

APPENDIX 4E – UNAUDITED PRELIMINARY FINAL REPORT YEAR ENDED 30 JUNE 2021

Energy Action Limited (ASX: EAX) – ACN 137 363 636

1. Results for announcement to the market

	% change	30-Jun-21	30-Jun-20
Revenue from ordinary activities	-27%	14,359,111	19,781,729
Statutory Profit/(Loss) after tax attributable to members	60%	(1,000,258)	(2,486,756)
Operating Profit/(Loss) after tax attributable to members	-1,852%	(419,560)	23,953
Basic earnings per share (Statutory)	61%	(3.71c)	(9.58c)
Diluted earnings per share (Statutory)	61%	(3.71c)	(9.58c)
Basic earnings per share (Operating)	-1784%	(1.55c)	0.09c
Diluted earnings per share (Operating)	-1784%	(1.55c)	0.09c

2. Dividends

	Cents per share	Franked amount per share	Payment date	Record date
2021 final dividend	NIL	NIL		

Brief Explanation of Statutory and Operating Profit

Statutory Profit / (Loss) and Statutory Earnings per share are prepared in accordance with Australian Accounting Standards and the Corporations Act.

Statutory Loss after tax of \$1,000,258, was improved by 60% as compared to the FY20 Statutory Loss of \$2,486,756. FY20 Statutory Loss after tax included \$2,510,709 of Significant Items, while FY21 statutory loss include \$580,698 of Significant Items. Operating Loss after tax for the year ended 30 June 2021 was \$419,560, lower than the prior year Operating Profit after tax of \$23,953.

Operating Profit after tax is defined as Statutory Loss excluding significant items and is reported to give information to shareholders that provide a greater understanding of operating performance by removing Significant Items and facilitating a more representative comparison of performance between financial periods.

3. Net tangible assets

	30 June 2021	30 June 2020
Net tangible assets per share[^]	\$0.04	\$0.08*

[^] Excludes internally generated software and Right of Use Asset. Net tangible assets totalling \$1.2 million as at 30 June 2021 (\$2.0 million as at 30 June 2020).

*Corrected from prior year published results of (\$0.10).

4. Status of audit

This Unaudited Preliminary Final Report is based on the attached Financial Report for the Year ended 30 June 2021 which is in the process of being audited. At the date of this Unaudited Preliminary Financial Report, the Company is not aware of any matter that would impact the reported results or that would lead to the independent audit report being subject to modified opinion, emphasis of matter or other matter paragraph.

Please also refer to the ASX results announcement.

Unaudited Financial Report for the Year Ended 30 June 2021

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Corporate information

ACN: 137 363 636

Directors

Murray Bleach - Non-Executive Chairman
Nitin Singhi – Independent Non-Executive Director
Paul Meehan – Non-Executive Director
Bruce Macfarlane – Non-Executive Director (appointed 25 February 2021)

Company Secretary

Kim Bradley-Ware

Registered Office and principal place of business

Level 5, 56 Station Street
Parramatta NSW 2150

Share Register

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

Energy Action Limited shares (EAX) are listed on the Australian Securities Exchange (ASX)

Solicitors

DLA Piper
No 1 Martin Place
Sydney NSW 2000

Bankers

Commonwealth Bank of Australia
Level 3, 101 George Street
Parramatta NSW 2150

Auditors

RSM Australia Partners
Level 13, 60 Castlereagh Street
Sydney, NSW 2000

2021 Financial Performance

A reconciliation of the Group's Statutory NPAT to Operating NPAT and EBITDA is shown in the table below:

	NPAT			EBITDA		
\$	30-Jun-21	30-Jun-20	Variance	30-Jun-21	30-Jun-20	Variance
Statutory results	(1,000,258)	(2,486,756)	60%	(506,502)	(1,491,768)	66%
Add back Significant Items after tax:						
Restructuring cost	333,022	328,265	-1%	450,029	452,780	-1%
Accelerated D&A ¹	-	148,423	100%	-	-	-
Impairment of Intangibles ²	374,524	2,618,365	86%	506,113	3,611,538	86%
Other significant items	14,237	23,394	39%	19,239	32,269	40%
Government Assistances ³	(599,664)	(607,738)	-1%	(810,357)	(838,260)	-3%
Onerous contracts & leases ⁴	458,580	-	-100%	619,703	-	-100%
Operating profit after tax	(419,560)	23,953	-1,852%	278,225	1,766,558	-84%

¹ Accelerated Depreciation & Amortisation on specific items of Software

² Impairment of Right of Use Asset (FY21), customer and contract management platform in CRM (FY20)

