

29 November 2023

ASX Announcement (ASX: EPX)

CEO'S AGM ADDRESS

Fellow Shareholders, firstly thank you for your support during FY23. As well as being in the CEO role for you, I am also a shareholder too, and your support is welcomed. I believe the market is being a little unkind to our Company, but I guess the market is much larger than us, so we just have to keep working hard to get the word out on how our Company today is different to the one that first entered the market.

Whilst we have more work to do, the effort put in by all our wonderful staff over the past 12 months is continuing to improve our business, and in my view positioning it to continue to grow. One of the key strategic imperatives I and my fellow executives have set for FY24 is to “get the secret out” as to the benefits EP&T’s proprietary technology can deliver.

Today, I would like to touch on a few items pertaining to FY23, as well as an outline FY24 Outlook.

Overview

- The general macro business environment for our technology continues to show long term opportunities to grow and achieve its full potential, including:
 - Energy prices continue to stay high, and in my view will stay higher for longer for various reasons, not least of which being the speed at which new generation infrastructure can be built.
 - Data accuracy and precision is fundamental for all commercial real estate owners and managers, as they seek to navigate the continuous legislative changes surrounding ESG reporting; and
 - Our customers continue to seek flexibility in operating their properties, as their tenants and users change their needs
- EP&T’s proprietary technology continues to remain relevant in this environment. This is evidenced by our EDGE platform delivering building efficiency, globally, to now over 25 countries and is a trusted source of data for over 500 sites.
- We continue to achieve, on average, 21% energy savings for our customers and have a track record of doing this consistently for many years, contributing to emissions reduction; and
- Our customers continue to win global environmental awards, ably assisted by EP&T’s technology.

Key achievements in FY23

Outlined in EP&T's Annual Report releases are the detailed results, but in summary, FY23 key achievements were:

- Annual Recurring Revenue (ARR) growing 26% to \$11.7m, which is a CAGR of 32% since IPO
- Statutory revenue increased 50% to \$10.6m, which is a CAGR of 32% since IPO.
- Annual Contract Value (ACV) a reflection of future ARR, grew by 9% to \$14.4m, which is a CAGR of 22% since IPO.
- Recurring revenue represented 89% of FY23 revenue continuing our trend and process of converting the business from a capex led revenue business to a recurring revenue business.
- As at 30 June, the company was just shy of achieving monthly run rate operating cashflow breakeven¹, after implementing a cost reduction drive to better align the organisation structure to customer needs. This milestone was achieved at the September 2023 quarterly result;
- Underlying EBITDA loss was reduced despite some one-off costs associated with restructuring the management team and in implementing cost efficiencies in our operating cost base, reduced the Underlying EBITDA loss to approx. (\$3.6m) being a 44% improvement to FY22; and
- Considerable work went into re-defining the product suite, to now have a clearer go to market product fit. This included the introduction of a new product, EDGE Certifi, which grew over 50% in its first few months of launch.

Annual Recurring Revenue (ARR)

ARR delivery was a key focus area during FY23. It is fair to say, we did not do it well, at a time when EP&T grew its monitored net lettable area quite substantially. Simply put, our processes were found wanting.

During FY23 we allocated time and investment to refine some key processes. It also required the understanding and support of key large customers, particularly in Europe. We worked collaboratively with affected customers and with some goodwill and hard work, I believe we now have a better process, capable of allowing the business to meet its stated installation time frames. This was recently evidenced with a key large existing European customer inviting EP&T to assess the returns on embarking on Stage 2 of their Active Energy Management program, following the near completion of their Stage 1 programme which EP&T has delivered.

Annual Contract Value (ACV)

With the effort in FY23 to drive the business more efficiently, grow ARR and Statutory Revenue, and reduce the company cash burn rate, it has had a knock-on impact on our ACV growth.

As shareholders have noted, FY23 ACV growth was 9%. This lower than desired growth was necessary to allow the business time to right size itself, as growing quicker would have resulted in

¹ Monthly 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.

a potentially longer timeline to hitting operating cashflow breakeven, and less focus on making the company more scale ready.

