

SEPTEMBER 2021



EnergyAction

FY21 Full Year

Results Presentation

FY21 Results Agenda

- ▶ **Business Overview**
- ▶ **Group financial results**
- ▶ **FY22 Priorities**

Business Overview

Energy Action are really strong in the auction process. It's absolutely frictionless. I just ring them up and say *'I've got this site here'* and they'll run an auction allowing retailers to bid for my business's usage which creates a competitive tension between the retailers. I don't have the time to phone around to see what pricing I can get.

Energy Action come back to me with a list of suppliers who've offered pricing for the business and it's a case of, *'this one will save you this much, this one will save you this much'*. I just look at the reports sent to me once the auction has run, and if happy, I give the ok and it's done. Easy.

We can give things to Energy Action and they just run with it, eliminate frictions, make things happen.

John Stell
Multi-Color Corporation



Our Why

The status quo is no longer acceptable.

- ▶ **Our Mission.** To make energy easier, cleaner, and lower cost
- ▶ **Our Goals.**
 - To invest in technology that simplifies the sector.
 - To provide clear and low-cost paths to Net Zero for clients looking to build sustainable businesses in a changing world.
- ▶ **Our Vision.** 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.

- ▶ **Energy Buying:** We identify the right procurement technique to reduce the prices our clients pay.
- ▶ **Energy Management:** We identify 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.

FY2021 Financial highlights

REVENUE

\$14.4m

27% FALL

STATUTORY NPAT

(\$1.0m)

60% IMPROVEMENT

NET CASHFLOW

(\$0.78m)

149% FALL

REVENUE NOT INVOICED

\$6.2m

STEADY

FUTURE REVENUE

\$15.4m

8.9% FALL

OPERATING NPAT

(\$0.42m)

FY20 \$23k

OPERATING CASHFLOW

(\$0.06m)

