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Environment, Property & Technology

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

FY23 Annual Results update

September 2023

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

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EP&T Global

Overview

Corporate Snapshot

ASX: EPX

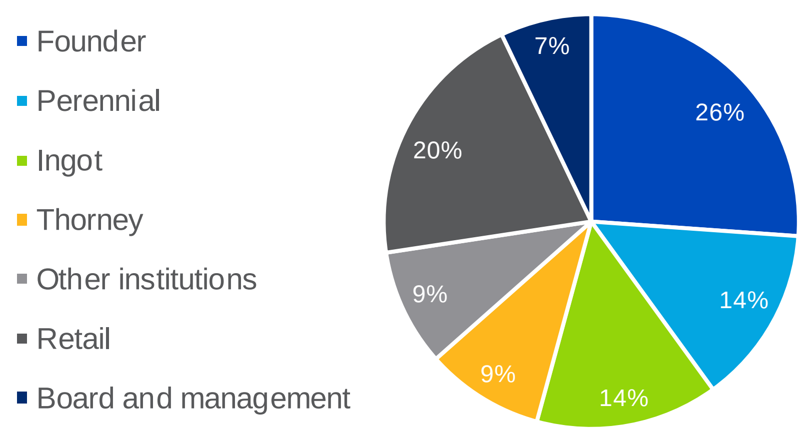
Share price (29 September 2023)	A$0.023
Fully Paid Ordinary Shares	445,913,710
Options on issue	18,190,553
Undiluted Market Capitalisation	$10.3 million
Cash (as at 30 June 2023)	$1.2 million
Enterprise Value	$9.1 million

Board and key management

Independent Chairman	Jonathan Sweeney
Executive Director & CEO	John Balassis
Independent Non-executive Director	Victor Van Bommel
Founder and executive Director	Keith Gunaratne
Non-executive Director	Richard Doyle
Chief Financial Officer	Patrick Harsas

Share register[1]

Institutions hold ~45%



Note 1 – Based on internal analysis conducted 05 September 2023; Investor tracking report

EP&T Global – Company Overview

The most trusted building efficiency platform delivering in over 26 countries

- **Proprietary technology** – delivering **cloud-based data analytics to detect energy inefficiencies in buildings.** The ability to identify faults and inefficiencies enables efficiency gains.
- EP&T's **EDGE building efficiency platform** is a data as a service platform incorporating 20+ years of building energy efficiency knowledge – **5.6 billion+ points of data per annum, across over 8 million^{sqm} of net lettable area (Jun 23).**
- **Energy savings delivered -** lower carbon footprint and lower cost **– current average of 21% p.a. energy savings on base year (Jun 23)**
- **Blue chip clients** - domestic and international client base currently **installed in 500+ commercial buildings in over 26 countries**
- **Significant addressable global market** – **Commercial real estate**: office, retail, leisure, hotels, hospitals, industrial
- **Macro environment strongly supports EP&T capability -** high electricity cost, ESG focus, NABERS, GRESB
- **Improving financial position and well placed to grow with operating cashflow breakeven in sight**

FY23 Financial Highlights

Improving financial position that is well placed to grow

- ARR[1] of $11.7m, being 96% of our operating cashflow breakeven[3] target of $12.2m.
- 89% recurring revenue, being consistent to FY22.
- Unbilled contract value[4] will deliver $42.9m in forward revenue, with an average remaining unexpired contract term of 3 years[5].
- Underlying operating cost base improved, with $1.3m in operating cost savings implemented and an improved installation process for new projects now in place, reducing installation times.

Statutory Revenue

↑ **$10.6m**

Increase of 50%

Recurring Revenue[1]

↑ **$11.7m**

Increase of 26%

Annual Contracted Value[2]

↑ **$14.4m**

Increase of 9%

Underlying EBITDA Loss

↓ **($4.9m)**

Decrease of 24%

Strong Recurring Revenues

89%

Consistent to FY22

Unbilled Contract Value[4]

$42.9m

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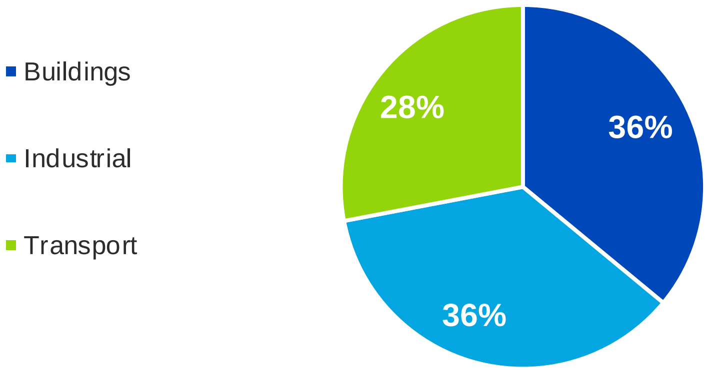
1. ARR is the contracted recurring revenue component of subscriptions on an annualised basis.
2. ACV is defined as the annualised monthly fees charged under contracts on hand at each period end.
3. Monthly operating cashflow breakeven is defined as monthly operating cash inflows (being receipts from operations and other revenue) less monthly operating cash outflows (being ordinary operating costs of the business) but excluding new project deployment costs and other investing and financing cash flows.
4. Unbilled Contract value is the amount yet to be invoiced to customers under long term contracts
5. Weighted average based on contract value.

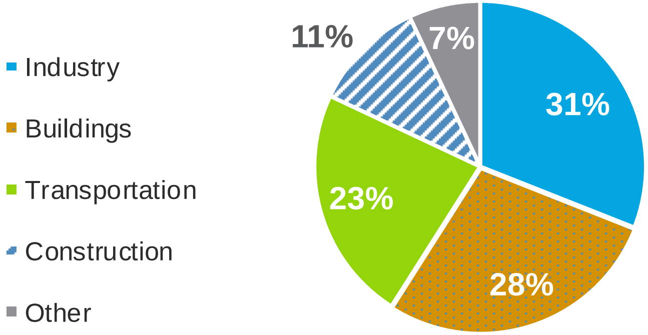
EP&T's Market – buildings and the environment

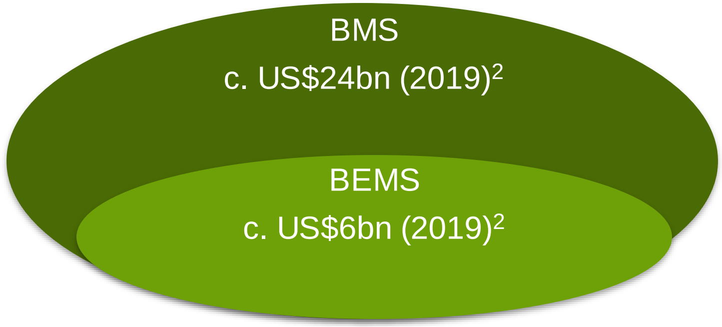
EP&T is in the BEMS market, a US$6bn market - Buildings use 36% of the world's energy and represent 28% of the world's carbon emissions.

