

ASX Announcement – EP&T Global (ASX:EPX)

Trading Update: ARR Growth and Executive Recruitment Process

8 June 2022 Building energy optimisation company EP&T Global Limited (ASX: EPX) ('EP&T' or 'the Company') is pleased to provide a trading update.

Highlights

- ARR expected to grow to \$9.3m by 30 June 2022, an increase of 75% from 30 June 2021. This target is based on the most up to date information currently available and represents an approximately 5% reduction from the previous forecast issued on 21 October 2021.
- Delivery of \$0.5m (5%) of ARR previously expected to be completed prior to 30 June 2022 is expected to complete in July 2022
- As at 31 May 22, EP&T has a contracted backlog of ACV of \$3.9m which will convert to ARR when fully installed
- ACV as at 31 May 2022 of \$12.3m, an increase of \$1.4m (13%) from June 2021
- Process to appoint both a new independent director and a new CEO is well progressed and expected to complete prior to end of July 2022

Key Metrics 31 May 2022		
\$7.4m	40%	88%
Annualised Recurring Revenue (ARR) ¹ (May 22A)	ARR Growth YTD (May 22A)	Recurring Revenue ² (Mar YTD 22A)
\$12.3m	13%	\$121m
Annualised Contract Value ³ (ACV) (May 22A)	ACV growth (YTD May 22A)	Lifetime Value ⁴ (May 22A)

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

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

Sales Update

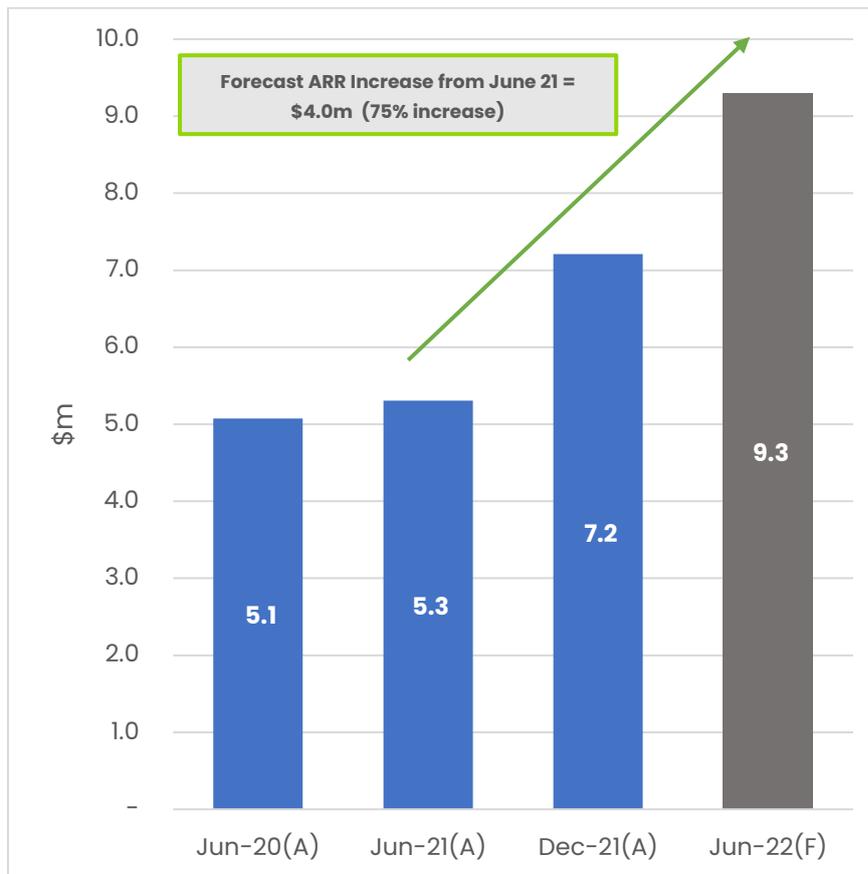
EP&T continues to see increased ACV wins with modest churn in key verticals, with recent retention and wins being:

- Successful renewal of a UK based client in the hospitality / leisure vertical with an ARR of \$150k. This extends EP&T's relationship with this client to over 7 years.
- Increased penetration into the schools vertical in the Middle East, with a further three schools with a combined ACV of \$210k added to an existing portfolio with an operator of an international school network.
- Following EP&T's appointment as preferred supplier of tenant billing services to an existing UK-based portfolio customer, a further two contracts with a combined ACV of \$120k have been secured
- An initial contract with an ACV of \$86k awarded with a major property owner and developer in Dubai
- Ongoing wins in the leisure and hospitality verticals in Australia of approx. \$50k since March 2022.

ARR Forecast⁵

In October 2021, EP&T forecast achieving ARR of \$9.8m by 30 June 2022. This is now targeted to be \$9.3m by 30 June 2022, which represents a 75% growth in ARR since June 2021. Contracted projects with an ARR of approximately \$1.9m are under installation and are, based on information currently available, expected to be complete prior to 30 June 22. The delay of \$0.5m (5%) is due to challenges in accessing building premises during the height of COVID during the European late winter/early spring which had a greater than anticipated knock-on impact in EP&T securing and mobilising the resources required to complete installations in Europe. Whilst a lot of these issues are resolved, the installation and commissioning process for some sites continues to be delayed, which has led to the revised ARR forecast. This has resulted in \$0.5m of ARR conversion to be deferred until July 22. These delays do not represent lost revenue for EP&T but are a timing difference as contract terms only commence following completion of project installation.

FY22 ARR growth⁵ on implementation of ACV backlog (Global, \$m)



Non-Executive Director and CEO Recruitment

Mr. John Balassis, who currently serves on EP&T's Board of Directors, assumed the position of interim CEO on 2 May 2022 following the resignation of EP&T's CEO, Mr. Trent Knox. The Board has engaged a specialist executive search firm to complete a market wide search for a new CEO. The process is well advanced, with an update on the appointment expected to be announced to the market prior to the end of July 2022.

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

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

⁵ 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

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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