



**ep&t global**

ENVIRONMENT | PROPERTY | TECHNOLOGY

**26 October 2021**

## **Investor Update**

EP&T Global Limited (ASX: EPX) is pleased to provide the attached investor update.

This announcement has been approved for release by the Chairman of the Board of Directors.

**ENDS**

### **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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# Environment, Property & Technology

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

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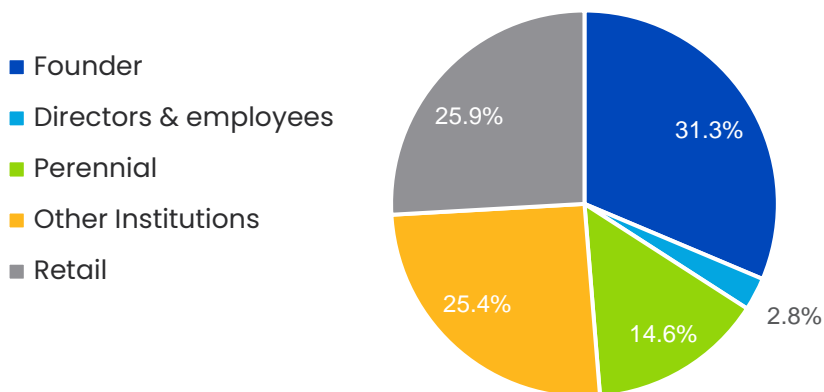
“For over 25 years EP&T  
Global has been a leader in  
reducing operating costs  
and carbon emissions in the  
built environment.”

# Corporate Snapshot

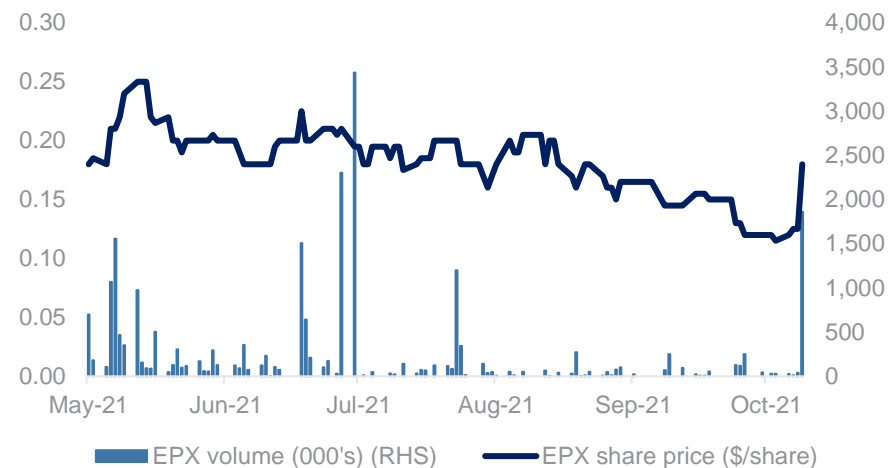
## ASX: EPX

Share price (21 October 2021)	A\$0.18
Fully Paid Ordinary Shares	185,799,500
Options on issue	20,696,780
Undiluted Market Capitalisation	\$33.4m
Cash (as at 30 September)	\$2.85m

## Share register



## Share price performance



## Board and management

Chairman	Jonathan Sweeney
Non-executive Director	John Balassis
Non-executive Director	Victor Van Bommel
Founder and executive Director	Keith Gunaratne
Chief Executive Officer	Trent Knox
Chief Financial Officer	Richard Pillinger

# EP&T Global – Company Overview

A proven building optimisation and energy efficiency solution for all commercial real estate

- **Proprietary technology solution** – combines multiple information sources with **cloud-based data analytics to detect real-time energy inefficiencies in buildings**. These findings identify solutions that lead to significant energy savings over the base year.
- **Energy savings & sustainability**
  - proven carbon emissions and energy saving track record **portfolio average of 22% p.a. energy savings on base year**
  - reporting to Australian & international energy efficiency ratings/ benchmarks – NABERS / GRESB
  - multiple EP&T clients have **won Dow Jones Sustainability Index (DJSI) awards for the last 9 years**
- **Blue chip clients** – domestic and international client base currently **installed in 393 commercial buildings in 22 countries** across 4 continents
- **Long term clients** – Average contract tenure **over 4.8 years across total client base and 8.6 years for top 10 clients<sup>1</sup>**.
- **Significant addressable global market** – **All forms of commercial real estate including** office, retail, leisure, hotels, industrial
- **Strong ESG tailwinds** – high electricity cost, **Net Zero targets** to reduce carbon emissions, Paris Accord, NABERS, GRESB and **ESG focus**
- **Subscription service model** – zero upfront capex cost / immediate ROI for clients – shortens sales cycle – **leads to faster ACV / ARR growth and high % recurring revenue**

## Revenue Metrics

**\$10.9m**

Annualised Contract Value <sup>1</sup>  
ACV (June 21)

**43%**

ACV growth  
(FY21A)

**\$108m**

Lifetime Value <sup>2</sup>  
(FY21A)

**\$9.8m**

Annualised Recurring Revenue  
ARR <sup>3</sup> (FY22F)

**85%**

ARR Growth Forecast  
(FY22F)

**82%**

Recurring Revenue  
<sup>4</sup> (FY21A)

## Key Operational Metrics

**5.6 bn**

Data points analysed  
(FY21A)

**22**

Countries installed  
(FY21A)

**387**

Buildings contracted  
(FY21A)

**22%**

portfolio average. energy  
savings p.a.

**\$110m**

energy and utility  
savings over 5 yrs

**49%**

Buildings growth  
(FY21A)

**4.8 years**

Average contract tenure  
across ALL client base

**8.6 years**

Average contract tenure  
for top 10 clients

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

2. 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-20 of 4.8% and ongoing support costs as a % of ACV (21.8%) 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

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

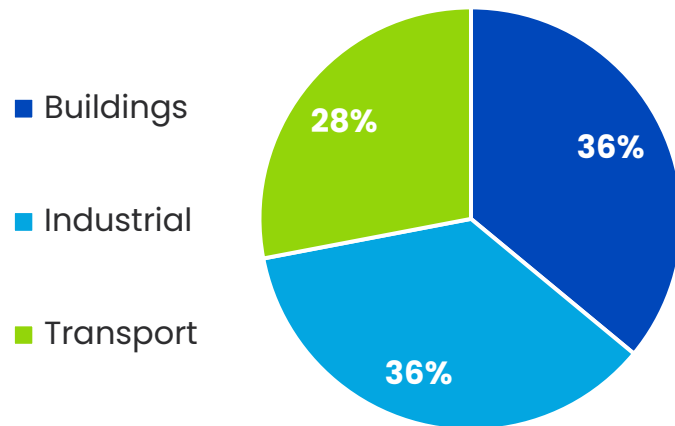
4. Recurring revenue is defined as contracted service and software revenue



