

EP&T Global December Quarterly Activity Report and Appendix 4C

29 April 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 31 March 2022.

Highlights

- ACV as at 31 March 2022 of \$12.1m, an increase of \$0.6m from December 2021, representing 49% trailing twelve-month (TTM) growth
- In Q3 FY22 EP&T installed their EDGE Intelligent System in 12 buildings, with contracted buildings as at 31 March 2022 of 438 sites
- In Q3 FY22 ARR increased by \$0.4m (+6%) to \$7.6m
- Cash receipts of \$2.1m in the quarter, a decrease of \$0.1m (-5%) from the prior quarter
- Current contracts on hand at March 2022 have \$35.9m of future ongoing fees yet to be invoiced and the average remaining unexpired term on current contracts is 3 years
- Total cash on hand of \$6.8m as at 31 March 2022

Key Metrics		
\$7.6m Annualised Recurring Revenue (ARR) ¹ (Mar 22A)	43% ARR Growth YTD (Mar 22A)	88% Recurring Revenue ² (Mar YTD 22A)
\$12.1m Annualised Contract Value ³ (ACV) (Mar 22A)	11% ACV growth (YTD Mar 22A)	\$119m Lifetime Value ⁴ (Mar 22A)

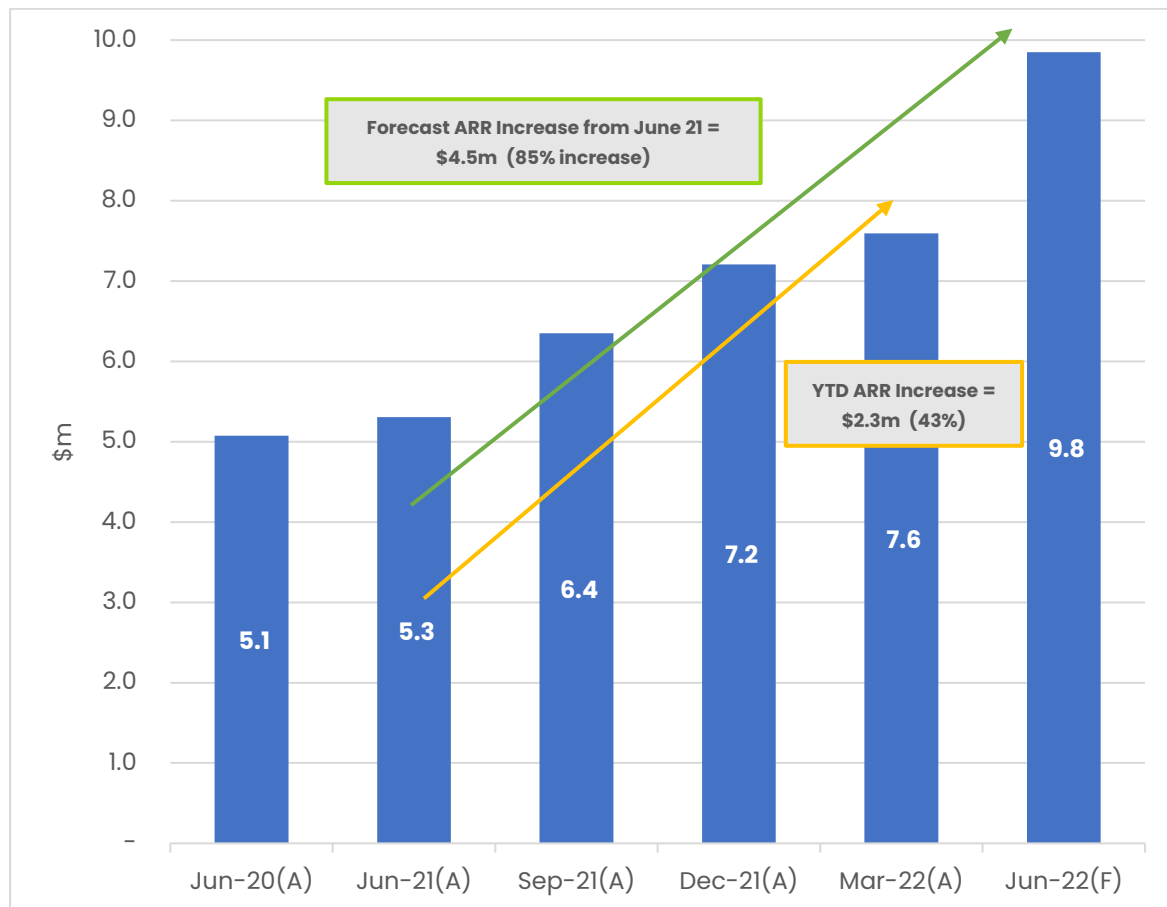
¹ ARR is the contracted recurring revenue component of subscriptions on an annualised basis - forecast based on existing contracts only as at Oct 21

² Recurring revenue is defined as contracted service and software revenue

³ ACV is defined as the annualised monthly fees charged under contracts on hand at each period end.

