

17 May 2021

Trading update

Energy Action Limited (ASX: EAX) (**Energy Action** or the **Company**) today provides an update for the financial year ending 30 June 2021 (FY21), in light of operating conditions in the current half.

While Energy Action experienced year-on-year sales growth of 25% in the first half, the rate of growth has fallen below expectations in the current half. As a result, revenue has declined during the current financial year to April 2021, down 24% when compared to the prior corresponding period. This was driven by a 49% reduction in average energy prices during the financial year to April 2021 when comparing the prior corresponding period, lower than expected auction volumes, expiration of some long-term contracts and contract deferrals due to the pandemic.

As a result, the Company now expects to report an operating loss for FY21 in the range of between \$0.5 million and \$1 million. This compares to an operating profit of \$0.02 million for FY20 and represents a significant decrease from the previous corresponding period.

In light of this, Energy Action is working proactively with its bank to review and manage compliance with the Company's financial covenants and will provide an update in due course.

Despite these operating challenges, Energy Action remains committed to its medium-term target of 1,000 auction events per annum, increasing sales and marketing activity to build on FY21 sales growth and to further embedding its leadership position in energy procurement. The business has a strong pipeline of solar auctions and recently launched Green Auctions to meet growing demand among customers for solutions that support their net zero ambitions.

Future revenues continue to stabilise following a period of decline. Energy Action's Board and management team are committed to ongoing cost management, driving operational efficiencies with the investment in a technology team, and returning the business to profitability.

Energy Action's Chief Executive Officer, John Huggart, said: "Energy Action is a market leader in energy procurement and although sales have fallen below expectations in recent months, they are up more than 10% in the current financial year to April 2021 compared to the prior financial year."

"The recent launch of Green Auctions and Solar Auctions are expected to underpin strong growth in the Company's future sales pipeline, particularly given rapidly growing demand among businesses to achieve net zero emissions at the lowest cost."

"We also remain focussed on building capability with the development of cloud-based artificial intelligence technology enabling better energy procurement and cost management."

Energy Action will provide an update on future earnings at its full year results announcement in August 2021.

-ENDS-

The release of this announcement was authorised by John Huggart, CEO

ASX Release



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About Energy Action

Energy Action is a leading provider of innovative Energy Procurement, Contract Management & Environmental Reporting, and Retail Services. As the energy market experts, we are committed to bringing innovation to energy management technology and services, enabling our people to deliver positive environmental and financial outcomes for our clients through the best relationship management, analytics and data integrity. We are authorised to provide financial product advice on electricity derivatives to wholesale clients under the Corporations Act AFSL no. 362843.