending 31 December 2020 includes the payments made to redundant staff of $3.5m during the financial period. Excluding this one-off item, cash used in operating activities was $3.0m and includes the impacts of staff made redundant who did not depart until the end of Q1 FY21, temporary discounts offered to airport customers which started to roll-off in December 2020, a historically low level of non-recurring revenue from projects in the airport sector due to COVID-19, and the impact of the appreciating AUD against the USD. When excluding the payments made to redundant staff, cash used in operating activities during the period decreased by $4.4m compared with H2 FY20. The decrease represented the reduction in headcount and other operating costs as a result of the restructuring actions taken by management in June 2020.

Noting the Company's demonstrated ability to raise cash from investors when required to fund growth initiatives, combined with the temporary discounts offered to Airport customers starting to unwind in December 2020 and non-recurring activity starting to increase in H2 FY21, the Directors are of the view that the Group will continue to be able to pay its debts as and when they fall due and have prepared the financial report on a going concern basis.

The Directors are continuing to monitor the impacts of the COVID-19 pandemic on group operations and respond appropriately to risks identified.

Significant changes in the state of affairs

On 28 February 2020, the Group completed the acquisition of EMS Bruel & Kjaer Holdings Pty Ltd. The acquisition provided the Group with additional environmental technology solutions and exposure to the airport sector. As a result of the COVID-19 pandemic, airports around the world reduced operations due to reduction in flight volumes. Approximately 65% of the Group's revenues during the 6 months ending 31 December 2020 (H1 FY20: nil) were from customers that own or manage airports.

The reduction in airport traffic has delayed new capital spend and thus had a negative impact on non-recurring project and hardware revenue generated by the Group in first half of FY21. The Group also provided some customers with temporary discounts which started to be unwound in December 2020. These discounts were not considered to have a material impact on recurring revenue or the Group's ability to continue as a going concern.

Dividends paid or recommended

No dividends were paid by the Company to members during the financial year. No dividends were recommended or declared for payment, but not paid, to members during the financial year.

Events after the reporting period

The Directors are not aware of any matters or circumstances that have arisen since 31 December 2020 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.

As noted above, 65% of the Group's revenues for the current reporting period were from customers in the Airport industry (H2 FY20: 57%; H1 FY20: nil). In addition, the Group generated 20% of its total income and 23% of its recurring income from the Australian government and companies controlled by the Australian government (H2 FY20: 16% and 20% respectively; H1 FY20: nil). The COVID-19 pandemic

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has had an adverse global economic impact, however, it is not possible to accurately determine the future nature, extent or duration of the impact on the Group, material or otherwise, at the date of signing the interim financial statements. The directors of the group have considered the potential impacts of COVID-19 as well as the concentration of revenue with certain customers and do not believe that based on the information currently available, it has a significant impact on the Group's ability to continue as a going concern.

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 8.

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

25 February 2021

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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 2020, 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

SHAUN LINDEMANN
PARTNER

25 FEBRUARY 2021
BRISBANE

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PKF Brisbane Pty Ltd. is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

Consolidated Income Statement and Statement of Comprehensive Income

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FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Notes	Consolidated Group Half year ended 31 December 2020 $'000	31 December 2019 $'000
Trading revenue		23,548	3,364
Other revenue		17	357
Total operating revenue	**3**	**23,565**	**3,721**
Cost of revenue	4	(13,989)	(2,768)
Gross profit		**9,576**	**953**
Operating expenses			
Sales and marketing		(6,213)	(2,119)
Product development		(3,921)	(245)
General and administrative		(7,156)	(4,968)
Total operating expenses	**4**	**(17,290)**	**(7,332)**
Other expenses		(380)	(30)
Operating deficit		**(8,094)**	**(6,410)**
Net finance income / (expense)		(136)	20
Net loss before tax		**(8,230)**	**(6,389)**
Income tax (expense) / benefit		422	(96)
Net loss after tax		**(7,808)**	**(6,485)**
Other comprehensive income			
Items that may be reclassified to profit or loss Exchange differences on translation of foreign operations		(365)	4
Other comprehensive income for the year, net of tax		**(365)**	**4**
Total comprehensive income/(loss) for the year		**(8,173)**	**(6,481)**
Net (loss)/profit attributed to:			
Equity holders of Envirosuite Limited		**(7,808)**	**(6,485)**
Total comprehensive (loss)/income attributable to:			
Equity holders of Envirosuite Limited		**(8,173)**	**(6,481)**
		Cents	**Cents**
Basic earnings / (loss) per share		**(0.76)**	**(1.61)**
Diluted earnings / (loss) per share		**(0.76)**	**(1.61)**