Global energy use by sector[1]



Share of global CO_2 emissions by sector[1]

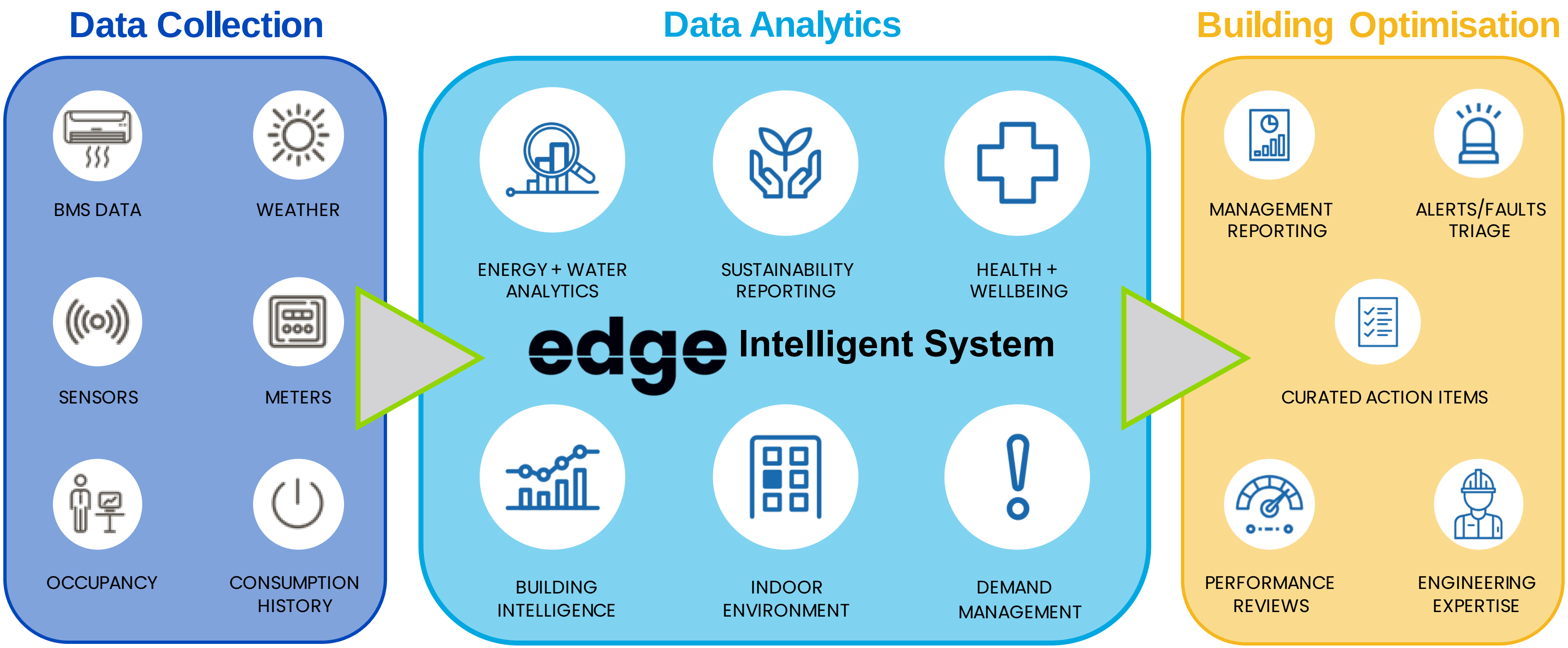




BEMS: A computerized system that monitors, manages and optimizes building services actual performance such as heating, ventilation and A/C ("HVAC") and lighting systems in commercial and industrial buildings

1. 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
2. Frost & Sullivan analysis 2021

The EDGE Intelligent System



"EDGE Intelligent System" - EP&T's proprietary technology solution combines multiple information sources with cloud-based data analytics to detect energy inefficiencies in buildings.

This highly accurate identification of faults and inefficiencies enables EP&T to collaborate with building and facility managers to optimise building operations and utility consumption.

Comprehensive suite of technical applications and services

The EP&T EDGE product suite provides multiple points of engagement with our customers

edge	EDGE Essential	EDGE Commercial	EDGE Insight	EDGE Insight+
Target Customers	Need to report on net zero and carbon reduction goals	Need accurate billing for tenants for utility usage and to report on net zero and carbon goals	Accurate net zero, cost and/or carbon reduction goals	Focused on net zero, recurring and provable cost and/or carbon reduction targets
Key Customer Benefit	Accurate and automated energy data for ESG reports including connection to 3rd party dashboards	Accurate, customisable billing across all metered utilities	Actionable insights to achieve cost and emission reductions Achievement of sustainability ratings (e.g. NABERS, GRESB, etc.)	Financially guaranteed to reduce cost/emissions and prevent property from slipping backwards
Pricing[1]	Guide: $1K/month/site	Guide: $2K/month/site	Guide: $3K/month/site	Guide: $5K+ /month/site

