

## APPENDIX 4D – HALF YEAR REPORT YEAR ENDED 31 DECEMBER 2022

**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 2022.

	% change	6 months to 31 Dec 2022	6 months to 31 Dec 2021
Revenue from ordinary activities	6%	\$6,016,067	\$5,685,265
Statutory loss after tax attributable to members	20%	(\$407,484)	(\$340,372)
Operating loss after tax attributable to members	(76%)	(\$265,875)	(\$1,091,057)
Refer to section 3 for an explanation of Statutory vs Operating Profit			
Basic loss per share (Statutory)	20%	(1.51c)	(1.26c)
Diluted loss per share (Statutory)	20%	(1.51c)	(1.26c)
Basic earnings per share (Operating)	(75%)	(0.99c)	(4.04c)
Diluted earnings per share (Operating)	(75%)	(0.99c)	(4.04c)

### 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 \$407,484 compared to a statutory loss of \$340,372 in the prior corresponding period (pcp).

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 2022	30 June 2022
Net tangible assets per share <sup>^</sup>	(\$0.06)	(\$0.03)

<sup>^</sup> Net tangible assets totalling (\$1.65M) as at 31 December 2022 (\$0.9M) as at 30 June 2022).  
This excludes internally generated software of \$0.55M (June 22 \$0.49M) and Right of Use assets of \$0.47M (June 22 \$0.05M)

## 5. Auditors Report

An unqualified, signed Review Opinion is included within the attached Financial Report and contains a paragraph in relation to a material uncertainty related to going concern.

**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 2022

# Financial Report for the Half Year Ended

## 31 December 2022

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## 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 2022. 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 and up to the date of this report, unless otherwise stated are:

#### Name

Murray Bleach	Non Executive Director and Chairman
Paul Meehan	Non Executive Director
Bruce Macfarlane	Executive Director

### 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.

### Review and results of operations

The Group realised a statutory net loss after tax for the half year of \$407,484 (2021: loss of \$340,383 for prior corresponding period (pcp)).

During the 6 months to 31 December 2022, the Company continued to focus on delivering energy procurement auctions and energy management systems to its customers. Whilst the statutory net loss for the half year in 2022 is greater than in the previous corresponding period, the current half year does not include any Covid government assistance (2021 result includes \$808,354 of Government support payments).

The Company has made significant progress in building the next generation technology platform (Utilibox) during the past 6 months and will launch the product within the next three months.

Readers of the accounts should also review the half year results presentation and the letter from the Interim CEO. Mr Bruce Macfarlane which have both been lodged with the ASX on 24 February 2023 for further detail on the review of operations.

### Significant changes in the state of affairs

On 22 December 2022, the CBA issued a letter agreeing to waive any non-compliance with the Company's Facility Agreement relating to Financial Covenants as at 31 December 2022. Conditions of the waiver included receiving a subordinated and unsecured loan of \$0.5M which must be repaid to the CBA to reduce the secured debt owing to them prior to the 31 January

2023. The conditions have been satisfied and was subsequently finalised on 31 January 2023. An ASX Announcement was made on 1 Feb 2023.

The CBA Facility Agreement is extended from 31 October 23 to 31 December 24 with a re-instatement of gearing, interest, and asset testing requirements with revised profitability tests at the end of each quarter. Existing liquidity tests are to be maintained, along with reporting, information undertakings and review events.

The subordinated loan from Mr Derek Myers has the following material terms:

Loan Amount:	\$0.5 million drawn down as one tranche
Warrants:	Loan funds can be converted into 3,125,000 ordinary shares in EAX via the exercise of \$0.16 cent warrants during the period from 31 Jan 23 to 30 Jun 23, after which date the warrants will expire
Issue Date:	31 Jan 23
Loan end date:	30 Jun 25
Interest rate:	6% per annum quarterly in arrears
Interest payable:	Interest will accrue from 1 July 23 in the event the warrants are not exercised and is repayable in full at the Loan Term end date

On 21 February 23, the Company announced that it had issued 1,870,000 options to employees as part of a Long Term Incentive (LTI) plan approved by shareholders at the 2022 AGM.

