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Environment, Property & Technology

Delivering operational efficiency and significant energy savings in all forms of commercial real estate

Trading update

24 May 2023

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**EDGE, a data-as-a-service platform
that delivers sector leading cost
and energy efficiency in buildings**



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EP&T Global

Overview

Corporate Snapshot

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ASX: EPX

Share price (31 March 2023)	A\$0.03
Fully Paid Ordinary Shares	445,913,710
Options on issue	18,190,553
Undiluted Market Capitalisation	\$13.4 million
Cash (as at 31 March 2023)	\$2.6 million
Enterprise Value	\$10.8 million

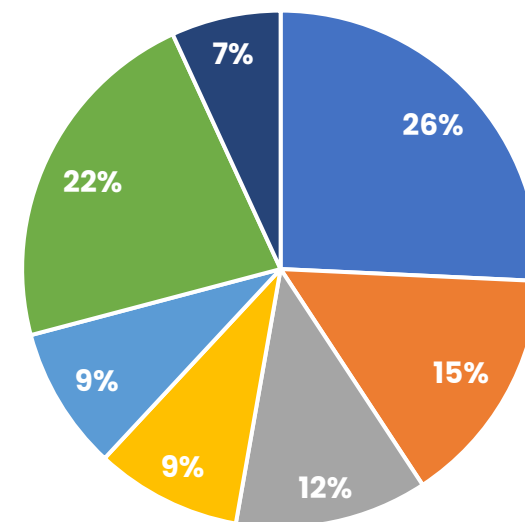
Institutions hold 45%

Board and key management

Independent Chairman	Jonathan Sweeney
Executive Director & CEO	John Balassis
Independent Non-executive Director	Victor Van Bommel
Founder and executive Director	Keith Gunaratne
Non-executive Director	Richard Doyle
Chief Financial Officer	Patrick Harsas

Share register¹

- Founder
- Perennial
- Ingot
- Thorney
- Other institutions
- Retail
- Board & Management



EP&T Global – Company Overview

The most trusted building efficiency platform delivering in over 26 countries

- **Proprietary technology** – delivering **cloud-based data analytics to detect real-time energy inefficiencies in buildings**. The ability to identify faults and inefficiencies enables efficiency gains.
- EP&T's **EDGE building efficiency platform** is a data as a service platform incorporating 20+ years of building energy efficiency knowledge – **5.6 billion+ points of data per annum, across over 8 million^{sqm} of net lettable area (Mar 23)**.
- **Energy savings delivered** - lower carbon footprint and lower cost – **average of 22% p.a. energy savings on base year (Dec 22)**
- **Blue chip clients** - domestic and international client base currently **installed in 500+ commercial buildings in 26 countries**
- **Significant addressable global market** – **Commercial real estate**: office, retail, leisure, hotels, hospitals, industrial
- **Macro environment strongly supports EP&T capability** - high electricity cost, ESG focus, NABERS, GRESB
- **Increasing recurring revenues + growth in Annualised Contract Value (ACV²) at 31 March 2023**
 - YTD Q3 FY23 **ARR¹ growth of 21%** to \$11.1m, being **91%** of the projected operating cashflow breakeven point³
 - YTD Q3 FY23 **ACV growth 7%** to \$14.2 million
 - Strong recurring revenues – **88%⁴ recurring**
 - Unbilled Contract value (**UCV⁵**) of **\$41.9m**

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

2. ACV is defined as the annualised monthly fees charged under contracts on hand at each period end.

3. Monthly operating cashflow breakeven 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) but excluding new project deployment costs and other investing and financing cash flows.

4. Recurring revenue is defined as contracted service and software revenue

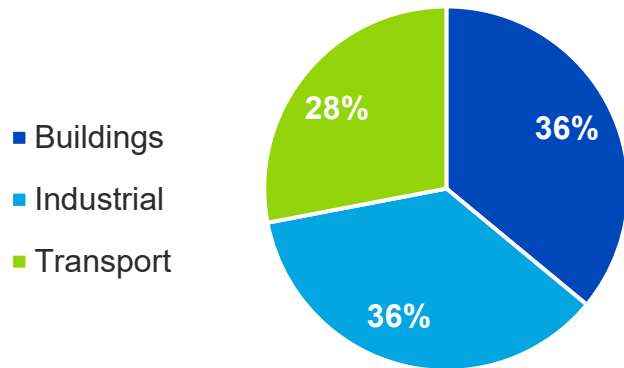
5. Unbilled Contract value is the amount yet to be invoiced to customers under long term contracts

