



Envirosuite Limited (EVS) – Initiation

Emerging leader in Environmental Intelligence (EI) software

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| Recommendation | | Buy (High Risk) | | | | | Summary |
|-------------------------------------|--------|-------------------|--------|---------|-------|--|--|
| Risk Rating | | High | | | | | <p>Envirosuite Limited (ASX: EVS) listed in Feb 2008 as Pacific Environment Ltd (PEH) with the merger of 5 environmental consultancy companies. The Envirosuite 1.0 software was launched Aug 2011. The consulting business was sold in April 2017. Since then, EVS has expanded organically and by acquisition to become a global software and environmental intelligence company supporting leading industry operators in Airports (163 sites), Waste and Wastewater (> 50 sites), Mining (> 25 sites), Cities and Industrial.</p> <p>EVS provides industry with a Software as a Service (SaaS) and Solution as a Service in managing and mitigating their environmental impacts on communities in relation to noise, vibration, odour, dust, air quality and water quality.</p> <p>EVS has 3 divisions: Aviation (67% of FY21 revenue), Omnis (34%) and a new division, Water (0.1%). EVS has ~260 staff in 12 countries, and >500 clients in > 40 countries.</p> <p>Strategic EMS acquisition a potential company-maker</p> <ul style="list-style-type: none">• The Feb 2020 acquisition of EMS Bruel & Kjaer for A\$102m in cash and scrip, delivered EVS critical mass in revenue and operations (~\$47.5m of incremental revenue, a 6-fold increase on EVS's \$7.7m stand-alone revenue) and global leadership in the complementary noise and vibration monitoring sector (predominantly airports, with a ~30% global market share).• EMSBK has under-delivered on initial expectations to date (due to Covid deferral of growth projects), but the potential to increase market share of the >600 major airports globally remains (plus a 2-yr catch-up of project and upgrade work).• EVS is nearing completion of 2-yr integration of EMSBK onto its cloud-based platform, and a number of new value-added products are coming through with strong cross-sales potential. <p>Other Major Growth drivers</p> <ul style="list-style-type: none">• New EVS Water division launched Nov 2021 incorporating innovative new “smart water” IP: (Sewex, licenced from Uni of Qld Dec 2019) & AqMB (acquired Aug 2020); Huge A\$2.8bn addressable market with ~75,000 water treatment sites globally. Customer referral and delivery services agreements signed with global consulting firm GHD (10,000 staff) Nov 2021 adds weight. |
| 12-mth Target Price (AUD) | | \$0.23 | | | | | |
| Share Price (AUD) | | \$0.195 | | | | | |
| 12-mth Price Range | | \$0.087 - \$0.245 | | | | | |
| Forecast 24-mth Capital Growth | | 17.9% | | | | | |
| Forecast 24-mth Dividend Yield | | 0.0% | | | | | |
| 24-mth Total Shareholder Return | | 17.9% | | | | | |
| Market cap (\$m) | | 244.6 | | | | | |
| Net debt (net cash) (\$m) (Dec 21e) | | (17.2) | | | | | |
| Enterprise Value (\$m) | | 227.4 | | | | | |
| Gearing (Net Debt/ Equity) | | n/a - Net cash | | | | | |
| Shares on Issue (m) | | 1,254.5 | | | | | |
| Options / Perf rights on Issue (m) | | 99.3 | | | | | |
| Sector | | IT /Software | | | | | |
| Average Daily Value Traded (\$) | | \$274,000 | | | | | |
| ASX 300 Weight | | n/a | | | | | |
| Financial Forecasts | | | | | | | |
| Years ending June \$ | 21(A) | 22(e) | 23(e) | 24(e) | 25(e) | | |
| Sales revenue | 48.5 | 55.7 | 66.4 | 77.9 | 91.3 | | |
| Sales growth | 108% | 15% | 19% | 17% | 17% | | |
| Cash operating costs | -51.8 | -57.1 | -62.6 | -68.6 | -75.2 | | |
| EBITDA | -4.2 | -2.3 | 2.8 | 8.3 | 15.1 | | |
| NPAT (reported) | -12.5 | -10.8 | -6.4 | -1.8 | 4.0 | | |
| NPAT (adjusted) | -11.9 | -10.8 | -6.4 | -1.8 | 4.0 | | |
| EPS (adjusted) | -1.2 | -0.8 | -0.5 | -0.1 | 0.3 | | |
| EPS growth | nm | nm | -41% | -72% | -322% | | |
| DPS | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| OCF / share | -0.8 | -0.2 | 0.1 | 0.5 | 0.9 | | |
| Valuation Metrics | | | | | | | |
| P/E | -16.8x | -25.5x | -43.1x | -152.6x | 68.6x | | |
| P / OCF | -23.5x | -88.5x | 143.4x | 41.9x | 20.8x | | |
| EV / Sales | 4.5x | 4.0x | 3.1x | 2.6x | 2.1x | | |
| EV / Ebitda | -52.7x | -96.1x | 73.0x | 24.8x | 13.0x | | |
| Cash from Operations | -8.5 | -3.1 | 1.9 | 6.6 | 13.3 | | |
| Net Cash (Net Debt) | 13.6 | 20.2 | 37.5 | 38.9 | 48.6 | | |
| Enterprise Value | 219.2 | 224.4 | 207.2 | 205.7 | 196.1 | | |

EVS SHARE PRICE PERFORMANCE



Initiation of Coverage & Forecasts

- We value EVS shares in the range of \$0.21 to \$0.25 per share. We initiate coverage with a Buy (High Risk) recommendation and a 12-mth price target of \$0.23 per share.
- Our forecasts assume a progressive recovery in the Aviation business, and accelerating growth in Omnis and EVS Water.
- EVS also has strong ESG attributes.

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1. Sequoia – Detailed Revenue Model & Assumptions

We show below our forecasts for the next 5 years.

| EVS - FY21 Results and Sequoia Forecasts | | | | | | | | | |
|--|----------------------|------------------------------|----------------------------|-----------------------------|---------------|--------------|--------------|-------------|--------------|
| Years ended June \$m | FY19A EVS only | FY19 Pro-forma 12 mths | FY20A (EMSBK 4 mths) | FY21A (EMSBK 12 mths) | FY22e | FY23e | FY24e | FY25e | FY26e |
| Statistics | | | | | | | | | |
| ARR - Aviation (at end) | | 29.7 | 31.2 | 31.8 | 33.4 | 36.0 | 38.7 | 41.7 | 44.8 |
| ARR - Omnis (at end) | 5.6 | 13.0 | 11.8 | 14.6 | 18.3 | 22.9 | 28.6 | 35.7 | 44.7 |
| ARR - Water (at end) | | 0.0 | 0.0 | 0.065 | 0.600 | 1.8 | 3.6 | 5.4 | 7.2 |
| ARR - Group (end) | 5.6 | 42.7 | 43.0 | 46.5 | 52.3 | 60.6 | 70.9 | 82.8 | 96.7 |
| SAM (Serviceable Addressable Mkt) | 1,300 | 1,494 | 2,300 | 4,200 | 4,200 | | | | |
| EVS penetration (%) | 0.4% | 2.9% | 1.9% | 1.1% | 1.2% | | | | |
| Segmental Revenue | | | | | | | | | |
| Recurring Revenue - Aviation | 0.0 | 29.7 | 10.7 | 29.1 | 32.1 | 36.0 | 38.7 | 41.7 | 44.8 |
| Recurring Revenue - Omnis | 3.6 | 11.0 | 7.2 | 11.3 | 13.6 | 16.9 | 21.2 | 26.5 | 33.1 |
| Recurring Revenue - Water | 0.0 | 0.0 | 0.0 | 0.043 | 0.600 | 1.8 | 3.6 | 5.4 | 6.6 |
| Recurring Revenue - Group | 3.6 | 40.7 | 17.9 | 40.4 | 46.2 | 54.7 | 63.5 | 73.5 | 84.5 |
| Non-recurring revenue - Aviation | 0.0 | 7.7 | 0.8 | 3.0 | 3.3 | 4.0 | 4.8 | 5.7 | 6.9 |
| Non-recurring revenue - Omnis | 3.5 | 6.2 | 4.7 | 5.1 | 6.2 | 7.7 | 9.6 | 12.0 | 15.0 |
| Non-recurring revenue - Water | 0.0 | 0.0 | 0.0 | 0.003 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-recurring revenue - Group | 3.5 | 13.9 | 5.4 | 8.2 | 9.5 | 11.7 | 14.4 | 17.8 | 21.9 |
| Total Revenue - Aviation | 0.0 | 37.4 | 11.5 | 32.1 | 35.4 | 39.9 | 43.5 | 47.4 | 51.7 |
| Total Revenue - Omnis | 7.1 | 17.2 | 11.9 | 16.4 | 19.7 | 24.6 | 30.8 | 38.5 | 48.1 |
| Total Revenue - Water | 0.0 | 0.0 | 0.0 | 0.046 | 0.6 | 1.8 | 3.6 | 5.4 | 6.6 |
| Total Revenue - Group | 7.1 | 54.6 | 23.3 | 48.5 | 55.7 | 66.4 | 77.9 | 91.3 | 106.5 |
| Revenue growth on pcp | 85.8% | n/a | 227.9% | 108.1% | 14.8% | 19.2% | 17.3% | 17.2% | 16.6% |
| Recurring revenue (% of Total Rev) | 51.2% | 74.5% | 76.8% | 83.2% | 83.0% | 82.4% | 81.5% | 80.5% | 79.4% |
| Cost of Sales | (5.0) | (31.1) | (16.5) | (28.0) | (30.8) | (33.9) | (37.2) | (41.0) | (45.1) |
| Gross Profit | 2.1 | 23.5 | 6.9 | 20.6 | 24.9 | 32.5 | 40.7 | 50.3 | 61.4 |
| Gross Profit Margin | 29.8% | 43.0% | 29.4% | 42.4% | 44.8% | 49.0% | 52.2% | 55.1% | 57.7% |
| Other Income | 0.6 | 0.6 | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash Operating Expenses | (7.5) | (26.2) | (17.1) | (23.8) | (26.3) | (28.7) | (31.4) | (34.3) | (37.5) |
| Share based payments (non-cash) | (0.01) | (0.01) | (3.2) | (0.9) | (1.0) | (1.0) | (1.0) | (1.0) | (1.0) |
| EBITDA | (4.8) | (2.1) | (12.9) | (4.2) | (2.3) | 2.8 | 8.3 | 15.1 | 22.9 |
| Ebitda Margin | -67.8% | -3.9% | -55.2% | -8.6% | -4.2% | 4.3% | 10.7% | 16.5% | 21.5% |
| Depreciation & Amortisation | (1.2) | (2.8) | (3.2) | (7.0) | (7.7) | (8.5) | (9.3) | (10.2) | (11.3) |
| EBIT | (6.1) | (5.0) | (16.1) | (11.1) | (10.0) | (5.6) | (1.0) | 4.8 | 11.7 |
| Ebit Margin | -85.2% | -9.1% | -69.1% | -23.0% | -18.0% | -8.5% | -1.3% | 5.3% | 11.0% |
| Net Interest Income (Expense) | 0.1 | 0.1 | (0.1) | (0.3) | (0.4) | (0.4) | (0.4) | (0.4) | (0.4) |
| Pre-tax profit | (5.9) | (4.8) | (16.2) | (11.4) | (10.4) | (6.0) | (1.4) | 4.4 | 11.3 |
| Income Tax Credit (Expense) | (0.1) | | 0.2 | (0.5) | (0.4) | (0.4) | (0.4) | (0.4) | (0.4) |
| Tax Rate | 1.1% | | -1.4% | 4.1% | 3.8% | 6.6% | 28.3% | -9.0% | -3.5% |
| Abnormal items | 0.0 | | (2.3) | (0.6) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| NPAT (reported)(incl Abs) | (6.0) | | (18.2) | (12.5) | (10.8) | (6.4) | (1.8) | 4.0 | 10.9 |
| Add back: Abnormals | 0.0 | | 2.3 | 0.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| NPAT (normalised) | (6.0) | | (16.0) | (11.9) | (10.8) | (6.4) | (1.8) | 4.0 | 10.9 |
| EPS - Reported (cents) | (1.7) | | (2.9) | (1.2) | (0.8) | (0.5) | (0.1) | 0.3 | 0.8 |
| EPS - Normalised (cents) | (1.7) | | (2.6) | (1.2) | (0.8) | (0.5) | (0.1) | 0.3 | 0.8 |
| Share count (Weighted ave, F/D) | 356.0 | 1126.5 | 619.9 | 1027.2 | 1418.7 | 1418.7 | 1418.7 | 1418.7 | 1418.7 |
| Share count (Period end) | 370.2 | 977.2 | 1024.7 | 1193.8 | 1280.7 | 1375.7 | 1375.7 | 1385.7 | 1385.7 |

Source: EVS accounts; Sequoia forecasts and analysis

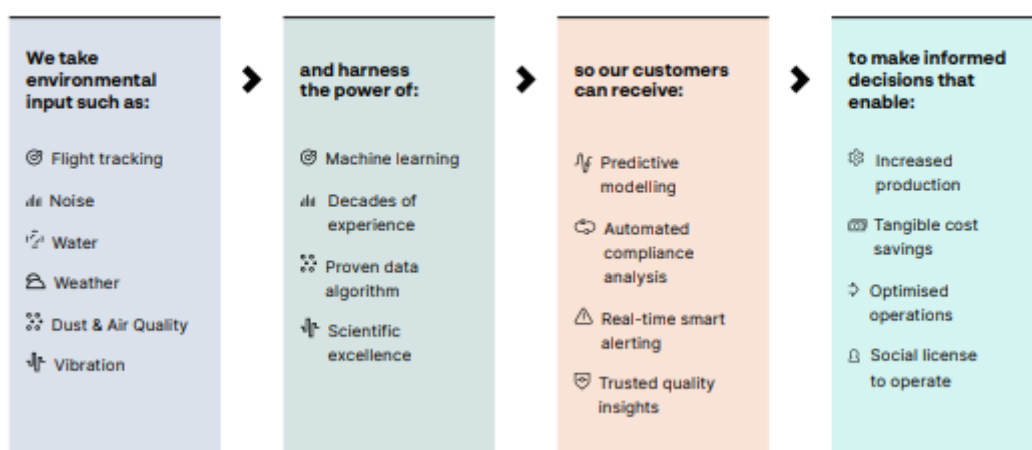
2. Company Description

Envirosuite Limited (ASX: EVS) is a global leader in Environmental Intelligence (EI) servicing the leading industry operators in Aviation (airports), Mining, Construction, Industrial, Waste & Wastewater and Water.

EVS provides its customers with Software as a Service (SaaS) and Solutions as a Service – both in managing and mitigating their environmental impacts on communities in relation to **noise, vibration, odour, dust, air quality and water quality**.

EVS's proprietary software platform combines leading-edge science with industry expertise to help organisations unlock value beyond merely meeting compliance, allowing them to better engage with communities, and make real-time decisions to minimise costs and optimise operations. By harvesting the power of Environmental Intelligence, EVS helps organisations grow sustainably, and their communities to thrive.

WHAT IS ENVIRONMENTAL INTELLIGENCE?



Source: EVS FY21 Annual Report, p6.

Customer Base

The customer base currently numbers over 500, in the following sectors:

- Over 200 airports
- Over 50 waste and wastewater sites
- Over 25 mines
- Construction companies
- Cities and industrial parks
- Heavy industry
- Ports

Source: EVS General Meeting presentation, 24/2/20

EVS is structured into 3 product areas, with a total of approximately 260 staff (FTEs), operating from 14 offices worldwide.

- **EVS Aviation** – This new division was created in FY21 following the EMS Bruel & Kjaer acquisition (EMSBK) in February 2020, acquired for \$102.2m (\$70m cash, plus scrip, plus options) from Macquarie Capital and Spectris plc (SXS.L, Market cap GBP 3.9bn). EMSBK's ANOMS product is the market-leading noise, vibration and environmental software suite with an estimated 30-35% market share of major passenger airports globally.

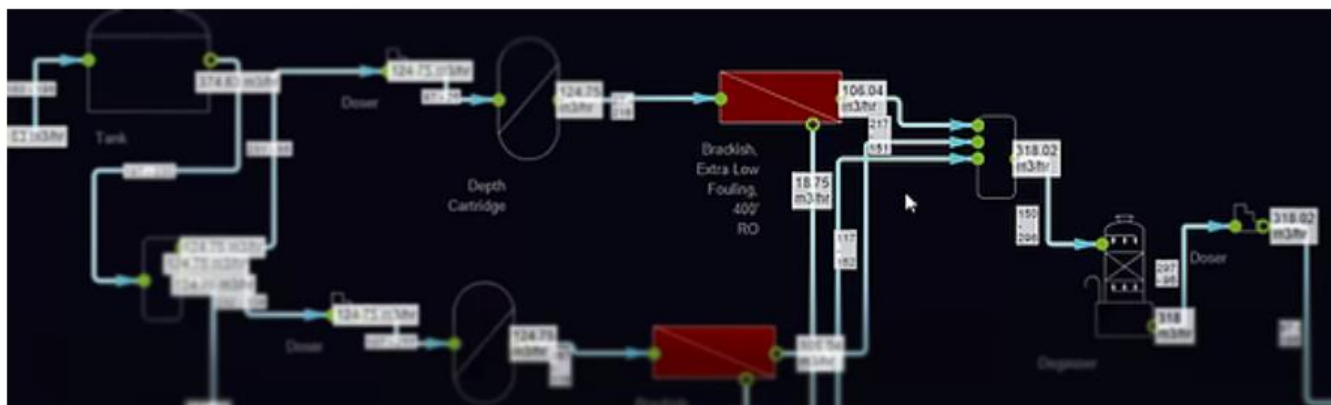
At 30/6/21, EVS Aviation had 163 customer sites (v 160 pcps +1.9% YoY). Customers include Port Authority of New York and New Jersey, Los Angeles World Airports, Aena (manages 43 airports in Spain etc), Airservices Australia (nee CAA, Government agency responsible for 29 Australian airports – EVS serves 12 of these), Heathrow Airport, Amsterdam Airport Schiphol.

ARR (Annualised Recurring Revenue) \$31.8m at 30/6/21 (68% of Group total). FY21 Total revenue (includes one-off project work and hardware) \$32.1m (66% of Group total).

- **EVS Omnis** – This division encompasses EVS's non-airport operations previously segmented as Cities, Mining, Waste & Wastewater, Industrial and Construction. The EVS Omnis platform allows customers and specialists to manage air quality, dust, meteorology, and site-specific localised predictive modelling to manage and record environmental impacts. Major customers include: Anglo American, Thames Water, Fortescue Metals Group, Vale, Veolia, BHP and Teck Resources.

At 30/6/21, it had 207 customer sites (v 169 pcps +22.5% YoY) including over 50 water and wastewater customer sites, and over 25 mine sites. ARR \$14.6m +24.2% YoY (31% of group total). FY21 total revenue \$16.4m (34% of Group total).

