APPENDIX 4D – HALF YEAR REPORT
YEAR ENDED 31 DECEMBER 2021

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

1. Results for announcement to the market

The directors present this Appendix 4D on the consolidated entity (referred to as the 'Group') consisting of Energy Action Limited (referred to as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

	% change	6 months to 31 Dec 2021	6 months to 31 Dec 2020
Revenue from ordinary activities	(30%)	$5,685,265	$8,078,363
Statutory (loss) / profit after tax attributable to members	(1407%)	($340,372)	$26,036
Operating Profit / (Loss) after tax attributable to members	(616%)	($1,091,057)	($152,445)
Refer to section 3 for an explanation of Statutory vs Operating Profit			
Basic (loss) / profit per share (Statutory)	(1360%)	(1.26c)	0.10c
Diluted (loss) / earnings per share (Statutory)	(1360%)	(1.26c)	0.10c
Basic earnings per share (Operating)	(585%)	(4.04c)	(0.59c)
Diluted earnings per share (Operating)	(609%)	(4.04c)	(0.57c)

2. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

3. Brief Explanation of Statutory and Operating Profit per share

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

Statutory loss after tax for the half year was $340,372 compared to a statutory profit of $26,036 in the prior corresponding period (pcp). The half year ending 31 Dec 2021 (1H FY22) included a profit after tax of $750,685 ($178,481 pcp) treated as Significant Items resulting in an Operating loss after tax of $1,091,057 for the period (a decline of 616%).

Operating Profit 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. Further details are included in the Directors Report.

4. Net tangible assets

	31 December 2021	30 June 2021
Net tangible assets per share^	$0.03	$0.04

^Excludes internally generated software and Right of Use Asset. Net tangible assets totalling $1.08 million as at 31 December 2021 ($1.2 million as at 30 June 2021).

5. Auditors Report

An unqualified, signed Review Opinion is included within the attached Financial Report.

All other information required to be disclosed by Energy Action Limited in the Appendix 4D is either not applicable or has been included in the attached Financial Report.

Please also refer to the ASX results announcement and results presentation.

Energy Action Limited

ABN: 90 137 363 636

Financial Report for The Half Year Ended 31 December 2021

Financial Report for the Half Year Ended

31 December 2021

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CORPORATE INFORMATION

ACN: 137 363 636

Directors

Murray Bleach - Non-Executive Chairman
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 1, 1 Harbour Street
Sydney NSW 2000

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 half-year ended 31 December 2021. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the company during or since the end of the half-year are:

Name	
Murray Bleach	Non Executive Director and Chairman
Paul Meehan	Non Executive Director
Bruce Macfarlane	Executive Director
Nitin Singhi	Non Executive Director

The above-named directors held office during and since the end of the half-year except for:

Nitin Singhi resigned 23 September 2001

Principal activities

The principal activities of the Company during the half-year relate to providing integrated energy management services to a diverse base of Commercial, Industrial and small and medium sized business customers as below :

- **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.

Operating and Financial Review

The Board presents the *Operating and Financial Review FY22 H1*, 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 half year ending 31 Dec 21 (FY22 H1) 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 Mission

When it comes to energy in Australia, the facts are clear: Australians pay some of the highest energy costs in the world. The science is compelling. Climate change, driven by greenhouse gas emissions, is causing adverse impacts on our economy, environment, and communities.

The simplicity around energy is missing. The language around how it's sold and how to use it is deliberately convoluted.

We think that status quo is no longer acceptable. So, our mission is to make energy easier, cleaner, and cost less.

Energy Action helps our clients do two things:

1. Drive down energy costs
2. Deliver a greener future

We make energy simpler – by providing data and insights to identify emissions that can be prevented and the money that can be saved.

We make energy cleaner – by creating and implementing a Net Zero strategy that understands our clients' situations and investment profiles.

We make energy cost less – by combining technology and market experience. We reduce contract costs with competition and manage ongoing costs by identifying unnecessary spending and lower cost options

Energy Action holds a unique place in the Australian energy market. We've been in business for over 20 years and have helped over 7,000 clients. Net Zero is part of our DNA. We have achieved Net Zero and are in the process of being certified by Climate Active , making the same commitment many of our clients have.

The impact energy has on climate change affects us all – from parents concerned about the world they'll leave their children, to businesses of all sizes trying to prepare for the market they'll be operating in.

We're here to help our clients along the journey towards their greener future while delivering energy savings today

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. Achieving new sales while retaining existing customers is our top priority.
- Technology investment. Building a next generation energy management software platform to take advantage of the extension of Customer Data Right to the energy sector. Giving our customers easy to use online services.
- Net Zero. We are Net Zero and being certified by Climate Active. Our services and technology are being pulled by customer demand to support them with their Net Zero journey.

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

Operational Performance

During FY22 H1, the directors gave a commitment to provide Energy Action with a $1.5m subordinated and unsecured loan. The loan's purpose was to fund the Company's strategy of sales growth, technology, and net zero. As a consequence, the Commonwealth Bank of Australia (CBA) who provide Energy Action with a loan facility, gave a waiver of covenants for the calculation date of 31 Dec 21 up to and including 31 January 2022. The completion of loan documentation and funding was subsequently finalised and announced to the ASX on 31st January 2022.

The director's loan was part of the Company's comprehensive actions to address declining revenue and profitability. Profitability in FY22 H1 resulted in an operating loss after tax of $1.09 million and statutory loss after tax of $0.34 million. Profit performance was primarily a result of a decline in net sales orders of 53% partially offset by continued costs reduction.

Details for these items are:

- Reduced sales
    - The electricity market saw an increase in pricing of 11% and forward pricing is currently at the top of the price cycle at 2 year highs. So customers are deferring their procurement or taking relatively shorter contracts to avoid contracting when prices are historically very high.
    - New business growth was lower than expected.
    - The lower volumes of procurement impact the sales of energy management (Metrics) despite maintaining positive attachment rates
    - The sales organisation has seen significant change and re-organisation, with now a single person accountable for sales and performance and pipeline management being addressed. The Company is now actively recruiting to grow and investing in marketing and lead generation.
- Reduction in operating overheads (net of Significant Items) and COGS, down $1.5 million (19%) primarily employment related costs and reduced computer infrastructure expenditure.

The business is dedicated to turning around performance, growing sales and returning to profitability with key priorities on:

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.

Financial Performance

The Group made a statutory net profit/(loss) after tax (NPAT) of ($340,372) for the half year ended 31 December 2021 compared to a statutory NPAT of $26,036 for the half year ended 31 December 2020. Operating net loss after tax has declined to ($1,091,057) compared to half year December 2020 ($152,445).