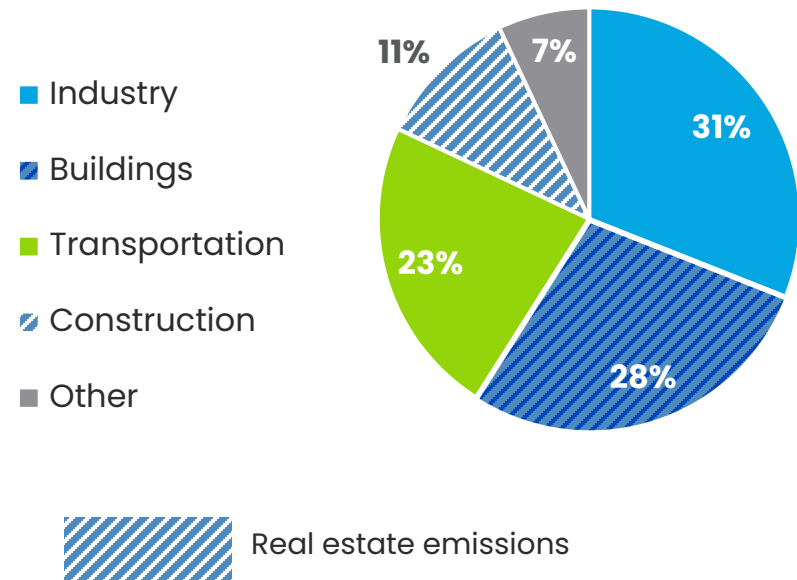
# EP&T's Market – Buildings And The Environment

Buildings use 36% of the world's energy and emit 28% of the carbon emissions.

Global energy use by sector<sup>1</sup>



Share of global CO<sub>2</sub> emissions by sector<sup>1</sup>



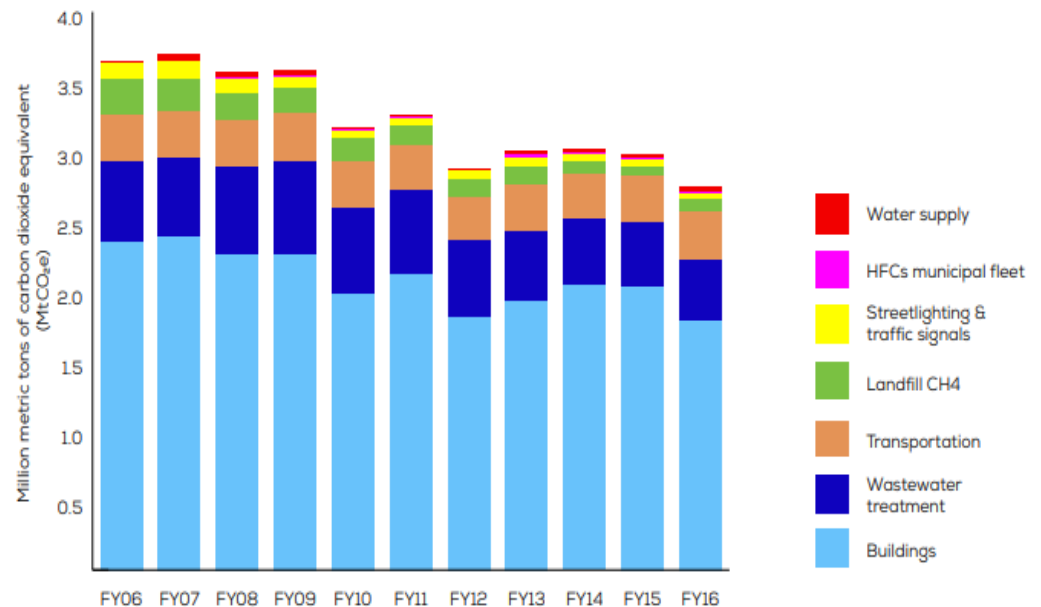
# Global Initiatives – Strong ESG Tailwinds

Globally regulators have enacted legislation that specifically targets real estate with aggressive, near-term emissions reduction requirements.

In 2018, 73 countries had or were designing mandatory or voluntary building energy codes and 85 countries had adopted building energy performance certification programs <sup>1</sup>.

- **New York's Climate Mobilization Act**, which passed in May 2019, requires an incredible 40% drop in GHG emissions by 2030 and an 80% drop by 2050, with enforcement beginning in 2024. This law applies to all buildings over 25,000 square feet, which today is about 50,000 assets across the city.
- **Los Angeles' Green New Deal**, also passed in May 2019 and requires that all new buildings be net-zero carbon by 2030, with the entire building stock converted to zero-emission technologies by 2050.
- **New York – Mike Bloomberg** unveiled a plan to make new buildings carbon neutral by 2025 (via The Washington Post).
- **London – Mayor Sadiq Khan** said if he's re-elected he will make London carbon neutral by 2030 (via The Guardian).
- **Canada – Finance Minister** reported that climate change will be a centrepiece of the country's 2020 budget (via The Wall Street Journal).
- **European Union** – released details around a \$1 trillion plan to make the whole continent carbon neutral by 2050 (via Forbes).

CITY GOVERNMENT ANNUAL GHG EMISSIONS BY SECTOR



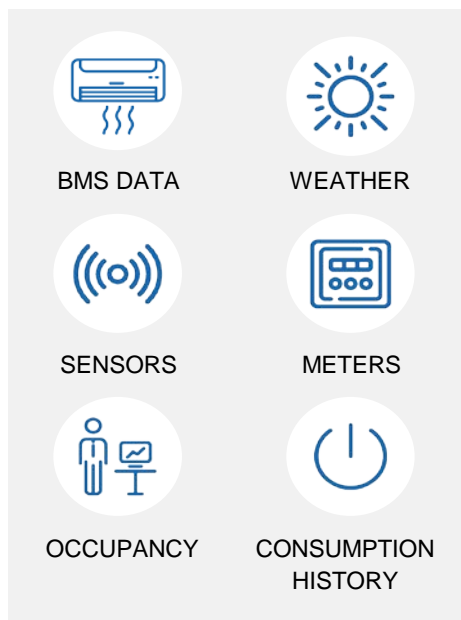
*New York City Annual Green House gas Emissions by source - GHG Inventory Report Emission Year 2016*



# Edge – Proprietary Technology Platform

Edge is our cloud-based technology platform for utility monitoring, billing and analytics

## DATA SOURCES



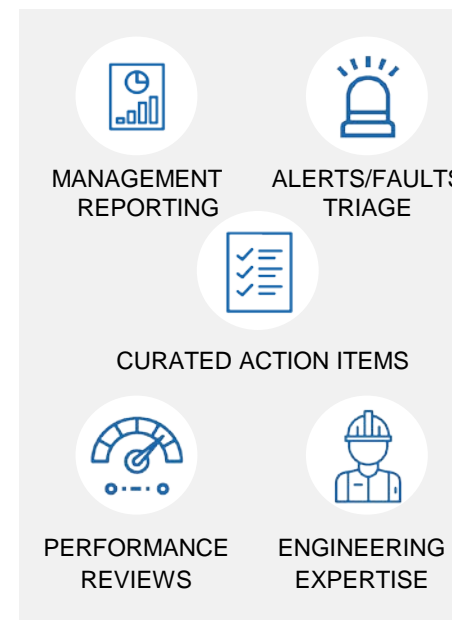
**Multiple real time data sources** – gathered continually and analysed by the Edge platform. ~5.6 billion data points in FY21

## 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 undertake actions that improve and optimise plant and equipment that drive building operational efficiency and energy savings.