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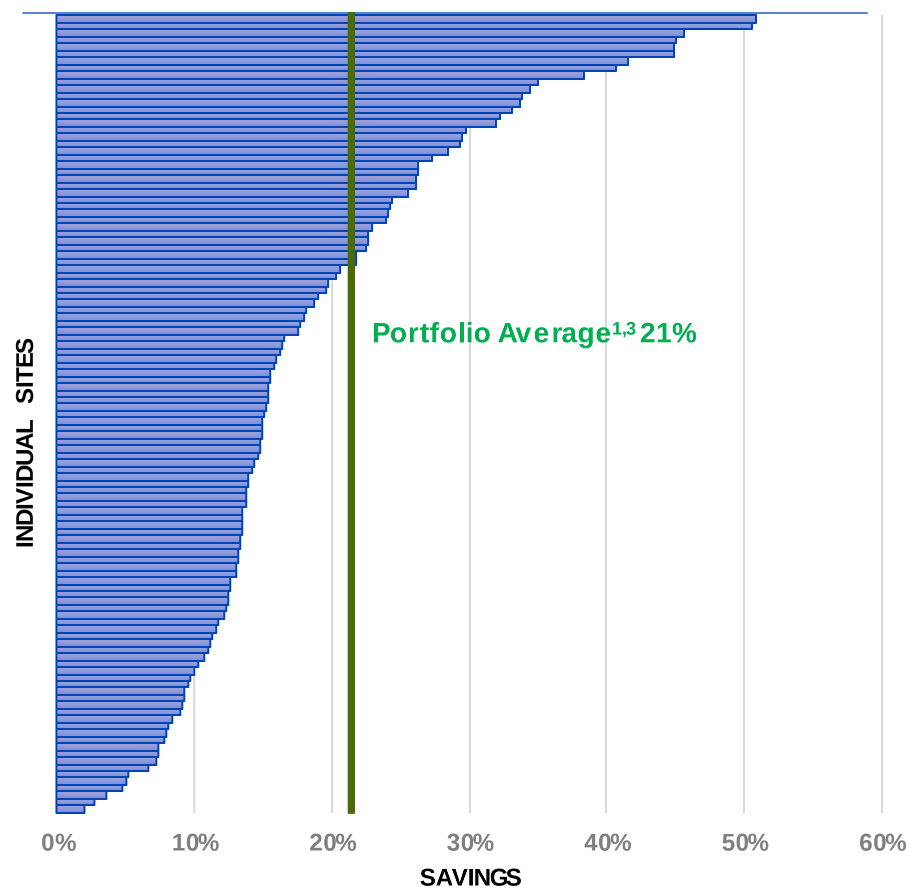
Notes:
1. Pricing is indicative and can vary depending on the size (NLA), complexity of the building and geography.

Energy Savings & Improved Sustainability Ratings

EDGE has a proven track record of reducing energy consumption, delivering financial savings and improving building sustainability ratings across its client portfolio

- The current portfolio average energy reductions is 21%
  - ~ 85% of sites achieve 10% or more savings
  - ~35% of sites achieving 20% of more savings
  - ~ 15% of sites achieving 30% or more savings
- It typically takes the first 12 months, post installation, to identify a large proportion of energy savings opportunities, with an EP&T long term average ranging to 22% savings.
- EP&T has delivered material improvement in numerous clients NABERS ratings from when EP&T contract commenced:
  – Ratings increases of up to 2.5 stars
  – Average increase of 0.8 stars

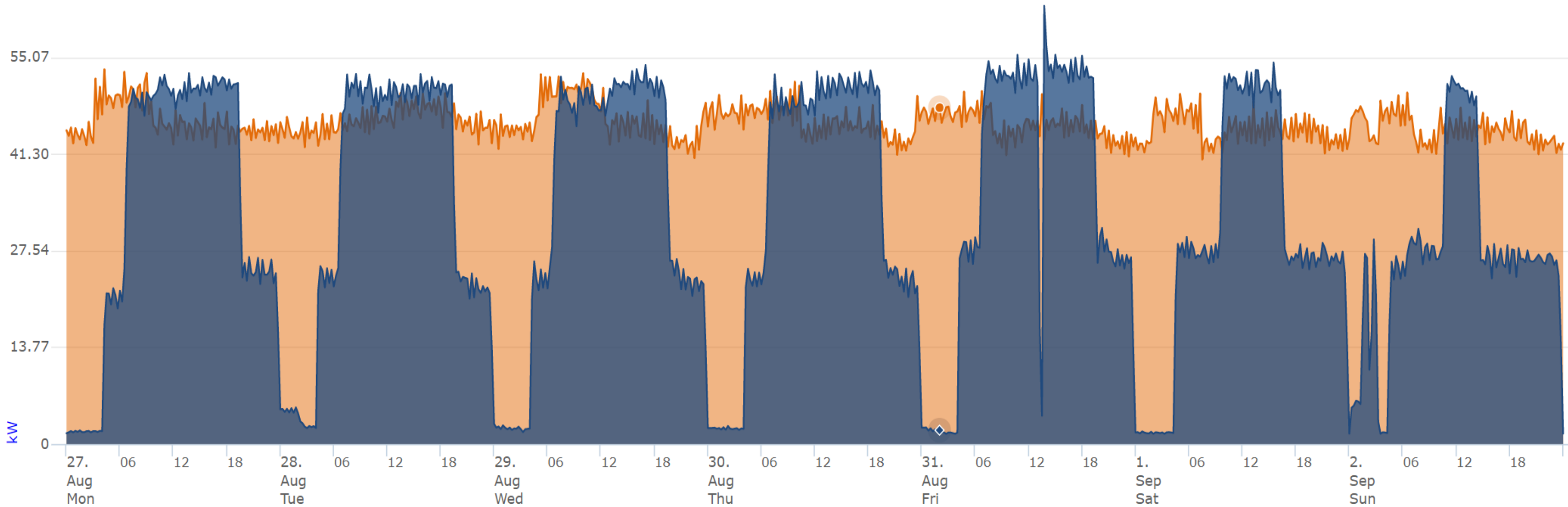
Annualised energy savings by site – current portfolio[1,2,3]



Notes:
1. Savings are average annual savings over the contract term versus the baseline 12 months energy usage
2. The baseline is typically 12 months prior to project commencement of the contract
3. Savings based on percentage currently saved above baseline target, as at 30 June 2023. The final savings may be above or below the current actual saving to 30 June 2023

Case Study: Edge MARS Alert Example – *the data drives our offering*

EP&T's 24/7 monitoring of multiple data sources and highly accurate identification of energy inefficiencies enables the detection of many more savings opportunities than our peers



- 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.

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Case study : Private Hospital – Proven Results

Achieving energy reduction and cumulative savings

32% Energy Reduction

$740,000 Cumulative Savings

80 beds Combined Ward Capacity

Optimising Chiller Operation

EP&T identified two chillers operating below 20% capacity during operations as well as during mild ambient daytime conditions when the cooling demand is lower.

EP&T recommended an improved chiller staging strategy to operate variable speed chillers in the capacity range of 30% to 80% to take advantage of higher Integrated Part Load Value (IPLV) of the variable speed chillers.

