

EP&T Global September 2022 Quarterly Activity Report and Appendix 4C

31 October 2022 Building energy optimisation company EP&T Global Limited (ASX: EPX) ('EP&T' or 'the Company') is pleased to release its quarterly activity report and Appendix 4C for the quarter ending 30 September 2022.

Highlights

- Multiple new contracts awarded in the quarter with a combined Total Contract Value¹ (TCV) of \$2.1 million
- These contracts are comprised of upfront project revenues totalling \$1.0 million and an Annualised Contract Value (ACV) of \$0.3 million, with a weighted average tenure of 3.8 years
- Annualised Contract Value (ACV) as at 30 September 2022 of \$13.4m², with new ACV wins of \$0.3m offset by churn and price adjustments of (\$0.2m) representing a net increase of \$0.1m from June 2022
- Annualised Recurring Revenue (ARR³) as at 30 September 2022 of \$9.4m, representing an increase of \$0.2m (+2%) from June 2022
- Recurring Revenue⁴ was 94% of total revenue for the September 2022 quarter
- Total Unbilled Contract⁵ value of \$44.0 million as at 30 September 2022.
- Cash receipts of \$2.0m in the quarter, an increase of \$0.4m (25%) from the prior corresponding period
- The total value of invoices raised by the Company in the September 2022 quarter was \$3.1 million, an increase of \$0.8m (35%) from the prior quarter, assisted by changes to the company's commercial model to increase upfront project invoicing
- Total cash on hand of \$1.2m as at 30 September 2022.
- Further contract wins announced since the end of Q1 FY23 increase current ACV to \$13.6m

¹ Total Contract Value (TCV) is the contractual amounts which will be invoiced to a customer over the initial term of the contract and may include a combination of subscription revenues and upfront project / service payments

² ACV is calculated into Australian dollars based on historical long term exchange rates. On conversion to actual cashflow, the exchange rate prevailing at the time of billing may be higher or lower to the historical long-term average exchange rates used to determine the ACV value.

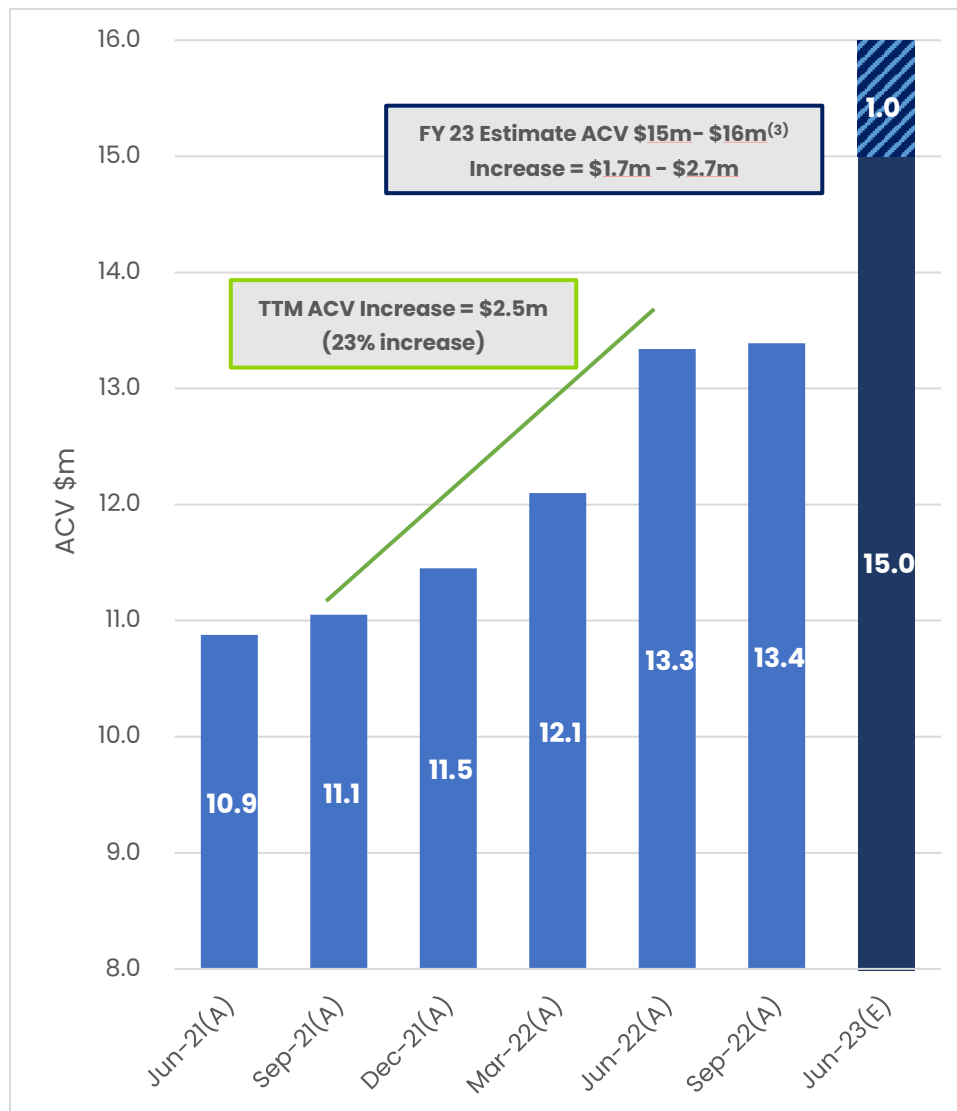
³ ARR is the contracted recurring revenue component of subscriptions on an annualised basis.