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: 24 February 2023

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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 2022, 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.

A handwritten signature in blue ink, appearing to read 'RSM'.

**RSM AUSTRALIA PARTNERS**

A handwritten signature in blue ink, appearing to read 'Cameron Hume'.

**Cameron Hume**  
Partner

Sydney, NSW

Dated: 24 February 2023

## Financial Statements

### Condensed Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2022

	Note	Consolidated Group	
		1H FY23 6 Months to Dec 22 \$	1H FY22 6 Months to Dec 21 \$
Revenue	3	6,016,067	5,685,265
<b>Total Revenue</b>		<b>6,016,067</b>	<b>5,685,265</b>
Cost of goods and services sold		(303,806)	(410,643)
Employee benefits expense		(3,836,971)	(3,520,779)
Rental expense		(143,689)	(267,907)
Travel expenses		(21,463)	(4,036)
Administration expenses		(1,430,971)	(1,278,637)
Costs associated with deregistration of subsidiaries		(140,109)	-
Restructuring costs		-	(105,036)
Onerous contract		-	108,583
Other expenses		-	(14,449)
Depreciation and amortisation expense		(246,524)	(338,731)
Financing costs		(300,007)	(197,331)
<b>Loss before income tax</b>		<b>(407,473)</b>	<b>(343,701)</b>
Income tax (expense)/benefits		(11)	3,329
<b>Loss for the year attributable to members of the parent entity</b>		<b>(407,484)</b>	<b>(340,372)</b>
<b>Other comprehensive loss for the period, net of tax, that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of foreign operations		-	(11)
<b>Total comprehensive loss for the year attributable to members of the parent entity</b>		<b>(407,484)</b>	<b>(340,383)</b>
<b>Loss per share:</b>		Cents	Cents
Basic loss per share for the year attributable to ordinary equity holders of the parent		(1.51)	(1.26)
Diluted loss per share for the year attributable to ordinary equity holders of the parent		(1.51)	(1.26)

The accompanying notes form part of these financial statements.

## Condensed Consolidated Statement of Financial Position

As at 31 December 2022

	Note	Consolidated Group	
		31 Dec 2022	30 Jun 2022
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,666,764	1,859,646
Trade and other receivables		801,364	1,121,013
Other assets	4	3,847,230	2,733,383
<b>TOTAL CURRENT ASSETS</b>		<b>6,315,358</b>	<b>5,714,042</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		54,315	54,737
Other assets	4	2,056,548	2,217,237
Property, plant and equipment		51,122	70,460
Other Intangible assets		551,558	487,681
Right of Use Asset	5	465,809	52,421
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,179,352</b>	<b>2,882,536</b>
<b>TOTAL ASSETS</b>		<b>9,494,710</b>	<b>8,596,578</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,687,520	967,547
Current Tax Liability		24	13
Short Term provisions		195,188	223,835
Loans and Borrowings	6	5,976,702	5,962,723
Lease liability	7	238,723	123,324
<b>TOTAL CURRENT LIABILITIES</b>		<b>8,098,157</b>	<b>7,277,442</b>
<b>NON-CURRENT LIABILITIES</b>			
Other long-term provisions		72,012	97,894
Loans and Borrowings	6	1,674,616	1,576,332
Lease liability	7	283,015	10,646
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,029,643</b>	<b>1,684,872</b>
<b>TOTAL LIABILITIES</b>		<b>10,127,800</b>	<b>8,962,314</b>
<b>NET LIABILITIES</b>		<b>(633,090)</b>	<b>(365,736)</b>
<b>EQUITY</b>			
Issued capital		6,837,906	6,837,906
Retained earnings		(14,197,762)	(13,930,408)
Dividend profit reserve		6,723,064	6,723,064
Foreign currency translation reserve		3,702	3,702
<b>TOTAL DEFICIT</b>		<b>(633,090)</b>	<b>(365,736)</b>

The accompanying notes form part of these financial statements.

