envirosuite

20 August 2024

Appendix 4E
Summary Financial Report

Results for announcement to the market

For the financial year ended 30 June 2024

	Consolidated Group			
	Year ended 30 June 2024	Year ended 30 June 2023	Variance to prior year	
	$'000	$'000	$'000	%
Revenues from ordinary activities	59,378	57,899	1,479	2.6%
Profit / (loss) after tax from ordinary activities attributable to members[2]	(32,248)	(10,278)	(21,970)	(213.8%)
Net profit / (loss) attributable to members[2]	(32,248)	(10,278)	(21,970)	(213.8%)
Net tangible assets / (liabilities) per security (cents)	0.1	0.9[1]		

1 - Current and prior year net tangible assets / (liabilities) per security has been updated to exclude deferred tax liabilities previously included within the calculation.

2 - A non-cash impairment charge of $18.3m was recognised from the impairment assessment completed as at 30 June 2024. One of the considerations of the impairment assessment is the market capitalisation of the Company relative to the overall carrying value of goodwill. Further details on the impairment charge taken up, and assumptions adopted are set out in Note 13 of the financial statements.

The net tangibles asset backing per security of 0.1 cents presented above is inclusive of right-of-use assets and liabilities. The net tangible asset per security, at 30 June 2024, would reduce to 0.0 cents (2023: 0.7 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 year ended 30 June 2024.

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

Other

Additional Appendix 4E 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 2024 Annual Report, including the Chairman's Letter and CEO Report.

This document should be read in conjunction with the 2024 Annual Report, including Chairman's Letter and CEO Report, and any public announcements made in the period by Envirosuite Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001 (Cth) and the ASX Listing Rules.

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

2024 Annual Report

Envirosuite Limited

ABN: 42 122 919 948

Board of Directors

David Johnstone
Chair

Colby Manwaring
Director

Stuart Bland
Director

Jason Cooper
Managing Director

Sue Klose
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 2, 66 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 Full 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 full year 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
- Chair's Review
- CEO's Review
- Portfolio Update
- Financial Statements

Key Metrics

$61.1m

Annual recurring revenue

▲ 2.8% YoY

435

Customer sites

▼ (1.8%) YoY

$59.4m

Statutory revenue

▲ 2.6% YoY

52.5%

Gross profit[1]

▲ 1.7% YoY

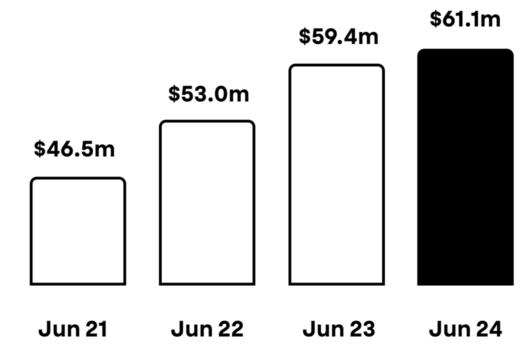
$1.1m

Adjusted EBITDA profit

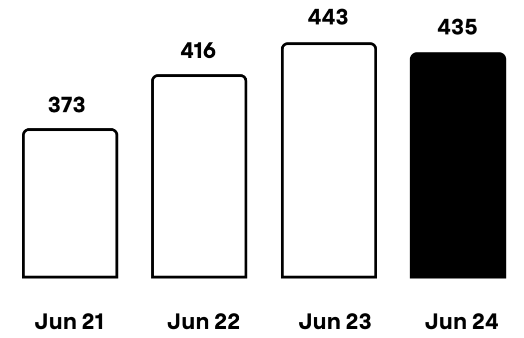
▲ 123.1% YoY

1 - Numbers presented on an EBITDA basis

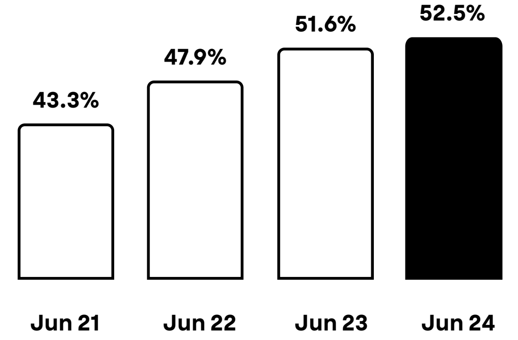
ARR ($m)



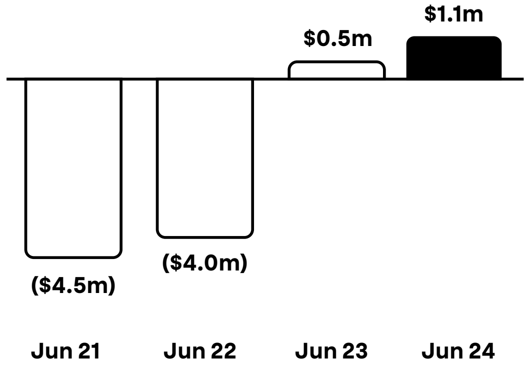
SITES



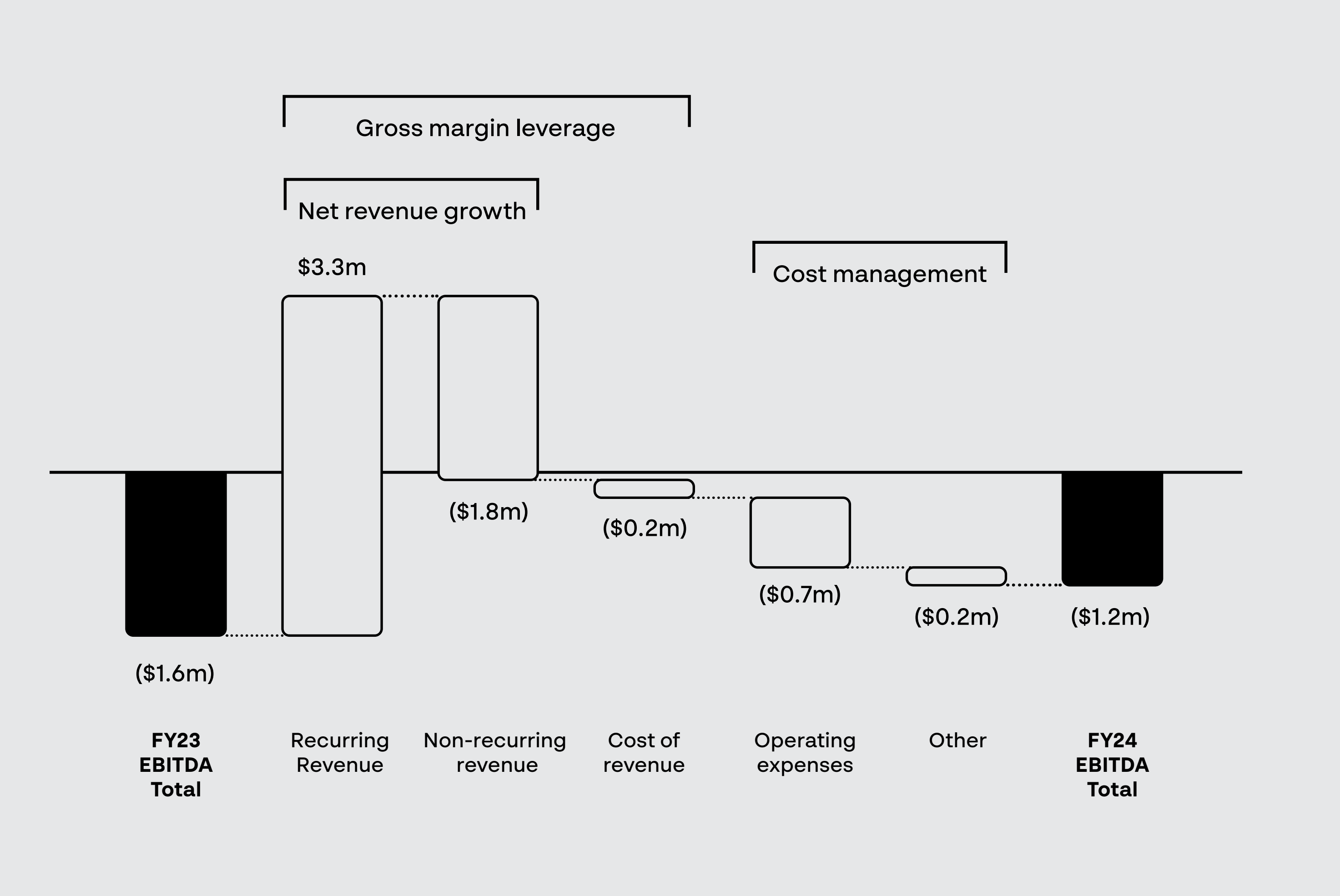
GROSS PROFIT %



ADJUSTED EBITDA ($m)



EBITDA GROWTH



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

Envirosuite provides cutting-edge solutions that empower customers to optimise their operations 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.

Envirosuite Annual Report 2024

Chair's Review

David Johnstone
CHAIR

Dear fellow Shareholders,

I am pleased to present Envirosuite's 2024 Annual Report, which will be my last as Chairman, having previously announced my intention to step down. I encourage all investors to carefully read and consider the contents of the Annual Report and the associated disclosures to make an informed assessment of the value of the Company.

To this end, I note the deterioration in our share price, which has been deeply disappointing for all shareholders including myself. Despite having more than $60m in annualised recurring revenue (ARR) and a diverse global blue-chip client base, Envirosuite currently has one of the lowest market valuations to ARR on the ASX. At the time of writing, the Company's market capitalisation of approximately $52 million represented less than 85% of its ARR.

The combination of Envirosuite's current low market valuation, its strong business fundamentals and its global leadership position in environmental intelligence technology resulted in significant corporate interest in the Company over the past 12 months. This has received some media attention.

Your Board is very cognisant of its obligations to explore and properly assess all opportunities put before us. We have considered and advanced a range of corporate discussions that have contemplated full sale, as well as partial and commercially strategic investments. These types of discussions are highly sensitive and confidential, and we do not speculate on what may or may not occur. We will work through each opportunity that arises and we will update the market as required in accordance with our disclosure obligations. However, in the interests of all our shareholders, particularly our longer-term holders, we have no intention of selling them out by folding to any discounted opportunistic proposal which may emerge as a result of the current low share price.

We are adequately funded and have no current plans to raise capital aside from acting on commercially strategic opportunities if they arise.

During FY24 your Company took many strategic operational decisions to take significant costs out of the business. While the impact of these actions is not yet fully reflected in this set of financial statements, they are already benefiting our margins and earnings and will continue to do so.

In another move to improve our future financial performance, we took steps to discontinue low margin, non-core legacy contracts from earlier years that were no longer commercially viable. While this action will be very positive for future earnings, it has led to higher-than-average reported churn. We also needed to reflect the costs associated with the various corporate discussions and associated costs during the year. We have delineated between costs such as the above that are one-off in nature and those that are continuing and have reported on underlying or 'Adjusted EBITDA'.

With the decline in Envirosuite's market value during the year we have taken a conservative approach and written down the cost of the goodwill on the balance sheet.

This non-cash accounting item has no impact on the business's performance or prospects; however, it has affected the headline earnings number for the 2024 financial year.

Envirosuite's globally leading products are at the core of the now omnipresent ESG theme and they help ensure our customers can continue to operate in their communities around the world.

For our Aviation customers, it means keeping planes flying by managing the noise and community impacts caused by aviation activities in the urban areas surrounding airports. The extended capabilities in Carbon Emissions and recently delivered sustainable airspace ANSP solution positions the Company strongly to pursue the emerging Net Zero and GHG growth vertical in Aviation.

Envirosuite's commitment to solutions facilitating environmental and social responsibility not only aligns with current ESG market trends but also positions us as a leader in the space. For our EVS Industrial customers, from mines to waste facilities and a wide range of industrial emitters that require a social license to operate, we bridge the relationship with data and insights that drives community trust and operational optimisation.

Regulatory requirements around the world continue to move in line with community expectations for better ESG performance from companies. Our customers are increasingly seeking long term technology partners that can leverage their existing monitoring sensor network and build upon it to extract greater value from their data through software platforms. As a world leader in this space, this helps ensure our revenues are strong and sustainable.

As mentioned above, I will be stepping down as Chair of Envirosuite once my successor is named. I thank all shareholders, fellow board members and the Envirosuite team for their support and efforts throughout the process.

Envirosuite is a great company achieving tangible outcomes for people and industries around the world. Remember that planes cannot fly without Envirosuite's solutions, which service most of the world's largest airports. We are also seeing that mines and other heavy industries are increasingly reliant on our solutions to continue their operations in response to regulatory and community expectations

The new era of environmental and social governance is with us, and I believe that the Company has a very strong future.

Sincerely,

David Johnstone
Chair

CEO's Review

Jason Cooper
CEO

Dear valued shareholders,

This past year has undoubtedly been one of the most challenging in our Company's history. The decline in our share price reflects the difficult market conditions and the significant headwinds in our commitment to executing our strategy. We strongly believe that the foundations we have laid, coupled with the resilience of our team and the critical nature of our technology position us well for future growth and success.

The Company set an objective to deliver positive Adjusted EBITDA less Capitalised Development on a run rate basis during FY24. We did not fully achieve this, primarily due to a shortfall in anticipated Project Sales and associated non-recurring revenues. There is always a timing risk associated with when customers will commission projects, with several projects expected in FY24 being deferred to FY25. This impact to revenue was mitigated through active cost management during the year.

Envirosuite has achieved another year of an Adjusted EBITDA positive result which was our stated objective at the start of the year. We have continually balanced the need of growth as well as strong fiscal management to deliver these results. It has been pleasing to see the growth in both our EVS Aviation and EVS Industrial portfolios globally and particularly the Americas.

Within EVS Industrial we focused on greater consistency in our sales velocity, which has resulted in consistently winning around $1.4m new ARR per quarter. The key segments that we achieved growth in was in Mining and Waste, underpinned by our world leading technology and strong macro-economic drivers around environmental and social responsibility and the Environmental Justice social movement in the USA. Importantly, the Industrial business typically has a shorter timeframe from contract signing to revenue recognition, which improves the pull through of new ARR to recognised recurring revenue.

At the end of Q3 we made the decision to consolidate our EVS Water products under the EVS Industrial portfolio which leveraged the significant advancements that we had made in the capabilities of our newly released software products in the Water sector. This structural change led to a cost reduction of approximately $2.5 million dollars on an annualised basis. Our cutting-edge technology continues to serve the Water sector around the world.

In October we announced a debt facility with Partners for Growth which supports our operational requirements as we continue to grow. The facility supports 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 also provides funding to support the Company's working capital requirements.

From a product perspective we have achieved several significant milestones which have helped us grow market share and further support our customers' needs, strengthening our competitive advantage. In EVS Industrial we deepened our operational optimisation value proposition with the Omnis platform now capturing and linking operational response data to environmental alerts, providing customers with an understanding of response effectiveness not previously possible. Within EVS Aviation we extended the capabilities of our Carbon Emissions management module to further assist customers in calculating and reporting on aircraft greenhouse gas emissions. We also successfully delivered an innovative combination of existing EVS Aviation technology to leading air navigation service provider (ANSP) Nav Canada as a single automated solution, empowering the customer to increase their progress around operational and environmental optimisation and demonstrate that to communities and external stakeholders.

As many of you may have read there was some media speculation on interest from private equity and other strategic investment opportunities through the year. We managed this process with the assistance of our professional advisors, however these enquiries did result in some substantial one-off costs which we have outlined in the financial statements. These options have included partial sale, sale of whole company as well as strategic investment opportunities. We continue to explore different strategic options in the interest of maximising shareholder value and will keep the market informed in line with our disclosure obligations.

As stated back in the annual reports for FY22 and FY23, we have a clear focus on our core market sectors in the EVS Industrial portfolio which includes: Mining, Industrial, Waste and Wastewater. This has proven to be successful as we have successfully created a global brand at the same time, growing our market share in all four sectors. We have focused on improving Gross Margin, ARPS, Expansion and Scale opportunities and increasing customer engagement. This strategy has had an impact on a higher churn rate in FY24 from previous years as some of the legacy non-core contracts have come to an end such as construction contracts. We have also actively managed low margin contracts which has resulted in our decision to not renew these contracts in FY24.

Whilst this churn in FY24 has had an impact on the overall growth of the company, the core growth into higher margin and long-term contracts was achieved in FY24. We remain confident that these strategic decisions to focus on long-term value creation in our focus sectors are the right ones, as they have resulted in the Company winning more long-term contracts for sites and assets that will require our technology for many years sets us up for further growth in FY25 and beyond.

Central to our strategy has been the focus on growth in the Americas and we have been pleased with the impressive results from this region in FY24. Americas has continued to provide strong customer acquisition with meaningful new customer wins as well as expansion and scale within our existing customer base. Importantly this has been focused on the recurring revenue contracts aligned with our core value proposition. We have certainly been encouraged by the quality of new customers that the Americas team has been able to secure and grow through expansion and scale opportunities, particularly in the Mining sector. Importantly we have won back customers in this period that we had previously churned.

EVS Industrial has been the primary growth engine of the Company and the Mining sector has once again proven to be our most successful sector in FY24. This is measured by the increase in ARR, Average Revenue

per Site (ARPS), the underlying gross margin as well as the strong operational improvement we continue to provide to our customers. We are highly confident that we are well positioned to continue our accelerated growth in the Mining sector with our existing product set that we have been able to bring to market to date and the future product development opportunities on our roadmap.