It also allowed the business time to refine its go to market product suite, aligned to our customers' journey in achieving their sustainability objectives. Whilst still a work in progress, the early signs are encouraging. During FY23 we released EDGE Certifi, which grew over 50% during FY23. Whilst it is off a small base, it is encouraging to see the market respond to EP&T's continued desire to be the world's most trusted energy efficiency platform provider.

Outlook

Our first quarter results for the quarter ending 30 September 2023 show a key milestone being reached in the company achieving operating cashflow breakeven and hitting its projected ARR inflection point of \$12.2m. Whilst we still have work to do, this is a positive milestone for the business.

We have also recently released our focus for the remaining of FY24, being Projected ACV of between \$16.0-\$17.0m and Projected ARR of \$13.5m. To assist in achieving this, our three core strategic objectives are:

Operating Cashflow management

Continuing to focus on Operating Cashflows through:

- Managing gross margins, within an environment where operating costs are increasing.
- Further reducing ACV backlog and minimising the time of installations.
- Continued vigilance on our operating cost base.

Operational excellence

Our leading market differentiator of accurate and actionable data, which we consider is leading class, to be further improved, through:

- product suite enhancements to keep supporting our customers' needs.
- continued rollout of our new project installation process for faster connection of sites to our EDGE platform.
- improved service standards, via the introduction of Customer Success and Customer Delivery functions to support our growing customer base.

Customer focussed execution.

During H2 FY23 we made some changes to our sales team. These are now complete and our focus for FY24 is on:

- Executing our FY24 sales plan, which in the main is tied to key verticals in which we have a strong core offering.
- Converting a good sales pipeline, mainly supporting existing customers.
- Evolving our product suite as our customer needs evolve, offering various entry levels to our EDGE platform, from a data only monitoring service to meet ESG requirements all the way through to our premium guaranteed savings product which on average continues to deliver 21% savings.
- Getting our brand out in the market to showcase our EDGE technology.

In summary

- We continue to improve the business to be able to better support our customers as they grow;
- The company's proprietary technology continues to perform at an international level, with all markets showing signs of growth.
- Our technology continues to consistently deliver energy savings and assist customers to win prestigious energy optimisation awards.
- We work with some of the largest owners and managers of commercial real estate around the world; and
- Our financial and operating performance metrics are improving at a time when our forward sales opportunity pipeline is healthy.

To my fellow directors, I would like to thank them for supporting and guiding me. We are a small director team and the challenges thrown up to a small cap company are not always easy to solve, but we do get there and for this I wish to thank them for being ready to roll up their sleeves.

Finally, it would be remiss of me not to thank both Jonathan and Keith specifically. As the Chair has stated, both Jonathan and Keith are to step down from the board as outlined in the AGM notice.

To Jonathan, thank you for your guidance, particularly for a CEO with limited previous exposure to ASX small cap entities. Your guidance has been invaluable and I am grateful for this.

To Keith, thank you also for your wise counsel, particularly in the technology space. As founder you have often taken a pragmatic approach in transitioning the business and I thank you for this given the roles you have and continue to hold. I look forward to continuing to work with you at the Executive level.

A copy of the slides that accompany this address are appended to this announcement.

This announcement has been authorised for release to ASX by the Board of Directors of EP&T Global Limited.

