

## EP&T Global Limited March 2023 Quarterly Activity Report and Appendix 4C

**28 April 2023** Building energy optimisation company EP&T Global Limited (ASX: EPX) is pleased to release its quarterly activity report and Appendix 4C for the quarter ending **31 March 2023**.

### Quarterly Highlights

- Cash receipts of \$3.4million in the quarter - an increase of \$0.7million (26%) from the prior quarter driven by increasing ARR and upfront billing to customers.
- Continued improvement towards operating cashflow breakeven<sup>1</sup>, with the operating breakeven ratio improving since the last quarter to be 73% (being operating cash receipts covering 73% of operating cash outflows). An improvement from 61% in the previous Quarter
- Annualised Contract Value (ACV) as at 31 March 2023 of \$14.2m<sup>2</sup>, representing an increase of \$0.3m from December 2022 and an annual 17% increase over March 2022.
- Multiple new contracts awarded in the quarter with a Total Contract Value (TCV) of \$1.0m and an ACV of \$0.3m.
- Annualised Recurring Revenue (ARR<sup>3</sup>) of \$11.1m installed as at 31 March 2023 representing an increase of \$0.8m (8%) from December 2022 and an annual 46% increase from March 2022. The Company continues to focus on installation conversion of the ACV backlog.
- During the quarter the business had a further \$2.2m in ARR in the process of installation, to bring total ARR to \$13.3m once installed.
- EP&T Launches EDGE Certifi to continue working with customers to achieve industry leading sustainability accreditations, such as NABERS, BEEK, GreenStar ratings.
- Total cash on hand of \$2.6m as at 31 March 2023.

### EPX reaches a major milestone

Since the end of the March Quarter, the Company has continued to win new business and is pleased to announce it has reached an ACV of \$14.5m, being equivalent to ARR of \$13.5m once all the backlog is fully installed. This is a major milestone for the Company. The additional ACV of \$0.3m in the first few weeks of April is from new and existing customers including:

- the Company's first win in New Zealand with an ACV of \$0.1m and TCV of \$0.3m. The client is an independent global investment company, with offices in 20 countries – this is an extension of an existing Australian customer relationship and the Company's first commercial site in New Zealand;
- additional ACV of \$0.1m and TCV of \$0.7m with a new win in Dubai, for a large commercial asset in the Jumeirah precinct.

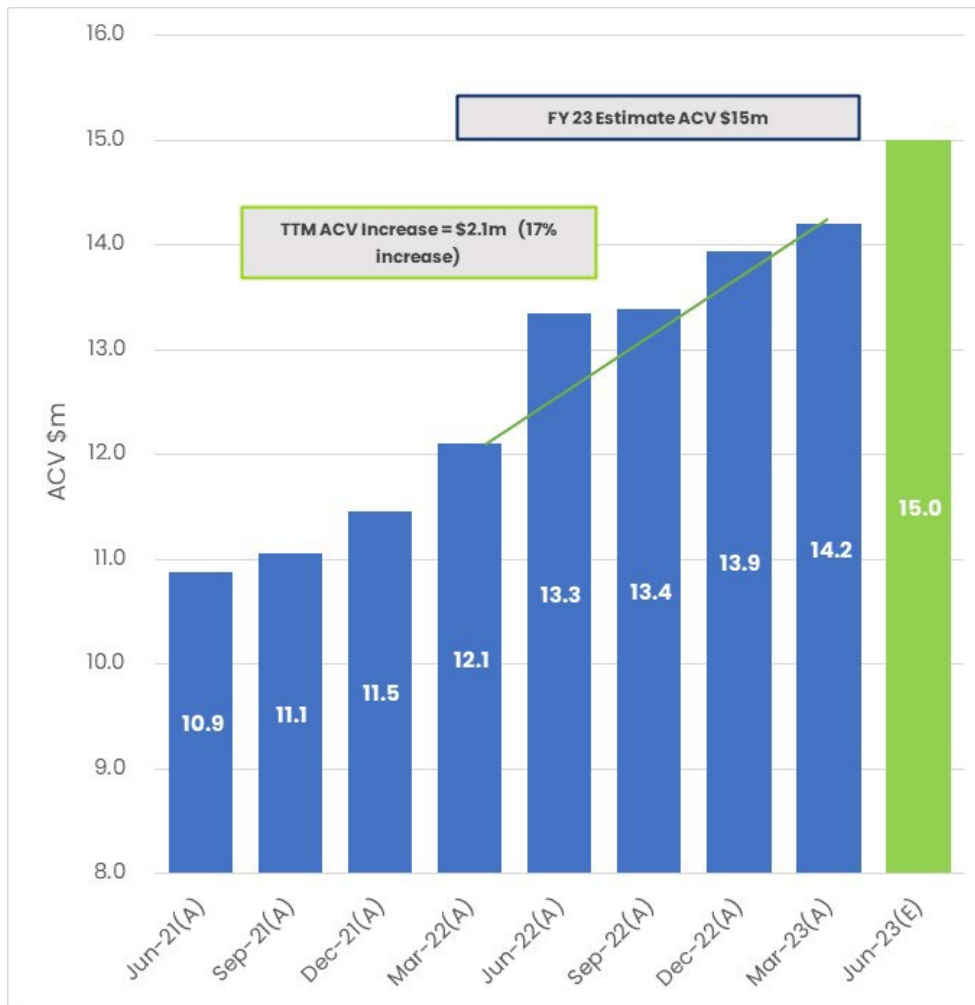
<sup>1</sup> Operating cashflow is defined as monthly operating cash inflows (being receipts from operations and other revenue) less monthly operating cash outflows (being ordinary operating costs of the business including employment costs, direct cost of goods sold, occupancy, marketing, corporate and other operating costs) but excluding new project deployment costs and other investing and financing cash flows. Prospective financial information may be affected by inaccurate assumptions or by other risks and uncertainties and may differ materially from results ultimately achieved.

