

Energy Action

2022 Results Presentation

Resetting Energy Action for a Net Zero future

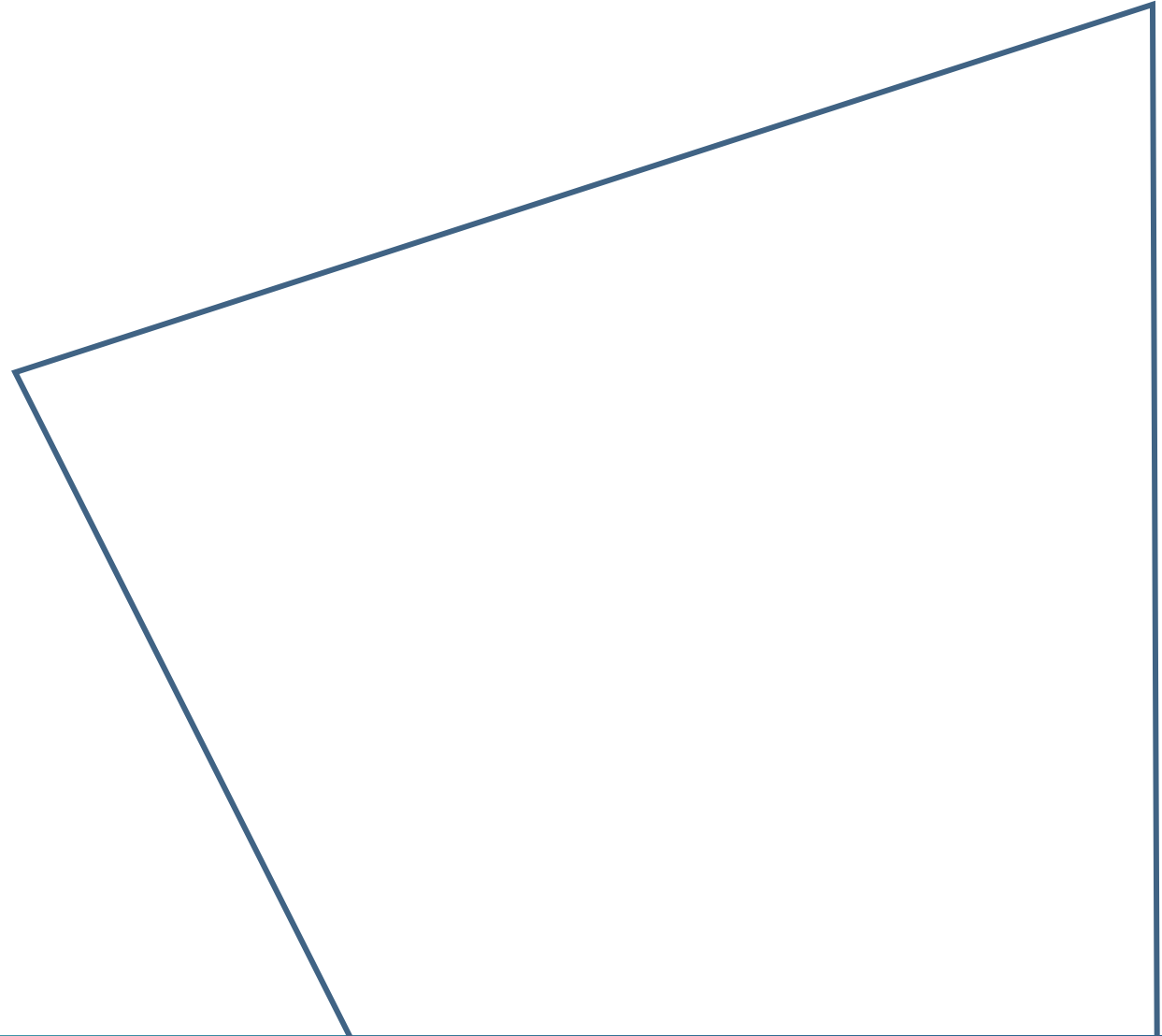


30 SEPTEMBER 2022



FY22 Results Agenda

- ▶ Business Overview
- ▶ Group financial results
- ▶ FY23 Priorities



Resetting Energy Action for a Net Zero future

FY22 Delivered

FY23 Strategy

Balance sheet

- | | |
|--|--|
| <ul style="list-style-type: none"> ▶ Increased funding with \$1.5m subordinated Director loan (Jan 22) ▶ \$1M Senior debt retired. | <ul style="list-style-type: none"> ▶ Collaborative relationship with primary lender ▶ Multi-stage process to re-balance debt profile to match earnings profile |
|--|--|

People

- | | |
|---|--|
| <ul style="list-style-type: none"> ▶ \$2.1m reduction in salary expense ▶ Core competencies of IT development, sales and procurement retained | <ul style="list-style-type: none"> ▶ Maintain headcount in line with revenue ▶ Efficiency dividend from FY22 systems investment to pay off in FY23 |
|---|--|

Technology

- | | |
|---|---|
| <ul style="list-style-type: none"> ▶ First version of cloud-based AI energy management platform built (Utilibox) | <ul style="list-style-type: none"> ▶ Scale platform across Energy Action's 7,000 customer base ▶ Utilibox is next generation software to meet customers energy management needs |
|---|---|

Net zero is driving our new sales, and technology investment.