ENDS

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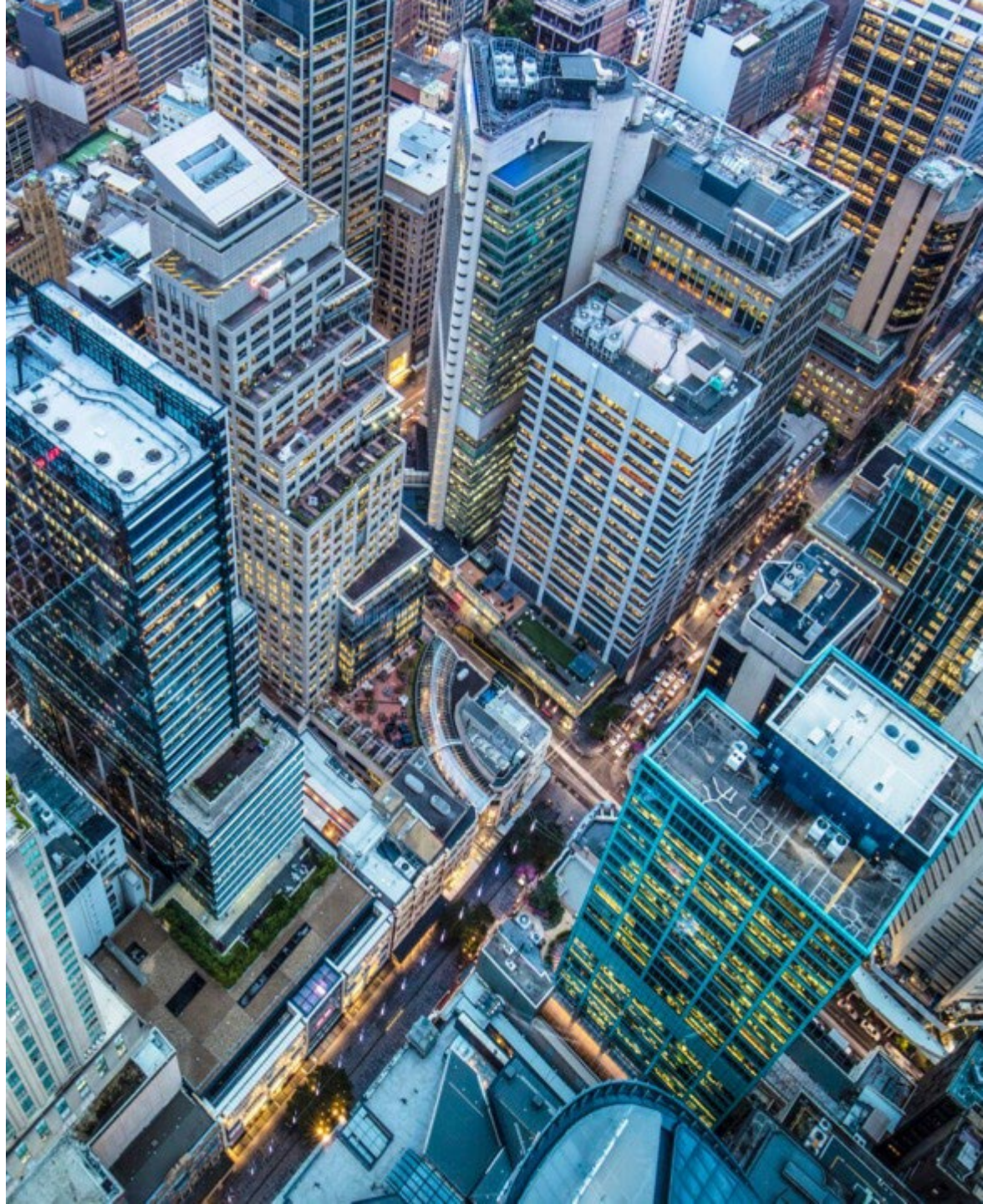
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Annual General Meeting Presentation

29 November 2023

Smarter Buildings **Happier People** **Healthier World**



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CEO's Address John Balassis

**To be the world's most
trusted building efficiency
platform provider.**

EP&T's proprietary EDGE cloud platform delivers energy cost and GHG emission reductions in commercial real estate.

EDGE data analytics collects and analyses BMS and metering data from a 500+ building, 7+ million sqm portfolio, identifying operational inefficiencies and providing accurate, actionable data that on average deliver 21% reduction in energy consumption

Overview

Macro environment strongly supports EP&T capability

- high electricity costs, carbon emission reduction, sustainability focus with Paris Accord, NABERS, GRESB and ESG

Proprietary technology

- combines multiple information sources with cloud-based data analytics to detect real-time energy inefficiencies in buildings enabling operational optimisation to deliver significant energy savings

Proven energy savings & sustainability

- current portfolio **average of 21% energy savings**, and annual reduction of CO2 emissions
- multiple EP&T clients have **won the world's most prestigious energy efficiency and sustainability awards** for the last 10 years

Global blue-chip clients

- domestic and international client base currently **installed in >523 commercial buildings in 25 countries**
- average contract tenure over 4.1 years across total client base and 10 years for top 10%



Case Study - 62% savings (35,634m2)



