Energy Action Limited

ABN: 90 137 363 636

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 – 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

Directors' Report

Your Directors present their report, together with the financial statements for Energy Action Limited (the "Company") and its consolidated entities (the "Group"), for the financial year ended 30 June 2021.

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Murray Bleach (Non-Executive Chairman)

Qualifications – Bachelor of Arts (Financial Studies) and Master of Applied Finance - Macquarie University, Institute of Chartered Accountants, Graduate Member of the Australian Institute of Company Directors.

Experience – Board Member since 2012, Chairman since 2015

Special Responsibilities – Member of each of the Audit & Risk Management and Nomination & Remuneration Committees

Directorships held in other listed entities currently and during the three prior years to the current year:

Carlton Investments Ltd – Independent Non-Executive Director (appointed 2 December 2014)

Other Directorships and interests - Partner in Alfred Street Investment Partners, Chairman of AddVenture Fund and Tidal Ventures, Non-executive Director of Green Collar group, Consultant to Australian Super.

Paul Meehan (Non-Executive Director)

Qualifications – Diploma of Law (SAB), University of Sydney

Experience – Board member since 2003

Special Responsibilities – Member of each of the Audit & Risk Management and Nomination & Remuneration Committees.

Directorships held in other listed entities currently and during the three prior years to the current year: nil

Other Directorships and interests - Director of Meehans Solicitors Pty Ltd, Non-executive Director of Commercial First Realty Pty Ltd T/as LJ Hooker Commercial Macarthur.

Nitin Singhi (Independent Non-Executive Director)

Qualifications – Bachelor of Economic and Master of Laws – University of Sydney, Member of the Australian Institute of Company Directors

Experience – Board Member since 2015

Special Responsibilities – Chairman of each of the Audit & Risk Management and Nomination & Remuneration Committees.

Directorships held in other listed entities currently and during the three prior years to the current year: nil

Other Directorships and interests - Managing Director of Horizon Private Capital Partners, Director of TiE Sydney, Director of Sport and Leisure Education Group Pty Limited.

Bruce Macfarlane (Executive Director, appointed 25 February 2021)

Qualifications – Bachelor of Engineering (Mining), University of Auckland. Masters of Commerce (Economics), University of Canterbury

Experience – Board Member since 2021

Special Responsibilities – Member of each of the Audit & Risk Management and Nomination & Remuneration Committees, project management of business improvement projects

Directorships held in other listed entities currently and during the three prior years to the current year: nil

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Energy Action Limited were:

	Number of ordinary shares	Number of options over ordinary shares
Murray Bleach	5,100,700	-
Paul Meehan	4,792,846	-
Nitin Singhi	3,000	-
Bruce Macfarlane	2,937,786	-

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Kim Bradley-Ware – Bachelor of Commerce (Lincoln University), LLB (UTS), CPA Australia

An experienced corporate governance professional with more than 20 years financial, commercial and company secretarial experience gained from in-house roles.

Dividends recommended:	Cents per share	$
Ordinary shares		
Final 2021 dividend	NIL	NIL
Interim 2021 dividend	NIL	NIL
Final 2020 dividend	NIL	NIL

Operating and Financial Review

The Board presents the *2021 Operating and Financial Review*, which has been designed to provide shareholders with a clear and concise overview of Energy Action's operations, financial position, business strategies and prospects. The review also provides contextual information, including the impact of key events that have occurred during the FY21 financial year and material business risks faced by the business so that shareholders can make an informed assessment of the results and prospects of the Group.

Our Business Model

At Energy Action we believe the status quo is no longer acceptable.

- Our mission is to make energy simpler, cleaner, and lower cost.
- Our goals are to invest in technology that simplifies the sector. And to provide clear and low-cost paths to Net Zero for clients looking to build sustainable businesses in a changing world.
- Our vision is to drive down energy costs. To simplify its complexity. And to protect the world our children will inherit.

What We Offer

We identify the money businesses could be saving and the emissions they could be preventing. We help our clients with:

- Energy Buying: We offer a range of energy procurement techniques to drive competition for our clients energy spend.
- Energy Management: We manage client energy contracts. Identifying the energy being wasted. The emissions that can be prevented. And the money that could be saved.
- Embedded Networks: We help clients create new revenue streams by assisting them with setup, onselling, and ongoing management of an Embedded Network.

How we're different

We're the trusted, independent energy partner for over 7,000 clients across 20,000 sites. We started in Sydney, Australia, and we're now a national team. We combine 20+ years of experience with our smart technology and data-led insights to make our clients' energy cheaper, easier, and cleaner.

At its core Energy Action is a technology business. We're rebuilding the software that made our business. Building smart technology that uses our in-depth energy-market knowledge and customer insights. Through it, we source and transform utility data and deliver high-quality services at scale that drive down energy prices, and help businesses reach affordable Net Zero targets.

We are Net Zero. From our CEO to our analysts, and from our sales staff to our developers, we're all committed to delivering positive financial and environmental outcomes.

Our Strategy

Energy Action's focus going forward is sustainable, profitable growth. Our priorities are:

- Customer growth. We have 20-year customer relationships and our customers use ~10% of the total commercial national electricity market. Organic sales growth is our top priority.
- Technology investment. Give our customers easy to use energy management software. To retain and win customers.
- Net Zero. We are Net Zero. We will help our customers lower their emissions with our energy buying and energy management services.

Initially founded in 2000, Energy Action listed on the Australian Securities Exchange on 13 October 2011.

Operational Performance

During the business delivered a $1m loss primarily as a result of a slowdown in sales momentum, contracted revenue declines, and impairments from unused leases and legacy technology contracts. Reduced revenues were offset in part by improved expense management. Details for these items are:

- Slowdown in sales momentum and growth – During the prior 18 months Energy Action has enjoyed strong double-digit sales growth for core Energy Buying and Energy Management. During the 2H FY21 these gains were lost with gross sales for FY21 at the same level similar to FY20. Auctions increased compared to pcp 18% in 1H FY21, however dropped 26% in the second half with total auctions for the year 4% down. Market pricing declined 28% pcp, significantly impacting sales order values. In addition to COVID-19 impact, the forward contracting undertaken by many customers to take advantage of historically low energy rates has reduced the opportunity in the market for new contracting. New business growth was lower than expected, with the pipeline not strong enough to achieve growth, despite improved retention rates for existing clients.

- Contracted revenue declines – whilst this impact is largely behind Energy Action and the contracted base is stabilised, the lower-than-expected new sales in 2H FY21 further reduced the contracted future revenue to $15.4 million from a prior low of $15.7 million in May 2020.
- Persistent low prevailing market prices seeing reductions of 28%, significantly impacting revenue by over $1 million compared to prior year.
- Operating cost reduction of 22% (OPEX and COGS) was achieved. However, additional technology development to achieve planned efficiency and reliability were delayed, impacting on additional cost reductions required for improved EBITDA.

Whilst Net Sales were essentially flat, and future revenue declined slightly, there was pleasing improvements in client retention rates, sites under management for Energy Buying, service delivery, client satisfaction with record net promoter scores, and the highest level of metrics sales recorded for over 5 years. In addition, the growth in the small market Energy Buying and services was strong with 141% growth in this segment achieved. The Corporate market, representing the Group's largest customers, saw strong growth of 26% in the last year, representing a strong turnaround in sales and service in client retention and acquisition.

The bank facility was renewed for a 3 year period ending October 2023 with the terms of the agreement including agreed Gearing, Interest and Asset covenants, and an amortisation schedule resulting in a reduction of the facility by $1 million between March 2022 and September 2023, with the remaining terms and conditions substantially the same. Welcome government cash relief of over $1.1million was received offset by the repayment of deferred cash payments of $1.2 million from the previous fiscal year.

The company has made significant progress in building the technology platform, with stabilisation of legacy systems, enhanced technology infrastructure (delivering annualised saving of more than $1 million) and commencing the next generation energy management platform. These improvements are evident in client feedback and net promoter scores, however the burden of legacy systems has delayed the opportunity to achieve further cost reductions and remains a priority in the business.

Financial Performance

The Group made a statutory net profit/(loss) after tax (NPAT) of ($1.0) million for the year ended 30 June 2021 an improvement compared to a statutory NPAT of ($2.49) million for the year ended 30 June 2020. Operating net profit after tax has decreased to a loss of ($0.42) million compared to FY20 $0.02 million driven by an operating net loss of $0.15 million in the first half and continuing loss in the second half of $0.27 million. The increased loss in the second half was driven from lower revenues primarily Auctions and Energy Management somewhat offset by continuing cost reduction.

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 items	14,236	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

Key Financial Metrics

	FY21	FY20	Variance
Revenue	$14.36m	$19.78m	-27%
Operating EBITDA	$0.28m	$1.77m	-84%
Operating EBITDA margin	1.9%	8.9%	-7% ppt
Operating NPAT	-$0.42m	$0.02m	-1,852%
Operating Cash flow[1]	-$.06m	$2.4m	-103%
Statutory NPAT	-1.00m	-$2.49m	60%

[1]Operating Cash Flow is defined as Operating Cash Flow before Interest, Tax and Significant Items

Revenues

Total revenues declined by 27% versus the previous period. Energy Buying revenue declined 16%, Energy Management declined 32% and Other revenues declined 97%. Embedded Networks remained unchanged.

Revenue $	FY21	FY20	vs FY20 $	vs FY20 %
Energy Buying	5,490,400	6,544,171	-1,053,771	-16%
Energy Management	7,511,386	11,012,682	-3,501,296	-32%
Embedded Networks	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%**
Repositioned Advisory Products	21,743	885,481	-863,739	-98%
Total Revenue less Repositioned Advisory Products	**14,337,368**	**18,896,248**	**-4,558,879**	**-24%**

Revenue for the full year decreased from $19.8 million to $ 14.4 million mainly as a result of the following:

- Energy Buying revenues were down 16% overall with:
  - Decline in Auctions Electricity of 31%, driven predominately by 5-year lows in market pricing, seeing a 28% decline in the $/Mwh pricing and negatively impacting revenue by more than $1 million. In addition, the number of Auctions declined 4% to 727 (down from 759), impacted by disappointing volumes in 2H FY21, despite strong retention rates. There was a small decrease in the average annualized MWh's per AEX down 2% to 1,102 and contract duration was 30.7 months, an increase of 1.3mths from pcp. In a continuing low-price environment, many customers have taken the opportunity to secure contracts into the future periods at an earlier time than prior year trends.
  - A decline in Auctions Gas down 25% with lower volumes and lower market pricing.
  - Tenders – down 21% with decline in volume somewhat offset by pricing and partially with some large corporate customers switching to Auction renewals and utilising the Auction platform.
  - Tariffs saw a significant increase of 139% contributing $1.3 million and successful gains in volume and market share from key acquisition strategies and maintaining good retention of existing customer base.
  - Structured and Procurement consultancy saw declines in revenue with customers contracting long in low price environments and less opportunity in a low price and low volatility environment.
  - Broking of Solar and Energy projects is yet to see expected volumes contracted from the launch of Solar Auctions however the strategy is seeing demand, however longer than expected progress to completion. The first Solar Auction was completed in June 21, with the new experience and strong pipeline expected to see growth in the coming fiscal period.
- Energy Management revenue declined by 32% with a decline of -841 in sites under management to 5,604. Significant growth in Metrics large and small sites sales orders of 20%, from high levels of retention and strong attachment rates to Auction volume, is building the future book for Metrics. First Half growth in Metrics sales orders saw record growth of 98%, however these gains were partially offset by disappointing 2H sales orders of -40% resulting in overall annual growth of 20%. During the year the SME Metrics (small sites) saw significant growth of more than 1000 sites in particular for 1 corporate customer, seeking whole of portfolio solution. However, this sales growth was offset by losses from 1 large

multisite corporate customers in Metrics and Metrics Sustain environmental reporting, service issues with technology stabilisation, site closures with COVID-19 and the continued roll off of multiple small customers <10 sites, contracted over a 5 year period and now ending.

- Embedded Networks revenue was stable with some growth in sites in retail billing from existing customer expansion offset by decline in Embedded Network sites predominately due to COVID-19 site closures.
- Other – a decline of 98% related to the repositioning of Advisory. However, the impact on overall profit as a result of repositioning these services is positive, with reduced COGS, wages and other costs also reduced.