⁴ Recurring revenue is defined as contracted service and software revenue

⁵ Unbilled Contract Value represents the contracted amounts remaining to be billed by EP&T to customers over the unexpired contracted term of contracts on hand.

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ACV growth (Global, \$m)



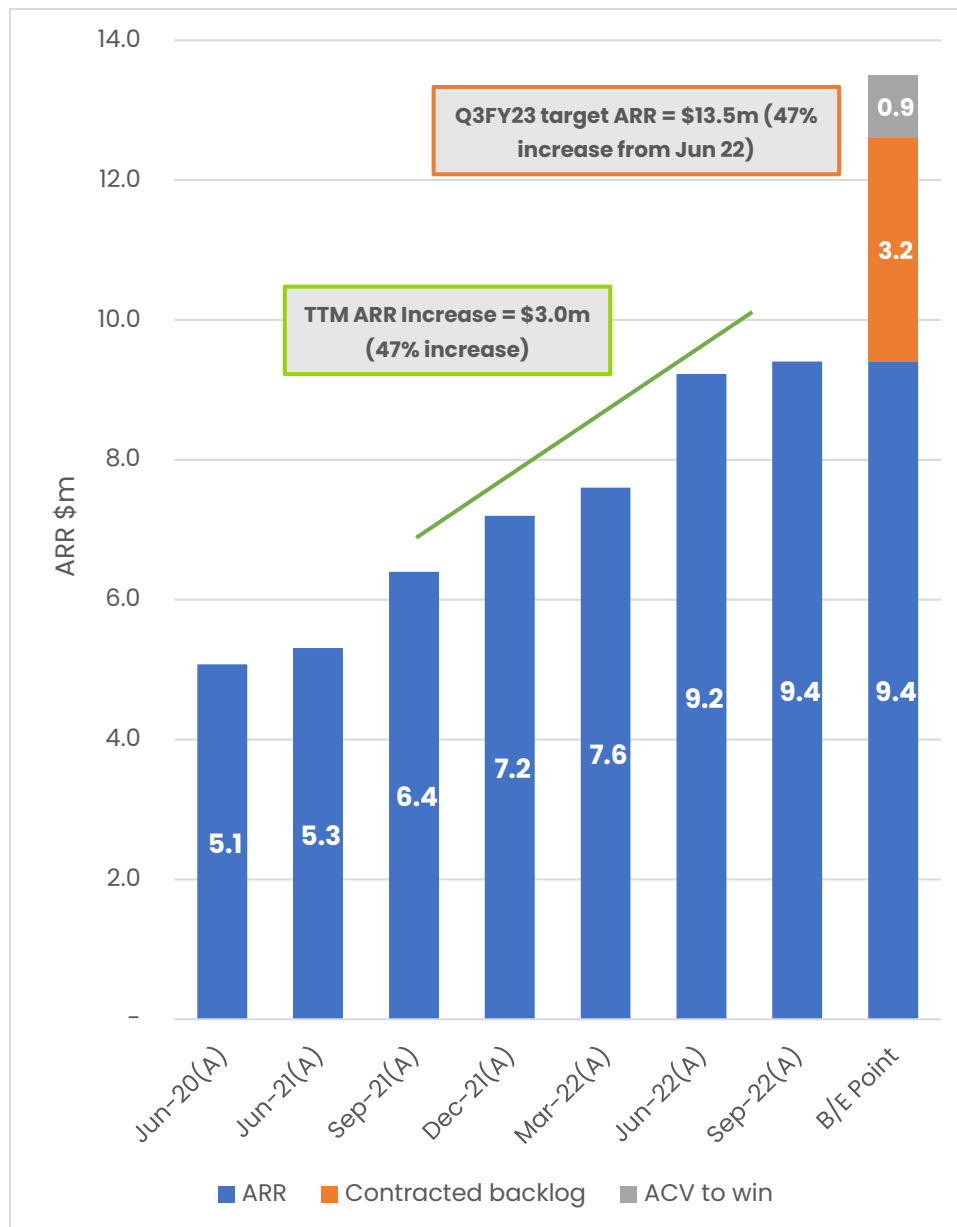
At 30 September 2022 ACV is \$13.4 million, with new ACV wins in the quarter of \$0.3m offset by churn and price adjustments of (\$0.2m) representing a net increase of \$0.1m from June 2022.

The FY23 target ACV range is between \$15.0m - \$16.0m⁶, growth of between 13% and 20%.

⁶ Assumptions: ACV at 30 June 2022 + new contract wins to 20/10/22 of \$0.5m ACV - allowance for 5% annual ACV churn + estimated conversion of sales pipeline of \$2m-\$3m prior to 30 June 2023. Prospective financial information is predictive in character, may be affected by inaccurate assumptions or by known or unknown risks and uncertainties and may differ materially from results ultimately achieved

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ARR growth on implementation of ACV backlog (Global, \$m)



EP&T's ARR as at 30 September 2022 was \$9.4m, an increase of \$0.2m from June 2022.

EP&T has a target ARR of \$13.5m by end Q3FY23, which is estimated to be required to achieve run rate operating cashflow break even^{7,8}. An increase in ARR of \$4.1m is required to reach this point. Of this:

- At 30 September 2022, the Company has \$3.2m (75% of the \$4.1m required) in contracted backlog, with activities underway to complete the project installations

⁷ Backlog installation (and therefore ARR conversion) may be impacted by COVID-19 delays and other factors outside of EP&T's control. Future ARR may be impacted by unforeseen events leading to contract termination or cancellation

⁸ Operating cashflow is defined as monthly operating cash inflows (being receipts from operations and other revenue) less monthly operating cash outflows (being ordinary operating costs of the business including employment costs, direct cost of goods sold, occupancy, marketing, corporate and other operating costs) but excluding new project deployment costs and other investing and financing cash flows. Prospective financial information is predictive in character, may be affected by inaccurate assumptions or by known or unknown risks and uncertainties, and may differ materially from results ultimately achieved

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- The balance of ~\$0.9m (25% of the \$4.1m required) in ARR is targeted to be delivered from EP&T's current global sales pipeline