- **EVS Water** – New division launched November 2020 and commenced commercialisation during 2021. 3 customer sites at 30/6/21. ARR \$65k (1% of Group total). EVS Water is a cloud-based engineering solution which interprets complex information on water infrastructure and piping, providing predictive and real-time advice to infrastructure owners and managers such as water authorities and councils. It creates a “digital twin” of the physical infrastructure asset. The new EVS solution combines existing IP with two new innovative technologies:
- SeweX - an advanced mathematical modelling tool describing the physical, chemical and biological processes in sewers; It is designed to identify areas within a sewer network at high risk of corrosion or odour production. Licenced from Uniquist (University of Queensland technology transfer arm) and now integrated into the EVS software platform. Refer ASX announcement 2/12/19.
- AqMB Pty Ltd (Aqueous Material Balance) – is a water modelling and R&D technology software company, acquired by EVS on 17/8/20 for \$1.35m cash following 6 years of development by its founders. 3 current products: **Plant Designer**: is a SaaS product for water treatment plant designers and engineering consultants at the start of a capital project. It uses deterministic modelling and machine learning for calibration, to enable users to create a “digital twin” of any treatment plant or desalination plant. **Plant Optimiser**: is a forecasting product for water plant operators, typically sold through consulting firms. It is used to deliver real-time forecasting in advance, to drive significant reductions in energy costs and treatment chemicals. **Supplier Link**: lets water treatment equipment vendors provide real-time price and product information directly to plant designers. AqMB said it had created a virtual marketplace integrated with process design software. Equipment vendors pay EVS a fee for each opportunity to quote on a project.



Engineers can collaborate with project members for timely peer review,
around the clock, regardless of location.

Source: www.businessbuyinvest.com/director-briefing-with-darren-szczepanski-managing-director-of-aqmb-holdings-pty-ltd/

- In October 2020, EVS announced the first sale of its new “Water Designer” software products to global civil engineering consulting group GHD. Then in November 2021 EVS signed 2 strategic agreements with GHD being a referral agreement and a delivery services agreement. GHD will refer customers to EVS Water and assist in the deployment of services. Founded in 1928 in Melbourne, GHD now has ~11,000 staff, 200 offices on 5 Continents - Asia, Australia, Europe, North and South America, and the Pacific region. Refer: www.GHD.com.

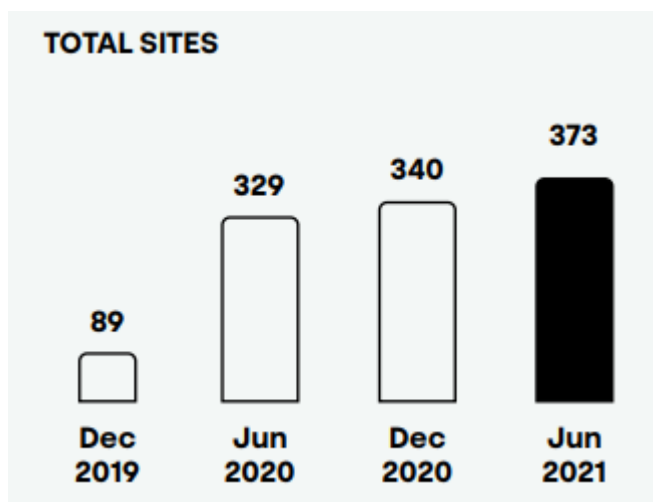
EVS believes that every major town in the world is a potential customer for Optimiser and SeweX software products. EVS estimates a \$2.8bn serviceable Addressable Market (SAM) opportunity based on an estimated ~75,000 addressable sites.

EVS Global Locations

| EVS: Locations | | | | | |
|------------------------|-------------|---------------------|---------|--------------------|----------|
| Asia Pacific | | EMEA | | Americas | |
| North Sydney | Australia | Soborg (Copenhagen) | Denmark | Folsom, California | USA |
| Brisbane | Australia | Madrid | Spain | Montreal, Quebec | Canada |
| Melbourne | Australia | | | | |
| Beijing | China | | | Belo Horizonte | Brazil |
| Taipei | Taiwan | | | Santiago | Chile |
| Hong Kong | Hong Kong | | | Bogota | Colombia |
| Gangnam-gu | South Korea | | | | |
| Offices | 7 | 2 | | 5 | |
| Worldwide Total | 14 | | | | |

Source: EVS website

EVS currently services over 500 customers at 373 customer sites, including over 160 airports (June 2021 statistics).



Source: EVS FY21 Annual Report

Competitive advantage

EVS believes it is the global market leader in its specialist areas, and that no competitor has the breadth and depth of its cloud-based offering and extensive IP.

Medium-term targets (published pre-Covid, and pre- EVS major new investment into EVS Water, so these targets have probably now been pushed out a few more years)

Growth Targets for the next 3.5 years:

- \$100 m revenue run-rate by end FY23
- 15-20% EBITDA run-rate margin by end FY23
- EBITDA positive run-rate by end FY21
- Displaying 20% compound revenue growth y-o-y

Source: EVS General Meeting presentation, 24/2/20 (old; We look forward to seeing updated targets soon)

3. Brief History

EVS first listed as Pacific Environment Limited (ASX code: PEH) on 11/2/08 with a combination of 5 environmental consulting firms in Brisbane, Sydney and Melbourne. The first version of the Envirosuite software platform was launched in August 2011.

Nov 2014 - Envirosuite – version 2.0 was launched.

Aug 2015 - Collaboration agreement with Odournet, the world's leading consulting and technology firm in odour, air quality and acoustics (noise). Offices in 8 countries – Netherlands, France, Spain, Germany, UK, Brazil, Mexico, and India.

International expansion gathered pace - with contracts with Kingsgate's Chatree gold mine in Thailand in 2015, Thames Water in 2016 (introduced by Odournet), and Carbones del Cerrejon Ltd in Colombia South America (owned 1/3rd each by BHP, Anglo American and Glencore).

Oct 2016 - EVS signed an MOU with major US engineering services firm, HDR Inc to become a US sales partner. It has 225 offices worldwide. Potential access to HDR's significant client base. Refer www.hdr.com (Not sure if still on foot today).

Dec 2016 – Pacific Environment Limited (PEH) changed its name to Envirosuite Limited (EVS).

Apr 2017 - EVS sold its consulting business for A\$14.5m (net of incentives to staff) to Environmental Resources Management (ERM). Revenue \$16.1m, and Ebitda \$2.0m was forgone. EVS will retain a co-operation agreement with ERM which has 160 offices in over 40 countries and employs > 4,500 people. (Not sure if still on foot today). Post this sale, EVS became a focussed global SaaS company with ~ 30 staff, and ~ \$1.0m of SaaS revenue.

Nov 2017 - EVS acquired the business and assets of Odotech Inc in Montreal Canada from the bank-appointed trustee for A\$458k. It had 60-70 clients on the legacy "Oduwatch" product across wastewater, mining, agriculture, pulp and paper, and local government.

Sep 2019 - Agreement to enter China in partnership with Mr. Zhigang Zhang. \$4.0m placement to Mr. Zhang (50m shares at 8.0c), plus 25m options exercisable at \$0.15. The options to vest on achieving a minimum of \$10m in cumulative revenues from China. Also 15m options on same terms to employees of Mr. Zhang's Chinese subsidiaries, and 1.25m broker options.

Dec 2019 – Global 20-year exclusive licence agreement for SeweX with Uniquist (University of Qld technology transfer arm). SeweX is an advanced mathematical modelling tool describing the physical, chemical and biological processes in sewers. It is designed to identify areas within a sewer network at high risk of corrosion and odour production. UQ worked with Councils and water authorities in Brisbane, Gold Coast, Sydney and Melbourne in developing this technology. EVS has now integrated SeweX into its existing software platform. This should assist clients to materially reduce core operating and capital costs.

Jan 2020 – EVS to acquire EMS Bruel & Kjaer Holdings, a leading global environmental noise solutions provider, head-quartered in Melbourne with 200 staff, >400 customers in 40 countries. Vendors were Macquarie Corporate Holdings, Spectris Group Holdings Ltd and EMS founders. Consideration: \$70m cash, 80m new EVS shares and 95m EVS options (3 years; \$0.20 exercise price). In addition, Macquarie to receive 55m new EVS shares for a 3-year referral agreement. Acquisition completed on 28/2/20. Total consideration per FY20 Annual Report was \$102.2m.

Feb 2020 – First sale in China – a wastewater solution for Lioadong Bay Wastewater plant in the city of Panjin. Value: 1.3m RMB (A\$270k).

Aug 2020 – Strategic acquisition – EVS to acquire AqMB Holdings Pty Ltd for A\$1.35m. AqMB (Aqueous Material Balance) is a water modelling R&D company founded in 2014 by Darren Szczepanski, a chemical process engineer with 20+ years of Project, Design & Consulting experience in the Water sector, including 9 years in leadership roles within GE Water and Pall Corp. Historical customers included Veolia and Jacobs, mainly in the design of wastewater treatment plants. Current revenues not material. EVS has embedded AqMB into its platform to directly address 2 of the most significant operating costs – chemicals and energy. AqMB forms part of the new EVS Water division.

Oct 2020 – First sale of a new “smart water” software product to GHD Australia, one of the world’s leading professional services firms. This is the first of several new products being created as a result of the acquisition of AqMB. EVS has identified > 25,000 water treatment sites that could benefit from this product.

Oct 2020 – Mr. Zhigang Zhang to retire as an NED at the 2020 AGM.

Nov 2020 – EVS Water launched as a new division, incorporating innovative technology from SeweX and AqMB.

Feb 2021 – CEO and MD Peter White to retire, but to stay on the EVS board as an NED. **Appoints current COO Jason Cooper as new CEO.**

Aug 2021 – US Senate passes US\$1 trillion bipartisan infrastructure plan. This includes US\$97bn of additional funding into EVS’s key sectors. EVS now at >120 sites in North America (in 23 of 50 US States, and 7 of 10 Canadian provinces). So EVS well positioned to benefit as this new funding flows through.

Sep 2021 – Macquarie Capital sells 80.0m shares at \$0.16 per share (\$12.8m), on market. Ceases to be substantial (previously held 80.4m shares, 7.0% stake). Retains 75m options (exercisable at \$0.20; expiry 28/2/23) equivalent to a 6.0% stake.

Nov 2021 – MOU with Aeroqual Ltd, a global leader in air quality monitoring hardware, to combine 2 complementary technologies, to pursue joint opportunities.

Nov 2021 – 2 strategic agreements signed with GHD, a highly regarded consulting group in the global water industry (200 offices across 5 Continents); A referral agreement and a delivery services agreement.

Dec 2021 - \$10.5m placement at \$0.20 per share, to accelerate sales into high margin EVS Water business.

Dec 2021 – Appoints Aaron Lapsley as COO, to be based in the Americas. Ex Cushman & Wakefield.

Jan 2022 – Appoints Justin Owen as CFO (previously CFO of Whisper Limited (ASX: WSP, market cap \$276m) and over 30 years’ financial experience including 19 years at PwC, and 5.5 years as Partner at BDO Australia).

Other

We show a detailed history for EVS at Appendix 1.

4. EMS Bruel & Kjaer – Transformative acquisition

We regard EVS's \$102m acquisition of EMSBK on 28/2/20 as transformative, delivering EVS a 600% increase in scale, ~10x increase in recurring income, a global leadership position in a larger and complementary sector (noise & vibration), similar growth drivers (regulation, improved community relations, improved operations and efficiencies through technology), and potential sales and R&D synergies. Revenue and Ebitda in FY21 were below management pro-forma guidance given at the time of the acquisition, but we think this is probably just a Covid-related timing delay. We summarise the details below.

| EVS - Summary of major acquisition of EMSBK, announced 17/1/20 (completed 28/2/20) | | | | | | | |
|--|--------------------------------------|--------------------------------|------------------|--|-------------|--|--------------------|
| A\$m | EVS FY19 | EMSBK CY19 | Capital Raise | Proforma FY19 | Change | FY21 Actual | Variance Vs P/F |
| Recurring Revenue | 3.6 | 38.8 | | 42.4 | 1078% | 40.4 | -5% |
| Non-recurring revenue | 3.5 | 8.7 | | 12.2 | 249% | 8.2 | -33% |
| Other revenue (R&D grants etc) | 0.6 | | | 0.6 | 0% | 0.0 | -96% |
| Total Revenue | 7.7 | 47.5 | | 55.2 | 617% | 48.6 | -12% |
| Segmental revenue | | | | | | | |
| Aviation (Airports) | 0.0 | 37.4 | | 37.4 | nm | 32.1 | -14% |
| Non-airports | 7.1 | 10.1 | | 17.2 | 142% | 16.5 | -4% |
| Other revenue (R&D grants etc) | 0.6 | 0.0 | | 0.6 | 0% | 0.0 | -96% |
| Total Revenue | 7.7 | 47.5 | | 55.2 | 617% | 48.6 | -12% |
| Gross margin | 2.7 | 21.4 | | 24.1 | 792% | 20.6 | -15% |
| Gross margin % | 35% | 45% | | 44% | | 42% | |
| Ebitda | -4.9 | 2.7 | | -2.2 | -55% | -4.2 | 89% |
| Ebitda margin % | -63.6% | 5.7% | | -4.0% | | -8.6% | |
| Depreciation & Amortisation | -1.2 | -1.6 | | -2.8 | 133% | -7.0 | 150% |
| EBIT | -6.1 | 1.1 | | -5.0 | -18% | -11.1 | 123% |
| EBIT margin % | -79.2% | 2.3% | | -9.1% | | -23.0% | |
| Capital Structure & acquisition multiples | | | | | | | |
| Shares on issue (m) | 464.5 | | 512.8 | 977.2 | 110% | 1193.8 | 22% |
| Market cap at \$0.20 offer price | 92.9 | | | 195.4 | 110% | 238.8 | 22% |
| Net cash (net debt) | 15.0 | | | 15.0 | 0% | 13.6 | -9% |
| Enterprise Value (basic) | 77.9 | 102.2 | | 180.4 | 132% | 225.1 | 25% |
| | | (Actual consideration) | | | | | |
| EV / Revenue multiple | 10.1x | 2.2x | | 3.3x | -68% | 4.6x | 42% |
| EV / ARR multiple | | 2.6x | | | | | |
| EV / Ebitda multiple | nm | 38x | | nm | | nm | |
| EV / EBIT multiple | | 93x | | | | | |
| Options on issue (m) | 54.3 | | 95.0 | 149.3 | 175% | 99.3 | -34% |
| Business Attributes | | | | | | | |
| Technology-based product offering | Air Quality, Odour, Wastewater | Noise and Vibration | | | | Air Quality, Odour, Wastewater, Noise & Vibration | |
| Segment position | #1 in Odour | #1 in Airports | | Leader in Odour and Noise (Airports) | | ✓ ✓ | |
| ARR | 12.0 Jun 20 target | 38.8 Recurring | | 50.8 | 323% | 46.5 | -8% |
| Pipeline | 11.0 (excl-China) | 142.5 (3x current) | | 154 | 1295% | ✓✓✓ | |
| No. of Contracts | 100 | 400 | | 500 | 400% | ✓ | |
| No. of Countries (Staff) | 7 | 9 | | 12 | 71% | ✓ | |
| Employees | 80 | 200 | | 280 | 250% | 260 | |
| Year founded | IPO 2008 14 yrs | Lochard founded 1989 33 yrs | | 30+ yrs | | ✓ | |

Source: EVS acquisition presentation 17/1/20; FY21 Annual Report; ASX announcements; Sequoia calculations

5. Positive Factors / Potential Reasons to Buy

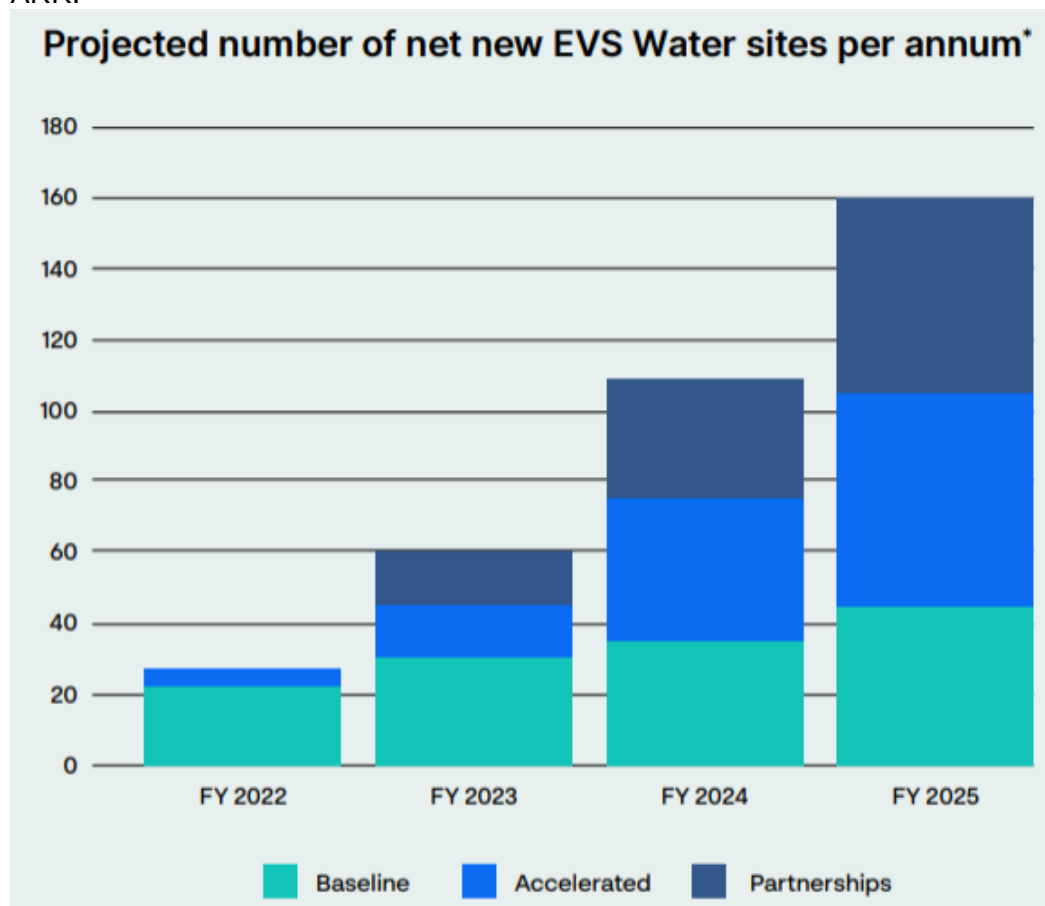
- EMS Bruel & Kjaer (EMSBK) acquisition a company maker** – The EMSBK acquisition has slightly under-performed management forecasts given 2 years ago, but we think this is probably just a Covid-related delay. We regard it as a potentially outstanding acquisition.

 - Delivers EVS a >6x increase in revenue, and critical mass that would have taken years to achieve otherwise;
 - Delivers a ~10x increase in recurring revenue, and 400 new customers, a 4x increase (apparently no client overlap);
 - Provides a global leadership position in a larger and complementary sector (noise & vibration);
 - Complementary geographies (EVS has staff in 7 countries, EMS has staff in 9 countries, Combined 12 countries, up 5 net; EVS established in China and South America where EMS is less established. EMS strong in Scandinavian and French markets where EVS is less established;
 - Business originally founded in Melbourne (as Lochard Limited) in 1989 (33 years), and with 70 employees, merged with Danish industrial audio instrumentation and controls company Bruel & Kjaer (Spectris plc) in Feb 2009 becoming EMSBK; Macquarie bought 50% in Dec 2017, and the business grew to 200 employees in 9 countries when acquired by EVS;
 - Similar growth drivers to EVS's existing air quality/ odour/ water environmental monitoring business (increasing regulation, need for improved community relations, improved operations and efficiencies through better use of technology including machine learning);
 - Great product and market fit. Numerous potential cross selling and revenue opportunities; Numerous cost synergy opportunities including establishing a common cloud-based IT platform and new product and R&D development synergies;
 - Profitable in CY19 (Ebitda A\$2.7m, EBIT \$1.1m), so accretive to loss-making EVS.
 - Reasonable acquisition multiple ~2.2x historical revenue; Although 39x historical Ebitda is high, this is before revenue and cost synergies, and there are strong strategic benefits.
 - R&D spend approx 13% of revenue, with new value-adding products ready to launch.
- Aviation (Airports) sector resilient through Covid; Growth and projects will return** – EVS Aviation is EVS's largest division at 66% of FY21 revenue. The division under-performed pro-forma expectations as the reduction in airport traffic due to Covid-delayed new capital spend, with a significant decline in non-recurring project and hardware revenue. Recurring revenue growth was flat (ARR growth of 1.8% in FY21), and non-recurring revenue (initial installations, project work and hardware upgrades) was 9% of segment total revenue, down from 18% of FY19 pro-forma, pre-Covid.