Building Type: Healthcare

This Private Hospital has several state-of-the-art operating theatres, modern private en-suite patient rooms and full diagnostic, surgical and interventional facilities together in one building.

As one of the most technologically advanced hospitals in the country, the client adopted the EDGE Intelligent System to save energy and reduce costs without impacting service delivery to thousands of patients each year.

Key Savings Areas:

- Car park ventilation
- AHU scheduling
- Ambient lockout
- Fault identification
- Control optimisation

Case study: Major hotel

Achieving energy reduction and cumulative savings

25% Energy Reduction

$317,000 Cumulative Savings

1,795 t Reduced CO_2 Emissions

Building Type: **Hotel**

This landmark hotel comprises multiple dining options, cocktail bar, rooftop pool, lounge and bar.

EP&T were engaged with the objective of establishing an independent, 'single source of truth' from which the management team would deliver energy efficiency and cost reductions, which have included:

- Minimising AC loads during low demand periods and applying correct schedules for AC equipment to match conditioning requirements.
- Optimising lighting loads by providing lighting only when required. Focus was also concentrated on areas such as the hotel corridors and car park, and ensuring lighting controls were optimised in back of house.

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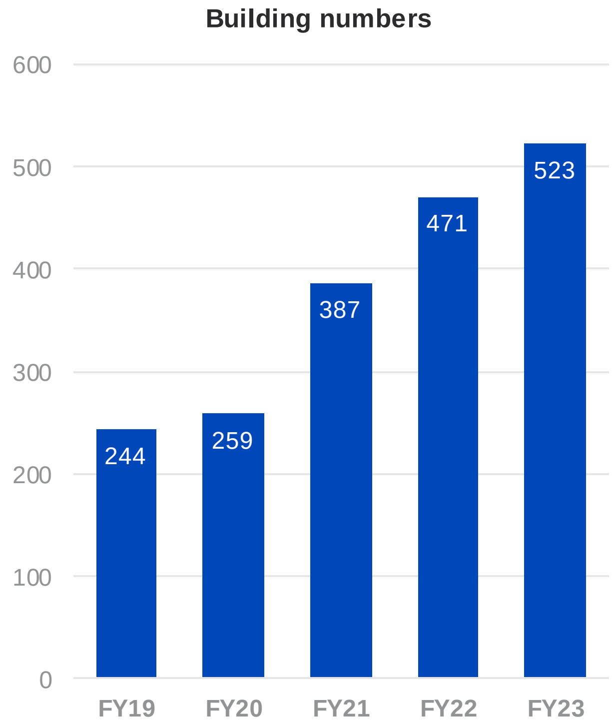
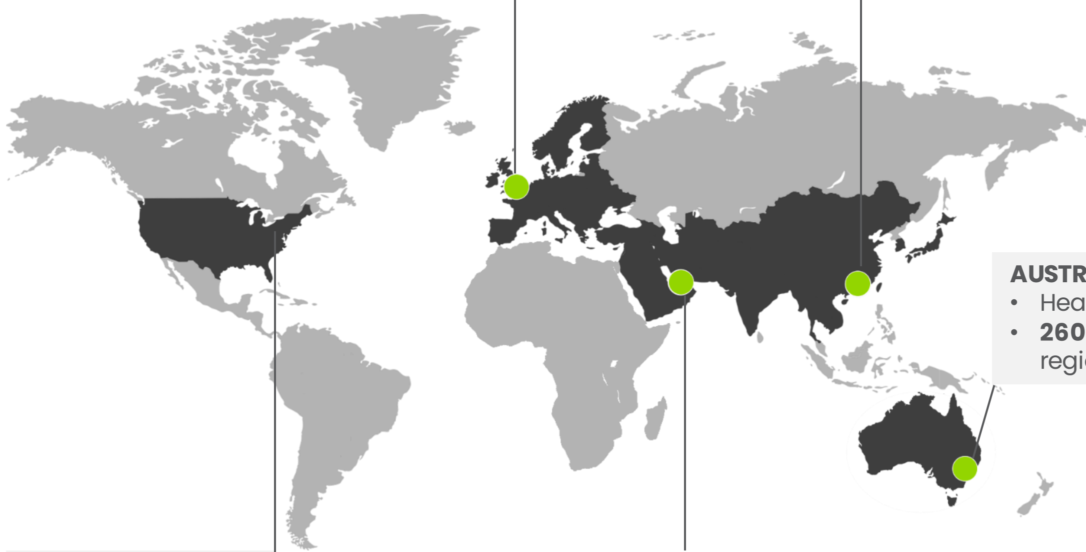
Our customer base spanning over 26 countries in 5 continents

Site numbers continue to grow, monitoring over **8million^sqm of net lettable area**[1] and over **1billion kWh annually**[1]

Contracted Building #s





EUROPE & UNITED KINGDOM
- Office in London
- **150 sites in United Kingdom and greater Europe** including Holland, Portugal, Belgium, Poland, Turkey, Malta, Spain, France and Germany

ASIA
- Office in Hong Kong
- **6 sites**

AUSTRALIA
- Head office in Sydney
- **260 sites** in cities and regional areas

NORTH AMERICA
- **2 Sites** in NY

UNITED ARAB EMIRATES & AFRICA
- Office in Dubai
- **105 sites** in Middle East and North Africa