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2020

	Notes	Consolidated Group 31 December 2020 $'000	30 June 2020 $'000
ASSETS			
Current Assets			
Cash and cash equivalents		9,697	24,385
Trade and other receivables		8,076	10,730
Other assets		969	1,195
Inventories		2,975	3,102
Total current assets		**21,717**	**39,412**
Non-current Assets			
Property, plant and equipment		2,904	3,304
Right of use assets		3,593	3,743
Deferred tax assets		1,250	1,250
Intangible assets		109,472	108,939
Other assets		428	422
Total non-current assets		**117,647**	**117,658**
TOTAL ASSETS		**139,364**	**157,070**
LIABILITIES			
Current Liabilities			
Trade and other payables		5,191	13,010
Revenue in advance		3,237	3,230
Employee benefit provisions		3,758	6,203
Lease liabilities and other borrowings		1,320	1,348
Total current liabilities		**13,506**	**23,791**
Non-current Liabilities			
Employee benefit provisions		171	230
Lease liabilities and other borrowings		2,978	3,059
Deferred tax liabilities		3,590	4,005
Total non-current liabilities		**6,739**	**7,294**
TOTAL LIABILITIES		**20,245**	**31,085**
NET ASSETS		**119,119**	**125,985**
EQUITY			
Issued capital		156,063	155,908
Reserves		12,517	11,740
Retained losses		(49,461)	(41,663)
TOTAL EQUITY		**119,119**	**125,985**

The accompanying notes form part of these financial statements.

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Consolidated Statement of Changes in Equity

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FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Ordinary shares $'000	Reserves $'000	Retained losses $'000	Total Equity $'000
At 1 July 2019	**36,060**	**132**	**(23,863)**	**12,329**
Comprehensive income				
Loss for the year	-	-	(6,484)	(6,484)
Other comprehensive income for the year	-	4	-	4
Total comprehensive loss for the year	**-**	**4**	**(6,484)**	**(6,480)**
Transactions with owners, in their capacity as owners, and other transfers				
Issue of shares (Institutional Placement)	14,010	-	-	14,010
Transaction costs of capital raising (inc. tax effect)	(552)	-	-	(552)
Shares issued / to be issued to employees	1,095	(190)	190	1,095
Employee share options - value of employee services	-	2,113	-	2,113
Shares options expired	-	-	-	-
Total transactions with owners and other transfers	**14,553**	**1,923**	**190**	**16,666**
At 31 December 2019	**50,613**	**2,059**	**(30,157)**	**22,515**
At 1 July 2020	**155,908**	**11,740**	**(41,663)**	**125,985**
Comprehensive income				
Loss for the year	-	-	(7,808)	(7,808)
Other comprehensive income for the year	-	(365)	-	(365)
Total comprehensive loss for the year	**-**	**(365)**	**(7,808)**	**(8,173)**
Transactions with owners, in their capacity as owners, and other transfers				
Shares issued / to be issued to employees	155	(194)	-	(39)
Employee share options - value of employee services	-	1,346	-	1,346
Shares options expired	-	(10)	10	-
Total transactions with owners and other transfers	**155**	**1,142**	**10**	**1,307**
At 31 December 2020	**156,063**	**12,517**	**(49,461)**	**119,119**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

		Consolidated Group	
		Half year ended	
		December 2020	December 2019
	Notes	$'000	$'000
Cash flows from operating activities			
Receipts from customers		27,142	3,779
Payments to suppliers and employees		(33,526)	(7,680)
		(6,384)	3,901)
Other revenue		(57)	-
Taxes paid		(78)	-
Interest received		15	44
Interest paid		-	(38)
Net cash (used in) operating activities		**(6,504)**	**(3,895)**
Cash flows from investing activities			
Payments for property, plant and equipment		(538)	(83)
Payments for acquisition of business		(5,470)	-
Payments for intangible assets		(1,500)	(1,006)
Proceeds from sale of business		-	172
Proceeds from acquisition of business		-	216
Net cash (used in) / provided by investing activities		**(7,508)**	**(701)**
Cash flows from financing activities			
Proceeds from issue of shares		-	15,105
Share issue transaction costs		-	(751)
Repayment of lease liabilities		(677)	(71)
Net cash (used in)/ provided by financing activities		**(677)**	**14,283**
Net (decrease) / increase in cash and cash equivalents		(14,689)	9,687
Effects of exchange rate changes on cash and cash equivalents		1	(26)
Cash and cash equivalents at the beginning of the financial year		24,385	7,564
Cash and cash equivalents at the end of the period		**9,697**	**17,225**

The accompanying notes form part of these financial statements.