EP&T's Market – Buildings and the environment

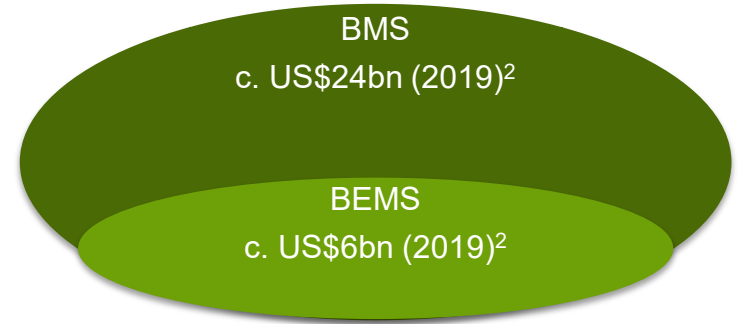
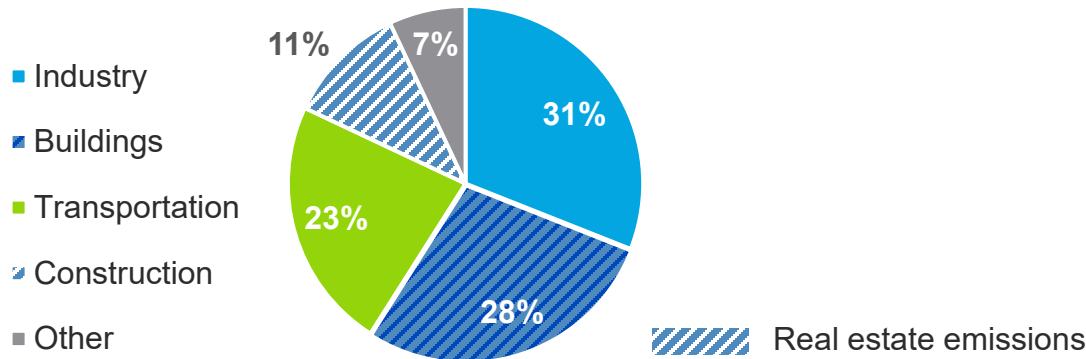
EP&T is in the BEMS market, a US\$6bn market - Buildings use 36% of the world's energy and emit 28% of the world's carbon emissions.

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Global energy use by sector¹



Share of global CO₂ emissions by sector¹



BEMS: A computerized system that monitors, manages and optimizes building services actual performance such as heating, ventilation and A/C (“HVAC”) and lighting systems in commercial and industrial buildings

1. Source: 2019 Global Status Report for Buildings and Construction, Global Alliance for Buildings and Construction, International Energy Agency and the United Nations Environment Programme, 2019
 2. Forst & Sullivan analysis 2021

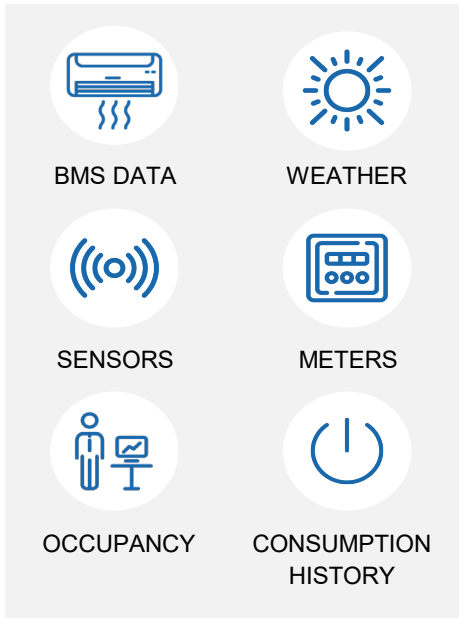
EDGE – A trusted building efficiency platform

EDGE is our proprietary building efficiency platform for monitoring, billing and building optimisation analytics

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DATA SOURCES



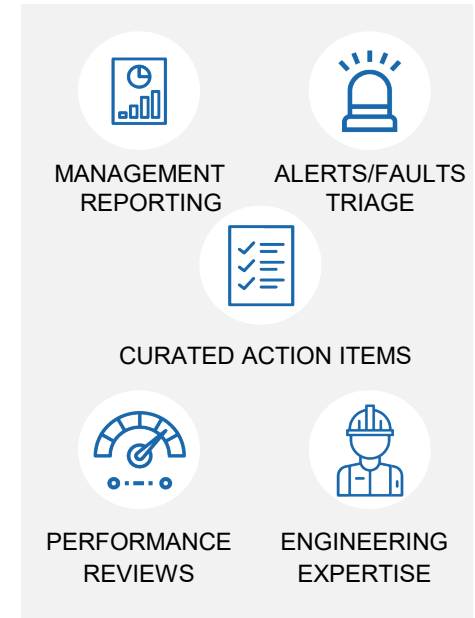
Multiple data sources - gathered continually and analysed by the Edge platform.

