H1 FY22

Half Year Results Presentation

FEBRUARY 2022

H1 FY22 Results Agenda

- Strategy
- Business Overview
- Group financial results
- H2 FY22 Priorities

Our opportunity

Foundation	Trends	Strategy
▶ Established customer base ▶ Relevant products ▶ 20 years experience	▶ Net Zero adoption driven by customers and investors ▶ Open Energy Data go-live in November 2022	▶ Customer retention and growth. ▶ Energy Action's market share is low relative to our national footprint and business experience ▶ Priority is to maximise profitable growth within core services of energy buying (procurement) and energy management ▶ Focus is Australian businesses ▶ Technology. Next generation energy management software platform. ▶ Net Zero. Focus of sales and technology

Energy Management Software Platform

1. **Data in one place**
2. **Procurement**
3. **Accounts Payable**
4. **Analysis + Net Zero**

Resetting Energy Action

Balance sheet

- Increased funding with $1.5m subordinated Director loan (Jan 22)
- To give business time to regain sales and technology momentum

People

- Executive change and reduction in management headcount
- Sales function reorganised
- Technology resources investment

Capability

- Marketing capability established.
- Initiation of work to achieve accreditation for Open Energy Data to allow access to real time energy data
- Net Zero accreditation by Climate Active in progress

H1 FY22 Financial highlights

EnergyAction

REVENUE

$5.69m

30% FALL

STATUTORY NPAT

($0.34m)

H1 FY21 0.03m

NET CASHFLOW

($0.14m)

87% INCREASE

REVENUE NOT INVOICED

$5m

19% FALL

FUTURE REVENUE

$13.56m

12% FALL from June 21

OPERATING NPAT

($1.09m)

H1 FY21 ($0.15m)

OPERATING CASHFLOW

$0.70m

84% INCREASE

NET DEBT

$4.87m

3% INCREASE

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Income statement H1 FY22

- **Statutory loss of $0.34m**
  Declined $0.36m from PCP
- **Operating loss of $1.09m**
  Compared to PCP loss of $0.15m
- **Revenue decline 30% from PCP**
- **OPEX improved by $1.5m**
  19% in further reductions compared to PCP
- **Government grants of $0.8m**
  Primarily Jobsaver treated as significant item

	H1 FY22	H1 FY21	% Variance
Revenue	5,685,265	8,078,363	-30%
COGS	(410,643)	(403,368)	-2%
Gross margin	**5,274,622**	**7,674,995**	**-31%**
OPEX - excl D&A	(5,879,715)	(7,347,019)	20%
EBITDA	**(605,093)**	**327,976**	**-284%**
Depreciation and amortisation	(338,731)	(399,788)	15%
EBIT	**(943,824)**	**(71,812)**	**-1214%**
Financing costs	(150,564)	(127,117)	-18%
Profit before tax	**(1,094,386)**	**(198,929)**	**-450%**
Tax (expense)/credit	3,329	(46,484)	107%
Underlying net profit/(loss) after tax	**(1,091,057)**	**(152,445)**	**-616%**
Significant items:			
ATO Interest	(46,767)	-	-100%
Restructuring cost	(105,036)	14,572	-821%
Other SI	(14,449)	-	-100%
Government support	808,354	587,553	38%
Onerous contract	108,583	(423,644)	126%
Total significant items	**750,685**	**178,481**	**321%**
Statutory profit/(loss) after tax	**(340,372)**	**26,036**	**-1407%**

Balance Sheet H1 FY22

- **$5m Revenue not Invoiced**
  Auction & SME commissions earned to be collected
- **$2.43 liquidity**
  Being $2.28m cash and $0.15M bank guarantee availability
- **Net debt at $4.87m**
  Increased **$0.14m from June 21**
- **Bank waiver provided for Dec 21 up to and including 31 Jan 22**
- **$1.5 M Director loan and updated Facility agreement 31 January 2022**

	Dec 21	Jun 21
Cash and cash equivalents	2,283	2,423
Trade and other receivables	1,246	1,431
Current Tax Asset	-	152
Other assets	3,397	4,459
Total Non-Current Assets	4,365	4,749
Total Assets	**11,291**	**13,214**
Trade and other payables	1,254	2,308
Short-term provisions	384	630
Loans & Borrowings	486	230
Lease liability	288	448
Non-Current Loans and Borrowings	6,489	6,732
Other Non-Current Liabilities	253	385
Total Liabilities	**9,154**	**10,733**
Net Assets	**2,137**	**2,481**
Issued capital	6,838	6,838
Reserves and Retained Earnings	(4,701)	(4,357)
Total Equity	**2,137**	**2,481**