## Condensed Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

Consolidated Group	Issued Capital	Share Based Payment Reserve	Retained Earnings	Dividend Profit Reserve	Foreign currency translation reserve	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 30 June 2021</b>	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)
<b>Total comprehensive loss</b>	-	-	(340,372)	-	(11)	(340,383)
Share based payment	-	(3,500)	-	-	-	(3,500)
<b>Balance at 31 December 2021</b>	<b>6,837,906</b>	<b>171,572</b>	<b>(11,596,891)</b>	<b>6,723,064</b>	<b>1,643</b>	<b>2,137,294</b>
<b>Balance at 30 June 2022</b>	6,837,906	-	(13,930,408)	6,723,064	3,702	(365,736)
Loss for the period	-	-	(407,484)	-	-	(407,484)
Foreign currency translation reserve	-	-	-	-	-	-
<b>Total comprehensive loss</b>	-	-	(407,484)	-	-	(407,484)
Adjustment to prior year retained earnings ^	-	-	140,130	-	-	140,130
Share based payment	-	-	-	-	-	-
<b>Balance at 31 December 2022</b>	<b>6,837,906</b>	<b>-</b>	<b>(14,197,762)</b>	<b>6,723,064</b>	<b>3,702</b>	<b>(633,090)</b>

^Adjustment to prior year retained earnings relates to the deregistration of 100% owned group entities during the period. Entities include Energy Advice Pty Limited, Eactive Consulting Pty Limited, Ward Consulting Services (NSW) Pty Limited, ACN 087 790 770 Pty Limited.

The accompanying notes form part of these financial statements.

## Condensed Consolidated Statement of Cash Flow

For the year ended 31 December 2022

	Consolidated Group	
	1H FY23 6 Months to Dec 22 \$	1H FY22 6 Months to Dec 21 \$
<b>OPERATING ACTIVITIES</b>		
Receipts from customers (inclusive of GST)	5,897,304	7,853,488
Payments to suppliers and employees (inclusive of GST)	(5,577,048)	(7,658,284)
Payment for restructuring and strategic review costs	-	(329,092)
Government support	-	808,354
Onerous contracts	-	(120,421)
Other significant items	-	(111,774)
Interest received	2,073	63
Interest paid	(177,347)	(122,823)
Income tax paid	-	152,707
<b>Net cash provided by operating activities</b>	<b>144,982</b>	<b>472,218</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(8,143)	(15,910)
Software development costs	(171,210)	(361,017)
<b>Net cash used in investing activities</b>	<b>(179,353)</b>	<b>(376,927)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of lease liability	(158,511)	(235,084)
<b>Net cash used in by financing activities</b>	<b>(158,511)</b>	<b>(235,084)</b>
Net decrease in cash held	(192,882)	(139,793)
Cash (including restricted cash) at beginning of statement period	1,859,646	2,423,004
<b>Cash (including restricted cash) at end of statement period</b>	<b>1,666,764</b>	<b>2,283,211</b>

The accompanying notes form part of these financial statement.

## Notes to the Financial Statements for year ended 31 December 2022

### 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 2022. The financial statements were authorised for issue in accordance with a resolution of the directors on 24 February 2023.

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 2022 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 2022.

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.

##### Going concern assessments and solvency

The Group expects to comply with going concern and solvency assessments given the outlook for operating EBITDA and operating cash.

There is no other material impact in relation to accounting standards and ASIC focus for Energy Action in FY22.

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss of \$407,484 for the half year ended 31 Dec 2022. As at that date the Group had net current liabilities of \$1,782,799 and net asset deficiency of \$633,090.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:

- The Group has plans to raise new debt or equity capital during 2023 Financial year.