We have prioritised a customer engagement focus that drives stronger product adoption as well as a focus on understanding our customers needs for both today and well into the future. This continues to shape the roadmap and ensure we remain as the market leader in our chosen segments. We understand our customers operate in a complex and dynamic environment and we are committed to supporting them through this evolving landscape. This represents a strong growth corridor for our Company and remains a top priority as we move into FY25. A critical component of our business model is the importance of our solution to our customers around the world. As legislation continues to evolve, the need for our solutions is becoming more essential to operate.

One of the pleasing aspects of FY24 has been the contribution of our staff around the world leveraging several areas of excellence. In Santiago, Chile our global solutions and global modelling teams have helped to rapidly advance the way that we turn on our Industrial sites and ensure our customers have highly accurate site-specific data that they can rely on to make real time and predictive decisions. We will continue to invest into this centre of excellence to support our growth in Mining and the broader EVS Industrial platform.

At Envirosuite, our people continue to be our most valuable asset, and we are steadfast in our commitment to their growth and professional development and grateful for their efforts and contributions to our exciting Company. Over the past year, we have further cultivated a culture of collaboration, innovation, diversity, and inclusivity, all of which remain core to our identity. I want to thank our dedicated workforce for once again demonstrating remarkable resilience and adaptability, driving our collective success in an ever-changing market landscape.

Envirosuite's strong leadership team has adeptly navigated complex market dynamics, steering the Company towards sustained growth and profitability. The leadership team remains focused on leveraging our strengths, capitalising on opportunities, and addressing challenges with agility and determination. With a clear vision and strategic direction, we are well-positioned to capitalise on emerging trends and continue driving sustainable success.

As we transition into FY25, I am highly confident we have the right strategy and focus to accelerate growth. Once again, our technology has demonstrated its immense value to governments and industries worldwide. Our market leadership position in Aviation continues to set the benchmark globally and we've been proud of the wins that we have announced on a competitive base, demonstrating that our technology and our domain knowledge and expertise are the strong differentiators. Our pipeline has grown and we continue to work with Airports and strategic airspace operators to more deeply penetrate the aviation sector.

The EVS Industrial portfolio, headlined by Omnis – the world's leading environmental intelligence platform – continues to innovate and strengthen its product differentiation. Our focus on key accounts that have significant expansion and scale opportunity will be our primary focus where we can deploy our technology in a highly scalable manner, leveraging our existing global footprint and our efficient processes. We serve customers in over 40 countries today and our business model can support rapid acceleration for FY25 and beyond. As we have seen all around the world, the demand for environmental intelligence, ESG and Net Zero underpins our confidence that our addressable market continues to grow year on year.

We have consistently demonstrated strong fiscal management over the past few years, and as we move into FY25, our commitment to disciplined cash and capital management remains unwavering. This year, we will build on our global operational footprint to not only improve our financial ratios and operating leverage but also to drive growth and create substantial value for our shareholders.

Our focus extends beyond efficiency, scalability, and productivity; we are also deepening customer engagement and accelerating time-to-value. These efforts will be pivotal in driving further improvements across our business metrics and ensuring sustained growth.

We extend our deepest thanks to David for his dedicated leadership and invaluable contributions during his tenure as Chair. His guidance has been instrumental in steering the Company through significant milestones, and we wish him all the best in his future endeavours.

In closing, I want to extend my heartfelt gratitude to our shareholders for their continued support and confidence in Envirosuite. Together, we will embrace the opportunities ahead, driving growth and enhancing value as we help create a world where people, planet and industry can partner and prosper.

Jason Cooper
CEO

evs industrial

$18.2m
▲ 10.9% YoY
Recurring Revenue

40
▲ 21.2% YoY
New Sites

$99k
▲ 10.2% YoY
Average Revenue per Site

247
▼ -3.1% YoY
Total Sites

Sustainable growth in high value focus sectors

Envirosuite has delivered sustainable revenue growth within EVS Industrial in FY24 while deepening its product competitive advantage and market penetration in its high-value focus sectors: Mining, Waste, Wastewater and Industrial. Recurring revenue has grown 10.9% YoY to $18.2m underpinned by new ARR sales of $5.7m and the addition of 40 new sites (up 21.2% YoY).

With compelling value propositions strengthened by further product development, combined with the intensifying pressure and tightening regulations around environmental and social responsibility globally, the portfolio's foundations are strong and the Land, Expand and Scale strategy is delivering.

- Won 31 new high-calibre customer logos.
- Increased Average Revenue per Site (ARPS) by 10.2% YoY to $99,000 on the back of solution expansions and upsells with existing customers.
- Average Sites per Customer of 1.2 clearly indicating significant opportunities to scale solutions to subsequent sites operated by existing customers.

The ARPS increase is especially pleasing, showcasing Envirosuite's ability to drive adoption and deliver tangible value to new customers quickly, accelerating opportunities to grow with those customers and deepen that value through expanded offerings and denser monitoring networks.

While some of the Company's top-line growth in FY24 has been offset by churn, contract end-of-life and downsell, much of this offset was expected or consciously incurred following strategic decisions in recent years to focus on the four key sectors and to consolidate the instrumentation strategy to focus on developing noise and vibration capabilities. These strategic decisions have enabled a deeper understanding of customers and their requirements, resulting in stronger product market fit and brand awareness. Of the churn that was not consciously incurred, some of this was attributed to customer facilities temporarily ceasing production due to capital works and not requiring a solution during that period, or force majeure events.

These strategic decisions have also contributed to the increase in ARPS and will deliver gross margin improvement long-term, with the Company:

- only pursuing high value industries where facilities require environmental management solutions to operate, and will be in operation for decades; and
- consciously electing not to renew customer contracts that are non-core or depend on specific instrumentation that is no longer supported.

Transitioning into FY25, the Company remains confident that these strategic decisions will continue to deliver long-term contracts for facilities that require environmental intelligence technology for many years.

Omnis, the Industrial portfolio's headline product, extended its competitive advantage over traditional environmental solutions as innovative new capabilities were developed during the year. New community-facing reports and public portals are now available, helping customers transparently share environmental performance data and insights with community stakeholders to build trust and demonstrate operational responsibility, including site activity, noise, air quality, and more.

The recently released 'Alert Responses' capability has significantly strengthened Omnis' operational optimisation value proposition, with the platform now collecting on-site actions taken in response to the multi-faceted alerts that customers have configured. Capturing and linking this operational response data to the alert events provides a powerful and easily accessible understanding of mitigation effectiveness not previously possible. This capability directly supports Triggered Action Response Plans (TARPs) for mine sites and Odour Management Plans (OMPs) for waste sites and wastewater treatment plants, which are critical components of each industry's operations.

With customers' data security requirements intensifying, the Company continued to invest in increased data security controls and systems within the EVS Industrial portfolio. This investment and the resulting continuous improvements are strong competitive differentiators and ensure Envirosuite is well-positioned to meet and respond to customers' data security needs.

The Company enters FY25 with a renewed growth mindset. With proven product offerings, demonstrated traction in the four focus sectors but in Mining and Waste in particular, and a clear Land, Expand and Scale strategy, the EVS Industrial portfolio is well-positioned to achieve greater success.

* As announced on 28 March 2024 via the Australian Stock Exchange (ASX), the EVS Water products were consolidated into the EVS Industrial portfolio during the financial year. The above EVS Industrial data for both the current and comparative year have been updated to reflect this consolidation.

Site-wide environmental intelligence at Newmont's Cadia Valley Operations

PROJECT DESCRIPTION

As social and regulatory pressures around environmental impact and performance intensify, Newmont is proactively looking to technology solutions to help it improve outcomes for surrounding communities, derisk environmental compliance and optimise environmental management and reporting.

SELECTED TO

Provide a site-wide environmental intelligence solution to manage dust, noise, and odour emissions as well as water management, including transparently presenting environmental performance data proactively through publicly accessible community-facing reports.

evs aviation

$34.6m
▲ 4.6% YoY
Recurring Revenue

10
▼ -37.5% YoY
New Sites

$194k
▲ -0.3% YoY
Average Revenue per Site

188
■ 0.0% YoY
Total Sites

Global market leader, well-positioned to pursue emerging opportunities

Envirosuite continues to compete strongly and win in the Aviation industry, securing new business and renewing major customers during FY24 often through competitive tender processes. EVS Aviation recurring revenue grew 4.6% YoY (11.7% when excluding the abnormal churn event in FY23 Q3) to $34.6m on the back of new ARR sales of $2.2m during the year and the addition of 10 new airport sites.

Noise management, flight tracking and community engagement continue to be key challenges that airports must manage as part of their operations and Envirosuite remains the market leader in this space. Airports and air navigation service providers (ANSPs) are also increasingly focused on 'green aviation', with many publicly committing to Net Zero targets. EVS Aviation's Carbon Emissions module for airports and the recently delivered sustainable airspace solution means Envirosuite is well-positioned to pursue this emerging growth opportunity.

EVS Aviation has benefited from the successful execution of the Company's Land, Expand and Scale strategy in FY24.

- Won 6 new customer logos.
- Maintained high Average Revenue per Site of $194,000 with new ARR during the year driven by solution expansions and upsells with existing customers.
- Leveraging existing technology to solve new problems in emerging segments, specifically with leading ANSP Nav Canada.

Announced in FY23, Nav Canada is seeking to optimise both the flight experience of airline passengers and the ground and airborne operational performance of airports and airlines to deliver improved environmental outcomes. The customer's team has worked alongside Envirosuite during FY24 and is now using an innovative combination of Envirosuite's existing flight path tracking, on-ground tracking, and Carbon Emissions capabilities. The single automated solution can measure, analyse and communicate operational performance across these four airports, as well as track additional metrics around flight efficiency and environmental impact. This capability empowers Nav Canada to increase their progress around operational and environmental optimisation, enabling them to demonstrate these proactive improvements to communities and external stakeholders.

The Company hosted its flagship customer event 'FORUM23' for the first time in four years following the disruption COVID-19 caused to the industry. Held in both Europe and North America, the events are an opportunity for Envirosuite to connect customers with each other and collaborate on current and future industry challenges. Attended by a combined 87 users and decision-makers representing 55 customers, the events generated significant demand for expanded solutions including InsightFull, Carbon Emissions and Noise Modelling, as well as EVS Industrial solutions for air quality and water management at airports. Pleasingly, some of these opportunities are now won and contributed new ARR. FORUM23 also played a key role in securing long-term renewals with major airport customers London Heathrow and Dublin Airport during the year. London Heathrow is especially noteworthy as it is one of the world's leading airports and uses almost all EVS Aviation solutions.

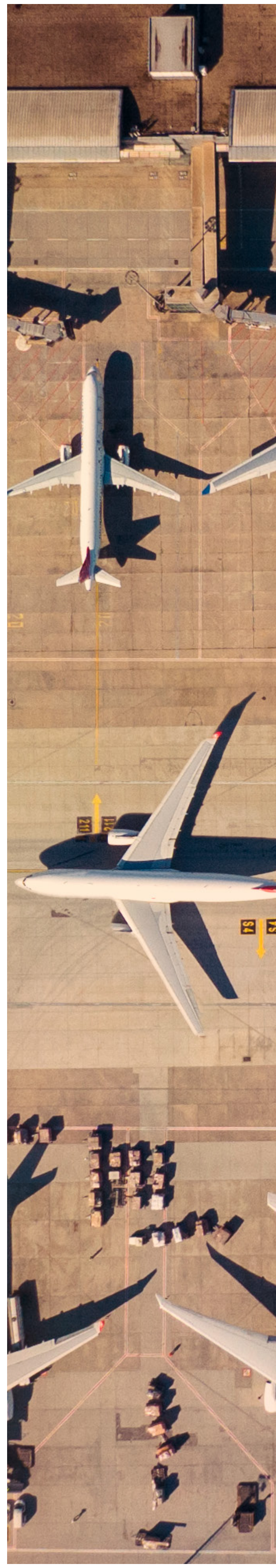
Customer retention and upsell remains a core component within the EVS Aviation portfolio, with churn remaining very low. However, revenue growth during the year was impacted by downsell with some customers at contract renewal, where the scope of services was reduced. Scope reduction was typically due to significantly fewer aircraft operations at some airports, and competitive pressure on price in some cases.

The Company took significant steps forward in leveraging its industry leading flight and operations tracking technology to deliver unique solutions to address growing sustainability and environmental pressures facing Aviation. This innovative approach provides a method for ANSPs and airports to benchmark their flight operations' performance against the established Civil Air Navigation Services Organisation (CANSO) standards.

With the industry's increasing focus on achieving Net Zero targets, 'Global Warming Potential' values were added to the Carbon Emissions Management module during the year. Further detail and precision around the emission calculations was also introduced. These two enhancements further assist customers in calculating and reporting on the greenhouse gas emissions of aircraft operating in their airspace, which is a key piece in tracking progress against Net Zero goals.

With customers' data security requirements intensifying in recent years, the Company continues to invest in increased data security controls and systems within the EVS Aviation portfolio. This investment and continuous improvements are strong competitive differentiators and ensure Envirosuite is well-positioned to meet and respond to customers' data security needs.

With demand for noise and community engagement solutions remaining strong and new opportunities emerging to cross-sell EVS Industrial solutions and in the 'green aviation' space, combined with Envirosuite's market leadership position in the Aviation industry, the Company enters FY25 well-positioned to achieve greater success.



Long-term renewal and major expansion with Dublin Airport Authority

DublinAirport

PROJECT DESCRIPTION

Dublin Airport (DUB) wants to ensure its operation is not only adhering to regulations but also operating and growing sustainably. To achieve this, DUB requires the best technology solutions in the market to ensure it successfully executes its noise management strategies, meets its regulatory obligations and strengthens community relationships.

SELECTED TO

Continue delivering noise and operations management solutions and services, and begin providing localised, dynamic community engagement portal InsightFull as well as ANOMS Noise Quota Management and Airline Compliance Management modules.

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 financial year ended 30 June 2024.

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, 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

Particulars of each director's experience and qualifications are set out later in this report.

Principal activities and significant changes in nature of activities

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

Review of operations for the year

Operating results

The loss of the Group after providing for income tax amounted to $32.2m (FY23: $10.3m loss).

$000	FY24	FY23	Movement $	Movement %
Recurring revenue	52,797	49,487	3,310	6.7%
Non-recurring revenue	6,520	8,123	(1,603)	(19.7%)
Other revenue	61	289	(228)	(78.9%)
Total operating revenue	**59,378**	**57,899**	**1,479**	**2.6%**
Cost of revenue	(29,339)	(28,728)	(611)	(2.1%)
Gross profit	**30,039**	**29,171**	**868**	**3.0%**
Operating expenses	(42,765)	(40,362)	(2,403)	(6.0%)
Other income / (expense)	(115)	143	(258)	(180.4%)
Impairment of goodwill	(18,327)	-	(18,327)	-
Operating deficit	**(31,168)**	**(11,048)**	**(20,120)**	**(182.1%)**
Net Loss after tax	**(32,248)**	**(10,278)**	**(21,970)**	**(213.8%)**
EBITDA	**(1,202)**	**(1,613)**	**411**	**25.5%**
Adjusted EBITDA	**1,073**	**481**	**592**	**123.1%**
Other Key Metrics				
ARR ($000)	61,092	59,433	1,659	2.8%
Sites	435	443	(8)	(1.8%)
Recurring revenue as % of total revenue	88.9%	85.5%	3.4%	4.0%
Gross profit % (statutory)	50.6%	50.4%	0.2%	0.4%

Key highlights

- Recurring revenue increased $3.3m (6.7% growth, 11.4% growth excluding abnormal churn event in FY23). Growth driven by strong performance in the Americas 13.3% and EMEA 13.8% regions.
- In addition to customer delays, and local economic conditions impacting non-recurring revenue, the Industrial non-recurring revenue was impacted by decisions to support Industrial customers to bundle equipment purchases into their recurring subscription fees, rather than require an outright purchase of monitors and sensors (which would be recognised as non-recurring revenue). The impact of a higher proportion of customers bundling equipment is also evident in higher investment spend and balance sheet recognition of monitors and sensors.
- Gross profit 50.6% (52.5% on an EBITDA basis) increased from 50.4% (51.6% EBITDA basis) demonstrating Envirosuite's commitment to achieving gross margin improvement despite challenges in non-recurring revenue growth.
- As a percentage of total trading revenue, expenses increased 2.0% from 70.1% to 72.1% in FY24 primarily caused by an increase in amortisation of software – a result of continued investment into strengthening Envirosuite's product offerings.

- Ongoing improvement in EBITDA of 25.5% ($0.4m) over FY23 directly resulting from the improved margin of $0.9m, offset by modest expense increases, primarily sales and marketing related initiatives including the 'FORUM23' aviation customer events in Europe and the Americas.
- EBITDA growth in H2 FY24 was adversely impacted by $2.2m of non-recurring costs. These non-recurring costs related to corporate activity and restructuring initiatives, including the announced strategy change in EVS Water, as the EVS operating structure continues to evolve to drive profitability goals.
- Adjusted EBITDA improved by 123.1% to $1.1m in FY24 demonstrating the gross margin improvement along with prudent cost management.
- A non-cash impairment charge of $18.3m was recognised from the impairment assessment completed as at 30 June 2024. One of the considerations of the impairment assessment is the market capitalisation of the Company relative to the overall carrying value of goodwill. Further details on the impairment charge taken up, and assumptions adopted are set out in Note 13 of the financial statements.
- The Company set an objective to deliver positive Adjusted EBITDA less Capitalised Development on a run rate basis during FY24. We did not fully achieve this, primarily due to a shortfall in anticipated Project Sales and associated nonrecurring revenues. There is always a timing risk associated with when customers will commission projects, with several projects expected in FY24 being deferred to FY25. This impact to revenue was mitigated through active cost management during the year.