AGGREGATE & ANALYSE



Data is sent to the cloud and analysed using proprietary technology and algorithms, delivering highly accurate identification of faults and energy inefficiencies.

PERFORMANCE OPTIMISATION

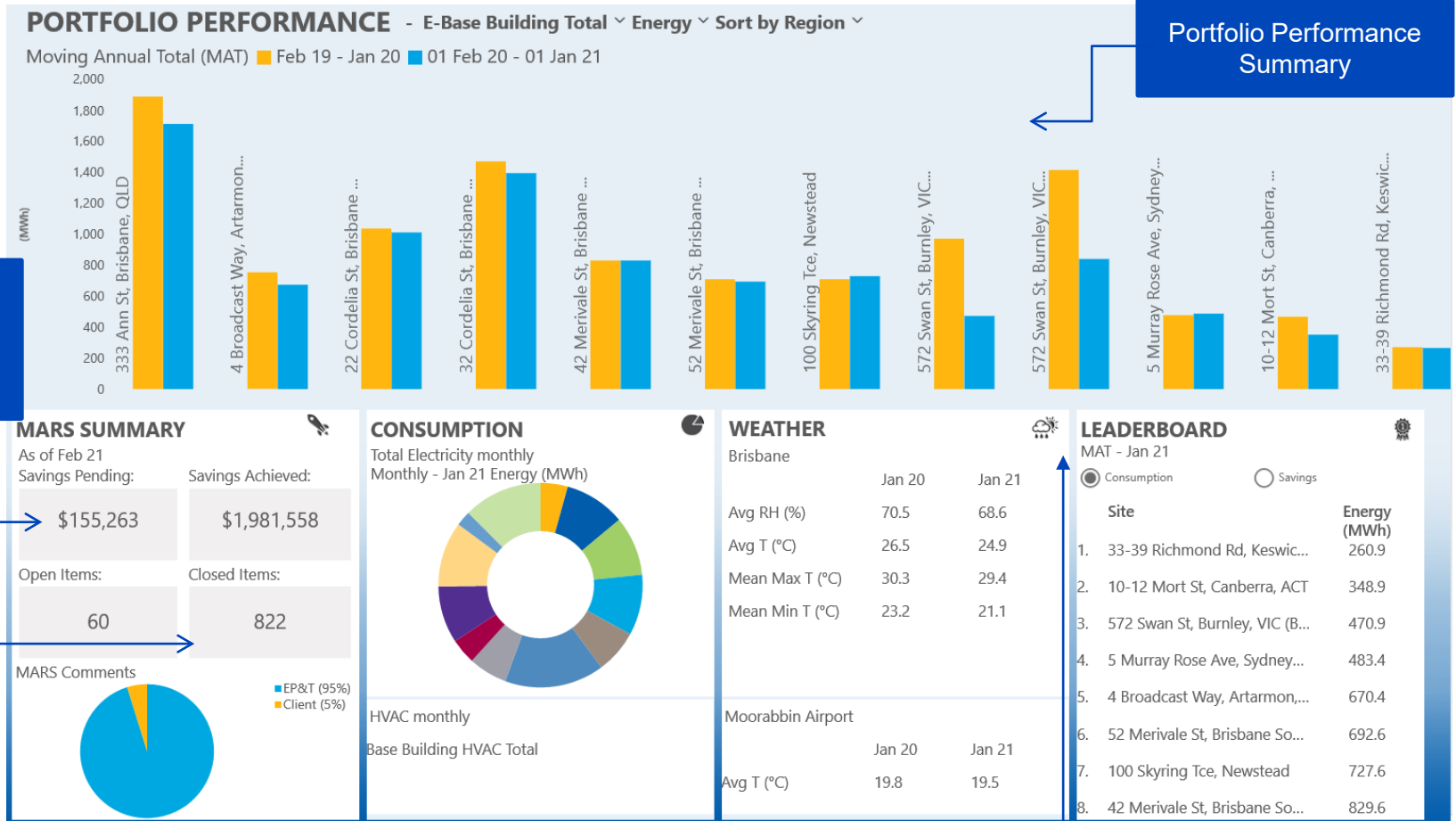


Performance Optimisation — EP&T collaborates with building managers to improve and optimise building plant operating systems with multiple touch points (alerts and reports) provided to the client (both the owners and building managers) to undertake actions that drive building operational efficiency and energy savings.