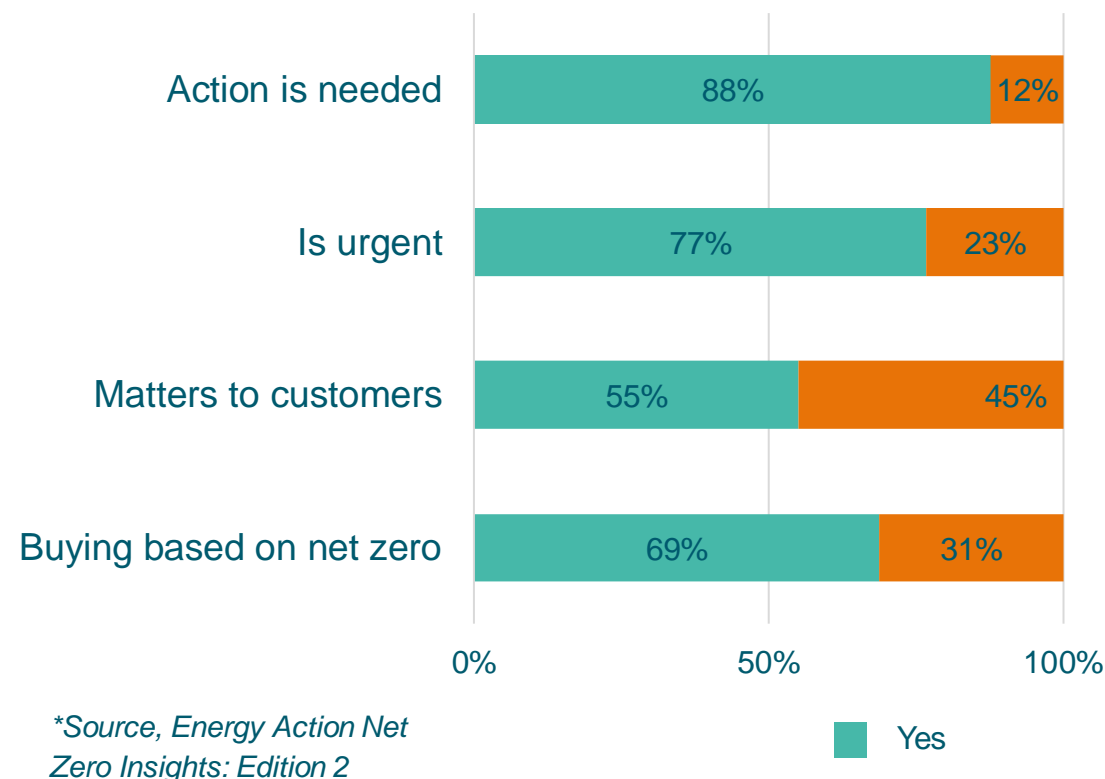
Most Australian businesses want to set a Net Zero goal, but don't know where to start or are put off by expensive cost assumptions.

Business expectations are changing. Emissions reduction analysis is driving Energy Action's new sales. Procurement and cost reduction is supporting customer retention.

Our technology investment is building an energy procurement and management platform. Designed to help medium and large-sized businesses effortlessly kickstart their Net Zero journey.

Using the data gained from this service, we will provide personalised cost and emissions reduction advice and identify their best contracting opportunity.

Businesses think urgent action is needed to respond to net zero.



Technology Roadmap – Utilibox is the future

Energy Action has built Utilibox which will be progressively rolled-out to new and existing customers. Utilibox is focused on generating new sales and improving existing customer retention, our key growth drivers.

Sep 22 Delivered

- ▶ Established inhouse technology team of software engineers.
- ▶ Established cloud infrastructure and AI bill parsers
- ▶ Initial version of platform completed

3 – 6 months

- ▶ Net zero benchmarking
- ▶ Migration of procurement to new application
- ▶ Market based alerts to subscribers
- ▶ Ongoing investment in bill parsers

9 – 12 months

- ▶ Self serve signup
- ▶ Build out APIs to third party applications

Utilibox Energy Management Software Platform delivers;

1. Data in one place
2. Procurement
3. Energy Finance
4. Analysis + Net Zero

FY2022 Financial results

REVENUE

\$10.4m

28% FALL

STATUTORY NPAT

(\$2.8m)

184% FALL

NET CASHFLOW

(\$0.5m)