Revenue by Region

$000	FY24	FY23	Movement $	Movement %
Recurring revenue				
Asia Pacific	14,009	15,323	(1,314)	(8.6%)
EMEA	17,586	15,448	2,138	13.8%
Americas	21,202	18,716	2,486	13.3%
Total Recurring revenue	**52,797**	**49,487**	**3,310**	**6.7%**
Trading revenue				
Asia Pacific	16,092	17,359	(1,267)	(7.3%)
EMEA	19,670	17,661	2,009	11.4%
Americas	23,555	22,590	965	4.3%
Total Trading revenue	**59,317**	**57,610**	**1,707**	**3.0%**
ARR				
Asia Pacific	15,092	15,187	(95)	(0.6%)
EMEA	20,286	20,255	31	0.2%
Americas	25,714	23,991	1,723	7.2%
Total ARR	**61,092**	**59,433**	**1,659**	**2.8%**
Sites				
Asia Pacific	111	118	(7)	(5.9%)
EMEA	133	136	(3)	(2.2%)
Americas	191	189	2	1.1%
Number of sites	**435**	**443**	**(8)**	**(1.8%)**

- Total recurring revenue increased $3.3m (6.7%) over FY23 with strong growth in in the Americas 13.3% and EMEA 13.8% regions. Excluding the churn event in APAC, total recurring revenue growth was 11.4% over FY23.

- The Company elected to not renew some low margin, non-core recurring revenue contracts during FY24, improving the quality of the revenue base for future improved profitability, resulting in higher churn during FY24.
- Non-recurring revenue in all regions was below expectations following customer delays in project commencements and economic conditions in some countries.

Revenue by Product Family

$000	FY24	FY23	Movement $	Movement %
Recurring revenue				
EVS Aviation	34,563	33,052	1,511	4.6%
EVS Industrial (Including Water)*	18,234	16,435	1,799	10.9%
Total Recurring revenue	**52,797**	**49,487**	**3,310**	**6.7%**
Trading revenue				
EVS Aviation	38,742	37,147	1,595	4.3%
EVS Industrial (Including Water)*	20,575	20,463	112	0.5%
Total Trading revenue	**59,317**	**57,610**	**1,707**	**3.0%**
ARR				
EVS Aviation	36,550	36,434	116	0.3%
EVS Industrial (Including Water)*	24,542	22,999	1,543	6.7%
Total ARR	**61,092**	**59,433**	**1,659**	**2.8%**
Sites				
EVS Aviation	188	188	-	-
EVS Industrial (Including Water)*	247	255	(8)	(3.1%)
Total Sites	**435**	**443**	**(8)**	**(1.8%)**

* As announced on 28 March 2024 via the Australian Stock Exchange (ASX), the EVS Water products were consolidated into the EVS Industrial portfolio during the financial year. The above EVS Industrial data for both the current and comparative year have been updated to reflect this consolidation.

Continued within EVS Industrial recurring revenue demonstrates the success of the strategic focus on the four high value sectors: Mining, Industrial, Waste and Wastewater.

EVS Industrial portfolio continues to grow, proportionately representing 34.5% of recurring revenue compared to 33.2% in FY23 and 29.2% in FY22. Increased Average Revenue per Site (ARPS) by 10.2% YoY to $99k on the back of solution expansions and upsells with existing customers.

In addition to customer delays, and local economic conditions impacting on non-recurring revenue generally, the Industrial non-recurring revenue was impacted by decisions to support Industrial customers to bundle equipment purchases into their recurring subscription fees, rather than require an outright purchase of monitors and sensors.

Envirosuite continues to compete strongly and win in the Aviation industry, securing new business and renewing major customers during FY24 often through competitive tender processes. EVS Aviation recurring revenue grew 4.6% YoY to $34.6m (11.7% excluding Q3 FY23 churn event).

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

$000	FY24	FY23	Movement $	Movement %
Net loss after tax	**(32,248)**	**(10,278)**	**(21,970)**	**(213.8%)**
Add back: Tax benefit	(106)	(960)	854	89.0%
Add back: Net finance expense	1,186	190	996	524.2%
Add back: Impairment of goodwill	18,327	-	18,327	-
Add back: Depreciation & amortisation	11,639	9,435	2,204	23.4%
EBITDA	**(1,202)**	**(1,613)**	**411**	**25.5%**
Less: AASB 16 depreciation & interest	(1,179)	(1,191)	12	1.0%
Add back: Share-based payments	673	743	(70)	(9.4%)
Add back: Foreign currency losses / (gains)	217	(82)	299	364.6%
Add back: Restructuring cost savings	1,486	1,833	(347)	(18.9%)
Add back: Transaction and integration costs	1,078	671	407	60.7%
Add back: Philippines set up costs	-	159	(159)	(100.0%)
Add back: Property make good provisions	-	(39)	39	100.0%
Adjusted EBITDA	**1,073**	**481**	**592**	**123.1%**

EBITDA is a non-IFRS measure and is calculated by adding back depreciation, amortisation, impairment and interest from net loss before tax. Adjusted EBITDA also adds back share-based compensation expense, foreign currency gains and losses 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 and cost savings, transaction and integration costs and other costs.

Improved EBITDA growth of 25.5% ($0.4m) over FY23 was driven by improved gross margin of $0.9m, offset by modest expense increases, primarily sales and marketing related initiatives including the ‘FORUM23’ aviation customer events in Europe and the Americas. H2 FY24 EBITDA growth was suppressed by restructuring, transaction and integration costs. The Company structure continues to evolve to enable emerging profitability goals to be achieved at the EBITDA metric.

Adjusted EBITDA represents a substantial improvement of 123.1% to $1.1m, realising the gross margin improvement of $0.9m along with prudent cost management while continuing to invest in future growth through increased sales and marketing spend.

As part of Envirosuite’s focus on transitioning to profitability through strong operating cost management, the Group undertook a number of strategic restructuring decisions during FY24, resulting in recurring cost savings of $1.5m. Transaction and integration costs increased in FY24, and the main elements comprised non-recurring project costs linked to transformation from physical to cloud based infrastructure, and professional advisor fees linked to corporate activity costs associated with identifying, pursuing, evaluating and responding to corporate opportunities during the year.

Financial position

$000	FY24	FY23	Movement $
Cash and cash equivalents	3,549	8,277	(4,728)
Borrowings, net of costs	7,720	-	7,720
Current assets	23,970	26,762	(2,792)
Current liabilities	(21,794)	(22,137)	343
Net current assets	**2,176**	**4,625**	**(2,449)**
Total tangible assets	32,637	36,142	(3,505)
Net tangible assets	965	11,351	(10,386)

Adjusted operating cash flow

$000	FY24	FY23	Movement $	Movement %
Cash from / (used in) operating activities (statutory)	(2,375)	746	(3,121)	(418.4%)
Less: Capitalised development costs	(5,396)	(5,760)	364	6.3%
Cash (used in) / from operating activities including capitalised development costs	**(7,771)**	**(5,014)**	**(2,757)**	**(55.0%)**

Cash and Cash Equivalents decreased by $4.3m during FY24 compared to $8.5m decrease in FY23. Cash outflow of $4.3m comprised:

- ($2.4m) cash used in operating activities (statutory), FY23 $0.7m inflow
- ($8.1m) cash used in investing activities (including the $5.4m capitalised development costs), FY23 ($8.1m)
- $6.2m cash provided by financing activities, FY23 ($1.1m) outflow
- ($0.4m) adverse effects of exchange rates, FY23 $0.5m positive

Statutory cash used in operating activities was a ($2.4m) outflow to 30 June 2024, $3.1m higher outflow than FY23, and factors impacting on this movement include:

- An increase in funds invested into working capital balances that will drive contracted services and project deliveries to customers in FY25. The working capital requirements were supported by the securing of a debt facility in the period (discussed in the financing activities section below). Working capital requirements included:
  - $0.8m increase in trade receivables and accrued income due to timing of contracted billings in Q4 FY24. This increase has been settled through the receipt of cash post year end.
  - $0.5m increase in inventories / instrumentation in preparation for project implementations in FY25.
  - Offset partially by an increase in revenue in advance $0.7m as customers are billed in advance of service and project deliveries for Q1 FY25.
- FY23 inflow was favourably impacted by sustained improvement in accounts receivable collections in the year following the establishment and impact of the Philippines based centre of excellence and the strict cash management in place at 30 June 2023.

Cash used in investing activities has remained stable in the current year at ($8.1m) with spend on revenue generating activities including:

- ($5.4m) cash used in the acquisition of intangible assets, FY23 ($5.8m), which consists of capitalised product development costs across EVS Aviation and EVS Industrial;
- ($2.7m) in payments for Property, Plant and Equipment, FY23 ($2.3m), which includes investment in revenue generating assets, and monitors and sensors ($2.2m), FY23 ($1.6m). The increase in equipment is due to EVS Industrial growth where the Company chooses to bundle monitors and sensors into customer subscriptions rather than purchasing up-front, triggering growth in recurring revenue rather than non-recuring revenue.

Financing activities resulted in a net inflow of $6.2m as a result of securing a debt facility in October 2023 (refer Borrowings Note 16 in the financial statements for details) and was comprised of:

- $8.8m net drawdowns, to support operating and investing activities as outlined above
- ($1.1m) of borrowing costs incurred in setting up the 3 year debt facility and interest payments
- ($1.4m) in payments for lease liabilities related to buildings, FY23 ($1.3m)

Net tangible assets have decreased by $10.4m since 30 June 2023 primarily due to:

- ($7.7m) increase in non-current borrowing liabilities from the securing of the debt facility
- ($4.7m) decrease in cash and cash equivalents
- $1.9m increase in trade and other receivables, inventory and property, plant and equipment – monitors and sensors bundled to customers.

Net assets reduced to $85.0m at 30 June 2024 from $116.5m at 30 June 2023 due to the movements in net tangible assets described above and the impairment and amortization of goodwill of $21.5m.

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 year.

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 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 30 June 2024 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.

Business growth strategy

The Group continues to be focused on delivering growth and investing in capability.

Growth is being driven by:

- recognising first mover advantage in environmental intelligence and accelerating the product roadmap across all product suites;
- innovative product development, across all product sets, and continuing innovation globally based on customer and industry feedback;
- Land, Expand and Scale across all product suites and geographies; and
- strong regional growth, with regular, replicable scaled growth being achieved in the Americas

Acceleration of capability is being delivered through investment into:

- engineering: to increase product development and innovation capability;
- operations and support: improving performance, customer support and instrument innovation; and
- security: safeguarding the operational environment to protect existing and future customers.

Material business risks

The Group is subject to risks of both a general nature and ones that are specific to its business activities including but not limited to:

- **Retaining existing customers and keeping them engaged in the product**
  The Group generates more than half of its revenue from the Aviation industry, which leads to a degree of revenue concentration. The Group manages this risk by running regular sessions on product capabilities and improvements with customers, in addition to incorporating customer feedback into product design and capabilities ultimately to improve customer satisfaction. The growth of EVS Industrial and cross sell between customer market segments is further mitigation of this risk.

- **Acquiring new customers and accelerating sales within all product lines and geographies**
  Envirosuite's business strategy drives the acquisition of new customers and accelerate sales globally in a competitive market where technology and products are changing. The Group participates in industry forums and promotes its product lines via global marketing opportunities to ensure prominent industry positioning as a global leader in environmental intelligence.

- **Product capabilities**
  Operating within a competitive technological market drives the requirement to remain aware of technological advancements. Through the research and development initiatives, the Group invests in maintaining and growing each product's capability as well as ensuring it continues to meet current and future market requirements.

- **Recruitment and retention of employees**
  The Group regularly reviews its employee value proposition and has developed a range of programs designed to attract and retain skilled employees and foster diversity and inclusion.

- **Operational risk**
  Operating in multiple regions, the Group is exposed to the complexity of business operations, including legal and compliance risks. The Group manages these risks by maintaining an effective risk management framework and processes, including cyber and data privacy processes.

- **Intellectual property risk**
  Advanced networks and product security measures, together with appropriate legal restraints are in place to protect the group's intellectual property, minimising the risk to the infringement of intellectual property rights.

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.

Information on directors

David Johnstone, Chair (Appointed 10 February 2014)

David is an experienced executive and chairman who has been actively involved in business for more than 40 years, successfully starting, owning and operating a vast range of businesses. David joined the Board as a non-executive director in February 2014 and was appointed Chairman in September 2016.

David also chairs NexPay Pty Ltd, a global education payments platform and is a founding partner of Cadre Partners which delivers specialised leadership and mentoring services to CEOs and family businesses. He also consults to Energizer Solar, a global business delivering a complete solar ecosystem to power homes and lifestyles.

David has also served as both a director, non-executive director, chair and advisor to both public and private companies in the technology, communications, finance, wealth management, insurance, risk management and sporting sectors.

Member of the Audit and Risk Management Committee, Chairman of the Audit and Risk Management Committee (from 1 August 2020 through 31 December 2021), Chairman of the Remuneration and Nomination Committee (to 1 February 2023), Member of the Audit and Risk Management Committee (from 1 February 2023).

Jason Cooper, Managing Director and CEO (Appointed 1 March 2022)

Mr. Cooper joined Envirosuite in July 2020 as chief operating officer, was appointed as Chief Executive Officer in March 2021 and appointed Managing Director March 2022. Since joining Envirosuite, Mr Cooper has been instrumental in driving the strategy for the Group during the backdrop of the COVID-19 pandemic. In this time, he finalised the integration of the major acquisition, commercialised EVS Water nationally and internationally while driving growth across all product lines and regions.

Jason is a highly regarded and well-respected industry leader with more than 20 years' experience in the technology sector. He has had broad experience working in senior executive roles in both multi-national and start-up environments. During his career he has held senior roles across sales, operations and general management in the Silicon Valley, London, and Melbourne.

Qualifications - Bachelor of Engineering (Electrical Engineering) from RMIT, EMBA in Entrepreneurship and Innovation from HEC, France, GAICD

Sue Klose, Director (Appointed 1 December 2020)

Sue Klose is an experienced non-executive director and executive, with a diverse background in digital business growth and operations, corporate development, strategy and marketing. Sue was previously the Head of Digital and Chief Marketing Officer (CMO) of GraysOnline and Director of Digital Corporate Development for News Ltd.

She is currently a non-executive director of Aussie Broadband (ASX: ABB) and Acusensus (ASX: ACE) as well as Chair of Stride Mental Health Pty Ltd.

Qualifications - MBA in Finance, Strategy and Marketing from the JL Kellogg School of Management at Northwestern University, B.S. Econ from the Wharton School of the University of Pennsylvania, GAICD

Member of the Audit and Risk Management Committee (from 1 December 2020), Chair of the of the Audit and Risk Management Committee (from 1 January 2022), Member of the Remuneration and Nomination Committee (from 1 December 2022).

Stuart Bland, Director (Appointed 1 March 2022)

Stuart has over 30 years broad commercial executive experience, primarily in global SaaS businesses undergoing high rates of growth. His industry experience includes IT technology, cyber security, defence, sport, telecommunications, biotechnology and wine.

Stuart’s executive experience includes 14 years as Chief Financial Officer at Iress Ltd (ASX:IRE) and Chief Financial Officer roles at Melbourne IT Ltd and Panviva Pty Ltd.

Stuart is currently a member of the Advisory Board to Cablex Pty Ltd, as well as consulting to a number of other Boards.

Qualifications - B.Ec (Monash), MApp. Fin (Macquarie), FCA, GAICD.

Member of the Remuneration and Nomination Committee (from 1 July 2022 to 31 January 2023), Chairman of the Remuneration and Nomination Committee (from 1 February 2023), Member of the Audit and Risk Committee (from 1 February 2023).

Colby Manwaring, Director *(Appointed 1 September 2023)*

Colby is an experienced board member and executive with a proven track record of driving growth in technology companies in Australia, UK, Spain, and several USA locations. Colby’s most recent executive roles included CEO of multi-national infrastructure analytics software company, Innovyze, which subsequently sold to software giant Autodesk in 2021 for $1Bn USD ($1.55Bn AUD), where he continued as a Vice President.

Colby has successfully aligned organic growth initiatives to product and people resources to deliver balanced growth and profitability outcomes. He has also led buy-side and sell-side M&A initiatives for six businesses, in addition to advising on due diligence and integration planning of over 30 others.

Qualifications - BS and MS in Civil and Environmental Engineering from Brigham Young University, Minor of Engineering Business Administration from the Brigham Young University Marriott School of Management. License Professional Engineer 343777-2202 Utah USA

Hugh Roberston, Director *(Appointed 1 November 2018 – Resigned 1 September 2023)*

Hugh Robertson has over 35 years experience in the financial services sector and equity markets. Hugh is an experienced company director across a broad range of businesses with a concentration on small cap industrial stocks.

Hugh’s more recent directorships include AMA Group Limited (ASX:AMA), Centrepoint Alliance Limited (ASX:CAF), TasFoods Limited (ASX:TFL), Hub24 Limited (ASX:HUB) and he is currently a Non-Executive Director of Longtable Limited (ASX:LON) and Chair of Credit Clear Limited (ASX: CCR).