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Notes to Financial Statements

These consolidated interim financial statements and notes represent those of Envirosuite Limited and controlled entities (the "Consolidated Group" or "Group").

The financial statements were authorised for issue on 25 February 2021 by the directors of the company.

1. Summary of significant accounting policies

(a) Basis of preparation

The consolidated interim financial statements 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 cashflows. All amounts are presented in Australian dollars unless otherwise noted.

(b) Changes in accounting policies applied by the Group

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 2020 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.

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.

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2. Segment information

The Group is organised into five geographic operating segments: Asia-Pacific, China, North America, South America 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 Managing Director and Board of Directors, (who are identified as the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources.

Half-year ended 31 December 2020 $'000	Asia Pacific	EMEA	North America	South America	China	Corporate	Total
Recurring revenue	7,319	6,209	5,560	687	297	-	20,071
Non recurring revenue	738	361	1,284	195	899	-	3,477
Other revenue	-	10	-	-	-	7	17
Total operating revenue	**8,057**	**6,580**	**6,844**	**882**	**1,196**	**7**	**23,565**
Cost of revenue	(4,702)	(3,972)	(3,686)	(582)	(1,019)	(28)	(13,989)
Gross profit	**3,355**	**2,608**	**3,158**	**300**	**177**	**(22)**	**9,576**
Operating expenses	(1,501)	(1,882)	(1,353)	(426)	(582)	(11,545)	(17,290)
Other income/(expense)	55	(27)	(182)	(6)	(3)	(218)	(380)
Operating deficit before tax	**1,909**	**699**	**1,623**	**(131)**	**(408)**	**(11,785)**	**(8,094)**
Net finance income/(expense)	(6)	(1)	(22)	-	(2)	(105)	(136)
Net loss before tax	**1,903**	**698**	**1,601**	**(131)**	**(410)**	**(11,890)**	**(8,230)**

Half-year ended 31 December 2019 $'000	Asia Pacific	EMEA	North America	South America	China	Corporate	Total
Recurring revenue	672	516	623	546	-	-	2,357
Non recurring revenue	137	25	287	558	-	-	1,007
Other revenue	-	-	-	-	-	357	357
Total operating revenue	**809**	**541**	**910**	**1,104**	**-**	**357**	**3,721**
Cost of revenue	(552)	(179)	(853)	(544)	(48)	(592)	(2,768)
Gross profit	**257**	**362**	**57**	**560**	**(48)**	**(235)**	**953**
Operating expenses	(296)	(466)	(635)	(504)	(159)	(5,311)	(7,371)
Other income/(expense)	(7)	5	1	(17)	-	(12)	(30)
Operating deficit before tax	**(46)**	**(99)**	**(577)**	**39**	**(207)**	**(5,558)**	**(6,448)**
Net finance income/(expense)	-	-	2	-	-	57	59
Net loss before tax	**(46)**	**(99)**	**(575)**	**39**	**(207)**	**(5,501)**	**(6,389)**

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3. Revenue

	For the half-year ended	
	31 December 2020 $'000	31 December 2019 $'000
Recurring revenue	20,071	2,357
Non recurring revenue	3,477	1,007
Trading revenue	**23,548**	**3,364**
Research and development tax incentives	-	357
Other revenue	17	-
Other revenue	**17**	**357**
Total revenue	**23,565**	**3,721**

The Group generated 65% of its revenues for the current reporting period from customers in the Airport industry (H2 FY20: 57%; H1 FY20: nil). In addition, the Group generated 20% of its total income and 23% of its recurring income from the Australian government and companies controlled by the Australian government (H2 FY20: 16% and 20% respectively; H1 FY20: nil).

Research and development tax incentives included for the half year ended 31 December 2020 is nil (2019: $356.560). Based on the Group's turnover, it is not expected to be eligible for any more R&D tax incentives from the Australian Tax Office going forward.