³ Jobkeeper, Cashboost & payroll tax relief

⁴ Onerous Contracts relating to technology infrastructure and rental premises

Revenues

Revenue \$	FY21	FY20	vs FY20 \$	vs FY20 %
Procurement	5,490,400	6,544,171	-1,053,771	-16%
Managed Services	7,511,386	11,012,682	-3,501,296	-32%
Retail Services	1,334,067	1,339,394	-5,327	-0%
Other	23,258	885,482	-862,224	-97%
Total Revenue	14,359,111	19,781,729	-5,422,618	-27%

The consolidated unaudited financial statements and notes represent those of Energy Action Limited and its Controlled Entities (the "consolidated group" or "group" or "EAX") for the year ended 30 June 2021. The Company did not gain or lose control over any entities during the period.

Unaudited Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2021

	Note	Consolidated Group	
		2021	2020
		\$	\$
Revenue		14,359,111	19,781,729
Total Revenue	1.1	14,359,111	19,781,729
Cost of goods and services sold		(600,936)	(1,573,075)
Employee benefits expense	1.2	(9,318,086)	(10,558,047)
Rental expense		(385,067)	(709,090)
Travel costs		(42,884)	(185,513)
Administration expenses	1.3	(2,942,795)	(4,151,188)
Impairment of Intangible Assets		(506,113)	(3,611,538)
Restructuring cost		(450,029)	(485,046)
Onerous contracts & leases		(619,703)	-
Depreciation and amortisation expense	1.4	(556,645)	(1,369,955)
Accelerated Depreciation and amortisation expense	1.5	-	(204,722)
Financing costs	1.6	(282,617)	(339,773)
Profit/(Loss) before income tax		(1,345,764)	(3,406,218)
Income tax (expense)/credit		345,506	919,462
Loss for the period attributable to owners of the parent entity		(1,000,258)	(2,486,756)
Other comprehensive loss net of income tax that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations		(1,654)	(1,152)
Total comprehensive loss for the period attributable to owners of the parent entity		(1,001,913)	(2,487,908)
Loss per share:			
		Cents	Cents
Basic loss per share for the year attributable to ordinary equity holders of the parent	2	(3.71)	(9.58)
Diluted loss per share for the year attributable to ordinary equity holders of the parent	2	(3.71)	(9.58)

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

For the year ended 30 June 2021

	Note	2021 \$	Consolidated Group 2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	2,423,004	3,195,898
Trade and other receivables		1,431,227	2,402,416
Current Tax Asset		152,695	21,450
Other assets	4	4,458,581	4,231,544
TOTAL CURRENT ASSETS		8,465,507	9,851,308
NON-CURRENT ASSETS			
Trade and other receivables		69,141	81,948
Property, plant and equipment		101,609	137,057
Other assets	4	3,003,618	2,983,425
Other Intangible assets		1,028,219	514,695
Deferred tax asset		281,473	85,989
Right of Use Asset	4(a)	264,766	640,519
TOTAL NON-CURRENT ASSETS		4,748,826	4,443,633
TOTAL ASSETS		13,214,333	14,294,941
CURRENT LIABILITIES			
Trade and other payables		2,308,409	3,354,514
Short-term provisions		630,228	743,709
Loans & Borrowings	5	230,226	-
Lease liability		447,806	336,896
TOTAL CURRENT LIABILITIES		3,616,669	4,435,119
NON-CURRENT LIABILITIES			
Trade and other payables		65,692	-
Other long-term provisions		185,042	173,828
Loans and Borrowings	5	6,731,783	6,176,175
Deferred tax liability		-	-
Lease liability		133,970	336,126
TOTAL NON-CURRENT LIABILITIES		7,116,487	6,686,129
TOTAL LIABILITIES		10,733,156	11,121,248
NET ASSETS		2,481,177	3,173,693
EQUITY			
Issued capital	6	6,837,906	6,537,906
Share based payments reserve		175,072	167,832
Retained earnings		(11,256,519)	(10,256,261)
Dividend profit reserve		6,723,064	6,723,064
Foreign currency translation reserve		1,654	1,152
TOTAL EQUITY		2,481,177	3,173,693