Directors equity participation and other relevant interests

As of the date of this report, Directors have relevant interests in ordinary shares, as well as options and performance rights to subscribe for ordinary shares in Envirosuite Limited, as outlined in the following table. Each option entitles the holder to subscribe for one ordinary share of Envirosuite Limited subject to the holder paying the exercise price. Each performance right entitles the holder to receive one ordinary share upon certain vesting conditions being met.

Non-Executive Directors	Ordinary Shares	Performance Rights	Options
David Johnstone	7,168,245	-	-
Sue Klose	1,000,000	-	-
Stuart Bland	650,194	-	2,000,000
Colby Manwaring	272,846	-	2,000,000
Hugh Robertson[1]	-	-	-
Executive Director			
Jason Cooper	3,150,000	6,000,000	-

1 - Resigned as Non-Executive Director 1 September 2023

Company Secretary

Adam Gallagher holds Graduate Diplomas in Applied Corporate Governance and Information Systems, a Masters in Commerce and a Bachelor of Economics and was appointed Company Secretary 8 February 2022.

Adam was previously Company Secretary and Director of Envirosuite from 2012 to 2020, during which time he was instrumental in each of the Company's transformational growth phases. He has also held officeholder roles in other ASX listed technology companies including ASX: CT1, YPB, and currently in ASX: CCR, CCA and PHL.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Meetings of Directors		Audit and Risk Management Committee(*)		Remuneration and Nomination Committee(*)	
2024 Meetings	A	B	A	B	A	B
David Johnstone	9	9	5	5	2	2
Jason Cooper	9	9	-	-	-	-
Sue Klose	9	9	5	5	2	2
Stuart Bland	9	9	5	5	2	2
Colby Manwaring**	7	7	-	-	-	-
Hugh Robertson ***	2	2	-	-	-	-

A - Number of meetings attended. **B** - Number of meetings held during the time the director held office or was a member of the committee during the year (number eligible to attend).

* The committee charters provide for a minimum of 2 meetings to be held each year per committee. In addition to formal meetings the members meet informally on a regular basis and discuss matters within the charter. Each committee Chair provides a report to the board at each monthly board meeting.

** Appointed as director effective 1 September 2023

*** Resigned as director effective 1 September 2023

Shares under option

Unissued ordinary shares of Envirosuite Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price ($)	Number under option
29-Apr-21	30-May-25	0.20	10,000,000
01-Dec-22	01-Dec-25	0.40	2,000,000
19-Dec-23	19-Dec-26	0.20	2,000,000
Total			**14,000,000**

- In April 2021, the Company issued 10,000,000 options to Mr Alberto Calderon in connection with his appointment as advisor to the CEO of Envirosuite.
- In December 2022, the Company issued 2,000,000 options to Mr Stuart Bland in connection with his appointment to the Board of Directors.
- In December 2023, the Company issued 2,000,000 options to Mr Colby Manwaring in connection with his appointment to the Board of Directors.

No option holder has any right under the options to participate in any other share issue of the Company or any other related entity.

Indemnification and insurance of officers or auditor

During the year, 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 financial year 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.

Non audit services

No fees were paid or payable to PKF Brisbane Audit, being the auditor the Group, for non-audit and other assurance work during the year ending 30 June 2024 (2023: Nil). Amounts paid or payable to PKF and its related practices for non-audit and other assurance work totaled $33,919 (2023: $10,952).

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 5 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are of the opinion that the services as disclosed in note 5 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issues by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

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 43.

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.

Remuneration Report

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

The report is structured as follows:

A. Key management personnel covered in this report
B. Principles used to determine the nature and amount of remuneration and link to performance
C. Share based compensation
D. Details of remuneration
E. Shareholdings of key management personnel
F. Loans to key management personnel
G. Other transactions with key management personnel

A. Key management personnel covered in this report

The remuneration disclosures in this report cover the following persons who were classified as Key Management Personnel (KMP) of the Group during the 2024 financial year. KMP (as defined in AASB 124 Related Party Disclosures) are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling major activities of the Group.

KMP	Position	Term
Non-executive directors		
David Johnstone	Non-Executive Chair	Full Year
Sue Klose	Non-Executive Director	Full Year
Stuart Bland	Non-Executive Director	Full Year
Colby Manwaring	Non-Executive Director	Appointed 1 September 2023
Hugh Robertson	Non-Executive Director	Resigned 1 September 2023
Executive director		
Jason Cooper	Chief Executive Officer and Managing Director	Full Year
Executives		
Justin Owen	Chief Financial Officer	Full Year

B. Principles used to determine the nature and amount of remuneration and link to performance

(i) Executive pay

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework seeks to align executive reward with achievement of strategic objectives and the creation of value for shareholders and conform to market practice for delivery of reward.

The Board seeks to ensure that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness
- shareholder alignment
- performance
- transparency and simplicity
- capital management

The Group has structured an executive remuneration framework that it believes is market competitive and complementary to the objectives of the organisation.

The executive pay and reward framework generally has three components:

Fixed remuneration	
Base pay	• Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. • There are no guaranteed base pay increases included in any executives' contracts. • Retirement benefits are delivered under the Australian superannuation legislation at 11% of base salary for the financial year ended 30 June 2024, up to the maximum superannuation contribution base. • Base pay is structured as a total remuneration package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.
Performance based remuneration	
Short-term incentives (STI)	• STI is provided to executive KMPs equivalent to between 30% and 50% of their base pay, where payment is dependent upon satisfaction of certain performance conditions. • STI arrangements are paid out in cash.
Long-term incentives (LTI)	• Executive KMP are awarded LTIs to focus the efforts of the executive KMP on the achievement of sustainable long-term value creation for the Group and the shareholders. • Awards of LTIs may be made upon entering into an employment contract with the Group, and as part annual reviews of remuneration arrangements. • Executive KMP LTI awards are governed by the provisions of the Company's Performance Rights Plan. Vesting conditions are specified at the time of the award, and details of the awards made to executive KMP are discussed further below.

Remuneration and other terms of employment for executive KMP are formalised in service or employee agreements. All executive KMP agreements are reviewed annually by the Remuneration and Nominations Committee. A summary of the terms in executive KMP agreements is discussed further below.

Overview of FY24 executive KMP remuneration framework

	Fixed remuneration[1]	STI entitlement	LTI entitlement
Jason Cooper	$370,559	50%	Periodic performance right awards
Justin Owen	$339,399	30%	Periodic performance right awards

1. Fixed remuneration is inclusive of superannuation contributions where required by law to be made by Envirosuite

FY24 STI outcomes for executive KMP

At the beginning of FY24 each executive KMP was given a target STI opportunity subject to the achievement of financial and personal targets. For FY24, the maximum STI each executive KMP could earn was kept at the target amount. The target performance measures are set at levels in line with the Company's medium-term plans, and personal goals align with key operational strategic objectives.

For FY24 the STI performance conditions were based on a combination of factors, as summarised below:

	ARR Growth	Total Revenue	Adjusted EBITDA[1]	Management EBITDA[2]	Personal Targets	Total %	Total $
Jason Cooper							
Target[3]	12.5%	10.0%	6.0%	5.0%	16.5%	50%	171,600
Actual[4]	6.4%	2.9%	0.9%	0.2%	13.7%	24.0%	82,364
Justin Owen							
Target[3]	4.5%	4.5%	6.0%	4.5%	10.5%	30%	93,600
Actual[4]	2.3%	1.3%	0.9%	0.2%	6.6%	11.2%	35,049

1. EBITDA is a non-IFRS measure and is calculated by adding back depreciation, amortisation, impairment and interest from net loss before tax. Adjusted EBITDA also adds back share-based compensation expense, foreign currency gains and losses 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 and cost savings, transaction and integration costs and other costs.
2. Management EBITDA (MEBITDA) is Adjusted EBITDA plus R&D costs capitalized.
3. Expressed as a percentage of total fixed remuneration available on achieving the targeted metric.
4. Expressed as a percentage of total fixed remuneration achieved based on actual performance against targeted metric.

FY24 LTI outcomes for executive KMP

During the year, no new performance rights were awarded to Mr Cooper, and 2,000,000 performance rights which had been approved in prior periods, vested.

During the year, Mr Owen received a new LTI award comprising 1,040,000 performance rights. The award is split into two equal tranches of 520,000 performance rights with a twelve (12) and a twenty-four (24) month vesting period. The vesting criteria is linked to ongoing employment, continuity in role and responsibility and satisfactory performance, which is consistent with the vesting criteria used for other executive LTI awards made during the year.

Executive KMP service agreement summary

Each executive KMP has entered an employment contract with the Group. Details of the relevant contracts are set out in the table below:

Executive KMP	Duration of service agreement	Notice period by executive	Notice period by Company
Jason Cooper[1]	Ongoing	3 months	3 months
Justin Owen	Ongoing	2 months	2 months

1. A termination payment of six months base remuneration inclusive of superannuation applies in the event of a change in control and, if within six months, Mr Cooper is either dismissed or there has been a significant reduction in his remuneration or duties.

(ii) Non-executive directors

On appointment to the Board, all directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant at the time of their appointment to the office of director.

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Fees and payments to non-executive directors can be made directly in the form of salaries and wages, noting no annual or long service leave entitlement accrue or via companies controlled by the director. Non-executive directors' fees and payments are reviewed annually by the Remuneration and Nominations Committee.

Non-executive director's fees are determined within an aggregate directors' fee pool limit. The current pool limit is $600,000 per annum which was approved at the Company's Annual General Meeting (AGM) held 25 November 2021. The previous limit was $400,000 per annum. At this AGM, Shareholders also approved for non-executive director fees to be paid via equity, in addition to the methods already approved in the Company's constitution.

The following fees apply:

Fees per annum	FY24	FY23
Chair	$120,000	$120,000
Other Directors	$80,000	$80,000
Committee Chair	$10,000	$10,000
Committee Member	$5,000	$5,000

No fees as described above are paid to Directors who hold an employee contract with the Company.

C. Share based compensation

(i) Options and performance rights

The Group issues options and performance rights to employees to provide long-term incentives for employees to deliver value to shareholders by aligning interests and conserving cash. The Group also issues options to directors to align their personal interests with that of the shareholders.

Each option provides the right to acquire one ordinary share in the Company for a stated exercise price, subject to the relevant vesting conditions being met. Each performance right provides the right to receive one ordinary share in the Company subject to the relevant vesting criteria being met. Performance rights are awarded with no exercise price being payable when vesting conditions are satisfied. Options and performance rights carry no voting rights or entitlements to receive dividends.

Upon exercising vested options, or vested performance rights, they convert to ordinary shares in the Company and carry the same dividend and voting rights available to ordinary shareholders.

Details of options and performance rights in the Company provided as remuneration to each director of Envirosuite Limited and each of the Executive KMP of the parent entity and the Group are set out below. Further information on the options and performance rights issued to Executive KMP and other employees of the Group is set out in Note 16 to the financial statements.

Options	Financial year	Balance at start of year	Granted	Exercised	Forfeited / Other	Balance at end of year	Vested and exercisable	Unvested
Non-executive directors								
D. Johnstone	2024	-	-	-	-	-	-	-
	2023	-	-	-	-	-	-	-
S. Klose	2024	-	-	-	-	-	-	-
	2023	2,000,000	-	-	(2,000,000)	-	-	-
S. Bland	2024	2,000,000	-	-	-	2,000,000	2,000,000	-
	2023	-	2,000,000	-	-	2,000,000	2,000,000	-
C. Manwaring (Appointed 1 Sept 2023)	2024	-	2,000,000	-	-	2,000,000	2,000,000	-
	2023	-	-	-	-	-	-	-
H. Robertson (Resigned 1 Sept 2023)	2024	-	-	-	-	-	-	-
	2023	-	-	-	-	-	-	-

Performance rights	Financial year	Balance at start of year	Granted	Vested	Forfeited / Other	Balance at end of year	Vested and exercisable	Unvested
Executive director								
J. Cooper	2024	8,000,000	-	(2,000,000)	-	6,000,000	-	6,000,000
	2023	8,000,000	-	-	-	8,000,000	-	8,000,000

Performance rights	Financial year	Balance at start of year	Granted	Vested	Forfeited / Other	Balance at end of year	Vested and exercisable	Unvested
Executives								
J. Owen	2024	1,500,000	1,040,000	-	-	2,540,000	500,000	2,040,000
	2023	2,000,000	-	(500,000)	-	1,500,000	-	1,500,000

The table below provides additional details on each series of performance rights held by an executive KMP during the year:

Performance rights	Date of grant	Date of vesting	Number granted	Fair value per right at grant	Fair value of performance rights at grant	Vesting Criteria
Jason Cooper	1-Jul-21[1]	30-Sep-24	500,000	$0.093	$46,500	2
	1-Jul-21[1]	30-Sep-24	1,500,000	$0.071	$106,050	2
	1-Jul-21[1]	30-Sep-25	2,000,000	$0.052	$104,600	2
	1-Jul-21[1]	30-Sep-26	2,000,000	$0.040	$80,400	2
Justin Owen	24-Jan-22	24-Jan-24	500,000	$0.200	$100,000	2
	24-Jan-22	-	500,000	$0.181	$90,282	3
	24-Jan-22	-	500,000	$0.168	$84,233	4
	1-Jul-23	1-Jul-24	520,000	$0.090	$46,800	2
	1-Jul-23	1-Jul-25	520,000	$0.090	$46,800	2

1. Mr Cooper's performance right targets were amended at the 2022 Annual General Meeting.
2. Vesting criteria includes continuity of employment, continuity in role and responsibility, and satisfactory performance.
3. Vesting requires the Company's share price to reach or exceed $0.35 per share continuously over a 30 day period.
4. Vesting requires the Company's share price reaches or exceed $0.50 continuously over a 30 day period.

The Performance Rights Plan rules provide a number of areas where the Board has the right to exercise its discretion. During the year the Board resolved that it would exercise its discretion for a portion of the share price linked performance rights held by Mr Owen in the event of a change of control in the Company. The effect of the resolution is that, in the event of a change of control, the Board will resolve that 50% of each of the $0.35 and $0.50 series of performance rights held by Mr Owen would be eligible to vest (resulting in a total of 500,000 performance rights vesting). This resolution is subject to Mr Owen's continuity of employment.

(ii) Shares

No shares were granted to KMP during the year, other than shares issued on the exercise of vested performance rights.

D. Details of remuneration

The table below sets out Executive KMP and Director remuneration for the financial year ending 30 June 2024 and the prior year comparative period in accordance with the requirements of the Accounting Standards and the Corporations Act (Cth). The table reflects the accounting value of remuneration attributable to KMP, derived from the various components of compensation. Refer to the accounting policies in the financial statements for details on how remuneration has been measured, including the determination of fair value of options and performance rights granted (refer Note 1(g)).

Remuneration	Financial year	Short term			Long term	Share based payments			Total $
		Salary and fees $	STI $	Term benefits $	Superannuation $	Ordinary shares $	Performance rights $	Options $	
Non-executive directors									
D. Johnstone	2024	130,000	-	-	-	-	-	-	**130,000**
	2023	132,917	-	-	-	-	-	-	**132,917**
S. Klose	2024	85,586	-	-	9,414	-	-	-	**95,000**
	2023	84,470	-	-	8,447	-	-	-	**92,917**
S. Bland	2024	95,000	-	-	-	-	-	-	**95,000**
	2023	89,167	-	-	-	-	-	46,000	**135,167**
C. Manwaring[1]	2024	66,667	-	-	-	-	-	12,600	**79,267**
	2023	-	-	-	-	-	-	-	**-**
H. Robertson[2]	2024	13,333	-	-	-	-	-	-	**13,333**
	2023	-	-	-	-	80,000	-	-	**80,000**
T. Ebbeck[3]	2024	-	-	-	-	-	-	-	**-**
	2023	20,000	-	-	-	-	-	-	**20,000**
Executive directors									
J. Cooper	2024	343,200	82,364	20,007	27,399	-	-	-	**472,970**
	2023	330,000	162,250	15,349	25,292	-	164,053	-	**696,944**
Executives									
J.Owen	2024	312,000	35,049	18,231	27,399	-	99,367	-	**492,046**
	2023	300,000	89,000	3,665	25,292	-	108,333	-	**526,290**
A. Lapsley[4]	2024	-	-	-	-	-	-	-	**-**
	2023	165,477	-	4,149	6,895	-	-	-	**176,521**
Total	2024	1,045,786	117,413	38,238	64,212	-	99,367	12,600	**1,377,615**
	2023	1,122,032	251,250	23,163	65,926	80,000	272,386	46,000	**1,860,756**

1. C. Manwaring was appointed non-executive director on 1 September 2023.
2. H. Robertson resigned as non-executive director on 1 September 2023.
3. T. Ebbeck resigned as non-executive director on 30 September 2022.
4. A. Lapsley resigned as Executive on 13 January 2023.

E. Shareholdings of key management personnel

The numbers of shares in the Company held during the financial year by each director of Envirosuite Limited and other executive KMP of the Group, including their personally related parties, are set out below. Where an individual is no longer deemed KMP of the Group during the year, their shareholdings are removed through the 'other changes during the year' column.