EDGE – delivering trusted data for actionable outcomes

EP&T Client Dashboard – accurate, actionable and auditable monitoring and performance reporting

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Portfolio Performance Summary

Edge Summary – Savings Report – Open/Closed Items

Portfolio Performance Leader-board

What is our EDGE

Accurate; Actionable; Auditable data – ‘AAA’

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- **Data is sourced from hardware and building systems** – **EDGE** connects to the central meters (electricity, gas, water, thermal) as well as external data e.g. Bureau of Meteorology data, Building Management System, Internet of Things (IoT)
- **Full ecosystem** view of key building services – **EDGE** platform ingests data directly from electricity, water, thermal and gas meters enabling servicing of **ALL** forms of property view of key building services and can connect to common reporting platforms (e.g. Envizi, Deepki, etc.)
- **Active management** – dedicated technical services team takes an active approach with customers to meet their stated objectives and accurate data enables reporting of the “E” (within ESG)
- **Proactive engagement** with subcontractors to realise energy savings outcomes and improve the performance of our customers buildings.

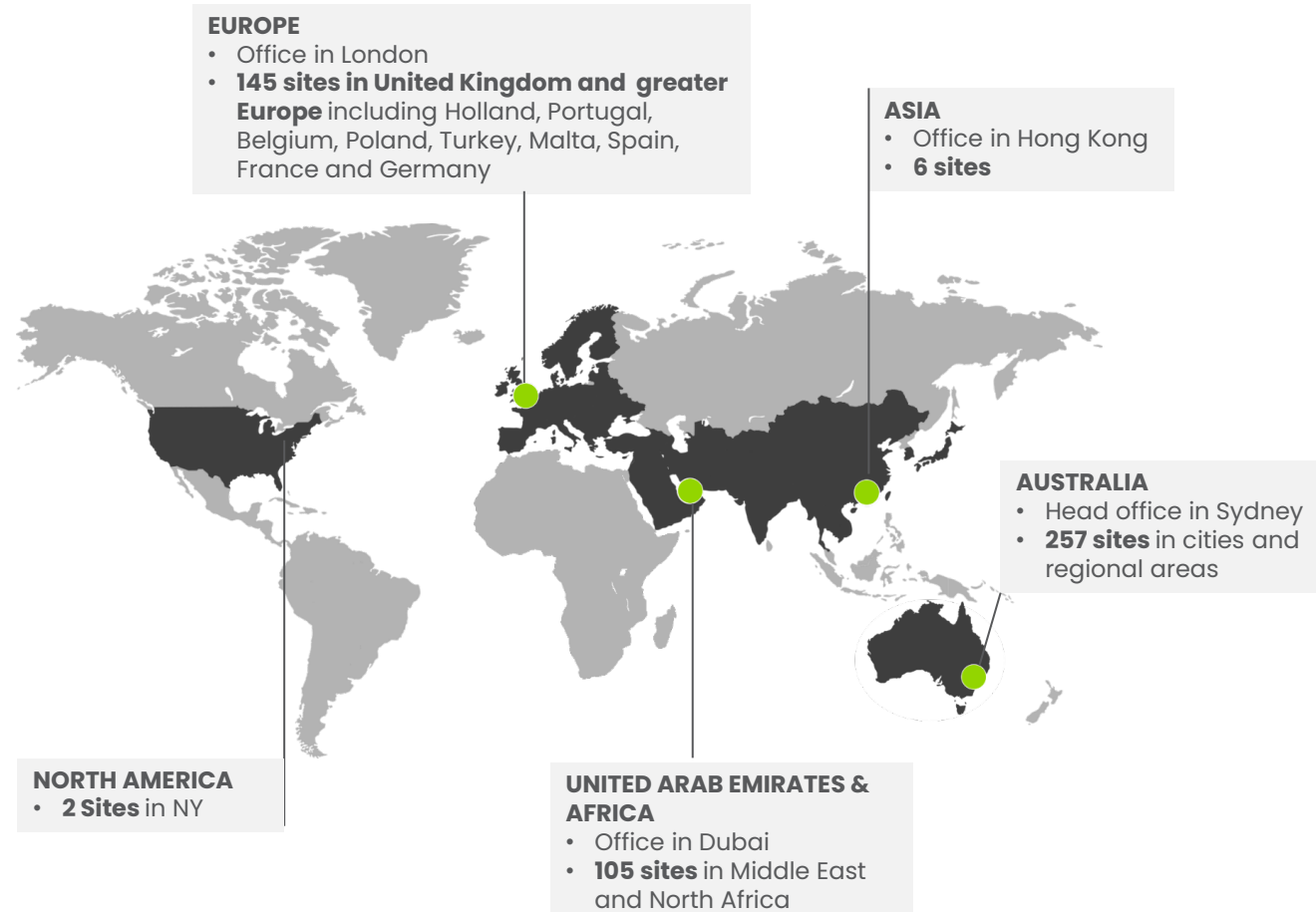
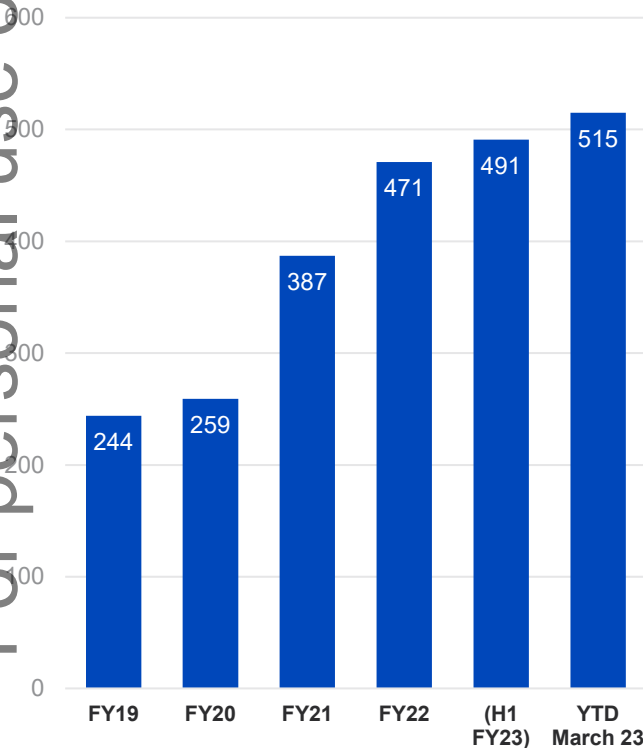
International customer base spanning 26 countries in 5 continents