28% IMPROVEMENT

REVENUE NOT INVOICED

\$4.4m

29% FALL

FUTURE REVENUE

\$11.9m

22% FALL

OPERATING NPAT

(\$2.7m)

FY21 (\$420k)

OPERATING CASHFLOW

\$0.8m

1433% IMPROVEMENT

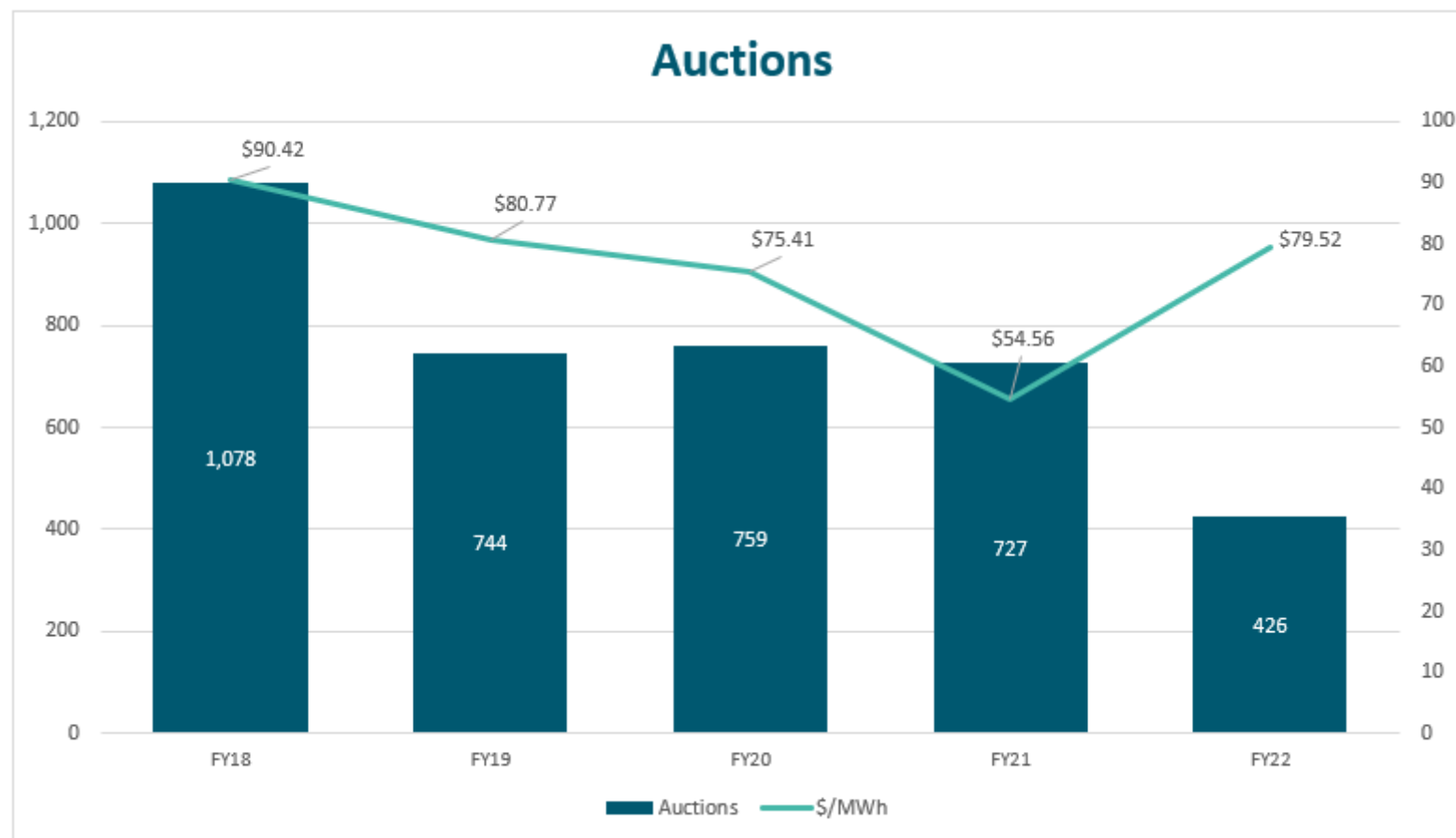
NET DEBT

\$5.86m

24% INCREASE

FY2022 Energy Buying

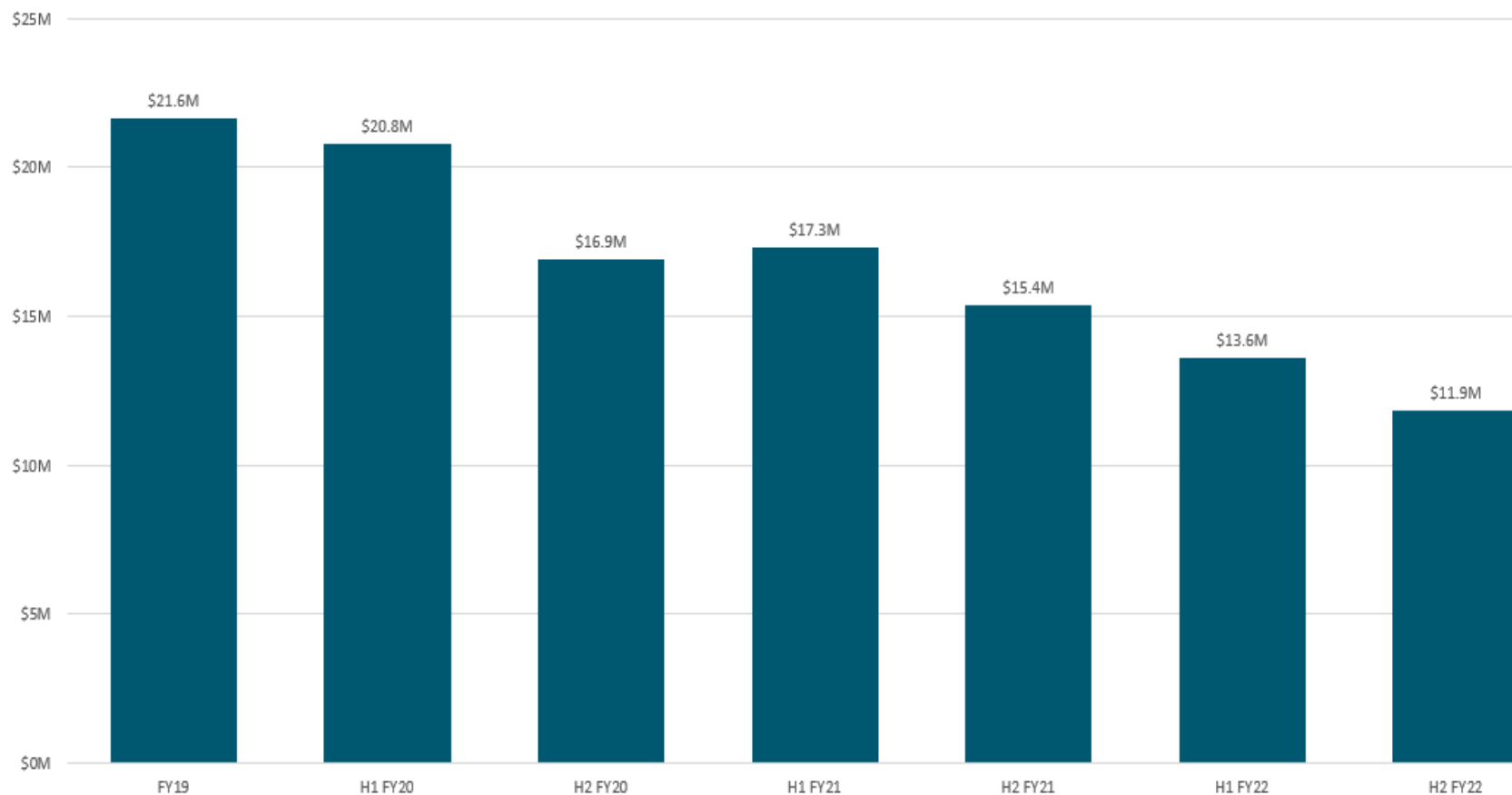
Auction volumes showed promise of early growth in first half year but ended the year with a decline as customers deferred their energy buying decisions amidst significant market volatility.



FY2022 Future Contracted Revenue

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

Future contracted revenue



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Income statement FY22

Statutory loss of \$2.8m

Decreased 184% compared to PCP

Operating loss of \$2.7m

Compared to PCP loss of \$0.42m

Revenue decline 28% from PCP

28% decline excluding discontinued products

OPEX and COGS improved by \$2.6m

18% in further reductions compared to PCP

Government grants of \$0.8m

Primarily Jobsaver treated as significant item

	FY22	FY21	% Variance
Revenue	10,378,029	14,359,111	-28%
COGS	793,119	600,936	-32%
Gross margin	9,584,910	13,758,175	-30%
OPEX - excl D&A	10,732,947	13,479,950	20%
EBITDA	(1,148,037)	278,225	-513%
Depreciation and amortisation	681,492	556,645	-22%
EBIT	(1,829,529)	(278,420)	-557%
Financing costs	391,831	282,617	-39%
Profit before tax	(2,221,360)	(561,037)	-296%
Tax expense	568,339	(141,477)	502%
Underlying net profit (loss) after tax	(2,789,699)	(419,560)	-565%
Significant items:			
Restructuring cost	78,777	333,022	76%
Impairment of intangibles	815,428	374,524	-118%
Other significant items	47,095	14,236	-231%
Government assistances	(808,354)	(599,664)	35%
One Off Depreciation and amortisation expense	733	-	-100%
Onerous contracts & leases	(81,437)	458,580	118%
Total significant items	52,242	580,698	91%
Statutory profit / (loss) after tax	(2,841,941)	(1,000,258)	-184%