## Note 2: Summary of Significant Accounting Policies (Continued)

- The Group has cash of \$1,666,764 as at year end and had net cash inflows from operating activities of \$144,982 for the half year ended 31 Dec 22.
- Subsequent to the reporting date the Group has secured a subordinated and unsecured loan of \$0.5M used the funds to reduce the secured debt with the CBA
- Subsequent to the reporting date the CBA Facility Agreement has successfully been extended from 31 October 23 to 31 Dec 24

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

## 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.

### Types of services

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.

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 3 revenue is analysed by service line, however over all the performance of the business is monitored as one.

### Note 3: Segment Information (Continued)

#### 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.

#### Revenue by Customer

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

<b>1H FY23 (Jul 22 – Dec 22)</b>	<b>Procurement</b>	<b>Managed Services</b>	<b>Retail Services</b>	<b>Other</b>	<b>Total</b>
	\$	\$	\$		\$
Revenue from contracts with Customers	3,104,138	2,771,784	110,063	30,082	6,016,067
	<b>3,104,138</b>	<b>2,771,784</b>	<b>110,063</b>	<b>30,082</b>	<b>6,016,067</b>

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

<b>Timing of Revenue Recognition</b>	<b>H1 FY23</b>	<b>H1 FY22</b>
	\$	\$
Services transferred at a point in time	2,594,622	1,451,614
Services transferred over time	3,421,445	4,233,651
<b>Total Revenue from contracts with customers</b>	<b>6,016,067</b>	<b>5,685,265</b>

All material revenues are generated in Australia.

## Note 4: Other Assets

	Consolidated Group	
	31 Dec 2022	30 Jun 2022
	\$	\$
<b>CURRENT</b>		
Prepayments	276,955	163,408
Other assets	488	201,339
Work in progress	104,154	132,934
Revenue not invoiced*	3,465,633	2,235,702
	<u>3,847,230</u>	<u>2,733,383</u>
<b>NON CURRENT</b>		
Other non current assets	-	-
Revenue not invoiced*	2,056,548	2,217,237
	<u>2,056,548</u>	<u>2,217,237</u>

\* These represents conditional contract asset

	Consolidated Group	
	31 Dec 2022	30 Jun 2022
	\$	\$
CONTRACT ASSETS (CURRENT + NON CURRENT)	5,522,181	4,452,939
Reconciliation:		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set our below:		
Opening Balance:	4,452,939	6,176,501
Additions	2,598,233	2,492,261
Transfer to Trade Receivables	(1,528,991)	(4,215,823)
	<u>5,522,181</u>	<u>4,452,939</u>

## Note 5: Right-of-use Assets

	Consolidated Group	
	31 Dec 2022	30 Jun 2022
	\$	\$
<b>NON CURRENT</b>		
<b>Right of use asset:</b>		
At cost	863,773	338,674
Impairment	-	-
Accumulated depreciation	(397,964)	(286,253)
	<u>465,809</u>	<u>52,421</u>

## Note 5: Right-of-use Assets (continued)

**Total Right of  
Use Assets**  
\$

### Consolidated Group:

#### Year ended 30 June 2021

Balance at the beginning of year	264,766
Depreciation	(212,345)
<b>Closing value at 30 June 2022</b>	<b>52,421</b>

#### Year ended 30 June 2022

Balance at the beginning of year	52,421
Additions	525,099
Depreciation	(111,711)
<b>Closing value at 31 Dec 2022</b>	<b>465,809</b>

## Note 6: Loans & Borrowings

**Consolidated Group**  
**31 Dec 2022**      **30 Jun 2022**  
\$                      \$

<b>CURRENT</b>		
Market Rate Loan Facility - CBA	6,000,000	6,000,000
Less capitalised debt establishment fees	(23,298)	(37,277)
	<u>5,976,702</u>	<u>5,962,723</u>
<b>NON CURRENT</b>		
Loan from Directors	1,674,616	1,576,332
Market Rate Loan Facility reclassified to current	-	-
Less capitalised debt establishment fees	-	-
	<u>1,674,616</u>	<u>1,576,332</u>