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

	NPAT			EBITDA[4]		
$	**31 Dec 2021**	**31 Dec 2020**	**Variance**	**31 Dec 2021**	**31 Dec 2020**	**Variance**
Statutory net profit after tax	(340,372)	26,036	(1,407%)	192,359	569,166	(66%)
Add back Significant Items after tax:						
ATO Interest[3]	46,767	-	(100%)	-	-	-
Restructuring Costs	105,036	(14,572)	(821%)	105,036	(19,692)	(633%)
Other SI	14,449	-	(100%)	14,449	-	(100%)
Government Support [1]	(808,354)	(587,553)	38%	(808,354)	(793,990)	2%
Onerous Contract [2]	(108,583)	423,644	126%	(108,583)	572,492	119%
Operating profit after tax	**(1,091,057)**	**(152,445)**	**(616%)**	**(605,093)**	**327,976**	**(284%)**

[1] Jobsaver, jobkeeper and cash boost
[2] Onerous Contracts relating to technology infrastructure and rental premises
[3] ATO interest relating to voluntary disclosure on GST
[4] EBITDA is Net Profit After Tax adjusted by adding back Depreciation and Amortisation, Financing costs & Income Tax expense

Key Financial Metrics – six months ended 31 December 2021

Six months ended	31 Dec 2021	31 Dec 2020	Variance
Revenue	$5.69m	$8.08m	(30%)
Operating EBITDA	($0.61m)	$0.33m	(284%)
Operating EBITDA margin	(10.64%)	4.06%	(14.7 pts)
Operating NPAT	($1.09m)	($0.152m)	(616%)
Operating Cash Flow[1]	$0.70m	$0.38m	84%
Statutory NPAT	($0.34m)	$0.03m	(1,407%)

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

Revenues

Total revenues declined by 30% versus the previous period. Energy Buying revenue declined 16%, Energy Management declined 32% and other revenues declined 97%. Embedded Networks remained unchanged.

Revenue $	31 Dec 2021	31 Dec 2020	vs HY20 $	vs HY20 %
Energy Buying	1,933,761	3,161,818	(1,228,057)	-39%
Energy Management	3,056,340	4,252,961	(1,196,621)	-28%
Embedded Networks	696,664	660,801	35,863	5%
Other	(1,500)	2,783	(4,283)	-154%
Total Revenue	**5,685,265**	**8,078,363**	**(2,393,098)**	**-30%**

Revenue for the full year decreased from $8.1 million to $5.7 million mainly as a result of the following:

- Energy Buying revenues were down 39% overall with:
  - Decline in Auctions Electricity, driven predominately lower auction volumes down 49% to 228 (down from 450), impacted by disappointing volumes in 1H FY22, despite improved retention rates off a lower base of sites, acquisition volumes where challenging. In addition, there was a significant reduction in the average annualized MWh's per AEX down 38% to 774 (vs 1,247 pcp) and a small decrease in contract duration to 28.3 months. With average market pricing increasing on prior year by 11%, the business has switched to fixed cents per KWh contracting during FY22 1H which we expect will immediately increase revenues per auction and derisk the revenue stream from market volatility in pricing. Given the previous years low-price environment, many customers have taken the opportunity to secure contracts into the future periods at an earlier time and longer dated than prior year trends.
  - A decline in Auctions Gas with lower volumes and lower market pricing.
  - A decline in Tenders predominately driven by lower volumes however somewhat offset by pricing and partially with some large corporate customers switching to utilise the Auction platform rather than the traditional Tenders process.
  - Tariff small site revenues were slightly down, with significantly strong retention and successful gains in volume and market share from key acquisition strategies and maintaining good retention of existing customer base.
  - Structured and Procurement consultancy are in line with pcp and renewed interest in progressive purchasing with market pricing increasing making long dated contracts less attractive.
  - Solar and channel partner revenues maintained, with growth initiatives taking longer than expected to progress to completion. The business is continuing to build a pipeline for Solar and partner with customers to and third party channels to support continue to grow this revenue line.
- Energy Management revenue declined by 28% with a decline of sites of -686 pcp, however sites have been maintained since June 21 with slight growth of +32 sites. All segments of management reporting remain relatively stable since June 21, with the attachment rate of managed services to procurement event remaining strong,

however is impacted by lower procurement volumes and continued low retention rates, although improved from prior periods. The lower levels of sites is impacting future contracted revenue into the following years.

- Embedded Networks revenue saw modest growth of 5% with some growth in tenancies acquired when compared to pcp resulting in increased revenue. A significant contract for retail billing services came to an end at 31 Dec 21 with 1655 sites rolling out.

Operating Expenditure and Cost of Goods Sold (COGS)

Operating overheads (net of significant items) and COGS totalled $6.3 million, a reduction of $1.5 million (19%), with reduced operating costs predominantly related to employment costs & computer infrastructure expenditure. The reduction in costs has partially offset the decline in revenue resulting a decline in EBITDA margin to -10.64%. In particular:

- Employment costs were $1.1 million lower than pcp primarily as a result of:
  - A general reduction of FTE with the organization resizing down 20% on pcp
  - Departure of several key leadership positions with restructure and reorganisation of sales team
  - Reduced sales commission expense with the capitalisation of sales commissions for annuity revenue and expense over the average life of sales contracts.
  - Reduced internal software capitalisation with reduced internal CAPEX spend in FY22.
- COVID-19 related cost savings with reduced travel, conference and entertainment due to restrictions
- Computer Maintenance – reduced by $0.25 million compared to pcp across technology infrastructure with transition to centralise service provider and reduction and efficiency in requirements.
- Increase of rental occupancy costs $69 thousand with:
  - Reduced service office occupancy with limited use during COVID
  - COVID relief from rental premises in Sydney and Melbourne
  - Increased makegood in relation to Sydney office with lease ending June 2022.
- Investment in marketing and lead generation has increased to drive sales growth
- Ongoing strict cost control across all discretionary spend continues

Depreciation & Amortisation (D&A)

- D&A decreased marginally with previous period impairment of right of use assets, offset by investment and increase in software.