Case Study - 36% savings (9,473m2)

Key achievements in FY23

of building sites globally

523

30 June 2023

FY23 Statutory Revenue

↑ **\$10.6m**

Increase of 50%

FY23 Recurring Revenue²

↑ **\$11.7m**

Increase of 26%

% energy savings

21%

Portfolio average FY23

FY23 Annual Contracted Value³

↑ **\$14.4m**

Increase of 9%

FY23 Underlying EBITDA Loss⁶

↓ **(\$3.6m)**

Decrease of 44%

average client relationship

4.1 years

30 June 2023

Strong Recurring Revenues

89%

Consistent to FY22

Unbilled Contract Value⁵

\$42.9m

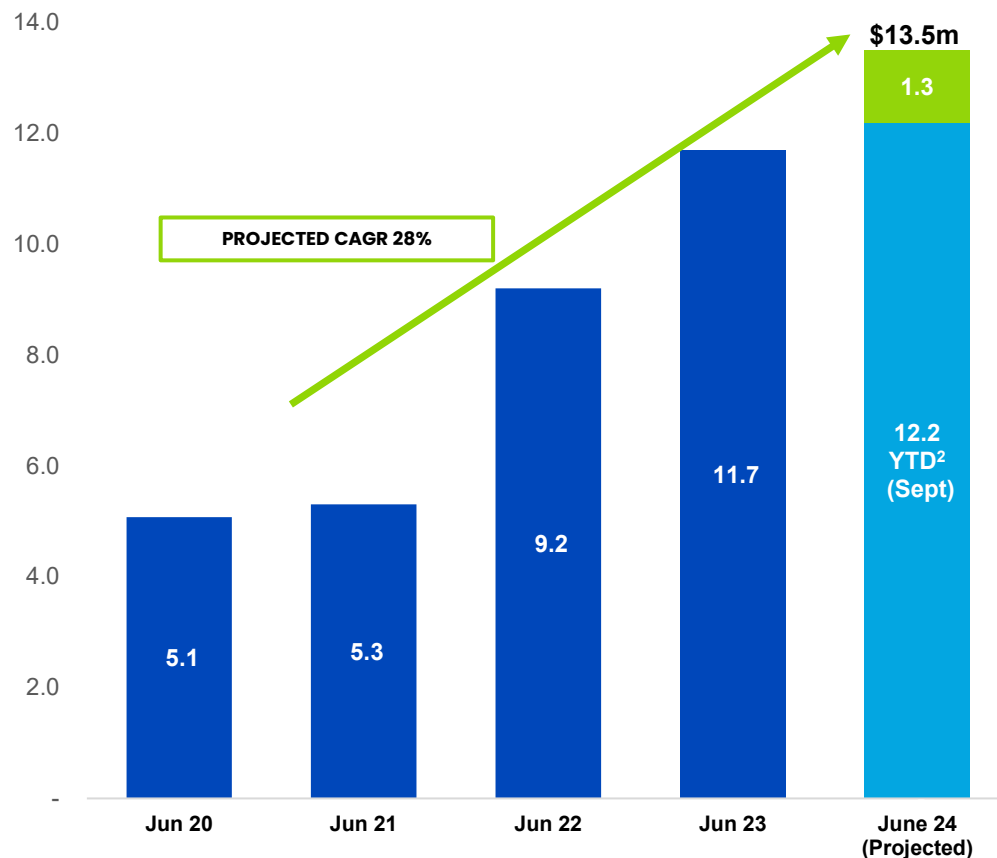
FY23 - average unexpired contract term of 3 years

2. ARR is the contracted recurring revenue component of subscriptions on an annualised basis.
3. ACV is defined as the annualised monthly fees charged under contracts on hand at each period end.
4. 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; Frost & Sullivan analysis 2021
5. Unbilled Contract value is the amount yet to be invoiced to customers under long term contracts; Based on Weighted average contract value.
6. Refer Appendix for Underlying EBITDA Reconciliation to Statutory FY23 Annual Result.