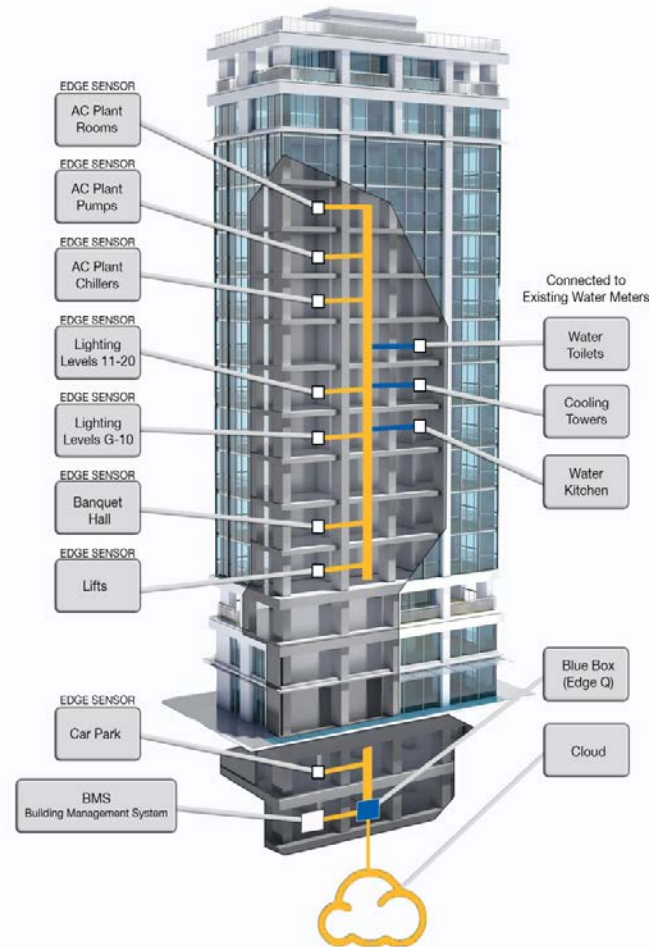
# Edge In Practice

Granular data collection and proprietary technology enables services and analytics that delivers proven energy savings.

## EDGE gathers data from internal and external sources including:

- Baseline energy data from utility meters
- Weather data
- Occupancy tracking systems
- Building Management System ("BMS") data
- Existing building meters and sensors
- Sensors (developed to gather more detailed data).

The **EDGE Memory Module** is the proprietary central aggregation device situated at the base of the building to cleanse and process all data sources up to the cloud

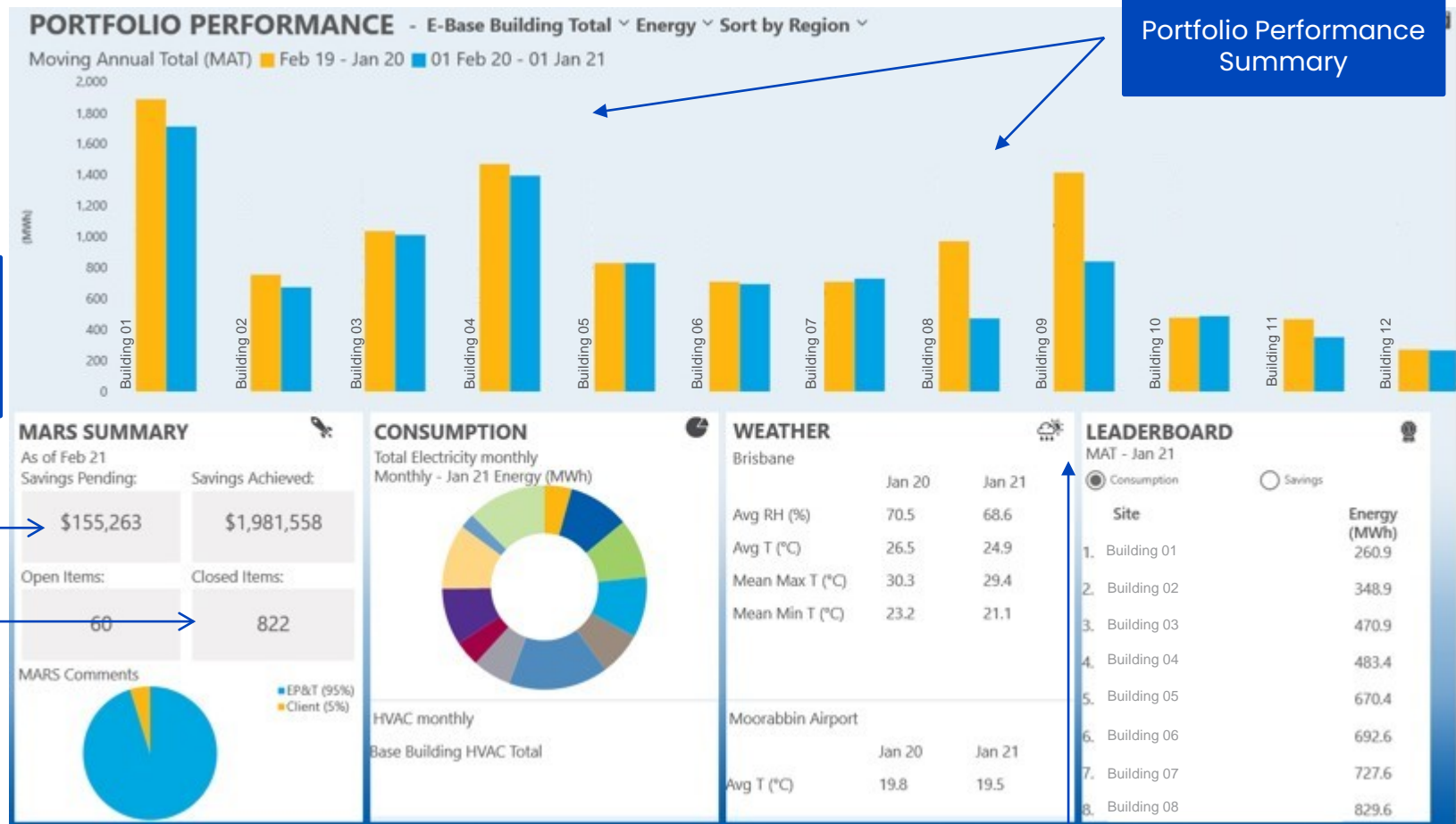


## EP&T Services and Analytics

- BMS, energy & water metering analytics
- Main H2O, gas & electricity metering analytics
- Sustainability Reporting
- Data-driven maintenance analytics
- Validation of plant and equipment upgrades
- Utility Tenant Billing
- Conducting NABERS ratings & assessments
- Reporting and tracking dashboards
- Site engineering support for FM teams