Cashflows

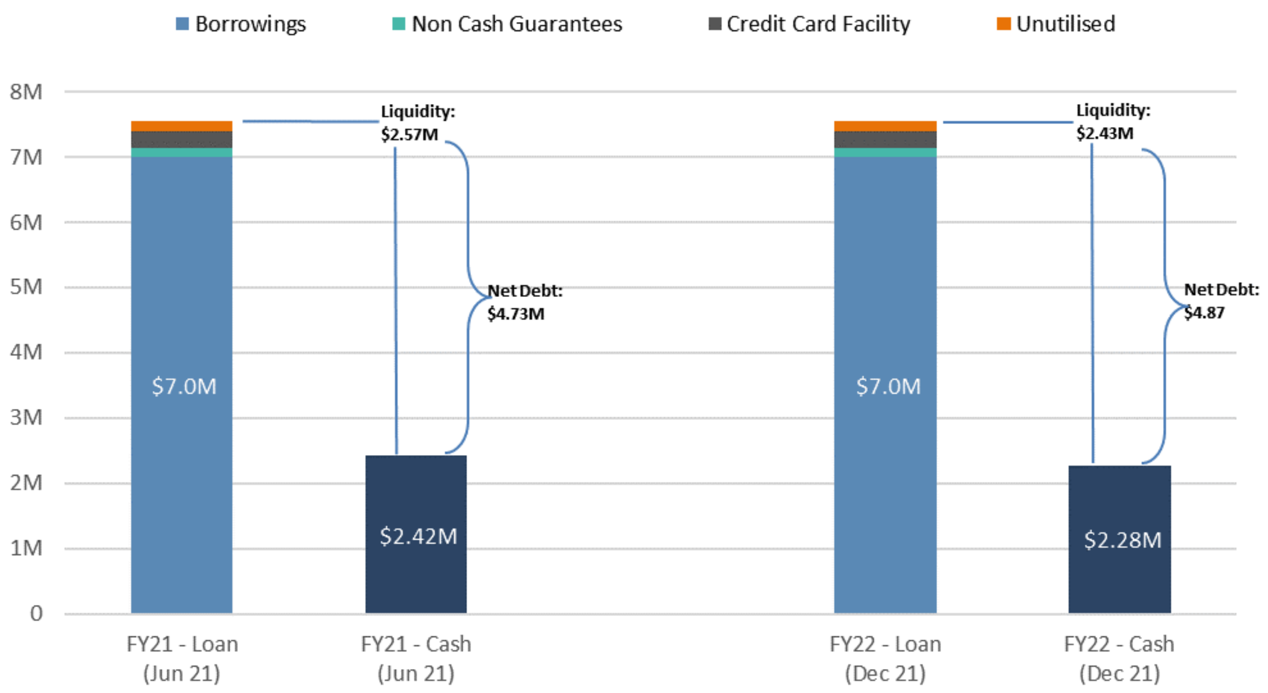
Operating Cash flow for the half year ending 31 Dec 21 were $0.69 million, up 84% on pcp, resulting in an operating cash flow conversion of 215% to operating EBITDA. Operating cashflow was impacted by a significant decline in operating EBITDA, positive working capital movements, predominately the decrease in Revenue not Invoiced asset with invoicing higher than new sales orders, decline in debtors with strong debtors collection and work in progress. Cashflow received of $0.25 million relating to significant items included the receipt of $0.8 million of Jobsaver government grants, offset by payments for onerous contracts and restructure costs. With a decline of $0.5 million of working capital related to significant items, the Statutory operating cashflow was $0.47 million. The group incurred capital expenditure of $376,927 during the year predominately on software, in particular next generation energy management platform.

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

	31 Dec 2021	31 Dec 2020 (Restated) *
Statutory operating cash flow	472,218	(353,719)
Add back:		
Taxes paid/(received)	(152,707)	19,105
Net Interest paid / (received)	122,760	121,735
Cash flows paid/(received) related to significant items	(247,067)	(795,102)
Significant items working capital – government relief, government assistance & others	503,618	1,388,210
Operating cash flow before interest, tax and significant items	**698,822**	**380,229**
Operating EBITDA	(605,093)	327,976
Operating cash flow as % of Operating EBITDA	215%	116%

*Restated 31 Dec 2020 with reclassification of Repayment of Lease Liability from Operating Activity to Financing Activity

The Company continues to hold a $7.55 million facility agreement with the Commonwealth Bank of Australia (CBA) 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, Profitability and Asset covenants.



As at 31 December 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 $2.28 million of cash at bank at 31 December 21, and total undrawn facilities and cash of approximately $2.43 million. Net debt increased to $4.87 million as at 31 December 21, an increase of $0.14 million compared to 30 June 21.

On 24 Dec 2021, the CBA agreed to waive any non-compliance with the Company's Facility Agreement relating to Financial Covenants as at 31 December 2021 and up to and including 31 January 2022. As part of this arrangement with the CBA, the Directors agreed to provide a subordinated and unsecured loan (Subordinated Loan) to the Company in the amount of $1.5 million, which was subsequently finalised on 31 January 2022.

As at 31 December 2021 the amortisation schedule of the facility included a reduction of the facility by $1 million between March 2022 and September 2023. However, on 31 January 2022 the Company entered into amendments to the Facility agreement which resulted in a requirement for the repayment of $1 million in January 2022, and a further $0.25 million in March 2023 and September 2023.

The Directors Subordinated Loan of $1.5 million was finalised on 31 January 2022, and utilised as follows:

- $1 million paid to the CBA for the purposes of reducing the principal under the Facility Agreement
- $0.5 million paid to Energy Action to be applied for working capital purposes

Other

A Nil dividend was declared for FY22 H1 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 $765,103 including:

- Government grants received of $808,354 relating to Jobsaver
- $81,437 cost reversal from the finalization of an onerous contract relating to long term technology infrastructure
- Costs associated with an organisational restructure of $78,777 relates to the reduction of roles
- $35,075 of ATO interest charges relating to the voluntary disclosure of GST
- Costs associated with other items is $10,837.

Operational Key Performance Indicators

	H1 FY22	H1 FY21	% change
Energy Buying			
No. of successful AEX auctions	228	450	-49.3%
Average AEX contract duration (months)	28.3	30.6	-2.3 mths
TWhs sold via Auction (annualised equivalent)	0.18	0.57	-69.1%
Average annualised MWhs per successful AEX	774	1,247	-37.9%
Average $/MWh	$61.5	$55.3	+11.2%
Total Auction bid value[1]	$25.6m	$79.1m	-67.6%
No. of electricity tender events	5	11	-54.5%
No. of gas tender events	2	13	-84.6%
Managed & Embedded Networks	**31 Dec 2021**	**30 Jun 2021**	Variance
Sites under current contract[2]			
Total Energy Management sites under contract	5,636	5,604	32
Average Metrics contract duration (months)	37	38	-1mths
Retailer and Embedded Network tenancies	3,780	3,629	+151
Total sites	9,416	9,233	+183
Ongoing Services future contracted revenue	**$13.6m**	**$15.4m**	**-$1.8m**
Current Revenue not Invoiced	$2.6m	$3.4m	-$0.8m
Non-Current Revenue not Invoiced	$2.4m	$2.8m	-$0.4m
Total Revenue not Invoiced	**$5.0m**	**$6.2m**	**-$1.2m**

