

ASX Release

Envirosuite delivers record quarter, \$2.1m in ARR

8 April 2021

Highlights:

- > Strong Q3, delivering \$2.1m new ARR
- > The quarterly ARR added was an increase of ~180% (\$1.15m) on the previous quarter
- > Total ARR is now \$42.5m
- > One-off revenue of \$1.7m in hardware and services
- > 13 new customers added complimenting key expansion revenue across existing customers
- > Churn remaining approximately 2% for the financial year
- > Strong demand and pipeline building for Q4 FY21

Global leader in the provision of environmental intelligence solutions, Envirosuite Limited (ASX:EVS) (the Company) is pleased to provide an update on sales progress for the third quarter of FY2021, for the period ending 31 March 2021.

EVS has delivered a record quarter of \$2.1m in new ARR sales. This result is an increase of ~180% compared to \$1.15m in the previous quarter, bringing the total ARR for FY21 to \$42.5m. Underpinning the strength of the result has been the recovery in the Aviation sector, which is starting to return, particularly in the North American market, as well as strong performance in growth markets of Mining & Industrial, Waste & Wastewater and Water.

Key wins for the quarter include:

Aviation

- New win at a major international airport in North America
- Expansion revenue at Dublin Airport (DUB), Oakland (OAK) and San Francisco International Airport (SFO)

Mining & Industrial

- New mining sites at Teck Resources (bringing the total to 3 sites), new sites at Batchfire Callide and Port of Melbourne
- Expansion revenue at Pilbara Ports Authority
- City of Riyadh for supply of software and EVS noise monitoring hardware for a city wide IoT network to monitor noise compliance

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Waste & Wastewater

- Additional site added and expansion contract with Tata Steel (now 2 sites in total)
- One additional site with Welsh Water (now 3 sites in total)
- City of Kelowna (North America) for a city wide IoT odour monitoring solution

Water

- Queensland Urban Utilities for supply of EVS Water solution
- Winning Singapore's national water agency (PUB) global innovation challenge for digital twin solutions for water treatment.

Key renewals included Madrid City (EMEA) IoT noise monitoring, Agrosuper (South America) multi-site odour monitoring, Frankfurt Airport (FRA), San Diego International noise monitoring (SAN), Chicago O'Hare International Airport (ORD) and Hawaii International Airport (DFS).

Envirosuite has a clearly defined strategy across the three key regions it operates within

Under renewed leadership coming into Q3, EVS has a clear strategy of building value in four key global sectors: Aviation, Mining & Industrial, Waste & Wastewater and Water. To drive a clear focus on technology sales, EVS has invested in sales effectiveness and is now more focused and disciplined resulting in quality deals with strong SaaS margins.

To complement this focus, the Company has consolidated its market segments into three aligned regions: APAC (including China), the Americas and EMEA. This change will allow EVS to reduce overhead costs but more importantly create systematic, sustainable customer acquisition that drives growth in the focus sectors.

Driving a product led, sales focused go-to-market strategy

The Company's newest product EVS Water was officially launched in Q3 and management is pleased with early validation of the product market fit as EVS looks to accelerate growth in this key market across North America, Europe and Asia Pacific to address the 100,000+ sites in these regions. EVS Water is a unique SaaS solution for the design and improvement of biological, industrial, water and wastewater treatment infrastructure. It combines artificial intelligence and modelling technology to predict and avoid water quality incidents, while identifying process improvements and cost savings for facilities in real-time.

EVS's low churn rate of approximately 2% continues to be resilient showing the strength of the product suite. The stable revenue base in the Aviation sector has allowed EVS to invest in growth products across Mining, Waste & Wastewater and Water. Product development under new Head of Product, Andrew Barron, will continue to build differentiated value in these key sectors with a substantial focus on software, and it is positive to see sales results in Q3 demonstrate this with new wins as well as additional sites across existing customers.

Market tailwinds expected, particularly from Biden's US\$111b water infrastructure proposal

In addition to a general improvement in market sentiment as the world recovers from COVID-19, EVS continues to see large market tailwinds across the Environmental Intelligence investment landscape. The recent US\$111b water infrastructure proposal from the Biden administration will see water treatment facilities built and upgraded across the nation. On the back of this we expect strong demand for the EVS Water product suite as asset owners continue to digitise the design and operations phase of these facilities.

This investment complements what EVS believes is a huge shift in attitude and investment in ESG assets with a tipping point of US\$100 trillion in ESG assets now under management, accelerating in North America and throughout Asia. This acceleration is driving Board's and asset owners to consider their social license and engagement with their community on environmental issues. This is now translating into a focus on how technology companies such as EVS can bridge the gap between industry and the community.

Commenting on the strong Q3 results, newly appointed CEO, Jason Cooper, said: *"We are very pleased with the results of Q3 as EVS delivers its largest ever new sales quarter and continues to build discipline and focus in our chosen sectors. We are seeing confidence return to the market which is materialising across the world, particularly in North America and the increasing interest in EVS Water. The \$1.7m in one-off revenue is another sign of market confidence with the resurgence of project-based work. With our renewed focus and discipline, we are well placed to scale up and service this growing demand and continue this performance for Q4 and FY22"*.

Pursuant to ASX GN8, in relation to the contract wins, the Company confirms that there are no other material terms to be disclosed or that need to be satisfied.

Authorised for release by the Board of Envirosuite Limited

About Envirosuite

Envirosuite (ASX:EVS) is a global leader in environmental intelligence spanning more than 15 countries and is a trusted partner to the world's leading industry operators in aviation, mining & industrial, waste and water.

Envirosuite is an ASX All Technology Index company and ranked 12th in Deloitte's Technology Fast 50 winners for 2020.

Envirosuite's proprietary software combines leading-edge science and innovative predictive technology with industry expertise to produce actionable insights, allowing customers to optimise their operations, whilst remaining compliant and managing their environmental impact.

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

www.envirosuite.com