# Edge Portal – Portfolio Performance

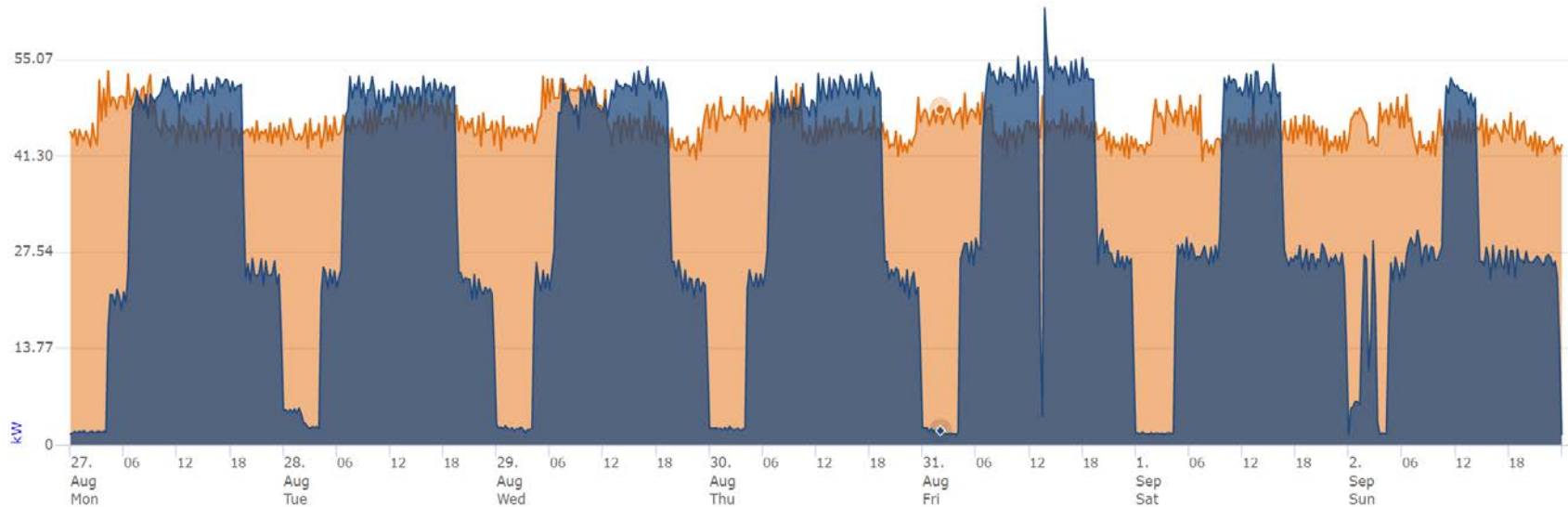
EP&T Client Dashboard – real time accurate monitoring and performance reporting



Portfolio Performance  
Leader-board

# Edge MARS Alert Example

EP&T's 24/7 monitoring and highly accurate identification of energy inefficiencies



- Previous energy consumption
- Corrected energy consumption

**Opportunity:** Edge algorithms identified the building heating equipment was running 24/7 at higher than expected levels given ambient conditions. The Building Management System (BMS) was incorrectly showing the equipment running as planned from 07:00 to 19:00, however this was due to a BMS software fault.

**Action:** BMS engineer reset the BMS software and the operation returned to normal of 12hrs/day vs 24hrs/day

**Outcomes:** Annual savings of more than \$54,000 per year financial impact and improved tenant comfort conditions.



# Why do Clients Choose EP&T Global?

Long term proven track record of delivering energy savings for clients and supporting them to attain their environmental sustainability goals.



## **Proven Energy Savings & Emissions reduction**

Average 22% energy reduction – and . >100,000 tonnes less CO2 every year



## **24/7 Curated Actions and Alerts**

Data-driven building intelligence optimising around the clock



## **Sustainability Champions**

Supporting clients on their Net Zero journey by measuring, monitoring and reporting on property sustainability initiatives



## **Cloud-based Technology**

High frequency cloud based data analytics to process billions of data inputs in real time



## **Opex Model**

Subscription-based contract, no capex and with immediate ROI for clients



## **Global Reach**

Portfolio support across 22 countries and 4 continents



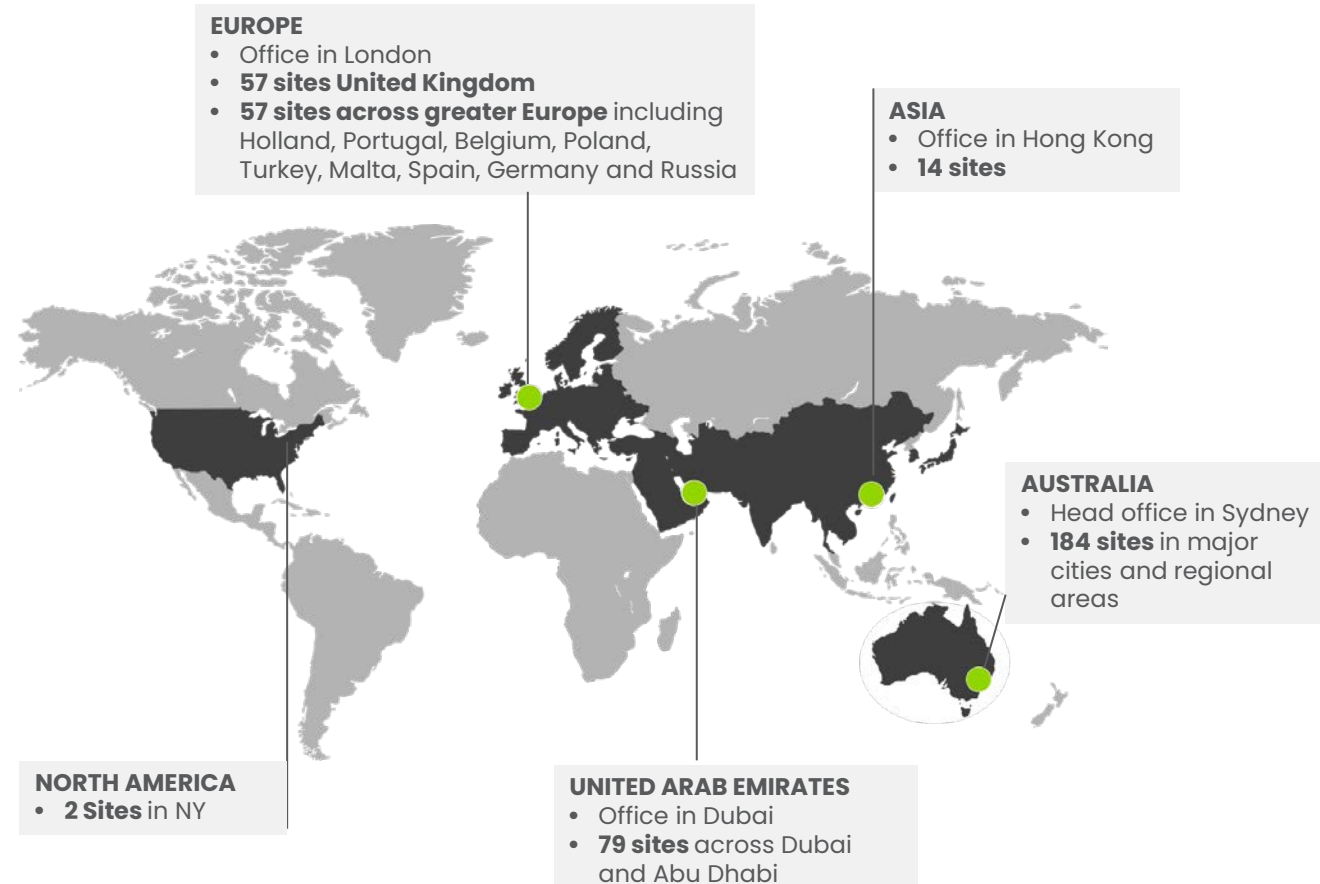
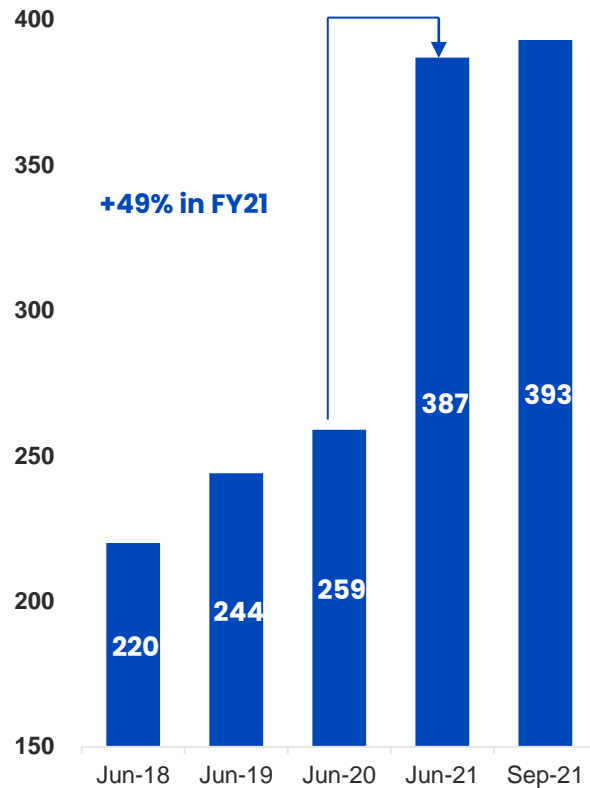
## **Passionate and Knowledgeable Team**

