

Interim CEO's Address

2022 Annual General Meeting

Wednesday, 9 November SYDNEY: Address by Bruce Macfarlane, Interim CEO and Executive Director of Energy Action, at the company's 2022 Annual General Meeting (AGM).

Opening remarks

Thank you, Murray, and good morning everyone.

I want to start by acknowledging the traditional custodians of the lands we're on today, the Gadigal people, and pay my respects to Elders past, present, and emerging. I extend that respect to Aboriginal and Torres Strait Islander peoples here today.

It's good to be back with our shareholders again.

Australia's energy market transition

As I'm sure many of you are aware, the Australian energy industry continues to undergo a period of significant transition and disruption.

In the last 12 months, we've seen significant volatility and supply constraints in our East Coast electricity and gas markets. East Coast gas exports have locked half of Australia into Europe's energy crisis, and the knock-on effects on local gas and electricity prices is constantly making front page news.

Yesterday, Treasury told parliament that energy market intervention was warranted, but to date little has been done to manage short term energy prices. Measures such as including emissions in what's known as the "National Energy Objectives", low-interest finance for upgrading electricity infrastructure, and direct investment in solar and batteries – while notable – are likely to result in increased investment in renewable energy generation, and networks over the longer term but with limited immediate impact on energy prices. Meanwhile state governments, most notably in Victoria, are looking to lead energy sector investment and attempt to moderate prices for their voters.

To reduce East Coast energy prices for business customers requires supply side intervention. West Australia's gas reservation policy being a successful example where WA energy prices are a quarter of those faced by East Coast customers. To retrofit that type of reserve-arrangement into East Coast markets, or a super-normal tax on gas exporters to discourage gas exports in my view will be challenging for the government to achieve.

The result is that as we speak, the October 2022 federal government budget noted Treasury forecasts for gas prices to rise by 40 percent and electricity prices to rise by 50 percent, over the next two years.

These market conditions make Energy Action's purpose – to make the energy our clients buy and use easier, cleaner, and cost less – more relevant.

Building upon our strategy

In these times of rapidly escalating energy prices, and for a company known for its energy procurement abilities, we're improving and investing in our sales enablement and customer recontacting processes.

We're confident that our technology and data-driven approach allows Energy Action to engage with our customers, as they make decisions about how they purchase energy, and manage their energy spend, usage, and emissions.

Improvements to our sales and marketing technology are providing far greater visibility for new sales and our customer retention opportunities. We are increasingly better able to talk to our customers about contracting strategies that take advantage of market pricing, or energy retailer offerings.

We're already seeing major corporates, some of whom were ex-clients, re-engaging with Energy Action – and remain focused on our existing business customer base.

We've surveyed our customer base twice this year to learn about their emissions reduction challenges, aspirations, and concerns. Results show that although many organisations feel obliged to kick start their Net Zero journey, most of our customers are still hesitant to take their first step. Many customers shared their concerns regarding initial planning, upfront costs, ongoing budgeting, and compliance reporting. While a sizeable percentage of prospective customers also feel unsure of renewable energy's complexities, market dynamics and the various reporting options available.

This customer feedback has directly influenced our product development and offering which has resulted in our building of our new energy management platform, Utilibox. We've started to release parts of our new cloud AI technology within our own business which is automating our data management processes.

I am pleased to report that we are now presenting Utilibox to both potential and current customers. This is the second time I've been involved in building an energy management platform and Energy Action's Utilibox energy management application will have a net zero focus.

By using the real-time energy data our customers will share with us, we'll be able to alert them to irregular consumption patterns and advise on ways to lower their ongoing energy usage. Resulting in them reducing their costs and emissions.

Financial performance

At our last AGM, we acknowledged the challenges impacting revenue. A year later, Energy Action is still in a turnaround situation. Our strategy remains consistent. Focusing on our core services of energy procurement and energy management while leading customer conversations with net zero. We are maintaining our financial discipline with technology delivering ongoing cost reduction and sales.

Like you, I take a keen interest in our share price. I am a significant shareholder who holds over 10% of

the Company. Not surprisingly, I want to deliver shareholder value and see Energy Action turned around.

In FY22, revenue declined 28% to \$10.4 million from the previous corresponding period (PCP). However, we partially offset this with an operating cost reduction of \$2.6 million, an 18% reduction from last year's operating costs. FY22's statutory net loss after tax was \$2.84 million, and net operating loss after tax was \$2.79 million, with the business supported by government grants of \$0.8 million during the year ending 30 June 22. Net cash flow from operations was positive \$0.4 million due primarily to COVID-19 related salary benefits provided by the government of \$0.8 million.

During the year to conserve working capital and focus Energy Action on its core service offerings, the Company has:

- Increased liquidity through a \$1.5m Director Loan in January 2022
- Reduced employment costs to \$2.13 million below the previous corresponding period, and
- Divested the embedded networks area of the business, allowing us to increase our focus on our core energy procurement and management services.

To provide additional flexibility with respect to capital management we are seeking shareholder approval for Resolution 5.

Looking ahead

Energy Action remains one of Australia's largest business energy brokers, managing over \$1 billion of our customers annual energy spend.

After the last 2.5 years of disruption, we've worked hard to ensure we are aligned with our mission of making our clients' energy easier, cleaner, and cost less.

The technology we're investing in is delivering internal efficiency benefits and is expected to deliver new customer retention and acquisition levers. Bringing us closer to our clients and continuing to simplify energy for them.

We are fortunate to have some of the best and brightest minds in the industry working at Energy Action. And we continue to build substantial contacts and attract new talent.

We know the work we do has the potential to make a big difference to Australian businesses and the world our children will inherit. And we remain determined to provide clear and low-cost paths to Net Zero for clients looking to build sustainable businesses in a changing world.

This announcement has been authorized by the Board of Energy Action for ASX release.

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