ARR¹ - projected^{3,4} to increase

- FY23 ARR¹ of \$11.7m installed as at 30 June 2023, a 26% increase from 30 June 2022.
- The business is currently projecting a further \$1.3m in ARR conversion^{3,4} by 30 June 2024. Once installed this will bring total ARR to \$13.5m.
- Projected ARR of \$1.3m^{3,4} is based on:
 - Contracted ACV backlog, the majority of the projected ARR, being ACV currently being installed or planned to be installed prior to 30 June 2024; and
 - Projected New ACV² to be won and installed prior to 30 June 2024.

Projected^{2,3,4} ARR



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

2. ARR Year to Date (YTD) is as at 30 September 2023.

3. Allowance has been made for an assumed 2.5% annual ARR churn which is consistent to historical performance, plus an estimated conversion of ACV backlog, being ACV contracted but not yet installed, plus new ACV yet to be won and installed. The breakdown of the projected additional \$1.3m in ARR is based on approx. \$0.9m in contracted ACV backlog being installed prior to 30 June 2024 and approx. \$0.4m in ACV yet to be won to be successfully closed and installed. Contracted backlog ACV may fail to be installed due to delays outside the control of the Company, such as gaining site access, the relevant property being sold prior to installation commencing, restrictions placed on the installation due to tenant or other requirements. In some of these circumstances where installation cannot proceed, the Company is entitled to cost recovery and /or revenue recovery.

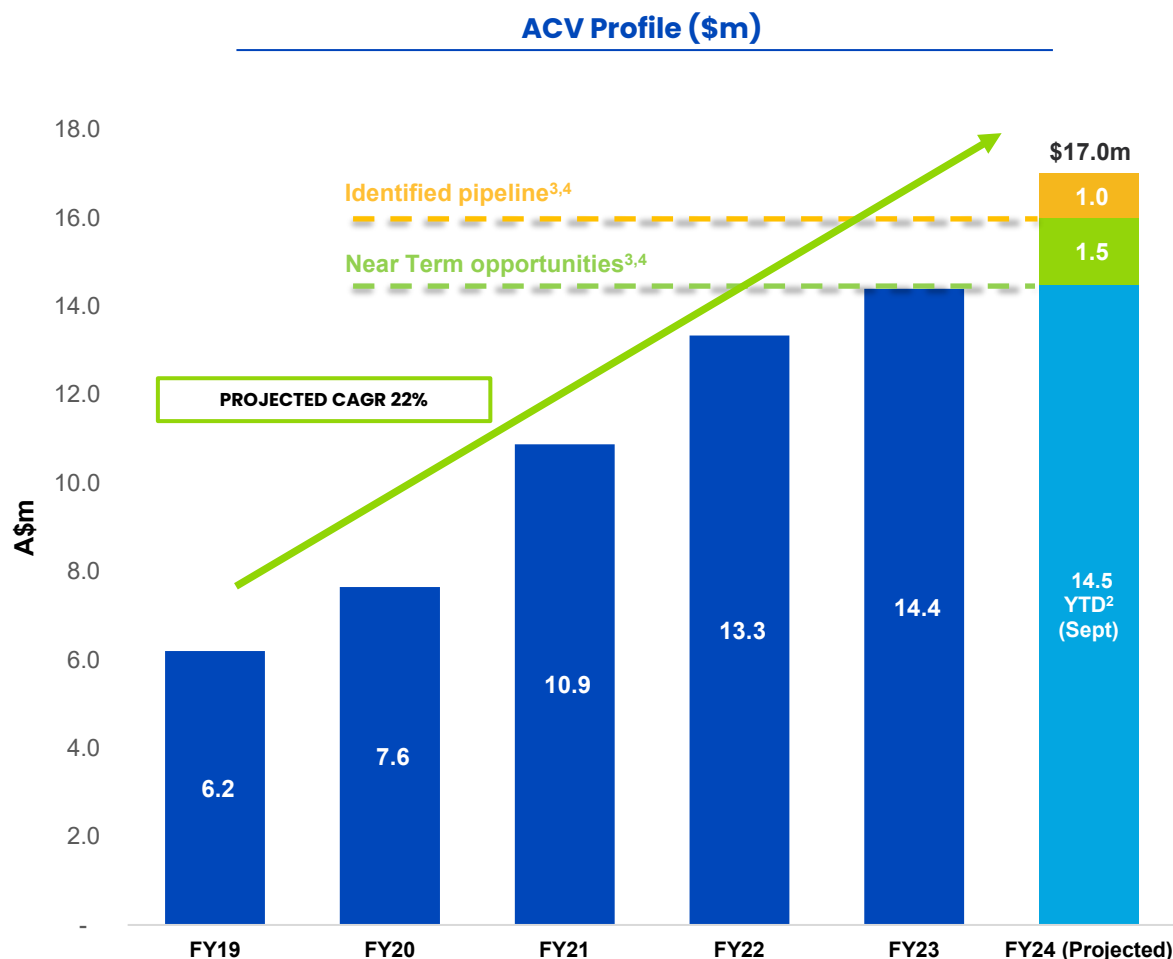
4. Prospective financial information is predictive in character, may be affected by inaccurate assumptions or by known or unknown risks and uncertainties and may differ materially from results ultimately achieved.