Ordinary shares	Financial year	Balance at start of year	Granted as compensation	Exercise of options / performance rights granted as compensation	Other changes during the year	Balance at end of year
Non-executive directors						
D. Johnstone	2024	7,168,245	-	-	-	7,168,245
	2023	7,033,106	-	-	135,139	7,168,245
S. Klose	2024	500,000	-	-	500,000	1,000,000
	2023	500,000	-	-	-	500,000
S. Bland	2024	650,194	-	-	-	650,194
	2023	510,194	-	-	140,000	650,194
C. Manwaring[1]	2024	-	-	-	272,846	272,846
	2023	-	-	-	-	-
H. Robertson	2024	22,720,147	-	-	(22,720,147)[2]	-
	2023	22,252,311	467,836	-	-	22,720,147
Executive directors						
J. Cooper	2024	1,150,000	-	2,000,000	-	3,150,000
	2023	1,000,000	-	-	150,000	1,150,000
Executives						
J. Owen	2024	583,309	-	-	-	583,309
	2023	23,309	-	500,000	60,000	583,309
Total	**2024**	**32,771,895**	**-**	**2,000,000**	**(21,947,301)**	**12,824,594**
	2023	**31,386,420**	**467,836**	**1,000,000**	**(77,361)**	**32,771,895**

1. C. Manwaring was appointed non-executive director on 1 September 2023.
2. H. Robertson resigned as non-executive director on 1 September 2023, shares not included in balance at year end.

F. Loans to key management personnel

There were no loans to KMP during the reporting period.

G. Other transactions with key management personnel

There are no other transactions with KMP of Envirosuite Limited and their related parties.

This concludes the remuneration report, which has been audited.

This report is made in accordance with the resolution of directors, pursuant to section 298(2)(a) of the Corporations Act.

On behalf of the directors

David Johnstone
Chair

20 August 2024

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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 year ended 30 June 2024, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Envirosuite Limited and the entities it controlled during the year.

PKF BRISBANE AUDIT

TIM FOLLETT
PARTNER

BRISBANE
20 AUGUST 2024

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

		Consolidated Group	
	Notes	**2024 $'000**	**2023 $'000**
Trading revenue		59,317	57,610
Other revenue		61	289
Total operating revenue	**4**	**59,378**	**57,899**
Cost of revenue	5a	(29,339)	(28,728)
Gross profit		**30,039**	**29,171**
Operating expenses			
Sales and marketing		(12,999)	(12,323)
Product development		(13,897)	(12,059)
General and administrative		(15,869)	(15,980)
Total Operating expenses	**5a**	**(42,765)**	**(40,362)**
Other income / (expense)		(115)	143
Impairment of goodwill	**13**	(18,327)	-
Operating deficit		**(31,168)**	**(11,048)**
Net finance expense	**5b**	(1,186)	(190)
Net loss before tax		**(32,354)**	**(11,238)**
Income tax benefit / (expense)	6	106	960
Net loss after tax		**(32,248)**	**(10,278)**
Other comprehensive income / (loss)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(446)	498
Other comprehensive income / (loss) for the year, net of tax		**(446)**	**498**
Total comprehensive loss for the year		**(32,694)**	**(9,780)**
Net loss attributed to:			
Equity holders of Envirosuite Limited		**(32,694)**	**(10,278)**
Total comprehensive loss attributable to:			
Equity holders of Envirosuite Limited		**(32,694)**	**(9,780)**
		Cents	**Cents**
Basic loss per share	**23**	**(2.54)**	**(0.81)**
Diluted loss per share	**23**	**(2.54)**	**(0.81)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

	Notes	Consolidated Group 2024 $'000	Consolidated Group 2023 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	7	3,549	8,277
Trade and other receivables	8	11,744	10,962
Inventories	9	4,476	3,936
Other assets	10	4,201	3,587
Total Current assets		**23,970**	**26,762**
Non-current Assets			
Property, plant and equipment	11	5,749	5,245
Right of use assets	12	1,390	2,110
Deferred tax assets	6	924	1,301
Intangible assets	13	85,697	107,246
Other assets	10	1,528	2,025
Total Non-current assets		**95,288**	**117,927**
TOTAL ASSETS		**119,258**	**144,689**
LIABILITIES			
Current Liabilities			
Trade and other payables	14	8,138	8,743
Contract liabilities	14	5,879	5,165
Other liabilities	14	1,526	1,526
Employee benefit provisions	15	5,509	5,545
Lease liabilities	12	742	1,158
Total current liabilities		**21,794**	**22,137**
Non-current Liabilities			
Employee benefit provisions	15	298	227
Borrowings	16	7,720	–
Lease liabilities	12	1,860	2,427
Deferred tax liabilities	6	2,549	3,382
Total Non-current liabilities		**12,427**	**6,036**
TOTAL LIABILITIES		**34,221**	**28,173**
NET ASSETS		**85,037**	**116,516**
EQUITY			
Issued capital	17	181,817	181,352
Reserves	18	1,970	1,666
Retained losses	18	(98,750)	(66,502)
TOTAL EQUITY		**85,037**	**116,516**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Ordinary shares $'000	Reserves $'000	Retained losses $'000	Total Equity $'000
At 1 July 2022		**180,597**	**10,798**	**(65,674)**	**125,721**
Comprehensive income / (loss)					
Loss for the year		-	-	(10,278)	(10,278)
Other comprehensive income for the year		-	498	-	498
Total Comprehensive income / (loss) for the year		**-**	**498**	**(10,278)**	**(9,780)**
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		923	(923)	-	-
Transaction costs of capital raising (tax effect)		(248)	-	-	(248)
Options and performance rights issued - value of services		-	743	-	743
Shares options and performance rights expired or lapsed		-	(9,450)	9,450	-
Total transactions with owners and other transfers		**755**	**(9,630)**	**9,450**	**575**
At 30 June 2023		**181,352**	**1,666**	**(66,502)**	**116,516**
At 1 July 2023		**181,352**	**1,666**	**(66,502)**	**116,516**
Comprehensive income / (loss)					
Loss for the year		-	-	(32,248)	(32,248)
Other comprehensive income for the year		-	(446)	-	(446)
Total Comprehensive income / (loss) for the year		**-**	**(446)**	**(32,248)**	**(32,694)**
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued / to be issued to directors		-	-	-	-
Shares issued / to be issued to employees		680	(680)	-	-
Options and performance rights issued - value of services		-	735	-	735
Shares options and performance rights expired or lapsed		-	(62)	-	(62)
Issue of warrants	16,18	-	757	-	757
Transaction costs of capital raising (tax effect)		(215)	-	-	(215)
Total Transactions with owners and other transfers		**465**	**750**	**-**	**1,215**
At 30 June 2024		**181,817**	**1,970**	**(98,750)**	**85,037**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Consolidated Group 2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from customers		60,133	59,836
Payments to suppliers and employees		(61,719)	(59,282)
		(1,586)	554
Other revenue / (expenses)		(181)	289
Taxes paid		(624)	(149)
Interest received		63	79
Interest paid		(47)	(27)
Net cash (used in) / from operating activities	**21**	**(2,375)**	**746**
Cash flows from investing activities			
Payments for property, plant and equipment		(2,660)	(2,292)
Payments for intangible assets	13	(5,397)	(5,760)
Payments of other investing activities		(83)	-
Net cash used in investing activities		**(8,140)**	**(8,052)**
Cash flows from financing activities			
Net proceeds from borrowings	16	8,832	98
Payment of borrowing transaction costs		(526)	-
Payment of interest and other finance costs		(652)	-
Repayment of lease liabilities		(1,433)	(1,292)
Net cash from / (used in) financing activities		**6,221**	**(1,194)**
Net decrease in cash and cash equivalents		(4,284)	(8,500)
Effects of exchange rate changes on cash and cash equivalents		(434)	485
Cash and cash equivalents at the beginning of the financial year		8,277	16,292
Cash and cash equivalents at the end of the year		**3,549**	**8,277**

The accompanying notes form part of these financial statements.

Notes to **Financial Statements**

49 (1.) Summary of material accounting policies
58 (2.) Financial risk management
60 (3.) Segment information
61 (4.) Revenue
62 (5.) Expenses
63 (6.) Tax
64 (7.) Cash and cash equivalents
64 (8.) Trade and other receivables
65 (9.) Inventories
65 (10.) Other assets
65 (11.) Property, plant and equipment
66 (12.) Right of use assets and lease liabilities
67 (13.) Intangible assets
69 (14.) Trade and other payables
69 (15.) Employee benefit provisions
70 (16.) Borrowings
71 (17.) Issued capital
72 (18.) Reserves and retained losses
73 (19.) Commitments and contingencies
73 (20.) Related party transactions
74 (21.) Cash flow statement reconciliation
75 (22.) Share based payments
76 (23.) Earnings per share
76 (24.) Subsequent events
76 (25.) Parent entity financial information
77 Consolidated Entity Disclosure Statement
78 Directors Declaration

NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2024

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

The separate financial statements of the parent entity, Envirosuite Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 20 August 2024 by the directors of the Company.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Compliance with IFRSs as issued by the IASB

Compliance with Australian Accounting Standards ensures that this Financial Report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, this Financial Report is compliant with IFRS.

Basis of Measurement

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. The following are:

- *Measurement of expected credit losses (ECL) allowance for trade receivables* – the measurement of the ECL allowance for trade receivables relies on estimates of expected credit losses to be incurred for trade receivables taking into account historical losses and the financial condition of the customer. Refer to Note 1(j) for further discussion.
- *Impairment of goodwill and other intangible assets* – the Group tests goodwill and other intangible assets, including capitalised software development costs, for impairment in accordance with the accounting policy stated in Note 1(n). These calculations require the use of assumptions regarding the future profitability of the cash generating units to which the goodwill and intangibles have been allocated, as well as future cash flows related to the intangible asset. Refer to Note 13 for details of the assumptions used in determining the recoverable amount of goodwill and other intangible assets.
- *Valuation of performance rights* – the Group has issued performance rights in connection with long-term incentive arrangements with key management personnel. Where these performance rights have market-based performance conditions, they are valued by external advisors using a Monte Carlo simulation methodology.
- *Recovery of deferred tax assets* – deferred tax assets are recognised for deductible temporary differences if management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer to Note 6 for details for the unused tax losses.
- *Valuation of share warrants* – the Group has issued Share warrants in connection with the establishment of the debt facility with Partners for Growth (refer Note 16 for further details). The share warrants have been valued by external advisors using a Monte Carlo simulation methodology.
- *Inventory provisions* – judgement has been exercised in calculating the net realisable value of inventory to determine whether a provision for inventory obsolescence should be recognised based on an assessment of technological and market developments and on an analysis of historical and projected usage with regard to quantities on hand.
- *Estimation of useful lives of assets* – the Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(a) Basis of preparation

- *Lease term* – the lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

(b) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Envirosuite Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of subsidiaries is contained in Note 20 to the financial statements.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases.

Intercompany transactions, balances and unrealised gains or losses on transactions between entities in the Consolidated Group are eliminated in full on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Envirosuite Limited.

(c) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses. The acquisition method of accounting is used to account for all business combinations, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, at which point the fair value of identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, with changes in fair value recognised in profit or loss, unless the change in fair value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in the profit and loss when incurred. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(c) Business Combinations (continued)

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- the consideration transferred;
- any non-controlling interests; and
- the acquisition date fair value of any previously held equity interest; over the acquisition date fair value of net identifiable assets acquired.

Adjustments may be made to fair value of net identifiable assets acquired and to goodwill after the acquisition date if additional information is obtained about facts and circumstances related to the acquired business that existed at the acquisition date. However, no further adjustments are made to the acquisition balance sheet and initial goodwill recognised beyond one year from the acquisition date. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amount of goodwill.

(d) Foreign currency translation

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer and the Board of directors. Refer Note 3 for segment information.

Geographical segmentation is the primary basis of segmentation used by the Group.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 Operating Segments are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(f) Revenue recognition

The following is a summary of the revenue recognition for each revenue stream:

Recurring revenue

Includes software platform subscription revenues and maintenance and support services related to monitoring equipment provided by the Group. These revenues are recognised over time being over the term of the contracts, based on the effort incurred by the Group being as the services are provided.

Non-recurring revenue

Includes revenue from projects for the installation of environmental monitoring solutions and upgrades, and sales of environmental monitoring units.

Project revenue is recognised over time based on a percentage of completion method, as this is the performance obligation. The stage of completion for determining the amount of revenue to recognise is assessed based on the cost-to-cost method whereby the percentage of completion is estimated based on the costs incurred to date as a percentage of the total expected costs to deliver the project. The estimate of the total costs to deliver the project is an estimate that requires judgement by management and is based on quotes from third parties, the cost of the equipment held in inventory, and estimated cost of internal labour based on number of labour hours required.

Sales of environmental monitoring units are recognised when risk has transferred to the buyer.

Government grants and rebates

Grants and rebates from the government are recognised at their fair value where there is a reasonable assurance that the grant or rebate will be received and the Group will comply with all the attached conditions. Government grants and rebates relating to costs are deferred and recognised as income over the period necessary to match them with the costs that they are intended to compensate. Government grants and rebates relating to the purchase of property, plant and equipment and the development of IT and software capital costs are included in current and non-current liabilities as deferred income and are credited to income on a straight line basis over the expected lives of the related assets.

Contract assets and liabilities

Where the Group provides services to customers and the consideration is unconditional, a receivable is recognised as accrued income and included within Trade and other receivables as a contract asset. Where the customer pays upfront for services that have not yet been provided revenue in advance, a contract liability, is recognised, which is disclosed on the face of the balance sheet as revenue in advance.

Contract assets also include costs to fulfil contracts and sales commission. The Group amortises the fulfilment costs on a straight-line basis across the contract term with the customer as part of the cost of sales.

(g) Employee benefits

Employee benefits includes wages and salaries, bonuses, annual leave and long service leave. Certain employees are awarded share based payments in the form of options and/or performance rights, which entitle the employee to shares in Envirosuite Limited upon certain vesting conditions being met.

A liability is recognised for employee benefits in the period that the service is performed where the Group has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave which is expected to be settled in the next 12 months is recognised in the current employee benefit provision.. All other short-term employee benefit obligations are presented as part of other current payables.

Long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the non-current employee benefit provisions and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on Australian Corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(g) Employee benefits (continued)

Share based payments

Share based compensation benefits are provided to employees and directors via the Envirosuite Limited Employee Share Option Plan, the Envirosuite Performance Rights Plan and the Envirosuite Limited Employee Share Plan. Information relating to these schemes is set out in Note 22.

The fair value of options granted under the Envirosuite Limited Employee Share Option Plan and performance rights granted under the Envirosuite Performance Rights Plan is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options and performance rights granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions. Fair value of options at grant date are determined using a Black & Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. Fair value of non-market-based performance rights granted is based on the share price at grant date and the risk free interest rate for the term of the vesting period of the performance right. Fair value of market-based performance rights granted is based on the Monte Carlo simulation methodology.

Non-market vesting conditions are included in assumptions about the number of options and performance rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options and performance rights that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

(h) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in other comprehensive income or otherwise directly in equity. Income tax on items recognised directly in Other Comprehensive Income or otherwise directly in equity is also recognised in other comprehensive income or directly in equity, respectively. Deferred tax is recognised for assets and liabilities initially recognised as a result of a business combination, other than goodwill, where the accounting basis is different to the tax basis.

Current Tax

Current tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred Tax

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax is provided in full, using the Asset-Liability Method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not recognised for:

- temporary differences on the initial recognition of an asset or liability in a transaction that is not a business combination and that neither affects accounting nor taxable profit nor loss;
- temporary differences related to investments in subsidiaries, associates, and joint arrangements to the extent that the Company is able to control the timing of reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(h) Income tax (continued)

Deferred tax assets and liabilities are offset when a legally enforceable right of set-off exists and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Envirosuite Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. In addition to its own current and deferred tax amounts, Envirosuite Limited also recognises the current tax liabilities and the deferred tax amounts arising from unused tax losses and unused tax credits assumed from controlled entities in the Tax Consolidated Group.

Goods and Service Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows included in receipts from customers or payments to suppliers.

Envirosuite Limited and its wholly owned Australian controlled entities except Envirosuite Holdings Pty Ltd are grouped for GST.

(i) Cash and cash equivalents

The Group classifies petty cash, cash balances and term deposits with financial institutions that have a term of 90 days or less as cash and cash equivalents.

(j) Trade and other receivables

The Group has a single business model for its financial assets whose objective is hold the assets to collect contractual cash flows that are solely payments of principal and interest. Financial assets include trade receivables which are initially recognised when they are originated. Trade receivables are typically due within 30 to 90 days of the invoice being issued and are initially measured at the transaction price.

Impairment

The Group recognises loss allowance for expected credit loss (ECLs) on trade receivables and contract assets. The Company measures loss allowances using the simplified approach under AASB 9 *Financial Instruments*, which is an amount equal to lifetime ECLs. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a trade receivable has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. In assessing credit risk, customers were disaggregated based on various industry groups, location and customer size.

The Group assumes that the credit risk on a trade receivable has increased significantly if it is more than 90 days past due. The Group considers a financial asset to be in default when:

- there is significant financial difficulty of the customer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the customer will enter bankruptcy or other financial reorganisation.

<u>Measurement of ECLs</u>

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(k) Inventories

The Group acquires and manufactures environmental monitoring instruments and accessories, which are initially accounted for as inventory. Inventories are measured at the lower of cost and net realisable value. The cost of environmental monitor inventories is based on the specific identification of their individual costs while the cost of consumables and other smaller inventory items is based on a weighted average cost formula. Provisions are made to write down slow-moving, excess and obsolete items to net realisable value, based on an assessment of technological and market developments and on an analysis of historical and projected usage with regard to quantities on hand.