⁴ Lifetime value LTV is the estimated gross margin contribution from contracts on hand over the projected life of the customer, including initial contract term and projected renewal rates. LTV has been calculated assuming a GP% of 73.4% (COGS as at Jun-21 of 2.8% and ongoing support costs as a % of ACV (23.8%) and a 3 year average ACV churn rate of 7.4%. ACV churn is calculated as total ACV losses as a percentage of opening ACV for a period

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



* June 22 forecast achievement may be subject to delays caused by further COVID-19 related restrictions or other factors outside of the Company's control

Sales & operating update

The Company added 28 new contracted buildings in the quarter with a combined ACV of \$0.7m. This includes an agreement with Marathon Capital (t/a HICP LTD) for their IHG portfolio, that comprises 17 sites in the UK, to deliver energy, carbon emissions, and cost savings. The multi-year contract will bring a TCV to EP&T in excess of ~A\$1.6M. EP&T has also signed multi-year contract with an existing EP&T client, with a TCV of ~A\$0.2m.

EP&T was also appointed as the preferred supplier of tenant billing services to an existing UK based portfolio customer which owns over \$15 billion of assets. This continues to support the Company's ongoing investment into the European and UK markets.

At 31 March 2022 the ACV backlog yet to be deployed totalled \$3.7m. This includes \$2.0m of ACV relating to the 3-year contract with leading asset manager, DWS and the \$0.6m ACV contract with Marathon Capital.

The progress of installation of the ACV backlog has been impacted by COVID-19 restrictions and challenges in the supply chain which could affect the timing of recognition of ARR. The Company has a significant volume of installations to complete in May and June 2022 to meet the FY22 ARR target of \$9.8m. Indications are that the Company can achieve this target, however, if this should materially change then the Company will update the market accordingly.

EP&T expanded its Key Management team with the appointment of Mr Frank McKenna to the role of Chief Product Officer (CPO). This is a newly created role to ensure our products and services remain aligned with our clients' needs as they continue to move towards net zero. Mr McKenna has extensive experience in developing product strategies and delivery processes across global, blue chip organisations as well as high growth technology start ups.

Overall, the business remains well placed due to continued global ESG tailwinds and a continued global emphasis on Net Zero targets combined with upward pressure on energy prices, in particular across the European markets.

Financial

Receipts from customers for the quarter were \$2.1m and a \$0.4m R&D tax incentive was received with a further \$0.1m expected during the June 2022 quarter. Under EP&T's subscription revenue model, actual cash receipts lag ACV growth due to the time lag between being awarded a new contract (i.e. winning new ACV) and the commencement of services to the client. Cash receipts track ARR more closely and as such, increased ARR provides a forward indication of cash receipts.

Total net operating cashflows for the quarter were (\$1.8m) million compared to (\$1.0m) in the prior quarter. Operating cashflow was impacted by payment of accrued sales commissions on orders received in prior periods of \$0.4m plus the payment of annual subscription fees for the Company's ERP system of \$0.1m.

Net operating cashflows are expected to improve over time as the Company increases monthly billing and cash collection from increased Annualised Recurring Revenues into the June 2022 quarter and beyond.

Payments for property, plant and equipment include payments for hardware and installation costs of new customer projects of \$0.23m for the quarter. This investment drives ARR growth.

Total cash on hand as at 31 March 2022 was \$6.8m.

Corporate

In March 2022, EP&T's CEO, Mr. Trent Knox, tendered his resignation. Mr. Knox will remain with EP&T until 3 June 2022. The Board has engaged specialist executive search firm, Mitchellake, led by Managing Partner Michael Solomon, to complete a market wide search for the new CEO. The search process is underway and progressing well. As an interim measure, Mr. John Balassis, who currently serves on EP&T's Board of Directors, will assume the position of interim CEO from 2 May 2022 until such time as a permanent CEO is appointed. John will not receive additional remuneration for acting as interim CEO for the period to 3 June 2022. The Board will review the interim CEO remuneration effective after this date and will communicate this to the market accordingly.

The Board is well progressed in its search to appoint a new independent director with experience in technology product strategy and development.

Use of IPO funds

The Company prepared the IPO Prospectus in relation to the Offer of 47.5 million shares at an issue price of \$0.20 per share to raise \$9.5 million.

In Section 1.8 of the Prospectus, the Company provided a proposed use of funds statement. The table below only shows the use of funds from the date of admission to the ASX, being the 12 May 2021 to 31 March 2022.

Use of funds 12 May 21 to 31 March 2022	Allocated Amounts (\$000)	Utilised Amounts (\$000)	Commentary
Sales and Marketing	2,610	2,610	In line with expectations
Project material and installation costs	2,340	1,488	In line with expectations
Operating expenditure (inc. R&D and working capital)	1,160	2,461	Growth in ACV ahead of expectations has increased working capital requirements.
Repayment of shareholder loans and purchase of assets from the Founder	1,190	1,190	In line with expectations
Repayment of debt	1,140	549	No movement in quarter ended 31 December 2021
Costs of the Offer	1,060	1,202	All costs of the offer have been paid and the total payment was \$0.1m above the Prospectus value as a result of additional costs incurred following submission of the Prospectus and prior to IPO date.
Total from proceeds of issue of New Shares at IPO	9,500	9,500	
Net proceeds of issue of New Shares subsequent to IPO	7,842	1,039	Proceeds to be used for further investment in sales and marketing, operating costs and project installation costs

Payments totalling \$388,416 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, Executive Director salary and \$233,267 of accrued sales commission payments.

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

For more information, please contact:

Trent Knox
Chief Executive Officer
investor@eptglobal.com

Simon Hinsley
Investor Relations
simon@nwrcommunications.com.au
+61 401 809 653