<sup>2</sup> Annual Contract Value (ACV) is calculated in 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 than the historical long-term average exchange rates used to determine the ACV value.

<sup>3</sup> ARR is the contracted recurring revenue component of subscriptions on an annualised basis.

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### ACV growth (Global, \$m)

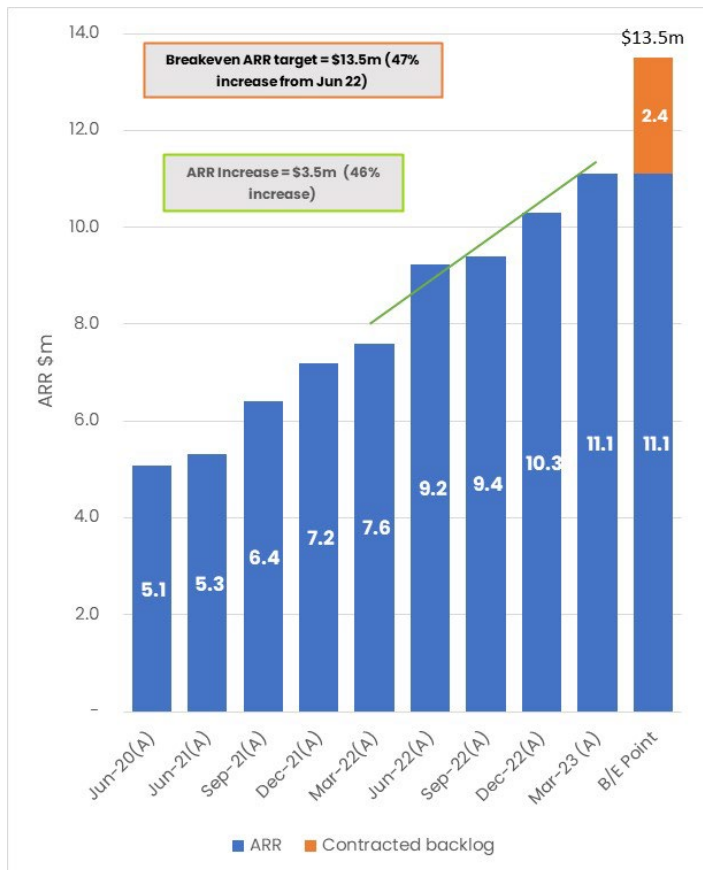


At 31 March 2023 ACV is \$14.2million representing a \$2.1m (17%) increase since 31 March 22. Since the end of the March Quarter, ACV has continued to grow and is now at \$14.5m. The FY23 target ACV range remains between \$15.0m - \$16.0m<sup>4</sup>, targeting a growth of between 13% and 20%.

<sup>4</sup> Prospective financial information may be affected by inaccurate assumptions or by other 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 31 March 2023 was \$11.1m, an increase of \$0.8m from December 2022. As at Q3 FY23, an increase in ARR of \$2.4m was required to reach the \$13.5m breakeven point. This milestone has now been achieved in April 2023. The Company's focus remains on installing the backlog.

### Sales & operating update

Contract wins in Q3 FY23 include:

- A 2-year 11 hotel portfolio with an ACV of \$0.1m from a large Australian based global fund manager which specialises in alternative investments in property.
- A 5-year agreement with a major industrial company in Dubai, being the first industrial asset for the Company in this region, with a TCV of \$0.25m which includes an upfront establishment fee of \$0.1m.
- Additional sites with a major European asset manager with an ACV of \$0.1m and TCV of \$0.3m adding to the existing over 40 sites already secured with this customer.
- Additional site for a UK based major luxury hotel investment firm for a 3-year agreement with an ACV of \$0.1m and TCV of \$0.2m to add to the existing 3 sites being monitored.

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 markets in which EP&T operates.