24% FALL

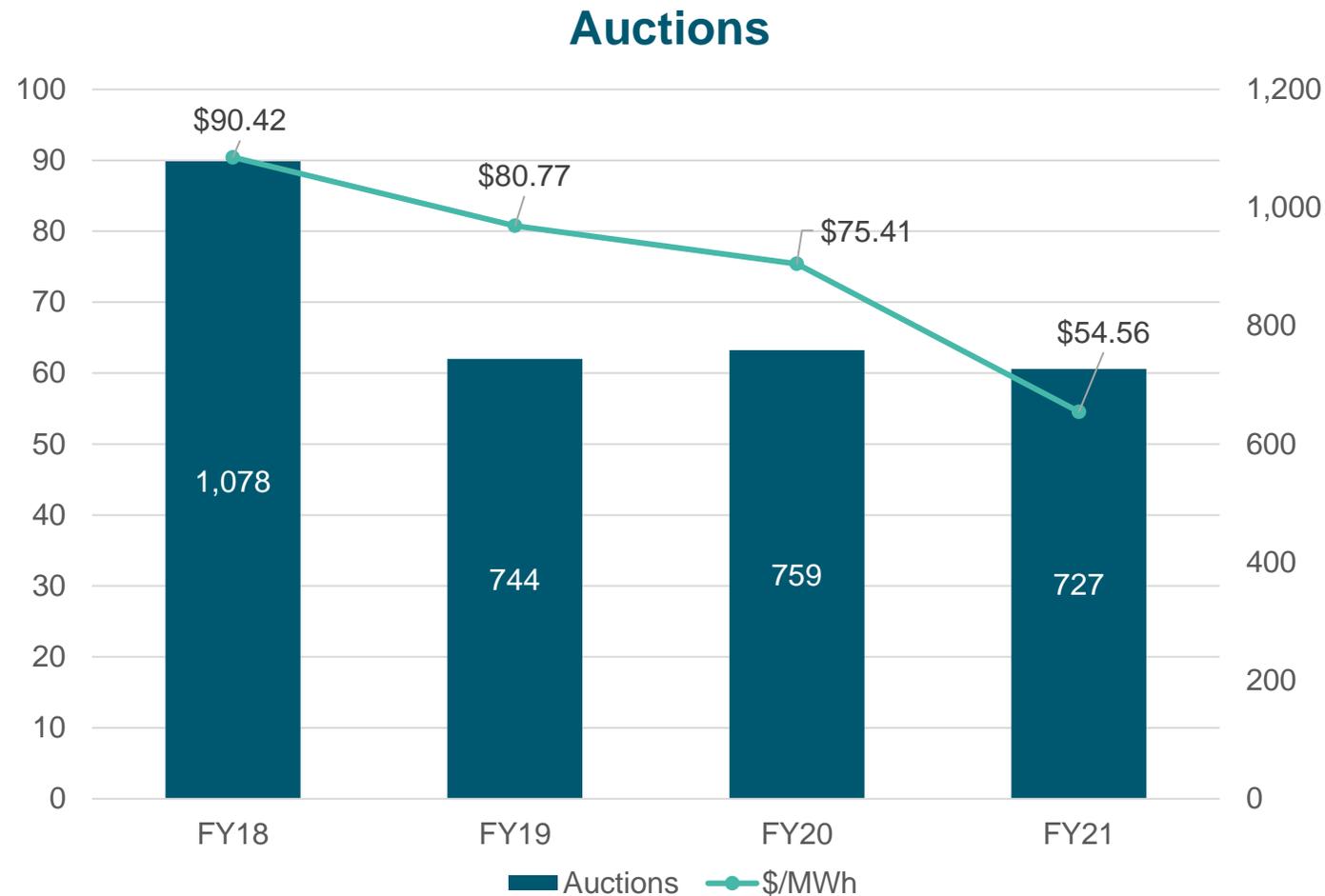
NET DEBT

\$4.73m

48% INCREASE

FY2021 Energy Buying

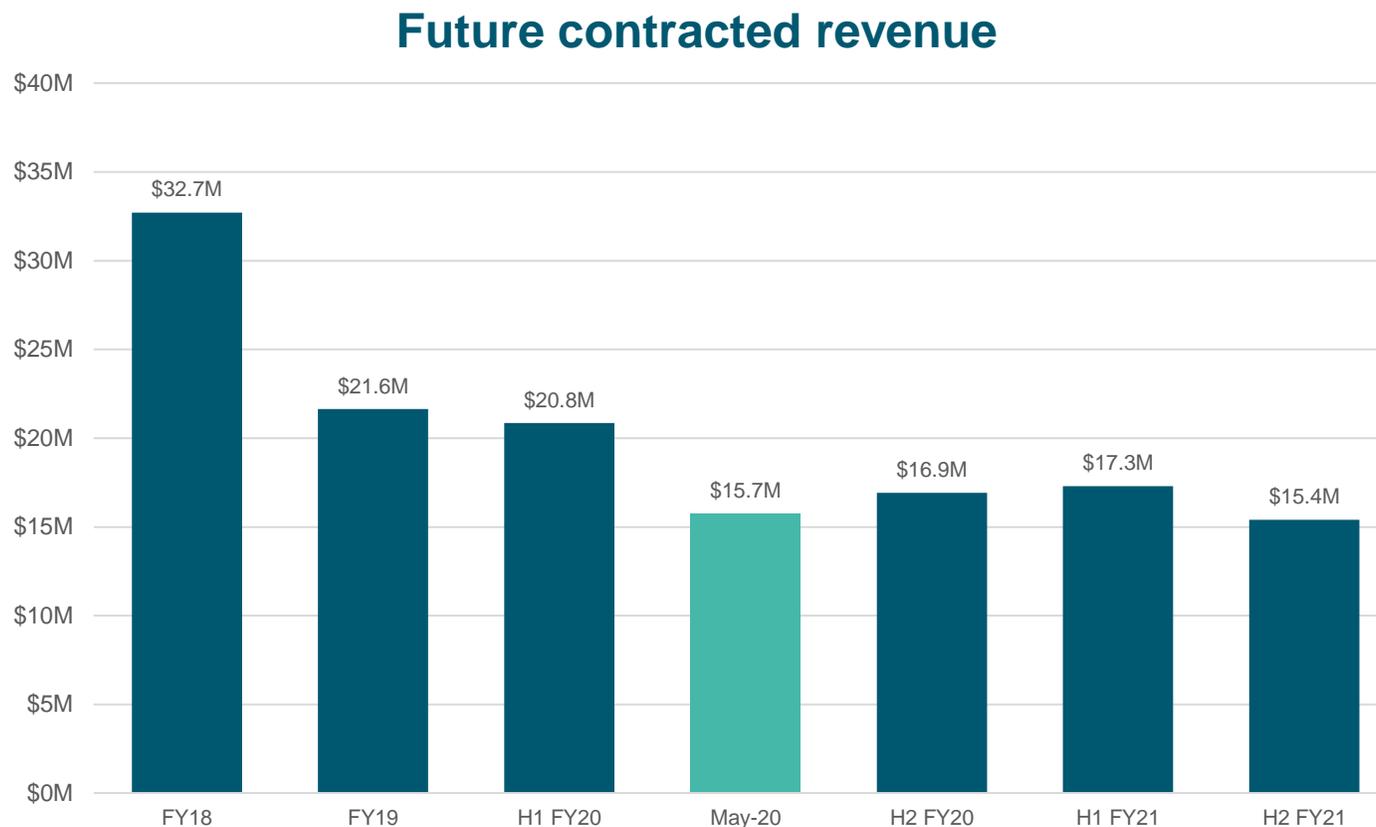
Auction volumes showed promise of early growth in first half year but ended the year with a moderate decline.



FY2021 Future Contracted Revenue

Future contracted revenue is contracted revenue from energy buying services and energy management subscriptions, and embedded network contracts.

Stabilising after significant declines in prior 5 years



Group Financial Results



We transferred all of our accounts using Energy Action into one consolidated group that was taken to auction by David and his team. We have gained significant savings for our business and simplified our energy usage admin.