ACV¹ – growth projected^{3,4,5} to improve

- ACV projected^{3,4,5} between of \$16.0m to \$17.0m based on qualified identified pipeline.

- Near Term opportunities⁴ projected of \$1.5m, based on progressed negotiations with existing customers, the two largest of which represent approx. \$1.0m of projected ACV.
- Identified pipeline⁴ opportunities projected of \$1.0m, based on existing and new customer opportunities.
- Qualified sales pipeline at all time high – demonstrating improved sales and marketing initiatives

- If projected ACV is delivered it would equate to a CAGR of 22% since EP&T changed its commercial model to a recurring revenue model.



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

2. ACV Year to Date (YTD) is as at 30 September 2023;

3. Allowance has been made for an assumed 2.5% annual ACV churn which is consistent to historical performance, plus an estimated conversion from the Company sales pipeline of \$1.5m – \$2.5m in ACV prior to 30 June 2024.

4. Near term opportunities of \$1.5m are defined as Sales opportunities which have not yet been signed but are in a progressed state of negotiation with customers, with two near term opportunities representing in total approx. \$1.0m of the \$1.5m in Near Term opportunities. Should either of these Near Term prospective ACV opportunities not be delivered, the ACV target range may not be met without further opportunities being delivered by 30 June 2024. Identified pipeline opportunities with projected ACV of \$1.0m is based on identified customer opportunities which are in negotiation but are not yet sufficiently progressed and may not occur.

5. 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.

Outlook

Operating Cashflow management



- Manage gross margin
- Further reduce ACV backlog
- Vigilance on operating cost base

Operational excellence



- Product suite enhancements
- Continue rollout of new project installation process
- Improved service standards

Customer focussed execution



- FY24 sales plan
- Conversion of sales pipeline
- Evolve product suite

Summary



Proven energy saving technology – proprietary technology operating in multiple sectors of commercial real estate **continuing to deliver portfolio average of 21% pa energy savings.**



Continued growth in domestic & international markets – EP&T's clients include **leading blue-chip companies and global real estate brands, currently contracted with 523 sites in over 25 countries in 5 continents.**



Market tailwinds support EP&T's core strength – proven energy savings based operational data analytics – EP&T takes a holistic view of the full building equipment ecosystem to give **deeper insights and verifiable data** to driver operational improvements and efficiency



Sales and marketing initiatives – strong pipeline as a result of improved sales and growing market awareness of the EP&T proven results and ROI to the client



Operating performance metrics considerably improved

- ❖ FY23 **ARR growth of 26%** to \$11.7m
- ❖ FY23 **Statutory revenue growth 50%** to \$10.6m
- ❖ Operating cashflow break even¹ achieved
- ❖ Strong recurring revenues – **89% recurring – average remaining tenure of >3 years**

Meeting Closure
Thank you for attending

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building efficiency platform
provider**

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APPENDIX

FY23 – SUMMARY FINANCIAL REPORT

FY23 Financial Results

Profit and Loss Summary

Total Revenue of \$10.6 million is a 50% increase on the prior year – underscoring the turnaround and demand for EP&T's EDGE product.

Recurring subscription revenue has increased by 49% to \$9.4 million. Recurring revenue accounted for 89% of total revenue in FY23.