Outlook improving - EVS currently provides services to aviation clients at 163 sites (airports) of the 600+ major airports in the world. As flight volumes return to normal, we expect EVS Aviation's ~30% market share to rise, which should also bring an even stronger recovery in non-recurring /project revenues.
- New value-added digital products coming through, beyond basic compliance offerings** - EVS is nearing completion of a 2-year integration of EMSBK onto a single cloud-based platform, which will greatly assist the cross-selling potential of existing EVS and EMSBK products. For example, noise and vibration monitoring can be sold to existing EVS mining and construction customers. In addition, EVS has significantly increased its investment in product development / R&D from \$0.5m in FY19 (7.4% of sales) to \$3.2m in FY20 (14.0% of sales) and \$5.7m in FY21 (11.7% of sales). EVS says it has a number of new value-added products coming through, that will offer customers additional benefits beyond the basic compliance requirement of a site. For example, see the next paragraph on EVS Water.
- Major new segment opportunity with EVS Water** – EVS formed this new division in November 2020 to capitalise on two pieces of innovative new IP: New SeweX IP licenced from Uniquet (University of Qld, in Dec 2019) and the acquisition in Aug 2020 of AqMB (Plant Designer, Plant Optimiser, and Supplier Link). EVS says its new offering will allow wastewater treatment customers to better understand and optimise their networks and chemical inputs which is expected to open up a major new channel of commercial opportunities. EVS's original study of AqMB's benefits to customers indicated a potential cost saving of up to 35% for a typical treatment plant. EVS says

that every major town in the world is a potential customer for Optimiser and SeweX. (more than 75,000 wastewater treatment plants globally). Environmental engineering consulting group GHD has signed to be a referral partner and a delivery partner, which adds weight to EVS's statements.

In its 3/12/21 capital raising presentation (\$10.5m raised), EVS included this chart showing it is aiming to add ~27 new client wastewater sites in FY22, ~60 in FY23, ~110 in FY24 and ~160 in FY25 (our estimate reading off the below chart). Its starting base today is just ~5 sites. Average revenue per site of A\$40-80k per annum is expected (pure software; no hardware), implying an opportunity \$6.4m to \$12.8m ARR.



Source: 3/12/21 presentation, page 21.

Our forecasts for EVS Water are more conservative than EVS's as it is a brand new division with only ~ 5 sites currently – Water Corporation WA (3 sites out of a possible 113, but in proof-of-concept stage), Queensland Urban Utilities (no details, so we assume 1 site only) and an Asian desalination plant (1 site, but EVS says there are 15,000 such plants globally).

| EVS Water - Sequoia ARR forecasts | | | | | | Total Market |
|---|-----------|-----------|------------|------------|-------|-----------------------------|
| Years ended June | FY22e | FY23e | FY24e | FY25e | FY26e | |
| Opening (Current deployments; Our est. being Water Corp WA 3, Qld Urban Utilities 1, Asian desal 1) | 5 | 30 | 90 | 200 | | |
| Projected new deployments per EVS 3/12/21 presentation | 25 | 60 | 110 | 160 | | |
| Closing # of sites | 30 | 90 | 200 | 360 | | > 25,000 |
| Avg Revenue Per Site: \$40k - \$80k ARR | | | | | | |
| Implied ARR (\$m) - Low | 1.2 | 3.6 | 8.0 | 14.4 | | 1,000 |
| Implied ARR (\$m) - Midpoint (\$60k per site) | 1.8 | 5.4 | 12.0 | 21.6 | | 1,500 |
| Implied ARR (\$m) - High | 2.4 | 7.2 | 16.0 | 28.8 | | 2,000 |
| Sequoia forecasts - sites (more conservative) | 10 | 30 | 60 | 90 | 120 | Water SAM per EVS: \$2,800m |
| Sequoia ARR est. (assuming \$60k average) | 0.6 | 1.8 | 3.6 | 5.4 | 7.2 | |

Source: EVS 3/12/21 presentation, p21 (our estimates reading off the chart)

- China commenced Nov / Dec 2019** – In September 2019 EVS announced an agreement to enter China via a partnership with Mr. Zhigang Zhang (30 years' experience in the water remediation and environmental protection industry in China).

This included a \$4.0m placement (50m shares at 8 cents) and 25.0m unlisted options (\$0.15 exercise price, expiring 31/3/22, vesting if a minimum of \$10m of cumulative revenues in China – We understand EVS does not expect this target for the options to be achieved. The first sale was announced in Feb 2020 being a wastewater solution for \$270k. Total sales of \$3.4m were achieved in FY20 (being \$148k recurring revenue, and \$3.3m one-off equipment sales). China revenues declined in FY21 as EVS started to shift towards higher margin recurring revenue opportunities. The medium and long-term opportunity remains significant.

6. **Huge SAM opportunity (Serviceable Addressable Market)** – EVS estimates its SAM at A\$4.2bn as shown below. EVS's June 2021 ARR of \$46.5m represented penetration of ~16% in the Airports sector, but only 1.0% for Omnis (industrial, mining, cities etc) and 0% for the new EVS Water business. So there is considerable headroom for growth.

| EVS: Key Metrics by Product | EVS Aviation | EVS Omnis | EVS Water | Group |
|---|--------------|-------------|--------------|-------------|
| SAM (Serviceable Addressable Market) \$m | 194 | 1,200 | 2,800 | 4,194 |
| ARR (Annualised Recurring Revenue) 30/6/21 (\$m) | 31.8 | 14.6 | 0.065 | 46.5 |
| ARR (Annualised Recurring Revenue) 30/6/20 (\$m) | 31.2 | 11.8 | 0 | 43.0 |
| ARR - change on pcip % | 1.8% | 24.2% | nm | 8.1% |
| Penetration % of SAM (Sequoia calculation) | 16% | 1% | 0% | 1.1% |
| No. of sites (at 30/6/21) | 163 | 207 | 3 | 373 |
| No. of sites (at 30/6/20) | 160 | 169 | 0 | 329 |
| change on pcip % | 1.9% | 22.5% | nm | 13.4% |
| ARPS (Avg revenue Per Site)(\$m) | 0.195 | 0.071 | 0.022 | 0.125 |
| Churn % | 1.4% | 4.2% | nm | 2.3% |
| CLTV (Customer Lifetime Value)(\$m) | 5.798 | 0.716 | | 6.514 |
| Recurring revenue (\$m) | 29.1 | 11.3 | 0.043 | 40.4 |
| Non-recurring revenue (\$m) | 3.0 | 5.1 | 0.003 | 8.2 |
| Total Operating Revenue (\$m) | 32.1 | 16.4 | 0.046 | 48.5 |
| Recurring revenue (% of FY21 total) | 91% | 69% | 93% | 83% |

Source: FY21 Results pack

EVS has an aspirational target of \$100m of revenue by 2023, and gross margins of 50-55% (v 42.4% FY21) based on current cost initiatives. As the mix of revenue shifts more towards the EVS Water software solution, EVS expect the gross margin to further improve. (We forecast \$106m of revenue in FY26, and a 55% gross profit margin in FY25 and 57% gross profit margin in FY26 – 5 years' time).

7. **Favourable environmental, social charter and governance (ESG) tailwinds** - Corporations and governments are becoming more environmentally conscious, and more aware of the impact on local communities. The global shift in corporate mindset around environmental issues means companies around the world are now recognising the importance not only of being seen to be doing good, but also actually doing it. EVS's vision is to allow businesses to thrive in parallel with growing communities. EVS is helping organisations move beyond the basic regulatory requirements.
8. **First mover advantage** – EVS believes it a global first mover in environmental intelligence software and IoT (internet of things), with long-standing relationships with sector-leading customers. EVS claims to be the only environmental intelligence technology provider that solves complex environmental challenges across air, water, noise and vibration with its suite of software products and IoT.
9. **Purpose driven company / UN Sustainable development goals** – EVS vision and products assists its clients to achieve a number of the 17 goals identified by the United Nations for sustainable global development:
- Goal #3 - Good health and well being
 - Goal # 6 - Clean Water and Sanitation
 - Goal #9 - Industry, innovation and infrastructure
 - Goal #11 - Sustainable cities and communities
 - Goal #13 - Climate action

Refer: www.sdg.un.org/goals Refer our Appendix 2 for the full list.

- 10. President Biden infrastructure bill** – In addition to EVS is set to benefit from the US\$1 trillion bipartisan infrastructure plan (Infrastructure Investment and Jobs Act, passed by the US senate on 10/8/21). This includes US\$97bn (A\$138bn) of additional funding into EVS's key sectors.
- US \$55 bn for clean Water infrastructure.
 - US \$25 bn for Airports.
 - US \$17 bn towards Ports and Waterways.
- EVS says this additional funding will modernise key infrastructure assets and provide funding to address environmental concerns. EVS's solutions help customers meet their Environmental, Social and Governance (ESG) requirements, and advance towards Sustainability Development Goals (refer Appendix 2 – United Nations SDGs).
- 11. Further M&A expected** – EVS has a long history of acquisitions (EMSBK by far the largest), and further acquisitions of businesses or complementary technologies are expected. EVS says it is continually looking out for leading technology it can integrate into its platform. It is participating and partnering with university groups and Government Agencies in research projects, that if successful, will further push its technology suite forward. With an existing customer base of over 500 clients, operating at over 370 sites across a range of sectors, the opportunities for revenue synergies from cross-selling are apparent.
- 12. Potential share price catalysts –**
- We expect EVS's share price and market capitalisation to re-rate positively as the expected cyclical recovery in Aviation/ Airports unfolds, and as new customers are announced generally.
 - Progress with the new EVS Water division and its pure SaaS products; conversion of Proof of Concepts (POC's) to full recurring revenue contracts.
 - Other new product announcements.
 - Progress in China.
 - Further acquisitions.
 - 1H22 results this month.
 - Quarterly reports demonstrating strong ARR growth, new client wins and other progress.
 - Achieving full-year profitability and becoming cash-flow positive.

7. Risk / Negative Factors

We identify the following risks for investors considering an investment in EVS.

1. **Aviation business (airports) 66% of FY21 revenue still under pressure** – Whilst the recurring revenue side of EVS's business proved fairly resilient during Covid (most airports would be subject to mandatory noise/ environmental monitoring, so EVS recurring SaaS revenues and services have been largely unaffected), the non-recurring side (initial installations, project work and equipment upgrades) was down ~50% on pre-Covid levels. Whilst a strong recovery is now expected, it could be patchy, and could take longer than expected. For passenger volumes, we think many passengers may be reluctant to travel internationally due to lingering safety concerns, and possibly cost and increased complexity of negotiating different countries vaccine and quarantine requirements.
EVS's non-airport business was also impacted by Covid delaying capital projects and sales and marketing activities. The timing of a recovery here is also uncertain.
2. **Cost synergies** – The expected \$8m of duplicated costs and \$3m of operational synergies expected post the EMSBK acquisition do not seem to have been realised, but it is hard to tell because of Covid disruption, and new investments in growth initiatives such as the China market entry and new EVS Water division. In addition, EVS has just raised a further \$10.5m of new equity to accelerate global growth, so it is putting on new costs including new executives and marketing positions. We are not too concerned, as we consider the new investment and capital being raised are a sign of confidence by management in the growth opportunities it sees for the expanded business. We expect the new investment will however push out the timing of achieving profitability and positive operating cash-flow (EVS had negative operating cash flow of -\$8.5m in FY21 (17.5% of revenue), so there is still a fair way to go.
3. **China market entry** – EVS announced its China entry on 6/9/19 with new partner Mr Zhigang Zhang, General Manager of Beijing BHZQ Environmental Engineering Technologies Co Ltd. Mr Zhang was appointed a non-executive director of EVS from 6/12/19, but resigned effective 27/11/20. Initial contract wins came quickly, but were primarily low margin equipment deals with only a small recurring revenue component. Since then, EVS appears to have adopted a more conservative and selective approach to new contracts there.

We also note that Mr Zhang was also a director and Deputy Chairman of Phoslock Environmental Technologies Limited (ASX: PET), appointed June 2017 through a similar transaction structure to his EVS appointment. (Mr. Zhang held 25.0m shares in PET). Mr Zhang resigned from PET on 30/9/20 along with PET non-executive director Mr. Ningping Ma, following the appointment of KPMG to perform an independent investigation into accounting irregularities relating to PET's China operations. PET has been suspended from trading on the ASX since 21/9/20.

On 1/10/20 EVS noted this matter and stated in its quarterly report (p.2) "the other company (PET) is not connected to Envirosuite and we do not expect what is going on there to have any material impact on us....Envirosuite's businesses in China, as elsewhere globally, are wholly owned and exclusively managed by Envirosuite and that each of these businesses are operating as normal. China currently accounts approximately 6% of EVS revenues and the China team has won a major Airport renewal as well as two new projects in Wastewater during the quarter". We understand from EVS that the arrangements with Mr. Zhang and BHZQ have ceased, and that EVS's China team (~10 people) has since been restructured with all new team members reporting to Sabina Todd, EVS Regional General Manager – Asia Pacific. Mr Zhang remains a major shareholder only.

4. **Emerging markets risk** – We note that EVS operates in a number of developed, and emerging markets, with customers in over 40 countries. Operating and financial risks are probably higher in emerging markets, including China and Latin America. A significant proportion of EVS revenues are from government customers, which are generally considered lower financial risk.
5. **Management changes increase risk short-term – CEO changes:** Peter White retired as CEO and Managing Director on 1/3/21, but has stayed on the Board as a non-executive director providing continuity and corporate memory (He was CEO April 2012- May 2016, and 10/7/17 to 1/3/21). Jason Cooper was appointed new CEO on 1/3/21 (originally joined EVS as Chief Operating Officer, in a newly created position, on 2/6/20), so ~20 months with EVS now.
COO changes: Aaron Lapsley was appointed COO 15/12/21 to fill Jason Cooper's previous role. So 1.5 months in this role.
CFO changes: Clinton Lander was CFO (15/5/18 to 31/5/20, 24 months in role). Replaced by Matthew Patterson (appointed CFO 2/6/20 following a 9-month secondment to EMSBK from Macquarie, 13 yrs at Macquarie, but resigned from EVS effective 12/11/21, 16 months in role). Replaced by Justin Owen on 24/1/22. Three CFOs in 44 months is slightly concerning to us, but EVS has undergone a massive change with the EMSBK acquisition.
6. **Inherent risks in SaaS (software as a service) business** – EVS provides an important (though not mission critical) service to its clients, so any disruption or data breach could impact on its reputation with customers. There is also a risk that competitors may develop superior products/ services / IP. (The recent contract win with NASA for noise monitoring of supersonic test flights seems to confirm EVS's claimed No.1 position in noise monitoring).
7. **Macquarie sell down and approaching expiry of referral agreement** – As part of the EMSBK acquisition, Macquarie received 80m new shares in EVS (including 55m as consideration for a 2-year business referral agreement) and 75m EVS options (exercise price: \$0.20; Expiry 28/2/23) which are still outstanding. The shares were escrowed for 12 months.

Macquarie Capital sold its stake of 80.0m shares on 24/9/21 at \$0.16 per share on-market. Although not a big sum to Macquarie (\$12.8m), the sell-down after 19 months of the EVS / EMSBK merger, at that price is not a positive indicator. However Macquarie first invested in EMSBK, acquiring a 50% stake, in December 2017, so has been involved in EMSBK for 3 years and 9 months at that point. Macquarie does however retain the 75m options (equivalent to a 6.0% stake if and when exercised), so still has skin in the EVS game.

The referral agreement was expected to open up further global infrastructure opportunities to EVS. Macquarie is considered a global leader in infrastructure investments and deal structuring. This referral agreement expires on 28/2/22.

8. Competitors

L3 Harris Technologies Inc (NYSE: LHX, Market cap US\$43bn)

L3Harris Technologies Inc. is a global aerospace and defence technology company. The Company provides defence and commercial technologies across air, land, sea, space and cyber domains. Its segments include Integrated Mission Systems, Space and Airborne Systems, and Communication Systems. Integrated Mission Systems segment includes mission intelligence, surveillance and reconnaissance and communication systems; integrated electrical and electronic systems for maritime platforms, and electro-optical and infrared solutions. Its Space and Airborne Systems segment includes space payloads, sensors and mission solutions; classified intelligence and cyber defence; mission avionics and electronic warfare. Communication Systems segment includes tactical communications, integrated vision solutions and public safety.

Our Symphony® Suite solutions deliver an integrated aviation management platform for airport operators with tools that assist in the proactive management of surface operations, airfield and perimeter security, noise monitoring and community engagement, gate management, billing, vehicle tracking, traffic flow monitoring and airport analytics.

Refer: www.l3harris.com/all-capabilities/symphony-airports

Marshall Day Acoustics (Auckland, private company)

Marshall Day is one of the world's leading acoustic consultancies. Spanning six countries, we have nearly 100 staff across fifteen offices, making us one of the largest independent acoustic consultancies. Established 40 years. Head Office: Auckland NZ.

Sectors include: Aviation (see below), Civic projects, Offices & Commercial, Education, Energy (wind farms, gas power stations, petrochemical projects, transformer stations), Marine (noise above and below the waterline), Performing Arts, Planning, Theatre & AV, Transport and Vibration.

Aviation: We have more than 20 years' experience in the assessment and management of aircraft noise in Australia and New Zealand. Our experience is based on work carried out for major international airports, military bases and regional airports, including the majority of Australian military and New Zealand civilian airports. Our aviation work also encompasses acoustic design of airport terminals including assessment with local noise regulations, logistics optimization and design of internal public spaces.

Transport: Our team has strong experience with the measurement, assessment, prediction and impact assessment of noise for transport projects including: Expert witness and legal testimony; Noise Management Plans; Building acoustics design for transport hubs; Environmental noise modelling using SoundPlan and INM.

Casper Aero (Haarlem, The Netherlands)

We deliver innovative and easy to use aviation noise and operations monitoring solutions to airports world-wide. We are a Dutch company with a worldwide ambition to deliver global solutions that contribute to a more sustainable aviation future. Our products are solutions for noise management that support efficient aircraft noise and track monitoring, analysis, reporting and communication on the environmental impact of airport operations.

Refer: www.casper.aero/about/casper/

01dB (France)

01dB (ACOEM Group) is the global leader in environmental noise and vibration monitoring. Part of the ACOEM Group, 01dB has been designing, developing and commissioning a range of innovative noise, vibration and dust solutions to meet the changing needs of the construction industry around the world for more than 30 years.

For more than 25 years, 01dB has been developing noise and vibration monitoring systems in a variety of fields, including construction, motor sports, town planning and the industrial sector: Windfarm monitoring, Industrial plant monitoring, Airport noise

monitoring, Construction site monitoring, City monitoring, Race Circuit monitoring.

Airports: 01dB is the market leader in France, offering a fully automated and comprehensive noise and flight tracking management solution with a high level of reliability. Made up of approved DUO or CUBE smart noise monitors and the AEROVISION supervision web service, this solution enables airport managers to participate in sustainable development policies according to environmental noise.