Operational savings

Operating overheads & COGS decreased \$2.6m (18%)



Reduction in employment costs

- ▶ \$2.13 million lower than PCP
- ▶ A reduction of FTE with improved integration and efficiency
- ▶ A reduction of FTE as a result of Advisory exit



Consolidation of locations

- ▶ Lower makegood and other occupancy costs with reduced contracted premises
- ▶ During FY22 the organisation is operated effectively despite prolonged lockdowns across the company sites in Sydney, Melbourne and Clark in the Philippines



Cost control

- ▶ Reduced travel and costs due to COVID-19
- ▶ Ongoing strict cost control across all discretionary spend areas

Balance Sheet FY22

\$4.4m Revenue not Invoiced

Auction & SME commissions earned but yet to be paid

1 year extension on loan facility

To October 2023

\$2.01m liquidity

Being \$1.86m cash and \$0.15 bank guarantee availability

Net debt at \$5.86m

Increased from \$4.73m FY2021

	2022	2021
Cash and cash equivalents	1,860	2,423
Trade and other receivables	1,121	1,431
Current Tax Asset	-	153
Other assets	2,733	4,459
Total Non-Current Assets	2,883	4,749
Total Assets	8,597	13,214
Trade and other payables	968	2,308
Short-term provisions	224	630
Loans & Borrowings	5,963	230
Lease liability	123	448
Non-Current Loans and Borrowings	1,576	6,732
Other Non-Current Liabilities	109	384
Total Liabilities	8,963	10,733
Net Assets	(366)	2,481
Issued capital	6,838	6,838
Reserves and Retained Earnings	(7,204)	(4,357)
Total Equity	(366)	2,481

Values are \$'000

Cash flow statement

Operating cash flow of \$0.8m

Before interest and tax

Operating cashflow conversion to EBITDA –68%

Impacted by negative EBITDA

Revenue not invoiced has increased

Government grants of \$0.8m received

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

	FY22	FY21	Variance
Operating EBITDA	(1,149,014)	278,225	(1,427,239)
Share based payments & other non-cash	(4,950)	7,765	(12,715)
Working capital movements			
Trade & Other Debtors	844,934	411,251	433,683
Work in progress	199,365	40,216	159,149
Revenue not invoiced	1,723,538	(7,847)	1,731,385
Trade & Other Creditors	(827,943)	(789,662)	(38,281)
Working capital movements	1,939,894	(346,042)	2,285,936
Operating cash flow before interest and tax	785,930	(60,052)	845,982
Net financing costs	(242,827)	(207,259)	(35,568)
Income taxes (paid)/received	152,707	18,777	133,930
Operating cashflow	695,810	(248,534)	944,344
Cash flows related to Significant Items *	242,135	155,472	86,663
Working Capital movements related to Significant Items**	(498,140)	(476,282)	(21,858)
Statutory net cash from operating activities	439,805	(569,344)	1,009,149
Capital expenditure	(984,697)	(826,427)	(158,270)
Net Cash used in Investing Activities	(984,697)	(826,427)	(158,270)
Capital raised	-	300,000	(300,000)
Repayment of lease liability	(470,541)	(477,123)	6,582
Borrowing costs	(47,926)	-	(47,926)
Loans from Directors	1,500,000	-	1,500,000
Bank loans drawdown/(repayment)	(1,000,000)	800,000	(1,800,000)
Net Cash used in Financing Activities	(18,467)	622,877	(641,344)
Net increase/(decrease) in cash held	(563,359)	(772,894)	209,535
Operating cash flow before interest & tax as a % of EBITDA	-68%	-22%	