Site numbers continue to grow, monitoring over **8million^{sqm}** of net lettable area¹ and over **1billion kWh annually¹**

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Contracted Building #s

Building numbers



Notes:

1) As at 31 March 2023 for sites installed

Long-term client relationships

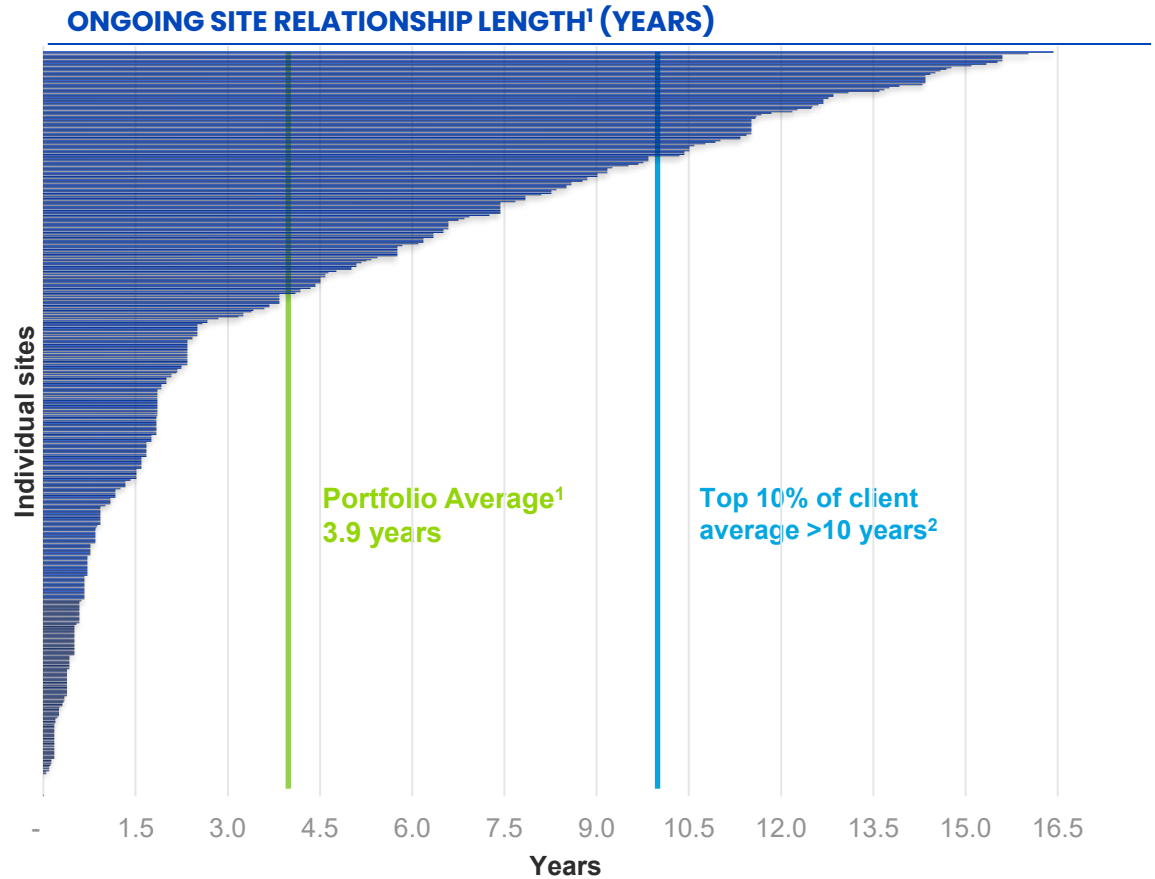
EP&T's proven and consistent energy savings and improved building sustainability ratings performance has led to long-term client relationships