Where instruments are used for demonstration purposes or when customers enter into a contract to use instruments where the Group retains ownership, the instrument is transferred from inventories to property, plant and equipment and is depreciated on a straight-line basis over its useful life. If the instrument is returned at the end of the contract, it is not transferred back to Inventories but is retained in property, plant and equipment. The cost to install the instrument at the customer's site is expensed as incurred.

(l) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Any gain and loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives of property, plant and equipment for the current period is as follows:

- Computer equipment — 4 years
- Furniture and fixtures — 5 years
- Leasehold improvements — Remaining life of the lease (1 - 5 years)
- Monitors and sensors — 5 years
- Right-of-use assets — Lower of economic or lease life

(m) Right of use assets

Right of use assets are measured at cost and comprise the amount that is recognised for the lease liability on initial recognition (refer to Note 1(q)) less any lease incentives received and including direct costs and restoration-related costs. Right of use assets include leased buildings and data centres and are depreciated over the remaining life of the lease. The remaining life of the leased buildings are of 1 to 5 years. The Group does not recognise a right of use asset for short term or low value leases, instead the expense is recognised over the lease term as appropriate as part of operating expenses in the income statement.

(n) Intangible assets

Intangible assets include acquired intangible assets as part of asset acquisitions and business combinations, as well as internally developed software costs. The estimated useful lives of intangible assets for the current period is as follows:

- Internally developed software — 5 - 7 years
- Acquired software — 5 years
- Customer relationships — 5 years
- Brand value — 5 years

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(n) Intangible assets (continued)

Research and development

The Company develops software where customers pay a monthly license fee. The Company also develops environmental monitoring equipment that it either sells or leases to its customers as part of providing them with environmental monitoring solutions.

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services and direct labour. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight line basis over its useful life.

Impairment

At the end of each reporting period, the Group assess whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources. If such an indication exists, an impairment test is carried out on the asset by comparing the assets carrying value to its recoverable amount being the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(q) Borrowings

Loans and borrowings are initially recognised at the fair value of consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis, within finance costs in the statement of comprehensive income.

The Group derecognises financial liabilities when the obligations of the Group are discharged, cancelled or have expired.

(r) Provisions

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(s) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as the result of a share buyback, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(t) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(u) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(v) Warrants

Share warrants issued by the Company in connection with the establishment of financial liabilities are recorded as transaction costs under AASB 9: Financial Instruments. The fair value of the Warrants recorded as transaction costs are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis, within finance costs in the statement of comprehensive income.

Once the share warrants are exercised, the amount recognised in the reserve is transferred to issued capital on issue of shares. If the share warrants are forfeited, or they expire, the amounts recognised in the reserve will be transferred to accumulated losses.

(w) Rounding of amounts

The Company is of a kind referred to in legislative instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off'' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

(x) Comparative information

Certain comparatives have been reclassified to conform with current year presentation. This has not had any material impact on the financial position of the Group as at 30 June 2023 or the results for the year then ended.

(z) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the financial year ended 30 June 2024. The Group not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

2. FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks, principally related to credit, liquidity, and foreign currency risk. The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for managing financial risk exposures of the Group. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, and investment of excess liquidity.

(a) Credit risk

The Group is exposed to the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's receivables from customers. The Group's maximum exposure to credit risk at the balance date is the carrying amount of financial assets, net of any provisions for impairment and excluding the value of any other collateral or other security.

The gross trade and other receivables balance at 30 June 2024 was $12,670k (2023: $12,398k) (excluding provision for impairment) and the aging analysis of trade receivables is provided in Note 8. The Group exposure to credit risk is affected by the regions and industries the Group's customers operate in. The majority of the Group's customers are airports and industrial operators around the world with a growing exposure to customers within the mining industry.

Trade receivables are managed on an ongoing basis. The Group does not have any material credit risk exposure to any single debtor. Aging analysis and ongoing collectability reviews are performed and, when appropriate, an expected credit risk loss provision is raised. Historically, the Group has not had any significant write-offs in its trade receivables.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. At 30 June 2024, the Group had cash and cash equivalents of $3,549k (2023: $8,277k).

Total cash used in operating activities when adding capitalised development costs (included in cash flows from investing activities) and repayment of lease liabilities (included in cash flows from financing activities) and excluding non-recurring costs ("Adjusted Operating Cash Flow") was an outflow $6,640k (2023: $3,170k).

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecasted cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at reporting date:

	2024 $'000	2023 $'000
Partners for Growth VI, L.P.	3,668	-

The following are the undiscounted contractual cashflows of the Group's financial liabilities based on their contractual maturity dates as at 30 June 2024. It is broadly representative of the exposure throughout the year.

2024 **Non-derivative financial liabilities**	**1 year or less $'000**	**1 – 5 years $'000**	**Over 5 years $'000**	**Remaining Contractual maturities $'000**
Non-interest bearing				
Trade payables	2,544	-	-	2,544
Accruals and other payables	5,594	-	-	5,594
Interest bearing – fixed and variable rate				
Lease liabilities	742	1,860	-	2,602
Loan from Partners for Growth	-	8,832	-	8,832
Total non-derivatives	**8,880**	**10,692**	**-**	**19,572**

2023 **Non-derivative financial liabilities**	**1 year or less $'000**	**1 – 5 years $'000**	**Over 5 years $'000**	**Remaining Contractual maturities $'000**
Non-interest bearing				
Trade payables	3,852	-	-	3,852
Accruals and other payables	4,891	-	-	4,891
Interest bearing – fixed and variable rate				
Lease liabilities	1,158	2,427	-	3,585
Loan from Partners for Growth	-	-	-	-
Total non-derivatives	**9,901**	**2,427**	**-**	**12,328**

2. FINANCIAL RISK MANAGEMENT (continued)

Noting the Company's demonstrated ability to raise cash from investors and debt financiers when required to fund growth initiatives, along with strong fiscal management, positive Adjusted EBITDA and operating cashflows, 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.

As noted in Note 16, Group's debt facility is subject to debt covenants. If the Group were to breach those debt covenants in the future, the Group may be required to repay those debts earlier than indicated in the table above.

(c) Foreign currency risk

Foreign currency risk is the risk that the future cash flows of a financial instrument or forecasted transaction will fluctuate because of changes in foreign exchange rates. The Group operates internationally and as such has exposure to foreign currency movements. Approximately 77% of the Group's revenue for the period ended 30 June 2024 was earned in foreign currency (2023: 74%). The Group primarily has exposure to Euro (EUR), US dollar (USD), Canadian dollar (CAD), British pound (GBP), Chinese renminbi (CNY), Taiwan dollar (TWD) and Brazilian Real (BRL) from cash balances and trade receivables which are partially offset by trade and other payables, employee provisions and borrowings in those currencies. The table below shows the impact to comprehensive income before tax from a 10% increase and 10% decrease in the foreign currency exchange rate against the Australian dollar ("AUD").

	2024			2023		
$'000	**Exposure (AUD)**	**-10%**	**+10%**	**Exposure (AUD)**	**-10%**	**+10%**
BRL	540	60	(49)	1,111	123	(101)
CAD	646	72	(59)	714	79	(65)
CNY	1,375	153	(125)	1,707	190	(155)
EUR	1,569	174	(143)	2,748	305	(250)
GBP	1,239	138	(113)	1,021	113	(93)
TWD	1,277	142	(116)	1,638	182	(149)
USD	2,807	312	(255)	3,632	404	(330)
Other	780	86	(70)	1,016	114	(92)
Total	**10,233**	**1,137**	**(930)**	**13,587**	**1,510**	**(1,235)**

3. 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

2024

$'000	Asia Pacific	EMEA	Americas	Corporate	Total
Recurring revenue	14,009	17,586	21,202	-	52,797
Non-recurring revenue	2,083	2,084	2,353	-	6,520
Other revenue	-	-	-	61	61
Total Operating revenue	**16,092**	**19,670**	**23,555**	**61**	**59,378**
Cost of revenue	(7,236)	(10,702)	(11,401)	-	(29,339)
Gross profit	**8,856**	**8,968**	**12,154**	**61**	**30,039**
Operating expenses	(2,559)	(2,798)	(4,831)	(32,577)	(42,765)
Other income / (expense)	-	-	-	(115)	(115)
Impairment of goodwill	(8,012)	(10,315)	-	-	(18,327)
Operating deficit	**(1,715)**	**(4,145)**	**7,323**	**(32,631)**	**(31,168)**
Net finance expense	(25)	(1)	(21)	(1,139)	(1,186)
Net loss before tax	**(1,740)**	**(4,146)**	**7,302**	**(33,770)**	**(32,354)**

2023

$'000	Asia Pacific	EMEA	Americas	Corporate	Total
Recurring revenue	15,323	15,448	18,716	-	49,487
Non-recurring revenue	2,036	2,213	3,874	-	8,123
Other revenue	-	-	-	289	289
Total Operating revenue	**17,359**	**17,661**	**22,590**	**289**	**57,899**
Cost of revenue	(8,380)	(9,191)	(11,158)	-	(28,728)
Gross profit	**8,979**	**8,470**	**11,432**	**289**	**29,171**
Operating expenses	(3,054)	(2,682)	(4,696)	(29,930)	(40,362)
Other (expense) / income	-	-	-	143	143
Operating deficit	**5,925**	**5,788**	**6,736**	**(29,498)**	**(11,048)**
Net finance expense	(24)	(4)	18	(180)	(190)
Net loss before tax	**5,901**	**5,784**	**6,754**	**(29,678)**	**(11,238)**

3. SEGMENT INFORMATION (continued)

The Group has a secondary operating segment which is each product family, being EVS Aviation and EVS Industrial.

CODMs are provided with reporting on the recurring and non-recurring revenue for these secondary operating segments.

As announced on 28 March 2024 via the Australian Stock Exchange (ASX), the EVS Water products were consolidated into the EVS Industrial portfolio during the financial year. The above table for both the current and comparative year have been updated to reflect this consolidation.

Product family

2024

$'000	EVS Aviation	EVS Industrial*	Corporate	Total
Recurring revenue	34,563	18,234	-	52,797
Non-recurring revenue	4,179	2,341	-	6,520
Other revenue	-	-	61	61
Total Operating revenue	**38,742**	**20,575**	**61**	**59,378**

2023

$'000	EVS Aviation	EVS Industrial*	Corporate	Total
Recurring revenue	33,052	16,435	-	49,487
Non-recurring revenue	4,095	4,028	-	8,123
Other revenue	-	-	289	289
Total Operating revenue	**37,147**	**20,463**	**289**	**57,899**

* EVS Water was consolidated into the EVS Industrial portfolio during the 2024 financial year. The above segment notes for both the current and comparative year have been updated to reflect this consolidation.

4. REVENUE

	2024 $'000	2023 $'000
Recurring revenue	52,797	49,487
Non-recurring revenue	6,520	8,123
Trading revenue	**59,317**	**57,610**
Other revenue	61	289
Other revenue	**61**	**289**
Total Operating revenue	**59,378**	**57,899**

The Group generated 12% of its total income and 13% of its recurring income from the Australian government and entities controlled by the Australian government (2023: 15% and 16%).

5. EXPENSES

a(i). Expenses by Function

The Group categorises expenses within the Consolidated Income Statement based on the function of the expense.

	2024 $'000	2023 $'000
Cost of revenue and operating expenses		
Cost of revenue	(29,339)	(28,728)
Total operating expenses	(42,765)	(40,362)
Total cost of revenue and operating expenses	**(72,104)**	**(69,090)**

a(ii). Expenses by Nature

The table below discloses expenses based on the nature of the expense.

Employment costs	(39,497)	(37,776)
Share based compensation	(673)	(743)
Consultants and contractors	(3,776)	(3,444)
Professional fees	(2,317)	(2,430)
Computer expenses	(8,759)	(8,370)
Equipment costs	(2,357)	(3,744)
Building costs	(1,007)	(1,135)
Director's fees	(423)	(416)
Audit and audit related fees	(370)	(369)
Depreciation and amortisation (excl intangible asset – software amortisation)	(6,177)	(5,647)
Other operating expenses	(6,682)	(6,739)
Sub-total	**(72,038)**	**(70,813)**
Software development cost - capitalised	5,396	5,511
Intangible asset – software amortisation	(5,462)	(3,788)
R&D costs capitalised, net	**(66)**	**1,723**
Total cost of revenue and operating expenses	**(72,104)**	**(69,090)**

b. Net finance expense

Finance income	2024 $'000	2023 $'000
Interest income	63	79
Total finance income	**63**	**79**
Finance expense		
Interest and finance costs on borrowings	(652)	-
Interest expense using the effective interest rate	(170)	-
Interest and finance costs on leases	(249)	(243)
Other	(178)	(26)
Total finance expense	**(1,249)**	**269**
Net finance expense	**(1,186)**	**(190)**

c. Auditors' remuneration

During the year the following fees were paid or payable for services provided by the auditor of the parent entity (PKF Brisbane Audit), its related practices and non-related audit firms:

	2024 $'000	2023 $'000
PKF Brisbane	213	224
Related firms (PKF overseas firms)	140	128
Non-related firms	17	17
Total Remuneration of auditors	**370**	**369**

6. TAX

(a) Income tax expense / (benefit)	2024 $'000	2023 $'000
Current tax expense / (benefit)	565	228
Deferred tax expense / (benefit)	(671)	(1,188)
Total Income tax expense / (benefit)	**(106)**	**(960)**

(b) Reconciliation of income tax expense to prima facie tax payable		
Prima facie tax benefit on operating deficit at 30.0% (2023: 30.0%)	(9,706)	(3,371)
Effect of foreign exchange on profit / loss	(69)	47
Tax effects of items which are non-deductible / (non-assessable) in calculating taxable income:		
Non-allowable items (including R&D expenditure)	46	37
Share based payments expensed during the year	202	223
Difference in offshore tax rates	(98)	(101)
Impairment of goodwill	5,498	-
Add / (less):		
Under / (over) provision for income tax in prior year	976	122
Deferred tax valuation allowance increase	3,045	2,083
Total Income tax expense / (benefit)	**(106)**	**(960)**

(c) Deferred income tax

2024	Opening Balance $'000	Recognised in profit or loss $'000	Charged directly to Equity $'000	Effect of foreign exchange $'000	Deferred Tax Asset $'000	Deferred Tax Liability $'000
Trade and other receivables	184	(47)	-	-	137	-
Inventory	69	10	-	-	79	-
Property, plant and equipment	(26)	(41)	-	1	-	(66)
Right of use asset and lease liability	434	(75)	-	-	359	-
Intangible asset	(6,528)	690	-	-	-	(5,838)
Revenue in advance	365	(126)	-	-	239	-
Employee provisions	1,220	(49)	-	-	1,171	-
Issued capital	338	-	(215)	-	122	-
Net DTA / (DTL)	-	-	-	-	(3,355)	3,355
Tax losses	18,018	3,354	-	(1)	21,372	-
Valuation allowance	(16,155)	(3,045)	-	-	(19,200)	-
Balance at 30 June 2024	**(2,081)**	**671**	**(215)**	**-**	**924**	**(2,549)**

6. TAX (continued)

2023	Opening Balance $'000	Recognised in profit or loss $'000	Charged directly to Equity $'000	Effect of foreign exchange $'000	Deferred Tax Asset $'000	Deferred Tax Liability $'000
Trade and other receivables	252	(68)	-	-	184	-
Inventory	169	(100)	-	-	69	-
Property, plant and equipment	(28)	2	-	-	-	(26)
Right of use asset and lease liability	151	283	-	-	434	-
Intangible asset	(6,653)	125	-	-	-	(6,528)
Revenue in advance	328	37	-	-	365	-
Employee provisions	1,123	97	-	-	1,220	-
Issued capital	586	-	(248)	-	338	-
Net DTA / (DTL)	-	-	-	-	(3,172)	3,172
Tax losses	15,123	2,895	-	1	18,018	-
Valuation allowance	(14,073)	(2,083)	-	-	(16,155)	-
Balance at 30 June 2023	**(3,022)**	**1,188**	**(248)**	**1**	**1,301**	**(3,382)**

The Group has unused tax losses of $62,557,010 (2023: $51,939,898) and R&D tax offsets of $3,004,417 (2023: $2,898,391) for which a valuation allowance of $19,200,296 (2023: $16,155,178) has been placed against the related deferred tax asset of $21,371,675 (2023: $18,017,884).

7. CASH AND CASH EQUIVALENTS

	2024 $'000	2023 $'000
Cash at bank	3,549	8,177
Term deposits	-	100
Cash and cash equivalents	**3,549**	**8,277**

Term deposits in 2023 were with financial institutions with an investment grade rating and are for a term of 90 days or less. While the Group is exposed to interest rate risk on cash and term deposits, the impact of fluctuations in market interest rates is not material to the Group's performance.

8. TRADE AND OTHER RECEIVABLES

	2024 $'000	2023 $'000
Trade receivables	7,524	7,349
Provision for impairment	(1,165)	(1,436)
Trade receivables, net	**6,359**	**5,913**
Contract assets	5,292	4,884
Other debtors	93	165
Trade and other receivables	**11,744**	**10,962**
Trade receivables, net aging analysis		
Not past due	4,071	3,978
Past due 1-30 days	1,111	943
Past due 31-60 days	536	255
Past due 61-90 days	206	231
Past due more than 91 days	435	506
Total	**6,359**	**5,913**

Fair value and credit risk

Due to the short-term nature of these receivables, the carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The fair value of securities held for certain trade receivables is insignificant as is the fair value of any collateral sold or re-pledged. Refer to Note 2 for more information on the risk management policy of the Group and the credit quality of the Group's trade receivables.