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

** Government deferrals paid, onerous contracts and restructuring costs

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FY23 – time to deliver

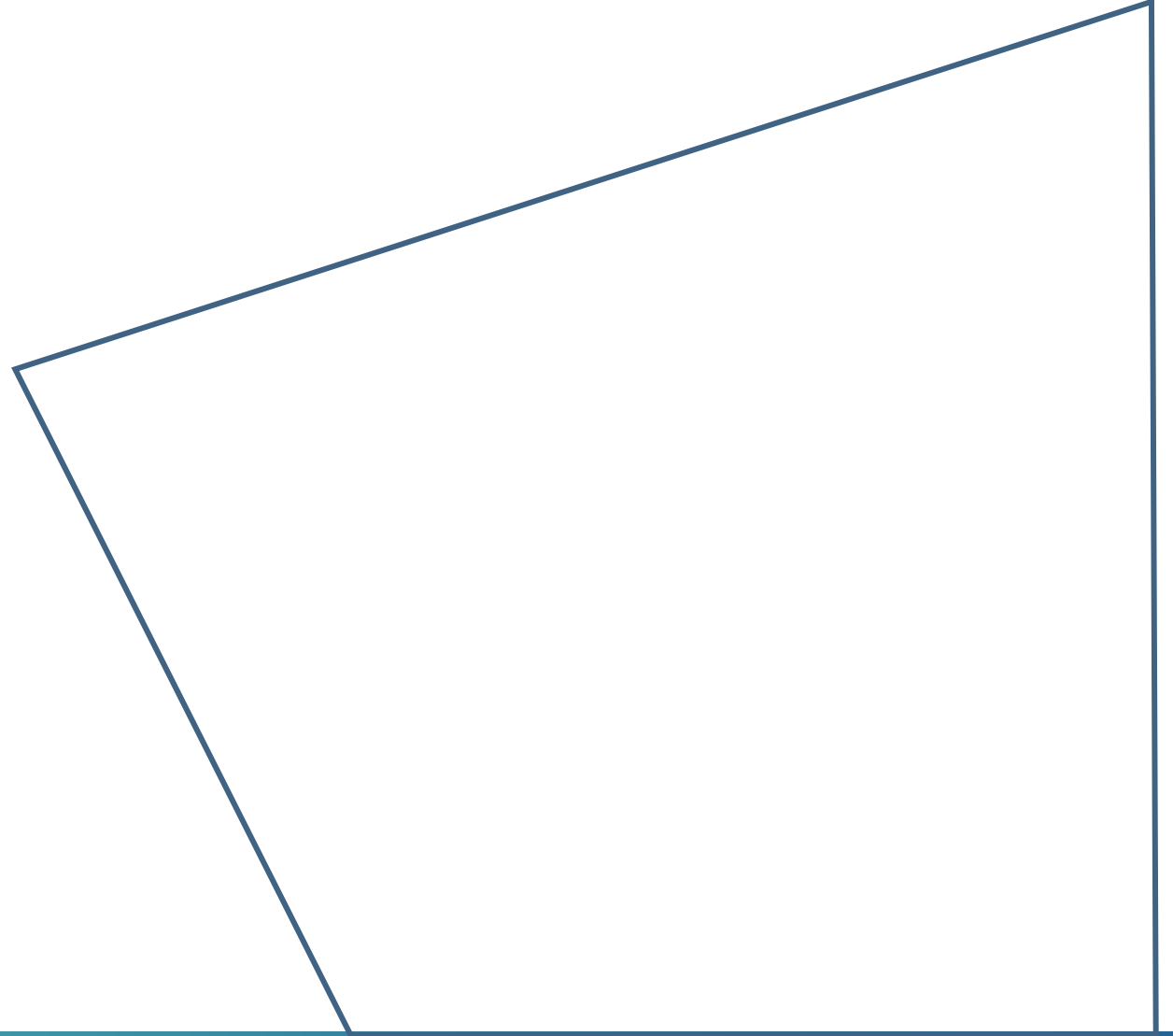
► Energy Action has reset

1. Increased liquidity with \$1.5m subordinated Director loan in January 2022. Intended to give business time to regain sales and technology momentum
2. \$2.1m reduction in salary expense
3. Achieved Climate Active Net Zero certification
4. Execution is key. Rapid delivery of technology platform will support higher retention and increased sales.

► Priorities are on sales growth and customer retention supported by technology

1. New sales as a proportion of sale mix are increasing with retention a key focus
2. Utilibox to support customers energy management is being progressively rolled out.
3. Tailwinds from Net Zero awareness and regulatory requirements
4. Efficiency dividend from FY22 investment in systems to pay off in FY23

FY22 Appendix



Energy Buying

Revenue of \$3.5m (35% down YoY)



AEX auction volumes down 41% from PCP despite strong retention rates. 45% increase in the \$/Mwh pricing



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



No. of gas tenders increased by 81%

	FY22	FY21	Variance
No. of successful AEX auctions	426	727	-41.4%
Average AEX contract duration	26.6	30.7	-4.1months
TWhs procured via auction	0.4	0.8	-50%
Average annualised MWhs per successful AEX	850	1,102	-22.9%
Average \$/MWh	\$79.4	\$54.6	45.4%
Total auction bid value ¹	\$64m	\$115m	-44.3%
No. of electricity tenders	10	23	-56.5%
No. of gas tenders	38	21	81%

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

- ▶ Decrease in the average annualized MWh's per auction down 22.9% to 850
- ▶ 4.1 months decrease in average contract duration
- ▶ A decline in No. of electricity tenders 56.5%
- ▶ No. of gas tenders increased by 81%