01dB has always placed emphasis on metrology, delivering the most accurate data possible to its global customers. In doing so, 01dB has earned a reputation for excellence for providing world-class monitoring instruments and integrated software that can manipulate large amounts of data and communicate faultlessly with servers.

Refer: www.01db.com

Related - **Acoem Group** – Business supplies and equipment, Limonest, Rhône< France.

8 locations: Americas (Brazil, USA); Asia Pacific (China, India, Thailand); Europe (France, Germany, UK). 5 factories (Australia, France, India, Sweden, UK).

Refer: www.acoem.com

Topsonic Aero (Würselen ,North Rhine-Westphalia, Germany)

Topsonic Systemhaus GmbH, headquartered in Würselen near Aachen, has been manufacturing aircraft noise and flight track monitoring systems for more than 20 years. Since July 1, 2017 Topsonic is a subsidiary of AirIT Systems GmbH, Hannover.

Topsonic is specialized in distribution, installation and maintenance of all-in-one systems for long-term noise monitoring and -analysis. Our systems are mainly used for aircraft noise monitoring and environmental noise measurements. The success of our daily work is reflected by our worldwide customer base, consisting of nearly 50 airports with more than 450 permanently active noise monitoring systems. Our services at a glance:

- Aircraft noise- and flight track monitoring
- Aircraft noise monitoring stations
- Software for evaluation and analysis
- Online environmental information system
- Radar data and flight track processing
- Complaint handling
- Emission calculation
- Industrial and construction noise monitoring
- Noise monitoring for military training area and airbases

Refer: www.topsonic.aero/en/company

Innovyze Inc (Portland Oregon)/ Autodesk Inc

A global leader in water infrastructure software. Provider of smart-water infrastructure modelling and simulation technology. Established 35 years. 3,000 customers worldwide including water and sewer utilities, river & flood authorities, consulting firms, and plant owners and operators. 240 employees with ~ 50% in R&D.

Acquired by Autodesk Inc (Nasdaq: ADSK.O) for US\$1.041bn (announced 24/2/21; completed 31/3/21).

According to Growjo.com, Innovyze is the leading global provider of wet infrastructure software solutions designed to empower Water/Wastewater Utilities to make smarter planning & operational decisions. Its clients include the majority of the largest UK, Australasia and North American cities, foremost utilities on all five continents, and ENR top-rated design firms. With unparalleled expertise and offices in North America, Europe, and Asia Pacific, the Innovyze connected portfolio of best-in-class product lines empower thousands of engineers to competitively plan, manage, design, protect, operate and sustain highly efficient and reliable infrastructure systems, and provide an enduring platform for customer success.

Revenue US\$22.3m per Growjo.com. If correct, this implies a 46.7x sales multiple.

Refer: www.adsknews.autodesk.com/news/autodesk-to-acquire-innovyze

Refer: www.innovyze.com/en-us

Seequent (Christchurch, NZ)

Seequent was acquired for US\$1.05bn in March 2021 by Bentley Systems (Nasdaq: BSY.O, market cap US\$11.5bn). The acquisition of Seequent is expected to initially add approximately 10% to each of Bentley Systems' key financial metrics (ARR, annual revenue, and EBITDA) and is expected to be measurably accretive to Bentley's organic growth rate. Most significantly, the combination will deepen the potential of infrastructure digital twins to help understand and mitigate environmental risks, advancing resilience and sustainability. BSY expect Seequent to contribute in excess of US\$80 million to its ARR during this year (implies an acquisition multiple of 13.1x forward ARR).

According to NZ's Technology Investment Network (TIN) Seequent's revenue was NZ\$106m in 2020 (~US\$ 67m) implying an acquisition multiple of 15.7x.

Seequent is a world leader in the development of 3D geological modelling and visual data software for understanding subsurface geoscience and engineering design solutions. Our solutions enable people to analyze complex data, manage risk and ultimately make better decisions about earth, environment, and energy challenges.

Seequent software is used on large-scale projects globally, including road and rail tunnel construction, groundwater detection and management, geothermal exploration, subsea infrastructure mapping, resource evaluation and subterranean storage of spent nuclear fuel.

Everyday, our customers in over 100 countries work to develop vital mineral resources more sustainably, design and build better infrastructure, protect the environment, source renewable energy, and help resolve historical challenges such as groundwater contamination and ageing infrastructure. We're here to help them. That's why we're constantly evolving at the forefront of technology and geoscience – from Cloud accessibility, to 3D modelling, to digital collaboration.

Headquartered in New Zealand with our team located in 25 locations around the world, Seequent is a high growth, people-centric success story. Our global team is diverse – we're geologists, software engineers, sales people and communication specialists. We're technical experts who are driven by the challenges our customers face. We leverage the experience of our people to solve highly complex problems and work toward bigger solutions.

Our primary development centres are in New Zealand (Christchurch head office), Canada and South Africa. We also have offices in Australia, Chile, Brazil, Russia and the UK. 566 employees on LinkedIn.

Refer: www.seequent.com

Tomorrow.io (proposed Nasdaq ticker: TMW)

Claims to be the world's only Weather and Climate Security Platform. Its proprietary platform gives businesses, governments, and individuals tools to automate decision making and predict the business impact of weather, streamline communication and action plans, improve productivity, and optimize profit margins. Clients include Uber, Ford Motor Co, Delta Airlines, JetBlue Airways, National Grid and the U.S. Air Force. 219 employees.

Tomorrow.io plans to go public on Nasdaq through a merger with Pine Technology Acquisition Corp (PTOC, market cap US\$426m) raising US\$420m for a valuation of US\$1.2bn. The transaction will fund growth and accelerate product development for Tomorrow.io's forecasting capabilities and planned launch of radar-equipped satellites.

Refer: www.tomorrow.io/

9. Valuation & Recommendation

We show below fundamental data and valuation measures for EVS's software peers in Australia, and internationally.

We also show consensus forecasts for Beijing Enterprises Water Group, the parent company of EVS's former China partner Beijing BHZQ Environmental Engineering Technologies Co Ltd.

| Refinitiv Code | Company | Market Cap A\$m | Net Cash (Debt) A\$m | Enterprise Value \$m | Price Local Curr | Revenue | | | | Ebitda | | | | Ebitda Margin | | | |
|--|------------------------------|-----------------|----------------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------|--------------|--------------|--------------|
| | | FY0 | FY0 | | | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m | FY0A | FY1e | FY2e | FY3e |
| | | | | | | FY0 | FY1e | FY2e | FY3e | FY0 | FY1e | FY2e | FY3e | | | | |
| Sequoia Estimates for EVS | | | | | | | | | | | | | | | | | |
| EVS.AX | Envirosuite Ltd. | 245 | 13.6 | 231 | 0.195 | 48.6 | 55.7 | 66.4 | 77.9 | (4.2) | (2.3) | 2.8 | 8.3 | -8.6% | -4.1% | 4.2% | 10.7% |
| EVS Premium (Discount) to sector median | | | | | | | | | | | | | | | | | |
| Aust IT Software Sector (Consensus ests.) | | AUD \$m | AUD \$m | AUD \$m | Local Curr | Local Curr | Local Curr | Local Curr | Local Curr | Local Curr | Local Curr | Local Curr | Local Curr | | | | |
| XRO.AX | Xero Ltd | 17,270 | 147 | 17,124 | 115.880 | 849 | 1,082 | 1,342 | 1,647 | 191 | 204 | 287 | 394 | 22.5% | 18.9% | 21.4% | 23.9% |
| WTC.AX | WiseTech Global Ltd | 15,239 | 280 | 14,959 | 46.700 | 508 | 622 | 758 | 894 | 209 | 273 | 346 | 430 | 41.2% | 43.8% | 45.7% | 48.1% |
| ALU.AX | Altium Ltd | 4,817 | 241 | 4,576 | 36.640 | 191 | 215 | 252 | 300 | 58 | 76 | 91 | 112 | 30.2% | 35.4% | 35.9% | 37.3% |
| TNE.AX | TechnologyOne Ltd | 3,412 | 112 | 3,300 | 10.560 | 311 | 348 | 386 | 422 | 124 | 145 | 166 | 193 | 40.0% | 41.7% | 43.1% | 45.8% |
| BRN.AX | Brainchip Holdings Ltd | 2,854 | 24 | 2,830 | 1.665 | NaN | NaN | NaN | NaN | (11) | NaN | NaN | NaN | NaN | NaN | NaN | NaN |
| IRE.AX | Iress Ltd | 2,223 | (210) | 2,433 | 11.720 | 543 | 601 | 626 | 661 | 135 | 145 | 146 | 159 | 24.9% | 24.1% | 23.3% | 24.1% |
| 360.AX | Life360 Inc | 1,488 | 73 | 1,415 | 8.120 | 81 | 113 | 276 | 363 | (16) | (16) | (26) | (10) | -19.8% | -14.1% | -9.4% | -2.9% |
| OCL.AX | Objective Corporation Ltd | 1,539 | 37 | 1,503 | 16.280 | 190 | NaN | NaN | NaN | 25 | NaN | NaN | NaN | 13.2% | NaN | NaN | NaN |
| FCL.AX | FINEOS Corporation Holding | 1,177 | 10 | 1,166 | 3.690 | 108 | 128 | 145 | 160 | 7 | 14 | 20 | 28 | 6.7% | 10.6% | 13.9% | 17.2% |
| HSN.AX | Hansen Technologies Ltd | 1,003 | (82) | 1,086 | 5.000 | 308 | 299 | 309 | 318 | 118 | 101 | 104 | 107 | 38.2% | 33.9% | 33.7% | 33.6% |
| NEA.AX | Nearmap Ltd | 679 | 114 | 565 | 1.360 | 113 | 145 | 179 | 209 | 25 | 23 | 44 | 73 | 21.9% | 15.9% | 24.7% | 35.0% |
| PPS.AX | Praemium Ltd | 645 | 10 | 635 | 1.270 | 65 | 84 | 94 | 111 | 10 | 21 | 28 | 37 | 15.1% | 25.5% | 30.3% | 33.6% |
| IFM.AX | Infomedia Ltd | 569 | 58 | 511 | 1.515 | 97 | 121 | 135 | 150 | 47 | 58 | 67 | 76 | 48.2% | 47.6% | 49.4% | 51.1% |
| DUB.AX | Dubber Corp Ltd | 548 | 31 | 517 | 1.800 | 23 | 41 | 65 | 98 | (27) | (16) | (6) | 7 | -117.2% | -38.3% | -9.1% | 7.6% |
| BVS.AX | Bravura Solutions Ltd | 544 | 38 | 506 | 2.190 | 242 | 263 | 285 | 301 | 62 | 60 | 67 | 71 | 25.7% | 22.9% | 23.4% | 23.7% |
| BTH.AX | Bigtincan Holdings Ltd | 495 | 55 | 440 | 0.905 | 44 | 120 | 148 | 176 | (8) | (4) | 7 | 14 | -17.9% | -3.4% | 5.0% | 8.0% |
| NXL.AX | Nuix Ltd | 505 | 60 | 445 | 1.590 | 176 | 176 | 197 | 224 | 31 | 57 | 76 | 95 | 17.3% | 32.5% | 38.3% | 42.7% |
| NTO.AX | Nitro Software Ltd | 489 | 55 | 435 | 2.020 | 40 | 51 | 69 | 90 | (5) | (13) | (18) | (12) | -13.6% | -25.0% | -25.4% | -13.0% |
| RUL.AX | RPMGlobal Holdings Ltd | 439 | 39 | 401 | 1.890 | 70 | NaN | NaN | NaN | 2 | NaN | NaN | NaN | 2.6% | NaN | NaN | NaN |
| ELO.AX | ELMO Software Ltd | 374 | 28 | 346 | 4.150 | 69 | 95 | 120 | 148 | (9) | 3 | 14 | 27 | -12.5% | 3.7% | 11.5% | 18.2% |
| RDY.AX | Readytech Holdings Ltd | 364 | (22) | 385 | 3.400 | 50 | 74 | 85 | 97 | 19 | 27 | 31 | 36 | 37.7% | 36.6% | 36.6% | 37.4% |
| CL1.AX | Class Ltd | 314 | (16) | 331 | 2.500 | 55 | 65 | 71 | 77 | 22 | 25 | 28 | 30 | 39.7% | 38.7% | 39.4% | 39.0% |
| WSP.AX | Whispir Ltd | 273 | 46 | 227 | 2.320 | 48 | 64 | 78 | 103 | (3) | (14) | (11) | 0 | -5.6% | -21.3% | -14.0% | 0.0% |
| EVS.AX | Envirosuite (Consensus ests) | 245 | 14 | 231 | 0.195 | 49 | 55 | 68 | 87 | (4) | (7) | (4) | 7 | -9.0% | -12.8% | -5.7% | 8.2% |
| 3DP.AX | Pointerra Ltd | 254 | 5 | 249 | 0.375 | 4 | 15 | 39 | NaN | (5) | 6 | 26 | NaN | -135.7% | 38.6% | 65.1% | NaN |
| TNT.AX | Tesseract Ltd | 200 | (18) | 219 | 0.160 | 67 | 120 | 155 | 171 | 4 | 21 | 27 | 30 | 6.3% | 17.5% | 17.4% | 17.5% |
| AND.AX | Ansarada Group Ltd | 198 | 15 | 182 | 2.430 | 33 | 50 | 56 | 68 | 4 | 8 | 10 | 14 | 10.6% | 16.1% | 17.9% | 19.9% |
| YOJ.AX | Yojee Ltd | 164 | 18 | 145 | 0.145 | 1 | 3 | 8 | 28 | (8) | (4) | (2) | 12 | -769.7% | -134.5% | -20.5% | 42.5% |
| IRI.AX | Integrated Research Ltd | 163 | (1) | 164 | 0.945 | 78 | 85 | 94 | 102 | 23 | 26 | 33 | 38 | 29.6% | 30.2% | 35.1% | 37.3% |
| LVH.AX | LiveHire Ltd | 124 | 14 | 110 | 0.420 | 6 | 9 | 18 | 29 | (6) | (7) | (1) | 8 | -102.0% | -76.9% | -6.3% | 28.3% |
| LME.AX | Limeade Inc | 95 | 41 | 54 | 0.375 | 57 | 52 | 54 | 62 | 1 | (6) | (7) | (4) | 1.5% | -12.3% | -13.8% | -5.7% |
| ADA.AX | Adacel Technologies Ltd | 84 | 4 | 80 | 1.100 | 40 | 42 | 44 | 46 | 8 | 11 | 12 | 13 | 20.2% | 25.6% | 26.6% | 27.8% |
| DTC.AX | Damstra Holdings Ltd | 81 | (4) | 85 | 0.315 | 27 | 31 | 37 | 43 | 1 | 5 | 8 | 11 | 3.9% | 16.9% | 21.5% | 25.9% |
| LVT.AX | Livetimes Ltd | 73 | 14 | 60 | 0.080 | 45 | 56 | 69 | 80 | (2) | 2 | 6 | 10 | -4.6% | 4.1% | 8.4% | 12.8% |
| BID.AX | Bill Identity Ltd | 28 | 15 | 13 | 0.170 | 15 | NaN | NaN | NaN | (10) | NaN | NaN | NaN | -71.6% | NaN | NaN | NaN |
| Median - Software coys | | | | | | | | | | | | | | 8.7% | 17.5% | 21.5% | 25.0% |
| Average - Software coys | | | | | | | | | | | | | | -23.0% | 7.8% | 18.2% | 24.2% |
| International Industrial Software Comps | | AUD \$m | AUD \$m | | Local Curr | Local Curr | Local Curr | Local Curr | Local Curr | Local Curr | Local Curr | Local Curr | Local Curr | | | | |
| DAST.PA | Dassault Systemes SE | 89,490 | (1,394) | 90,884 | 42.19 | 4,860 | 5,377 | 5,903 | 6,431 | 1,580 | 1,982 | 2,194 | 2,362 | 32.5% | 36.9% | 37.2% | 36.7% |
| ADSK.O | Autodesk Inc | 77,025 | 288 | 76,737 | 251.34 | 3,790 | 4,370 | 5,128 | 5,895 | 738 | 1,413 | 1,968 | 2,433 | 19.5% | 32.3% | 38.4% | 41.3% |
| PTC.OQ | PTC Inc | 19,570 | (1,540) | 21,110 | 120.11 | 1,807 | 1,927 | 2,143 | 2,388 | 483 | 745 | 825 | 947 | 26.7% | 38.7% | 38.5% | 39.7% |
| AVV.L | AVEVA Group PLC | 16,359 | (867) | 17,227 | 2878.00 | 820 | 1,226 | 1,340 | 1,467 | 244 | 399 | 449 | 513 | 29.8% | 32.6% | 33.5% | 35.0% |
| BSY.O | Bentley Systems Inc | 16,057 | (162) | 16,218 | 40.82 | 802 | 958 | 1,091 | 1,200 | 222 | 313 | 370 | 426 | 27.7% | 32.7% | 33.9% | 35.5% |
| Median - International Software coys | | | | | | | | | | | | | | 27.7% | 32.7% | 37.2% | 36.7% |
| International Instrumentation Comps | | | | | | | | | | | | | | | | | |
| HEXab.st | Hexagon AB | 51,766 | (3,861) | 55,627 | 130.85 | 4,341 | 4,905 | 5,260 | 5,620 | 1,848 | 1,907 | 2,029 | 2,189 | 42.6% | 38.9% | 38.6% | 39.0% |
| SXS.L | Spectris PLC | 7,034 | 117 | 6,917 | 3367.00 | 1,336 | 1,322 | 1,352 | 1,419 | 234 | 266 | 284 | 303 | 17.5% | 20.1% | 21.0% | 21.4% |
| Median - Intl Instrumentation comps | | | | | | | | | | | | | | 30.0% | 29.5% | 29.8% | 30.2% |
| Other - EVS's former China partner | | | | | | | | | | | | | | | | | |
| 0371.HK | Beijing Enterprises Water Gr | 5,691 | (9,679) | 15,371 | 3.14 | 25,361 | 27,442 | 28,741 | 30,506 | 7,242 | 9,354 | 10,133 | 10,891 | 28.6% | 34.1% | 35.3% | 35.7% |

Source: Refinitiv Consensus estimates; Sequoia estimates for EVS

We note that EVS currently is loss-making at the Ebitda level, partly because of the relative lack of project work in Aviation and Omnis, the increased cost investment in sales, marketing and customer success teams, and the new EVS Water business being in early launch mode. In the medium term, we see no reason why EVS should not be making ~20% Ebitda margins like its Australian and international SaaS peers.