Operating Expenditure and Cost of Goods Sold (COGS)

Operating overheads (net of significant items) and COGS totalled $14.1 million, compared to $18 million in FY20, a reduction of $3.90 million (22%), with reduced operating costs predominantly related to employment costs. The reduction in costs has partially offset the decline in revenue resulting a decline in EBITDA margin to 1.9%, down from 8.9%. In particular:

- Employment costs were $1.3 million lower than pcp primarily as a result of:
  - A reduction of FTE with improved integration and efficiency and as a result of the repositioning of the Advisory business, reducing COGS (internal resources) and Operating expenditure
  - Expansion of its offshore resources replacing onshore transactional roles as appropriate
  - A voluntary salary reduction of 20% adopted by the Directors, Senior Leadership team and the vast majority of staff impacting FY21 for a 3 month period ending 30 September 2021.
  - Reduced sales commission with introduction of policy to capitalise commissions for annuity revenue and expense over the average life of sales contracts.
  - Reduced internal software capitalisation with reduced internal CAPEX spend in FY21.
- Computer Maintenance – reduction by $0.9 million across technology infrastructure with transition to centralise service provider and reduction and efficiency in requirements.
- Reduction of rental occupancy costs $0.4 million with:
  - Annualised savings from the consolidation of office locations in Sydney and Melbourne
  - New lease in Melbourne treated as Right of Use assets (AASB16 Leases) from August 2020, reducing rent expense and increasing amortisation of Right of Use Asset.
  - Due to COVID-19 costs for serviced offices have reduced and some rental savings achieved in fixed tenanted locations.
- COVID-19 related cost savings with reduced travel, conference and entertainment
- Ongoing strict cost control across all discretionary spend

Depreciation & Amortisation (D&A)

- D&A decreased $0.8 million predominately as a result of the impairment of software in FY20 relating to the customer and contract management platform in CRM.

Cashflows

Operating Cash flow was ($0.06) million, down 103% on pcp, resulting in an operating cash flow conversion of -21% to operating EBITDA. Operating cashflow was impacted by a significant decline in operating EBITDA -$1.5 million, the repayment of FY20 COVID-19 deferred payments (PAYG, GST, FBT, Payroll tax, Rent) $1.2 million, payments for onerous contracts and restructure costs, offset somewhat by government grants received $1.1 million. The Company has continued to focus on working capital management with strong debtors collection, negatively impacted by the new company policy for capitalisation of paid commissions onto the balance sheet along with negative trade payables impact.

Reconciliation of Operating Cash Flow before interest, tax and significant items

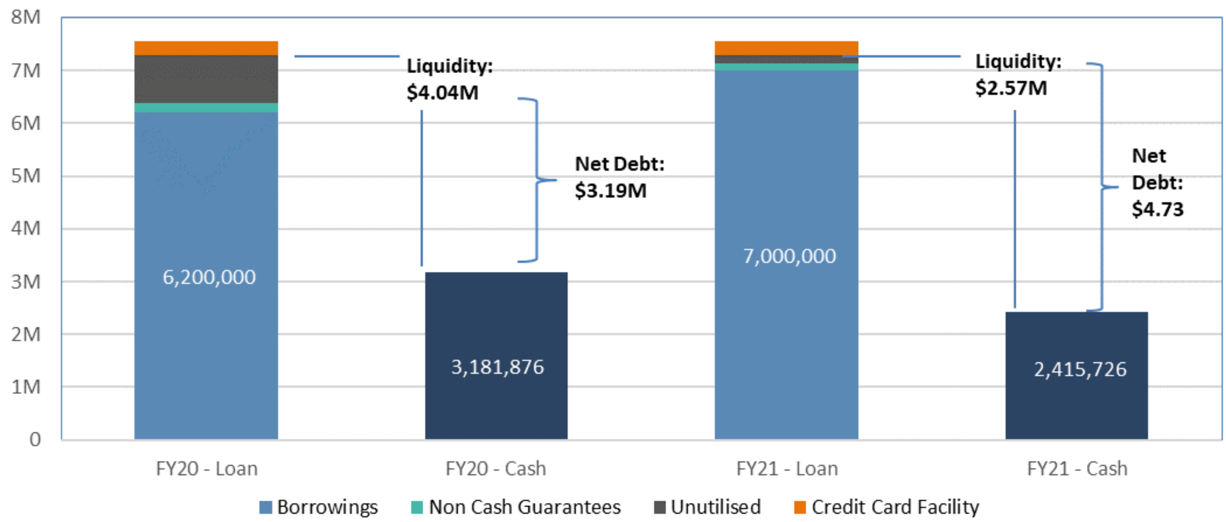
	30 June 2021	30 June 2020 Restated*
Statutory operating cash flow	(569,344)	3,383,948
Add back:		
Taxes paid/(received)	(18,777)	(18,517)
Interest paid / (received)	207,259	311,654
Cash flows related to significant items	155,472	88,505
Significant items working capital – government relief, government assistance & others	476,282	(1,409,954)
Operating cash flow before interest, tax and significant items	(60,052)	2,355,636
Operating EBITDA	278,225	1,766,558
Operating cash flow as % of Operating EBITDA	-22%	133%

*Restated from prior year published results with Repayment Lease Liability reclassified into Cash Flows from Financing Activities

The group incurred capital expenditure of $0.83 million during the year predominately on software, in particular next generation energy management platform.

During FY21, the Company and Commonwealth Bank of Australia have agreed to an extension of the $7.55 million facility agreement to October 2023. Funds can be provided under the facility as loans, bank guarantees or as letters of credit with $7.3 million available to be utilised for liquidity purposes. The terms of the agreement include agreed Gearing, Interest and Asset covenants, and an amortisation schedule resulting in a reduction of the facility by $1 million between March 2022 and September 2023, with the remaining terms and conditions substantially the same.

As at 30 June 21, the Company had utilised $7.15 million of the facility comprising a loan of $7.0 million and bank guarantees principally in relation to a rental property The Group had $2.4 million of unrestricted cash at bank at 30 June 21, and total undrawn facilities and cash of approximately $2.6 million. Net debt increased to $4.73 million as at 30 June 21, an increase of $1.54 million over pcp.



Other

A Nil dividend was declared in FY21 with a priority of managing net debt, investing in value added technology, service and delivery, expand customer value and continue to see growth in customer sales and revenue.

The Group incurred significant items net of tax effect totaling $580,698 including:

- Costs relating to onerous contracts $458,580 from long term technology infrastructure and printers, and additional costs identified in relation to the closure of the ACT rental premises.
- Government assistance of $599,664 including Jobkeeper payment and cashboost grant, before tax representing $810,357 and cash received of $1.1 million in FY21.
- Costs associated with an organisational restructure of $333,022 relates to the reduction of roles from a combination of improved integration, efficiency, and offshoring.
- Impairment of Right of Use Asset of $374,524. With COVID-19 and associated restrictions on mobility and increased employee flexibility the occupancy of leased premises both during the fiscal period and for the remainder of the leases is significantly impacted. Therefore, an assessment of the carrying value of the assets in Sydney, Melbourne and Brisbane were undertaken, resulting in an impairment.
- Costs associated with other items is $14,236.

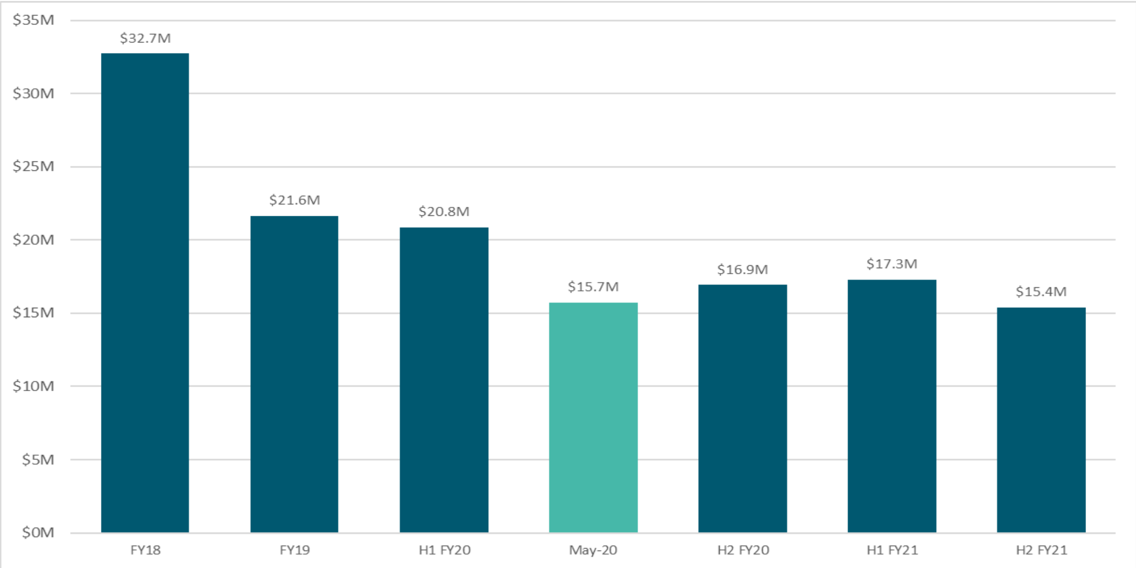
Operational Key Performance Indicators

	FY21	FY20	% change
Energy Buying			
No. of successful AEX auctions	727	759	-4.2%
Average AEX contract duration (months)	30.7	29.4	+1.3 mths
TWhs sold via Auction (annualised equivalent)	0.80	0.80	0%
Average annualised MWhs per successful AEX	1,102	1,124	-2.0%
Average $/MWh	$54.6	$75.4	-27.6%
Total Auction bid value[1]	$115m	$154m	-25.3%
No. of electricity tender events	23	31	-25.8%
No. of gas tender events	21	29	-27.6%
Managed & Embedded Networks	**30 June 2021**	**30 June 2020[3]**	Variance
Sites under current contract[2]			
Total Energy Management sites under contract	5,604	6,445	-841
Average Metrics contract duration (months)	38	41	-3 mths
Retailer and Embedded Network tenancies	3,629	3,570	+59
Total sites	9,233	10,015	-782
Ongoing Services future contracted revenue	**$15.4m**	**$16.7m**	**-$1.3m**
Current Revenue not Invoiced	$3.4m	$3.2m	+$0.2m
Non-Current Revenue not Invoiced	$2.8m	$3.0m	-$0.2m
Total Revenue not Invoiced	**$6.2m**	**$6.2m**	**$0m**

[1] Electricity component of contract only, i.e. excluding network and other charges
[2] Does not include contracts which are signed, but yet to commence service delivery
[3] Some comparable key performance indicators have been restated

Forward contracted revenue

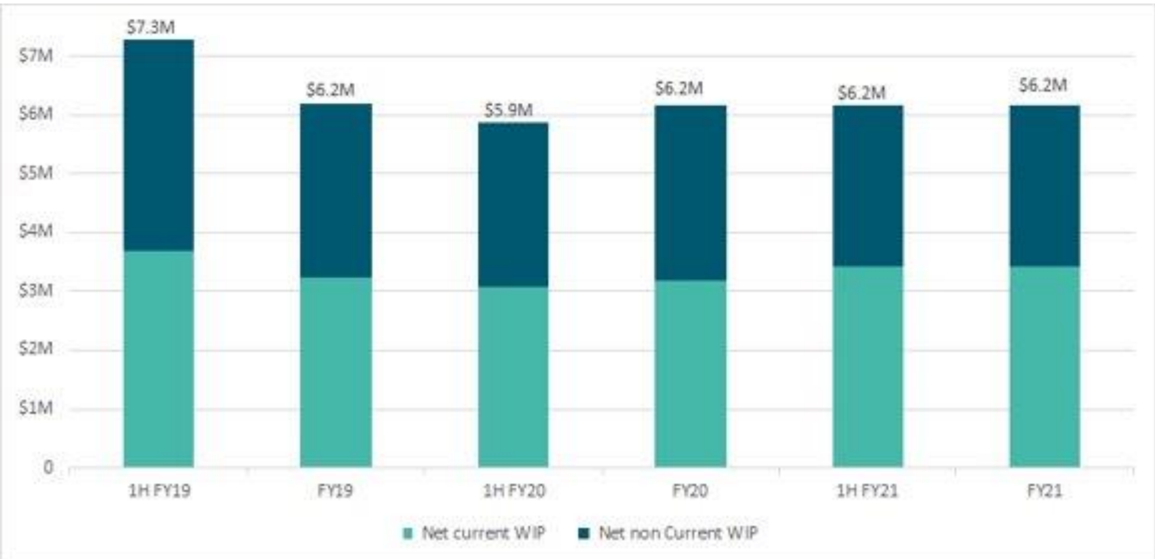
While revenues continue to decline, future contracted revenue has been stabilising after many years of decline. 1H FY21 saw growth for the first time in 5 years with 98% growth in gross Metrics sales contracts to a balance at the end of Dec 20 of $17.3million. However, the future contracted revenue balance reverted to a position of $15.4 million at 30 June 21. This reduction was the result of -40% growth of Metrics Sales contracts, the loss of 1 major corporate customer and retail billing renewals at end of contract, therefore these renewals have lower forward contracted revenue balances until renewal in the next 6 months.



The Company continues to focus on improving acquisitions, retentions, customer service and enhancing the Energy Management offering with a key strategy to see growth in future contract revenue for annuity based revenue streams.

Revenue Not Invoiced

Revenue from Auction, Commission based tenders and Tariff revenues are recognised upfront once the Auction is complete and the contract signed between the retailer and customer. The payments are received over the life of the contract. A contract asset called "Revenue not Invoiced" holds the balance of $6.2 million to be received as cash in the future for revenue recognised in current and previous fiscal periods. The balance of $6.2 million remains stable over 2 years, with growth in new sales orders offsetting the reduction in the balance from invoicing to retailers.