[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

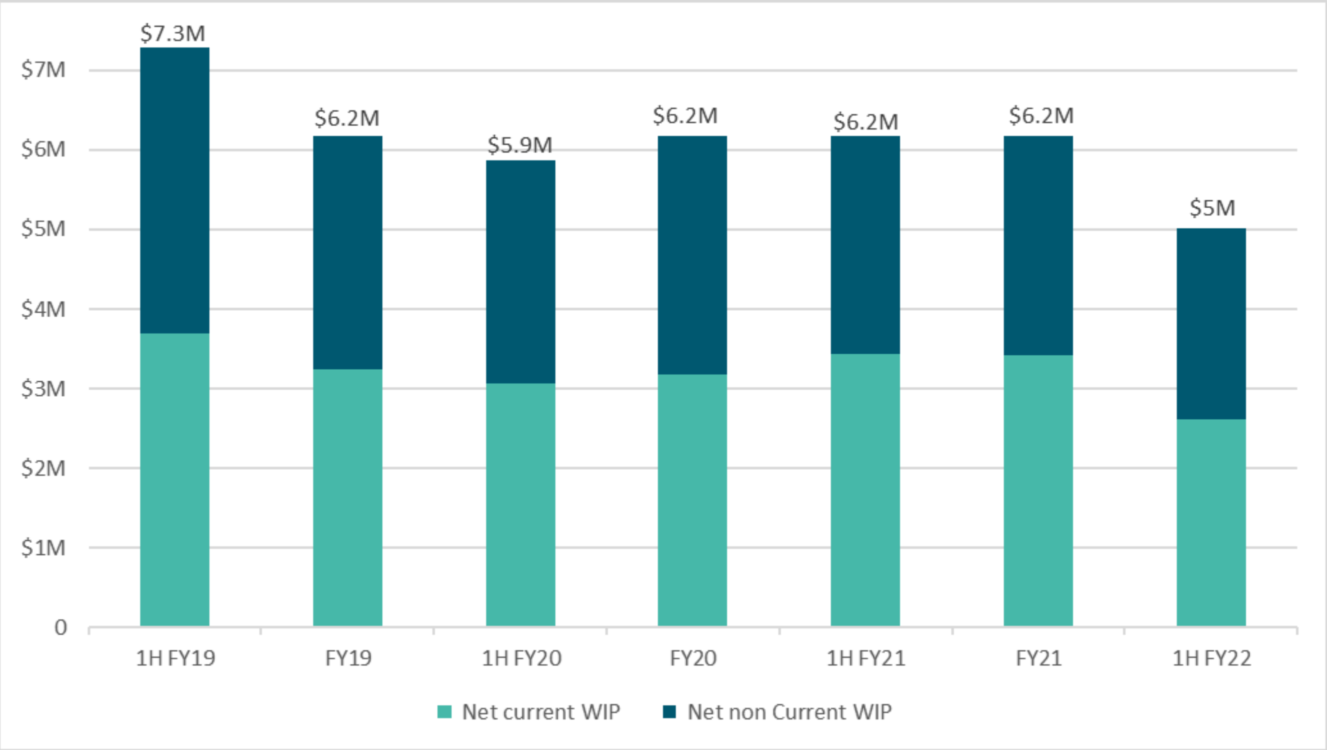
The future contracted revenue balance has declined $1.8 million during FY22 1H to $13.6 million as at 31 Dec 21. This reduction was the result of a significant decline in net sales orders for the company of 53% and in particular a 59% decline in

Metrics Sales contracts. With the loss of 1 major corporate customer and retail billing renewals at end of contract, 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 $5 million to be received as cash in the future for revenue recognised in current and previous fiscal periods.

The Revenue not Invoiced (RNI) asset saw a decline of $1.2 million during the half year ending 31 Dec 21 to a balance of $5 million. This is driven invoicing customers reducing the asset and not offset by growth in sales orders of auctions and tariff revenues which saw significant decline pcp.



COVID-19

With ongoing and prolonged uncertainty in relation to COVID-19, the Company continues to demonstrate incredible resilience in a period of change for all organisations during the COVID-19 pandemic. However, with continued restrictions and increase in COVID-19 cases across the county revenue has been impacted by as clients deferring decisions, and limit availability, prioritising operating their businesses to function during the crisis. Government support of Jobsaver payments were received in New South Wales, the primary location for employees for Energy Action.

Operationally the organisation is operating effectively across the company sites in Sydney, Melbourne and Clark in the Philippines, with familiarity of remote and working from home arrangements stabilising the impact.

Outlook

Energy Action's focus going forward is sustainable, profitable growth. With a focus on organic sales, technology investment, and providing our clients with Net Zero services:

- **Organic sales**. Energy Action’s sales team saw considerable change in 2021 with sales stablising while sales headcount fell. The Company is now actively recruiting to grow and refresh the sales team. Marketing will continue to be a high priority focus in 2022.

- **Technology**. Energy Action’s next generation energy management software platform is progressing. The Company’s AI invoice parsing capability continues to grow and a self-serve customer sign-up workflow has been implemented. Energy Action’s goal is to use automation to increase sales and customer retention. Energy Action is preparing to take advantage of Consumer Data Right in the energy sector using technology to source data to radically improve service delivery.

- **Net Zero**. Energy Action achieved net zero status in 2021 and has applied to become certified by Climate Active. Energy Action is sharing our net zero experience with customers, increasing the relevancy of Energy Action’s energy buying and management services.

With remediation actions underway and the ongoing uncertainty related to the COVID-19 pandemic, Energy Action will not be providing guidance at this time, however is closely monitoring outcomes and impact on full year results.

Environmental - Our Commitment to Net Zero

As the drive to curb global warming gathers pace, net zero strategy, markets, and insight have become fundamental to achieving carbon neutrality. Energy Action offers our clients services that help them on their journey towards their greener future.

During calendar 2021 Energy Action took steps to achieving net zero certification. Baselining our own emissions for FY20 and FY21 and are now 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.

Significant changes in the state of affairs

On 24 Dec 2021, the CBA agreed to waive any non-compliance with the Company’s Facility Agreement relating to Financial Covenants as at 31 December 2021 and up to and including 31 January 2022. As part of this arrangement with the CBA, the Directors agreed to provide a subordinated and unsecured loan (Subordinated Loan) to the Company in the amount of $1.5 million, which was subsequently finalised on 31 January 2022.

Events after the reporting period

On 31 January 2022, the Company entered into amendments to the Facility agreement with the Commonwealth Bank of Australia (CBA). Material changes to the Facility Agreement include for the period 1 January 2022 – 31 December 2022:

- Replacement of existing gearing, interest and asset testing requirements with profitability tests at the end of each calendar quarter during 2022, with liquidity tests maintained
- Modified reporting, information undertakings and review events
- Principal repayment obligations modified to remove existing obligations of $0.25 million in both March 2022 and September 2022 and a new obligation of $1 million repayment now paid to the CBA on 31 January 2022
- CBA prior written consent required for certain permitted distributions
- From 1st January 2023 testing requirements will revert to previous gearing, interest and asset tests.