Deep industry experience supporting clients and delivering the results

# Global Client Base – 49% increase in contracted buildings

Domestic and international blue chip client base currently installed in 393 buildings, 22 countries, 4 continents

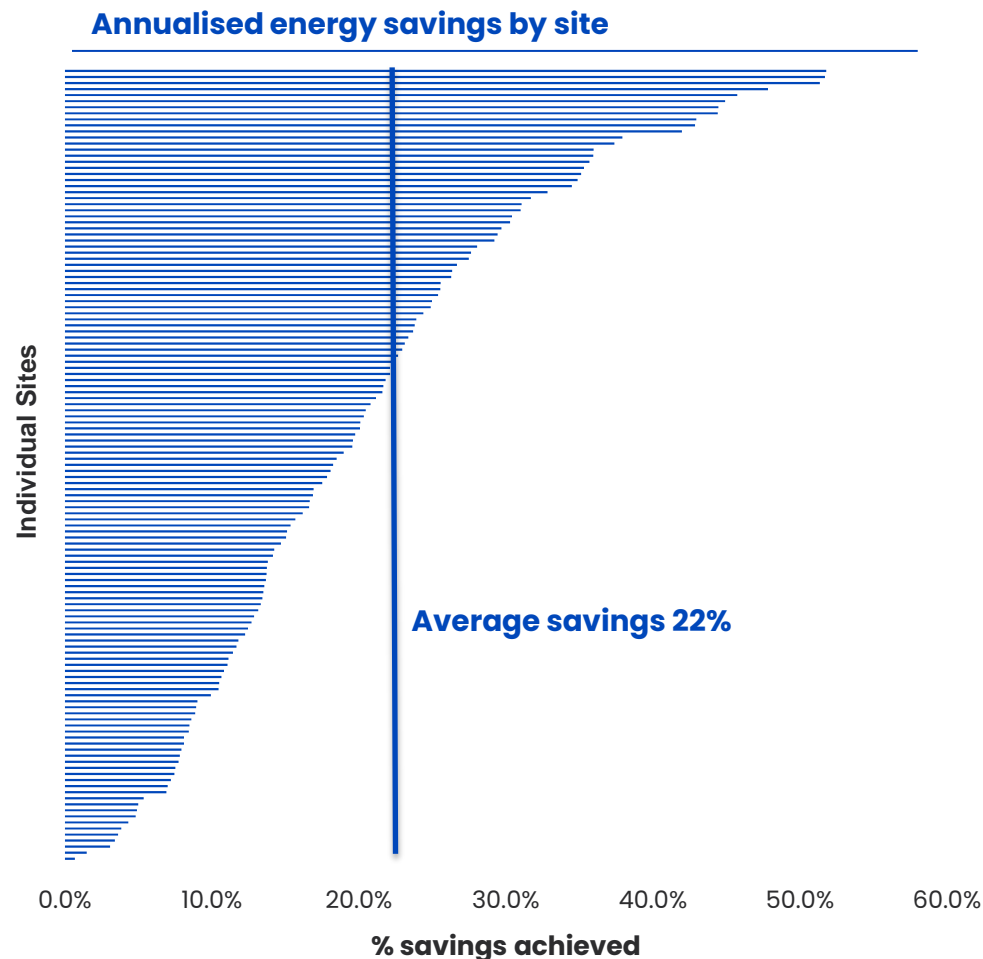
## Contracted Building #s



# Energy Savings & Improved Sustainability Ratings

EP&T has a proven track record of reducing energy consumption, delivering financial savings and improving building sustainability ratings across the entire client portfolio

- Portfolio average energy reductions of 22%
- 81% of sites achieve over 10% reductions
- Over \$110m of client energy savings delivered in the past 5 years
- Over 100,000 tonnes of CO2 emissions avoided annually
- EP&T has delivered material improvement in clients NABERS ratings from when EP&T contract commenced:
  - Ratings increases of up to 2.5 stars
  - Average increase of 0.8 stars