EVS margins are currently below par, which we think is only a short-term timing issue, not a fundamental problem with the business. Rather it reflects the large growth opportunity management is seeking to capture.

| Refinitiv Code | Company | Revenue Growth | | | EV/ Sales | | | | EV/ Ebitda | | | P/E | | |
|--|------------------------------|----------------|--------|--------|-----------|--------|--------|--------|------------|-------|----------|---------|--------|--------|
| | | FY1e | FY2e | FY3e | FY0 | FY1e | FY2e | FY3e | FY1e | FY2e | FY3e | FY1e | FY2e | FY3e |
| Sequoia Estimates for EVS | | | | | | | | | | | | | | |
| EVS.AX | Envirosuite Ltd | 14.7% | 19.2% | 17.3% | 4.51x | 4.03x | 3.12x | 2.64x | -96.1x | 73.0x | 24.8x | nm | nm | nm |
| EVS Premium (Discount) to sector median | | | | | -16% | -4% | -15% | -15% | -581% | 492% | 93% | | | |
| Aust IT Software Sector (Consensus ests.) | | | | | | | | | | | | | | |
| XRO.AX | Xero Ltd | 27.5% | 24.1% | 22.7% | 23.62x | 17.13x | 13.80x | 11.25x | 90.8x | 64.6x | 47.0x | 2579.0x | 272.1x | 163.1x |
| WTC.AX | WiseTech Global Ltd | 22.6% | 21.8% | 17.9% | 19.89x | 24.04x | 19.74x | 16.73x | 54.9x | 43.2x | 34.8x | 97.4x | 73.9x | 58.1x |
| ALU.AX | Altium Ltd | 12.7% | 17.1% | 18.9% | 19.00x | 15.22x | 13.00x | 10.93x | 43.0x | 36.2x | 29.3x | 69.1x | 57.2x | 45.7x |
| TNE.AX | TechnologyOne Ltd | 11.9% | 10.8% | 9.3% | 11.38x | 9.47x | 8.55x | 7.82x | 22.7x | 19.8x | 17.1x | 40.7x | 38.6x | 32.0x |
| BRN.AX | Brainchip Holdings Ltd | NaN | NaN | NaN | 4272.84x | NaN | NaN | NaN | NaN | NaN | NaN | NaN | NaN | NaN |
| IRE.AX | Iress Ltd | 10.7% | 4.2% | 5.5% | 4.12x | 4.17x | 4.00x | 3.79x | 17.3x | 17.1x | 15.7x | 27.9x | 27.3x | 24.5x |
| 360.AX | Life360 Inc | 39.6% | 145.4% | 31.4% | 4.71x | 9.04x | 3.68x | 2.80x | NaN | NaN | NaN | NaN | NaN | NaN |
| OCL.AX | Objective Corporation Ltd | NaN | NaN | NaN | 16.89x | NaN | NaN | NaN | NaN | NaN | NaN | NaN | NaN | NaN |
| FCL.AX | FINEOS Corporation Holding | 18.2% | 13.4% | 10.3% | 6.81x | 5.73x | 5.05x | 4.58x | 54.0x | 36.4x | 26.6x | NaN | NaN | 6.8x |
| HSN.AX | Hansen Technologies Ltd | -3.0% | 3.4% | 3.0% | 4.30x | 3.64x | 3.52x | 3.42x | 10.7x | 10.4x | 10.2x | 17.1x | 16.6x | 15.7x |
| NEA.AX | Nearmap Ltd | 27.8% | 23.5% | 16.8% | 7.07x | 3.90x | 3.15x | 2.70x | 24.4x | 12.8x | 7.7x | NaN | NaN | 53.2x |
| PPS.AX | Praemium Ltd | 29.2% | 11.8% | 17.9% | 8.27x | 7.57x | 6.77x | 5.74x | 29.7x | 22.4x | 17.1x | 76.5x | 48.8x | 33.9x |
| IFM.AX | Infomedia Ltd | 24.3% | 11.5% | 10.9% | 5.32x | 4.22x | 3.79x | 3.41x | 8.9x | 7.7x | 6.7x | 25.2x | 20.5x | 17.4x |
| DUB.AX | Dubber Corp Ltd | 77.1% | 57.6% | 51.0% | 32.70x | 12.50x | 7.93x | 5.25x | NaN | NaN | 69.3x | NaN | NaN | 13.8x |
| BVS.AX | Bravura Solutions Ltd | 8.7% | 8.1% | 5.5% | 3.42x | 1.92x | 1.77x | 1.68x | 8.4x | 7.6x | 7.1x | 14.6x | 13.6x | 12.6x |
| BTH.AX | Bigtincan Holdings Ltd | 172.7% | 23.8% | 18.8% | 9.49x | 3.68x | 2.97x | 2.50x | NaN | 59.2x | 31.1x | NaN | NaN | 128.0x |
| NXL.AX | Nuix Ltd | 0.1% | 12.0% | 13.4% | 3.64x | 2.53x | 2.26x | 1.99x | 7.8x | 5.9x | 4.7x | 19.9x | 13.3x | 9.9x |
| NTO.AX | Nitro Software Ltd | 26.5% | 36.2% | 30.2% | 10.59x | 6.20x | 4.55x | 3.49x | NaN | NaN | NaN | NaN | NaN | NaN |
| RUL.AX | RPMGlobal Holdings Ltd | NaN | NaN | NaN | 5.57x | NaN | NaN | NaN | NaN | NaN | NaN | NaN | NaN | NaN |
| ELO.AX | ELMO Software Ltd | 37.2% | 26.2% | 23.8% | 5.10x | 3.65x | 2.89x | 2.33x | 99.2x | 25.1x | 12.8x | NaN | NaN | NaN |
| RDY.AX | Readytech Holdings Ltd | 47.5% | 15.5% | 13.4% | 5.33x | 5.22x | 4.52x | 3.99x | 14.3x | 12.3x | 10.7x | 25.4x | 21.4x | 18.0x |
| CL1.AX | Class Ltd | 18.6% | 9.3% | 8.6% | 4.03x | 5.09x | 4.66x | 4.29x | 13.1x | 11.8x | 11.0x | 42.1x | 37.1x | 30.4x |
| WSP.AX | Whispir Ltd | 34.3% | 21.5% | 32.5% | 5.40x | 3.54x | 2.91x | 2.20x | NaN | NaN | 15115.9x | NaN | NaN | NaN |
| EVS.AX | Envirosuite (Consensus ests) | 12.8% | 24.6% | 27.1% | 1.93x | 4.22x | 3.38x | 2.66x | NaN | NaN | 32.3x | NaN | NaN | NaN |
| 3DP.AX | Pointerra Ltd | 264.0% | 171.0% | NaN | 284640x | 17.20x | 6.35x | NaN | 44.5x | 9.7x | NaN | 75.0x | 15.0x | NaN |
| TNT.AX | Tesseract Ltd | 78.0% | 29.2% | 10.3% | 3.98x | 1.82x | 1.41x | 1.28x | 10.4x | 8.1x | 7.3x | 16.0x | 16.0x | 16.0x |
| AND.AX | Ansarada Group Ltd | 48.1% | 14.0% | 20.9% | 2.54x | 3.68x | 3.23x | 2.67x | 22.9x | 18.1x | 13.4x | NaN | NaN | 118.5x |
| YOJ.AX | Yojee Ltd | 172.8% | 186.2% | 237.3% | 161.72x | 50.11x | 17.51x | 5.19x | NaN | NaN | 12.2x | NaN | NaN | 0.2x |
| IRI.AX | Integrated Research Ltd | 7.7% | 10.9% | 8.3% | 4.28x | 1.94x | 1.75x | 1.62x | 6.4x | 5.0x | 4.3x | 17.5x | 11.5x | 9.6x |
| LVH.AX | LiveHire Ltd | 43.8% | 93.4% | 66.5% | 16.65x | 12.14x | 6.28x | 3.77x | NaN | NaN | 13.3x | NaN | NaN | 21.0x |
| LME.AX | Limeade Inc | -8.3% | 3.7% | 15.1% | 4.66x | 0.76x | 0.73x | 0.63x | NaN | NaN | NaN | NaN | NaN | NaN |
| ADA.AX | Adacel Technologies Ltd | 4.8% | 3.4% | 5.0% | 1.58x | 1.91x | 1.84x | 1.75x | 7.4x | 6.9x | 6.3x | 12.5x | 12.1x | 11.2x |
| DTC.AX | Damstra Holdings Ltd | 16.2% | 18.3% | 15.3% | 5.84x | 2.72x | 2.30x | 1.99x | 16.0x | 10.7x | 7.7x | NaN | NaN | NaN |
| LVT.AX | Livetiles Ltd | 25.0% | 22.0% | 16.6% | 2.53x | 1.06x | 0.87x | 0.75x | 26.3x | 10.4x | 5.8x | NaN | NaN | 40.0x |
| BID.AX | Bill Identity Ltd | NaN | NaN | NaN | 4.73x | NaN | NaN | NaN | NaN | NaN | NaN | NaN | NaN | NaN |
| Median - Software coys | | 25.0% | 18.3% | 16.7% | 5.4x | 4.2x | 3.7x | 3.1x | 20.0x | 12.3x | 12.8x | 26.6x | 21.0x | 21.0x |
| Average - Software coys | | 42.2% | 34.6% | 26.1% | 8266.9x | 7.9x | 5.3x | 4.1x | 28.8x | 20.1x | 576.9x | 197.2x | 43.4x | 38.3x |
| International Industrial Software Comps | | | | | | | | | | | | | | |
| DAST.PA | Dassault Systemes SE | 10.6% | 9.8% | 8.9% | 14.31x | 10.63x | 9.68x | 8.89x | 28.8x | 26.0x | 24.2x | 43.0x | 39.2x | 34.4x |
| ADSK.O | Autodesk Inc | 15.3% | 17.4% | 15.0% | 16.02x | 12.84x | 10.94x | 9.52x | 39.7x | 28.5x | 23.1x | 50.1x | 37.0x | 29.5x |
| PTC.OQ | PTC Inc | 6.6% | 11.3% | 11.4% | 8.38x | 7.88x | 7.09x | 6.36x | 20.4x | 18.4x | 16.0x | 27.7x | 23.8x | 20.3x |
| AVV.L | AVEVA Group PLC | 49.5% | 9.3% | 9.4% | 13.14x | 7.59x | 6.95x | 6.35x | 23.3x | 20.8x | 18.2x | 28.1x | 24.3x | 21.4x |
| BSY.O | Bentley Systems Inc | 19.5% | 13.9% | 10.0% | 13.91x | 13.23x | 11.62x | 10.56x | 40.5x | 34.3x | 29.7x | 52.8x | 51.3x | 45.4x |
| Median - International Softw | | 15.3% | 11.3% | 10.0% | 13.9x | 10.6x | 9.7x | 8.9x | 28.8x | 26.0x | 23.1x | 43.0x | 37.0x | 29.5x |
| International Instrumentation Comps | | | | | | | | | | | | | | |
| HEXab.st | Hexagon AB | 13.0% | 7.2% | 6.8% | 9.26x | 7.15x | 6.66x | 6.24x | 18.4x | 17.3x | 16.0x | 29.7x | 27.1x | 24.8x |
| SXS.L | Spectris PLC | -1.1% | 2.3% | 4.9% | 2.40x | 2.65x | 2.59x | 2.46x | 13.2x | 12.3x | 11.5x | 23.0x | 20.6x | 19.2x |
| Median - Intl Instrumentat | | 6.0% | 4.8% | 5.9% | 5.8x | 4.9x | 4.6x | 4.4x | 15.8x | 14.8x | 13.8x | 26.3x | 23.8x | 22.0x |
| Other - EVS's former China partner | | | | | | | | | | | | | | |
| 0371.HK | Beijing Enterprises Water Gr | 8.2% | 4.7% | 6.1% | 4.03x | 3.98x | 3.80x | 3.58x | 11.7x | 10.8x | 10.0x | 6.7x | 6.2x | 5.6x |

Source: Refinitiv Consensus estimates; Sequoia estimates for EVS

It is difficult to value EVS currently, as we do not expect the company to become profitable at the Ebitda level until FY23 (FY2 above), and FY25 at the NPAT level (3.5 more years). So with profitability still to emerge, using near-term EV/ Ebitda or P/E profit-based ratios is not helpful for valuation purposes.

On an EV/ Sales basis, EVS trades on 4.0x FY22 revenue, 3.1x FY23 sales and 2.6x FY24 sales. This is a discount of 4% / 15% / 15% to the ASX IT Software & Services sector median estimates.

Valuation

| EVS: Sequoia blended Valuation | Comps Revenue Multiple | We Use | Equity Valuation \$m | Valuation Per Share \$ | Weighting |
|---|-------------------------------|---------------|-----------------------------|-------------------------------|------------------|
| A. DCF valuation (10% WACC; 4.0% terminal growth; 15% tax rate FY26 to FY31; 25% thereafter). | | | 280.8 | \$ 0.21 | 33% |
| B. FY23 EV / Sales | 3.7x | 4.0x | 303.0 | \$ 0.22 | 33% |
| C. FY23 EV / Sales | 9.7x | 4.5x | 336.2 | \$ 0.25 | 33% |
| Composite valuation (weighted average of A + B + C) | | | 306.4 | \$ 0.23 | 100% |
| Shares on issue (Fully diluted)(m) | | 1353.7 | | | |

Source: Sequoia estimates; Refinitiv consensus multiples for US SaaS peers

DCF Valuation

Our 3-stage DCF valuation of EVS is \$0.21 per share. This is based on specific forecasts for EVS for 5 years to FY26, then 15% pa Ebitda growth assumed for years 6-10; Then 4% perpetual growth rate. We assume a nominal tax expense of \$0.4m pa for FY22 to FY26, then a 15% tax charge for years 6-10; then 25% thereafter. We use a 10% discount rate. Fully diluted for all options and performance rights.

Sales multiple based valuation

With the number 1 global position in Noise & Vibration and Airports, and a significant cross-selling opportunity to increase market penetration in the Omnis mining and industrial business, plus a significant blue-sky opportunity in the water treatment sector, and also a nascent opportunity in China, we think EVS should trade at a premium to the sector average. We value EVS in the range of 4.0x to 4.5x FY23 Sales. This translates to an implied valuation range of \$0.22 to \$0.25 per share.

Our revenue growth forecasts of 15% for FY22, 19% for FY23 and 17% for FY24 are slightly below management's 20% pa target, as we have more cautious targets on forecast new site numbers for the new EVS Water division which is currently in start-up / proof of concept (POC) phase with just ~5 client sites. If these initial sites and POC's convert to wider-scale roll outs, there could be upside to our forecasts. For example, Water Corporation in WA has 3 sites using EVS Water solutions under a POC, but there is clear upside potential given this client has 113 sites across Western Australia.

Recommendation & Price Target

We set our 12-month Price Target at \$0.23 per share, being the blended average above. Longer term, we think \$0.25 to even \$0.30 per share might be possible given the large SAM opportunity (Serviceable Addressable Market) particularly in EVS Water. We believe that investors in EVS need to take a longer-term view to allow time for the company to deliver on its growing pipeline, and for the new EVS Water business to achieve some early customer proof points or other milestones, confirming its global roll-out potential.

Our 12-month price target implies an 18% total shareholder return. We initiate coverage with a Buy recommendation.

We have a High-Risk rating as EVS is not yet profitable, and its new EVS Water business is still in early launch mode with only ~5 initial client sites, with some of these on a proof of concept (POC) / trial basis.

10. 2QFY22 Quarterly Report

EVS now publishes quarterly sales and ARR updates, but does not prepare and lodge Appendix 4C's. Its reporting format is still evolving.

Key points – ARR & general points

- 1Q new ARR added \$1.7m; Q2 \$1.8m. (NB. These are gross figures, not net of ARR losses, discounts to some airport customers, and FX impacts).
- Total group ARR \$49m at 31/12/21 (v \$46.5m at 30/6/21), +5.4%.
- Low churn maintained at approximately 2% (trailing 12-months).
- Recently appointed Aaron Lapsley as Chief Operating Officer (COO), effective 10/1/22. Based in the North America region.
- New CFO to be appointed (subsequently announced the appointment of Justin Owen).
- Current trading – “the second quarter continues to prove our ability to grow and execute in challenging conditions” (with the pandemic)... “the team have shown focus and discipline to continue to win and renew business across all of our focus sectors and regions”.

| EVS - 2QFY22 Sales update Years ended June (\$m) | 4QFY18 Actual | 4QFY19 Actual | 4QFY20 Actual | 1QFY21 | 2QFY21 | 3QFY21 | 4QFY21 Actual | 1QFY22 Est. | 2QFY22 Est. | 1H22 growth |
|---|------------------|------------------|------------------|---------------|--------|-------------|------------------|----------------|----------------|----------------|
| ARR | | | | | | | | | | |
| EVS Aviation | 0.0 | 0.0 | 31.2 | | | | 31.8 | 32.3 | 32.6 | 2.5% |
| EVS Omnis | 3.0 | 5.6 | 11.8 | | | | 14.6 | 15.7 | 17.0 | 16.4% |
| EVS Water | 0.0 | 0.0 | 0.0 | | | | 0.1 | 0.2 | 0.4 | 461.5% |
| less: adjustments (churn, discounts, FX) | | | | | | | | | -1.0 | |
| EVS Group ARR | 3.0 | 5.6 | 43.0 | Not available | | 42.5 | 46.5 | 48.2 | 49.0 | 5.4% |
| Growth on pcp | | 87% | 668% | | | | 8.1% | | | |

Source: EVS reports

Operations - Aviation

- ARR added \$0.5m in Q1 and \$0.3m in Q2 (gross, not net).
- ARR has been impacted by discounts to support long-standing customers and the A\$ appreciation across several currencies.
- Airservices Australia renewed its 20-year long commercial relationship with EVS/ EMSBK. New 5-year contract for noise monitoring at 12 Australian airports.

Operations - Omnis

- ARR added \$1.1m in Q1 and \$1.3m in Q2 (gross, not net).
- Madrid City Council – renewal, extending 20-year relationship with EVS/ EMSBK for noise monitoring. EVS helps MCC understand the changing soundscape of the city, allowing more effective management and mitigation of road traffic noise, industrial and other noise.
- EVS continues to build and expand its relationship with Cerrejon Mine with over \$1.0m of new sales (project spend and recurring revenue).
- Additional projects for Teck Resources, a growing account of significance with multiple EVS sites in North America and Roy Hill in Australia.
- New win in a new sector, for Byers Scientific, a company that provides emissions analysis to help cannabis cultivators, consultants and engineers to measure, monitor and understand plant emissions. EVS says this unique opportunity has significant potential given the rapid pace of the multi-billion legalised cannabis industry in the USA (and presume Canada).

Operations – EVS Water (new division)

- EVS water has doubled ARR in Q2 (from a low base). ARR added \$0.1m in Q1 and \$0.2m in Q2 (gross, not net).
- Continues to prove product market fit with the addition of a desalination plant in Asia. There are an estimated 15,000 desalination plants globally. EVS estimates there are ~75,000 water treatment plants of some sort globally, representing a Serviceable Addressable Market (SAM) opportunity of ~\$2.8bn for EVS.