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

Consolidated Group	Note	Ordinary Issued Share Capital \$	Share Based Payments Reserve \$	Retained Earnings \$	Dividend Profit Reserve	Foreign currency translation reserve \$	Interest Swap Reserve \$	Total \$
Balance at 30 June 2019		6,537,906	170,833	(1,006,800)	-	1,430	(9,610)	5,693,759
Profit/(Loss) attributable to owners of parent entity		-	-	(2,486,756)	-	-	-	(2,486,756)
Foreign currency translation reserve		-	-	(39,641)	-	(278)	-	(39,918)
Total comprehensive income		-	-	(2,526,397)	-	(278)	-	(2,526,674)
Dividend profit reserve		-	-	(6,723,064)	6,723,064	-	-	-
Interest rate hedging reserve		-	-	-	-	-	9,610	9,610
Share based payments		-	(3,001)	-	-	-	-	(3,001)
Dividends paid or provided for		-	-	-	-	-	-	-
Balance at 30 June 2020		6,537,906	167,832	(10,256,261)	6,723,064	1,152	-	3,173,693
Balance at 30 June 2020		6,537,906	167,832	(10,256,261)	6,723,064	1,152	-	3,173,693
Profit/(Loss) attributable to owners of parent entity		-	-	(1,000,258)	-	-	-	(1,000,258)
Foreign currency translation reserve		-	-	-	-	502	-	(502)
Total comprehensive income		-	-	(1,000,258)	-	502	-	(999,756)
Issue of share capital		300,000	-	-	-	-	-	300,000
Dividend profit reserve		-	-	-	-	-	-	-
Interest rate hedging reserve		-	-	-	-	-	-	-
Share based payments		-	7,240	-	-	-	-	7,240
Dividends paid or provided for		-	-	-	-	-	-	-
Balance at 30 June 2021		6,837,906	175,072	(11,256,519)	6,723,064	1,654	-	2,481,177

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flow

For the year ended 30 June 2021

	Note	Consolidated Group	
		2021	2020*
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		16,811,386	22,964,303
Payments to suppliers and employees (inclusive of GST)		(17,662,305)	(19,212,767)
Restructuring costs		(225,973)	(619,568)
Government assistance		1,103,500	545,117
Onerous Contracts		(407,470)	-
Interest received		1,065	4,611
Interest paid		(208,324)	(316,265)
Income tax (paid)/refunded		18,777	18,517
Net cash (used in) / provided by operating activities		(569,344)	3,383,948
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(69,299)	(36,599)
Software development costs		(757,128)	(1,866,030)
Net cash used in investing activities		(826,427)	(1,902,629)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital raised	6	300,000	-
Repayment of Lease Liability		(477,123)	(370,215)
Bank loan drawn down/(repayment)		800,000	476,279
Net cash (used in) / provided by financing activities		622,877	106,064
Net (decrease)/increase in cash held		(772,894)	1,587,383
Cash (including restricted cash) at beginning of financial year		3,195,898	1,608,515
Cash (including restricted cash) at end of financial year	3	2,423,004	3,195,898

The accompanying notes form part of these financial statement

*restated

Notes to the Financial Statements for year ended 30 June 2021

Note 1: Revenue, Other Income and Expenses

Year-ended 30-Jun-21	Procurement \$	Managed Service \$	Retail services \$	Others \$	Total \$
Revenue from Contract with Customer	5,490,400	7,511,386	1,334,067	23,258	14,359,111
	5,490,400	7,511,386	1,334,067	23,258	14,359,111

Year-ended 30-Jun-20	Procurement \$	Managed Service \$	Retail services \$	Others \$	Total \$
Revenue from Contract with Customer	6,544,171	11,012,682	1,339,394	885,482	19,781,729
	6,544,171	11,012,682	1,339,394	885,482	19,781,729

Note 1: Revenue, Other Income and Expenses (continued)

	Note	Consolidated Group	
		2021	2020
		\$	\$
1.2			
Employee benefits			
Salaries		8,424,651	9,192,017
Commissions		235,471	460,656
Superannuation		848,532	954,276
Share based payment expenses		16,131	(3,001)
Other		603,658	792,359
Government assistance		(810,357)	(838,260)
Total Employment benefits		9,318,086	10,558,047
1.3			
Administrative costs			
Accounting, audit and tax fees		185,339	202,062
Advertising		303,426	286,334
Legal and professional fees		71,242	87,378
Telephone and internet		24,809	90,146
Computer maintenance costs		1,189,396	2,081,979
Bad debt expense		20,332	22,005
Recruitment Costs		54,377	91,917
Insurance Costs		227,522	166,366
Subscription		111,609	138,622
Entertainment & sustenance costs		60,271	84,307
FBT expense		57,767	107,400
Consulting		190,006	152,589
Other expenses		446,699	640,083
Total Administrative costs		2,942,795	4,151,188
1.4			
Depreciation and amortisation			
Depreciation		104,726	156,824
Lease depreciation		208,313	351,846
Amortisation - Software		243,606	861,285
Total Depreciation & Amortisation		556,645	1,369,955
1.5			
Accelerated Depreciation and amortization and write down			
Accelerated Amortisation – Right of use asset		-	-
Accelerated Amortisation – Software		-	204,722
Accelerated Depreciation - Furniture and Fitting		-	-
Total Depreciation & Amortisation		-	204,722
1.6			
Financing costs / (income)			
Interest income		(1,065)	(4,611)
Interest expenses		210,732	276,187
Borrowing costs		25,746	17,324
Lease interest		47,204	50,873
Total Financing costs / (income)		282,617	339,773