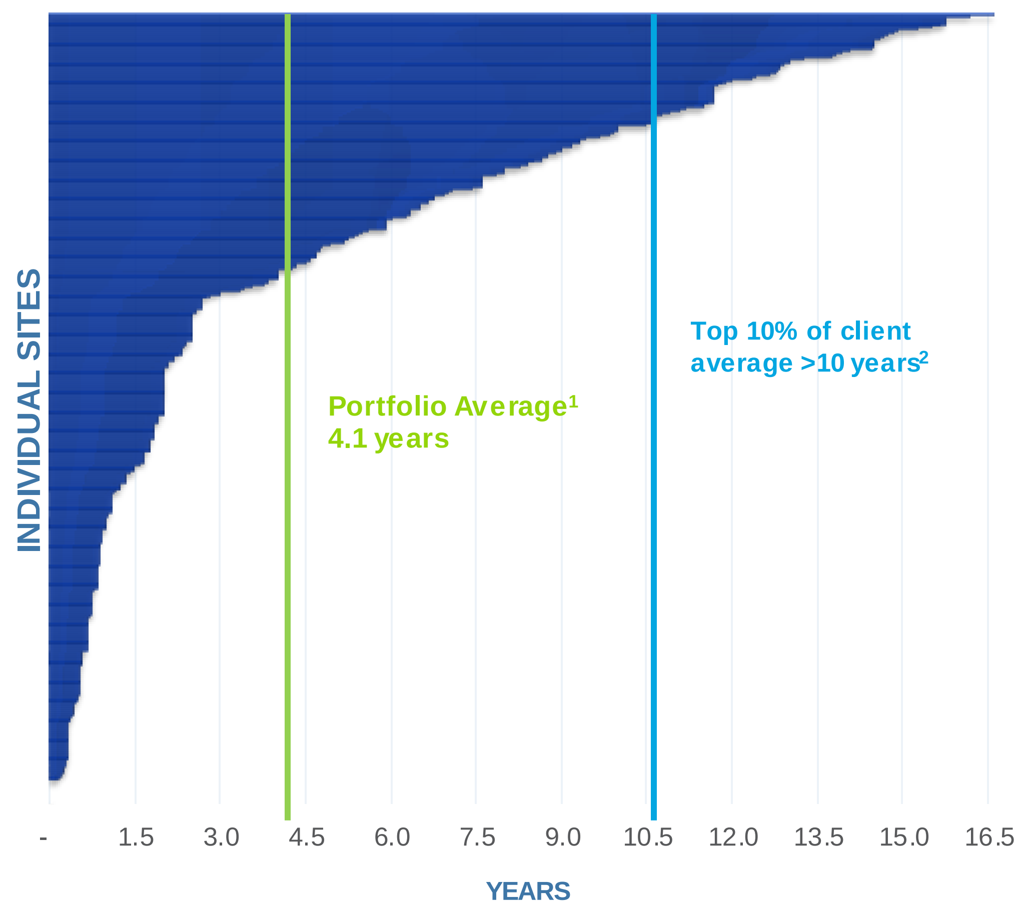
Notes:
1) As at 30 June 2023 for sites installed

Long-term customer relationships

EP&T's consistent energy savings and improved building sustainability ratings performance has led to long-term customer relationships

- Average client relationship of **4.1 years**
- Average client relationship of the top 10% of installed sites is **>10+ years**
- **Long-term relationships lead to improving Lifetime Value (LTV) of clients**

ONGOING SITE RELATIONSHIP LENGTH[1] (YEARS)



Notes:
1) As at 30 June 2023, the average being the simple average based on initial contract date with EP&T for sites installed
2) Top 10% based on initial contract date with EP&T and based on current installed sites ARR

Global Clients obtaining leading sustainability awards

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

Dow Jones Sustainability Indexes

GRESB

NABERS

EPRA sBPR GOLD

MSCI

CDP DISCLOSURE INSIGHT ACTION

2023

SUSTAINABILITY YEARBOOK S&P Global CSA **(formerly DJSI) CapitaLand, Stockland**
SUSTAINABILITY AWARD ClubsNSW Clubs & Community Awards 2023 **Hornsby RSL**

2022

GRESB SECTOR LEADERS Top quintile **British Land, Growthpoint**
B RATING CDP Climate Performance **British Land, Growthpoint**
sBPR GOLD EPRA Sustainability Reporting Awards **British Land, M&G**
AAA RATING MSCI ESG Rating **British Land, Stockland**
6 STARS Achieved maximum 6 Star NABERS Rating **Multiple customers**

2021

DOW JONES SUSTAINABILITY World Index for Real Estate **CapitaLand, Stockland**
GRESB SECTOR LEADERS Top quintile **British Land, Growthpoint**
sBPR GOLD EPRA Sustainability Reporting Awards **British Land, Cofinimmo, Derwent London**
B RATING CDP Climate Performance **Growthpoint**
6 STARS Achieved maximum 6 Star NABERS Rating **Multiple customers**

2020

DOW JONES SUSTAINABILITY World Index for Real Estate **CapitaLand, Stockland**
GRESB SECTOR LEADER Listed Retail **Scentre Group**
sBPR GOLD EPRA Sustainability Reporting Awards **British Land, Cofinimmo, Derwent London, Intu**
B RATING CDP Climate Performance **Growthpoint**
6 STARS Achieved maximum 6 Star NABERS Rating **Multiple customers**

2019

DOW JONES SUSTAINABILITY No. 1 in Corporate Sustainability **Stockland**
GRESB SECTOR LEADERS Listed Diversified Office/Retail **Stockland**
GRESB EUROPEAN LEADER Listed Retail **Unibail-Rodamco-Westfield**
sBPR GOLD EPRA Sustainability Reporting Awards **British Land, Cofinimmo, Derwent London, Intu**
6 STARS Achieved maximum 6 Star NABERS Rating **Multiple customers**

2018

DOW JONES SUSTAINABILITY No. 1 in Corporate Sustainability **Stockland**
GRESB SECTOR LEADERS Listed Diversified Office/Retail **Stockland**
sBPR GOLD EPRA Sustainability Reporting Awards **British Land, Cofinimmo, Derwent London, Intu**
6 STARS Achieved maximum 6 Star NABERS Rating **Multiple customers**