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Average client relationship of **3.9 years**

Average client relationship of the top 10% of installed sites is **>10+ years**

Long-term relationships lead to improving Lifetime Value (LTV) of clients



Notes:

1) As at 31 March 2023, with the average being the simple average based on initial contract date with EP&T for sites installed

2) Top 10% based on initial contract date with EP&T and based on current installed sites ARR



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EP&T Global

Continuing growth with near term cashflow breakeven

EP&T Global – Continuous growth

Continued improvement in Annualised Recurring Revenue (ARR)¹

\$14.2m

Annualised Contract Value (ACV)⁽²⁾ (March 23A)

\$11.1m

Annualised Recurring Revenue (ARR⁽¹⁾) (March 23A)

88%

Recurring Revenue⁽⁴⁾ (YTD March 23A)

\$41.9m

Unbilled contract value⁽⁵⁾ (March 23A)

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ARR of \$11.1m installed as at 31 March 2023, a 21% increase YTD and an annual 46% increase from March 2022.

The business has won (contracted) and is currently installing a further \$2.4m in ARR. Once installed this will bring total ARR to \$13.5m, being EP&T's originally stated operating cashflow breakeven³ point. This inflection point has now been revised lower to \$12.2m.

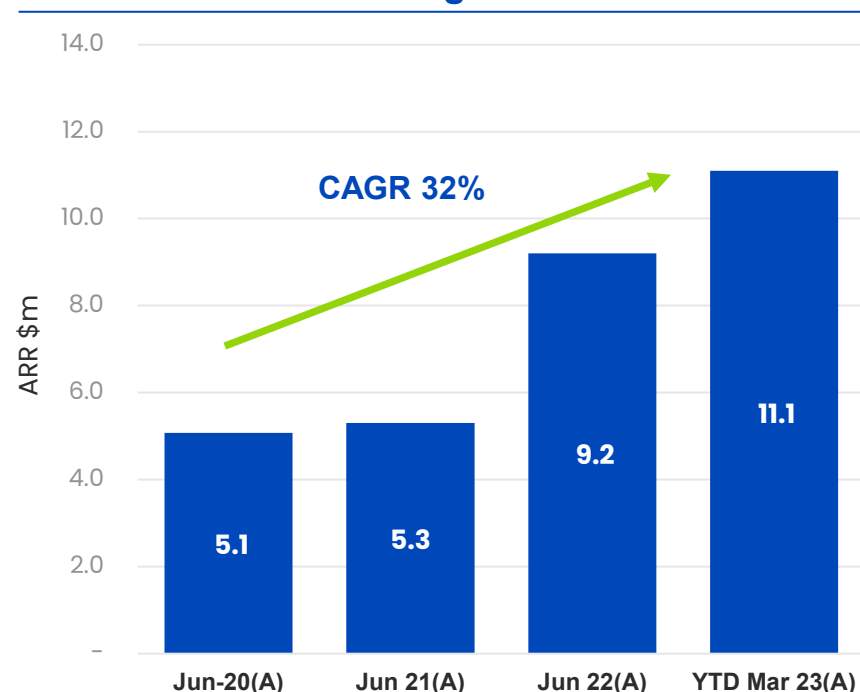
Recurring Revenue³ was 88% of total revenue for the month of March 2023.

Annualised Contract Value (ACV) as at 31 March 2023 of \$14.2m¹

Total Unbilled Contract⁴ value of \$41.9 million as at 31 March 2023.

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

ARR growth



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

2. ACV is defined as the annualised monthly fees charged under contracts on hand at each period end.

3. Monthly operating cashflow breakeven 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) but excluding new project deployment costs and other investing and financing cash flows.

4. Recurring revenue is defined as contracted service and software revenue

5. Unbilled Contract value is the amount yet to be invoiced to customers under long term contracts

Financial performance – projected operating cashflow breakeven¹

Operating cash flow breakeven is now in sight, with \$11.1m as at YTD Mar 23, being 91% of required ARR