On 31 January 2021 the Directors provided a Subordinated Loan of $1.5 million utilised as follows:

- $1 million paid to the CBA for the purposes of reducing the principal under the Facility Agreement
- $0.5 million paid to Energy Action to be applied for working capital purposes

Material terms of the Subordinated Loan agreement are as follows:

Loan Amount:	$1.5 million drawn down as one tranche as above
Issue Date:	31 January 2022
Loan end date:	1 May 2025
Interest Rate:	12% per annum quarterly in arrears
Interest payable:	Interest will accrue and is repayable in full at the Loan Term end date

The loan from Directors is subordinated to the CBA.

On 8th February 2022, the Company announced the resignation of its Chief Financial Officer – Tracy Bucciarelli. Energy Action will commence a search process for a new CFO and will provide a further update in due course.

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.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Murray Bleach
Chairman
Dated: 25 February 2022

RSM Australia Partners

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GPO Box 5138 Sydney NSW 2001

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Energy Action Limited for the half year ended 31 December 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 review; and

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

RSM AUSTRALIA PARTNERS

C J Hume
Partner

Sydney, NSW
Dated: 25 February 2022

Financial Statements

Condensed Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2021

	Note	Consolidated Group	
		1H FY22 6 Months to Dec 21	**1H FY21 6 Months to Dec 20**
		$	**$**
Revenue		5,685,265	8,078,363
Total Revenue	3	**5,685,265**	**8,078,363**
Cost of goods and services sold		(410,643)	(403,368)
Employee benefits expense	4.1	(3,520,779)	(4,648,660)
Rental expense		(267,907)	(199,116)
Travel expenses		(4,036)	6,218
Administration expenses	4.2	(1,278,637)	(1,711,471)
Restructuring costs		(105,036)	19,692
Onerous contract		108,583	(572,492)
Other expenses		(14,449)	-
Depreciation and amortisation	4.3	(338,731)	(399,788)
Financing costs	4.4	(197,331)	(127,117)
(Loss) / profit before income tax		**(343,701)**	**42,261**
Income tax (expense)/credit	5	3,329	(16,225)
(Loss) / profit for the year attributable to members of the parent entity		**(340,372)**	**26,036**
Other comprehensive income/(loss) for the period, net of tax, that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(11)	45
Total comprehensive income for the year attributable to members of the parent entity		(340,383)	26,081
Loss per share:		Cents	Cents
Basic profit/(loss) per share for the year attributable to ordinary equity holders of the parent	15	(1.26)	0.10
Diluted profit/(loss) per share for the year attributable to ordinary equity holders of the parent	15	(1.26)	0.10

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position

As at 31 December 2021

	Note	Consolidated Group	
		31 Dec 2021	30 June 2021
		$	$
CURRENT ASSETS			
Cash and cash equivalents	6	2,283,211	2,423,004
Trade and other receivables	7	1,246,006	1,431,227
Current tax asset	14	-	152,695
Other assets	10	3,396,859	4,458,581
TOTAL CURRENT ASSETS		**6,926,076**	**8,465,507**
NON-CURRENT ASSETS			
Trade and other receivables	7	46,650	69,141
Other assets	10	2,601,076	3,003,618
Property, plant and equipment	8	81,820	101,609
Other Intangible assets	9	1,192,377	1,028,219
Deferred tax asset	14	284,803	281,473
Right of Use Asset	10a	158,594	264,766
TOTAL NON-CURRENT ASSETS		**4,365,320**	**4,748,826**
TOTAL ASSETS		**11,291,396**	**13,214,333**
CURRENT LIABILITIES			
Trade and other payables	11	1,253,929	2,308,409
Current Tax Liability	14	12	-
Short Term provisions	12	384,339	630,228
Loans and Borrowings	13	485,664	230,226
Lease liability	11a	287,986	447,806
TOTAL CURRENT LIABILITIES		**2,411,930**	**3,616,669**
NON-CURRENT LIABILITIES			
Trade and other payables		-	65,692
Other long-term provisions	12	179,718	185,042
Loans and Borrowings	13	6,488,985	6,731,783
Lease liability	11a	73,469	133,970
TOTAL NON-CURRENT LIABILITIES		**6,742,172**	**7,116,487**
TOTAL LIABILITIES		**9,154,102**	**10,733,156**
NET ASSETS		**2,137,294**	**2,481,177**
EQUITY			
Issued capital	16	6,837,906	6,837,906
Share based payments reserve	17	171,572	175,072
Retained earnings		(11,596,891)	(11,256,519)
Dividend profit reserve		6,723,064	6,723,064
Foreign currency translation reserve		1,643	1,654
TOTAL EQUITY		**2,137,294**	**2,481,177**

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

Consolidated Group	Note	Share Capital Ordinary	Share Based Payment Reserve	Retained Earnings	Dividend Profit Reserve	Foreign currency translation reserve	Total
		$	$	$	$	$	$
Balance at 30 June 2020		6,537,906	167,832	(10,256,261)	6,723,064	1,152	3,173,693
Profit for the period		-	-	26,036	-	-	26,036
Foreign currency translation reserve		-	-	-	-	45	45
Total comprehensive income		-	-	26,036	-	45	26,081
Share based payment		-	4,938	-	-	-	4,938
Balance at 31 December 2020		**6,537,906**	**172,770**	**(10,230,225)**	**6,723,064**	**1,197**	**3,204,712**
Balance at 30 June 2021		6,837,906	175,072	(11,256,519)	6,723,064	1,654	2,481,177
Loss for the period		-	-	(340,372)	-	-	(340,372)
Foreign currency translation reserve		-	-	-	-	(11)	(11)
Total comprehensive income		-	-	(340,372)	-	(11)	(340,383)
Share based payment		-	(3,500)	-	-	-	(3,500)
Balance at 31 December 2021		**6,837,906**	**171,572**	**(11,596,891)**	**6,723,064**	**1,643**	**2,137,294**

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flow

For the year ended 31 December 2021

	Note	Consolidated Group 1H FY22 6 Months to Dec 21 $	1H FY21 6 Months to Dec 20 $
OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		7,853,488	9,015,030
Payments to suppliers and employees (inclusive of GST)		(7,658,284)	(10,023,011)
Payment for restructuring and strategic review costs		(329,092)	(30,308)
Government support		808,354	1,087,133
Onerous contracts		(120,421)	(261,723)
Other significant items		(111,774)	-
Interest received		63	555
Interest paid		(122,823)	(122,290)
Income tax paid		152,707	(19,105)
Net cash provided by/(used in) operating activities		**472,218**	**(353,719)**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(15,910)	(54,891)
Software development costs		(361,017)	(396,976)
Net cash used in investing activities		**(376,927)**	**(451,867)**
FINANCING ACTIVITIES			
Repayment of lease liability		(235,084)	(242,085)
Net cash used in by financing activities		**(235,084)**	**(242,085)**
Net decrease in cash held		(139,793)	(1,047,671)
Cash (including restricted cash) at beginning of statement period		2,423,004	3,195,898
Cash (including restricted cash) at end of statement period	**6**	**2,283,211**	**2,148,227**

* Reclassification Repayment of Lease Liability to Financing Activities from Operating Activities.