11. FY21 Results

We analyse EVS's FY21 result below.

| EVS - FY21 Results and Pro-forma Years ended June \$m | FY19A EVS only | CY19 EMSBK 12 mths | FY19 Pro-forma 12 mths | FY20A (EMSBK 4 mths) | FY21A (EMSBK 12 mths) | Change FY21 vs FY19 | Change FY21 vs FY19P/F | Our Comments |
|--|----------------------|--------------------------|------------------------------|----------------------------|-----------------------------|---------------------------|------------------------------|--|
| Statistics | | | | | | | | |
| ARR - Aviation (at end) | | 29.7 | 29.7 | 31.2 | 31.8 | 2% | 7% | 3 new sites won in a tough market |
| ARR - Omnis (at end) | 5.6 | 7.4 | 13.0 | 11.8 | 14.6 | 24% | 13% | Good growth on Act & P/F |
| ARR - Water (at end) | | 0.0 | 0.0 | 0.0 | 0.065 | nm | nm | Tiny; New division established FY21 |
| ARR - Group (end) | 5.6 | 37.1 | 42.7 | 43.0 | 46.5 | 8% | 9% | Good growth in ARR |
| SAM (Serviceable Addressable Mkt) | 1,300 | | 1,494 | 2,300 | 4,200 | 83% | 181% | Est SAM for Water \$2,800m |
| Segmental Revenue | | | | | | | | |
| Recurring Revenue - Aviation | 0.0 | 29.7 | 29.7 | 10.7 | 29.1 | 171% | -2% | Discounts to some customers |
| Recurring Revenue - Omnis | 3.6 | 7.4 | 11.0 | 7.2 | 11.3 | 57% | 3% | Small growth on pro-forma |
| Recurring Revenue - Water | 0.0 | 0.0 | 0.0 | 0.0 | 0.043 | nm | nm | New division established FY21 |
| Recurring Revenue - Group | 3.6 | 37.1 | 40.7 | 17.9 | 40.4 | 125% | -1% | Minor decline on pro-forma |
| Non-recurring revenue - Aviation | 0.0 | 7.7 | 7.7 | 0.8 | 3.0 | 297% | -61% | Sig COVID impact on project work |
| Non-recurring revenue - Omnis | 3.5 | 2.7 | 6.2 | 4.7 | 5.1 | 10% | -17% | COVID impact on project work |
| Non-recurring revenue - Water | 0.0 | 0.0 | 0.0 | 0.0 | 0.003 | nm | nm | |
| Non-recurring revenue - Group | 3.5 | 10.4 | 13.9 | 5.4 | 8.2 | 50% | -41% | Sig COVID impact on project work |
| Total Revenue - Aviation | 0.0 | 37.4 | 37.4 | 11.5 | 32.1 | 179% | -14% | COVID impacted project work |
| Total Revenue - Omnis | 7.1 | 10.1 | 17.2 | 11.9 | 16.4 | 39% | -4% | COVID impact on project work |
| Total Revenue - Water | 0.0 | 0.0 | 0.0 | 0.0 | 0.046 | nm | nm | |
| Total Revenue - Group | 7.1 | 47.5 | 54.6 | 23.3 | 48.5 | 108% | -11% | Rev \$6.1m (11%) below expectations due to COVID impact on project work |
| Revenue growth on pcp | 85.8% | 8.7% | n/a | 227.9% | 108.1% | | | |
| Recurring revenue (% of Total Rev) | 51.2% | 78.0% | 74.5% | 76.8% | 83.2% | 6.4% | 8.7% | |
| Cost of Sales | (5.0) | (26.1) | (31.1) | (16.5) | (28.0) | 70% | -10% | |
| Gross Profit | 2.1 | 21.4 | 23.5 | 6.9 | 20.6 | 199% | -12% | Improved gross margin due to full 12-mths of EMSBK |
| Gross Profit Margin | 29.8% | 45.0% | 43.0% | 29.4% | 42.4% | 12.9% | -0.6% | |
| Other Income | 0.6 | 0.0 | 0.6 | 0.5 | 0.0 | -95% | -96% | EVS no longer eligible for R&D rebate |
| Cash Operating Expenses | (7.5) | (18.7) | (26.2) | (17.1) | (23.8) | 39% | -9% | \$2.4m of cost saves (v \$11m expected) |
| Share based payments (non-cash) | (0.01) | 0.0 | (0.01) | (3.2) | (0.9) | -70% | 7177% | SBPs to China team & new execs |
| EBITDA | (4.8) | 2.7 | (2.1) | (12.9) | (4.2) | -68% | 96% | Ebitda \$2.1m below P/F expectation |
| Ebitda Margin | -67.8% | 5.7% | -3.9% | -55.2% | -8.6% | | -4.7% | Ebitda margin well below P/F expectation |
| Depreciation & Amortisation | (1.2) | (1.6) | (2.8) | (3.2) | (7.0) | 116% | 146% | D&A significantly higher than Pro-forma |
| EBIT | (6.1) | 1.1 | (5.0) | (16.1) | (11.1) | -31% | 125% | EBIT \$6.1m below Pro-forma |
| Ebit Margin | -85.2% | 2.3% | -9.1% | -69.1% | -23.0% | | | |
| Net Interest Income (Expense) | 0.1 | 0.0 | 0.1 | (0.1) | (0.3) | | | |
| Pre-tax profit | (5.9) | 1.1 | (4.8) | (16.2) | (11.4) | -29% | | |
| Income Tax Credit (Expense) | (0.1) | | | 0.2 | (0.5) | -303% | | |
| Tax Rate | 1.1% | | | -1.4% | 4.1% | | | |
| Abnormal items | 0.0 | | | (2.3) | (0.6) | | | |
| NPAT (reported)(incl Abs) | (6.0) | | | (18.2) | (12.5) | -31% | | |
| Add back: Abnormals | 0.0 | | | 2.3 | 0.6 | | | |
| NPAT (normalised) | (6.0) | | | (16.0) | (11.9) | -25% | | |
| EPS - Reported (cents) | (1.7) | | | (2.9) | (1.2) | -59% | | |
| EPS - Normalised (cents) | (1.7) | | | (2.6) | (1.2) | -55% | | |
| Share count (Weighted ave, F/D) | 356.0 | | 1126.5 | 619.9 | 1027.2 | 66% | -9% | Further \$14m capital raise May/June 2021 |
| Share count (Period end) | 370.2 | | 977.2 | 1024.7 | 1193.8 | 17% | 22% | Further \$14m capital raise May/June 2021 |

Source: EVS accounts; Sequoia forecasts and analysis

ARR Growth

- EVS ARR (Annualised Recurring Revenue) increased by 8.1% in FY21 over FY20 to \$46.5m (v \$43.0m), despite COVID-19 pressure on its Aviation/ airport sector customers.
- Further EVS was able to grow the number of client sites to 373 worldwide, +13%. It added 3 new airport sites (+2%), 38 new Omnis sites (+22%) and 3 initial EVS Water sites.
- ARR by segment showed Aviation up 1.8%, Omnis +24% and the new EVS Water segment chipping in \$0.1m as an initial start.

Revenue

EVS did not split out the revenue contribution from the EMSBK acquisition in FY20, although it did provide a lot of other detail. So we have compared the FY21 result to the pro-forma FY19 figures given in the 17/1/20 acquisition presentation.

- Revenue for the year ended June 2021 was \$48.6m (v \$23.9m pcp) up 104% mainly due to the inclusion of a full 12-months of EMSBK (vs 4 mths only in

FY20).

- However, FY21 revenue of \$48.8m was down 11% on the \$54.6m FY19 pro-forma figure. Recurring revenue (SaaS fees) was down -1% due to some temporary discounts made to some struggling airport customers. Non-recurring/ project revenue was down -41% with Aviation down -61% and Omnis (non-airports) down 17%. Aviation customers had to maintain their noise monitoring because of regulatory requirements, but cut back severely on project work to save money due the severe Covid impact on passenger numbers and flight volumes.
- EVS said the discounts and project work had started to normalise.
- Gross profit margin was 42.4% (v 29.4% pcp) as EMSBK's 45% expected gross margin appears to have improved EVS's average. This was slightly below the 43.0% pro-forma expectation.
- Other income was Nil (v \$0.5m pcp) as EVS no longer qualifies for Australian R&D grants.
- Ebitda was a loss of (\$4.2m) Vs a loss of (\$12.9m pcp). Ebitda margin -8.6% (v -55.2%) which was a welcome improvement.
- However the Ebitda loss of (\$4.2m) was \$2.1m worse than the (\$2.1m) pro-forma loss.
- Cash operating costs were \$23.8m (v \$17.1m pcp) up 39% including the extra 8 months of EMSBK.
- Cash operating costs were \$2.4m lower than the \$26.2m pro-forma, as EVS was able to achieve some of the \$11m targeted cost savings. We note that EVS is now putting on additional staff and costs to drive accelerated growth.
- Share-based payments expense was \$0.9m (v \$3.2m) down 70%, as FY20 included conditional options issued to the Mr. Zhigang Zhang (non-executive director) and his China team.
- Depreciation & Amortisation was \$7.0m (v \$3.2m) up 116% also reflecting the extra 8 months of EMSBK. This was 146% higher than the pro-forma figure of \$2.8m.
- EBIT was a loss of (\$11.1m) vs (\$16.1m pcp), a \$5.0m improvement. We presume this reflects the full-year benefit of the EMSBK acquisition.
- However the EBIT loss was \$6.1m below the pro-forma loss of (\$5.0m) due to lower revenue and higher depreciation.
- There was a \$0.5m tax charge (4.1%) Vs nil pcp. This suggests that EVS is making taxable profits in some countries. EVS had \$34.3m of unused tax losses at 30/6/21 (Refer note 6 of the accounts). So we expect that EVS will continue to only pay a nominal amount of tax for the next several years.
- Reported NPAT was a loss of -\$12.5m (v -\$18.2m pcp), \$5.7m or 31% better.
- Abnormal items were transaction and restructuring costs of \$0.6m (v \$2.3m pcp) which we add back to exclude.
- Normalised NPAT was a loss of -\$11.9m (v -\$16.0m pcp), \$4.1m or 26% better.

Cash Flow Statement

- Operating cash flow was negative -\$8.5m (v -\$10.7m), a 21% improvement.
- Investing cash flow was \$9.5m (v \$68.0m) down 86%, being \$4.4m of final settlement adjustments on the previous year's EMSBK acquisition, \$1.2m for the Aug 2020 acquisition of AqMB, \$3.2m of capitalised software development costs, and \$0.7m of fixed asset capex (\$0.5m of computer equipment and

monitors and sensors; \$0.2m of leasehold improvements and fittings).

- Financing cash flow was \$11.5m (v \$95.3m) -88%. This comprised an \$8.0m institutional placement and \$6.0m rights issue (both at 8.5 cents per share) in June 2021, less \$0.9m share issue costs, and less \$1.5m repayment of lease liabilities.

| EVS - FY21 Results and Pro-forma | FY19A | FY20A | FY21A | Change |
|---|--------------|---------------|---------------|---------------|
| Cash Flow items | | | | |
| Cash receipts from customers | 8.4 | 29.0 | 48.5 | 67% |
| Cash paid to suppliers and staff | (13.4) | (40.1) | (56.7) | 41% |
| Other | 0.6 | 0.3 | (0.3) | |
| Operating cash flow | (4.3) | (10.7) | (8.5) | -20% |
| Investing cash flow | (1.4) | (67.9) | (9.4) | -86% |
| Financing cash flow - Equity | 9.6 | 95.9 | 13.1 | -86% |
| Financing cash flow - Debt | (0.0) | (0.6) | (1.6) | 180% |
| Change in cash | 3.9 | 16.7 | (6.4) | -138% |
| OCF per share (cents) | (1.2) | (1.7) | (0.8) | -52% |
| Balance Sheet items | | | | |
| Net Cash (Debt) | 7.4 | 20.0 | 13.6 | -32% |
| Debtors | 1.5 | 10.7 | 11.6 | 8% |
| Inventories | 0.3 | 3.1 | 2.5 | -20% |
| Creditors | (1.2) | (13.0) | (8.0) | -39% |
| Working Capital | 0.6 | 0.8 | 6.1 | 637% |
| Debtor days | 77 | 168 | 87 | -48% |
| Creditor days | 62 | 204 | 60 | -71% |
| Goodwill | 0.3 | 89.4 | 89.5 | 0% |
| Other Intangibles | 5.2 | 19.6 | 19.4 | -1% |
| Total Assets | 15.9 | 157.1 | 149.8 | -5% |
| Liabilities include: | | | | |
| Deferred revenue - current | (1.5) | (3.2) | (2.7) | -17% |
| Deferred revenue - non-current | 0.0 | 0.0 | 0.0 | nm |
| Deferred revenue - Total | (1.5) | (3.2) | (2.7) | -17% |
| Def rev as % of sales (annualised) | 21% | 14% | 6% | |
| Total Liabilities | (3.5) | (31.1) | (22.5) | -27% |
| Total Shareholders Funds | 12.3 | 126.0 | 127.3 | 1% |
| NTA per share | \$ 0.017 | \$ 0.015 | \$ 0.015 | -5% |

Source: EVS accounts; Sequoia forecasts and analysis

Balance Sheet

- Closing net cash at end-June was \$13.6m (v \$20.0m pcp). Since June, EVS has raised a further \$10.5m in a placement (in Dec 2021 at \$0.20 per share) to accelerate sales into the high-margin Water segment. We forecast net cash of \$17.4m at end-Dec 2021.
- Trade debtors were \$11.6m (debtor days: 87 which looks OK) Vs \$10.7m pcp (debtor days: 168, calculation impacted by the part-year inclusion of EMSBK).
- Inventories were immaterial at \$2.5m (v \$3.1m).
- Property, Plant and Equipment was immaterial at \$3.0m (v \$3.3m).
- Leasehold improvements were \$3.3m (v \$3.7m).
- Intangible Assets were \$108.9m (v \$108.9m), net of accumulated amortisation of \$8.2m (v \$3.7m pcp). This consists of goodwill on the EMSBK acquisition of \$89.0m, internally developed software of \$6.8m, acquired software of \$8.7m

and other intangibles of \$3.9m.

- Creditors were \$8.0m (v \$13.0m) down 38%, and look reasonable at 60 days (v 203 days pcp).
- Revenue received in advance (unearned) was \$2.7m (v \$3.2m).
- Shareholders Funds were \$127.3m (v \$126.0m) up 1% following the \$14m capital raising in June 2021, net of the FY21 trading loss.
- Shares on issue increased by 16.5% to 1.194bn (v 1.025bn) mainly due to the June capital raising.
- Net tangible assets per share was \$0.01 (v \$0.02). EVS is not an asset-backed company.

12. Board and Senior Management

EVS currently has a 4-person board (all non-executives) and is looking to add another NED following Peter White's retirement as CEO and MD in November.

| EVS - Directors Shareholdings | | Per FY20 Annual Report | Per FY21 Annual Report | Latest | Change | % of Coy (basic) |
|--|-------------|---------------------------|---------------------------|----------------------|-------------------|---------------------|
| Non-executive directors: | | | | | | |
| David Johnstone, Chair (NED)(app Dir 10/2/14) | Shares | 6,815,459 | 7,033,106 | 7,033,106 | 0 | 0.56% |
| Options | Options | 5,000,000 | 5,000,000 | 5,000,000 | | |
| Hugh Robertson (NED)(app 1/11/18) | Shares | 18,935,279 | 19,269,933 | 19,269,933 | 0 | 1.54% |
| Options | Options | 5,000,000 | 5,000,000 | 5,000,000 | | |
| Sue Klose (INED)(app 1/12/20) | Shares | n/a | 500,000 | 500,000 | 0 | 0.04% |
| Options | Options | n/a | 2,000,000 | 2,000,000 | | |
| Peter White (NED)(app 10/7/17)(retired as MD 25/11/21) | Shares | 9,237,681 | 9,237,681 | 0 | -9,237,681 | n/a |
| Options (expire 31/12/21; exercise price \$0.40) | Options | 5,000,000 | 5,000,000 | 5,000,000 | | |
| Performance rights | Perf rights | 4,000,000 | 0 | | | |
| Senior Management | | | | | | |
| Jason Cooper, CEO (joined 2/6/20 as COO, app CEO 1/3/21) | Shares | n/a | 0 | 0 | 0 | 0.00% |
| Performance rights | Perf rights | n/a | 4,000,000 | 4,000,000 | 0 | |
| Aaron Lapsely (COO) (joined 15/12/21; US-based) | Shares | n/a | n/a | n/a | | n/a |
| Performance rights | Perf rights | n/a | n/a | n/a | | |
| Justin Owen, CFO (joined 24/1/21) | Shares | n/a | n/a | n/a | 0 | |
| Performance rights | Perf rights | n/a | n/a | 0 | 0 | |
| Sub-total - Ordinary Shares | | 34,988,419 | 36,040,720 | 26,803,039 | -9,237,681 | 2.14% |
| Total Company - Latest | | 1,024,685,906 | 1,193,839,427 | 1,254,462,540 | 60,623,113 | 100.00% |
| Directors & KMP % | | 3.4% | 3.0% | 2.14% | -0.9% | |

Source: FY21 Annual report; ASX announcements

David Johnstone, Non-Executive Chair (Appointed: 10/2/14)

David is an experienced executive who has been actively involved in business for more than 35 years. He has successfully started, owned and operated a range of businesses. With experience gained nationally and internationally in selling, licencing, merging and acquiring businesses he has arranged significant funding for management buyouts, leveraged buyouts along with the successful placement/ listing of companies on the London Stock Exchange and the ASX.

He was previously Group Head of Corporate Development and CEO of Centrepont Alliance (CAF)'s largest subsidiary Professional Investment Services Ltd. He was also CEO of Bartercard Ltd after he successfully sold and merged Trade Ltd, a business he founded with Bartercard Ltd. He is past Chairman of the International Reciprocal Trade Association, a global industry association which is based in the USA.

David is a keen investor, chairman and advisor to various technology companies in the communications, finance, insurance, risk management and sporting sectors, which are investing and advancing technology to the forefront of their respective industries.

Hugh Robertson, Non-executive director (App: 1/11/18)

Hugh has over 30 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.

His more recent directorships include AMA Group Limited (ASX: AMA), Centrepont Alliance Limited (CAF), TasFoods Limited (TFL), Hub24 Limited (HUB) and is currently on the board of Maggie Beer Holdings Ltd (MBH).

Sue Klose, Non-executive director (App: 1/12/20)

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. She is currently a non-executive director of Nearmap (ASX: NEA), a provider of aerial imagery and location intelligence; Pureprofile (ASX: PPL), a digital consumer data and research firm; Stride, one of Australia's largest mental health care providers; and Honan Insurance Group, an insurance, risk and financial solutions provider. Previously the Head of Digital and Chief Marketing Officer (CMO) of GraysOnline, Ms Klose was responsible for digital product strategy, brandy strategy and marketing operations. In prior roles in digital and media companies including 12WBTV and News Ltd, Ms Klose led strategic planning and development.

As Director of Digital Corporate Development for News Ltd, Ms Klose screened hundreds of potential investments, leading multiple acquisitions, establishing the CareerOne and Carsguide joint ventures, and held multiple board roles in high-growth digital and SaaS businesses.

Ms Klose has an MBA in Finance, Strategy and Marketing from the J.L. Kellogg School of Management at Northwestern University, and a Bachelor of Science in Economics from the Wharton School of the University of Pennsylvania.

Senior Management /KMP**Jason Cooper, Chief Executive Officer** (joined July 2020 as COO; app CEO 1/3/21)

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 SaaS environments, including roles in Silicon Valley.

Prior to EVS, he was VP Global Sales at IoTium, Santa Clara California (2 years, 2 months); Vice President Global Sales at Switch Automation, San Francisco Bay Area (1 year, 4 months); Founder, Muto Consulting, Melbourne (1 year, 4 months); and various roles at Siemens Limited (8 years, 8 months) including Executive Manager Sales – Infrastructure and Cities Sector (3 years, 1 month).

Jason has a Bachelor of Engineering - Electrical and Electronics Engineering from RMIT University Melbourne, Strategic Marketing at Mt Eliza Business School, an Executive MBA (EMBA) from HEC Paris and an Entrepreneurship & Innovation major from Babson College in Boston.

Jason is based in Melbourne.

Aaron Lapsley, Chief Operating Officer (app 15/12/21)

Aaron brings a unique combination of strategy, transformation, operations, and engineering expertise to the business from Silicon Valley, having worked at Cushman & Wakefield, a global commercial real estate services firm, as Head of Digital Buildings Practice and C&W Director on Google's Bay Area office portfolio (2 years, 8 months).

He also previously served as Vice President of Services and Product at Switch Automation, San Francisco Bay Area (3 years, 1 month). Switch Automation is an enterprise software and IoT company for the digital transformation of real estate.

Engagement Manager, GPG Advisors, San Francisco Bay Area (2 years).

Senior Consultant, Strategy & Operations at Deloitte, New York (2 years, 6 months).

Project Engineer, Lilker Associates Consulting Engineers, New York City (4 years).

Graduate Teaching and Research Assistant, University of Oklahoma (9 months).

Most recently he founded and led System2, a consulting firm specialising in technology for built environments and other fixed asset industries, Round Rock Texas (1 year, 2 months).

Aaron earned his MBA at Harvard Business School and holds a Bachelor of Mechanical Engineering at University of Oklahoma.