Business Priorities

Energy Action's focus going forward is sustainable, profitable growth. Key priorities are:

1. Customer growth. We have 20-year customer relationships, and our customers use ~10% of the total commercial national electricity market. Organic sales growth is our top priority.
2. Technology investment. Give our customers easy to use energy management software. To retain and win customers.
3. Net Zero. We are Net Zero. We will help our customers lower their emissions with our energy buying and energy management services.

COVID-19

The Energy Action team has continued to demonstrate incredible resilience in a period of significant uncertainty and change for all organisations during the COVID-19 pandemic.

However, revenue has been impacted by COVID-19 as clients deferring decisions, especially in Victoria with prolonged lockdown. In Embedded Networks we saw COVID-19 impacting large shopping centres and other corporate tenancies, with reduced sites under management.

Operationally the organisation is operating effectively despite prolonged lockdowns across the company sites in Sydney, Melbourne and Clark in the Philippines. Jobkeeper payments continued to be received for the period ending 30 September 2020, and the deferred payments relating to GST, PAYG, payroll tax and FBT from the previous fiscal period has reduced cash in FY21 as expected.

The impact of the COVID-19 pandemic and associated lockdowns, in conjunction with system issues that necessitated additional manual processes, delayed the preparation and audit of the Company's financial statements for the year ending 30 June 21.

Outlook

Energy Action's focus going forward is sustainable, profitable growth. With a focus on organic sales growth, technology investment, and providing our clients with Net Zero services. However, the Group will not be providing Guidance at this time due to the prolonged and unclear impact of COVID-19.

Risks to achieving financial outcomes in relation to future prospects

Energy Action identifies major risks using an enterprise wide risk program. Energy Action faces a wide variety of risks due to the nature of the industry in which it operates. In relation to each risk, Energy Action has in place actions to reduce the likelihood of the risk eventuation and / or to reduce, as far as practicable, the adverse consequences of the risk should it occur. Many of the risks are influenced by factors external to, and beyond the control of Energy Action. Details of Energy Action's main risks and the related mitigations are set out below:

Risk	Risk Description	Potential consequences and mitigation strategies
Customer Retention/Acquisition	Failure to attract and retain sufficient customers to sustain the business	Continued focus on acquisitions and retention rates. Ongoing review of retention continues to examine all aspects of sales activity, identifying actions that are required from operations and administration to improve customer retention. Strong pipeline management and Sales Plan to drive acquisitions growth and market share. Leadership in transition to Net Zero.
Increasing competition	The risk that Energy Action is unable to differentiate from competitors.	Review of service offerings undertaken during FY21 led to the repositioning of product lines. Continuing innovation in core Energy Buying and Energy Management products in particular focused on innovation for "Green Energy" and focus to make energy simpler, cleaner and lower cost. The competitor scan indicated EAX performed well against other competitor offerings with price and products

Risk	Risk Description	Potential consequences and mitigation strategies
		remaining competitive and new product Green Auction first to market offering.
Failure to deliver against customer obligations.	The risk that Energy Action is unable to meet its contractual obligations to customers for the delivery of services.	Potential earnings and reputational impact from failure to deliver contracted services has been mitigated by repositioning from unprofitable markets, improved business processes for delivery of ongoing services, including the replacement of Energy Action's core Customer and Contract Management platforms, and increased risk management planning for customer outcomes. Energy Action initiates and collects analysis of core product NPS scores and brand on an ongoing basis.
Earnings and Cash Flow	The risk of failing to maintain adequate earnings and funding to finance growth objectives and to generate adequate returns for shareholders.	Mitigated by implementation of a focused back to basics strategy and to establish the core foundations for growth. This includes a leaner management structure, improve sales growth, company capability, service delivery and employee engagement through building a high performance culture. In addition, mitigated by improved visibility of key performance indicators and drivers of performance, timely and transparent market disclosures, and maintenance of strong relationships with banking partners and shareholders..
Occupational Health & Safety (OH&S)	The risk of not operating safely and in accordance with relevant legislation leading to an employee injury.	Potential for employee injury and Company reputation addressed by OH&S systems and practices. Whole of company reporting includes safety, increase risk of wellbeing and health risk. COVID-19 was mitigated and managed by and Emergency Response Team which provided ongoing training and updates to OH&S policies and office locations and processed. The OH&S risk has also reduced with limited requirements to attend sites for projects with the discontinuation of the Advisoy business.
Employee engagement and performance	The risk of failing to attract and retain the best talent available.	Impacts on performance due to unavailability of talent or alternatively the departure or disengagement of talent. This is mitigated by staff development plans, succession plans and remuneration strategies. It is monitored by regular staff engagement surveys and exit interviews to monitor and gather insights for action. Engagement scores remain at 5 year high.
Loss of key staff	The risk of company performance declining due to key staff either leaving or being unavailable unexpectedly or due to high turnover of non-key staff hampering performance due to training lead times.	Mitigated by organisational talent review, staff reviews, identification of points of vulnerability, cross training, succession planning and appropriate remuneration strategies. It is monitored by regular staff engagement surveys and staff exit interviews to monitor and gather insights for action. Engagement scores remain at 5 year high.
Legal risk – Competition and consumer law or terms of the company's AFS licence.	The risk of legal action following a breach of the Competition and Consumer Act or the terms of Energy Action's Australian Financial Services Licence.	Likelihood of breaches reduced by training of all outward facing staff in Consumer and Competition Law requirements. AFSL compliance system in place. Procedures in place for monitoring and reporting of breaches and potential breaches.
Cyber Security Risk	Cyber-attack or similar event involving unauthorised access to EAX's IT systems leading to denial of systems and/or corruption of data.	Procedures for systems recovery are in place including off site storage of data. Systems restoration has been completed within 24 hours where a cyber breach has occurred. Business Continuity Plan (BCP) in place, in-house development & support team, control over infrastructure through cross training, migration of platforms & offsite hosting of IT.

Environmental - Our Commitment to Net Zero

Energy Action remains committed to contributing to the achievement of the UN Sustainability Development Goals and leading our clients to Net Zero, recognising its obligations both locally and globally, to the present and succeeding generations. Energy Action is leading in defining best practice for renewable energy sourcing and will set its own demanding standards of its operations where none exist.

Energy Action has invested significantly this year in raising the environmental awareness of the public, governments, industry, and the general community by promoting the concept of Net Zero and by openly recognising the need to drive change in the energy markets to support ongoing renewable energy investment.

During the year the Company has launched a capability for commercial and industrial energy users to conduct a frictionless reverse Solar Auction for behind the meter solar projects, and brought to market a new contract standard for commercial and industrial energy buyers to procure a renewable energy supply agreement through our Green Auction process. The Company has baselined our own emissions for FY20 and we are in the process of securing Climate Active status as a Carbon Neutral organisation.

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory. However, Energy Action is committed to implementing the requirements of all applicable Commonwealth, State and local environmental legislation and regulations and, where possible, exceeding any relevant minimum requirements.

Meetings of Directors

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director was as follows:

	Board Meeting		Audit & Risk Committee		Nomination and Remuneration Committee	
	No. Eligible to attend	No. Attended	No. Eligible to attend	No. Attended	No. Eligible to attend	No. Attended
Murray Bleach	13	13	4	4	3	3
Paul Meehan	13	13	4	4	3	3
Nitin Singhi	13	13	4	4	3	3
Bruce Macfarlane (appointed 25/2/2021)	7	7	1	1	1	1

Indemnifying Officers or Auditor

During or since the end of the financial year, the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company.
- To the extent permitted by law, the Company has agreed to indemnify its auditors, RSM Australia Partners, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify RSM Australia Partners during or since the financial year.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceeding during the year.

As detailed in Contingent Liabilities a proceeding in the Federal Court of Australia has been filed against the Company.

Non-audit Services

The Board of Directors, in accordance with advice from the audit and risk management committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor;
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board; and
- no fees were paid or payable to RSM Australia for non-audit services provided during the year ended 30 June 2021.

Corporate Governance Policy

Energy Action Limited ("Energy Action") is committed to the achievement of superior financial performance and long-term prosperity, while meeting stakeholders' expectations of sound corporate governance practices. The Energy Action Board determines the corporate governance arrangements. As with all its business activities, Energy Action is proactive in respect of corporate governance and puts in place those arrangements which it considers are in the best interests of shareholders, and consistent with its responsibilities to other stakeholders.

This statement:

- reports against the 3rd edition of the ASX Corporate Governance Council's Principles and Recommendations (ASX Principles) and the practices detailed in this Statement are current as at 16 October 2020; and
- has been approved by the Board and is available of Energy Action's website at http://www.energyaction.com.au/about/corporate-governance

Events after the Reporting Period

The impact of COVID-19 and extended lockdowns across Australia since 30th June 2021, in particular New South Wales and Victoria has seen clients deferring decisions, and connection and collaboration with customers and employees more difficult. The Company has qualified for the NSW 2021 COVID-19 Jobsaver scheme expecting to receive $.05 million for each week of lockdown in NSW estimated to be 11 weeks, equivalent to $0.55 million.

No other matters or circumstances have arisen since the end of the half-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.

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Energy Action Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

C J Hume
Partner

Sydney, NSW
Dated: 23 September 2021

Remuneration Report (Audited)

The directors present the Remuneration Report for Energy Action Limited ("Company") and its consolidated entities ("Group") for the year ended 30 June 2021.

Remuneration Framework

1.1 Role of the Remuneration Committee

The Remuneration Committee ensures that the remuneration of directors and senior executives is consistent with market practice and sufficient to ensure that the Group can attract, develop and retain the best individuals. The committee review directors' fees, and remuneration of the CEO and senior executives against the market, Group and individual performance.

The committee consisted of four directors, namely Nitin Singhi (Chairman), Murray Bleach, Bruce Macfarlane (appointed 25 February 2021) and Paul Meehan. The committee charter is available on the Group's website.

The committee oversees governance procedures and policy on remuneration including:

- General remuneration practices,
- Performance management,
- Bonus and incentive schemes, and
- Recruitment and termination.

Through the committee, the board ensures the company's remuneration philosophy and strategy continues to be designed to:

- Attract, develop and retain Board and executive talent,
- Create a high-performance culture by driving and rewarding executives for achievement of the Group's strategy and business objectives, and
- Link incentives to the creation of shareholder value.

In undertaking its work, the committee seeks advice as required.

1.2 Key Management Personnel

Key Management Personnel ("KMP") are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Company or subsidiaries. The following persons were KMPs during the financial year. Unless otherwise indicated, they were KMPs for the entire year.

1.2.1. Directors

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

1.2.2. Senior executives

John Huggart	Chief Executive Officer
Tracy Bucciarelli	Chief Financial Officer

1.3 Remuneration Consultants

Where necessary, the Board seeks advice from independent experts and advisors including remuneration consultants. Remuneration consultants are used to ensure that remuneration packages are appropriately structured and are consistent with comparable roles in the market. Remuneration consultants are approved by, and recommendations provided directly to, non-executive directors (the remuneration committee). When remuneration consultants are engaged, the remuneration committee ensures that the appropriate level of independence exists from the Group's management. No remuneration consultants were used this year.

1.4 Long term incentive scheme

Purpose and type of equity awarded

The Group operates a long-term incentive scheme (LTI) for its senior executives. The LTI is governed by the Performance Rights and Options Plan (PROP), under which performance options are granted to participants. Each performance right entitles the participant to one share in Energy Action at the time of vesting subject to meeting the conditions and financial consideration as outlined below.

The LTI aligns key employee awards with sustainable growth in shareholder value over time. It also plays an important role in employee recruitment and retention.

Number of instruments awarded

On 30 June 2020, 777,000 performance options were granted to senior executives under the LTI Performance rights and option plan. As at 30 Jun 2021, 582,750 performance options are remaining. Energy Action forfeited performance options for senior executives who left prior to vesting date. The total number of remaining options granted is divided into five equal tranches, which will be tested against a performance hurdle at staggered intervals.

Valuation

All tranches have a strike price of 41 cents.

Performance hurdles

The number of options that ultimately vest (if any) is subject to satisfaction of a performance hurdle. Testing of options against the performance hurdles will occur annually, with the possibility of re-testing if hurdles are not satisfied in the first instance.

The performance hurdle is written around Total Shareholder Return (TSR). In Order for some options to vest, the minimum TSR target is 20% p.a. If the stretch TSR target of 40% p.a. is reached, all options will vest. In between minimum and stretch targets, the proportion of options that vests increases linearly between 50% and 100% of the options granted.

Performance Criteria	Proportion of Options Vesting
If TSR is less than 20% pa	No options vest
If TSR is equal to 20% pa	50% of the options vest
If TSR lies between 20% and 40% pa	The proportion of options that vests increase linearly from 50% to 100%
If TSR equals or exceeds 40% pa	100% of the options vest

Note: In calculating the TSR over the respective vesting periods, a starting base price of 37 cents will be used.

Vesting of the options is also subject to a service condition which requires the recipient to remain continuously employed with Energy Action through to the vesting date. This report assumes that the service condition will be fully satisfied.

LTI Outcomes

In respect of the performance rights granted to senior executives and certain other employees on 12 March 2018 under the Performance Rights & Options Plan (PROP), vesting only occurs when and if service and performance conditions are met.