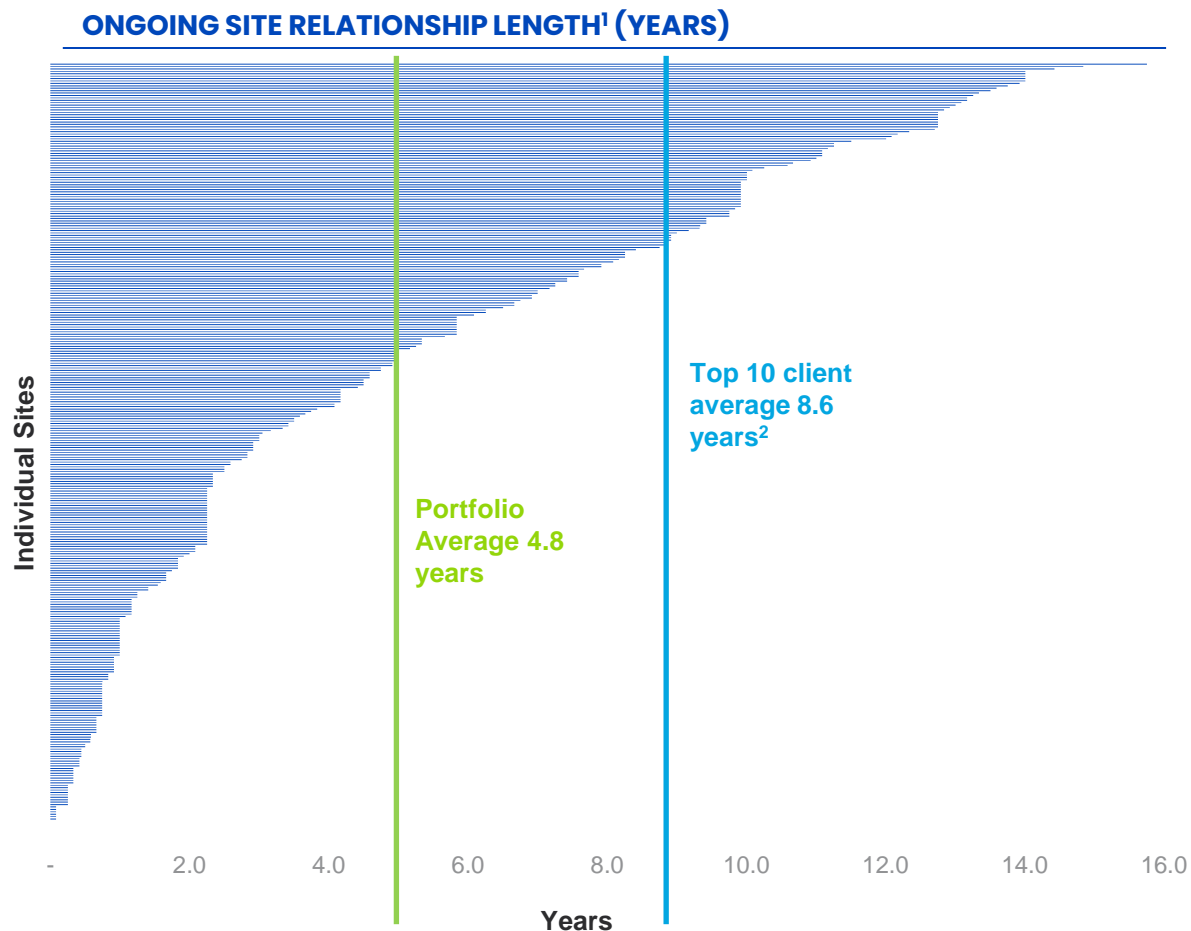
**Notes:**

- Savings are average annual savings over the contract term versus the baseline 12 months energy usage
- The baseline is typically 12 months prior to project commencement of the contract
- Savings based on energy units (such as kWh)
- All data current as at December 2020

# Long term client relationships

EP&T's proven and consistent energy savings and improved ratings performance has led to highly satisfied clients and long term relationships

- Average client relationship of **4.8 years**
- Average client relationship of 10 longest tenure clients is **8.6 years**
- **36%** of sites added in the past **2 years**
- **15%** of sites have been with EP&T for past **10 years**
- **Long term relationships lead to improving Lifetime Value (LTC) of clients**



Notes:

1) As at 30 September 2021

2) Top 10 based on number of buildings contracted with EP&T



# EP&T And Industry Performance Ratings

EP&T solutions facilitate accurate reporting to the leading Australian & international energy efficiency and sustainability ratings/benchmarks – DJSI, NABERS / GRESB



## Dow Jones Sustainability Index

The Dow Jones Sustainability World Index, or DJSI World, is a global index consisting of the top 10% of the largest 2,500 stocks in the S&P Global Broad Market Index based on their sustainability and environmental practices.



## GRESB

GRESB validates, scores and benchmarks ESG performance data. The 2020 real estate benchmark covers more than 1,200 property companies, real estate investment trusts (REITs), funds, and developers. GRESB's coverage for infrastructure includes more than 540 infrastructure funds and assets. **Combined, GRESB represents US \$5.3 trillion in real asset value**



## NABERS

NABERS (which stands for the National Australian Built Environment Rating System) can be used to measure a building's energy efficiency, carbon emissions, as well as the water consumed, the waste produced and compare it to similar buildings. NABERS is Australia's leading building performance rating and uses a 6 star scale, to help Australian building owners and investors understand how their asset impacts the environment.

## Why is this important?

Green building certifications or rating systems have been shown to: positively impact property valuations; make the sale or lease process easier; support higher rentals; improve occupancy rates and strengthen tenant retention.

Parameter	Mean Increase on account of green certification*
Rental Income	6.3%
Occupancy	6.0%
Sale Price	14.8%

This helps building owners to understand their building's performance versus other similar buildings, providing a benchmark for progress.



# Global Clients Win Multiple Sustainability Awards...

Multiple EP&T clients have won the world's most prestigious energy efficiency and sustainability awards for the last 10 years...



2021

**TOP RATED** - Dow Jones Sustainability World Index for Real Estate - Announced Nov. 12th 2021  
**WINNER** - CDP Climate Performance scorers - Client: **Growthpoint**  
**GOLD** - EPRA Sustainability Reporting Awards - Client: **British Land, 6 STARS** - Achieved maximum 6 Star NABERS Rating for **multiple customers**  
**B List** - CDP Climate Performance scorers - Client: **Growthpoint**  
**Sector Leaders (top quintile)** - GRESB - Announced Oct. 19th 2021

2020

**TOP RATED** - Dow Jones Sustainability World Index for Real Estate - Client: **Stockland, CapitalLand**  
**WINNER** - GRESB Global Leader for Listed Retail- Client : **Scentre Group**  
**GOLD** - EPRA Sustainability Reporting Awards - Client: **British Land, Cofinimmo, Derwent London, Intu**  
**6 STARS** - Achieved maximum 6 Star NABERS Rating for **multiple customers**  
**B List** - CDP Climate Performance scorers - Client: **Growthpoint**

2019

**WINNER** - GRESB Global Leader for Listed Diversified Retail/Office - Client: **Stockland**  
**WINNER** - No. 1 in DJSI Corporate Sustainability - Client: **Stockland**  
**WINNER** - GRESB European Leader for Listed Retail- Client: **Unibail-Rodamco-Westfield**  
**GOLD** - EPRA Sustainability Reporting Awards - Client: **British Land, Cofinimmo, Derwent London, Intu**  
**6 STARS** - Achieved maximum 6 Star NABERS Rating for **multiple clients**

2018

**WINNER** - GRESB Global Leader for Listed Diversified Retail/Office - Client: **Stockland**  
**WINNER** - No. 1 in DJSI Corporate Sustainability - Client: **Stockland**  
**GOLD** - EPRA Sustainability Reporting Awards - Client: **British Land, Cofinimmo, Derwent London, Intu**  
**6 STARS** - Achieved maximum 6 Star NABERS Rating for **multiple clients**

2017

**WINNER** - CIBSE Test of Time Award - Client: **British Land**  
**GOLD** - EPRA Sustainability Reporting Awards - Client: **British Land, Cofinimmo, Derwent London, Intu**  
**WINNER** - GRESB Global Leader for Listed Diversified Retail/Office - Client: **Stockland**  
**6 STARS** - Achieved maximum 6 Star NABERS Rating for **multiple clients**

2016

**WINNER** - No. 1 in DJSI - Client: **Stockland**  
**WINNER** - No. 1 in GRESB Aus/NZ (Aus/NZ GRESB benchmark is the highest globally) - Client: **Stockland**  
**WINNER** - No. 1 in GRESB Europe Diversified Retail / Office category - Client: **British Land**  
**GOLD** - EPRA Sustainability Reporting Awards - Client: **British Land, Cofinimmo, Derwent London, Intu**

# Case Study – Derwent London

## Energy Efficiency and Real-time Analytics

Our partnership with Derwent London maps the energy efficiency of several of Derwent's buildings through real-time analytics and data intelligence.