Energy Management

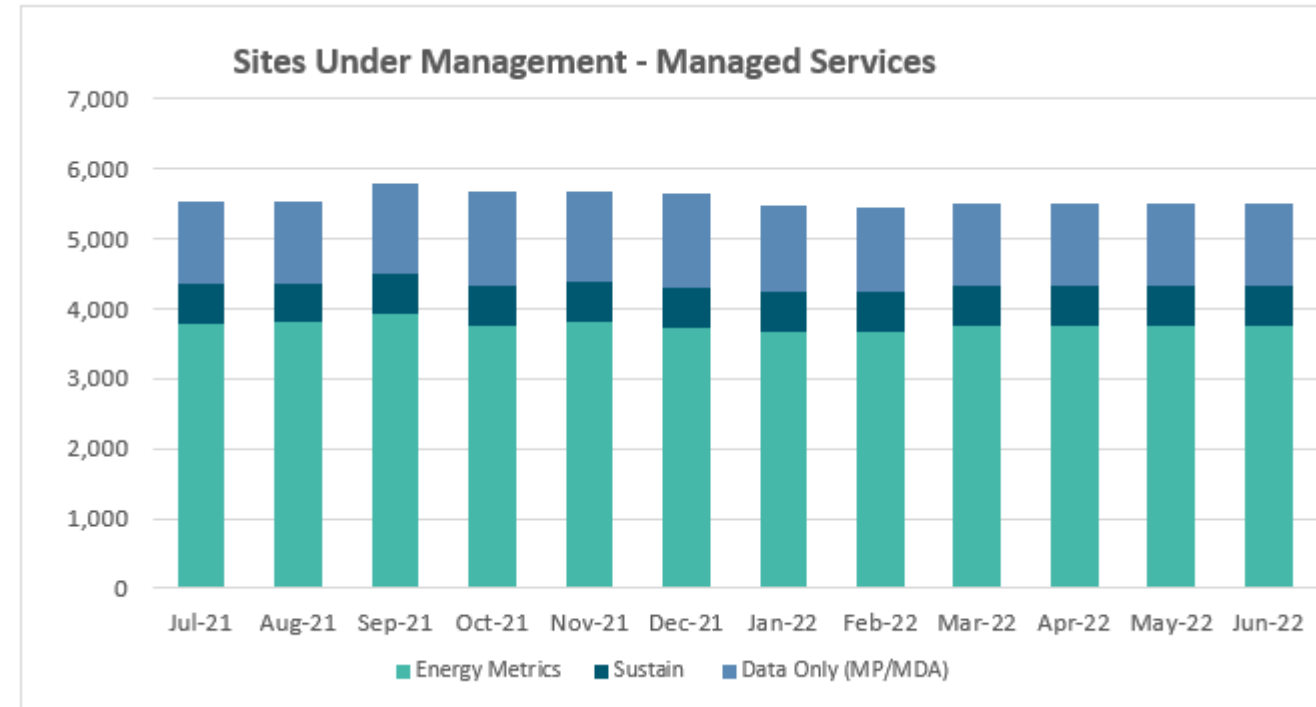
Revenue of \$5.8m (down 22% YoY)



5,491 sites currently under management



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 -113
- ▶ Key strategy to invest in value added technology, service and delivery and expand customer value

Embedded Networks

Revenue of \$0.9m (35% down YoY)



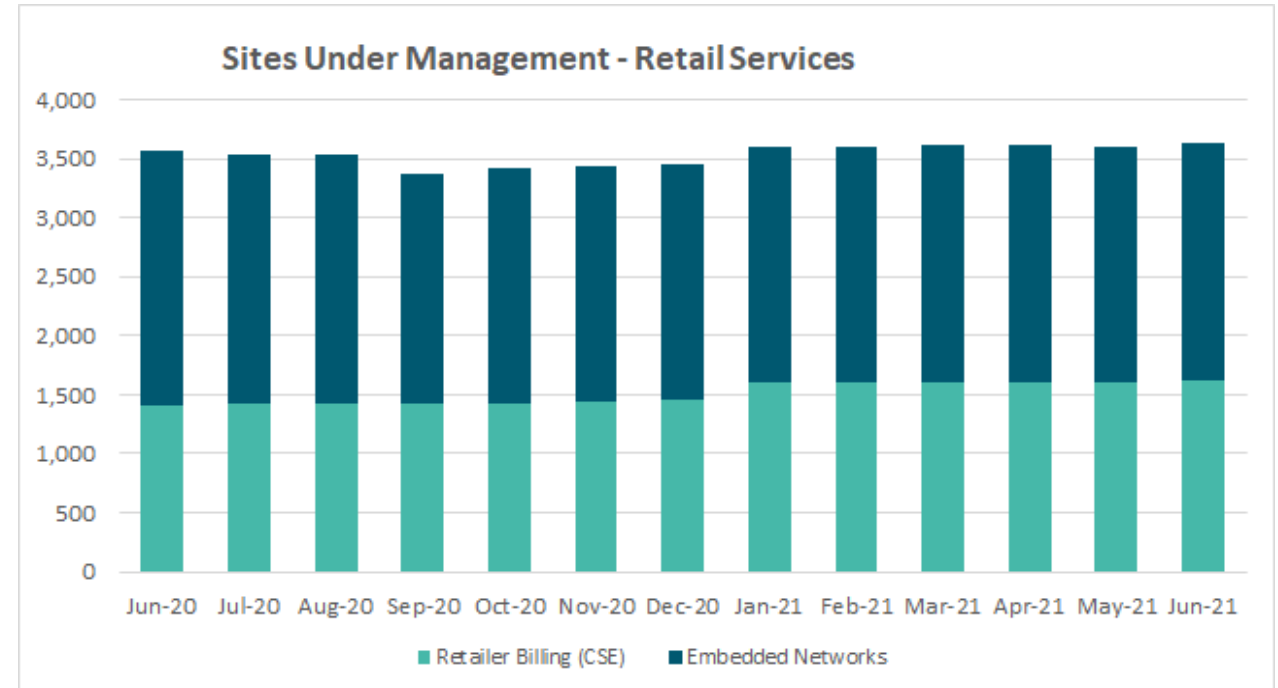
On 5 April 2022, the Company announced it had sold its embedded networks business