Neither the TSR nor EPS hurdles were met for the year ending 30 June 2021 for such performance rights. Therefore, no rights will vest in 2021.

In respect of the performance options granted to senior executives on 30 June 2020, Performance Rights & Options Plan (PROP), vesting occurs based on TSR performance conditions. During the year ended 30 June 2021 the performance conditions were not met and therefore, no rights will verst in 2021.

Number of instruments awarded

As at 30 June 2021, the PROP accounted for nil% (FY20 Nil) of issued securities of the Group, made up of nil (FY20 Nil) performance rights. This was due to no performance hurdle has been met in respect of the rights issued.

Remuneration

1.5 Fees payable to Directors

Fees paid to non-executive directors reflect the demands which are made on, and the responsibilities of, directors. Directors' fees are reviewed annually by the board. Directors who chair or are members of a committee do not receive fees for these services.

When required, the board considers the advice of independent remuneration consultants to ensure directors' fees are appropriate and in line with the market. The chairman's fees are determined independently to the fees of directors and are based on comparative roles in the market. The chairman is not present at any discussion relating to the determination of his remuneration. Directors' fees are determined within an aggregate fee pool limit approved by shareholders. This is currently set at $400,000 per annum.

The annual fee structure for directors for the year ended 30 June 2021, including superannuation, was as follows:

Base fee	$ FY21			$ FY20	
	25/02/21-30/6/21	1/10/20-30/6/21	1/7/20-30/9/20	1/4/20-30/6/20	1/7/19-31/3/20
Non-Executive Chairman	-	45,000	32,000	32,000	45,000
Non-Executive Director 1	-	36,000	36,000	36,000	36,000
Non-Executive Director 2	-	36,000	25,600	25,600	36,000
Executive Director*	36,000	-	-	-	-

* Bruce Macfarlane was appointed as an executive director on 25th Feb 2021.

The above fees include committee membership. The tables at the end of this remuneration report provide details of fees and wages paid during the financial year to each executive and non-executive director.

In FY 21 the executive director, non-executive directors, and chairman continued to receive fees reduced by 40%. Due to the impact that COVID-19 has on the business, the directors and chairman fees was temporarily reduced by a further 20% for this pool for 3 months until 30 Sep 2020.

1.6 Senior executives

The framework for the remuneration of senior executives consists of a mix of fixed and variable remuneration. The components are:

- Base remuneration package and benefits, inclusive of superannuation (Total Fixed Remuneration)
- Short-Term Incentive – based on the Group's, team and individual performance and results delivered against pre-determined Key Performance Indicators (KPIs)

- Long Term Incentive – governed by the Performance Rights and Options Plan (PROP)

The combination of the above components comprises the executive's total remuneration.

The Group undertakes a market benchmarking analysis and provide recommendations. The market analysis considers the target total remuneration opportunity as well as its core components and the mix of those components. In addition, the information also contains a view on market and emerging trends in executive remuneration structures and the mix of fixed and performance-based remuneration arrangements. The agreed remuneration mix for the CEO and CFO for the year ended 30 June 2021 was:

	Fixed Component	STI Bonus Component	LTI Component
Chief Executive Officer	81%	18%	1%
Chief Financial Officer	84%	15%	1%

Long Term Incentive (LTI)

The LTI component percentage set out above as part of the annual remuneration is based on the fair value of the options granted for the CEO and CFO (see detailed explanation below). The Performance Options granted for the benefit of the CEO and CFO vest in equal proportions over a five-year vesting period on the basis of share price appreciation.

Short-Term Incentive (STI)

The STI is based upon performance against the Group financial performance and results from the Group's performance review process. Mid-year and final year performance reviews measure performance against established KPI's and criteria which are compiled in a matrix comprising Group and individual components. The specific company measures include profitability, revenue growth and customer satisfaction. Individual measures are developed having regard to functional plans and targets, aligned to the company strategy.

The outcome of the performance review process is a rating, applied to each of these three components for an individual, culminating in a percentage (capped at 100%). The final percentage allocated to each person is then applied to the STI potential to determine the actual STI payment to be made to an individual.

The performance matrix used to determine actual STI earnings against the STI potential for the CEO and CFO is:

	Company	Individual
Chief Executive Officer	70%	30%
Chief Financial Officer	70%	30%

The company 70% is made up of Company NPAT 40%, Sales Orders and Auction Volume 10%, Client NPS 10% and Employee engagement 10%.

The Board is responsible for assessing the performance of the CEO. The CEO is responsible for assessing the performance of other executives.

Bonus payments are made annually, where applicable, in September in relation to the preceding year.

The actual percentage of STI potential and LTI potential earned by the CEO and CFO for the year ended 30 June 2021 was:

	% of Bonus Potential	% LTI Potential
Chief Executive Officer	0%	0%
Chief Financial Officer	0%	0%

The STI potential for each individual is set at the beginning of the year, having regard to service agreement terms and conditions, and relates to the appropriate extent of the at-risk component of the executive's remuneration. The broader company performance criteria ensure that an overall management focus is maintained by the executives, however the inclusion of individual criteria is also necessary to ensure that each person is recognised and rewarded for their individual contribution and efforts. Payment of any individual KPI achievement is conditional on the Group meeting a minimum threshold Operating Profit.

Service agreements

On appointment, all directors enter into an agreement which outlines obligations and minimum terms and conditions. Remuneration and other terms of employment for the CEO and other key management personnel are formalised in employment agreements. Each of these agreements specify the components of remuneration to which they are entitled and outline base salary, eligibility for incentives and other benefits including superannuation.

Key terms for the CEO and CFO are as follows:

Name	Term of agreement	Termination*
John Huggart	On-going (no fixed term)	3 months base salary termination by company or 3 months termination by executive
Tracy Bucciarelli	On-going (no fixed term)	3 months base salary termination by company or 3 months termination by executive

* Termination benefits are payable at the option of the company in lieu of notice, other than termination for cause.

Remuneration tables

1.7 Remuneration table for the year ended 30 June 2021

Details of remuneration of directors and executive KMP of the Group for the 2021 financial year are set out in the following table. The executive KMP are considered to be the CEO, CFO and Executive Director only.

	Short term benefits				**Post employment benefits**	**Long term benefits**		**Share based payments**	**Total**
Directors	Cash salary and fees	Additional fees	Cash bonus	Non monetary benefits	Super	Termination benefits	Long service leave	Performance rights	Total
Murray Bleach	40,572	-	-	-	3,622	-	-	-	44,194
Paul Meehan	30,502	-	-	-	2,898	-	-	-	33,400
Nitin Singhi	32,877	-	-	-	3,123	-	-	-	36,000
Bruce Macfarlane[1]	70,668				6,713	3,207			80,588
Sub-total	**174,619**	**-**	**-**	**-**	**16,356**	**3,207**	**-**	**-**	**194,182**
Executives									
John Huggart	322,958	-	-	-	21,694	-	-	-	344,652
Tracy Bucciarelli	218,319	-	-	-	20,740	-	-	-	239,059
Sub-total	**541,277**	**-**	**-**	**-**	**42,434**	**-**	**-**	**-**	**583,711**
Total	**715,896**	**-**	**-**	**-**	**58,790**	**3,207**	**-**	**-**	**777,893**

[1]Bruce Macfarlane appointed as director effective 25 February 2021. The above cash salary & fees for Bruce Macfarlane includes Directors fess of $11,252.46 director fees and salary of $62,622.

1.8 Remuneration table for the year ended 30 June 2020

Details of remuneration of directors and KMP of the Group for the 2020 financial year are set out in the following table. The KMP are considered to be the CEO and COO/CFO only.

	Short term benefits				**Post employment benefits**	**Long term benefits**		**Share based payments**	**Total**
Directors	Cash salary and fees	Additional fees	Cash bonus	Non monetary benefits	Super	Termination benefits	Long service leave	Performance rights	Total
Murray Bleach	40,572	-	-	-	3,622	-	-	-	44,194
Paul Meehan	30,502	-	-	-	2,898	-	-	-	33,400
Nitin Singhi	32,877	-	-	-	3,123	-	-	-	36,000
Mark de Kock [1]	27,397	-	-	-	2,603	-	-	-	30,000
Sub-total	**131,348**	**-**	**-**	**-**	**12,246**	**-**	**-**	**-**	**143,594**
Executives									
John Huggart	322,092	-	25,571	-	21,003	-	-	-	368,665
Tracy Bucciarelli	214,555	-	-	-	20,383	-	-	-	234,939
Sub-total	**536,647**	**-**	**25,571**	**-**	**41,386**	**-**	**-**	**-**	**603,604**
Total	**667,995**	**-**	**25,571**	**-**	**53,632**	**-**	**-**	**-**	**747,198**

Notes [1] Mark de Kock resigned 30 April 2020

Relative Proportion of Remuneration

The relative proportion of remuneration of KMP that was linked to performance and those that were fixed are as follows:

Directors	**Fixed Remuneration**		**At Risk – Cash Bonus/Other**		**At Risk - Securities**	
	2021 %	**2020[2] %**	**2021 %**	**2020[2] %**	**2021 %**	**2020[2] %**
Murray Bleach	100	100	-	-	N/A	N/A
Paul Meehan	100	100	-	-	N/A	N/A
Nitin Singhi	100	100	-	-	N/A	N/A
Bruce Macfarlane[1]	100	N/A	-	-	N/A	N/A
Executives						
John Huggart	100	100	-	-	-	-
Tracy Bucciarelli	100	100	-	-	-	-

[1]Appointed as Director effective 25 February 2021
[2] Restated

Performance rights of key management personnel

No Performance Options were granted to key management personnel as at 30 June 2021 (FY20 582,750).

Fair value of Performance Options

The fair value of each Performance Option is determined on the date the Performance Options are granted using a Monte Carlo Simulation valuation model. For details on the valuation of the Performance Options, including models and assumptions used, please refer to Note 18.

All Performance Options granted for the benefit of the CEO and CFO vest in equal proportions over a five-year vesting period. The Performance Options are exercisable immediately at vesting date, subject to achievement of the relevant performance hurdles.

The tables below disclose the number of Performance Options available to KMP. No performance options were issued in 2021. Performance Options do not carry any voting or dividend rights and can only be exercised once the vesting conditions have been met, until their expiry date.

Total value of Performance Options issued:

30-Jun-21	Balance at 1-Jul-20	Granted	Grant Date	Options vested & transferred	Options cancelled/ forfeited/ other	Options expired without exercise	Net change	Balance at end of period
	$	$		$	$	$	$	$
John Huggart	12,113	-	-	-	-	-	-	12,113
Tracy Bucciarelli	6,057	-	-	-	-	-	-	6,057
Total	**18,170**	**-**	**-**	**-**	**-**	**-**	**-**	**18,170**

Total number of Performance Options issued:

30-Jun-21	Balance at 1-Jul-20	Granted	Grant Date	Options vested & transferred	Options cancelled/ forfeited/ other	Options expired without exercise	Net change	Balance at end of period
	No.	No.		No.	No.	No.	No.	No.
John Huggart	388,500	-	-	-	-	-	-	388,500
Tracy Bucciarelli	194,250	-	-	-	-	-	-	194,250
Total	**582,750**	-	**-**	**-**	**-**	**-**	**-**	**582,750**

There were no alterations to the terms and conditions of Performance Options awarded as remuneration since their grant date.

Shareholdings of Directors and Key Management Personnel

30-Jun-21	Balance 1 July 2020	Net change	Transfer from Eplan	KPM resigned	Balance 30 June 2021
Directors					
Murray Bleach	5,100,700	-	-	-	5,100,700
Paul Meehan	4,792,846	-	-	-	4,792,846
Nitin Singhi	3,000	-	-	-	3,000
Bruce Macfarlane[1]	1,903,303	1,034,483	-	-	2,937,786
Executives					
John Huggart	50,000	-	-	-	50,000
Tracy Bucciarelli	-	-	1,245	-	1,245
Total	**11,849,849**	**1,034,483**	**1,245**	**-**	**12,885,577**

[1] Bruce Macfarlane appointed as director 25 February 2021

30-Jun-20	Balance 1 July 2019	Net change	Transfer from Eplan	KPM resigned	Balance 30 June 2020
Directors					
Murray Bleach	2,700,700	2,400,000	-	-	5,100,700
Paul Meehan	4,792,846	-	-	-	4,792,846
Nitin Singhi	3,000	-	-	-	3,000
Mark de Kock[2]	50,000	(50,000)	-	-	-
Executives					
John Huggart	-	50,000	-	-	50,000
Tracy Bucciarelli	-	-	-	-	-
Total	**7,546,546**	**2,400,000**	**-**	**-**	**9,946,546**

[2] Mark de Kock resigned as director effective 30 April 2020

Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Outstanding balances at year end are unsecured and interest free. No guarantees have been provided or received.

The following transactions occurred with related parties:

	Consolidated Group	
	2021 $	**2020 $**
Key Management Personnel		
Meehans Solicitors[1]	-	990
Horizon Services Trust[2] – business consulting	11,137	36,300
Total Key Management Personnel	11,137	37,290

1 The Group procures legal advice from Meehans Solicitors. Paul Meehan is the Principal of Meehans Solicitors and his firm provided legal services to the value of nil in FY21 (FY20 $990).
2 The Group procures management services from Horizon Private Capital Partners. Nitin Singhi is director of Horizon Private Capital Partners. $11,137 was paid in FY21 (FY20 $36,300). Horizon provided consulting advice in relation to the introduction of new partners.