This continuous monitoring across their large multi-let buildings enables building management teams to optimise operational strategies and drive out inefficiencies.

EP&T's energy optimisation services have been installed across a number of buildings to include:

- 90 Whitfield Street W1
- Charlotte Building W1
- 1 Oliver's Yard EC1
- 1–2 Stephen Street W1
- 20 Farringdon Road EC1

Since installation we have:

- ✓ Saved Derwent 20,701,000 kWh against their baseline.
- ✓ Derwent's total performance in 2019 alone provided savings of 4,520,000 kWh against baseline.



1-2 Stephen Street, W1



1 Oliver's Yard, EC1



90 Whitfield St, W1



Charlotte Building, W1



# Financials



EP&T's client sites



# Sales & Operating Update – Post IPO Key Activity

## Customer Wins

Over \$3m of new ACV awarded since IPO in May 21

New business wins	ACV (\$'000)
<b>DWS Group – Global</b> Competitive tender process resulting in award of 42 buildings across 11 countries, 3yr initial contract	2,000
<b>Education sector – Dubai and Australia</b> 10 buildings in Dubai and Australian markets	355
<b>New clients – Dubai</b> 16 buildings – mixed use commercial, retail, high rise residential	455
<b>ASX listed property investor and manager – Australia</b> Awarded 3 initial sites from portfolio of 12. Won through competitive tender	66
<b>Other various – Australia</b> 7 sites, across commercial and hospitality sectors	100
<b>ASX listed portfolio owner – Australia</b> 7 sites – previously lost to competitor in 2019, now reinstated with EP&T	56
<b>Hong Kong listed transportation and property corporation</b> Proof of concept trial – 1 site	10
<b>Total – 86 sites</b>	<b>3,042</b>

## Installation of Contracted Backlog

- Installation in 29 buildings completed since 30 June 21 with a combined ARR of over \$1 million completed
- Progress made in all regions as COVID restrictions continue to ease
- DWS roll out will be in 3 phases per client instruction. Phase 1 has commenced with site visits, system design and equipment orders underway. High level of client engagement in the process.

## Product Development

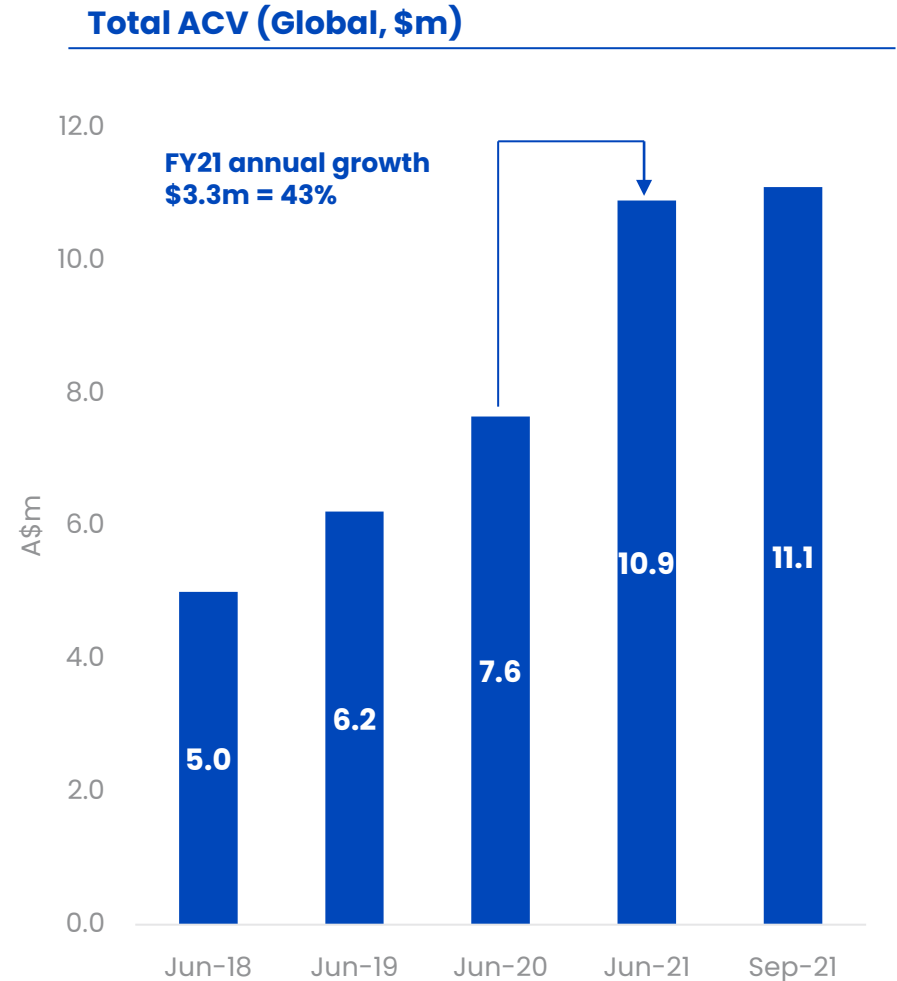
### Continued investment in product enhancement

- Released newly designed client dashboards in EP&T's EDGE Intelligent System portal
- Multiple enhancements underway – focus on enhanced savings capability and system efficiency / scalability
- Additional resources hired for R&D team

# Annualised Contract Value (ACV)

## ACV increased 43% to \$10.9m in FY21

- ACV is generated from ongoing fees for the provision of access to EP&T's Edge software platform and associated contracted ongoing services, including data collection and aggregation equipment where required
- Contracts range from 3 years to 7 years in duration and fees are typically invoiced monthly or quarterly in advance
- At June 2021 YTD actual ACV is \$10.9 million up from \$7.6m at June 2020 – **an annual increase of 43%**
- Global **ACV CAGR of 28% from June 2018** to June 2021
- Australian domestic business reinvigorated – \$0.5m of ACV (52 buildings) added since June 2020 after years of declining ACV
- Current **contracts on hand at September 2021 have \$35.2m of future ongoing fees yet to be invoiced** and the average remaining unexpired term on current contracts is 3 years and 2 months