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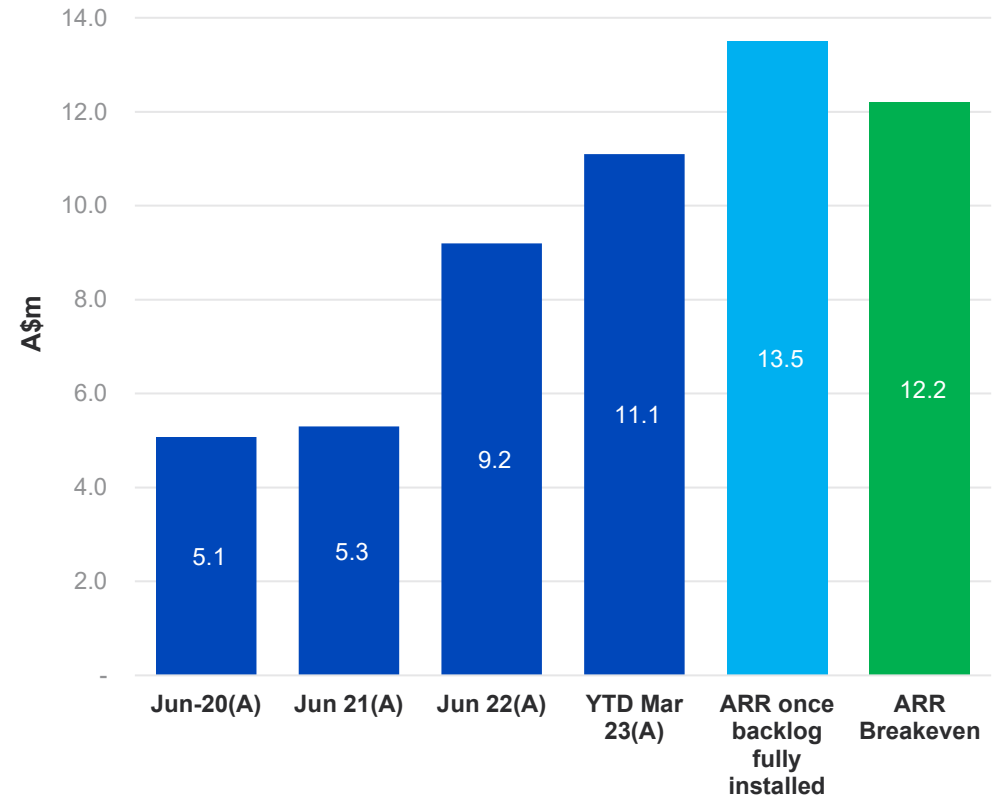
ARR at 31 March 2023 was \$11.1m with a further \$2.4m in contracted revenue, won and currently being installed.

Once fully installed, available ARR will be at \$13.5m

Operating cost efficiency savings of \$1.3m per annum being implemented, reducing the projected operating cashflow breakeven¹ point to \$12.2m in ARR.

Based on ARR as at YTD March 2023 of \$11.1m, over 90% of the required ARR is being delivered to achieve the projected operating cashflow breakeven point.

\$12.2m ARR Projected operating cashflow breakeven



1. Monthly operating cashflow breakeven 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) but excluding new project deployment costs and other investing and financing cash flows.

Annualised Contract Value (ACV¹) continues to grow

- At March 2023 ACV is \$14.2 million, an increase of \$0.9m (7%) from June 2022.

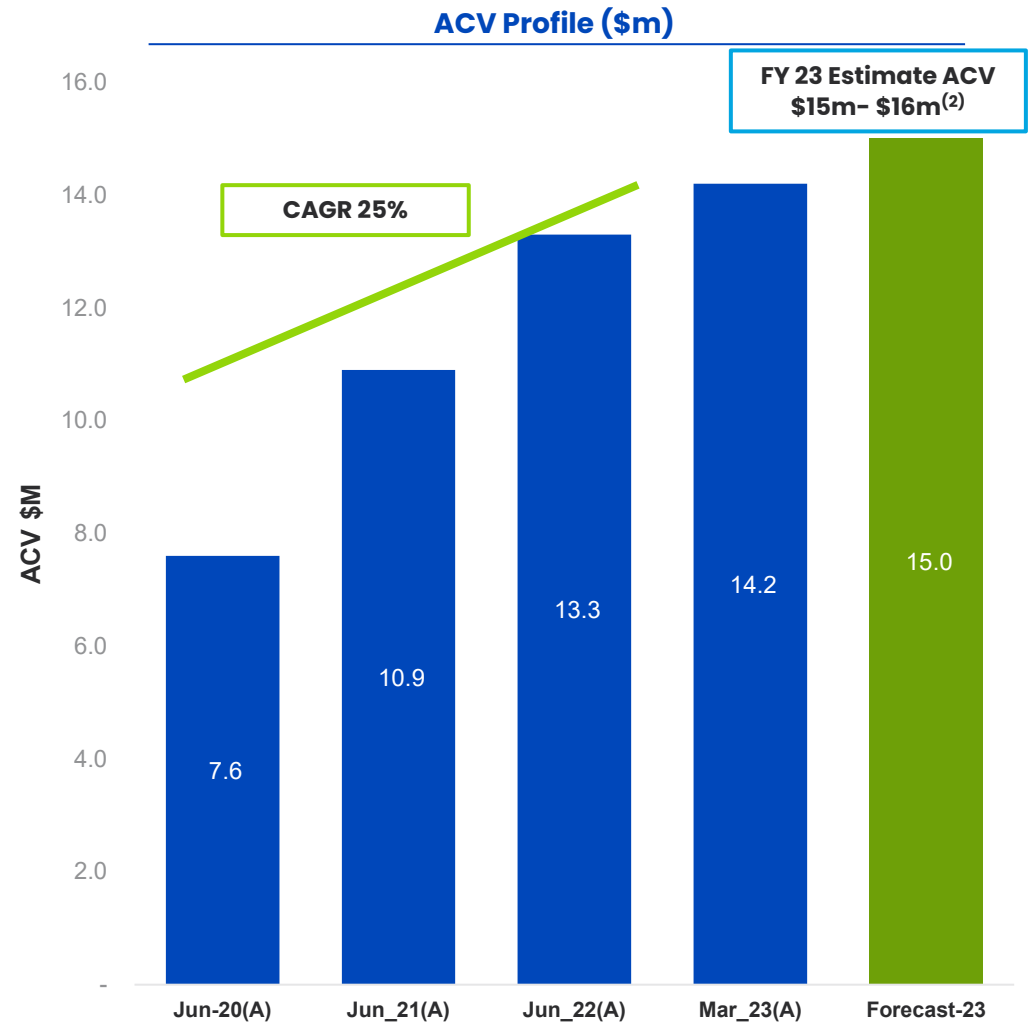
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- The FY23 target ACV range remains between \$15.0m - \$16.0m², targeting growth of between 13% to 20%.