I would highly recommend David Farag and Energy Action to any companies looking to do the same that you try and see for yourself what you could save.

-

Sam Hopkinson
Southern Cross Milk Pty Ltd T/As Ace Farming

The Ace Farming logo is a white circle containing the text "Ace Farming" in a blue, sans-serif font. The background of the slide features a faint image of a cow in a field and decorative geometric patterns in the corners.

Income statement FY21

Statutory loss of \$1m

Improved 60% compared to PCP

Operating loss of \$0.42m

Compared to PCP profit of \$0.02m

Revenue decline 27% from PCP

24% decline excluding discontinued products

OPEX and COGS improved by \$3.93m

22% in further reductions compared to PCP

Government grants of \$0.60m

Primarily Jobkeeper treated as significant item

	FY21	FY20	% Variance
Revenue	14,359,111	19,781,729	-27%
COGS	600,936	1,573,074	62%
Gross margin	13,758,175	18,208,656	-24%
OPEX - excl D&A	13,479,950	16,442,099	18%
EBITDA	278,225	1,766,557	-84%
Depreciation and amortisation	556,645	1,369,955	59%
EBIT	(278,420)	396,601	-170%
Financing costs	282,617	339,773	17%
Profit before tax	(561,037)	56,828	-1087%
Tax expense	(141,477)	32,875	530%
Underlying net profit (loss) after tax	(419,560)	23,953	-1852%
Significant items:			
Restructuring cost	333,022	328,265	-1%
Accelerated D&A	-	148,423	100%
Impairment of intangibles	374,524	2,618,365	86%
Other significant items	14,236	23,394	39%
Government assistances	(599,664)	(607,738)	-1%
Onerous contracts & leases	458,580	-	-100%
Total significant items	580,698	2,510,709	77%
Statutory profit (loss) after tax	(1,000,258)	(2,488,756)	60%

Operational savings

Operating overheads & COGS decreased \$3.9m (22%)



Reduction in employment costs

- ▶ \$1.3million lower than PCP
- ▶ A reduction of FTE with improved integration and efficiency
- ▶ A reduction of FTE as a result of Advisory exit
- ▶ A temporary and voluntary salary reduction of 20% adopted by the vast majority of staff until September 2020



Consolidation of locations

- ▶ Melbourne reduction in space with rent now represented in amortisation (AASB16)
- ▶ Brisbane, South Australia, Perth all transitioned to flexible serviced office reduced during COVID-19
- ▶ Lower makegood and other occupancy costs with reduced contracted premises



Offshoring resources

- ▶ Growth in offshore resourcing, replacing on-shore transactional roles



Technology

- ▶ Reduction in computer maintenance with improved technology infrastructure resulting in \$0.9m savings PCP
- ▶ Lower capitalisation of internal resources



Cost control

- ▶ Reduced travel and costs due to COVID-19
- ▶ Ongoing strict cost control across all discretionary spend areas
- ▶ Directors fees continued at reduced rate of 60%

Balance Sheet FY21

▶ \$6.2m Revenue not Invoiced

Auction & SME commissions earned to be paid

▶ 3 year extension on loan facility

To October 2023

▶ \$2.57 liquidity

Being \$2.42m cash and \$0.15 bank guarantee availability

▶ Net debt at \$4.73m

Increased from \$3.19m FY20 primarily due to settling deferred government payments from prior fiscal year

▶ All bank covenants met during FY21

	2021	2020
Cash and cash equivalents	2,423	3,196
Trade and other receivables	1,431	2,402
Current Tax Asset	153	21
Other assets	4,459	4,232
Total Non-Current Assets	4,749	4,444
Total Assets	13,214	14,295
Trade and other payables	2,308	3,355
Short-term provisions	630	744
Loans & Borrowings	230	-
Lease liability	448	337
Non-Current Loans and Borrowings	6,732	6,176
Other Non-Current Liabilities	384	510
Total Liabilities	10,733	11,121
Net Assets	2,481	3,174
Issued capital	6,838	6,538
Reserves and Retained Earnings	(4,357)	(3,364)
Total Equity	2,481	3,174

Values are \$'000

Cash flow statement

Operating cash flow of (\$0.06m)

Before interest and tax

Operating cashflow conversion to EBITDA -22%

Impacted by lower EBITDA

Revenue not invoiced neutral

Strong sales orders now equivalent to invoicing

Government grants of \$1.1m received

Relating to Jobkeeper, cash boost and payroll tax benefit treated as significant items

Government relief repayment of \$1.2m

As expected repayment of GST, PAYG, payroll tax & FBT deferral from prior fiscal year