Projects revenue increased by 122% to \$1.0 million as EP&T took the opportunity to execute such contracts where the revenue cash inflows fund the installation cash outflows.

Other income in FY23 is impacted by the timing of the R&D grant which is projected¹ to be received in October 2023.

Operating expenses increased by 10% to \$15.7m in FY22, with the main contributor being the increase in activity to clear the project backlog and convert ACV to recurring revenue.

It is EP&T policy not to capitalise internal labour costs as project assets and hence expenses directly to the Profit and Loss each year.

There were several one-off costs impacting the EBITDA result as the business focused on restructuring the management structure during H1 FY23 and implementing cost control initiatives in H2 FY23 resulting in:

Restructure and termination costs in Q4 FY23, which are projected to benefit the FY24 cost base going forward.

Consultancy and backlog installation related costs as the business reshaped its installation and customer success structure and approach to increase operational efficiency.

	Consolidated		
	30-Jun-23	30-Jun-22	
	\$	\$	
Revenue			
<i>Recurring subscription revenue</i>	9,406,322	6,303,616	49%
<i>Projects revenue</i>	1,045,516	470,910	122%
<i>Service and maintenance revenue</i>	178,032	311,213	-43%
Total Revenue	10,629,870	7,085,739	50%
Other income	78,137	601,962	
Expenses	(15,650,208)	(14,221,103)	10%
EBITDA	(4,942,201)	(6,533,402)	24%
Restructure and termination costs	592,000	-	
Consultancy & backlog related costs	750,000	-	
Underlying EBITDA	(3,600,201)	(6,533,402)	44%

1. Prospective financial information is predictive in character, may be affected by inaccurate assumptions or by other risks and uncertainties and may differ materially from results ultimately achieved.

FY23 Financial Results

Balance Sheet Summary

Cash on hand at 30 June 23 = \$1.2m

Current assets include trade receivables of \$3.4m, R&D incentive receivables of \$0.4m, inventory of \$0.7m (equipment to be allocated to project installations), contract assets of \$0.7m.

Non-current assets include project assets and other PPE of \$5.3m, contract assets of \$1.9m, deferred tax \$0.6m and right of use assets (office leases) of \$1.3m.

Current liabilities include trade payables of \$1.8m, accrued payroll, commissions and incentives of \$1.6m, accrued leave and end of service liabilities of \$2.0m, lease liabilities of \$0.6m and borrowings of \$0.3m

Non-current liabilities include borrowings of \$0.3m and lease liabilities of \$0.8m

No intangibles – R&D costs are expensed as incurred

	Consolidated	
	30-Jun-23	30-Jun-22
	\$	\$
Cash and cash equivalents	1,243,241	4,218,773
Other Current Assets	5,113,889	3,877,514
Total Current Assets	6,357,130	8,096,287
Non-Current Assets	9,278,980	6,539,033
Total Assets	15,636,110	14,635,320
Current Liabilities	7,543,856	5,849,463
	1,164,332	
Non-Current Liabilities		604,764
Total Liabilities	8,708,188	6,454,227
Net Assets	6,927,922	8,181,093

FY23 Financial Results

Cash flow Summary

Cash receipts of \$12.1 million for FY23 up 55% (\$4.3 million) – reflecting the 50% growth in revenue.

Payments to suppliers and employees increased 17% in FY23. A key focus has been operational efficiency, and this is supported by a 50% growth in cash receipts against only a 17% increase in the spend to achieve it.

Other operating cash flows decreased due to a lower R&D grant in FY23.

Investing cash flows relate to project implementation costs for projects installed or partially installed. This investment supports future revenues from ongoing fees for new projects when complete.

Financing cash flows in FY23 are for the equity raisings in the first half of the financial year.

	Consolidated	
	30-Jun-23	30-Jun-22
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	12,064,461	7,804,500
Payments to suppliers and employees (inclusive of GST)	(16,995,545)	(14,560,065)
Other operating cashflows	456,941	638,385
Net cash used in operating activities	(4,474,143)	(6,117,180)
Net cash flows from investing activities	(2,637,290)	(2,210,433)
Net cash flows from financing activities	4,008,335	7,246,287
Cash and cash equivalents at the end of the period	1,243,241	4,218,77