2017

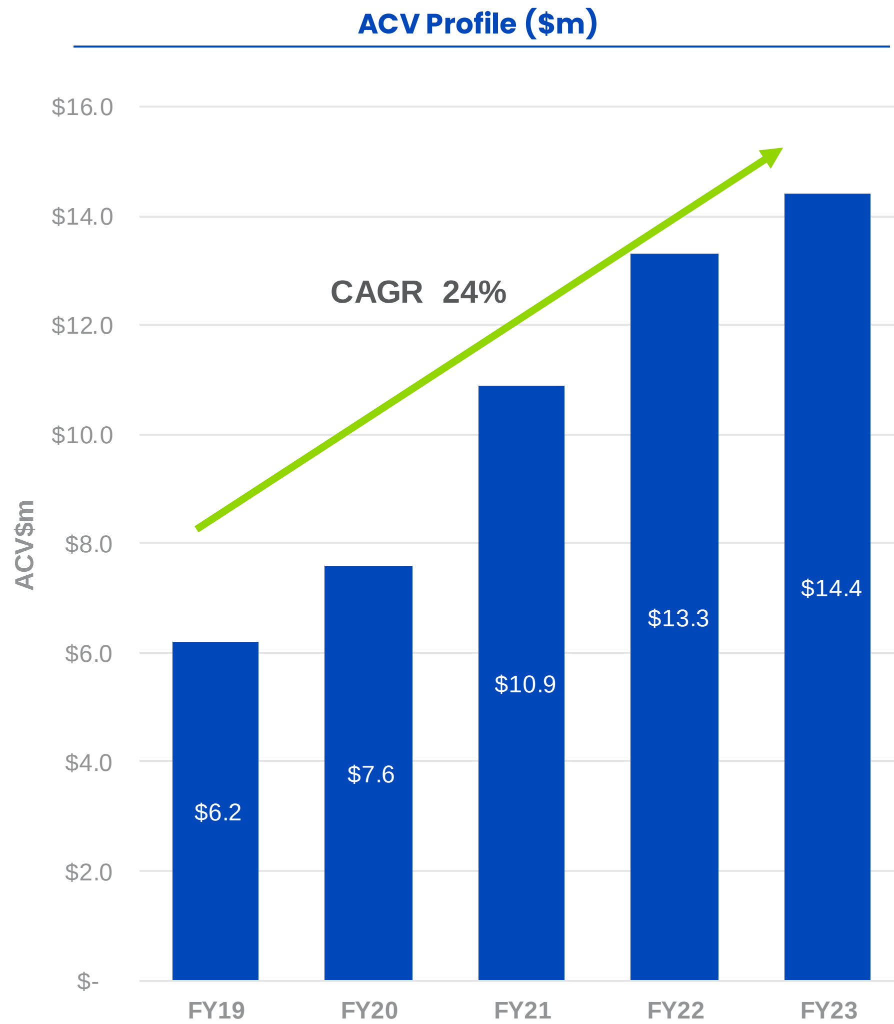
WINNER CIBSE Test of Time Award **British Land**
sBPR GOLD EPRA Sustainability Reporting Awards **British Land, Cofinimmo, Derwent London, Intu**
GRESB SECTOR LEADER Listed Diversified Retail/Office **Stockland**
6 STARS Achieved maximum 6 Star NABERS Rating **Multiple customers**

EP&T Global Financials

Continuing growth with near term cashflow breakeven

FY23 Annualised Contract Value (ACV[1]) grew by 9%

- At 30 June 2023 ACV is $14.4 million, an increase of $1.1m (9%) from June 2022.
- Current contracts have an average remaining unexpired term of 3 years[(2)].
- New contract wins during Financial year 2023, were in all markets:
    - An 11-site hotel portfolio for Salter Brothers Australia.
    - Expansion of sites within the existing client portfolio including a large UAE education provider which now includes both water and energy monitoring services.
    - European hotel wins from Cedar Capital Partners.
    - The Australian dealership network of one of Europe's most prestigious car manufacturers.
    - The Company's first win in New Zealand with an independent global investment company, with offices in 20 countries – this is an extension of an existing Australian customer relationship and the Company's first commercial site in New Zealand.
    - Award of a contract for energy monitoring of two branches of a global bank in Dubai. EP&T has an existing contract with two other branches of this bank, one in London and one in Dubai.
    - Two further sites under our preferred supplier agreement with a leading UK property company with £13.3bn assets under management. This brings the number of sites within this portfolio monitored by EP&T to 20 sites.



1. ACV is defined as the annualised monthly fees charged under contracts on hand at each period end.
2. Weighted average based on contract value.

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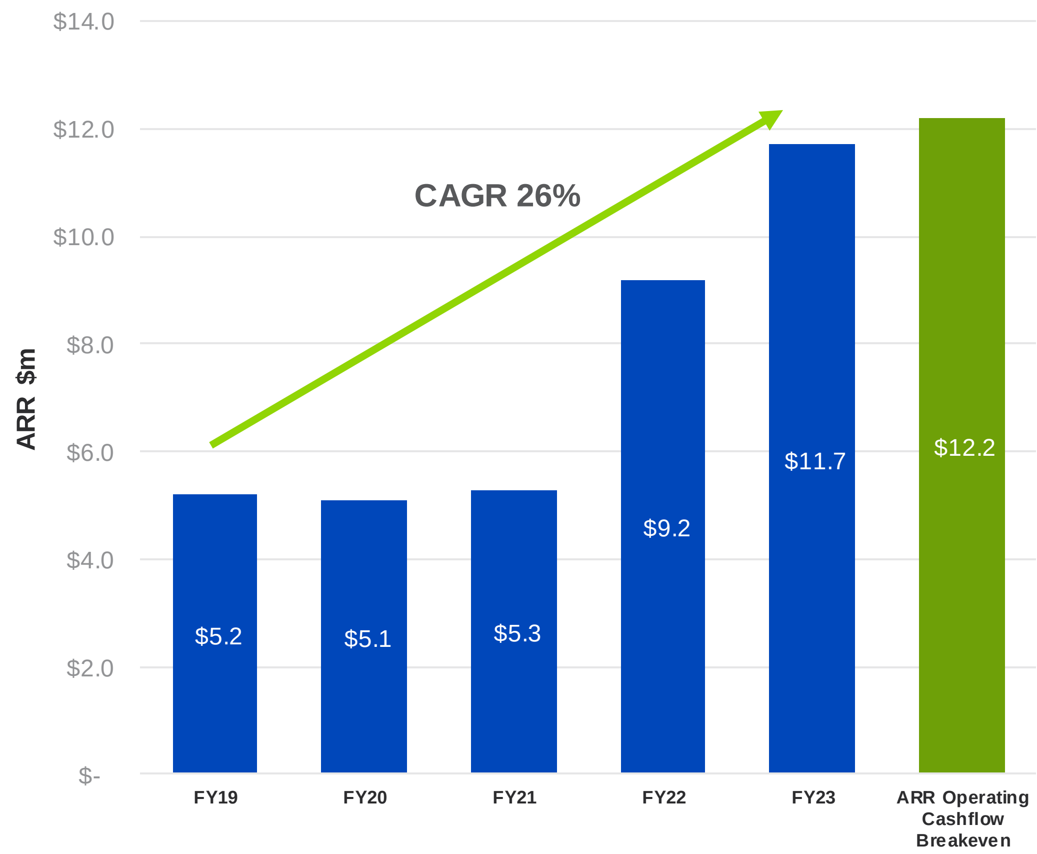
FY23 Annualised Recurring Revenue (ARR[1]) increased by 26%

Operating cash flow breakeven[2] is now in sight, with ARR of $11.7m being 96% of required ARR

- ARR[1] of $11.7m installed as at 30 June 2023, a 26% increase from 30 June 2022.
- The business is currently installing contracted ACV of a further $1.8m. Once installed this will bring total ARR to $13.5m.
- Total Unbilled Contract[4] revenue vale of $42.9 million as at 30 June 2023, with an unexpired contract term of 3 years.
- Based on ARR as at 30 June 2023 of $11.7m, over 96% of the required ARR is being delivered to achieve the projected operating cashflow breakeven point[2].