1.9 Company Performance

The Group results for the financial year ended 30 June 2021 was a Statutory loss after tax of $1 million compared to a loss of $2.5 million in the prior year.

	FY21	**FY20**	**FY19**	**FY18 *(Restated)***	**FY17**
Revenue & other income ($000's)	14,359	19,782	24,801	31,767	32,957
Net profit / (loss) after tax ($000's)	(1,000)	(2,487)	(12,093)	3,261	1,773
Operating profit after tax ($000's)	(420)	24	1,005	3,261	2,521
Earnings per share – Operating	-1.55 cents	0.09 cents	3.87 cents	12.56 cents	9.71 cents
Market capitalisation	$7.2m	$4.2m	$10.4m	$18.2m	$19.5m
Closing share price	$0.265	$0.16	$0.40	$0.70	$0.75

This director's report is signed in accordance with a resolution of the Board of Directors.

Murray Bleach
Director

Dated: 23 September 2021

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	5.1	**14,359,111**	**19,781,729**
Cost of goods and services sold		(600,936)	(1,573,075)
Employee benefits expense	5.2	(9,318,086)	(10,558,047)
Rental expense		(385,067)	(709,090)
Travel costs		(42,884)	(185,513)
Administration expenses	5.3	(2,942,795)	(4,151,188)
Impairment of software	12	-	(3,611,538)
Impairment of right-of-use assets	13(a)	(506,113)	-
Restructuring cost		(450,029)	(485,046)
Onerous contracts & leases		(619,703)	-
Depreciation and amortisation expense	5.4	(556,645)	(1,369,955)
Accelerated Depreciation and amortisation expense	5.5	-	(204,722)
Financing costs	5.6	(282,617)	(339,773)
Profit/(Loss) before income tax		**(1,345,764)**	**(3,406,218)**
Income tax (expense)/benefit	6	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		**(1,001,912)**	**(2,487,908)**
Loss per share:		**Cents**	**Cents**
Basic loss per share for the year attributable to ordinary equity holders of the parent	7	(3.71)	(9.58)
Diluted loss per share for the year attributable to ordinary equity holders of the parent	7	(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	Consolidated Group 2021 $	2020 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	2,423,004	3,195,898
Trade and other receivables	10	1,431,227	2,402,416
Current Tax Asset	15	152,695	21,450
Other assets	13	4,458,581	4,231,544
TOTAL CURRENT ASSETS		**8,465,507**	**9,851,308**
NON-CURRENT ASSETS			
Trade and other receivables	10	69,141	81,948
Property, plant and equipment	11	101,609	137,057
Other assets	13	3,003,618	2,983,425
Other Intangible assets	12	1,028,219	514,695
Deferred tax asset	15	281,473	85,989
Right of Use Asset	13a	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	14	2,308,409	3,354,514
Short-term provisions	16	630,228	743,709
Loans & Borrowings	17	230,226	-
Lease liability	14a	447,806	336,896
TOTAL CURRENT LIABILITIES		**3,616,669**	**4,435,119**
NON-CURRENT LIABILITIES			
Trade and other payables	14	65,692	-
Other long-term provisions	16	185,042	173,828
Loans and Borrowings	17	6,731,783	6,176,175
Deferred tax liability	15	-	-
Lease liability	14a	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	18b	6,837,906	6,537,906
Share based payments reserve	18c	175,072	167,832
Retained earnings		(11,256,519)	(10,256,261)
Dividend profit reserve	18g	6,723,064	6,723,064
Foreign currency translation reserve	18d	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	18d	-	-	(39,641)	-	(278)	-	(39,918)
Total comprehensive income		-	-	(2,526,397)	-	(278)	-	(2,526,674)
Dividend profit reserve	18g	-	-	(6,723,064)	6,723,064	-	-	-
Interest rate hedging reserve	18f	-	-	-	-	-	9,610	9,610
Share based payments	18c	-	(3,001)	-	-	-	-	(3,001)
Dividends paid or provided for	8	-	-	-	-	-	-	-
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	18d	-	-	-	-	502	-	(502)
Total comprehensive income		-	-	(1,000,258)	-	502	-	(999,756)
Issue of share capital	18b	300,000	-	-	-	-	-	300,000
Dividend profit reserve	18g	-	-	-	-	-	-	-
Interest rate hedging reserve	18f	-	-	-	-	-	-	-
Share based payments	18c	-	7,240	-	-	-	-	7,240
Dividends paid or provided for	8	-	-	-	-	-	-	-
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 Restated * $
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	20a	(569,344)	3,383,948
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	11	(69,299)	(36,599)
Software development costs	12	(757,130)	(1,866,030)
Net cash used in investing activities		(826,429)	(1,902,629)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital raised	18b	300,000	-
Repayment of Lease Liability		(477,121)	(370,215)
Bank loan drawn down/(repayment)	20b	800,000	476,279
Net cash (used in) / provided by financing activities		622,879	106,064
Net (decrease)/increase in cash held		(772,894)	1,587,383
Cash (including restricted cash) at beginning of financial year	9	3,195,898	1,608,515
Cash (including restricted cash) at end of financial year	9	2,423,004	3,195,898

The accompanying notes form part of these financial statement

* Reclassification of repayment of Lease liability to Cashflows from Financing Activities

Notes to the Financial Statements for year ended 30 June 2021

Note 1: Corporate Information

The consolidated 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 financial statements were authorised for issue in accordance with a resolution of the directors on 23 September 2021.

Energy Action Limited ("the Parent") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Group is a for profit entity.

The nature of the operation and principal activities of the Group are described in the directors' report.

Note 2: Summary of Significant Accounting Policies

2.1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial report is presented in Australian dollars. The functional currency is also Australian dollars.

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

2.2 Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 24.

2.3 New Accounting Standards and interpretations

(i) New or amended accounting standards and interpretations adopted

The accounting policies adopted are consistent with those of the previous financial year except as follows :

The Group has adopted a change in accounting policy in relation to commissions paid to Sales Representatives and external Channel Partners. From 1 July 2018, commissions paid were expensed directly to commissions expense at the time of the sales contract being entered into with the customer. From 1 July 2020, the Group has moved to capitalise the commissions expense relating to annuity revenue, and expense this commission over a period of time. The percentage of commissions expense relating to annuity revenue is determined to be 62%, based on 12 months historical revenue. The capitalised commissions is subsequently expensed over a period of 30 months, aligned with the average length of managed service contracts sold during a 12 month period. The remainder of commissions paid 32% is expensed immediately in line with commercial payment to the Sales representative or external channel partner. The policy has been adopted as at 1 July 20 with no change to comparison period.

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Note 2: Summary of Significant Accounting Policies (Continued)

(ii) Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 June 2021 are outlined in the table below:

	Effective for the annual reporting period beginning on	**Expected to be initially applied in the financial year ending**
AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts	January 1, 2021	Jun 30,2022
AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2	January 1, 2021	Jun 30,2022

These accounting standards do not expect to have material impact for Energy Action.

Going concern assessments and solvency

The Company expects to comply with going concern and solvency assessments given the outlook for operating EBITDA and operating cash.

There is no other material impact in relation to accounting standards and ASIC focus for Energy Action in FY21.

2.4 Key Accounting Policies

a. Principles of Consolidation

The consolidated financial statements are comprised of the financial statements of the Group and its subsidiaries as at 30 June 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Note 2: Summary of Significant Accounting Policies (Continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

b. Income Tax and other taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Note 2: Summary of Significant Accounting Policies (Continued)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it reflects new information obtained about facts and circumstances that exist at the acquisition date that, if known, would have affected the amount recognised at that date where recognised during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a sale or purchase of assets or services in not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

c. Plant and Equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a re-valued asset.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset’s employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Note 2: Summary of Significant Accounting Policies (Continued)

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements

The depreciation rates used for each class of depreciable assets are

Class of Fixed Asset	Depreciation Rate
Computer equipment	25% - 33.3%
Furniture and fittings	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When re-valued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

d. Right-of-use assets

The right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as appropriate, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred and except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of leased liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for the short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

e. Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 2: Summary of Significant Accounting Policies (Continued)

f. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading. It is expected to be realised within 12 months after the reporting period or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current

g. Financial Instruments

Financial assets – initial recognition and subsequent measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The Group recognises an allowance for expected credit losses (ECLs) for all receivables and contract assets. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, the impact of the Coronavirus (COVID-19) pandemic and adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group adopted AASB 9 effectively moves from an "incurred losses" model to an "expected losses" model, which requires a forward-looking assessment of potential default events and losses over the life of these assets. The Group's trade receivables do not contain a significant financing component, lifetime expected credit losses can be recognised right on initial recognition. The Group elected to use the simplification method hence a provision matrix can be used.

The Group's trade and other receivables are exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

Financial Liabilities – Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Note 2: Summary of Significant Accounting Policies (Continued)

h. Impairment of Non-financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. Long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to Other Comprehensive Income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill and intangibles with indefinite useful life, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or CGUs recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 30 June at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for any intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Comprehensive Income in the expense category consistent with the function of the intangible asset.

i. Intangible assets other than Goodwill

Software, research and development costs

Research costs are expensed as incurred. Development expenditures including website development costs on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits

Note 2: Summary of Significant Accounting Policies (Continued)

- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is expensed through the profit and loss. During the period of development, the asset is tested for impairment annually.

The useful life of development costs is finite. It is amortised on a straight-line basis over its expected useful life. The development costs are internally developed. The amortisation rates are as follows:

Software development costs	20%

j. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

k. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is present in the income statement net of any reimbursement. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Onerous contracts

An onerous contract is considered to exist where the company has a contract under which the unavoidable cost of meeting the contractual obligations exceed the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the economic benefits estimated to be received.

Restructuring

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. Future operating losses are not provided for.

l. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Note 2: Summary of Significant Accounting Policies (Continued)

m. Revenue and Other Income

The Group is in the business of providing Energy Buying services, Energy Management, Embedded Networks and other services (Major Product Lines) predominately in Australia. Revenue from contracts with customers is recognised when controls of the services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

Revenue from Auction and Commission based tenders are recognised upfront once the Auction is complete and contracts signed between the retailer and the customer. The commercial and payment terms of the contract term remain unchanged with payments being received over the life of the contract. Accordingly, a contract asset called "Revenue not invoiced" has been created to recognise the difference between revenue recognised and the amount invoiced.

Auction contracts provide a customer with a right to cancel during the contract period. The Group estimates cancellation of Auction revenue during the contract period of approximately 5.2% based on the last 2 years of history in addition to specific provision of some aged items. Accordingly it was assessed that 5.2% of the total values of contracts entered into should be provided for on the balance sheet as a provision for cancellations on an ongoing basis. This has the effect of reducing revenue and providing for the risk of cancellation, for the period between recognising revenue and invoicing the retailer.

Other Energy Buying and Energy Management revenue, Embedded Networks revenue are recognised in the accounting period in which services are rendered and/or in accordance with the percentage of completion of the project. (Revenue is transferred over time)

n. Capitalised Commissions Paid

The Group has moved to capitalise the commissions expense relating to annuity revenue, and expense this commission over a period of time. The percentage of commissions expense relating to annuity revenue is determined to be 62%, based on 12 months historical revenue. The capitalised commissions is subsequently expensed over a period of 30 months, aligned with the average length of managed service contracts sold during a 12 month period. The remainder of commissions paid 32% is expensed immediately in line with commercial payment to the Sales representative or external channel partner.

o. Foreign Currency Transaction

The Group's consolidated financial statements are presented in Australian dollars, which is also the Parent's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises from using this method.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Note 2: Summary of Significant Accounting Policies (Continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date

(ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

p. Trade & other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within the due date.

q. Work-in-progress

When the outcome of a contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately as an onerous contract.

At the end of each accounting period the long-term contracts percentage or milestone completion is assessed individually, and any unbilled completion is recognised as work in progress income for the period.

r. Share based payments

The Group provides benefits to employees in the form of equity settled share-based payments, whereby employees render services in exchange for shares or rights over shares. The fair value of rights granted to eligible employees under the Energy Action Performance Rights & Options Plan (PROP) is recognised as an employee benefits expense, with a corresponding increase in the employee equity benefits reserve. The fair value is measured at grant date and recognised over the period in which the employee becomes entitled to the PROP grant. The fair value at grant date is determined by an independent valuer. Details of the fair value of share-based payment plans are set out in Note 18 (c).

At the end of each reporting period, the Group revises its estimate of the numbers of rights expected to vest. The amount recognised as an expense is only adjusted when the rights do no vest due to non-market related conditions.

Note 2: Summary of Significant Accounting Policies (Continued)

s. Interest Rate Hedging

The Group uses derivative financial instruments, such as interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of the hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedge item, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

At the end of each reporting period, the Group assesses the hedge effectiveness between hedged item and hedging instrument to determine whether the risk management objective for the hedging relationship has changed.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

t. Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

u. Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Note 3: Significant Accounting Judgements, Estimates and Assumptions

Impairment of intangible assets

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with suppliers with reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 18 (c).