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 half-year ended	
	31 December 2020 $'000	31 December 2019 $'000
Cost of revenue and operating expenses		
Cost of revenue	(13,989)	(2,768)
Total operating expenses	(17,290)	(7,332)
Total cost of revenue and operating expenses	**(31,279)**	**(10,100)**
Total cost of revenue and operating expenses is comprised of:		
Employment costs	(16,300)	(4,353)
Share based compensation	(1,306)	(2,108
Consultants and contractors	(1,715)	(487)
Professional fees	(1,289)	(620)
Computer expenses	(2,119)	(576)
Equipment costs	(1,694)	(624)
Building costs	(1,009)	(209)
Director's fees	(129)	(121)
Audit and audit related fees	(169)	(30)
Depreciation and amortisation (excl intangible asset – software amortisation)	(2,496)	(143)
Other operating expenses	(3,693)	(1,192)
Sub-total	**(31,919)**	**(10,463)**
Software development cost - capitalised	1,394	875
Intangible asset – software amortisation	(754)	(512)
R&D costs capitalised, net	**640**	**363**
Total cost of revenue and operating expenses	**(31,279)**	**(10,100)**

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5. 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.

31 December 2020 $'000	Goodwill	Internally Developed Software	Acquired Software	Other Intangibles	Total
Cost value					
Balance as at 1 July 2020	89,383	8,769	9,398	5,103	112,653
Acquired in business combination	-	-	1,205	-	1,205
Additions	83	1,287	106	103	1,580
Balance as at 31 December 2020	**89,466**	**10,056**	**10,709**	**5,206**	**115,437**
Accumulated amortisation					
Balance as at 1 July 2020	-	(2,784)	(616)	(315)	(3,714)
Amortisation for the period	-	(754)	(1,025)	(473)	(2,251)
Balance as at 31 December 2020	**-**	**(3,538)**	**(1,640)**	**(787)**	**(5,965)**
Net book value	**89,466**	**6,518**	**9,069**	**4,419**	**109,472**

31 December 2019 $'000	Goodwill	Internally Developed Software	Acquired Software	Other Intangibles	Total
Cost value					
Balance as at 1 July 2019	341	6,896	-	16	7,252
Acquired in business combination	98	-	-	-	98
Additions	-	875	-	131	1,006
Balance as at 31 December 2019	**438**	**7,771**	**-**	**147**	**8,356**
Accumulated amortisation					
Balance as at 1 July 2019	-	(1,697)	-	-	(1,697)
Amortisation for the period	-	(512)	-	-	(512)
Balance as at 31 December 2019	**-**	**(2,209)**	**-**	**-**	**(2,209)**
Net book value	**438**	**5,562**	**-**	**147**	**6,147**

Other intangibles consist of customer relationships, brand value and intellectual property. Acquired software additions during the half year relates to the acquisition of AqMB Pty Ltd.

Impairment tests

The Group has identified that there are five (5) 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.

The recoverable amount of each CGU is based on the greater of the estimate of fair value of the CGU and its recoverable amount. Fair value takes into account current valuation multiples for Envirosuite and its peer group, where relevant, applied to actual and forecast results for each CGU. The recoverable amount takes into account the pre-tax cash flows expected to be received from the CGU over a 3-5 year period with a terminal value applied in the final year. The impairment model was applied to goodwill and other intangible assets for the half year-ending 31 December 2020 and there was no impairment noted across all CGUs.

The COVID-19 pandemic has had an adverse global economic impact, however, it is not possible to accurately determine the future nature, extent or duration of the impact on the group, material or otherwise, at the date of signing the interim financial statements. The directors of the group have considered the potential impacts of COVID-19 as well as the concentration of revenue risks identified in Note 3 and do not believe that based on the information currently available, it has a significant impact in the assessment of impairment at balance date.

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6. Issued capital

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

Movements in ordinary shares	31 December 2020	31 December 2019
Balance at 1 July	**1,024,685,906**	**370,202,780**
Issue of ordinary shares - exercising of employee and director share options	-	8,500,000
Issue of ordinary shares - employee performance rights	1,458,000	-
Issue of ordinary shares - institutional and share placement	-	85,750,000
Ordinary shares on issue at 31 December	**1,026,143,906**	**464,452,780**

Options

For the half year ended 31 December 2020, the Company issued the following options:

- 2,000,000 (2019: 22,500,000) issued to directors with an exercise price of $0.40 each that expire in December 2022.
- Nil (2019: 25,000,000) issued to investors.