9. INVENTORIES

	2024 $'000	2023 $'000
Inventories	4,476	3,936
Inventories	**4,476**	**3,936**

Inventories are carried at the lower of cost or net realisable value.

10. OTHER ASSETS

	2024 $'000	2023 $'000
Prepayments	1,885	1,745
Deposits	790	316
Loan note receivable	1,526	1,526
Other current assets	**4,201**	**3,587**
Prepayments	43	2
Deposits	1,485	2,023
Other non-current assets	**1,528**	**2,025**

Prepayments represent prepaid insurance, prepaid software licenses, and other prepaid expenses. Deposits include deposits for building leases as well as cash backed bid and performance bond deposits. These deposits are pledged as security against non-performance of the Group, including non-payment of rent, inability to deliver based on the bid submitted, or inability to deliver based on a contract entered into with a customer.

Loan note receivable represents the final settlement of the Spectris Instrumentation and Systems Shanghai Limited (Spectris) acquisition in May 2018, there is an equal amount payable in other liabilities, refer to Note 14. To finalise the acquisition under the laws and regulations of China, a flow of cash between the Spectris and Group subsidiaries in China is required. As a Group there is a net nil impact on working capital and cash flow, however, given the loan notes are with separate legal entities within the groups and is a material value, the Group has presented the balances grossed up in current assets and current liabilities. The loan notes are expected to be settled in the first half of the 2025 financial year.

11. PROPERTY, PLANT AND EQUIPMENT

Reconciliations of the carrying amounts of the various components of property, plant and equipment at the beginning and end of the current year and prior year are presented in the table below.

2024	Furniture and fixtures $'000	Computer equipment $'000	Monitors and sensors $'000	Leasehold improvements $'000	Total $'000
Cost value					
Balance at 1 June 2023	423	2,047	9,712	1,811	13,993
Additions	26	104	336	8	474
Transfer from inventories	-	-	2,186	-	2,186
Reclassifications	-	-	(201)	-	(201)
Disposals	(2)	(50)	(176)	-	(228)
Effect of foreign exchange	(13)	(36)	(314)	(9)	(372)
Balance at 30 June 2024	**434**	**2,065**	**11,543**	**1,810**	**15,852**
Accumulated depreciation					
Balance at 1 June 2023	(295)	(1,496)	(6,475)	(482)	(8,748)
Depreciation for the period	(52)	(258)	(1,237)	(246)	(1,793)
Reclassifications	-	-	(63)	-	(63)
Disposals	-	39	76	-	115
Effect of foreign exchange	9	29	338	10	386
Balance at 30 June 2024	**(338)**	**(1,686)**	**(7,361)**	**(718)**	**(10,103)**
Net book value	**96**	**379**	**4,182**	**1,092**	**5,749**

11. PROPERTY, PLANT AND EQUIPMENT (continued)

2023	Furniture and fixtures $'000	Computer equipment $'000	Monitors and sensors $'000	Leasehold improvements $'000	Total $'000
Cost value					
Balance at 1 June 2022	477	1,822	7,830	546	10,675
Additions	16	180	-	1,372	1,568
Transfer from inventories	-	-	1,586	-	1,586
Disposals	(78)	(3)	(25)	(120)	(226)
Effect of foreign exchange	8	48	321	13	390
Balance at 30 June 2023	**423**	**2,047**	**9,712**	**1,811**	**13,993**
Accumulated depreciation					
Balance at 1 June 2022	(290)	(1,191)	(5,245)	(441)	(7,167)
Depreciation for the period	(62)	(297)	(1,010)	(147)	(1,516)
Disposals	62	2	19	108	191
Effect of foreign exchange	(5)	(10)	(239)	(2)	(256)
Balance at 30 June 2023	**(295)**	**(1,496)**	**(6,475)**	**(482)**	**(8,748)**
Net book value	**128**	**551**	**3,237**	**1,329**	**5,245**

12. RIGHT OF USE ASSETS AND LEASE LIABILITIES

Right of use assets	2024 $'000	2023 $'000
Balance at 1 July	2,110	1,711
Additions	210	1,332
Depreciation	(929)	(949)
Effect of foreign exchange	(1)	16
Total right of use assets	**1,390**	**2,110**

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 5.

Lease liabilities are included within lease liabilities and other borrowings on the Consolidated Statement of Financial Position. Interest expense on lease liabilities for 2024 was $249,434 (2023: $242,635) and is included within net finance expense on the Consolidated Income Statement.

Lease liabilities	2024 $'000	2023 $'000
Current	742	1,158
Non-Current	1,860	2,427
Total lease liabilities	**2,602**	**3,585**

13. INTANGIBLE ASSETS

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

2024	Goodwill $'000	Internally developed software $'000	Acquired software $'000	Other intangibles $'000	Total
Cost value					
Balance at 1 July 2023	89,552	20,378	10,942	6,616	127,488
Additions	-	4,829	-	568	5,397
Effects of foreign exchange	(29)	-	-	-	(29)
Balance at 30 June 2024	**89,523**	**25,207**	**10,942**	**7,184**	**132,856**
Accumulated amortisation					
Balance at 1 July 2023	-	(9,674)	(6,987)	(3,581)	(20,242)
Amortisation for the period	-	(4,957)	(2,183)	(1,450)	(8,590)
Impairment expense	(18,327)	-	-	-	(18,327)
Balance at 30 June 2024	**(18,327)**	**(14,631)**	**(9,170)**	**(5,031)**	**(47,159)**
Net book value	**71,196**	**10,576**	**1,772**	**2,153**	**85,697**

2023	Goodwill $'000	Internally developed software $'000	Acquired software $'000	Other intangibles $'000	Total $'000
Cost value					
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
Balance at 30 June 2023	**89,552**	**20,378**	**10,942**	**6,616**	**127,488**
Accumulated amortisation					
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)
Balance at 30 June 2023	**-**	**(9,674)**	**(6,987)**	**(3,581)**	**(20,242)**
Net book value	**89,552**	**10,704**	**3,955**	**3,035**	**107,246**

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 3 and against which goodwill and other intangible assets are allocated and tested. Goodwill has been allocated to each CGU as follows:

	2024 $'000	2023 $'000
Asia Pacific	29,702	37,743
EMEA	19,386	29,701
Americas	22,108	22,108
Total Goodwill allocated	**71,196**	**89,552**

13. INTANGIBLE ASSETS (continued)

In accordance with accounting standard 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.

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 (FVLCOD) and its value in use. The Group has adopted FVLCOD as the basis for determining the recoverable amount of each CGU.

In adopting FVLCOD, 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 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
Budget period	1 year from 1 Jul 24	1 year from 1 Jul 24	1 year from 1 Jul 24
Forecast period	4 years from 1 Jul 25	4 years from 1 Jul 25	4 years from 1 Jul 25
Four-year revenue compound annual growth rate post year 1	9.43%	10.78%	9.99%
Post tax discount rate	13.40%	14.40%	13.90%
Terminal growth rate	2.61%	1.90%	1.90%

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.

Impairment

At 30 June 2024, a non-cash goodwill impairment loss of $18,327k was recognised in the Consolidated Income Statement and Statement of Comprehensive Income.

This was a result of impairment testing undertaken whereby the carrying amount of the Asia Pacific CGU exceeded the recoverable amount by $8,012k, in addition to the EMEA CGU's carrying amount exceeding its recoverable amount by $10,315k based on long term cash flow forecasts prepared for the purpose of assessing impairment. These long-term impairment cash flow forecasts applied a reduction in CAGR due to the actual growth in APAC and EMEA being less than anticipated which triggered an impairment loss. The impairment calculation assumes historical growth rate assumptions in line with accounting standards and regulatory guidance requirements and should not be interpreted as management expectations for future growth.

As at 30 June 2024, the recoverable amount of the Asia Pacific CGU was $34,024k and the EMEA CGU was $26,750k.

No impairment was noted in relation to the Americas CGU.

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 5.6% and 6.0% for the CGU based upon market factors for countries where the CGU resides

14. TRADE AND OTHER PAYABLES

	2024 $'000	2023 $'000
Trade payables	2,544	3,852
GST / VAT payable	990	717
Accrued expenses	437	277
Other payables	4,167	3,897
Total Trade and other payables	**8,138**	**8,743**

REVENUE IN ADVANCE

	2024 $'000	2023 $'000
Revenue in advance	5,879	5,165
Total Revenue in advance	**5,879**	**5,165**

Revenue in advance is a contract liability and is recognised in accordance with the revenue recognition accounting policy at Note 1(f).

OTHER LIABILITIES

	2024 $'000	2023 $'000
Loan note payable	1,526	1,526
Total Other liabilities	**1,526**	**1,526**

Loan note payable represents the final settlement of the Spectris Instrumentation and Systems Shanghai Limited (Spectris) acquisition in May 2018, there is an equal amount receivable in other assets, refer to Note 10.

15. EMPLOYEE BENEFIT PROVISIONS

Employee benefits	2024 $'000	2023 $'000
Current		
Balance at 1 July	5,545	4,527
Additional provisions	4,558	6,010
Amounts used	(4,683)	(4,854)
Unused amounts reversed	89	(138)
Balance at 30 June	**5,509**	**5,545**
Non-current		
Balance at 1 July	227	160
Additional provisions	146	95
Unused amounts reversed	(75)	(28)
Balance at 30 June	**298**	**227**

Amounts not expected to be settled within the next 12 months

The provision for long service leave includes an estimate of the entitlements for employees in Australia who are expected to have completed seven to ten years of continuous employment depending on the state in which they reside. The provision for long service leave which is not expected to be settled within 12 months after the end of the period is presented as non-current.

16. BORROWINGS

Non-current liabilities	2024 $'000	2023 $'000
Loan from Partners for Growth VI, L.P. (PFG)	8,832	-
Put Liability - PFG	862	
Warrants	(1,491)	-
Capitalised borrowing costs	(483)	-
Balance at 30 June 2024	**7,720**	**-**

Loan from Partners for Growth VI, L.P. (PFG)
On 6 October 2023, the Group secured a debt facility of $7,500,000 from Partners for Growth VI, L.P. (PFG), a San Francisco Bay based provider of growth funding solutions to technology companies. On 22 April 2024, the Group further extended the facility with PFG to a total facility limit of $12,500,000. The original interest rate and term of the facility remained unchanged post the extension signed on 22 April 2024.

The purpose of the facility was to 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 $8,832,000 of the facility during the year. The remaining $3,688,000 is available for immediate drawdown.

The PFG facility is for a term of 36 months from 6 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's loan unless permitted by PFG or mandatory by law to have priority.

Warrants – 6 October 2023
As part of the original loan agreement, the Group issued warrants to PFG Nominees, an associate entity of Partners for Growth on the following terms:

- EVS received 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 with a 5-year term to expiry (6 October 2028).
- 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.

Warrants – 22 April 2024
As part of the facility extension, the Group issued warrants to PFG Nominees, an associate entity of Partners for Growth on the following terms:

- EVS received cash consideration of $67.94 in exchange for 9,743,994 Warrants issued to PFG to the total value of $500,000, exercisable at $0.051 with a 5-year term to expiry (22 April 2029).
- 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 $500,000. 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 $500,000. The Warrants can only be put upon a change of control (including a sale), liquidation or upon expiry.

As at 30 June 2024, a total of 23,382,894 warrants were on issue by the Group to PFG Nominees.

During the financial year, 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 $1,619,000. The warrants (including the imbedded put option) issued have been treated as a transaction cost under AASB 9: Financial Instruments, refer Note 18 for details on the valuation methodology.

Loan covenants

Under the terms of the PFG facility, the Group is required to comply with the following financial reporting covenants at the end of each month:

- Borrowing base
- Minimum unrestricted cash balance of $1.5m with 100% of this balance held by entities in Australia, Canada, Denmark, United Kingdom, United States of America, Spain and Brazil.
- Minimum revenue covenant – The company must maintain a minimum average consolidated subscription recurring revenue of $3.5m based upon trailing 12-month period.

The Group has complied with all PFG covenants throughout the financial year, including the above specified financial reporting covenants. There are no indications that the Group may have difficulties complying with PFG's covenants moving forward.

16. BORROWINGS (continued)

Financing arrangements & covenants
Unrestricted access was available at year end reporting date to the following lines of credit.

	2024 $'000	2023 $'000
Total facilities		
Partners for Growth VI, L.P.	12,500	-
Used at the reporting date		
Partners for Growth VI, L.P.	8,832	-
Unused at the reporting date		
Partners for Growth VI, L.P.	3,668	-

17. ISSUED CAPITAL

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

Movements in ordinary shares	2024 Number	2024 $'000	2023 Number	2023 $'000
Balance at 1 July	**1,261,606,466**	**181,352**	**1,255,268,970**	**180,597**
Issue of ordinary shares - employee performance rights	6,672,167	680	5,869,660	923
Issue of ordinary shares - directors	-	-	467,836	80
Transaction costs of capital raising (inc. tax effect)	-	(215)	-	(248)
Other movements	(6,430)	-	-	-
Ordinary shares on issue at 30 June	**1,268,272,203**	**181,817**	**1,261,606,466**	**181,352**

Options

For the year ended 30 June 2024, the Company issued the following options:

- 2,000,000 issued to directors with an exercise price of $0.20 each that expire on 19 December 2026.

For the year ended 30 June 2023, the Company issued the following options:

- 2,000,000 issued to directors with an exercise price of $0.40 each that expire on 1 December 2025.

At reporting date, the Company had the following options on issue:

- 10,000,000 issued to investors with an exercise price of $0.20 each that expire on 30 May 2025.
- 2,000,000 issued to directors with an exercise price of $0.40 each that expire on 1 December 2025.
- 2,000,000 issued to directors with an exercise price of $0.20 each that expire on 19 December 2026.

Each option allows the holder to receive one ordinary share of Envirosuite Limited upon paying the exercise price prior to the expiration date. Information relating to the options, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in Note 22.

Share based payments
Executive performance rights issued to employees for the year ended 30 June 2024 totalled 8,630,040 (30 June 2023: 6,418,226), refer to Note 22. Each performance right entitles the holder to receive one ordinary share of Envirosuite Limited upon certain vesting conditions being met.

Capital risk management
The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the quick ratio. This ratio is calculated as current assets (excluding inventory) divided by current liabilities. The quick ratio at 30 June 2024 was 0.89x (30 June 2023: 1.03x)

At 30 June 2024, the Group had cash and cash equivalents of $3,549k as well as unused borrowing facilities totalling $3,668k.

18. RESERVES AND RETAINED LOSSES

Reserves	2024 $'000	2023 $'000
Foreign exchange translation reserve		
Balance at 1 July	(409)	(907)
Effects of foreign exchange translation	(446)	498
Foreign exchange translation reserve – balance at 30 June	**(855)**	**(409)**
Share based payments reserve		
Balance at 1 July	2,075	11,705
Share based payments expense – net	(7)	(180)
Transfer to retained losses	-	(9,450)
Share based payments reserve – balance at 30 June	**2,068**	**2,075**
Warrants reserve		
Balance at 1 July	-	-
Issue of warrants	757	-
Warrants reserve – balance at 30 June	**757**	**-**
Total Reserves	**1,970**	**1,666**
Retained losses		
Balance at 1 July	(66,502)	(65,674)
Transfer from share based payments reserve	-	9,450
Net loss for the year	(32,248)	(10,278)
Retained losses – balance at 30 June	**(98,750)**	**(66,502)**

Nature and purpose of reserves

Foreign currency translation reserve
Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Share based payments reserve
The share based payments reserve is used to recognise the accrued grant date fair value of options and performance rights issued to employees and directors but not exercised and issued. The fair value of options and performance rights is accrued into the share based payment reserve over the service period. When options and performance rights are exercised and issued, the grant date fair value is transferred from the share based payment reserve to Ordinary shares. When options are vested but not exercised by the expiry date, the grant date fair value is transferred from the share based payment reserve to retained losses. Where performance rights lapse, the amortised fair value is transferred from the share based payments reserve to retained losses.

Warrant reserve
The warrant reserve is used to recognise the fair value of warrants issued by the Company. The warrants are independently valued by a third party using a Monte Carlo Simulation model. Once the share warrants are exercised, the amount recognised in the reserve is transferred to issued capital on issue of shares. If the share warrants are forfeited, or they expire, the amounts recognised in the reserve will be transferred to retained losses.

In 2024, the Group issue warrants to PFG Nominees with a fair value of $1,619,000. The call option component of the warrant has been recorded within Warrants reserve ($757k), with the put option component of the warrant being recorded as a put option liability ($862k) – refer Note 16.

The value of the warrants included in the warrant's equity reserve was calculated by an independent valuation expert using the Monte Carlo Simulation Methodology.

The assumptions used in the valuation are as follows:

	Warrants Tranche #1	Warrants Tranche #2
Exercise Price ($)	$0.055	$0.051
Share price at grant date ($)	$0.059	$0.056
Grant date	6 October 2023	22 April 2024
Expiry date	6 October 2028	22 April 2029
Volatility	65.0%	65.0%
Risk free rate	4.124%	3.966%
Dividend yield	0%	0%
Value of call option component of warrant ($)	$0.0332	$0.0312
Value of put option component of warrant ($)	$0.0378	$0.0356
Total value per warrant (call + put component) ($)	**$0.0710**	**$0.0668**
Total number of warrants issued	13,638,900	9,743,994

18. RESERVES AND RETAINED LOSSES (continued)

Dividends
The Group has not paid or declared any dividends during the period (2023: nil). Franking credits available for subsequent financial years amount to $653,889 (2023: $653,889).