Development costs

Development costs are capitalised in accordance with the accounting policy in Note 2(i). Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. This includes significant investments in the development of software. The software is being enhanced and /or developed for use within the business, improving operational efficiency.

Note 3: Significant Accounting Judgements, Estimates and Assumptions (Continued)

Onerous Contracts

Energy Action's policy for onerous contracts is stated in Note 2(i). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances in relation to costs to meet contractual obligations.

Employee benefits

Employee benefits are predominantly annual leave and long service leave. In determining these provisions, management makes assumptions in regard to future wage increases, and the probability that employees may satisfy vesting requirements for long service leave.

Work in progress

Energy Action performs services under contracts that last longer than one reporting period. For these contracts, revenue and costs are recognised on a percentage of completion or milestone basis. Percentage of completion or milestone by contract is estimated by relevant service delivery manager based on their assessment of completion versus milestones.

Revenue not invoiced and Provision for Cancellation

The Group adopted the full retrospective approach to implement AASB 15 Revenue from Contracts with Customers from 1 July 2018. The revenue is recognised upfront once the auction is complete and contracts signed between the retailer and the customer. An asset "Revenue not invoice" has been created to recognise the difference between revenue recognised and the amount invoiced. The total value of contracts entered into historically experienced cancellation of auction revenue during the contract period. A provision for cancellations of 5.2% has been provided at adoption to reduce the risk of cancellation. The assessment of historical cancellations is reviewed at each reporting period and revised accordingly. As at 30 June 2021, a provision of 5.2% of the total value of revenue not invoiced has been calculated based on historical cancellation over the past 24 months in addition to specific provision for some aged items.

Capitalised Commissions

The Group has moved to capitalise the commissions expense relating to annuity revenue, and expense this commission over a period of time. The percentage of commissions expense relating to annuity revenue is determined to be 62%, based on 12 months historical revenue. The capitalised commissions is subsequently expensed over a period of 30 months, aligned with the average length of managed service contracts sold during a 12 month period. The remainder of commissions paid 32% is expensed immediately in line with commercial payment to the Sales representative or external channel partner.

Note 4: Segment information

Identification of reportable segments

The Group has identified one reportable operating segment, which provides electricity and gas procurement services, energy management, and retail billing services in Australia. The types of services provided are detailed below.

Types of Services

Energy Action's principal activities are providing integrated energy management services to a diverse base of Commercial, Industrial and small and medium sized business customers. The business has previously reported business units comprising Energy Buying, Contract Mgt and Environmental Reporting and PAS (or Advisory). Due to the repositioning of Advisory and the growth of Embedded Networks the business line reporting has been aligned to the following services:

- **Energy Buying** – Broking or Consulting using a range of procurement methodologies including auctions (via the Australian Energy Exchange), tenders (small and large market), progressive and structured purchasing, corporate power purchase agreements, and broking of Solar and Energy projects.
- **Energy Management** – Managed client energy contracts and environmental reporting, including account management, liaison with their retailer, validating their bill, ensuring the right tariff and helping them to understand how they are using energy.
- **Embedded Networks** – Support for retailers and embedded network operators with retail billing, management and reporting.

Note 4: Segment information (Continued)

- **Other** – in the past 2 years, Energy Action has repositioned away from building monitoring, audits and energy efficiency initiatives, building ratings and energy generation or efficiency projects including solar.

The Australian Energy Exchange (AEX) electricity and gas procurement service is an online, real time and reverse auction platform for business customers which provides the opportunity to competitively obtain energy supply contracts from various energy providers.

Energy Metrics is an independent Energy Management Services platform which transforms energy data into usable business intelligence that is easy to understand and essential for improving overall business efficiency.

The types of energy management services include energy consumption monitoring and costing, energy emissions monitoring, contract administration, detailed technical reporting, desktop energy efficiency review and additional reporting and monitoring.

Embedded Networks included both embedded networks and retailer onboarding, meter reading, billing, standing data management, receivables management and performance reporting. In addition, Energy Action provides consultancy and onboarding services for Embedded Network operators.

In the past 2 years, Energy Action has repositioned away from building monitoring, audits, and energy efficiency initiatives, building ratings and energy generation or efficiency projects including solar. The Group has completed or novated the order book related to these activities as at 30 June 2021.

In Note 5 revenue is analysed by service line, however over all the performance of the business is monitored as one.

Accounting Policies and inter-segment transaction

The accounting policies used by the Group in the reporting segment internally are the same as those contained in Note 2 to the accounts.

Revenue by customer

There is no revenue with a single external customer that contributes more than 10% of total revenue.

Note 5: Revenue, Other Income and Expenses

Year-ended 30-Jun-21	Energy Buying	Energy Management	Embedded Networks	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	Energy Buying	Energy Management	Embedded Networks	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

5.1

Timing of Revenue Recognition	Consolidated Group 2021	Consolidated Group 2020
	$	$
Services transferred at a point in time	4,405,322	5,034,539
Services transferred over time	9,953,789	14,747,190
Total Revenue from contracts with customers	14,359,111	19,781,729

All material revenues are generated in Australia.

Note 5: Revenue, Other Income and Expenses (continued)

	Note	Consolidated Group 2021 $	2020 $
5.2			
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**
5.3			
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**
5.4			
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**
5.5			
Accelerated Depreciation and amortization and write down			
Accelerated Amortisation – Software		-	204,722
Accelerated Depreciation - Furniture and Fitting		-	-
Total Depreciation & Amortisation		**-**	**204,722**
5.6			
Financing costs / (income)			
Interest income		(1,065)	(4,611)
Interest expenses		210,731	276,187
Borrowing costs		25,746	17,324
Lease interest		47,205	50,873
Total Financing costs / (income)		**282,617**	**339,773**

Note 6: Income Tax Expense

		Note	Consolidated Group 2021 $	2020 $
a.	The components of tax expense comprise:			
	Current tax		(557,506)	16,416
	Current tax – under/(over) prior year		16,516	18,256
	Tax rate change		(11,259)	4,960
	Deferred tax – Current Year	15	222,264	(940,656)
	Deferred tax – Prior Year	15	(15,521)	(18,438)
			(345,506)	(919,462)
b.	The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:			
	Prima facie tax (benefit) / payable on profit / (loss) from ordinary activities before income tax at 26.0% (2020: 27.5%)		(349,899)	(936,710)
	Add Tax effect of:			
	Permanent Differences			
	— Tax rate change		11,259	4,961
	— Share based payments/trust		-	123
	— Government Incentives		(26,000)	-
	— Goodwill impairment		-	-
	— Other permanent differences		14,677	11,353
	— DTA Not Recognised / Recognised		-	993
	— Prior year adjustments		(888)	(182)
	— Loss carry back effective rate impact		5,345	-
	Less Tax effect of:			
	Deductible Expense			
	— Unbooked tax losses		-	-
	Income tax attributable to entity		(345,506)	(919,462)
	The applicable weighted average effective tax rates are as follows:		27.15%	26.99%

Energy Action Limited and its 100% owned subsidiaries formed a tax consolidated group with effect from 3 March 2009. Energy Action Limited is the head entity of the tax consolidated group.

Note 7: 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 loss attributable to ordinary equity holders of the parent from continuing operations	(1,000,258)	(2,486,756)
Net loss attributable to ordinary equity holders of the parent for basic earnings	(1,000,258)	(2,486,756)
Net loss attributable to ordinary equity holders of the parent adjusted for the effect of dilutions	(1,000,258)	(2,486,756)
	2021 No.	**2020 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.

Refer also to the Directors' Report for further information on the calculation of Operating Profit.

Note 8: Dividends

	Note	Consolidated Group 2021 $	2020 $
Dividends paid:			
Interim 2021 franked dividend of NIL cents per share		-	-
Final 2020 franked dividend of NIL cents per share		-	-
		-	-
a. Proposed final 2021 franked dividend of NIL cents per share		-	-
(Final 2020 franked dividend of NIL cents per share)			
b. Balance of franking account at year end adjusted for franking credits arising from:			
— Opening balance		7,535,418	7,553,936
— Opening balance adjustment		-	-
— Payment/(Refund) of provision for income tax		(18,784)	(18,518)
— Dividends recognised as receivables and franking debits arising from payment of proposed dividends, and franking credits that may be prevented from distribution in subsequent financial years		-	-
		7,516,634	7,535,418
Subsequent to year end, the franking account would be reduced by the proposed dividend reflected per (a) as follows:		-	-
		7,516,634	7,535,418

Tax rates

The tax rates at which paid dividends have been franked is:

- 30% - Prior to 1 July 2018
- 27.5% - from 1 July 2018 – 30 June 2020
- 26% - 1 July 20 – 30 June 21

Dividends proposed from 1 July 2021 will be franked at the rate of 25%.

Note 9: Cash and Cash Equivalents

	Note	Consolidated Group 2021 $	2020 $
Cash at bank*		2,415,726	3,181,876
Restricted cash**		7,278	14,022
Total Cash	22	**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 10: Trade and Other Receivables

	Note	Consolidated Group 2021 $	2020 $
CURRENT			
Trade receivables		1,662,216	2,701,714
Provision for expected credit loss		(230,989)	(299,298)
Total current trade receivables	22	**1,431,227**	**2,402,416**
NON-CURRENT			
Bonds and security deposits	22	69,141	81,948

a. Provision for Impairment of Receivables

Current trade and term receivables are non-interest bearing and generally on 30 to 90-day terms.

Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 10. The class of assets described as “trade and other receivables” is considered to be the main source of credit risk related to the Group.

The following table details the Group’s trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as “past due” when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counterparty to the transaction.

The Group policy stipulates that the receivable accounts with an administrator appointed or in liquidation or with 90 days+ outstanding – fully (100%) provided for except where a reasonable estimate can be made of the recoverable amount. Accounts assigned to a debt collector – 50% provided. Direct customers – expected credit loss (ECL) model based on risk associated with different ageing bucket. Retailers and Metering companies – no provision required; historical evidence shows immaterial write-off of debt. Partially due to the pre-approval process for many of the retailers which results in the amounts validated prior to invoicing. Disputed amounts owing which are in the process of litigation will be provided for on a case by case basis depending on the probability of recovery.

Note 10: Trade and Other Receivables (Continued)

ECL rates are applied to gross receivable balances after adjusting for any specific bad debts.

			Past due but not impaired (days overdue)			
	Total	Within Trade Terms	< 30	31–60	61–90	91+
	$	$	$	$	$	$
2021						
Trade and term receivables	1,662,216	1,384,699	19,685	116,907	(54,129)	195,054
Expected credit loss allowance	230,989	37,030	1,170	10,858	1,873	180,058
Expected credit loss rate	13.9%	2.7%	5.9%	9.3%	-3.5%	92.3%
	1,431,227	1,347,669	18,515	106,049	(56,002)	14,996
2020						
Trade and term receivables	2,701,714	2,032,343	127,530	65,279	46,382	430,180
Expected credit loss allowance	299,298	38,500	842	3,801	13,741	242,414
Expected credit loss rate	11.1%	1.9%	0.7%	5.8%	29.6%	56.4%
	2,402,416	1,993,843	126,688	61,478	32,641	187,766

Neither the Group nor parent entity holds any financial assets with terms that have been renegotiated, which would otherwise be past due or impaired.

Revenue not invoiced is shown as net of provision for cancellation in Note 13.

Movements in the allowance for expected credit loss allowance

	Consolidated Group	
	2021	2020
	$	$
Opening Balance	299,298	272,062
Additional provision recognised	20,332	61,212
Receivables written off during the year as uncollectable	(44,641)	(25,168)
Unused amounts reversed	(44,000)	(8,808)
Closing balance	**230,989**	**299,298**

b. Collateral Held as Security

Current trade and term receivables are non-interest bearing and generally on 30 to 90-day terms.

No collateral or security is held by the company for loans or receivables.