	FY21	FY20	Variance
Operating EBITDA	278,225	1,766,557	(1,488,332)
Share based payments & other non-cash	7,765	(3,002)	10,767
Working capital movements			
Trade & Other Debtors	411,251	712,165	(300,914)
Work in progress	40,216	479,134	(438,918)
Revenue not invoiced	(7,847)	106,839	(114,686)
Trade & Other Creditors	(789,662)	(706,056)	(83,606)
Working capital movements	(346,042)	592,082	(938,124)
Operating cash flow before interest and tax	(60,052)	2,355,637	(2,415,689)
Net financing costs	(207,259)	(311,656)	104,397
Income taxes (paid)/received	18,777	18,517	260
Operating cash flow	(248,534)	2,062,498	(2,311,032)
Cash flows related to Significant Items *	155,472	(88,506)	243,978
Working Capital movements related to Significant Items **	(476,282)	1,409,955	(1,886,237)
Statutory net cash from operating activities	(569,344)	3,383,947	(3,953,291)
Capital expenditure	(826,427)	(1,902,628)	1,076,201
Net Cash used in Investing Activities	(826,427)	(1,902,628)	1,076,201
Capital raised	300,000	-	300,000
Repayment of lease liability	(477,123)	(370,215)	(106,908)
Bank loans	800,000	476,279	323,721
Net Cash used in Financing Activities	622,877	106,064	516,813
Net increase/(decrease) in cash held	(772,894)	1,587,383	(2,360,277)
Operating cash flow before interest & tax as a % of EBITDA	-22%	133%	

* Government Relief received offset by restructure costs and onerous contracts payments

** Government deferrals paid, onerous contracts and restructuring costs

FY22 Priorities & Opportunity



We highly recommend Energy Action. After an initial discussion with David, it was uncovered we were paying well over the current market rates for our power requirements. He quickly put our requirements out to tender using the auction platform.

As a result, we have reduced our power bill considerably. David does this annually to ensure we have the sharpest rates available. We highly recommend this to all businesses.

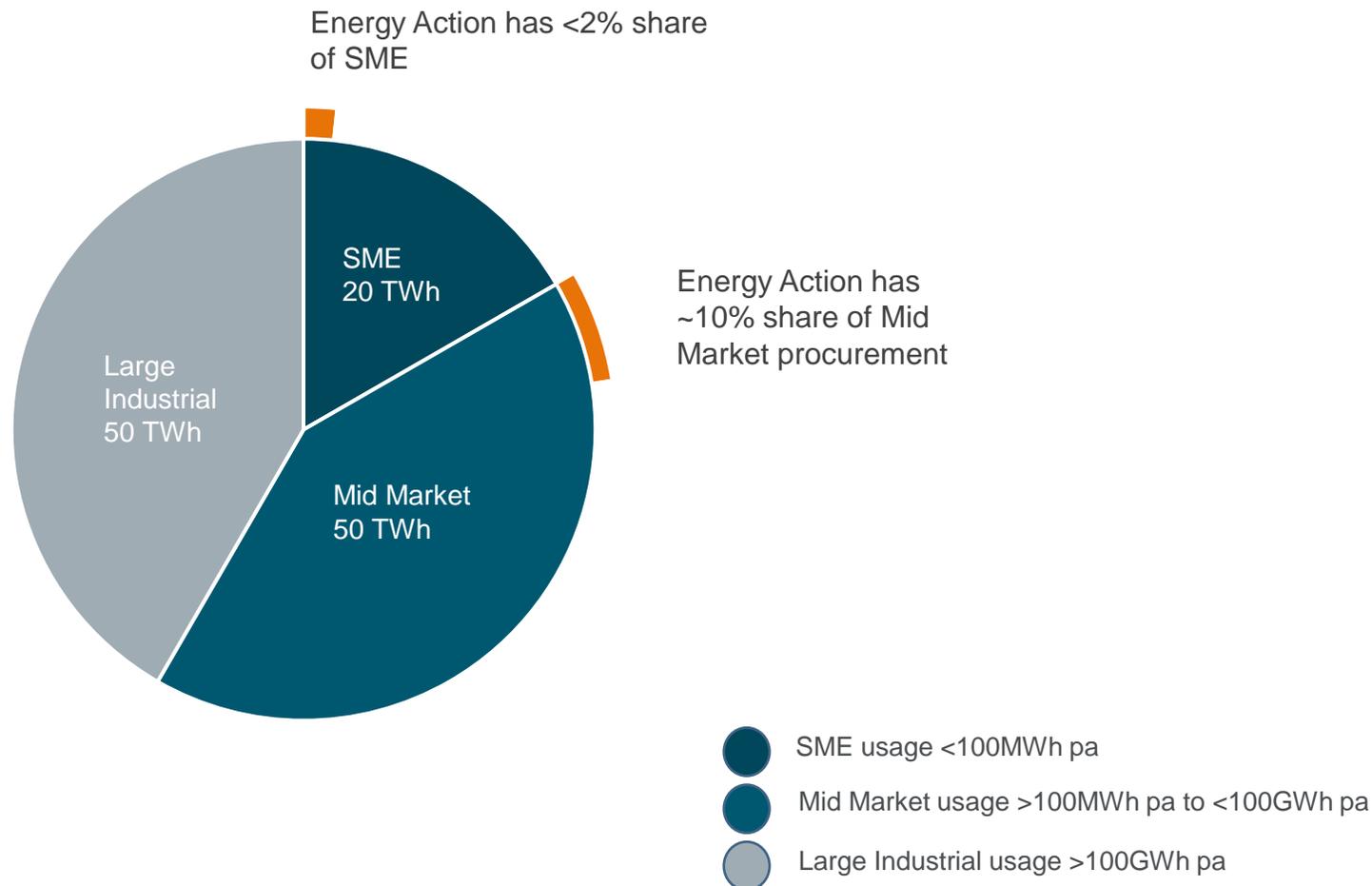
-

Matthew Adams
Niagara Therapy



Energy Action Market Share

Australian Business Energy Market



Notes:

1. Energy Action own estimate based on market size of 120 TWh
2. Excludes statutory RET LGC and SRES environmental charges
3. SME Market estimate is based on up to 1,000,000 business tariff premises with average usage of 20 MWh pa
4. Volume estimates are annual consumption.
5. Data sources are CER, AEMO. Greenpower, EAX Internal estimates
6. EAX estimate of the Australian electricity business market, net of rooftop solar, is ~120 TWh comprising 20 TWh of SME, 50 TWh Commercial and 50 TWh Large Industrial
7. Rounding applied as precise measures subject to loss factors, rooftop solar impacts and market classifications

Energy Action's focus going forward is sustainable, profitable growth

Our strategy

► 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. Upgrade finance, service, and operational systems.

► Net Zero.

We are Net Zero. We will help our customers lower their emissions with our energy buying and energy management services.





 1300 553 551

 info@energyaction.com.au

 energyaction.com.au

 [linkedin.com/company/energy-action](https://www.linkedin.com/company/energy-action)

Appendix

The image is a composite graphic. The background is a teal color with a large, dark teal triangular shape on the left side. On the right side, there is a photograph of a city skyline with several tall skyscrapers. In the foreground of the photograph, there are green trees and a solar panel array on a roof. The solar panels are blue with a grid pattern. The overall theme is modern, sustainable urban development.

Energy Buying

Revenue of \$5.5m (16% down YoY)



AEX auction volumes down 4% from PCP despite strong retention rates. 28% decline in the \$/Mwh pricing



The business has been impacted by COVID-19 as clients deferring decisions, especially in Victoria with prolonged lockdown



Significant growth in SME up 139% from key acquisition strategies and maintaining good retention of existing customer base



Solar Auction launched with uptake from 1 client during the period. Demonstrated significant client interest, however longer than expected sales cycle.

	FY21	FY20	Variance
No. of successful AEX auctions	727	759	-4.2%
Average AEX contract duration	30.7	29.4	1.3months
TWhs procured via auction	0.8	0.8	0%
Average annualised MWhs per successful AEX	1,102	1,124	-2%
Average \$/MWh	\$54.6	\$75.4	-27.6%
Total auction bid value ¹	\$115m	\$154m	-25.3%
No. of electricity tenders	23	31	-25.8%
No. of gas tenders	21	29	-27.6%

¹ Electricity component of contract only, i.e. excluding network and other charge

- ▶ Small decrease in the average annualized MWh's per auction down 2% to 1,102
- ▶ 1.3 months increase in average contract duration
- ▶ A decline in Auctions Gas down 25% with lower volumes and lower market pricing
- ▶ Fixed fee tender decline with lower volumes partially due to product mix switch to auction

Energy Management

Revenue of \$7.5m (down 32% YoY)