The transaction is expected to complete in October 2022



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

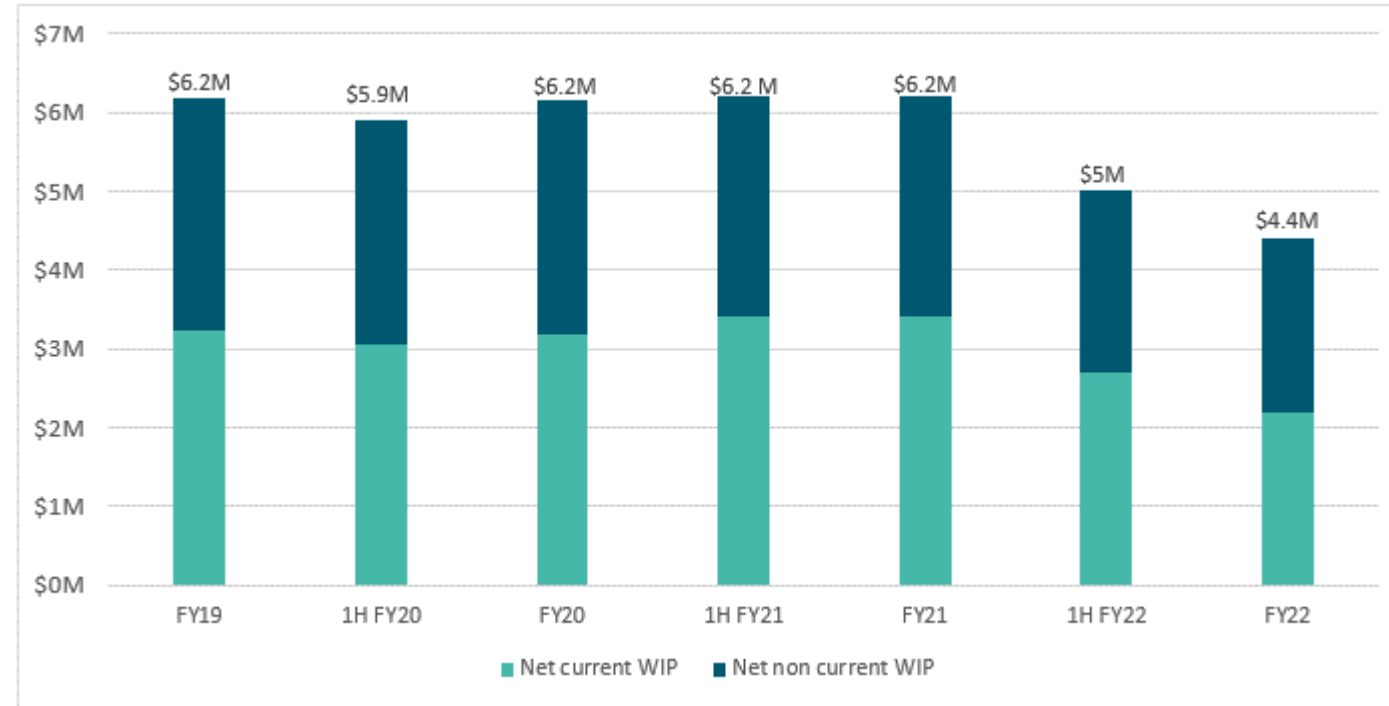
Revenue not invoiced



Strong asset “Revenue not invoiced” of \$4.4m 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

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