Note 11: Property Plant and Equipment

	Consolidated Group	
	2021	**2020**
	$	**$**
Computer equipment:		
At cost	2,092,221	2,060,913
Accumulated depreciation	(2,008,905)	(1,976,440)
	83,316	**84,473**
Furniture and fittings:		
At cost	1,293,439	1,424,826
Accumulated depreciation	(1,275,146)	(1,372,242)
	18,293	**52,584**
Total Plant and Equipment	**101,609**	**137,057**

a. Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Note	Computer Equipment	Furniture and Fittings	Total
		$	**$**	**$**
Consolidated Group:				
Balance at 1 July 2019		**146,284**	**110,999**	**257,283**
Additions		34,772	1,827	36,599
Assets disposed		-	-	-
Depreciation expense	5.4	(96,583)	(60,242)	(156,825)
Accelerated Depreciation	5.5	-	-	-
Balance at 30 June 2020		**84,473**	**52,584**	**137,057**
Additions		69,299	-	69,299
Assets disposed		-	(21)	(21)
Depreciation expense	5.4	(70,456)	(34,270)	(104,726)
Accelerated Depreciation	5.5	-	-	-
Balance at 30 June 2021		**83,316**	**18,293**	**101,609**

Note 12: Intangible Assets

	Consolidated Group 2021 $	Consolidated Group 2020 $
Software development costs	12,193,743	11,518,790
Software Impairment	(4,861,538)	(4,861,538)
Accumulated amortisation	(6,303,986)	(6,142,557)
Net carrying value	**1,028,219**	**514,695**
Total intangibles	**1,028,219**	**514,695**

		Software Development costs $	Total Intangibles $
Consolidated Group:			
Year ended 30 June 2019			
Balance at the beginning of year		3,264,423	3,264,423
Internal development		1,935,785	1,935,785
Disposal		(7,967)	(7,967)
Impairment		(3,611,538)	(3,611,538)
Amortisation charge	5.4	(861,286)	(861,286)
Accelerated Amortisation	5.5	(204,722)	(204,722)
Closing value at 30 June 2020		**514,695**	**514,695**
Year ended 30 June 2020			
Balance at the beginning of year		514,695	514,695
Internal development		757,130	757,130
Disposal		-	-
Impairment		-	-
Amortisation charge	5.4	(243,606)	(243,606)
Accelerated Amortisation	5.5	-	-
Closing value at 30 June 2021		**1,028,219**	**1,028,219**

Intangible assets, excluding goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in the statement of comprehensive income.

Refer to Note 2 for capitalisation policy.

Note 12: Intangible Assets (continued)

12 (a) Impairment testing of goodwill and other intangible assets

AASB 136 (9) “Impairment of Assets” requires an entity to assess at the end of each reporting period whether there is any indication that impairment exists, and if there are indicators of impairment to reassess the assets recoverable amount. The recoverable amount is defined in AASB 136 as the higher of fair value less cost to sell, and value in use.

12 (b) Accelerate amortisation

For the year ended 30 June 2021, the Company performed a review of the software assets and reassessed the useful life of the software asset pool. As a result, it was deemed no additional amortisation was required. In June 2020 some software assets were assessed to have reduced useful life to 30 June 2020, resulting in an accelerated amortisation of the $0.20 million processed as a one off.

12 (c) Impairment of software

The Company has made a large investment in business software to replace its legacy applications with Microsoft CRM. As at 30 June, CRM book value was $3,611,538.

Due to extended delays and rework, the project experienced significant increase in implementation cost. The extended project duration and cost has reduced the opportunity to realise additional future benefits and the completed CRM project will now incur regular maintenance.

As at 30 June 2020, the Company has assessed that the CRM software assets has a nil valued as at 30 June 2020 and the Company has impaired this asset by the value of $3,611,538.

Note 13: 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 13(a): Right-of-use Assets

	Consolidated Group	
	2021	2020
	$	$
NON CURRENT		
Right of use asset:		
At cost	1,331,038	992,365
Impairment	(506,113)	-
Accumulated depreciation	(560,159)	(351,846)
	264,766	**640,519**

	Total Right of Use Assets
	$
Consolidated Group:	
Year ended 30 June 2019	
Balance at the beginning of year	-
Additions	992,365
Depreciation	(351,846)
Impairment	-
Closing value at 30 June 2020	**640,519**
Year ended 30 June 2020	
Balance at the beginning of year	640,519
Additions	338,673
Depreciation	(208,313)
Impairment	(506,113)
Closing value at 30 June 2021	**264,766**

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 14: Trade and Other Payables

		Consolidated Group	
		2021	2020
		$	$
CURRENT			
Unsecured liabilities:			
Trade payables		617,593	535,831
Goods & Services tax		158,457	657,550
Commissions payable		164,037	190,962
Rebates to customers		237,609	28,188
Makegood provision		90,989	96,525
Onerous contracts		174,169	-
Other payables and accrued expenses		865,555	1,845,458
		2,308,409	**3,354,514**
NON CURRENT			
Unsecured liabilities:			
Onerous contracts		65,692	-
		65,692	**-**
a. Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables:			
- Total current		2,308,409	3,354,514
- Total non current		65,692	-
Financial liabilities as trade and other payables	22	2,374,101	3,354,514

Terms and conditions of the above financial liabilities:

– Trade payables are non-interest bearing and are normally settled on 30 or 60 days terms
  Other payables are non-interest bearing and have an average term of six months

Note 14(a): Lease Liability

	Consolidated Group	
	2021	2020
	$	$
CURRENT		
Closing Lease Liability Current	**447,806**	**336,896**
NON CURRENT		
Closing Lease Liability Non - Current	**133,970**	**336,126**

Note 15: Tax

	Consolidated Group	
	2021	2020
	$	$
CURRENT		
Current tax asset	152,695	21,450

NON-CURRENT

	Opening Balance	Tax rate change	Adj Prior year	Charged to Income	Closing Balance
	$	$	$	$	$
Consolidated Group					
Deferred Tax 2021					
Provisions	457,080	(12,805)	-	(124,152)	320,123
Accruals	352,195	(13,458)	-	(2,279)	336,458
Fixed assets	1,247,023	(35,527)	-	(323,330)	888,166
Prepaid commissions	(13,344)	1,775	-	(32,793)	(44,362)
Work in progress	(96,838)	-	-	96,838	-
Share Based Payments	-	-	-	-	-
Sundry	25,403	(19,085)	(15,521)	25,484	16,281
Tax Losses	-	-	-	460,812	460,812
Revenue not invoiced	(1,718,995)	65,193	-	23,988	(1,629,814)
Right of Use Asset	(166,535)	2,648	-	97,696	(66,191)
	85,988	**(11,259)**	**(15,521)**	**222,264**	**281,473**

	Opening Balance	Tax rate change	Adj Prior year	Charged to Income	Closing Balance
	$	$	$	$	$
Deferred Tax 2020					
Provisions	493,986	(26,370)	(272,900)	262,365	457,080
Accruals	282,623	(20,319)	303,913	(214,023)	352,195
Fixed assets	379,244	(71,944)	-	939,723	1,247,023
Prepaid commissions	(18,379)	770	-	4,266	(13,344)
Work in progress	(234,187)	5,587	-	131,762	(96,838)
Share Based Payments	948	-	-	(948)	-
Sundry	48,399	(1,465)	(12,575)	(8,956)	25,403
Revenue not invoiced	(1,820,778)	99,173	-	2,610	(1,718,995)
Right of Use Asset	-	9,608	-	(176,143)	(166,535)
	(868,145)	**(4,960)**	**18,438**	**940,656**	**85,989**

Note 16: Provisions and other liabilities

Analysis of total provisions

	Consolidated Group	
	2021	2020
	$	$
Current		
Restructuring Provision	202,696	-
Annual leave	268,017	486,350
Long service leave	159,515	257,359
	630,228	743,709
Non-current		
Long service leave	185,042	173,828
	185,042	173,828

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 2.

Note 17: Loans and Borrowings

	Note	Consolidated Group	
		2021	2020
		$	$
CURRENT			
Market Rate Loan Facility		250,000	-
Less capitalised debt establishment fees		(19,774)	-
	22	230,226	-
NON CURRENT			
Market Rate Loan Facility		6,750,000	6,200,000
Less capitalised debt establishment fees		(18,217)	(23,825)
	22	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 18: Issued Capital and Reserves

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

		Consolidated Group 2021 No.	Consolidated Group 2020 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 $	Consolidated Group 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

*Issued at $0.29 per share on 09 February 2021

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

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Note 18: Issued Capital and Reserves (Continued)

c. Share based payments reserve

Share-based payment transactions:

The share-based payment reserve is used to recognise the value of equity-settled share-based payment provided to employees.

On 30 June 2020, 777,000 performance options were granted to senior executives under the 2020 LTI Performance rights and option plan. The total number of options granted is divided into five equal tranches, which will be tested against a performance hurdle at staggered intervals. All tranches have a strike price of 41 cents.

However during the year ending 30 June 2021, 194,250 performance options were forfeited due to service criteria not met, and 582,750 remaining performance options as at 30 June 2021.

The number of options that ultimately vest (if any) is subject to satisfaction of a performance hurdle. Testing of options against the performance hurdles will occur annually, with the possibility of re-testing if hurdles are not satisfied in the first instance.

The performance hurdle is written around Total Shareholder Return (TSR). In Order for some options to vest, the minimum target is 20% p.a. If the stretch target of 40% p.a. is reached, all options will vest. In between minimum and stretch targets, the proportion of options that vests increases linearly between 50% and 100% of the options granted.

Performance Criteria	Proportion of Options Vesting
If TSR is less than 20% pa	No options vest
If TSR is equal to 20% pa	50% of the options vest
If TSR lies between 20% and 40% pa	The proportion of options that vests increase linearly from 50% to 100%
If TSR equals or exceeds 40% pa	100% of the options vest

Note: In calculating the TSR over the respective vesting periods, a starting base price of 37 cents will be used.

Vesting of the options is also subject to a service condition which requires the recipient to remain continuously employed with Energy Action through to the vesting date. This report assumes that the service condition will be fully satisfied.

A Monte Carlo simulation valuation technique has been adopted to value the performance rights at grant date.

The grant date share price was based on the EAX closing share price of 16 cents as at 30 June 2020 and the option exercise price for all tranches of options is 41 cents.

The 12 March 2018 performance rights granted to senior executives and certain other employees under the Performance Rights & Options Plan (PROP), vesting only occurs when and if service and performance conditions are met. As at 30 June 2020 all of these performance rights have been cancelled or forfeited.

Note 18: Issued Capital and Reserves (Continued)

c. Share based payments reserve (continued)

For the year ended 30 June 2021, the Group has recognised $7,240 of share-based payment expense in the statement of comprehensive income (30 June 2020: ($3,001)). Share based payments expense is net of reversals due to non-achievement of targets (EPS targets) and forfeitures in the case of terminated employees.

Share Based Payment Reserve	Consolidated Group 2021 $	Consolidated Group 2020 $
At the beginning of the reporting period	167,832	170,833
Share based payment expenses	16,131	(3,001)
Prior year adjustments	(8,891)	-
Employee shares	-	-
PROP payment	-	-
Transfer Cash to Employee Share Trust	-	-
Movement in the year	7,240	(3,001)
At the end of the reporting period	**175,072**	**167,832**

Note 18: Issued Capital and Reserves (Continued)

d. Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in Note 2. The reserve is recognised in profit or loss when the net investment is disposed of.

Foreign Currency Translation Reserve	Consolidated Group 2021 $	Consolidated Group 2020 $
At the beginning of the reporting period	1,152	1,430
Foreign currency translation reserve write off	-	-
Foreign currency translation entry (current period)	502	(278)
Movement in the year	502	(278)
At the end of the reporting period	**1,654**	**1,152**

e. Capital Management

The Group's capital includes ordinary share capital. Management controls the capital of the Group in order to maintain a prudent debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. This includes adjusting dividend payments to shareholders and equity attributable to the entity holders of the parent.

There is an externally imposed capital requirement of $50,000 to be held in cash, as a requirement of holding an Australian Financial Services Licence.

The way management controls Group's capital is by assessing the Group's financial risks and adjusting its capital structure in response to changes in those risks and in the market. The responses include the management of debt levels, distributions to shareholders and share issues.

f. Interest Rate Hedging Reserve

Exposure to interest rate risk arises on financial assets recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings balances with floating interest rates. Interest rate risk is managed primarily using floating interest rates on bank borrowings.

Note 18: Issued Capital and Reserves (Continued)

f. Interest Rate Hedging Reserve (Continued)

At the end of each reporting period, the Group assesses the hedge effectiveness between hedged item and hedging instrument to determine whether the risk management objective for the hedging relationship has changed as described in note 2. For the year ended 30 June 2021, the interest rate hedging reserve was NIL (FY20: NIL)

	Consolidated Group	
Interest Rate Hedging Reserve	**2021** **$**	**2020** **$**
at the beginning of the reporting period	-	(9,610)
Interest rate hedging entry (reverse prior period)	-	9,610
Interest rate hedging entry (current period)	-	-
Movement in the year	-	9,610
At the end of the reporting period	**-**	**-**

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The Group includes within net debt, trade and other payables including provision for income tax, less cash and cash equivalents. Bank guarantees are excluded from this calculation. The gearing ratios for the year ended 30 June 2021 and 30 June 2020 are as follows:

		Consolidated Group	
	Note	**2021** **$**	**2020** **$**
Bank loans	17	6,962,009	6,176,175
Less cash and cash equivalents	9	(2,423,004)	(3,195,898)
Net debt / (cash)		4,539,005	2,980,277
Total Equity		2,481,177	3,173,693
Gearing percentage (%)		183%	94%

Gearing as measured by total net debt divided by total equity was 183% as at 30 June 2021 and 94% at 30 June 2020.

g. Dividend Profit Reserve

During the year ended 30 June 2020, some subsidiaries of the Group resolved to reserve current and prior year profits as a dividend profit reserve. These reserves held in the subsidiaries of Energy Action Australia Pty Limited and Exergy Australia Limited for the potential future dividend distribution to the Parent Company, Energy Action Limited.