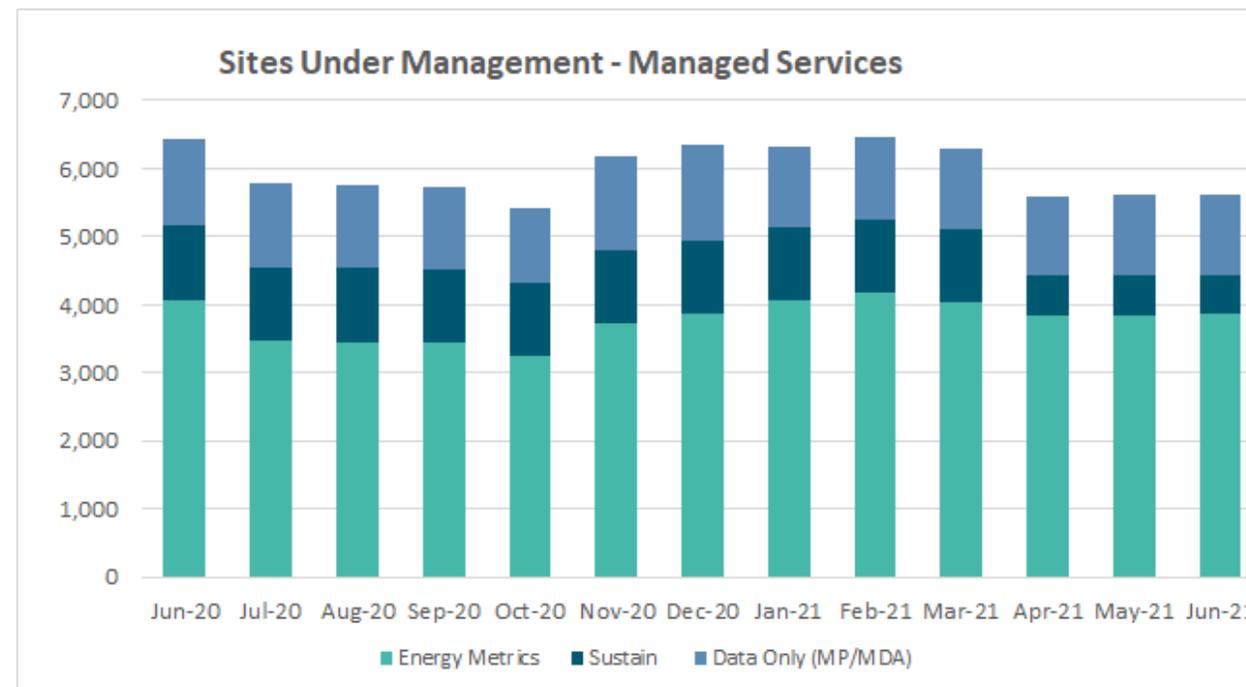
5,604 sites currently under management



Significant growth in Metrics gross sales order of 20% compared PCP



Decline in sites under management stabilising with significant sales order growth offsetting long-term contract expiries



* Sites under current contract does not included contracts which are signed, but yet to commence service delivery

- ▶ Sites under management decreased by -841
- ▶ SME Metrics (small sites) saw significant growth of more than 1,000 sites including corporate clients seeking whole of portfolio solutions.
- ▶ Decline in sites from reduced proportion of long term contract expiry and the loss of a large corporate client for Metrics and Metrics Sustain environmental reporting
- ▶ Key strategy to invest in value added technology, service and delivery and expand customer value

Embedded Networks

Revenue of \$1.3m (flat overall YoY)