$12.2m ARR Projected[2] operating cashflow breakeven[1]

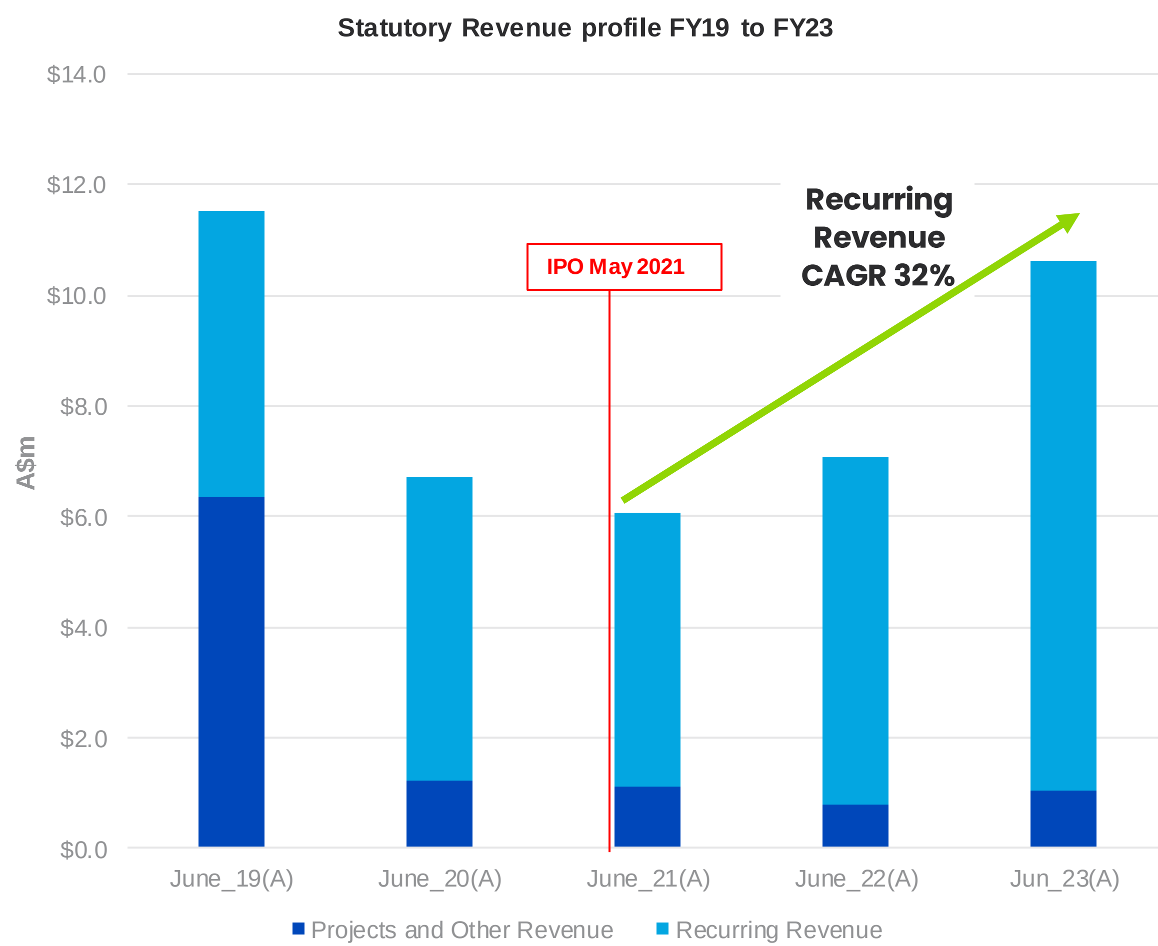


1. ARR is the contracted recurring revenue component of subscriptions on an annualised basis.
2. Monthly operating cashflow breakeven is defined as monthly operating cash inflows (being receipts from operations and other revenue) less monthly operating cash outflows (being ordinary operating costs of the business) but excluding new project deployment costs and other investing and financing cash flows.
3. Recurring revenue is defined as contracted service and software revenue
4. Unbilled Contract value is the amount yet to be invoiced to customers under long term contracts

Statutory revenue up 50%

Statutory revenue mix changed from predominantly capital in nature to now being 89% recurring

- FY23 **total statutory revenue** of $10.6m, an increase of 50% from FY22:
    - Recurring revenue of $9.4m an increase of 49% from FY22
    - Project and other revenue of $1.0m an increase of 33% from FY22
- **Recurring revenue 89%** of total revenue:
    - Significant improvements made since FY19 when it was 45% of total revenue
    - Recurring revenue CAGR of 32% since IPO
- **Projects & Capital revenue increased by 33%** from FY22 due to:
    - Capital project revenue was consistent to FY22 representing the lower focus on project income
    - **Launch of EDGECertifi** during FY23 as a dedicated service to EP&T customers, saw revenue increase from $0.2m to $0.4m, growth of over 50%.



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Underlying EBITDA loss reduced by 24%

This has been a turnaround journey from a capital revenue to a recurring revenue business

- Underlying **EBITDA loss improvement by 24%**
  - FY23 underlying EBITDA of ($4.9M) compared to FY22 of ($6.5m)
  - $1.3m in one-off costs impacting the EBITDA result as the business focused on restructuring the management structure and implementing cost control
- Operating cost efficiency savings of $1.3m per annum were implemented during financial year 2023, which will benefit the forward operating cost base of the business.
- **Detailed Financial Report** included in the Appendix.