Values are $'000

Cash flow statement

Operating cash flow of $0.7m
Before interest and tax

Operating cashflow conversion to EBITDA 215%
Negative EBITDA impacted by positive working capital

Revenue not invoiced asset decline $1.16M
From Invoicing amounts greater than sales growth of auctions and tariff sales

Government grants of $0.8m received
Relating to Jobsaver treated as significant item

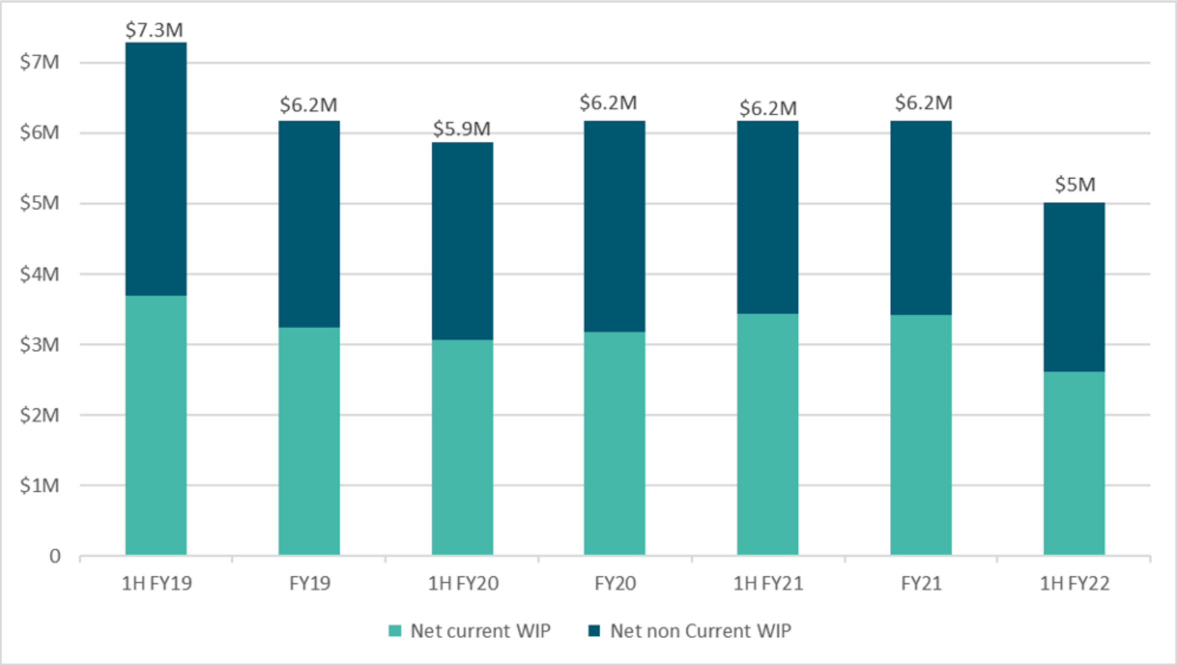
	H1 FY22	H1 FY21	Variance
Operating EBITDA	**(605,092)**	**327,977**	**(933,069)**
Share based payments & other non-cash	(3,500)	4,936	(8,436)
Unrealised Foreign Exchange revaluation	10	-	10
Working capital movements			
Trade & Other Debtors	345,334	464,862	(119,528)
Work in progress	165,946	202,880	(36,934)
Revenue not invoiced	1,160,674	114	1,160,560
Trade & Other Creditors	(364,550)	(620,543)	255,993
Working capital movements	**1,307,404**	**47,313**	**1,260,091**
Operating cash flow before interest and tax	**698,822**	**380,226**	**318,596**
Net financing costs	(122,760)	(121,735)	(1,025)
Income taxes (paid)/received	152,707	(19,105)	171,812
Operating cash flow	**728,769**	**239,386**	**489,383**
Cash flows related to Significant Items *	247,067	795,102	(548,035)
Working Capital movements related to Significant Items **	(503,618)	(1,388,207)	884,589
Statutory net cash from operating activities	**472,218**	**(353,719)**	**825,937**
Capital expenditure	(376,927)	(451,867)	74,940
Net Cash used in Investing Activities	**(376,927)**	**(451,867)**	**74,940**
Repayment of lease liability	(235,084)	(242,085)	7,001
Net Cash used in Financing Activities	**(235,084)**	**(242,085)**	**7,001**
Net increase/(decrease) in cash held	**(139,793)**	**(1,047,671)**	**907,878**
Operating cash flow before interest & tax as a % of EBITDA	215%	116%	