Performance rights

For the half year ended 31 December 2020, the Company issued the following performance rights:

- 4,000,000 (2019: Nil) issued to directors.
- Nil (2019: 3,905,266) issued to employees.

7. 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 $1,878,289 (2019: $125,656).

8. Business combination

Acquisition of AqMB Group

On 17 August 2020, the group acquired 100% of the issued capital of AqMB Pty Ltd, a water modelling R&D technology software company. Through acquiring 100% of the issued capital of AqMB Pty Ltd, the Group has obtained control of the company, which primarily represented the rights to the software developed. The acquisition is part of the Group's strategy to expand into the market for Environmental Intelligence within the Water industry with the technology from AqMB, along with Envirosuite's exclusive license over SeweX algorithms, used in Envirosuite's EVS Water product which was launched in November 2020.

Acquisition Balance Sheet	2020 $'000
Purchase consideration	
Cash paid	1,205
Less: cash acquired	-
Purchase consideration, net	**1,205**
Fair value of identifiable net assets acquired	
Acquired software	1,204
Other receivables	1
Total fair value of identifiable net assets acquired	**1,205**
Residual representing goodwill	**-**

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9. Interest in subsidiaries

Parent entity

The parent entity of the Group is Envirosuite Limited

Subsidiaries

Entity Name	Country of Incorporation	31 December 2020 %	31 December 2019 %
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.[1]	Colombia	100	100
Beijing Envirosuite Environmental Science & Technology[1]	China	100	100
Hengli Ruiyan Environmental Engineering Co. Ltd[1]	China	100	100
Envirosuite Brasil Comercialização de Equipamentos Ltda	Brazil	100	-
AqMB Holdings Pty Ltd	Australia	100	-
AqMB Pty Ltd	Australia	100	-
Envirosuite Holdings No 2 Pty Ltd[2]	Australia	100	-
Envirosuite Australia No 2 Pty Ltd[3]	Australia	100	-
EMS Bruel & Kjaer Pty Ltd	Australia	100	-
EMS Bruel & Kjaer Inc	USA	100	-
Envirosuite Iberica S.A[9]	Spain	100	-
Envirosuite Denmark Aps[4]	Denmark	100	-
Envirosuite BV[5]	Netherlands	100	-
Envirosuite UK Ltd[6]	United Kingdom	100	-
Envirosuite Korea Ltd[7]	South Korea	100	-
Envirosuite Taiwan Ltd[8]	Taiwan	100	-
EMS Bruel & Kjaer Environmental Monitoring (Beijing) Ltd[1]	China	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 the Envirosuite Limited, being 30 June.
(2) Formerly EMS Bruel & Kjaer Holdings Pty Ltd
(3) Formerly EMS Bruel & Kjaer (Australia) Pty Ltd
(4) Formerly EMS Bruel & Kjaer Denmark Aps
(5) Formerly EMS Bruel & Kjaer BV
(6) Formerly EMS Bruel & Kjaer UK Ltd
(7) Formerly EMS Bruel & Kjaer Korea Ltd
(8) Formerly EMS Bruel & Kjaer Taiwan Ltd
(9) Formerly EMS Bruel & Kjaer Iberica S.A.

Transactions with other related parties

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

10. Subsequent events

The Directors are not aware of any matters or circumstances that have arisen since 31 December 2020 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 9 to 19 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 as at 31 December 2020 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
25 February 2021

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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 2020, and the consolidated income statement and 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 2020, 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.

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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 2020 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

SHAUN LINDEMANN
PARTNER

25 FEBRUARY 2021
BRISBANE

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Corporate Directory

Envirosuite Limited

ABN: 42 122 919 948

Board of Directors

Peter White
Managing Director

David Johnstone
Chairman

Hugh Robertson
Director

Sue Klose
Director

Company Secretary

Rachel Ormiston

Registered office and principal place of business

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Phone: 02 8484 5819

Share Registry

Boardroom Pty Limited
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Sydney, New South Wales 2000

Phone: 02 9290 9600

Auditor

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

Phone: 07 3839 9733

Stock Exchange Listing

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

Website Address

www.envirosuite.com

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