Aaron will report to the CEO Jason Cooper and will be based in the Americas region. (He currently resides in Austin Texas per LinkedIn).

Source: EVS ASX announcement 15/12/21; LinkedIn profile.

Justin Owen, CFO

Commenced 24/1/22. 30 years' experience in financial and business performance measurement. Based in Melbourne. Refer ASX announcement 24/1/22, and 12/10/21.

- **Previously CFO at Whisper Limited (ASX: WSP**, market cap \$295m) June 2020-Jan 2022 (1 year 8 months)
- **Contract CFO roles** (3 yrs, 2 months): **PayGroup Limited (ASX: PYG**, market cap \$50.8m; CFO & Company secretary); **Tesserent (ASX: TNT**, market cap \$207m, CFO).
- **Head of CFO Advantage, Mawson Group** (unlisted Melbourne business advisory group, 13 employees on LinkedIn; 2 years).
- **Acting CFO/ Financial Consultant, Walter and Eliza Hall Institute of Medical Research** (6 months).
- **CFO, Bluestone Global Limited** (formerly Humanis Group, Melbourne-based recruitment firm; ASX code: BUE, de-listed May 2014, liquidators appointed Sep 2014, 1 year, 3 months).
- **Partner – Audit & Assurance, Grant Thornton Australia** (11 months).
- **Partner, BDO Australia** (5 years, 7 months).
- **Director, PwC** (19 years, 1 month, 1986-2005).

Other – Alberto Calderon - Advisor to CEO

On 29/4/21 EVS announced that former Orica CEO, Alberto Calderon, will join as Advisor to the CEO. Alberto became CEO of AngloGold Ashanti in September 2021.

Alberto is highly regarded in the broader business industry as an innovator within large corporates, particularly around the adoption of technology led improvements. The addition of Alberto provides strong validation of EVS's offering to a global problem that its environmental intelligence solutions meet across a number of industries, particularly in mining. Alberto will provide active introductions to help accelerate sales and will provide feedback on messaging and refinement in the future product roadmap.

Alberto will work closely with EVS CEO, Jason Cooper to provide a range of high-level executive and project support including strategic advice, preparing briefings and strategic changes to support the achievement of the organisation's operational objectives.

Alberto's executive experience includes leadership roles across the mining, petroleum, and energy sectors. Prior to joining the Orica Board, Alberto was an executive with world-leading resources company, BHP Billiton. During his time with BHP Billiton, Alberto held a number of key leadership positions, including Group Executive and Chief Executive Aluminium, Nickel and Corporate Development (2011 – 2013), Group Executive and Chief Commercial Officer (2007 – 2011). Alberto was also CEO at Cerrejón, one of the world's largest mining operators in his home country of Colombia (2002 – 2006) and now an EVS customer, and at the Colombian oil company, Ecopetrol (1999 – 2002).

EVS has granted 10.0m unlisted options to Mr Calderon with 5.0m options exercisable immediately; 2.5m options to vest in 12 months; and 2.5m options to vest in 18 months. These options have an exercise price of \$0.20 per Option and an exercise period of 4 years.

Appendix 1 – Detailed History

EVS first listed as Pacific Environment Limited (ASX code: PEH) on 11/2/08 with a combination of 5 environmental consulting firms in Brisbane, Sydney and Melbourne:

- Air Expert – a real-time web-based air emissions data capture and modelling product.
- Pacific Air & Environment – A specialist air quality consulting business based in Brisbane.
- Holmes Air Sciences – A specialist air quality consulting business based in Sydney.
- Toxikos – A toxicology and testing business based in Melbourne.
- New Environmental Quality – A specialist emissions stack testing company based in Brisbane.

Post IPO, the acquisitions continued:

- 22/4/08 – Acquisition of Q-Armada Pty Ltd
- 26/8/08 – Acquisition of Eco Vision Solutions Pty Ltd, a real-time electricity, water and gas usage monitoring system for resident through to large scale commercial clients.
- 23/12/08 – Acquisition of Commercial Energy Services Pty Ltd, which provides energy management and power quality solutions. Subsequently this business appointed voluntary administrators and PEH commenced legal action against the vendors.
- 8/5/09 – Acquisition of Fire Vac Services Pty Ltd, which provided fire protection services in Qld & NSW.
- 22/8/09 – Queensland Alumina Limited selects PEH to provide emissions management and associates services. 3-year contract. PEH to extend modules to cover noise, blasting, water quality and other issues.
- August 2011 – Envirosuite software version 1.0 launched.
- 28/8/13 – Awarded major contract with the Western Australian Dept of Health to conduct a Health Risk Assessment at Port Headland regarding dust from mining and port operations.
- 2013 AGM – PEH now has over 30 clients including BHP, RIO, Anglo American, Port Authorities, Queensland Alumina, Boyne Smelters, and local Councils.
- 13/3/14 – Major infrastructure contract win from a key government department – PEH to deliver a state-of-the-art air quality monitoring project. 3.5-year contract, PEH's largest since its IPO.
- 13/3/14 – NSW Transport contract for air quality assessment and monitoring on WestConnex, Sydney. Initial 12-mth contract value >\$1.0m.
- 3/4/14 - Agreement to acquire Waste Solutions Australia Pty Ltd, based in Brisbane. WSA specialises in hydro-geological services, contaminated land services, waste management and land fill gas services.
- 22/9/14 - Agreement to acquire DLA Environmental for \$2.75m in cash and deferred cash. NSW-based environmental services business.
- 5/11/14 – Envirosuite 2.0 launched in Australia; To launch internationally in 2015.
- 1/12/14 – First international client won for Envirosuite – Canterbury Regional Council, Christchurch NZ.

- 11/12/14 – NSW Transport WestConnex contract now >\$4.0m over 5 years, largest contract in PEH's history.
- 19/3/15 – Gladstone Ports case study (first east-coast port; first coal port). PEH now establishing international channels (USA, Middle East, Spain; and planning for China and South America in 2016).
- 30/4/15 – Website and video now available in Spanish language.
- 28/5/15 – New contract awards – Ports Authority NSW, Yancoal, Royal Darwin hospital, Centennial Coal. Average contract size now A\$60-80k pa for 3 modules.
- 7/8/15 – Collaboration agreement with Odournet, the world's leading consulting and technology firm in odour, air quality and acoustics (noise). Offices in 8 countries – Netherlands, France, Spain, Germany, UK, Brazil, Mexico, and India.
- 6/10/15 – Atara Resources / Kingsgate, Thai resources giant selects PEH for its Chatree gold mine.
- 1/12/15 – First US partner signed – Sigma Space. It services NASA and the US Department of Defence.
- 23/12/15 – Spanish reseller signed for Spain and Mexico.
- 23/15/15 – Expands into Water with 2 paid client trials – A power generation station, and a large agribusiness. Plus 2 consulting wins – Victorian EPA and Northern Territory Dept of Mines.
- 11/2/16 – First sale in Indonesia, to one of the world's largest multi-national mining and metals groups, to cover an integrated nickel mining and processing facility. Main use is to improve the management of sulphur dioxide emissions and its impact on local communities, especially under adverse weather conditions. Says Envirosuite is the result of 7 years of R&D work.
- 16/2/16 – New agreement to support 3 adjacent NSW coal mines, to meet NSW Government Planning & Environment requirements.
- 25/2/16 – Proposed client trial of new Water module by AJ Bush, at one of Australia's largest meat rendering plants. To manage wastewater irrigation to protect groundwater from nitrate contamination.
- 15/3/16 – Agreement with Thames Water for Envirosuite at 2 key UK sites. Client introduced to EVS by Odournet. Initial 1 year contract, project fee A\$300k, with potential to significantly expand the term and number of sites (potentially 30+ sites). EVS's entry into the Wastewater sector, which has over 100,000 public facilities globally, effectively doubles EVS's Total Addressable Market (TAM) to \$3-4 billion.
- 22/6/16 – Presentation to US Air and Waste Management Association conference in New Orleans.
- 12/8/16 – First EVS sale in South America – Colombian coal mining company Carbones del Cerrejon Ltd, one of the world's largest open-cut coal producers, owned 1/3rd BHP, 1/3rd Anglo American and 1/3rd Glencore. Contract value A\$>400k over an initial 3-year term.
- 15/9/16 – Awarded a 2nd Wastewater treatment client in Spain, via partnership with Odournet.
- 15/9/16 – Mexico – EVS selected for environmental monitoring for a Mexican gold mine, via Spanish partner, Black to Green.
- 29/9/16 – Trials with Southern California Air Quality Agency (SCAQMD), a leading agency in the USA. Trial involves 33 air quality monitoring stations, and EVS's new community complaints/ incident module.

- 4/10/16 – MOU signed with major US engineering services firm, HDR Inc to become a US sales partner. It has 225 offices worldwide. Potential access to HDR's significant client base.
- 28/11/16 – Revised Sales agency agreement with Odournet, gives EVS access to its network of offices and clients throughout Europe, UK, India and Brazil.
- 12/12/16 – Change of name from Pacific Environment Limited (ASX: PEH) to Envirosuite (EVS).
- 28/3/17 Thames Water project successful completed, although final report still to be completed. Client is continuing with its subscription. At this stage up to 20 sites have been identified.
- 27/4/17 – Sale of EVS's consulting business for A\$14.5m (net of incentives to staff) to Environmental Resources Management (ERM). Revenue \$16.1m, and Ebitda \$2.0m will be forgone. EVS will retain a co-operation agreement with ERM which has 160 offices in over 40 countries and employs > 4,500 people.
- Post this sale. EVS becomes a focussed global SaaS company with ~ 30 staff, and ~ \$1.00m of SaaS revenue; cash of \$13m and no debt. Market cap at 6.8 cents = A\$15.7m.
- 21/8/17 – Thames Water – 2 paid sites continuing. EVS currently progressing > 10 new water and wastewater treatment opportunities globally.
- 21/9/17 – Cerrejon mine in Colombia extends EVS contract to now include their port operations as well as the mine.
- 28/9/17 – Significant contract win with 2nd Californian air quality agency – Bay Area Air Quality Management District (BAAQMD). Established in 1955, it manages 9 counties surrounding San Francisco Bay.
- 24/10/17- 3 new contracts in Europe – In Georgia, a major hydropower construction project; In France, a wastewater treatment facility and a waste management facility. Both will use EVS's incident intelligence solution to analyse, track and manage odour investigations and complaints.
- 29/11/17 Acquires the business and assets of Odotech Inc in Montreal Canada from the bank-appointed trustee for A\$458k. It has a significant number of clients across wastewater, mining, agriculture, pulp and paper, and local government. 12 employees in Canada and 9 in Chile.
- 9/4/18 – Odotech acquisition now fully integrated. 60-70 clients on the legacy "Oduwatch" product will be migrated to EVS.
- 9/4/18 – New client wins: UD Federal agency (air pollution); Fort Worth City Wastewater plant, Texas; Goldcorp Mexico (dust impacts); Southcoast AQMD (air quality); 3rd site at Thames Water; Middle Eastern government – trial (air quality & odours); West Australian Port Authority; NZ waste management coy.
- 8/5/18 – Thames Water – 4th site committed. EVS now has 7 wastewater sites in UK/ Europe/ Middle East (EMEA).
- 16/5/18 – Largest ever contract signed (A\$1.5m for initial 12-months) in the Middle East with a large state-owned public works authority for a city-wide odour monitoring and management system (\$1.25m hardware + \$0.250m software).
- 2/7/18 – Major contract win in Chile – Sopravel Agricultural Co, a major poultry producer. To manage odour, dust and other air pollutants at 5 locations. A\$200k pa. This is EVS's first contract in Chile, and first major international agriculture customer.
- Chilean agriculture giant Agrosuper to use EVS. It is the largest producer of pork in Chile with > 50% market share. Largest ever EVS subscription at

- A\$324k pa. Agrosuper is an existing user of Oduwatch and will migrate to EVS.
- 20/7/18 – ARR doubled to \$3.0m (v \$1.045m). Sales force increased from 3 to 121 Nov 2017-March 2018. Target 100% growth in FY19.
 - 20/7/18 – San Ysidro Border crossing air pollution study with University of Washington and University of San Diego.
 - 20/7/18 – USA Hampton Roads Sanitation District (HRSD) signs EVS for real-time monitoring of hydrogen sulfide (H₂S) following a successful trial.
 - 20/7/18 – Welsh Water UK adopts EVS after a 4-month pilot. EVS's 2nd major water utility customer in the UK.
 - 20/7/18 – BMA Mining Aust (BHP Mitsubishi Alliance) to use EVS at the Daunia coal mine near Moranbah, Qld, including blasting, pollution, lightning, and storm forecasting. Potential to expand this to 15 other sites in the area.
 - 20/7/18 – Environmental Canterbury (E-Can, NZ) to use EVS for odour management.
 - 3/8/18 – 18 wastewater clients won since August 2016 Proof of Concept (includes 5 for Thames Water). Wastewater sector has estimated TAM \$800m pa.
 - 11/10/18 – Significant contract upgrade by Cerrejon (BHP / Anglo American / Glencore JV), the biggest coal mine in South America. To now include blasting and water monitoring solutions. Now \$600k pa (\$160k incremental). EVS to establish a Colombian office.
 - 2/11/18 – 2 new UK water utilities signed.
 - 17/12/18 – Wins major smart city project in Kuwait. \$1.2m over 3 years. Adds \$265k pa to ARR. For city-wide odour monitoring and management. Provision of 90 “e-nose” sensors. Potential for further contracts with Kuwait EPA.
 - 10/1/19 – ARR at 31/12/18 \$4.6m, on-track to double from \$3.0m at 30/6/18 to \$6.0m at 30/6/19. EVS seeing increasing demand from government and enterprise clients for a one-stop-shop offering.
 - 15/1/19 – Southern Water (UK) implements EVS at 3 sites (adds \$220k to ARR). EVS is already in use at 7 other water utilities and EVS aims to become the default solution provider to wastewater operators in the UK.
 - 6/3/19 – Tata Steel adopts EVS for its Port Talbot operation in Wales, UK to manage air quality. 60 sensors and 3 weather stations around the facility to be deployed. This was EVS's first win in the global steel manufacturing industry.
 - 9/5/19 – Cerrejon Mine Colombia adds groundwater pressure monitoring to existing EVS solutions. This is now EVS's largest client at \$500k pa ARR. Cerrejon is a pivotal client as it showcases EVS's full capability.
 - 13/8/19 – First win in China with Veolia.
 - 13/8/19 – 2 large projects in Kuwait and Doha went live. The Kuwait project tracks odours and air emissions from oil refineries, wastewater plants, land-fills and intensive agriculture. Potential inclusion of other sensors including noise and water quality. Doha contract is focussed on the city's sewer pipelines.
 - 6/9/19 - Agreement to enter China in partnership with Mr. Zhigang Zhang. \$4.0m placement to Mr. Zhang (50m shares at 8.0c), plus 25m options exercisable at \$0.15. The options to vest on achieving a minimum of \$10m in cumulative revenues from China. Also 15m options on same terms to employees of Mr. Zhang's Chinese subsidiaries (NB. Not yet issued), and 1.25m broker options.
 - 14/10/19 - \$10.0m placement at \$0.28 per share, split into 2 tranches, to fund

expansion into China.

- 23/10/19 – 5-year strategic co-operation agreement for China signed with major Chinese environmental protection company BHZQ, based in Beijing, a subsidiary of Hong Kong-listed Beijing Enterprises Water Group Limited (0371.HK). Announcement refers to Mr Zhigang Zhang, General Manager of BHZQ and Mr. Ningping Ma, Deputy Manager of BHZQ. (Both were also directors of Phoslock Environmental Systems PET until their resignations on 30/9/20).
- 29/10/19 – 2nd strategic co-operation agreement for China signed, with Hebei Sailhero Environmental Protection High Tech Co Ltd (300137.SZ). Sailhero specialises in air quality monitoring equipment and says it has a 30% market share in China.
- 25/11/19 – First land-fill client in Australia.
- 2/12/19 – Global 20-year exclusive licence agreement with Uniquist (University of Qld technology transfer arm) for SeweX. SeweX is an advanced mathematical modelling tool describing the physical, chemical and biological processes in sewers. It is designed to identify areas within a sewer network at high risk of corrosion and odour production. EVS to integrate SeweX into its existing software platform. This should assist clients to materially reduce core operating and capital costs. UQ worked with water utilities in Brisbane, Gold Coast, Sydney and Melbourne in developing the technology.
- 6/12/19 – Mr Zhigang Zhang appointed as NED. He has 30 years' experience in water remediation and environmental protection industry in China.
- 17/1/20 – EVS to acquire EMS Bruel & Kjaer Holdings (EMSBK), a leading global environmental noise solutions provider, head-quartered in Melbourne with 200 staff, >400 customers in 40 countries. Vendors were Macquarie Corporate Holdings, Spectris Group Holdings Ltd and EMSBK founders. Consideration: \$70m cash, 80m new EVS shares and 95m EVS options (3 years; \$0.20 exercise price). In addition, Macquarie to receive 55m new EVS shares for a 3-year referral agreement. Acquisition completed on 28/2/20. Total consideration per FY20 Annual Report was \$102.2m.
- The acquisition was funded by a \$70m placement (350m shares at \$0.20 each), a \$5.5m placement to EVS directors David Johnstone and Hugh Robertson (at 20c) and an SPP at \$0.205 (\$9.28m raised). \$84.8m total, before costs.
- EMSBK proforma CY19 revenue A\$47.5m, being Airports \$37.4m and Urban \$10.1m. Ebitda \$2.7m, EBIT \$1.1m. Has deployments at > 220 airports.
- 18/2/20 – First sale in China – a wastewater solution for Lioadong Bay Wastewater plant in the city of Panjin. 1.3m RMB (A\$270k).
- 28/2/20 – EMS acquisition completed. Macquarie became substantial with 8.27% (84.247m shares).
- 6/3/20 – AGM update. Odour monitoring contract for City of Montreal, Canada, for the first of a potential 5 wastewater treatment plants; 5th site for one of Europe's largest wastewater operators for odour management; Arcelor Mittal, a global steel manufacturer for real-time air quality measurement at a facility in Spain. Potential to expand to other sites in USA; Paid trial in Malaysia with one of East Asia's largest container ports and LNG terminals; New noise monitoring contract at Hyderabad airport, India, the 3rd-largest in India; New noise & vibration contract with Anglo American in Chile; Noise monitoring contracts for 2 major infrastructure construction projects in USA.
- 23/3/20 – Material win in China for first phase of a regional water quality project to Chongqing Lian Qing Instrumentation Co Ltd (601158.SS). 375 water quality analysers at 11 treatment sites across Chongqing city. Value: 11.56RMB (A\$2.8m).