19. 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 $1,404,217 (30 June 2023: $1,786,068).

20. RELATED PARTY TRANSACTIONS

Key management personnel

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2024.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	2024 $'000	2023 $'000
Short-term employee benefits	1,202	1,397
Post-employment benefits	64	66
Share based payments	112	398
Total KMP compensation	**1,378**	**1,861**

Parent entity
The parent entity within the Group is Envirosuite Limited.

Subsidiaries

Entity Name	Country of Incorporation	2024 %	2023 %
Envirosuite Operations Pty Ltd (1)	Australia	100	100
Envirosuite Holdings Pty Ltd	Australia	100	100
Envirosuite Holdings No 2 Pty Ltd (1)	Australia	100	100
Envirosuite Australia No 2 Pty Ltd (1)	Australia	100	100
EMS Bruel & Kjaer Pty Ltd (1)	Australia	100	100
Envirosuite Brasil Comercializacao De Equioamentos Ltda.	Brazil	100	100
Envirosuite Canada Inc.	Canada	100	100
Envirosuite Chile SpA	Chile	100	100
Beijing Envirosuite Environmental Science & Technology. (2)	China	100	100
Hengli Ruiyan Environmental Engineering Co. Ltd. (2)	China	100	100
Envirosuite Colombia S.A.S. (2)	Colombia	100	100
Envirosuite Denmark Aps	Denmark	100	100
Envirosuite BV	Netherlands	100	100
Envirosuite Philippines Inc (3)	Philippines	100	-
Envirosuite Korea Ltd	South Korea	100	100
Envirosuite Europe Sociedad Limitada	Spain	100	100
Envirosuite Iberica S.A.	Spain	100	100
Envirosuite Taiwan Ltd	Taiwan	100	100
Envirosuite UK Ltd	United Kingdom	100	100
Envirosuite Corp	United States of America	100	100
Envirosuite Inc	United States of America	100	100

(1) These subsidiaries are part of a tax consolidated group with Envirosuite Limited as the head entity and taxpayer in respect of the Group.

(2) 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.

(3) Envirosuite Philippines Inc was established July 2023.

20. RELATED PARTY TRANSACTIONS (continued)

Transactions with other related parties

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

21. CASH FLOW STATEMENT RECONCILIATION

Reconciliation of net profit / (loss) after tax to net cash flow from operations

	2024 $'000	2023 $'000
Loss after tax	**(32,248)**	**(10,278)**
Add back: Depreciation and amortisation	11,639	9,435
Add back: Non-cash share based payments	673	743
Add back: Finance costs	823	-
Add back: Impairment of goodwill	18,327	-
Add back: Foreign exchange (gain) / loss	162	260
Sub-total	**(624)**	**160**
Changes in operating assets and liabilities		
(Increase) / decrease in trade receivables	(782)	1,486
(Increase) / decrease in inventories	(540)	(1,581)
(Increase) in other assets	(117)	(812)
(Increase) / decrease in deferred tax	(456)	(941)
Increase in trade and other payables	109	1,349
Increase in employee benefit provisions	35	1,085
Net cash outflow from operating activities	**(2,375)**	**746**

Cash flow from operating activities excludes cash paid to suppliers and employees that are capitalised as internally developed software within intangible assets. These cash flows are included as cash paid for intangible assets.

Changes in liabilities arising from financing activities

Lease Liability	2024 $'000	2023 $'000
Balance at 1 July	3,585	2,251
Repayment of lease liabilities	(1,433)	(1,292)
Finance charges	249	243
Acquisition of leases	210	2,549
Termination of leases	-	(182)
Effects of foreign exchange	(9)	16
Balance at 30 June	**2,602**	**3,585**

22. SHARE BASED PAYMENTS

The Group issued options and performance rights to employees and directors as compensation for services provided.

Employee share plan

Under the Envirosuite Limited Employee Share Plan, shares issued to employees for no cash consideration vest immediately on grant date. On this date, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity. No shares were issued under the Employee Share Plan during the year (2023: nil).

Performance rights

Under the Envirosuite Performance Rights Plan, Envirosuite issues performance rights to employees, that convert to ordinary fully paid shares, upon the achievement of certain vesting conditions. Offers made to staff under the Plan are designed to incentivise senior, specialist and key employees, to deliver long term returns for shareholders. Participation in the Plan is at the Board's discretion and at intervals determined by the Board, and no individual staff member has the right to receive any guaranteed benefits.

Vesting conditions/milestones are specified at the time of grant, with the purpose of motivating certain staff behaviours including: retention, share price performance and the achievement of key company goals.

The Board may impose both conditions on dealings in the performance rights for a prescribed time, or any forfeiture conditions, and any such conditions are to be notified to staff in their invitation to participate in the Plan. The Board also may waive in whole, or in part, any of the conditions applicable to a grant of performance rights.

Participants in the Plan only become eligible for the performance rights to convert to ordinary shares upon achievement of the relevant milestone/s. Where a staff member ceases their employment with the company ahead of achieving the relevant milestone/s, their entitlement is forfeited. Performance rights may only convert to ordinary fully paid shares and are not convertible to cash.

The Board is entitled to suspend the operation of the Plan and may at any time cancel the Plan, on the condition that the suspension or cancellation of the Plan does not prejudice the existing rights of Participants.

There were 8,630,040 performance rights issued during the year (2023: 6,418,226).

	Number of Performance Rights
Performance rights outstanding at 30 June 2022	**17,931,675**
Issued	6,418,226
Exercised	(5,869,660)
Forfeited / lapsed	(2,175,000)
Performance rights outstanding at 30 June 2023	**16,305,241**
Issued	8,630,040
Exercised	(6,672,167)
Forfeited / lapsed	(795,887)
Performance rights outstanding at 30 June 2024	**17,467,227**

Employee share option plan and scheme

The establishment of the Employee Share Option Plan was approved by the Board prior to the IPO of Envirosuite Limited (formerly: Pacific Environment Limited). The plan is designed to provide long term incentives for directors to deliver long term shareholder returns. Participation in the plan is at the Board's discretion and no individual has a right to receive any guaranteed benefits. The options issued during the financial year were to a Non-Executive Director following shareholder approval at the Annual General Meeting.

Set out on the following pages are summaries of options granted.

	Number of options	Weighted average exercise price $
Options outstanding at 30 June 2022	**108,750,000**	**0.22**
Granted	2,000,000	0.40
Expired	(98,750,000)	0.40
Options outstanding at 30 June 2023	**12,000,000**	**0.23**
Granted	2,000,000	0.20
Options outstanding at 30 June 2024	**14,000,000**	**0.23**

At 30 June 2024, there were 14,000,000 options (2023: 12,000,000) that were exercisable at a weighted average price of $0.23 per share (2023: $0.23 per share). The weighted average remaining life of the options outstanding is 1.15 years (2023: 1.92 years).

23. EARNINGS PER SHARE

In calculating earnings per share, there were no adjustments made to net loss after tax or comprehensive loss for the period.

Weighted average number of shares used in denominator	2024 number	2023 number
Basic earnings per share	**1,268,272,203**	**1,261,606,466**
Diluted earnings per share	**1,268,272,203**	**1,261,606,466**

There are 14,000,000 share options (2023: 12,000,000) issued and 17,467,227 (2023: 16,305,241) of performance rights that are not included in diluted earnings per share as these would have an antidilutive effect on earnings per share. These potential ordinary shares are antidilutive as their conversion to ordinary shares would decrease loss per share. If these share options were included in the calculation of diluted earnings per share, the weighted average number of shares used in the denominator would be 1,206,117,336 (2023: 1,236,340,861).

24. SUBSEQUENT EVENTS

The directors are not aware of any matters or circumstances have arisen since the end of the financial year that significantly affected, or could significantly affect, the operations of the consolidated Group, the results of those operations, or the state of affairs of the consolidated Group in future financial years.

25. PARENT ENTITY FINANCIAL INFORMATION

Parent entity financial statements

The following information has been extracted from the books and records of the parent entity and has been prepared in accordance with Australian Accounting Standards. Non-current assets includes investment in subsidiaries which are accounted for at cost value less impairment.

Statement of Financial Position	2024 $'000	2023 $'000
Assets		
Current assets	146	158
Non-current assets	151,722	164,883
Total Assets	**151,868**	**165,041**
Liabilities		
Current liabilities	702	617
Non-current liabilities	10,270	1,457
Total Liabilities	**10,972**	**2,074**
Equity		
Issued capital	181,817	181,352
Reserves	2,825	2,075
Retained losses	(43,746)	(20,460)
Total Equity	**140,896**	**162,967**

Income Statement and Statement of Comprehensive Income	2024 $'000	2023 $'000
Profit / (loss) after tax	(23,286)	(2,817)
Total comprehensive profit / (loss)	(23,286)	(2,817)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity and some of its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

AT 30 JUNE 2024

Entity Name	Type of entity	% of Share Capital	Country of Incorporation	Australian resident or foreign resident	Countries of residence for tax purpose
Parent entity					
Envirosuite Limited	Body corporate	n/a	Australia	Australia	Australia
Controlled Entities					
Envirosuite Operations Pty Ltd	Body corporate	100	Australia	Australia	Australia
Envirosuite Holdings Pty Ltd	Body corporate	100	Australia	Australia	Australia
Envirosuite Holdings No 2 Pty Ltd	Body corporate	100	Australia	Australia	Australia
Envirosuite Australia No 2 Pty Ltd	Body corporate	100	Australia	Australia	Australia
EMS Bruel & Kjaer Pty Ltd	Body corporate	100	Australia	Australia	Australia
Envirosuite Brasil Comercializacao De Equioamentos Ltda.	Body corporate	100	Brazil	Foreign	Brazil
Envirosuite Canada Inc.	Body corporate	100	Canada	Dual (1)	Canada / Australia
Envirosuite Chile SpA	Body corporate	100	Chile	Foreign	Chile
Beijing Envirosuite Environmental Science & Technology.	Body corporate	100	China	Dual (1)	China / Australia
Hengli Ruiyan Environmental Engineering Co. Ltd.	Body corporate	100	China	Dual (1)	China / Australia
Envirosuite Colombia S.A.S.	Body corporate	100	Colombia	Foreign	Colombia
Envirosuite Denmark Aps	Body corporate	100	Denmark	Dual (1)	Denmark / Australia
Envirosuite BV	Body corporate	100	Netherlands	Dual (1)	Netherlands / Australia
Envirosuite Philippines Inc	Body corporate	100	Philippines	Dual (1)	Philippines / Australia
Envirosuite Korea Ltd	Body corporate	100	South Korea	Dual (1)	South Korea / Australia
Envirosuite Europe Sociedad Limitada	Body corporate	100	Spain	Dual (1)	Spain / Australia
Envirosuite Iberica S.A.	Body corporate	100	Spain	Dual (1)	Spain / Australia
Envirosuite Taiwan Ltd	Body corporate	100	Taiwan	Dual (1)	Taiwan / Australia
Envirosuite UK Ltd	Body corporate	100	United Kingdom	Dual (1)	United Kingdom / Australia
Envirosuite Corp	Body corporate	100	United States of America	Dual (1)	United States of America / Australia
Envirosuite Inc	Body corporate	100	United States of America	Dual (1)	United States of America / Australia

(1) As of 30 June 2024, based on the interpretations required for the purpose of the making a consolidated entity disclosure statement in accordance with Section 295(3A) of the Corporations Act, these subsidiaries had Australia as an additional tax residency to their country of incorporation.

Basis of preparation
This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency
Section 295 (3A) (vi) of the Corporations Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency: The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.
- Foreign tax residency: The consolidated entity has applied current legislation and judicial precedent in the determination of foreign tax residency.

DIRECTORS DECLARATION

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

- In the directors' opinion, the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements.
- In the directors' opinion, the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- In the directors' opinion, the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
- In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- In the directors' opinion, the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations by the chief executive office and chief financial officer required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

David Johnstone
Chairman

20 August 2024

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ENVIROSUITE LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Envirosuite Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated income statement and statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the financial report of Envirosuite Limited is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year ended on that date; and
b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

Carrying amount of intangible assets

Why significant	How our audit addressed the key audit matter
As at 30 June 2024 the carrying value of intangible assets is $85,697,000 (2023: $107,246,000), as disclosed in Note 13. For the year ended 30 June 2024 an impairment loss of $18,327,000 was recognised, as disclosed in Note 13. The Group's accounting policy in respect of intangible assets is outlined in Note 1(n), and for goodwill in Note 1(c). The carrying amount of intangible assets is a key audit matter due to: • the significance of the asset balance (being 72% of total assets) and the impairment loss; • the significant audit effort required to test the Group's impairment assessment; and • the level of judgement applied in evaluating management's assessment of impairment. As outlined in Notes 1 and 13, management assessed the carrying amount of intangible assets through impairment testing utilising a fair value less costs of disposal model in which significant judgements are applied in determining key assumptions. Specifically, management prepared a discounted cash flow model utilising the income approach. The key assumptions include projected revenue growth rates, discount and terminal growth rates. The judgements made in determining the underlying assumptions in the model have a significant impact on the carrying amount of intangible assets, and accordingly the amount of impairment charge recorded.	In assessing this key audit matter, our work included, but was not limited to, the following to consider, whether the Group's methodology for assessing impairment is in accordance with AASB 136: Impairment of Assets: • evaluating management's methodology for determining the carrying amount of intangible assets by comparing the fair value less costs of disposal model with generally accepted valuation methodology and accounting standard requirements; • conducting sensitivity analysis on key assumptions such as the projected revenue growth rates, discount and terminal growth rates, within reasonable foreseeable ranges; • challenging the key assumptions used in management's fair value less costs of disposal model by: - assessing projected revenue growth rates set by management in comparison to historical results and future approved budgets - evaluating the discount and terminal growth rates set by management in comparison to market and industry information available - assessing forecasted costs to ensure appropriate costs are included commensurate to the achievement of revenue forecasts - evaluating terminal value growth rates and calculations • assessing the appropriateness of any changes in model and key assumptions; • assessing the appropriateness of the CGU designations applied; • reviewing the work of management's expert, including their competence, necessary skill, objectivity and independence; and • assessing the appropriateness of the related disclosures in Note 13.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Envirosuite Limited for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

PKF BRISBANE AUDIT

TIM FOLLETT
PARTNER

BRISBANE
20 August 2024

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable at 14 August 2024.

1. SHAREHOLDING

Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Size of holding	Shares	Options	Performance Rights
1 – 1,000	106	-	-
1,001 – 5,000	640	-	-
5,001 – 10,000	668	-	-
10,001 – 100,000	2,041	-	3
100,001 and over	1,061	3	17
	4,516	**3**	**20**

The number of shareholdings held in less than marketable parcels was 98 with total shares of 3,357.

Substantial holders

Substantial holders in the Company are set out below:

Ordinary shares	Number held	Percentage
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	215,022,638	16.95%
UBS NOMINEES PTY LTD	79,656,975	6.28%

Voting Rights

The voting rights attaching to each class of equity securities are set out below

Ordinary shares

Every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

Options carry the standard voting rights available to ordinary shareholders when converted to ordinary shares.

Performance rights

Performance rights carry the standard voting rights available to ordinary shareholders when converted to ordinary shares.

1. SHAREHOLDING (continued)

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Number held	Percentage
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	215,022,638	16.95%
UBS NOMINEES PTY LTD	79,656,975	6.28%
CITICORP NOMINEES PTY LIMITED	45,806,664	3.61%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	43,895,235	3.46%
RUBINO GROUP PTY LTD <RUBINO GROUP A/C>	31,250,000	2.46%
MR ROBIN ORMEROD & MS KRISTIN ZEISE <ZEISE ORMEROD SUPER FUND A/C>	30,359,342	2.39%
TOM HADLEY ENTERPRISES PTY LTD	23,000,000	1.81%
THE ADAMS MCLEAN SUPERANNUATION FUND PTY LTD <ADAMS MCLEAN SUPER FUND>	21,014,705	1.66%
COALWELL PTY LIMITED <SALOM FAMILY A/C>	20,700,000	1.63%
BUNGEELTAP PTY LTD	15,127,217	1.19%
BSD PTY LTD <BSD FAMILY A/C>	14,000,000	1.10%
MUTUAL TRUST PTY LTD	13,612,019	1.07%
BRIGHTX PTY LTD <BRIGHTX A/C>	12,068,348	0.95%
HENDO FAMILY SUPERANNUATION PTY LTD <HENDERSON SUPERFUND A/C>	11,200,000	0.88%
THIRTY-FIFTH CELEBRATION PTY LTD <JC MCBAIN SUPER FUND A/C>	11,042,286	0.87%
HOSANDA CORPORATION PTY LIMITED	10,050,000	0.79%
SPECTRIS GROUP HOLDINGS LTD	10,000,000	0.79%
MISS MENGJIAO ZHAO	8,648,889	0.68%
FORDHOLM CONSULTANTS PTY LTD <DIANA BOEHME SUPER FUND A/C>	8,615,955	0.68%
MR DAVID JAMES MCARTHUR	8,000,000	0.63%
	633,070,273	**49.92%**

Unquoted equity securities

	Number held
Unlisted options over ordinary shares issues	14,000,000
Performance rights over ordinary shares issued	17,467,227

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