

ASX Announcement

EAX Announces Trading Update Affecting First Half Profit

Friday, 19 November (SYDNEY): Energy Action today provides a trading update on sales performance for the half year ending 31 December 2021.

The Company has seen a 53% decline in net sale orders contributing to a 31% decline in revenue during the current financial year to October 2021 as compared to prior corresponding period. Cost reduction measures continue, and operating costs have been reduced by 18% to October 2021, as compared to prior corresponding period. However, the lower than expected sales performance is likely to result in an operating loss for the half year ending 31 December 2021 of between \$0.5 million and \$1.0 million.

Due to the projected first-half operating losses, Energy Action advises that there may be a breach of the covenants under the Company's bank credit facility. The Company is working proactively with the bank to review and manage its compliance obligations and will provide an update in due course.

Remediation Actions

Remediation actions to improve sales include:

- Single person accountability for sales with the appointment of Edwin Rogers as General Manager Sales. Edwin has been with Energy Action since July 2019 managing part of the sales team. He has consistently delivered on sales budget and will now manage the whole sales team. Edwin's management is expected to improve Company sales performance in the near term.
- Investment in new data-led marketing capability. Energy Action is running new campaigns allowing the Company to identify businesses likely to buy our services. The Company is building a pipeline of future sales and driving current sale orders. The Company expects to see a return on our marketing investment in the second half of FY 2022.
- Technology investment will continue to build our energy management software platform. We have built invoice parsing capability using modern AI software, and are starting to layer our services on top of this technology. This is expected to make new customer sign-up easier, while improving customer service. Our goal is to increase sales and increase customer retention.

With the remediation actions underway, Energy Action is closely monitoring outcomes and any impact on the full year results.

Energy Action's Annual General Meeting is scheduled for Wednesday, 24 November 2021.

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Bruce Macfarlane
Interim-CEO
1300 553 551
bruce.macfarlane@energyaction.com.au

Tracy Bucciarelli
Chief Financial Officer
1300 553 551
tracy.bucciarelli@energyaction.com.au