* Primarily Government Relief received offset by restructure costs and onerous contracts payments
** Onerous contracts and restructuring costs accruals in prior period now paid

Revenue not Invoiced (RNI) Asset

Strong asset "Revenue not invoiced" of $5m holds the cash to be received in the future for revenue recognised and work performed in current and previous fiscal periods

Balance reduced with invoicing customers not offset by growth in sales orders of auctions and tariff revenue, which saw a significant decline



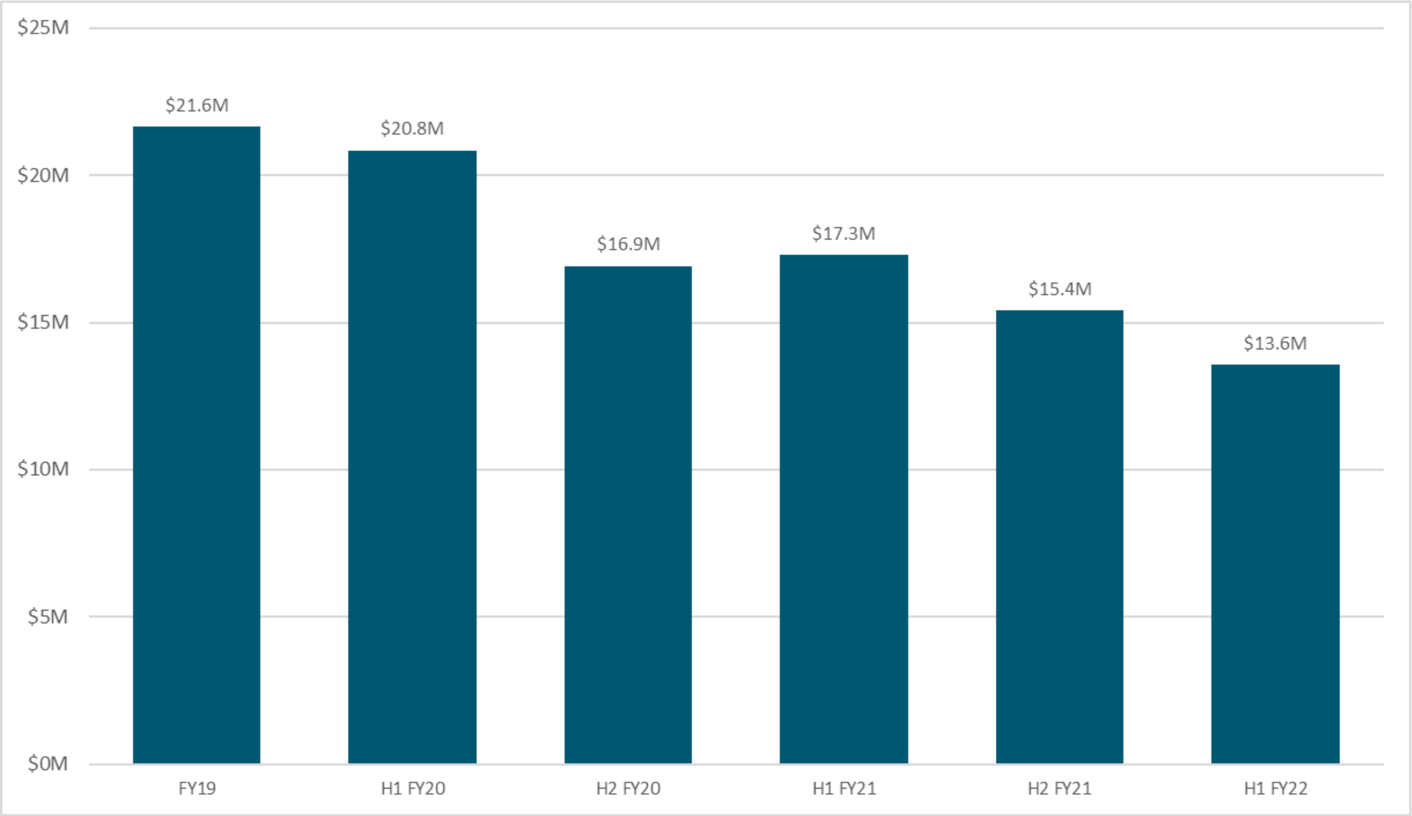
- Revenue from Auction, SME and Commission based Tenders are recognised upfront once the procurement event is complete and the contract signed between the retailer and customer. The payments are received over the life of the contract
- Asset on balance sheet