The accompanying notes form part of these financial statement.

Notes to the Financial Statements for year ended 31 December 2021

Note 1: Corporate Information

The interim consolidated financial statements and notes represent those of Energy Action Limited and its Controlled Entities (the "consolidated group" or "group" or "EAX") for the half-year ended 31 December 2021. The financial statements were authorised for issue in accordance with a resolution of the directors on 25 February 2022.

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 interim unaudited condensed consolidated financial statements for the six months ended 31 December 2021 have been prepared in accordance with AASB 134 Interim Financial Reporting. The disclosures required in these interim unaudited condensed consolidated financial statements are less extensive than the disclosure requirements for annual financial statements. The interim unaudited condensed consolidated financial statements should be read in conjunction with the annual financial report of the Group for the year ended 30 June 2021.

The interim unaudited condensed consolidated financial statements comprise the condensed statements of comprehensive income, financial position, changes in equity and cash flows as well as the relevant notes to the interim unaudited condensed consolidated financial statements.

The financial statements have been prepared under the historical cost convention and on a going concern basis.

2.2 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 and corresponding interim reporting period, unless otherwise stated.

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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3: Segment Information

Identification of Reportable Segments

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

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 reports the following business units:

- **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.

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 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 annual accounts.

Note 3: Segment Information (Continued)

Revenue by Customer

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

1H FY22 (Jul 21 – Dec 21)	**Procurement $**	**Managed Services $**	**Retail Services $**	**Other**	**Total $**
Revenue from contracts with Customers	1,933,761	3,056,340	696,664	(1,500)	5,685,265
	1,933,761	**3,056,340**	**696,664**	**(1,500)**	**5,685,265**

1H FY21 (Jul 20 – Dec 20)	**Procurement $**	**Managed Services $**	**Retail Services $**	**Other**	**Total $**
Revenue from contracts with Customers	3,161,818	4,252,961	660,801	2,783	8,078,363
	3,161,818	**4,252,961**	**660,801**	**2,783**	**8,078,363**

Timing of Revenue Recognition	**H1 FY22 $**	**H1 FY21 $**
Services transferred at a point in time	1,451,614	2,607,921
Services transferred over time	4,233,651	5,470,442
Total Revenue from contracts with customers	**5,685,265**	**8,078,363**

All material revenues are generated in Australia.

Note 4: Other Expense

	H1 FY22 $	H1 FY21 $
4.1		
Employee benefits		
Salaries	3,703,626	4,424,898
Commissions	128,513	208,262
Superannuation	332,706	439,164
Share based payment expense	(3,500)	4,937
Other	167,788	365,389
Government grants	(808,354)	(793,990)
Total Employment benefits	**3,520,779**	**4,648,660**
4.2		
Administrative costs		
Accounting, audit and tax fees	89,983	109,606
Advertising	190,938	168,300
Legal and professional fees	12,786	40,733
Telephone and internet	15,162	13,626
Computer maintenance costs	438,466	684,892
Bad debt expense	56,659	24,000
Recruitment costs	24,057	43,996
Insurance costs	106,867	113,761
Subscription	73,701	67,701
Entertainment & sustenance costs	5,329	26,497
FBT expense	41,500	37,791
Consulting	76,201	96,429
Other expenses	146,988	284,139
Total Administrative costs	**1,278,637**	**1,711,471**
4.3		
Depreciation and amortisation		
Depreciation	35,699	62,378
Amortisation - Software	106,173	114,449
Lease depreciation	196,859	222,961
Total Depreciation & amortisation	**338,731**	**399,788**
4.4		
Financing costs / (income)		
Interest income	(63)	(555)
Interest expenses	123,224	91,134
ATO interest charges	46,767	-
Borrowing costs	12,640	10,462
Lease interest expenses	14,763	26,076
Total Financing costs / (income)	**197,331**	**127,117**

Note 5: Income Tax Expense

		31 Dec 2021	30 Dec 2020
		$	$
The components of tax expense comprise:			
Current tax		-	43,110
Current tax – under/(over) prior year		(8,505)	(896)
Deferred tax	14	5,176	(25,989)
		(3,329)	**16,225**
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 25% (2021: 26%)		(85,925)	10,988
Add Tax effect of:			
Permanent Differences			
- Share based payments/trust		(875)	(181)
- Loss carries back effective rate impact		-	-
- Other permanent differences		1,621	6,314
- Tax rate changes impact		-	-
- Prior year adjustments		(8,505)	(896)
- Government Incentives		(202,089)	-
- Deferred Tax Asset not recognised		292,444	-
Less Tax effect of:			
Deductible Expense			
- Unbooked tax losses		-	-
Income tax attributable to entity		**(3,329)**	**16,225**
The applicable weighted average effective tax rates are as follows:		0.97%	38.39%

Energy Action Limited has $1,169,776 of tax losses that have not been recognised as a Deferred Tax Asset for this period. Whilst the tax losses have not been recognised for accounting purposes at this time, the losses will be available to be utilised against future taxable income subject to satisfying the relevant recoupment tests. If a Deferred Tax Asset was recognised at the current tax rate of 25% this would increase DTA by $292,444.

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 6: Cash and Cash Equivalents

	31 Dec 2021	30 Jun 2021
	$	$
Cash at bank*	2,275,933	2,415,726
Restricted cash**	7,278	7,278
Total Cash	**2,283,211**	**2,423,004**

*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 7: Trade and Other Receivables

	31 Dec 2021	30 Jun 2021
	$	$
CURRENT		
Trade receivables	1,533,651	1,662,216
Provision for expected credit loss	(287,645)	(230,989)
Total current trade receivables	**1,246,006**	**1,431,227**
NON-CURRENT		
Bonds and security deposits	46,650	69,141

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 7. 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.

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+
	$	$	$	$	$	$
31 Dec 2021						
Trade and term receivables	1,533,651	1,019,036	96,739	100,378	141,518	175,980
Expected credit loss allowance	287,645	-	5,521	6,459	20,927	254,738
Expected credit loss rate	18.8%	0%	5.7%	6.4%	14.8%	144.8%
	1,246,006	1,019,036	91,218	93,919	120,591	(78,758)
30 Jun 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 rate loss	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

Note 7: Trade and Other Receivables (Continued)

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 10.