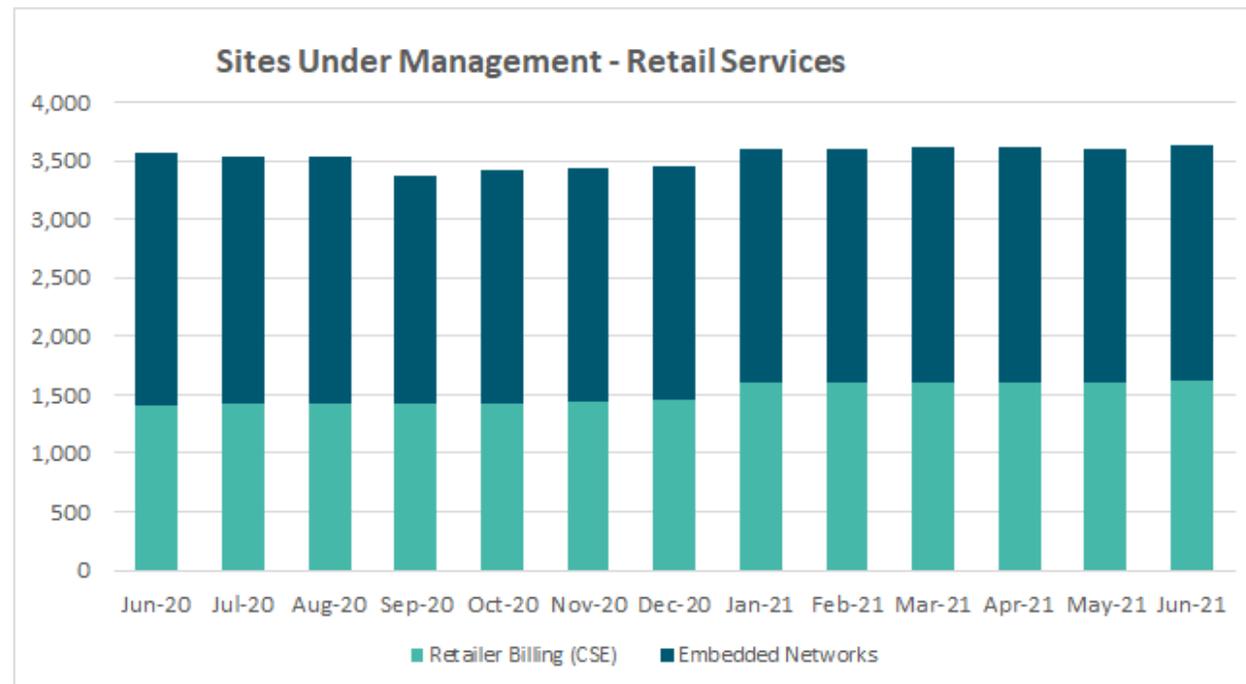
3,629 sites currently under management



Increase in sites under management of 59 sites



COVID-19 impact with less active sites for billing and delayed projects



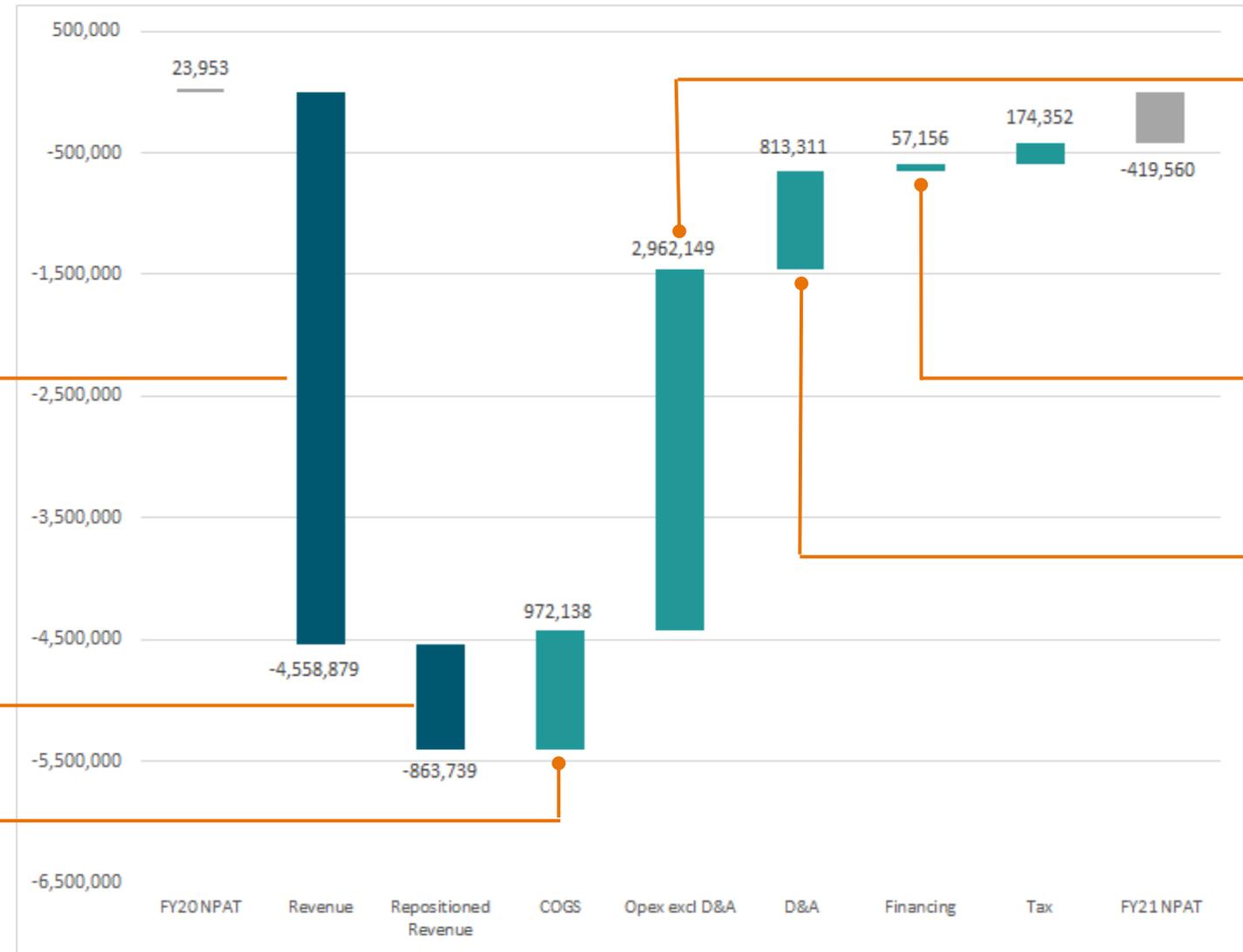
* Sites under current contract does not included contracts which are signed, but yet to commence service delivery

- ▶ Decline in Embedded Networks sites of 160 with COVID-19 impacting large shopping centres and other corporate tenancies
- ▶ Increase of Retailer Billing sites of 219 with growth in existing clients



Operating profit drivers

Reduction in NPAT driven by lower revenue offset by COGS and OPEX savings



Revenue

Energy Buying -\$1.1m
Energy Management -\$3.5m
Embedded Networks flat

Repositioned revenue

Advisory Services discontinued -\$0.9m

COGS

Reduced from repositioning away from Advisory & Capitalisation of Commissions

Lower **OPEX** excl. D&A improved by +18% with lower employment costs, occupancy costs, computer maintenance and travel

Financing

Lower interest rates resulting in interest savings

Lower in **D&A** with Impairment of Software in FY20 and Impairment of right of use asset FY21