H1 FY22 Future Contracted Revenue

Future contracted revenue is contracted revenue mostly from energy management subscriptions, and embedded network contracts held off balance sheet

- Impacted by 59% reduction decline in Metrics sales contracts
- Lost 1 major corporate customer
- Retail billing at end of contract

Future contracted revenue



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Key takeaways

- Energy Action has reset
  1. Increased liquidity with $1.5m subordinated Director loan in January 2022. Intended to give business time to regain sales and technology momentum
  2. Executive change and reduction in management headcount
  3. Execution is key. Ongoing execution on customer service, people performance, and technology development

- Priorities are aligned to core business and supported by market trends
  1. Customer growth – leveraging our market share and long-term relationships
  2. Technology to support customers –Taking advantage of Customer Data Right / Open Energy Data to deliver higher quality services.
  3. Net Zero. Demonstrating commitment with Climate Active certification in progress, aligning Energy Action’s services to customer demand for net zero support

Like to know more about how we can support your energy buying and management?

Visit energyaction.com.au

or email us at info@energaction.com.au

H1 FY22 Appendix

Energy Buying

Revenue of $1.93m (39% down YoY)

AEX auction volumes down 49.3% from PCP despite improved retention rates.

11.2% increase in the $/Mwh pricing assisted revenues however lower load per auction down 38%

The business has been impacted by COVID-19 as clients deferring decisions with uncertainty of covid impact and prioritisation on business continuity

Solar Auction demonstrated significant client interest, however longer than expected sales cycle.

EnergyAction

	H1 FY22	H1 FY21	Variance
No. of successful AEX auctions	228	450	-49.3%
Average AEX contract duration (months)	28.3	30.6	-2.3months
TWhs procured 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 tenders	5	11	-54.5%
No. of gas tenders	2	13	-84.6%

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

- Given prior year low price environment, many customers have entered long dated contracts so availability pushing out acquisition opportunity
- High pricing now delaying some customer decisions or driving shorter dated contracts and lower contract values
- Some product mix shift from Auctions to Tenders for large corporate clients