Note 2: Earnings per Share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic diluted earnings per share computations:

	2021	2020
	\$	\$
Net profit / (loss) attributable to ordinary equity holders of the parent from continuing operations	(1,000,258)	(2,486,756)
Net profit / (loss) attributable to ordinary equity holders of the parent for basic earnings	(1,000,258)	(2,486,756)
Net profit / (loss) attributable to ordinary equity holders of the parent adjusted for the effect of dilutions	(1,000,258)	(2,486,756)
	2021	2020
	No.	No.
Weighted average number of ordinary shares for basic earnings per share	26,988,600	25,954,117
Effect of dilution:		
Performance rights	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	26,988,600	25,954,117
Basic earnings / (loss) per share (Statutory)	(3.71)	(9.58)
Diluted Earnings / (loss) per share (Statutory)	(3.71)	(9.58)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

Under the accounting standards, losses are not diluted.

Note 3: Cash and Cash Equivalents

	Consolidated Group	
Note	2021	2020
	\$	\$
Cash at bank*	2,415,726	3,181,876
Restricted cash**	7,278	14,022
Total Cash	2,423,004	3,195,898

*Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

**Refers to cash held in the Energy Action Employee Share Trust; an entity used to manage employee equity plans as well as cash bank guarantee held by the bank.

Note 4: Other Assets

	Consolidated Group	
	2021	2020
	\$	\$
CURRENT		
Prepayments	465,100	283,062
Other receivables	240,165	293,143
Work in progress*	333,835	470,111
Revenue not invoiced*	3,419,481	3,185,228
	4,458,581	4,231,544
NON CURRENT		
Other receivables	246,598	-
Revenue not invoiced*	2,757,020	2,983,425
	3,003,618	2,983,425

* These represents conditional contract asset

Note 4(a): Right-of-use Assets

	Consolidated Group	
	2021	2020
	\$	\$
NON CURRENT		
Opening Balance	640,519	992,365
Additions	338,673	-
Depreciation	(208,313)	(351,846)
Impairment	(506,113)	-
Closing Balance	264,766	640,519

During the year the company entered into a lease agreement in Melbourne for a period of 3 years ending 31 July 2023.

Due to COVID the premises in Sydney, Brisbane and Melbourne were unoccupied for the majority of the fiscal period and with flexible working from home arrangement now in place, the Right-of-use Assets were assessed as being impaired in all locations to the value of \$506,113.

Note 5: Loans and Borrowings

	Note	Consolidated Group	
		2021	2020
		\$	\$
CURRENT			
Market Rate Loan Facility		250,000	-
Less capitalised debt establishment fees		(19,774)	-
		230,226	-
NON CURRENT			
Market Rate Loan Facility		6,750,000	6,200,000
Less capitalised debt establishment fees		(18,217)	(23,825)
		6,731,783	6,176,175

Utilisation of the facility is summarised in the following table:

Financing facilities

	Consolidated Group	
	2021	2020
	\$	\$
Loan facilities (excluding corporate card facility)	7,300,000	7,300,000
Amounts utilised		
Borrowings	7,000,000	6,200,000
Bank guarantees – non-cash	145,347	176,670
Total amounts utilised	7,145,347	6,376,670
Total amounts unutilised	154,653	923,330

As at 30 June 2021, Energy Action had utilised \$7.0 million of market rate loan and \$0.15 million bank guarantees. The carrying value of the loans and borrowings materially approximate fair value. Funds advanced under the facility are secured by a charge over the assets of the Group and includes Interest Cover, Gearing ratio and asset covenants.

Note 6: Issued Capital and Reserves

	Consolidated Group	
	2021	2020
	\$	\$
Fully paid ordinary shares	6,837,906	6,537,906
	6,837,906	6,537,906

	Consolidated Group	
	2021	2020
	No.	No.
a. Ordinary Shares (number)		
At the beginning of the reporting period:	25,954,117	25,954,117
Movement in the year:		
- Shares issued	1,034,483	-
At the end of the reporting period	26,988,600	25,954,117

	Consolidated Group	
	2021	2020
	\$	\$
b. Ordinary Shares (\$)		
At the beginning of the reporting period:	6,537,906	6,537,906
Movement in the year		
- Shares issued	300,000	-
At the end of the reporting period	6,837,906	6,537,906

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held.

Note 7: Events After the reporting period

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.