Sales & operating update

The contract wins in Q1 of FY23 include:

- 2 further contracts with a TCV of \$0.7m under our preferred supplier agreement with a leading UK property company with £13.3 bn assets under management. This brings the number of sites within this portfolio serviced by EP&T to 20
- A 3-year contract to supply tenant level energy consumption data to a pan-European real estate investment management firm with a TCV of \$0.6m
- Award of a contract for energy monitoring 2 branches of a multinational bank in Dubai with a TCV of \$0.2m. EP&T has an existing contract with two other branches of this bank, one in London and one in Dubai
- Orders from a further 8 clients (a mix of existing and new) with a combined ACV of \$0.1m and a TCV of \$0.6m for ongoing energy optimisation and related services in Australia and United Kingdom

The initial contract term for the ongoing services elements of these contracts ranges from 3 to 5 years, with a money weighted average term of 3.8 years.

As part of EP&T's focus on operating cashflow, the Company's customer engagement model is being reviewed to identify opportunities to bring forward cash receipts from customers. The contracts awarded since 1 July 2022 contain approximately \$1.1m of project revenue which is to be invoiced upfront as the corresponding projects are delivered.

The above new contract wins have been offset by ACV reductions totalling \$0.2m (1.5% of ACV) resulting from a combination of sites being redeveloped or sold and also price adjustments negotiated at the end of the initial contract term with customers.

EP&T is continuing to see high levels of interest in our building energy efficiency and optimisation product offering, particularly in light of the increasing focus on net zero targets and rising global energy prices. This is being reflected in our sales pipeline across all the key markets in which EP&T operates.

Financial

Receipts from customers for the quarter were \$2.0m. Total net operating cashflows for the quarter were (\$1.5m) which is consistent the prior quarter (\$1.5m).

The total value of invoices raised by the Company in the September 2022 quarter was \$3.1 million, an increase of \$0.8m from the prior quarter. This increase was driven by a combination of changes to the Company's customer engagement model intended to bring forward cash receipts from customers and increased recurring revenue billing levels as ARR increases. The impact of the increased level of invoicing is expected to be seen in receipts from customers when collected, expected to be in the next quarter.

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Payments for property, plant and equipment include payments for hardware and installation costs of new customer projects of \$1.3m for the quarter. This investment is required to deliver future ARR growth.

Total cash on hand as at 30 September 2022 was \$1.2m.

Payments totalling \$269,983 included in cashflows from operating activities were made to related parties of EP&T in the quarter as per Section 6.1 of the 4C. These payments comprise NED fees and Executive Director salary and sales commission payments.

The Company is taking steps to obtain funding to strengthen its financial position and has appointed financial advisors to explore fresh funding initiatives.

Corporate

Mr. John Balassis, who currently serves on EP&T's Board of Directors remains in the position of interim CEO while the process to appoint a permanent CEO continues. Further progress will be announced to the market when an appointment has been confirmed.

The Board is also nearing conclusion of its search to appoint a new independent director with experience in technology, product strategy and development.

Change of Share Registry Address

In accordance with listing rule 3.15.1, please be advised that effective Monday 31 October 2022, Boardroom Pty Limited, the Company's share registry, will be located at the following address:

Level 8
210 George Street
Sydney NSW 2000

This announcement has been authorised for release to the ASX by the Board of EPX

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About EP&T Global

EP&T Global is optimising buildings for a sustainable future. EP&T's proprietary technology solution combines multiple information sources with cloud-based data analytics to detect real-time energy inefficiencies in buildings. This highly accurate identification of faults and inefficiencies enables EP&T to collaborate with building managers to improve and optimise building plant operating systems.

EP&T's "EDGE Intelligent System" is a data repository incorporating 20+ years of building energy efficiency knowledge – collecting and analysing more than 5.6 billion points of data per annum with proprietary algorithmic analysis and machine learning.

To learn more visit www.eptglobal.com

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