EP&T also launched a new offering named **EDGE Certifi**. EP&T customers have for many years sought out the skills and expertise of the Company to assist their sustainability and net zero journey. This includes assistance with achieving industry leading sustainability targets, such as NABERS, BEEK, GreenStar and other similar targets. With the increased focus, a new dedicated business unit has been established to work with existing customers.

## Financial

- Receipts from customers continue to increase as expected.
- Installing the ARR backlog will complete the journey to operating cash flow break-even.

Receipts from customers for the quarter (excluding one-off receipts) were \$3.4m, a 26% increase over the December 22 quarter. This reflects the Company's growing ARR over the last 12 months and a focus on cash collections.

Total net operating cashflows for the quarter were (\$0.9m). Included within this number were the following one-off items:

	Mar-23
	\$m
Operating cash flow	(0.91)
<u>One-off items</u>	
- Property lease costs	0.17
- Structuring and recruitment costs	<u>0.18</u>
Underlying operating cash outflow	<u>(0.56)</u>

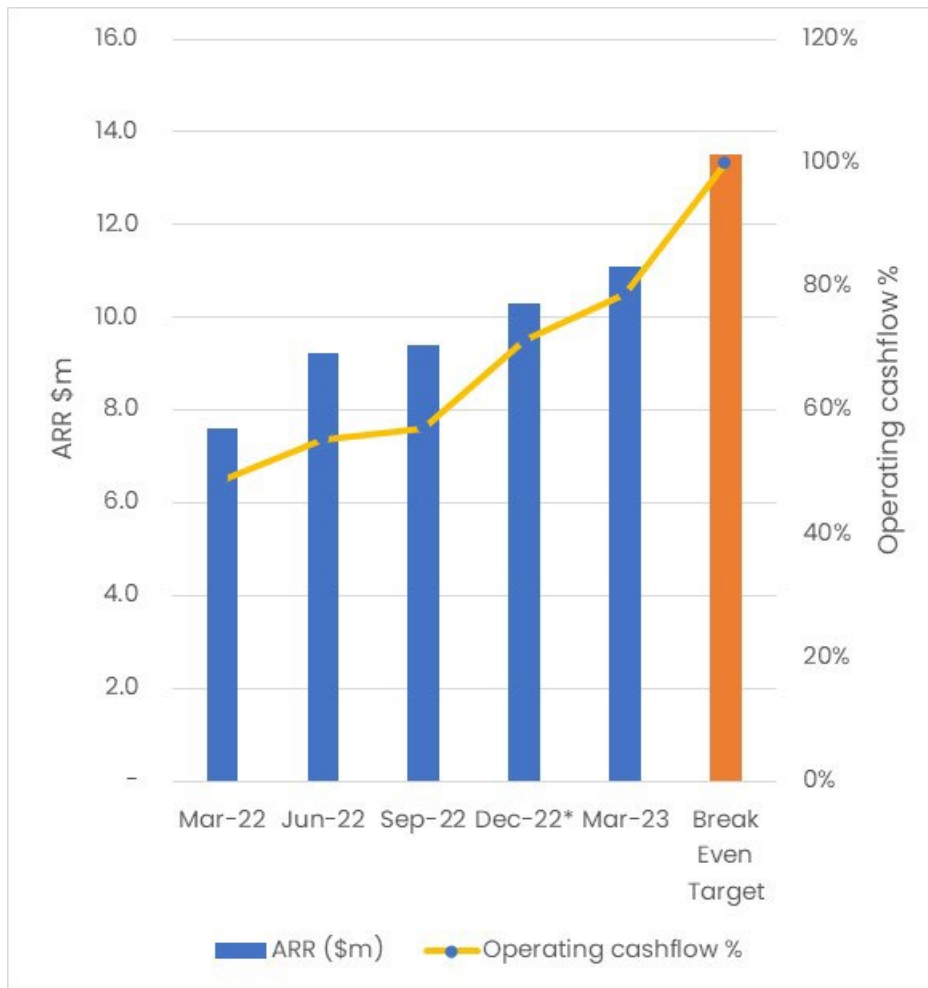
Payments for property, plant and equipment include payments for hardware and installation costs for new customer projects of \$0.8m for the quarter. This investment is required to deliver future ARR growth.

Total cash on hand as at 31 March 2023 was \$2.6m.

Payments totalling \$295,480 included in 'cashflows from operating activities' were made to related parties of EP&T. These payments comprise director fees, executive director salary and sales commission payments.

The below graph tracks EP&T's trajectory towards operating cashflow breakeven ARR target of \$13.5m. The operating cashflow percentage is calculated as operating cash inflows divided by operating cash outflows for the respective quarter. Operating cashflow breakeven is achieved when this reaches 100%.

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\* Dec 22 operating cashflow % excludes the one-off financial settlement receipt of \$0.9m.

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

### 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](http://www.eptglobal.com)

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