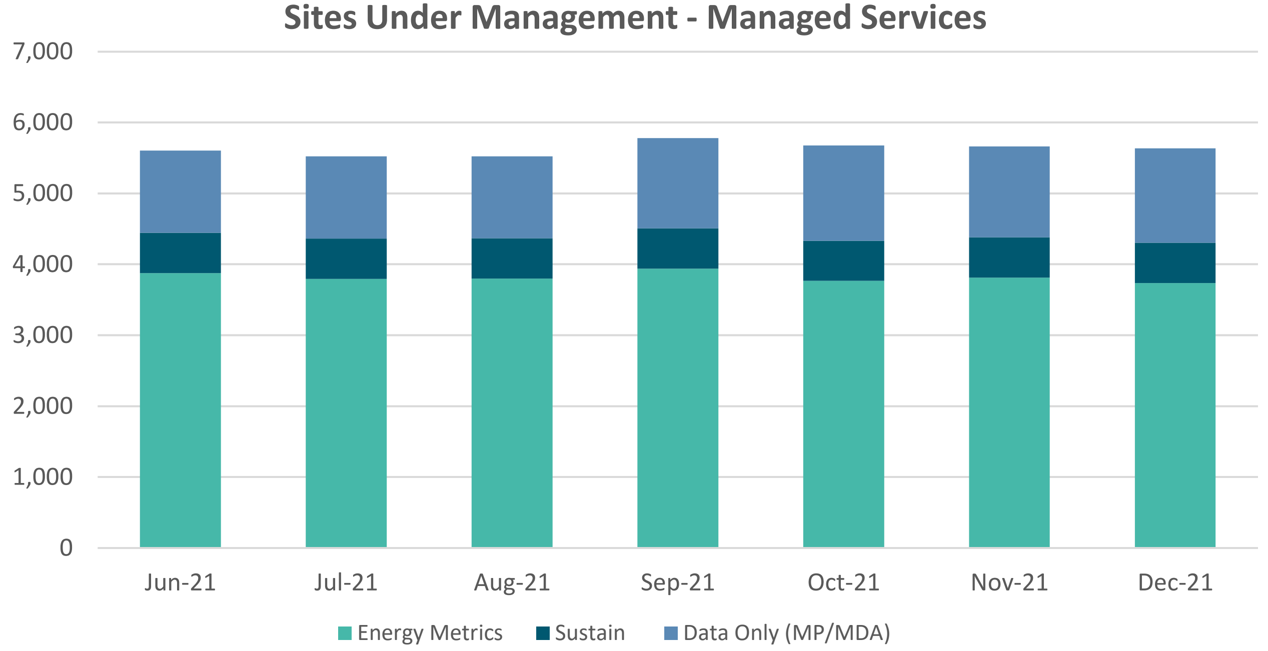
Energy Management

Revenue of $3.06 (down 28% YoY)

5,636 sites currently under management

Significant decrease in Metrics sales order of 59% compared PCP primarily due to lower AEX volumes impacting attachment of Metrics

Decline in sites under management stabilising



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

- Sites under management in line with sites at Jun 21 (5,604).
- Key strategy to invest in value added technology, service and delivery and expand customer value

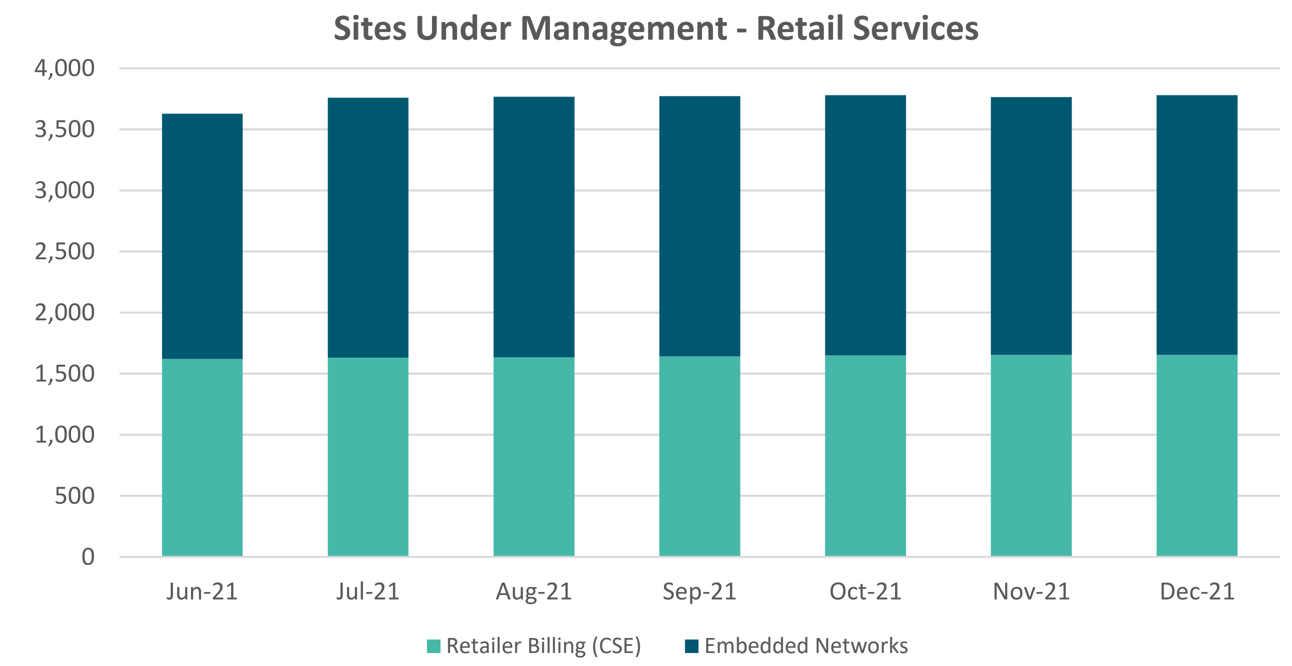
Embedded Networks

Revenue of $0.70m (increased 5% YoY)

