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

31 January 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 December 2021.

Highlights

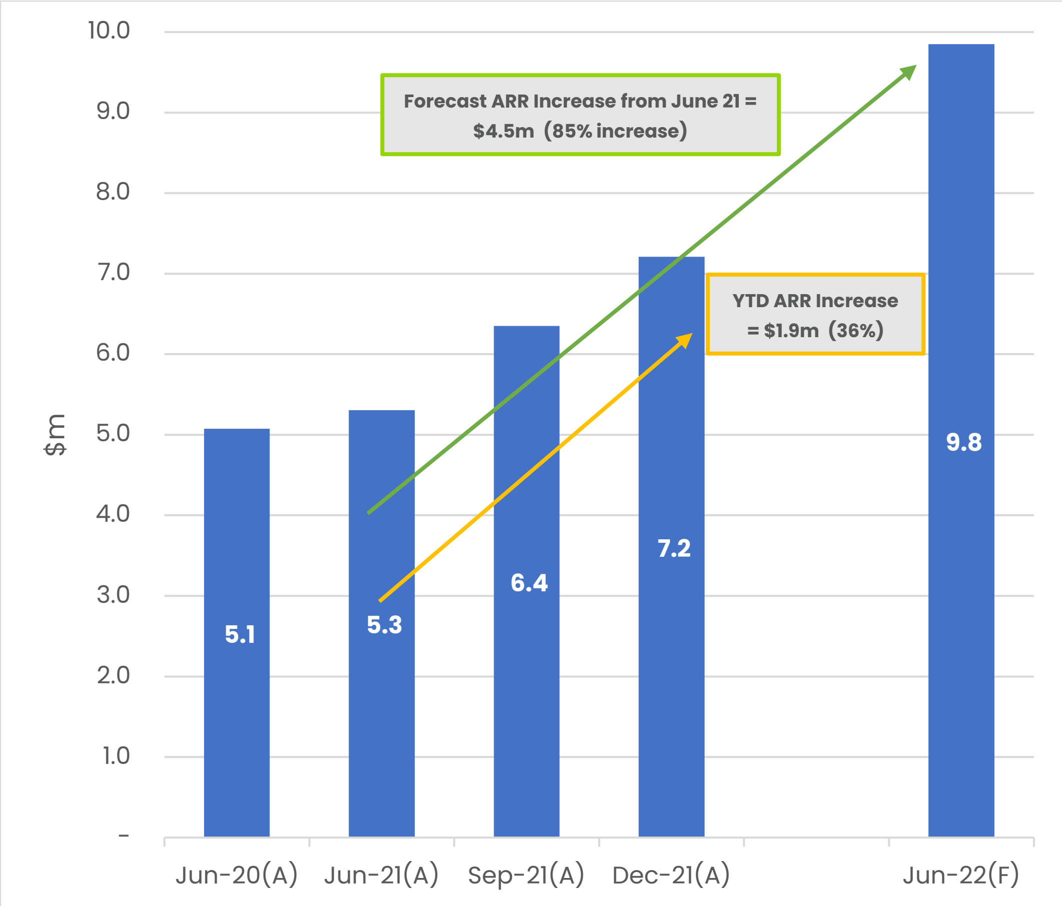
- ACV as at 31 December 2021 of $11.5m, an increase of $0.4m from September 2021, representing 46% trailing twelve-month (TTM) growth
- In Q2 FY22 EP&T installed their EDGE Intelligent System in 28 buildings, with contracted buildings as at 31 December of 404 sites
- In Q2 FY22 ARR increased by $0.9m (14%) to $7.2m
- The Company remains on target to meet the ARR forecast of $9.8m by 30 June 2022[1], an increase of 85% over the course of FY22
- Cash receipts of $2.2m in the quarter, an increase of $0.6m (38%) from the prior quarter
- Current contracts on hand at December 2021 have $36.7m of future ongoing fees yet to be invoiced and the average remaining unexpired term on current contracts is 3 years and 2 months
- $8.25m share placement completed to support further growth investment, including in sales and marketing and installation of project backlog
- Total cash on hand of $9.0m as at 31 December 2021