Statutory to operating profit reconciliation

	NPAT			EBITDA		
	FY21	FY20	Variance	FY21	FY20	Variance
Statutory results	(1,000,258)	(2,486,756)	60%	(506,502)	(1,491,768)	66%
Add back significant items after tax:						
Restructuring cost	333,022	328,265	-1%	450,029	452,780	1%
Accelerated D&A ¹	-	148,423	100%	-	-	-
Impairment of Intangibles ²	374,524	2,618,365	86%	506,113	3,611,538	86%
Other significant items	14,236	23,394	39%	19,239	32,269	40%
Government Assistances ³	(599,664)	(607,738)	-1%	(810,357)	(838,260)	-3%
Onerous Contract ⁴	458,580	-	-100%	619,703	-	-100%
Operating profit (loss) after tax	(419,560)	23,953	-1,852%	278,225	1,766,558	-84%

- ▶ Operating profit (loss) is reported to give information to shareholders that provides a greater understanding of operating performance by removing significant items and therefore facilitating a more representative comparison of performance between financial periods

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

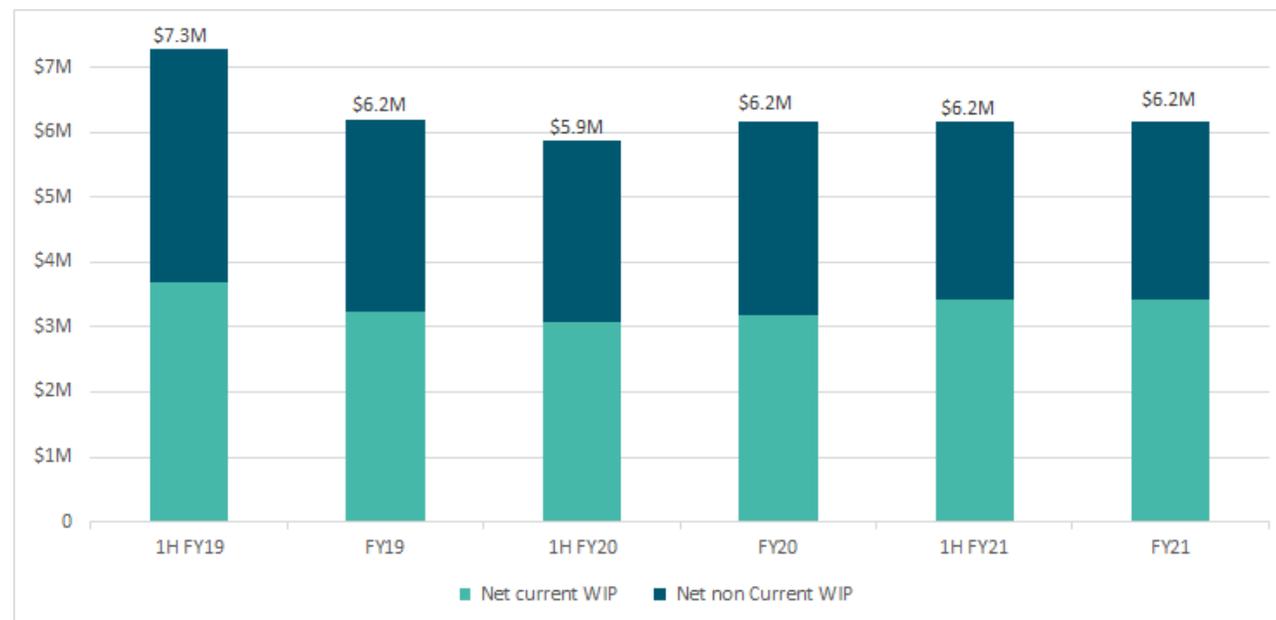
Revenue not invoiced



Strong asset “Revenue not invoiced” of \$6.2m holds the cash to be received in the future for revenue recognised in current and previous fiscal periods



Balance stable with growth in new sales orders offsetting the reduction in the balance from invoicing



- ▶ Revenue from Auction, SME and Commission based Tenders are recognised upfront once the procurement event is complete and the contract signed between the retailer and customer. The payments are received over the life of the contract

Disclaimer.

This presentation has been prepared by Energy Action Limited ABN: 90 137 363 636.

This presentation is not intended as an offer or solicitation with respect to the purchase or sale of any security nor does it constitute an offer or solicitation in any jurisdiction in which such an offer or solicitation is not authorised or to whom it is unlawful to make such solicitation or offer.

Any investment decision with respect to any transaction involving Energy Action Limited should be made based Solely upon any offering documents, if applicable, and appropriate due diligence by the prospective investor.

We believe the information provided herein is reliable, as of the date hereof, but do not warrant its accuracy or completeness. In preparing these materials, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources.

Past performance is not a reliable indicator of future performance. This presentation may include forward-looking statements that represent opinions, estimates and projections, which may not be realised. Forecasts, by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of Energy Action Limited. Actual results may vary from any forecasts and any variation may be materially positive or negative. This presentation includes forward-looking statements that represent opinions, estimates and projections, which may not be realised. We believe the information provided herein is reliable, as of the date hereof, but do not warrant its accuracy or completeness. In preparing these materials, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources.

All information contained herein is current unless otherwise stated.