3,780 sites currently under management

Increase in sites under management of 151 sites

COVID-19 impact with some site closures and delayed projects

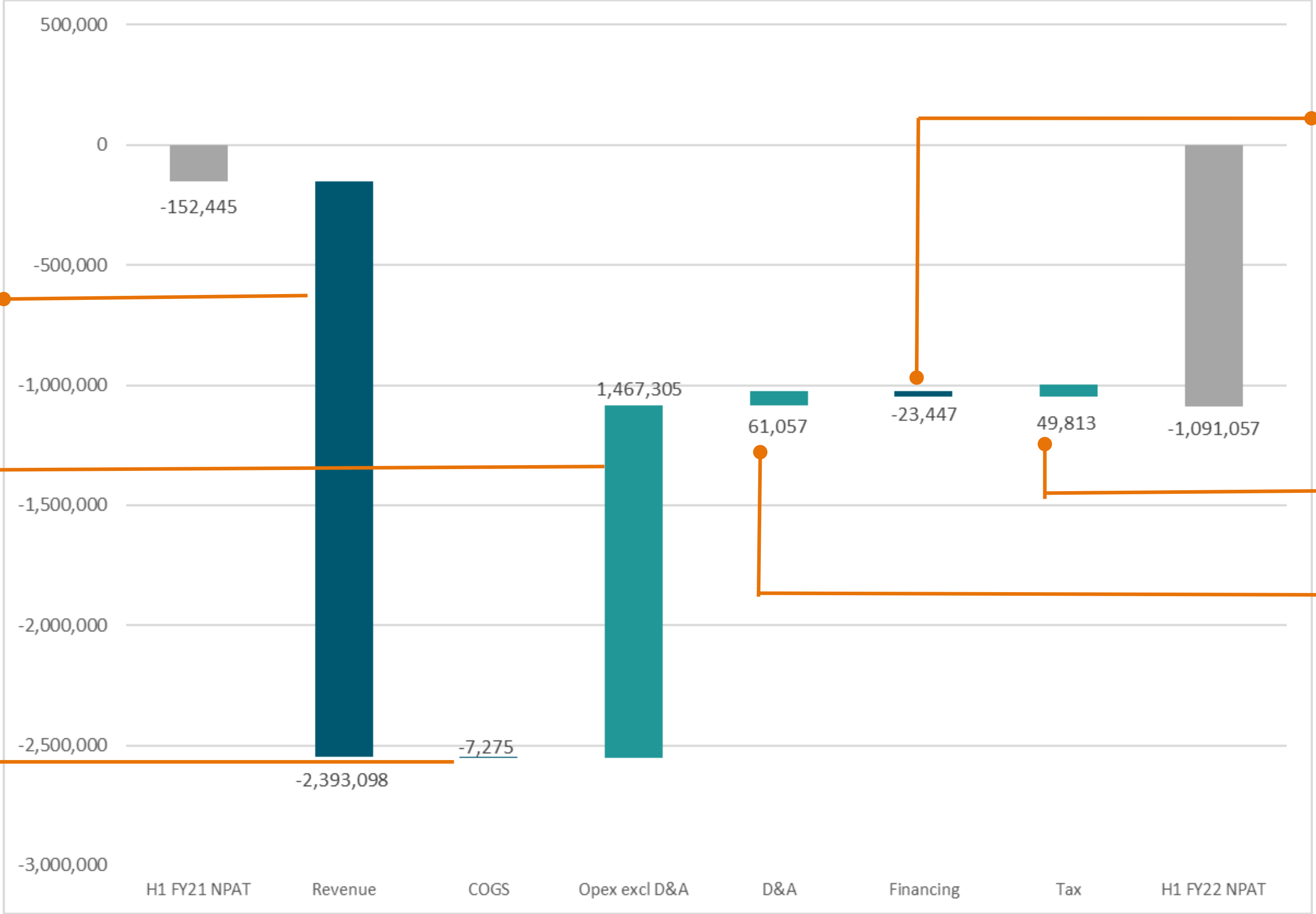


* Sites under current contract does not included contracts which are signed, but yet to commence service delivery

- Retail Billing contract ending in Dec 21

Operating profit drivers

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



Revenue
Energy Buying -\$1.23m
Energy Management -\$1.20m
Embedded Networks +\$0.04m

Lower **OPEX** excl. D&A improved by +20% with lower employment costs, occupancy costs, computer maintenance and travel