Current contracts have an average remaining unexpired term of 3 years and 2 months⁽³⁾.

Pipeline remains strong in all markets with recent wins including:

- Australia
 - Electricity and water monitoring for the Australian and New Zealand dealership network of one of Europe's most prestigious car manufacturers
 - 11 hotel portfolio from a large Australian based global fund manager which specialises in alternative investments in property
 - The Company's first win in New Zealand with an independent global investment company, with offices in 20 countries – this is an extension of an existing Australian customer relationship.
- UK & Europe
 - Further additional sites with a major European asset manager adding to the existing over 40 sites already secured with this customer
 - Further sites with an existing global hotel portfolio customer. This brings the number of sites within this portfolio serviced by EP&T to 15 within 12 months





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OUTLOOK

Targeting profitable growth

EP&T is focussing on profitable growth

The most trusted building efficiency platform provider, delivering through...

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Achieving Operating Cashflow Break Even²

- Projected Operating Cashflow Breakeven has been revised down and is now projected to be achieved when ARR reaches \$12.2m. At March 23 - \$11.1m (91%)
- Progress being made in converting ACV backlog to ARR
- ACV secured, such that once fully installed, will achieve ARR of \$13.5m

Continuing to implement operational Improvements

- Customer commercial proposals now include an installation fee/establishment fee to better manage installation cashflow
- Operating cost metrics continue to be reviewed, with the operating cost base servicing a larger number of sites
- Additional cost efficiency measures identified of approx. \$1.3m representing approx. 9% of the current cost base

Focussing on four core FY24 objectives

- Continue with operational excellence to have an aligned global operation (common systems, platforms) to ingest larger portfolios easier
- Keep driving on immediate product roadmap improvements supporting our core EDGE data as a service platform
- Focussed sales plan execution, targeting REITs, Property owners, CRE asset/fund managers in our existing markets

1. 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

2. 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.

3. 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

Summary

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Proven energy saving technology – proprietary technology operating in multiple sectors of commercial real estate **continuing to deliver portfolio average of 22% pa energy savings resulting in annual reduction of over 100,000 tonnes of CO2 emissions.**



Continued growth in international blue chip client base – EP&T's clients include **leading blue-chip companies and global real estate brands, currently contracted with 515 sites in 26 countries in 5 continents.**



Market tailwinds support EP&T's core strength based on granular data– EP&T takes a holistic view of the full equipment ecosystem to give **deeper insights and verifiable data** which continues to attract global customers.



Committed and experienced management team – Expanded and focused commercial management team with experience in delivering.



Improving Operating Metrics and near-term pathway to operating cashflow break even¹

- YTD Q3 FY23 **ARR growth of 21%** to \$11.1m, 91% of projected operating cash flow breakeven
- Operating cashflow breakeven¹ now reduced to projected ARR of \$12.2m, with revenue required to achieve this already contracted and now being installed
- Sales pipeline continues to be strong.
- YTD Q3 FY23 **ACV growth 7%** to \$14.2 million
- Strong recurring revenues – 88% of total revenue at March 2023.

1. 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.