

EPX acquisition of Coda Cloud opens new market

Building energy optimisation company EP&T Global Limited (**ASX: EPX**) (EP&T or the 'Company') is pleased to announce it has entered into a binding agreement to acquire United Kingdom based, Coda Cloud Limited's ('Coda') technology and business assets.

ACQUISITION HIGHLIGHTS

- ✓ **Industrial property vertical**, includes rail stations, telecom and data centers
- ✓ Expansion opportunity in key growth market of **UK and Europe**
- ✓ **Expanded technology capability** in fault detection and control capability
- ✓ Proven multisite application already **deployed in over 200 sites**
- ↑ Expected to be **EBITDA and cash flow positive** in year 1
- ↑ **Attractive acquisition multiple** at less than 1.0x

OVERVIEW

Coda's technology is a propriety technology developed over the past few years with a major UK Plc. It has complimentary data accuracy capability, which EP&T can utilise to service industrial property owners, such as transport assets (rail stations, bus depots), telecommunication and data centre owners.

The Coda technology is installed in over 200 sites in the United Kingdom (UK), with its primary use to monitor, manage and control, energy usage in transport depots, train stations and energy intensive sites (e.g. telecommunication centres). This ability to remotely visualise via a digital twin, and manage industrial property assets, including managing fault detection and equipment maintenance data, is growing in importance as property owners seek to obtain greater reduction in energy consumption and Co2 emissions. The UK rail network has over 2,000¹ mainline stations providing a strong opportunity to expand the use of this acquisition in its current region and market.

In acquiring the Coda technology and business assets, EP&T aims to re-establish Coda's customer relationships while expanding the adoption of its service across the UK, utilising EP&T's existing team. EP&T is currently in discussion with a key Coda development customer, where Coda's proprietary technology has been deployed across more than 200 sites in the UK. Pending the successful conclusion of these discussions, service is expected to resume at these locations.

Coda invested over five years in the significant development of its technology. Despite having a large and capable team, Coda lacked the required organisational structure, diluting its efforts by targeting too many customers and markets simultaneously. With an established infrastructure and strong presence in many of Coda's target market verticals, EP&T is well-positioned to integrate and capitalise on this acquisition.

EP&T will initially focus on servicing one primary market vertical, being industrial customers with intense energy consumption or harsh operating environments, such as rail and transport entities, telecommunication and data centres owners, until Coda is integrated into EP&T's

¹ UK Office of Rail and Road: Rail Statistics Compendium (March 2023)

² All consideration converted from GBP to AUD at the rate of \$1.00 = £0.51

EDGE platform. This strategic focus allows EP&T to efficiently deliver value while mitigating the operational challenges previously faced by Coda.

EP&T will acquire the assets and business of Coda for an upfront consideration and two Contingent Performance based payments.

UPFRONT CONSIDERATION

The Upfront Consideration is £120,000 comprising:

- 50% in cash; and
- 50% in shares. with shares to be issued at a price of \$0.033/share, a 43% premium to the current EP&T share price (30 September 2024 \$0.023).
- Total shares to be issued will be 3,565,062 shares.

Outlined below is an overview of the upfront acquisition metrics:

Table 1 : Upfront Consideration metrics

£/\$'000	Consideration	
	GBP	AUD
Cash consideration	60	118
Share consideration 3.3c/share	60	118
Total	120	235
2023 recurring revenue	330	
Multiple (times)	0.36	
2023 total revenue	1,072	
Multiple (times)	0.11	

During CY2023 (Calendar Year), Coda Cloud Limited achieved:

- Recurring Revenue of £330k; and
- Total revenue of £1.1m

The total upfront consideration of £120,000 represents a 0.4x multiple on recurring revenue and 0.1x on total CY23 revenue. It covers the acquisition of the following:

- Intellectual property including the registered patents of Coda and its associated technologies;
- A customer pipeline where the Coda technology has been installed and had been operating up to March/April 2024; and
- Inventory to be used within the business with a book value of approximately £300,000;

Year 1 on-boarding and running costs are projected to be approx. £220,000, with approx. 1.5fte former staff members of Coda joining EP&T's UK office.

CONTINGENT PERFORMANCE BASED CONSIDERATION

In addition to the upfront consideration (Table 1 above), there are two (2) contingent performance based payments as follows:

1. £300,000 will be payable (50% cash/50% shares) if recurring revenues 12 months from completion reach in-excess £500,000 from one specific customer . If achieved, this would take the consideration multiple to 0.84 times recurring revenue (being the Upfront Consideration plus this one off payment); and
2. Two performance based payments as follows:
 - 10% of calendar year 2026 recurring revenue between the period 1 Jan to 31 Dec 2026, derived from the acquired customer pipeline; and
 - 10% of calendar year 2027 recurring revenue between the period 1 Jan to 31 Dec 2027, derived from the acquired customer pipeline.

CEO John Balassis said

“This is an exciting opportunity to expand EP&T into a key market vertical in the United Kingdom. We are grateful to the original owners of Coda who invested considerable effort in developing a globally relevant technology within a rapidly growing vertical driven by high energy consumption. The opportunity to integrate the technology in EP&T’s existing platform and scale it further is incredibly promising.”

“EP&T has transformed financially over the last 18 months, to allow it to position itself as an operationally sustainable business investing for growth. Opportunities such as Coda, to expand EP&T’s reach in attractive locations such the UK and EU, are emerging, and I believe EP&T is well placed to pursue such opportunities and drive value for shareholders”.

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, the most trusted building efficiency platform provider, is a data as a service platform that delivers sector leading cost and energy efficiency in buildings. EP&T is a global leader in reducing energy costs and delivering energy efficiency in the built environment, servicing over 7 million sqm of floorspace across 5 continents. 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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