Key Metrics

$7.2m Annualised Recurring Revenue (ARR)[2] (Dec 21A)	**36%** ARR Growth YTD (Dec 21A)	**85%** Recurring Revenue[3] (Dec 21A)
$11.5m Annualised Contract Value[4] (ACV) (Dec 21A)	**46%** ACV growth (TTM Dec 21A)	**$113m** Lifetime Value[5] (Dec 21A)

[1] Subject to delays which may be caused by further COVID-19 related restrictions
[2] ARR is the contracted recurring revenue component of subscriptions on an annualised basis - forecast based on existing contracts only as at Oct 21
[3] Recurring revenue is defined as contracted service and software revenue
[4] ACV is defined as the annualised monthly fees charged under contracts on hand at each period end.
[5] 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)



Sales & operating update

The Company added 11 new contracted buildings in the quarter with a combined ACV of $0.4m. The rate of ACV growth was impacted by COVID restrictions and delays in being able to source and recruit new staff due to candidate shortages in key markets, however, EP&T has now been successful in hiring two additional multi-lingual sales executives to meet growing opportunities in the European market.

During the December 2021 quarter, and following on from the previous quarter, EP&T has further invested in marketing initiatives, including sponsoring and attending the Proptech Next summit in Australia and the International Real Estate Community Management Summit (IRECMS) in Dubai. EP&T is expanding its executive team and is currently recruiting a Chief Product Officer (CPO).

The business is well placed due to continued global ESG tailwinds and an increasing emphasis on Net Zero targets. EP&T's track record of delivering energy savings and proven reductions in carbon emissions plays an important role in assisting building owners and operators achieving their Net Zero goals.

At 31 December 2021 the ACV backlog yet to be deployed totalled $3.5m. This includes $2.0m of ACV relating to the 3-year contract with leading asset manager, DWS. Installation of sites under the DWS project commenced in the quarter ended 31 December 2021. The DWS contract has an ACV of A$2.0m with total contract value (TCV) of A$6.1m and the majority of EDGE Intelligent System installations are targeted to be complete by June 2022[6].

EP&T has successfully completed accreditation of its EDGE Intelligent System to be now eligible under Germany's Federal Funding for Efficient Buildings initiative. Under this initiative, users of EP&T's EDGE Intelligent System in Germany may be eligible for funding support of up to 40%[7] of the contract value with EP&T.

Financial

Receipts from customers for the quarter were $2.2m, an increase of $0.6m (38%) from the prior quarter as a result of increasing ARR and also improved collections from existing customers. Under EP&T's subscription revenue model, actual cash receipts lag ACV growth due to the timeframe from 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 ($1.0m) million compared to ($1.6m) in the prior quarter.

Net operating cashflows are expected to further improve over time as the Company increases monthly billing and cash collection from increased Annualised Recurring Revenues. The Company received R&D tax incentives of $0.4m in January 2022 with a further $0.1m expected prior to the end of the March 2022 quarter.

Payments for property, plant and equipment include payments for hardware and installation costs of new customer projects of $0.53m for the quarter. This investment drives ARR growth.

Corporate

EP&T completed a share placement of $8.25m in the December quarter from both existing and new shareholders. The proceeds from the capital raise will allow the Company to further invest in sales and marketing as well as install its $3.5m project backlog and drive increasing Annualised Recurring Revenues over FY22.

Total cash on hand as at 31 December 2021 was $9.0m.

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[6] Subject to delays which may be caused by further COVID-19 related restrictions

[7] Maximum is 40%, or up to €15 million. Subject to funding scheme conditions.

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 December 2021.

Use of funds 12 May 21 to 31 December 21	**Allocated Amounts ($000)**	**Utilised Amounts ($000)**	**Commentary**
Sales and Marketing	2,610	2,379	In line with expectations
Project material and installation costs	2,340	1,780	In line with expectations
Operating expenditure (inc. R&D and working capital)	1,160	1,654	Growth in ACV and ARR 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**	**8,754**	
Net proceeds of issue of New Shares subsequent to IPO	**7,842**	**-**	Proceeds to be used for further investment in sales and marketing, operating costs and project installation costs

Payments totalling $155,148 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 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**

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