Note 19: Capital and Leasing Commitments

The Company holds a lease commitment as at 30 June 21 for the following locations :

- Paramatta – ending 30 June 21 – held as Lease Liability (AASB16)
- Melbourne - ending July 2023 – held as Lease Liability (AASB16)
- Canberra – ending Nov 21 – with all costs held as an Onerous Lease provision

The Group has provided the following bank or cash guarantees at 30 June 2021 for regional offices:

	Consolidated Group	
	2021	**2020***
	$	**$**
– Parramatta office	145,347	145,347
– Brisbane office	-	31,323
– Melbourne office	26,312	26,312
	171,659	202,982

*Restated to include cash guarantee in relation to Melbourne office

Note 20: Cash Flow Information

		Consolidated Group	
		2021	2020 Restated*
		$	$
a.	Reconciliation of Cash Flow from Operations with Profit after Income Tax		
	Loss after income tax	(1,000,258)	(2,486,756)
	– Depreciation and amortisation	556,645	1,574,677
	– Loss/(Gain) on disposal of fixed assets	21	-
	– Unrealised FX Revaluation	502	-
	– Share based payments expense	7,240	(3,001)
	– Amortisation of borrowing costs	115,272	33,876
	– Impairment	506,113	3,611,538
	– Restructuring costs	224,056	50,000
	– Onerous Contracts	212,233	-
	– Other Significant Items	(2,203)	-
	– Government assistance	-	(293,143)
	Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
	– (increase)/decrease in trade and term receivables	976,148	1,204,401
	– (increase)/decrease in prepayments and other assets	(239,384)	369,698
	– increase/(decrease) in trade payables and accruals	(1,232,764)	(254,255)
	– increase/(decrease) in deferred taxes	(326,730)	(900,946)
	– increase/(decrease) in loans	(39,913)	-
	– increase/(decrease) in provisions	(326,322)	477,859
	Cash flow (used in)/from operations	(569,344)	3,383,948

b. Reconciliation of liabilities arising from financing activities

			Non-cash changes			
Total liability from financing activities	**Opening Balance**	**Cash flow**	**Acquisition**	**Foreign exchange movement**	**Fair value changes**	**Closing Balance**
	$	**$**	**$**	**$**	**$**	**$**
FY21 Long term borrowings	6,200,000	800,000	-	-	-	7,000,000
Lease Liability	673,022	(477,123)	385,877	-	-	581,776
FY20* Long term borrowings	5,723,721	476,279	-	-	-	6,200,000
Lease Liability	-	(370,215)	1,043,237	-	-	673,022

* Reclassification of Lease payment relating to Right of use assets from Operating Activities to Financing Activities

Note 21: Related Party Disclosures

The financial statements include the financial statements of the Group and the subsidiaries listed in the following table:

a.	Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)*	
	Subsidiaries of Energy Action Limited:		2021	2020
	Eactive Consulting Pty Limited	Australia	100%	100%
	Energy Action (Australia) Pty Limited	Australia	100%	100%
	EAIP Pty Limited	Australia	100%	100%
	ACN 087 790 770 Pty Limited	Australia	100%	100%
	Exergy Holdings Pty Limited	Australia	100%	100%
	Exergy Australia Pty Limited	Australia	100%	100%
	Exergy New Zealand Limited	New Zealand	100%	100%
	Energy Advice Pty Ltd	Australia	100%	100%
	Employee Share Trust	Australia	100%	100%

* Percentage of voting power is in proportion to ownership

b. The Group's main related parties are as follows:

i. Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to the Remuneration Report contained in the Director's Report.

ii. Other related parties:

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel exercise significant influence.

The Group procures management services from Horizon Private Capital Partners. Nitin Singhi is a director of Horizon Services Trust, which was paid $11,137 in FY21 (FY20 $36,300). Horizon provided consulting advice in relation to the introduction of new partners.

The Group procures legal advice from Meehans Solicitors. Paul Meehan is the Principal of Meehans Solicitors and his firm provide legal services to the value of $NIL in FY21 (FY20 $990).

Note 21: Related Party Disclosures (Continued)

a. Compensation of Key Management Personnel (KMP)

Refer to the Remuneration Report contained in the Director's Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2021.

The totals of remuneration paid to KMP of the Group during the year are as follows:

	Consolidated Group	
	2021	2020
	$	$
Short-term employee benefits	715,896	693,566
Long-term employee benefits	3,207	-
Post-employment benefits – superannuation	58,791	53,632
Total Compensation	777,894	747,198

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period relating to KMP.

b. The ultimate parent

Energy Action Limited is the ultimate parent based and listed in Australia.

Note 22: Financial Risk Management

The Group's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

		Consolidated Group	
	Note	2021	2020
		$	$
Financial assets			
Cash and cash equivalents, including restricted cash	9	2,423,004	3,195,898
Receivables	10	1,431,227	2,402,416
Bond and security deposits	10	69,141	81,948
Revenue not invoiced	13	6,176,501	6,168,653
Work in Progress	13	333,835	470,111
Total financial assets		10,433,708	12,319,026
Financial liabilities			
Loans and Borrowings	17	6,962,009	6,176,175
Trade & Other payables	14	2,374,101	3,354,514
Total financial liabilities		9,336,110	9,530,689

Note 22: Financial Risk Management (Continued)

Financial Risk Management Policies

The Audit and Risk Management Committee (ARMC) has been delegated responsibility by the Board of Directors for, amongst other matters, monitoring and managing financial risk exposures of the Group. The ARMC monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to financing risk and interest rate risk. The ARMC meets at least three times a year and minutes of the ARMC are reviewed by the Board.

The ARMC's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

a. Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 30 to 90 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating. The institutions selected are determined by the Board.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Group has no significant concentrations of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables are provided in Note 10.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 10.

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

Note 22: Financial Risk Management (continued)

Consolidated Group	Within 1 Year 2021 $	Within 1 Year 2020 $	1 to 5 years 2021 $	1 to 5 years 2020 $	Over 5 years 2021 $	Over 5 years 2020 $	Total 2021 $	Total 2020 $
Financial liabilities due for payment								
Bank loans	230,226	-	6,731,783	6,176,175	-	-	6,962,009	6,176,175
Trade and other payables (excluding est. annual leave)	2,308,409	3,354,514	65,692	-	-	-	2,374,101	3,354,514
Total expected outflows	2,538,635	3,354,514	6,797,475	6,176,175	-	-	9,336,110	9,530,689
Financial assets — cash flows realisable								
Cash and cash equivalents	2,415,726	3,181,876	-	-	-	-	2,415,726	3,181,876
Restricted cash	7,278	14,022	-	-	-	-	7,278	14,022
Trade, term and loans receivables	1,431,227	2,402,416	-	-	-	-	1,431,227	2,402,416
Work in progress	333,835	470,111	-	-	-	-	333,835	470,111
Bonds and security deposits	-	-	69,141	81,948	-	-	69,141	81,948
Revenue not invoiced	3,419,481	3,185,228	2,757,020	2,983,425	-	-	6,176,501	6,168,653
Total anticipated inflows	7,607,547	9,253,653	2,826,161	3,065,373	-	-	10,433,707	12,319,026
Net (outflow)/inflow on financial instruments	5,068,912	5,899,139	(3,971,314)	(3,110,802)	-	-	1,097,597	2,788,337

c. Interest rate risk

Interest rate risk arises as a result of changes in market interest rates and will affect the future cash flows. The Group manages its interest rate risk by having a variety of loan rollover terms from 30 days to 180 days. Cash and cash equivalents are all on short term deposits. As at 30 June 2021, the Group had bank loans of $7 million on 90-day terms at (line fee of 2.0%, usage fee of 1.40% and 0.08% interest rate).

d. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices for Energy Action Limited comprise interest rate risk. Financial instruments affected by interest risk include cash at bank.

1) Interest Rate Risk

Exposure to interest rate risk arises on financial assets recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings balances with floating interest rates net of cash.

The company has insignificant other balances that have interest payment terms.

Note 22: Financial Risk Management (Continued)

2) Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables, and the other assumptions remain consistent with prior years.

	Consolidated Group	
	Increase/decrease in basis points $	**Profit before tax $**
Year ended 30 June 2021	+/- 100	-/+ 65,068
Year ended 30 June 2020	+/- 100	-/+ 61,385

The assumed movement in basis points for the interest rate sensitivity analysis is based on currently observable market environment, showing a significantly lower volatility than in prior years.

Note 23: Auditors' Remuneration

	Consolidated Group	
	2021 $	**2020 $**
The auditor for Energy Action Limited is RSM		
Amounts received or due and receivable by Ernst & Young (Australia) (resigned 30 June 2019) for:		
— An audit or review of the financial report of the entity and any other entity in the consolidated group	-	25,000
Amounts received or due and receivable by RSM (Australia) (appointed 1 July 2019) for:		
— An audit or review of the financial report of the entity and any other entity in the consolidated group	132,200	110,000
	132,200	135,000

Note 24: Information relating to Energy Action Limited ("the parent entity")

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

	Parent	
	2021	**2020**
	$	**$**
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	19,004,658	16,082,200
Non-current assets	15,113,895	15,013,084
Total assets	34,118,553	31,095,284
Current liabilities	(10,833,569)	(10,077,676)
Non-current liabilities	(6,829,544)	(8,773,999)
Total liabilities	(17,663,113)	(18,851,675)
Issued capital	8,305,600	8,005,600
Reserves	175,071	158,940
Prior year adjustment*	4,167,998	-
Retained earnings	3,806,771	4,079,069
Total Equity	16,455,440	12,243,609
Profit/(loss) of the parent entity	(272,298)	(186,115)
Total comprehensive income/(loss) of the parent entity	(272,298)	(186,115)

* Prior year adjustment relates to Intercompany transactions withing the group being rectified relating to prior year transactions

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity and some of its subsidiaries are not party to a deed of cross guarantee under which each company guarantee the debts of the others. No deficiencies of assets exist in any of these subsidiaries.

Contingent Liabilities

A demand made in the FY20 period in respect of alleged unpaid amounts for previous work provided to the Company is ongoing. The Claimant has now filed proceedings in the Federal Court of Australia. The Company has disclaimed liability and is defending the action. The Company is of the view that it unlikely that any significant liability arises. The directors are of the view that no material losses will arise in respect of the legal claim at the date of these financial statements. The parent entity had no contingent liabilities as at 30 June 2021.

Capital Commitments – Property, Plant and Equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Note 25: Events After the reporting period

The impact of COVID-19 and extended lockdowns across Australia since 30th June 2021, in particular New South Wales and Victoria has seen clients deferring decisions, and connection and collaboration with customers and employees more difficult. The Company has qualified for the NSW 2021 COVID-19 Jobsaver scheme expecting to receive $.05 million for each week of lockdown in NSW estimated to be 11 weeks, equivalent to $0.55 million.

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.

Director’s Declaration

In accordance with a resolution of the Directors of Energy Action Limited, I state that:

1. In the opinion of the Directors:

    a. The financial statements and notes of Energy Action Limited for the financial year ended 30 June 2021 are in accordance with the Corporations Act 2001, including:

        i. giving a true and fair view of its financial position as at 30 June 2021 and performance

        ii. complying with Accounting Standards (including the Australian Accounting Interpretations)

        and the Corporations Regulations 2001

    b. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.1

    c. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

On behalf of the board

Murray Bleach
Director

23 September 2021

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT
To the Members of Energy Action Limited

Opinion

We have audited the financial report of Energy Action Limited. (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Revenue Recognition
Refer to Note 1 (m) in the financial statements</td></tr>
<tr><td>The Group generates its revenue from a variety of services such as procurement, managed services, retail services and other service lines.

Our audit team focused on revenue recognition across these services due to its importance and significance to shareholders. The Group has experienced a drop in revenue over a number of financial years, including the current financial year. Therefore, revenue is seen as a key performance indicator and consequently, it necessitated greater involvement of the audit team and a high portion of audit effort was applied to gather sufficient audit evidence.

Refer to Note 1 (m) of the financial report for the related disclosures.</td><td>We have:

• Assessed whether the Group's revenue recognition policies were in compliance with Australian Accounting Standards.
• Tested a samples of revenue transactions during the year, from each revenue stream, by checking them to underlying records and ensuring consistency to the Group's timing and measurement of revenue recognition.</td></tr>
<tr><td colspan="2">Impairment of Intangible Assets
Refer to Note 12 in the financial statements</td></tr>
<tr><td>Other intangible assets comprise capitalised software development costs which were assessed by the Group for indicators of impairment. If indicators of impairment exist during the year, an impairment test for these assets is performed. Irrespective of whether there is any indication of impairment, the Group is required to test an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount.

The carrying value of intangible assets was considered to be a key audit matter due to the magnitude of the balance in the consolidated statement of financial position.

Refer to Note 12 of the financial report for the related disclosures.</td><td>We have:

• Evaluating the Group's assessment of indicators of impairment for capitalised software development costs.
• Obtained and assessed the board approved impairment review in relation to capitalised software development costs.
• Considered the adequacy of the financial report disclosures contained in Note 12 of the financial report.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf.
This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report
We have audited the Remuneration Report included in pages 18 to 26 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Energy Action Limited, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities
The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM AUSTRALIA PARTNERS

C J Hume
Partner

Sydney, NSW
Dated: 23 September 2021