Statutory underlying EBITDA profile FY19 to FY23

OUTLOOK

Targeting profitable growth

EP&T is focussed on profitable growth

FY24 focus areas

Operating Cashflow Break Even[2]	• **Projected[3] Operating Cashflow Breakeven** to be achieved when ARR reaches \$12.2m. As at 30 June 2023 - \$11.7m (96%) • **ACV backlog**, once fully installed, will achieve ARR of \$13.5m[1] • **Operating cost base reduced by \$1.3m** during FY23 and ongoing vigilance will continue with cost management
Operational excellence	• **New installation and project commissioning system** and processes implemented, leading to better management of installations focussed on lowering installation times • **Product suite enhanced** and pricing structure improved • **Service standards implemented** via a new Customer Delivery and Success function now driving customer engagement
Customer focussed	• **Focussed sales execution plan** with a strong focus on growing with our existing customers globally • **EDGE product redefined and launched through four tiers of service** – Productization process provides better alignment with customer needs and offers varying levels of data as a service and guaranteed savings levels • **Clear FY24 marketing plan** to "*let the best kept secret out*".

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1. Backlog installation (and therefore ARR conversion) may be impacted by various delays and other factors outside of EP&T's control. Future ARR may be impacted by unforeseen events leading to contract termination or cancellation
2. 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.
3. 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.

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 international blue chip client base – EP&T's clients include **leading blue-chip companies and global real estate brands, currently contracted with 523 sites in 29 countries in 5 continents.**

Market tailwinds support EP&T's core strength based on granular data– EP&T takes a holistic view of the full equipment ecosystem to give **deeper insights and verifiable data** which continues to attract global customers.

Committed and experienced management team – Expanded and focused commercial management team with experience in delivering.

On the cusp of achieving operating cashflow break even[1] and ready to grow

- FY23 **ARR growth of 26%** to $11.7m, being **96%** of the projected operating cashflow breakeven point[1]
- FY23 **ACV growth 9%** to $14.4 million
- FY23 **Statutory revenue growth 50%** to $10.6m
- FY23 **Underlying EBITDA loss reduced by** ~ 24% to ($4.9m)
- Strong recurring revenues – **89% recurring**

1. 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.

Appendices

Comprehensive Solution Suite To Support ESG and Sustainability Goals

Energy, Water, Gas & Thermal analytics	**edge** analyses metered data, using algorithms to identify energy savings opportunities. Clients save money and improve sustainability.
Building Management System (BMS) & control analytics	**edge** analyses smart control systems including BMS data to improve operational and equipment performance.
Internal KPI reporting & NABERS tracking	**edge** tracks KPI targets and provides dashboards of site performance including trends in NABERS ratings.
Expense Recovery & Utility Apportionment	**edge** can generate accurate utility bills for tenants and cost centres for water, gas and electricity meters.
Maintenance & Lifecycle Analytics	**edge** enables a truly proactive approach to building management.
ESG Certifications, Audits & Reporting	**edge Certifi** reports on sustainability performance for internal and external purposes including GRESB, NABERS, Climate Active, CDP, GRI, etc.
Technical advice and engineering support for building operators	Our analysts provide guidance to building operators to ensure that identified energy saving opportunities are implemented. EP&T's engineers can guide clients through complex plant, BMCS and equipment upgrades, M&V, solar sizing and so on. **edge** measures and validates upgrade returns against forecast savings.

FY23 – 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 projected[1] 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			
Recurring subscription revenue	*9,406,322*	*6,303,616*	*49%*
Projects revenue	*1,045,516*	*470,910*	*122%*
Service and maintenance revenue	*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.

Operating Cost Management

Cost category	FY23 commentary	FY24 Focus
Employee expenses	• Employee benefits expenses increased 4.6% to $10.8m. • EP&T expenses all employee costs. There is no capitalisation of internal costs as project assets. • The increase includes redundancy and one-off costs of exited staff during the financial year of ($0.6m), as well as the associated costs in restructuring the EP&T executive team and the new hires.	• Full executive team is now in place. • Operational efficiency to drive scalability. New hires subject to business case and will focus on revenue growth.

Administrative and Other expenses	• Other expenses increased by 24.2%, from $3.5m to $4.3m.
	• This was due to:
	  • increased spend on IT (up by $0.15m);
	  • increased travel to install the contracted backlogged ACV and pursue new ACV (up by $0.4m), and
	  • consultancy costs (up by $0.35m) associated with improving the project installation process and recruitment of new executive leadership team members.
	  • Some of these additional costs (e.g. consultancy and some additional travel costs) are non-recurring in the ongoing maintainable cost base of the Company.
		• The business will continue its cost focus and drive through operational efficiencies.
		• New cloud based financial management and project management systems will round out a core enabler of growth and at the same time improve the allocation of resources.

Depreciation & Amortization	• Given the increase in recurring revenue of ~50%, depreciation of installed hardware assets required to deliver the EDGE data-as-a service, increased by $0.8m (or 76%) from FY22: $1.0m to FY23: $1.8m.	• The business owns and operates the equipment installed at customer sites. This creates very sticky customers. • The resulting demand for our products will mean the value of the hardware and depreciation will increase.

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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
Non-Current Liabilities	1,164,332	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**

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Operating cost base has been 'right sized' and is fit for profitable growth

Ongoing improvement to performance metrics, positions the entity for scalable growth

Category	Description	FY22	FY23	FY24 focus
Direct Costs ***(% of ARR)***	Employee and other direct costs related to system installation, configuration and provision of ongoing services.	$6.8m (74%)	$7.1m (61%)	• FY23 Direct costs reduced as a proportion of ARR from 74% (FY22) to 61% (FY23). • Core project delivery teams now in place which supports forward ARR conversion. Incremental cost of delivery will be significantly less than the growth in ARR. • Continue to leverage technology to improve operational delivery performance, where we are in the process of installing Wrike as our core installation management delivery system. • Customer Success function created internally to better focus on customer delivery across the lifecycle of the customer interaction.
Indirect operating costs - (***% of ARR***)	Corporate, sales, development and admin costs less contribution from R&D incentives and other non-recurring income	$7.4m (80%)	$8.6m (74%)	• FY23 Indirect costs reduced as a proportion of ARR from 80% (FY22) to 74% (FY23). • Excluding the non-recurring items $1.3m (slide 24) indirect operating costs represent 62% of ARR. This percentage will continue its trend down as the back-office platform for growth is now in place, with HubSpot now the core sales and customer success platform. • Investment continues to improve EDGE functionality, with our internal R&D team (small core team in Australia and development partner in India).

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