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 8: Property Plant and Equipment

	31 Dec 2021 $	30 Jun 2021 $
Computer equipment:		
At cost	2,106,712	2,092,221
Accumulated depreciation	(2,035,818)	(2,008,905)
	70,894	**83,316**
Furniture and fittings:		
At cost	1,294,858	1,293,439
Accumulated depreciation	(1,283,932)	(1,275,146)
	10,926	**18,293**
Total Plant and Equipment	**81,820**	**101,609**

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.

	Computer Equipment $	Furniture and Fittings $	Total $
Consolidated Group:			
Balance at 30 June 2020	**84,473**	**52,584**	**137,057**
Additions	69,299	-	69,299
Assets disposed	-	(21)	(21)
Depreciation expense	(70,456)	(34,270)	(104,726)
Balance at 30 Jun 2021	**83,316**	**18,293**	**101,609**
Additions	14,491	1,420	15,911
Depreciation expense	(26,913)	(8,787)	(35,700)
Balance at 31 Dec 2021	**70,894**	**10,926**	**81,820**

Note 9: Intangible Assets

	31 Dec 2021	30 Jun 2021
	$	$
Software development costs	12,554,760	12,193,743
Software Impairment	(4,861,538)	(4,861,538)
Accumulated amortisation	(6,500,845)	(6,303,986)
Net carrying value – software development costs	**1,192,377**	**1,028,219**
Total intangibles	**1,192,377**	**1,028,219**

	Software Development costs	Total Intangibles
	$	$
Consolidated Group:		
Year ended 30 Jun 2020		
Balance at the beginning of year	514,695	514,695
Internal development	757,130	757,130
Amortisation charge	(243,606)	(243,606)
Closing value at 30 Jun 2021	**1,028,219**	**1,028,219**
Internal development	313,982	313,982
Additions	47,034	47,034
Amortisation charge	(196,858)	(196,858)
Closing value at 31 Dec 2021	**1,192,377**	**1,192,377**

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.

Note 10: Other Assets

	31 Dec 2021 $	30 Jun 2021 $
CURRENT		
Prepayments	374,995	465,100
Other Receivables	311,417	240,165
Work in progress	100,978	333,835
Auction revenue not invoiced	2,609,469	3,419,481
	3,396,859	**4,458,581**
NON-CURRENT		
Other receivables	194,719	246,598
Revenue not invoiced	2,406,357	2,757,020
	2,601,076	**3,003,618**

Note 10a: Right-of-use Assets

	31 Dec 2021 $	30 Jun 2021 $
NON-CURRENT		
Right of use asset:		
At cost	1,331,038	1,331,038
Impairment	(506,113)	(506,113)
Accumulated depreciation	(666,331)	(560,159)
Closing Right-of-use Assets	**158,594**	**264,766**

Note 11: Trade and Other Payables

	31 Dec 2021 $	30 Jun 2021 $
CURRENT		
Unsecured liabilities:		
Trade payables	164,340	617,593
Goods & Services tax	13,956	158,457
Commissions payable	40,199	164,037
Rebates to customers	218,354	237,609
Makegood provision	204,646	90,989
Onerous contracts	-	174,169
Other payables and accrued expenses	612,434	865,555
	1,253,929	**2,308,409**
NON-CURRENT		
Unsecured liabilities:		
Onerous contracts	-	65,692
	-	**65,692**

Note 11a: Lease Liability

	31 Dec 2021	30 Jun 2021
	$	$
CURRENT		
Closing Lease Liability Current	**287,986**	**447,806**
NON-CURRENT		
Closing Lease Liability Non-Current	**73,469**	**133,970**

Note 12: Provisions and other liabilities

	31 Dec 2021	30 Jun 2021
	$	$
CURRENT		
Restructuring Provision	-	202,696
Annual leave	210,298	268,017
Long service leave	174,041	159,515
	384,339	630,228
NON-CURRENT		
Long service leave	179,718	185,042
	179,718	185,042

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.

Note 13: Loans and Borrowings

	31 Dec 2021	30 Jun 2021
	$	$
CURRENT		
Market Rate Loan Facility	500,000	250,000
Less capitalised debt establishment fees	(14,336)	(19,774)
	485,664	**230,226**
NON-CURRENT		
Market Rate Loan Facility	6,500,000	6,750,000
Less capitalised debt establishment fees	(11,015)	(18,217)
	6,488,985	**6,731,783**

The Company holds a $7.55 million facility agreement with the Commonwealth Bank of Australia (CBA) until October 2023. Funds can be provided under the facility as market rate loan facility of $7.0 million, bank guarantee facility of $0.3 million and corporate card facility of $0.25 million. The terms of the agreement included agreed Gearing, Interest, and Asset covenants and subsequent to the update of the facility agreement on 31 January 2022 also includes profitability targets.

As at 31 December 2021, Energy Action had utilised $7.0 million of market rate loan and $0.15 million bank guarantees, with an amortisation schedule of the facility reducing the facility by $1 million between March 2022 and September 2023.

On 24 Dec 2021, the CBA agreed to waive any non-compliance with the Company's Facility Agreement relating to Financial Covenants as at 31 December 2021 and up to and including 31 January 2022. As part of this arrangement with the CBA, the

Note 13: Loans and Borrowings (Continued)

Directors agreed to provide a subordinated and unsecured loan (Subordinated Loan) to the Company in the amount of $1.5 million, which was subsequently finalised on 31 January 2022.

On 31 January 2022, the Company entered into an updated facility agreement with the CBA. Material changes to the Facility Agreement that have been agreed between Energy Action and CBA for the period 1 January 2022 – 31 December 2022 are:

- Replacement of existing gearing, interest and asset testing requirements with profitability tests at the end of each calendar quarter during 2022, with liquidity tests maintained
- Modified reporting, information undertakings and review events
- Principal repayment obligations modified to remove existing obligations of $0.25 million in both March 2022 and September 2022 and a new obligation of $1 million repayment to be paid to the CBA on 31 January 2022
- CBA prior written consent required for certain permitted distributions

From 1 January 2023, the covenant testing reverts to previous gearing, interest and asset testing requirements until the end of the Facility Agreement in October 2023

The Directors Subordinated Loan of $1.5 million was finalised on 31 January 2022, and utilised as follows:

- $1 million paid to the CBA for the purposes of reducing the principal under the Facility Agreement
- $0.5 million paid to Energy Action to be applied for working capital purposes

Material terms of the Subordinated Loan agreement are as follows:

Loan Amount:	$1.5 million drawn down as one tranche as above
Issue Date:	31 January 2022
Loan end date:	1 May 2025
Interest Rate:	12% per annum quarterly in arrears
Interest payable:	Interest will accrue and is repayable in full at the Loan Term end date

The loan from Directors is subordinated to the CBA.