- 27/3/20 – RMB 10.48m (A\$2.5m) contract for first stage of a 2-stage water quality project (Xinfeng River Integrated Watershed Management project in Beijing).
- 2/6/20 – New CFO appointed, Matthew Patterson, after a 9-month secondment from Macquarie to EMS, and 12 years with Macquarie. New COO appointed, Jason Cooper.
- 30/6/20 – Adam Gallagher to retire as a director 31/7/20.
- 6/8/20 – Strategic acquisition – EVS to acquire AqMB Holdings Pty Ltd for A\$1.35m. AqMB is a water modelling R&D company founded in 2014. Historical customers include Veolia and Jacobs, mainly in the design of wastewater treatment plants. Current revenues not material. EVS will embed AqMB into its platform to directly address 2 of the most significant operating costs – chemicals and energy.
- 4/9/20 – EVS added to ASX All Technology index.
- 6/10/20 – First sale of a new smart water software product to GHD Australia, one of the world's leading professional services firms. This is the first of several new products being created as a result of the acquisition of AqMB. EVS has identified > 25,000 water treatment sites that could benefit from this product.
- 21/9/20 – Unrelated company Phoslock Environmental Technologies (PET) requests suspension from trading on the ASX pending an investigation into accounting irregularities relating to PET's China operations. On 30/9/20 Mr Zhang and Mr Ninping Ma both resigned as directors of PET. (Mr Zhang was an NED of EVS at this point, and both worked in senior positions at EVS's strategic partner BWZQ in Beijing).
- 1/10/20 – EVS noted the above matter at Phoslock in its quarterly report (p.2) "the other company (PET) is not connected to Envirosuite and we do not expect what is going on there to have any material impact on us".
- 12/10/20 – Peter White appointed MD. Mr. Zhigang Zhang to retire from the board at the 2020 AGM on 27/11/20 apparently due to a new requirement from the shareholders of Beijing BHZQ Environmental Engineering Co that senior executives could not concurrently serve as directors of other third-party companies.
- 21/10/20 – Appoints Ms Sue Klose as NED.
- 22/12/20 – EVS website – secures 12-month paid trial with Singapore government for wastewater treatment plant odour technology, at 2 locations. First direct commission for EVS by a South-East Asian government. Potential for significant flow on work.
- 26/2/21 – CEO and MD Peter White to retire, but to stay on the board as an NED. Appoints current COO Jason Cooper as CEO.
- 17/3/21 – Andrew Barron Aconex joins EVS as Head of Product. Previously, former senior Product Manager with Aconex, and Senior Director, Product Strategy for Oracle after its acquisition of Aconex in 2017.
- 8/4/21 – Q3 report & website article – Selected for a development grant from Singapore Public Utilities Board (PUB) under its first "global innovation challenge" for EVS's digital twin solution. EVS short-listed for a development grant and a 6-18 month trial at one of PUB's sites. PUB is recognised as one of the most advanced water treatment operators in the world.
- 29/4/21 - Alberto Calderon, former CEO of Orica joins EVS as an advisor to the CEO, Jason Cooper. Alberto was a prior CEO of the Cerrejon mine in his home country of Colombia (2002-2006). Remuneration will be 10m options, exercisable at \$0.20 each (5m granted immediately, and 2.5m and 2.5m

deferred).

- 24/5/21 - \$8.0m placement and \$6.0m rights issue (1 for 14.5) to raise \$14m in total, at \$0.085 per share, to accelerate sales of Omnis and EVS Water, and global expansion.
- 13/8/21 – US Senate passes US\$1 trillion bipartisan infrastructure plan. This includes US\$97bn of additional funding into EVS's key sectors. EVS now at >120 sites in North America (in 23 of 50 US States, and 7 of 10 Canadian provinces).
- 24/9/21 – Macquarie Capital sells 80.0m shares at \$0.16 per share (\$12.8m), on market. Ceases to be substantial (previously held 80.4m shares, 7.0% stake). Retains 75m options (exercisable at \$0.20; expiry 28/2/23) equivalent to a 6.0% stake.
- 12/10/21 – CFO Matthew Patterson resigns, effective 12/11/21. Michael Hamilton, current Head of Finance to be acting CFO.
- 13/10/21 – EVS selected for the NASA X-59 community response testing project for supersonic air travel. Super-sonic flights create sonic booms when the sound barrier is broken, resulting in excessive noise and disruption for populations in close proximity. What NASA wants to do is transform supersonic travel for the domestic environment, potentially halving international and trans-national travel times. To win the contract, Envirosuite joined forces with HMMH, a global consulting firm which specialises in environment and transportation planning based in Burlington, Massachusetts (62 staff on LinkedIn). The consortium emerged successful in a competitive tender process by NASA, competing against multi-billion dollar defence contractors who were well established in the NASA framework. A\$750k ARR expected for Phase 1 (2 years to end 2023). Potential 8-year project.
- 4/11/21 – MOU with Aeroqual Ltd, a global leader in air pollution monitoring using integrated sensor and software systems, based in New Zealand. MOU to combine complementary technologies of EVS and Aeroqual, to pursue joint opportunities. Blue-chip customers include NASA, U.S. EPA, Samsung, Rio Tinto and Tesla. 64 employees on LinkedIn. Aeroqual's air quality monitoring platform, combining smart instrumentation, cloud software, and unique virtual calibration technology (MOMA), is trusted by customers all over the world and will add significant value to Envirosuite's environmental software platform, allowing us to solve even more complex air quality challenges for more customers across multiple industrial sectors. The parties are already engaged on projects in Spain, Malaysia and USA where the partnership has demonstrated the value of the unique solution between Envirosuite and Aeroqual. Refer www.aeroqual.com
- 24/11/21 – 2 strategic agreements signed with GHD, a highly regarded consulting group in the global water industry (11,000 staff, 200 offices across 5 Continents); A referral agreement and a delivery services agreement. Refer: www.GHD.com
- 3/12/21 - \$10.5m placement at \$0.20 per share, to accelerate sales into high margin EVS Water business.
- 15/12/21 – Appoints Aaron Lapsley as COO, to be based in the Americas. Ex Cushman & Wakefield.
- 16/12/21 – 5-year contract extension with Airservices Australia. Current agreement dates back to 2008 with Bruel & Kjaer. Covers 12 airport sites. Noise data on aircraft, background and community noise levels.
- 24/1/22 – Appoints Justin Owen as CFO (previously CFO of Whisper Limited (ASX: WSP, market cap \$276m) and over 30 years' financial experience including 19 years at PwC, and 5.5 years as Partner at BDO Australia).

Appendix 2 – United Nations – Sustainable Development Goals

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

The SDGs build on decades of work by countries and the UN, including the UN Department of Economic and Social Affairs.

Further information is available on the UN website.

1. No poverty
2. Zero hunger
3. Good health and well-being
4. Quality education
5. Gender equality
6. Clean water and sanitation
7. Affordable and clean energy
8. Decent work and economic growth
9. Industry, innovation and culture
10. Reduced inequalities
11. Sustainable cities and communities
12. Responsible consumption and production
13. Climate action
14. Life below water
15. Life on land
16. Peace, justice and strong institutions
17. Partnerships for the goals

Source: www.sdg.un.org/goals

Envirosuite (EVS) \$ 0.195

Profit & Loss

| Year end June \$m | FY20 | FY21 | FY22e | FY23e | FY24e |
|-------------------------------|---------------|---------------|---------------|--------------|--------------|
| ARR at period-end | 43.0 | 46.5 | 52.3 | 60.6 | 70.9 |
| Recurring revenue (SaaS fees) | 17.9 | 40.4 | 46.2 | 54.7 | 63.5 |
| Non-recurring revenue | 5.4 | 8.2 | 9.5 | 11.7 | 14.4 |
| Operating Revenue | 23.3 | 48.5 | 55.7 | 66.4 | 77.9 |
| Revenue growth % | 227.9% | 108.1% | 14.8% | 19.2% | 17.3% |
| Cost of Sales | (16.5) | (28.0) | (30.8) | (33.9) | (37.2) |
| Gross Profit | 6.9 | 20.6 | 24.9 | 32.5 | 40.7 |
| Gross Profit Margin | 29.4% | 42.4% | 44.8% | 49.0% | 52.2% |
| Other Income | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash Operating Expenses | (17.1) | (23.8) | (26.3) | (28.7) | (31.4) |
| Share-based payments | (3.2) | (0.9) | (1.0) | (1.0) | (1.0) |
| EBITDA | -12.9 | -4.2 | -2.3 | 2.8 | 8.3 |
| Ebitda Margin | -55.2% | -8.6% | -4.2% | 4.3% | 10.7% |
| Depreciation & Amort | (3.2) | (7.0) | (7.7) | (8.5) | (9.3) |
| EBIT | -16.1 | -11.1 | -10.0 | -5.6 | -1.0 |
| Ebit Margin | -69.1% | -23.0% | -18.0% | -8.5% | -1.3% |
| Net Interest Income (Expense) | (0.1) | (0.3) | (0.4) | (0.4) | (0.4) |
| Share of Assoc NPAT | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Pre-tax profit | (16.2) | (11.4) | (10.4) | (6.0) | (1.4) |
| Income Tax Credit (Expense) | 0.2 | (0.5) | (0.4) | (0.4) | (0.4) |
| Tax Rate | -1.4% | 4.1% | 3.8% | 6.6% | 28.3% |
| Minorities (share of loss) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Abnormals | -2.3 | -0.6 | 0.0 | 0.0 | 0.0 |
| NPAT (reported) | -18.2 | -12.5 | -10.8 | -6.4 | -1.8 |
| Adjustments (Abnormals) | 2.3 | 0.6 | 0.0 | 0.0 | 0.0 |
| NPAT (normalised) | -16.0 | -11.9 | -10.8 | -6.4 | -1.8 |

Balance Sheet

| | | | | | |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Cash | 24.4 | 17.6 | 22.5 | 37.8 | 40.2 |
| Receivables | 10.7 | 11.6 | 12.4 | 13.7 | 15.9 |
| Inventories | 3.1 | 2.5 | 2.8 | 3.4 | 4.0 |
| Other | 1.2 | 2.0 | 2.0 | 2.0 | 2.0 |
| Total current assets | 39.4 | 33.7 | 39.7 | 56.9 | 62.0 |
| PP&E | 7.0 | 6.3 | 7.1 | 8.0 | 9.0 |
| Investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Intangibles | 108.9 | 108.9 | 112.4 | 116.1 | 120.3 |
| Deferred tax assets | 1.3 | 0.9 | 0.9 | 0.9 | 0.9 |
| Other | 0.4 | 0.1 | 0.1 | 0.1 | 0.1 |
| Total non-current assets | 117.7 | 116.2 | 120.4 | 125.1 | 130.2 |
| Total Assets | 157.1 | 149.8 | 160.1 | 182.0 | 192.3 |
| Payables | -13.0 | -8.0 | -9.2 | -10.9 | -12.8 |
| Interest bearing liabilities - cur | -1.3 | -1.5 | -1.5 | 0.0 | 0.0 |
| Deferred revenue - current | -3.2 | -2.7 | -2.7 | -2.7 | -2.7 |
| Provisions | -6.2 | -3.9 | -3.9 | -3.9 | -3.9 |
| Other | 0.0 | 0.0 | 3.9 | 3.9 | 3.9 |
| Total Current Liabilities | -23.8 | -16.1 | -13.4 | -13.6 | -15.5 |
| Interest-bearing liabs - Non-cur | -3.1 | -2.5 | -0.7 | -0.3 | -1.2 |
| Deferred revenue - non-current | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Provisions | -0.2 | -0.1 | -0.1 | -0.1 | -0.1 |
| Other | -4.0 | -3.8 | -15.4 | -23.9 | -33.2 |
| Total Non-current Liabilities | -7.3 | -6.5 | -16.3 | -24.4 | -34.6 |
| Total Liabilities | -31.1 | -22.5 | -29.7 | -38.0 | -50.1 |
| Total Shareholders' Equity | 126.0 | 127.3 | 130.4 | 144.0 | 142.2 |
| Accumulated losses | -41.7 | -54.1 | -65.0 | -71.4 | -73.2 |

Interims

| Year end June | 1H21 | 2H21 | 1H22e | 2H22e | FY22e |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| ARR at period end | n/a | 46.5 | 49.0 | 52.3 | 52.3 |
| Sales | 23.5 | 25.0 | 26.5 | 29.2 | 55.7 |
| Sales Growth (%) | 600.0% | 25.2% | 12.4% | 17.0% | 14.8% |
| EBITDA profit (loss) | -4.5 | 0.3 | -3.5 | 1.2 | -2.3 |
| EBITDA Margin | -19.1% | 1.4% | -13.3% | 4.0% | -4.2% |
| EBIT | -7.8 | -3.4 | -7.4 | -2.7 | -10.0 |
| Equity Share of Assocs NPAT | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| NPAT (Reported) | -7.8 | -4.7 | -7.8 | -3.1 | -10.8 |
| NPAT (Adjusted) | -7.5 | -4.4 | -7.8 | -3.1 | -10.8 |
| EPS (adjusted)(cents) | -0.7 | -0.4 | -0.5 | -0.2 | -0.8 |
| EPS Growth | -52.6% | -58.5% | -24.7% | -49.9% | -34.1% |
| DPS (cents) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Source: Sequoia estimates

| Year end June \$m | FY20 | FY21 | FY22e | FY23e | FY24e |
|---|--------------|---------------|---------------|---------------|---------------|
| Capital Structure | | | | | |
| Market cap (basic) | 199.8 | 232.8 | 244.6 | 244.6 | 244.6 |
| Net Cash (Debt) | 20.0 | 13.6 | 20.2 | 37.5 | 38.9 |
| Enterprise Value | 179.8 | 219.2 | 224.4 | 207.2 | 205.7 |
| Shares on Issue - Wavge (l | 619.9 | 1027.2 | 1418.7 | 1418.7 | 1418.7 |
| Shares on Issue - at y/end | 1024.7 | 1193.8 | 1280.7 | 1375.7 | 1375.7 |
| Per share and ratio data and Valuation | | | | | |
| Reported EPS (cents) | (2.9) | (1.2) | (0.8) | (0.5) | (0.1) |
| Growth | 74.7% | -58.6% | -37.3% | -40.7% | -71.8% |
| P/E ratio (x) | -6.6x | -16.0x | -25.5x | -43.1x | -152.6x |
| EPS (normalised)(cents) | (2.6) | (1.2) | (0.8) | (0.5) | (0.1) |
| Growth | 53.0% | -55.0% | -34.1% | -40.7% | -71.8% |
| P/E ratio (x) | -7.6x | -16.8x | -25.5x | -43.1x | -152.6x |
| DPS (cents) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Yield | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| OCF per share (cents) | -1.7 | -0.8 | -0.2 | 0.1 | 0.5 |
| Price/OCF (x) | -11.3x | -23.5x | -88.5x | 143.4x | 41.9x |
| EV/ Sales | 7.71x | 4.51x | 4.03x | 3.12x | 2.64x |
| EV/EBITDA | -14.0x | -52.7x | -96.1x | 73.0x | 24.8x |
| EV/EBIT | -11.2x | -19.7x | -22.4x | -36.8x | -203.0x |
| Liquidity & Leverage | | | | | |
| Net Debt / Equity % | n/a | n/a | n/a | n/a | n/a |
| Net Debt / EBITDA | n/a | 3.3x | 8.7x | n/a | n/a |
| ROA (EBIT / T.Assets) % | -10.3% | -7.4% | -6.3% | -3.1% | -0.5% |
| ROE (NPAT / T.Equity) % | -12.7% | -9.4% | -8.3% | -4.5% | -1.3% |
| Interest Cover (EBIT) | n/a | n/a | n/a | n/a | n/a |
| Div Payout % (of adj EPS) | n/a | n/a | n/a | n/a | n/a |

Cash Flow

| | | | | | |
|----------------------------|--------------|-------------|--------------|-------------|-------------|
| Cash receipts | 29.0 | 48.5 | 46.2 | 54.7 | 63.5 |
| Cash payments | -40.1 | -56.7 | -57.1 | -62.6 | -68.6 |
| Gross cash flow | -11.0 | -8.2 | -10.8 | -7.8 | -5.1 |
| EBITDA | -12.9 | -4.2 | -2.3 | 2.8 | 8.3 |
| Chge in Working Capital | 1.6 | -5.8 | 0.0 | -0.1 | -0.9 |
| Interest Received (Paid) | 0.0 | 0.0 | -0.4 | -0.4 | -0.4 |
| Income taxes paid | -0.2 | -0.5 | -0.4 | -0.4 | -0.4 |
| Other / Abnormals | 0.8 | 1.9 | 0.0 | 0.0 | 0.0 |
| Operating cash flow | -10.7 | -8.5 | -3.1 | 1.9 | 6.6 |

| | | | | | |
|---------------------------------|--------------|--------------|-------------|-------------|-------------|
| Capex (net) | -0.1 | -0.7 | -0.8 | -0.9 | -1.0 |
| Other (Capitalised R&D) | -2.4 | -3.1 | -3.4 | -3.8 | -4.1 |
| Free Cash Flow | -13.2 | -12.3 | -7.4 | -2.7 | 1.5 |
| Acquisitions | -65.4 | -5.6 | 0.0 | 0.0 | 0.0 |
| Investments (net) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net investing cash flows | -67.9 | -9.4 | -4.2 | -4.7 | -5.1 |
| Equity raised (bought back) | 95.9 | 13.1 | 13.9 | 20.0 | 0.0 |
| Dividends paid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in Debt | -0.6 | -1.6 | -1.7 | -1.9 | -2.1 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financing cash flow | 95.3 | 11.5 | 12.2 | 18.1 | -2.1 |
| Change in Cash | 16.7 | -6.4 | 4.8 | 15.4 | -0.6 |

Segmental Revenue (Recurring + non-recurring)

| | | | | | |
|-------------------------|-------------|-------------|-------------|-------------|-------------|
| EVS Aviation | 11.5 | 32.1 | 35.4 | 39.9 | 43.5 |
| EVS Omniss | 11.9 | 16.4 | 19.7 | 24.6 | 30.8 |
| EVS Water (fm Dec 2020) | 0.000 | 0.046 | 0.6 | 1.8 | 3.6 |
| Group total | 23.3 | 48.5 | 55.7 | 66.4 | 77.9 |

| Directors Shareholdings | Shares (m) | % of coy | Options/ Perf Rights (m) |
|---|---------------|--------------|--------------------------|
| David Johnstone, Chair (NED)(app Dir 10/2/14) | 7.033 | 0.6% | 5.000 |
| Hugh Robertson (NED)(app 1/11/18) | 19.270 | 1.5% | 5.000 |
| Sue Klose (INED)(app 1/12/20) | 0.500 | 0.0% | 2.000 |
| Senior Management: | | | |
| Jason Cooper, CEO (joined 2/6/20 as COO, app 1/12/21) | 0.000 | 0.0% | 4.000 |
| Aaron Lapsely (COO) (joined 15/12/21; US-based) | n/a | 0.0% | n/a |
| Justin Owen (CFO)(joined 24/1/22) | n/a | 0.0% | 0.000 |
| Total Directors & Key Management Personnel | 26.803 | 2.14% | 16.000 |

| Major Shareholders | Shares (m) | % of coy |
|----------------------------------|------------|----------|
| Perennial Value Mgt | 155.906 | 12.4% |
| Robin Omerod (founder) | 36.324 | 2.9% |
| Norges Bank Inv Mgt | 30.771 | 2.5% |
| Rubi Holdings Pty Ltd | 27.806 | 2.2% |
| Fifty Second Celebration Pty Ltd | 22.392 | 1.8% |

Source: ASX announcements, Refinitiv

SEQUOIA FINANCIAL GROUP (ASX: SEQ) - About Us

Sequoia Financial Group is a boutique investment house known for the quality of its advice, the strength of its relationships and depth of expertise across financial markets. The Group has also expanded into corporate advisory, equity capital markets, institutional dealing and financial planning.

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- Wealth management and advisory services
- Corporate advisory and capital markets expertise
- Retail, wholesale and institutional trading platforms
- Market data and financial news services.

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Recommendation Criteria

Investment View

The Sequoia Wealth Management (SWM) Investment View is based on an absolute 1-year total return equal to capital appreciation plus yield.

| Buy | Accumulate | Hold | Reduce | Sell |
|------|------------|----------|------------|-------|
| >20% | 10% – 20% | 0% – 10% | 0% to -10% | >-10% |

A Speculative recommendation is when a company has limited experience from which to derive a fundamental investment view. In some circumstances the analyst may adopt a more conservative recommendation than our published framework, such as early stage companies.

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