COGS
Flat

Financing
Higher loan borrowings and higher facility fees

Tax
Higher taxes

Lower in **D&A** with I Impairment of right of use asset offset with investment in software

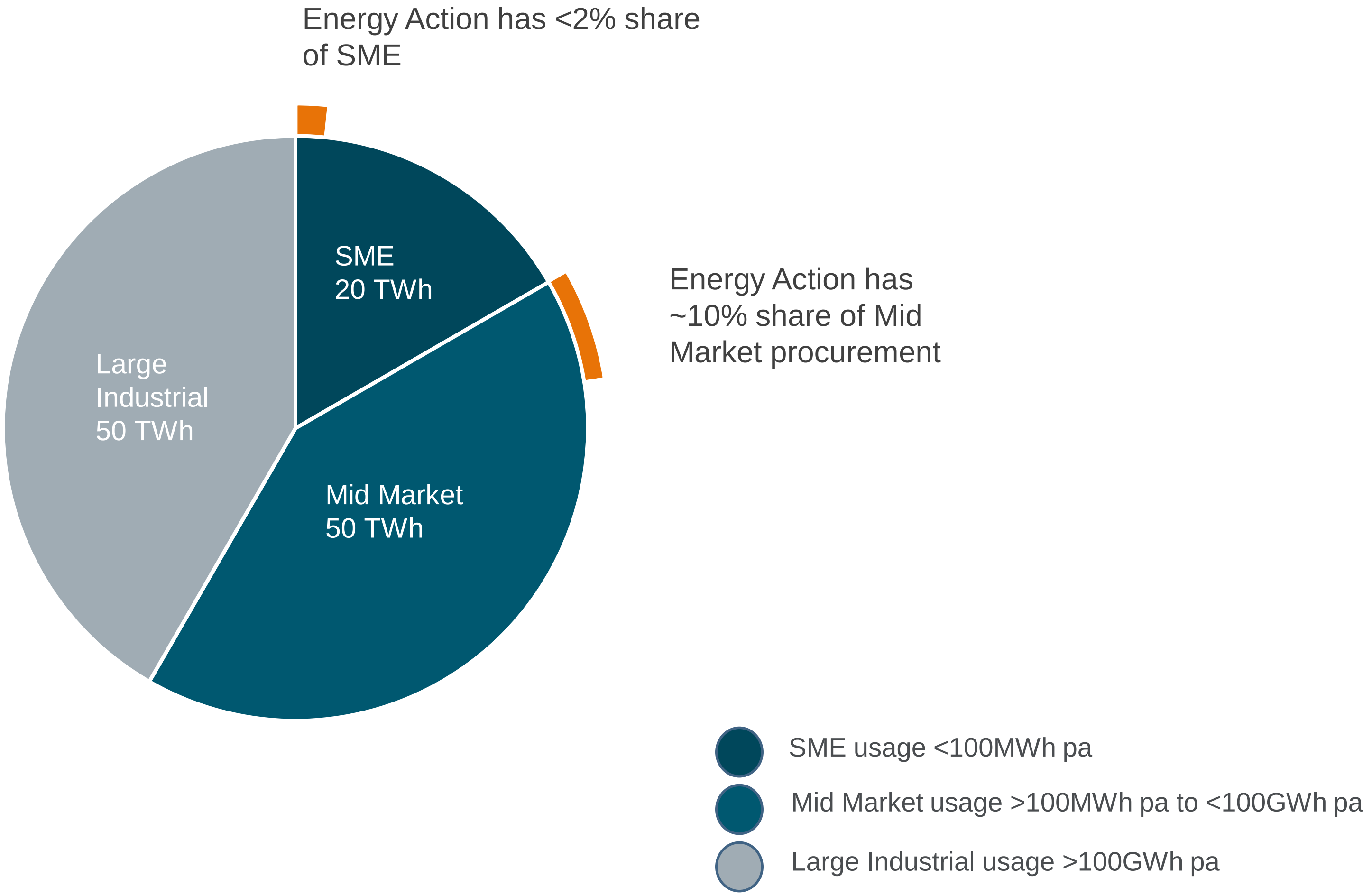
Statutory to operating profit reconciliation

	NPAT			EBITDA		
	H1 FY22	H1 FY21	Variance	H1 FY22	H1 FY21	Variance
Statutory results	**(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 (loss) 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*

- 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

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*

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