Financing facilities

	31 Dec 2021	30 Jun 2021
	$	$
Loan facilities - excluding corporate card facility	7,300,000	7,300,000
Amounts utilised		
Borrowings	7,000,000	7,000,000
Bank guarantees – non-cash	145,347	145,347
Total amounts utilised	**7,145,347**	**7,145,347**
Total amounts unutilised	**154,653**	**154,653**

Note 14: Tax

	31 Dec 2021 $	30 Jun 2021 $
CURRENT		
Income tax asset/(liability)	(12)	152,695

NON-CURRENT

	Opening Balance $	Tax rate change $	Adj Prior year $	Charged to Income $	Closing Balance $
Consolidated Group					
Deferred Tax Dec 21					
Provisions	320,123	-	-	11,396	331,519
Accruals	336,457	-	-	(108,298)	228,160
Fixed assets	888,166	-	(10,854)	(134,859)	742,453
Prepaid commissions	(44,362)	-	(87,765)	2,769	(129,358)
Sundry	16,282	-	-	(4,071)	12,211
Tax Losses	460,812	-	107,124	(107,124)	460,812
Revenue not Invoiced	(1,629,814)	-	-	308,468	(1,321,346)
Right of use assets	(66,191)	-	-	26,543	(39,648)
	281,473	**-**	**8,505**	**(5,176)**	**284,803**
Deferred Tax Jun 21					
Provisions	457,080	(12,805)	-	(124,152)	320,123
Accruals	352,194	(13,458)	-	(2,279)	336,457
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)	(15,520)	25,484	16,282
Tax Losses	-	-	-	460,812	460,812
Revenue not invoiced	(1,718,995)	65,193	-	23,988	(1,629,814)
Right of use assets	(166,535)	2,648	-	97,696	(66,191)
	85,988	**(11,259)**	**(15,520)**	**222,264**	**281,473**

Note 15: 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 (after adjusting for interest on the convertible preference shares) 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:

	1H FY22 6 Months to Dec 21 $	1H FY21 6 Months to Dec 20 $
Statutory Net profit / (loss) attributable to ordinary equity holders of the parent for basic earnings	(340,372)	26,036
Statutory Net Profit / (loss) attributable to ordinary equity holders of the parent adjusted for the effect of dilutions	(340,372)	26,036

	Dec 2021 No.	Dec 2020 No.
Weighted average number of ordinary shares for basic earnings per share	26,988,600	25,954,117
Effect of dilution:		
Potential issue of shares – performance options	-	777,000
Weighted average number of ordinary shares adjusted for the effect of dilution	**26,988,600**	**26,731,117**
Basic earnings / (loss) per share (Statutory)	(1.26)	0.10
Diluted earnings/ (loss) per share (Statutory)	(1.26)	0.10

Under the accounting standards, losses are not diluted. The dilution calculation has been performed to enable users of these financial statements to determine the impact of the dilution on both statutory and Operating Profit per share. Refer also to the Directors' Report for further information on the calculation of Operating Profit.

Tax rates

The tax rate at which paid dividends have been franked is 25% (FY21: 26%). Dividends proposed will be franked at the rate of 25% (FY21: 26%).

Note 16: Issued Capital and Reserves

	Dec 2021 $	Dec 2020 $
Fully paid ordinary shares	6,837,906	6,537,906
	6,837,906	**6,537,906**

		1H FY22 6 Months to Dec 21 No.	1H FY21 6 Months to Dec 20 No.
a.	**Ordinary Shares (number)**		
	At the beginning of the reporting period:	26,988,600	25,954,117
	At the end of the reporting period	**26,988,600**	**25,954,117**

		Dec 2021 $	Dec 2020 $
b.	**Ordinary Shares ($)**		
	At the beginning of the reporting period:	6,837,906	6,537,906
	At the end of the reporting period	**6,837,906**	**6,537,906**

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held. 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 17: Share-based Payment Transactions

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

For the six months ended 31 December 2021, the Group has reversed ($3,500) of share-based payment transactions expense in the statement of comprehensive income (1H FY20: $4,938).

Note 18: Related Party Disclosure

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

There was NIL related party transactions in FY22 H1 (FY21 H1: $2,970 was paid to Horizon Private Capital Partners, in relation to the renegotiation of the bank facility, the transfer of certain contracts in the Advisory division and the introduction of new partnership).

Note 19: Contingent Liabilities

A demand made in the FY 20 period in respect of alleged unpaid amounts for previous work provided to the Company is ongoing. The Claimant filed proceeding in the Federal Court of Australia in FY 2021. The Company has disclaimed liability and has defended the action. The Company is off the view that it is unlikely that any significant liability or material loss will arise in respect of the legal claim at the date of these financial statements.

Note 20: Events After the Reporting Period

On 31 January 2022, the Company entered into amendments to the Facility agreement with the Commonwealth Bank of Australia (CBA). Material changes to the Facility Agreement include for the period 1 January 2022 – 31 December 2022:

- Replacement of existing gearing, interest and asset testing requirements with profitability tests at the end of each calendar quarter during 2022, with liquidity tests maintained
- Modified reporting, information undertakings and review events
- Principal repayment obligations modified to remove existing obligations of $0.25 million in both March 2022 and September 2022 and a new obligation of $1 million repayment now paid to the CBA on 31 January 2022
- CBA prior written consent required for certain permitted distributions
- From 1st January 2023 testing requirements will revert to previous gearing, interest and asset tests.

On 31 January 2021 the Directors provided a Subordinated Loan of $1.5 million utilised as follows:

- $1 million paid to the CBA for the purposes of reducing the principal under the Facility Agreement
- $0.5 million paid to Energy Action to be applied for working capital purposes

Material terms of the Subordinated Loan agreement are as follows:

Loan Amount:	$1.5 million drawn down as one tranche as above
Issue Date:	31 January 2022
Loan end date:	1 May 2025
Interest Rate:	12% per annum quarterly in arrears
Interest payable:	Interest will accrue and is repayable in full at the Loan Term end date

The loan from Directors is subordinated to the CBA.

On 8th February 2022, the Company announced the resignation of its Chief Financial Officer – Tracy Bucciarelli. Energy Action will commence a search process for a new CFO and will provide a further update in due course.

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.

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 half - year ended 31 December 2021 are in accordance with the Corporations Act 2001, including:

      i. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance;

      ii. complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporation Regulations 2001 and other mandatory professional reporting requirements;

   b. 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 half - year ended 31 December 2021.

On behalf of the board

Murray Bleach
Chairman

25 February 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

ENERGY ACTION LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Energy Action Limited which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Energy Action Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Energy Action Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Energy Action Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM AUSTRALIA PARTNERS

Cameron Hume
Partner

Sydney, NSW

Dated: 25 February 2022