# Forecast ARR increase of 85% from conversion of ACV

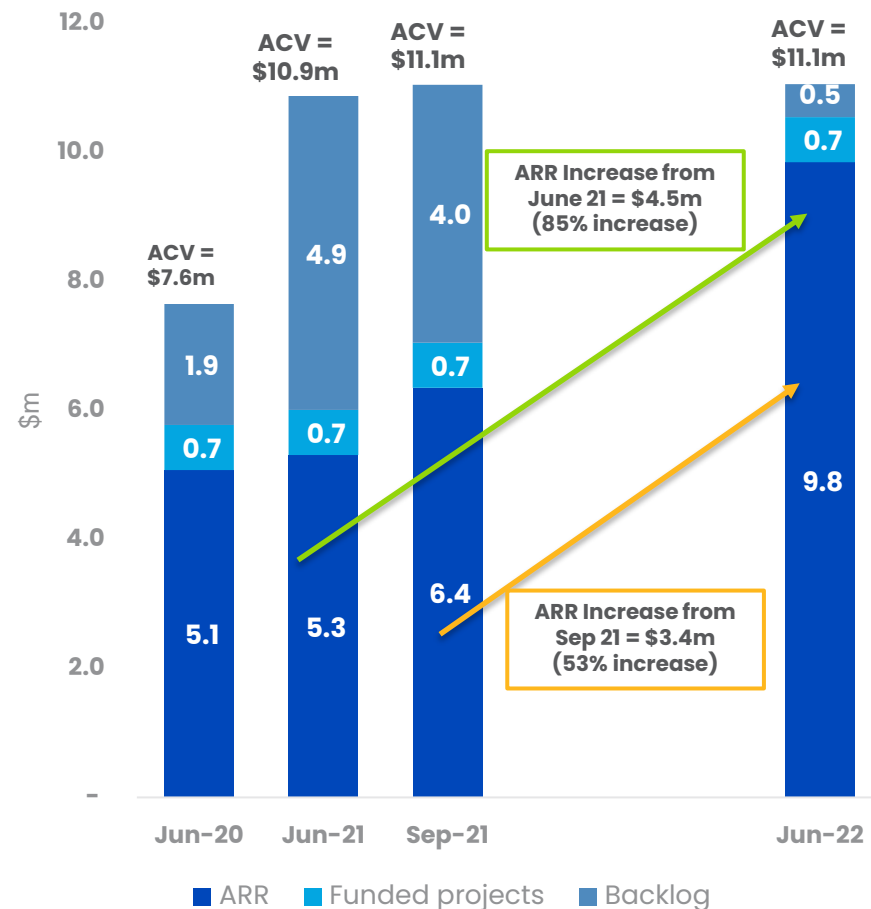
## Understanding EP&T's conversion of ACV backlog to ARR

- New subscription-based engagement model drives accelerated ACV and ARR growth
- Total ACV contains three components:
  - ARR: the annualised amounts being invoiced and recognized as revenue under long term contracts
  - Financed projects: customer engagement model discontinued in FY20. Revenue recognised upfront for project and payment collected over time (future cashflow but not part of ARR)
  - Backlog: ACV which is contracted, but not yet fully deployed so not yet being invoiced

### ARR Conversion:

- **ACV backlog yet to be deployed at 30 September 21 is \$4.0 million.**
- ARR forecast to be \$9.8m by 30 June 2022 – an increase of \$4.5m (85%) from June 21
- From 1 July 2021 to 30 September 2021 actual ARR increased by \$1.1m (21%) to \$6.4m.
- ARR growth shown only takes into account actual contracts on hand at 30 September 2021
- On installation of 100% of current contracts **ARR increases to \$10.4m – an increase of \$5.1m (95%) from June 21**

ARR growth on implementation of backlog (Global, \$m)<sup>1</sup>



1 – Notes:

- 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

# Positive Trends in EP&T's Key Operating Metrics

\$'000		FY18	FY19	FY20	FY21	Q1 FY22
<b>Annualised Recurring Revenue (ARR)</b>	<b>(\$'000)</b>	<b>4,429</b>	<b>5,286</b>	<b>5,075</b>	<b>5,307</b>	<b>6,350</b>
ARR annual growth rate	(%)		19	(4)	5	N/A
<b>Annualised Contract Value (ACV)</b>	<b>(\$'000)</b>	<b>5,011</b>	<b>6,217</b>	<b>7,649</b>	<b>10,872</b>	<b>11,052</b>
ACV annual growth rate	(%)		24	23	43	N/A
<b>Lifetime Value (LTV)</b>	<b>(\$'000)</b>	<b>49,589</b>	<b>61,524</b>	<b>75,697</b>	<b>108,198</b>	<b>109,375</b>
Total LTV annual growth rate	(%)		24	23	43	N/A
<b>Recurring revenue % total revenue</b>	<b>(%)</b>	<b>49</b>	<b>45</b>	<b>82</b>	<b>82</b>	<b>85</b>

Notes:

1. ARR is the contracted recurring revenue component of subscriptions on an annualised basis.
2. ACV is defined as the annualised monthly contract value of contracts on hand at each period end.
3. 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-20 of 4.8% and ongoing support costs as a % of ACV (21.8%) 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
4. Recurring revenue is defined as contracted service and software revenue



# EP&T – Key Growth Initiatives

EP&T has identified multiple levers to drive future growth.....

## Sales and marketing

- Various marketing and brand awareness initiatives – marketing collateral, SEO, conference attendance – 4,000 to 13,000 EP&T Linked In Followers
- Increase sales / account mgt resources – 7 at June 20, 11 at Sept 21 and FY22 budget of 15 people
- Assessment of new sales office locations to enter large priority markets

## Drive ACV and conversion to ARR

- Subscription service – improved awareness of zero upfront capex cost / positive ROI for clients – shortens sales cycle
- Revised modular product offering and new NABERS and GRESB reports to assist with ESG Reporting, lower cost entry point with a land & expand focus via cross/up sell
- Drive efficiencies to shorten timeframe from signing of contract to installation and revenue commencement





## Product development and innovation

- Continued product innovation to meet the evolving requirements of our clients and to anticipate their future expectations – demonstrated through ongoing UX improvements

## Strategic M&A or partnership opportunities

- Multiple private companies on watchlist / evaluation of potential to accelerate new market entry or complementary add on functionality or reporting modules
- EP&T's technology delivers significantly more energy savings and automation – thereby targeted acquisitions provide access to clients with upsell opportunities

# Investment Highlights

-  **Globally proven technology** – proprietary technology operating in all forms of commercial real estate – portfolio average of 22% pa energy savings resulting in annual reduction of over 100,000 tonnes of CO2 emissions
-  **Global blue chip client base** – EP&T's clients include **leading blue chip companies and global real estate brands, currently installed in 390+ sites with across 22 countries over 4 continents**
-  **Large addressable market** – EP&T has been successfully installed in commercial buildings, shopping centres, clubs, hotels, hospitals all over the world – the platform is applicable to all forms of commercial real estate
-  **Improving Operating Metrics and multiple positive initiatives underway**
  - Full transition to an Opex subscription-based contract model
  - Strong ACV growth – June 2021 YTD actual ACV is \$10.9 million – **an annual increase of 43%**
  - **Forecast FY22 ARR growth of 85% – from existing contracts as at Sept 21.**
  - **improvement in recurring revenues – from 82% at June 2021 to 85% as at September 2021**
  - Ongoing **investment in sales and marketing delivering growth in sales pipeline** – targeting C-Level decision makers, Heads of Sustainability, Facility Management Companies across multiple verticals