**Consolidated Group**  
**31 Dec 2022**      **30 Jun 2022**  
\$                      \$

<b>CURRENT</b>		
CBA Loan Facility		
At the beginning of the reporting period:	5,962,723	230,226
Movement in the year:		
- Reclassified from Non Current to Current	-	6,731,783
- Repayment of Loan:	-	(1,000,000)
- Expensed debt fees:	13,979	714
	<u>13,979</u>	<u>714</u>

At the end of the reporting period	5,976,702	5,962,723
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## NON CURRENT

## CBA Loan Facility

At the beginning of the reporting period:	-	6,731,783
Movement in the year		
- Reclassified from Non Current to Current:	-	(6,731,783)
- Drawdown of Loan:	-	-
- Capitalised debt fees:	-	-
At the end of the reporting period	-	-

## Directors Loan Facility

At the beginning of the reporting period:	1,576,332	-
Loan facility at establishment	-	1,500,000
Interest accrued during period (capitalised)	98,284	76,332
Repayment of Loan:	-	-
At the end of the reporting period	1,674,616	1,576,332

Utilisation of the facility is summarised in the following table:

## Financing facilities

## CBA Loan Facility

Loan facilities (excluding corporate card facility)	6,300,000	6,300,000
<b>Amounts utilised</b>		
Borrowings	6,000,000	6,000,000
Bank guarantees – non-cash	85,813	145,347
<b>Total amounts utilised</b>	6,085,813	6,145,347
<b>Total amounts unutilised</b>	214,187	154,653

As at 31 Dec 2022, Energy Action had utilised \$6.0 million of market rate loan and \$0.082 million bank guarantees. The carrying value of the loans and borrowings materially approximate fair value. Funds advanced under the facility are secured by a charge over the assets of the Group.

## Note 7: Lease Liability

	Consolidated Group	
	31 Dec 2022	30 Jun 2022
	\$	\$
<b>CURRENT</b>		
Closing Lease Liability Current	238,723	123,324
<b>NON CURRENT</b>		
Closing Lease Liability Non - Current	283,015	10,646

## Note 8: 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:

	<b>1H FY23 6 Months to Dec 22</b>	<b>1H FY22 6 Months to Dec 21</b>
	\$	\$
Statutory Net profit / (loss) attributable to ordinary equity holders of the parent for basic earnings	(407,484)	(340,372)
Statutory Net Profit / (loss) attributable to ordinary equity holders of the parent adjusted for the effect of dilutions	(407,484)	(340,372)
	<b>Dec 2022 No.</b>	<b>Dec 2021 No.</b>
<b>Weighted average number of ordinary shares for basic earnings per share</b>	26,988,600	26,988,600
<b>Weighted average number of ordinary shares adjusted for the effect of dilution</b>	<b>26,988,600</b>	<b>26,988,600</b>
Basic earnings / (loss) per share (Statutory)	(1.51)	(1.26)
Diluted earnings/ (loss) per share (Statutory)	(1.51)	(1.26)

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% (FY22: 25%). Dividends proposed will be franked at the rate of 25% (FY22: 25%).

## Note 9: 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 2022, the Group has not recognised any Share Based Payment Expense (1H FY21: \$3,500 of share-based payment transactions expense in the statement of comprehensive income).

## Note 10: Related Party Disclosure

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

Other than disclosed below, there were no other transactions with key management personnel other than reimbursement of expenses incurred by them in performing their respective duties. During the six months period ended 31 Dec 22, the Group paid to Directors and Executive Key Management Personnel (includes CEO, CFO and Executive Directors) total remuneration amounting to \$237,341.

There was NIL related party transactions in FY23 H1 (FY22 H1: \$NIL).

## Note 11: 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 of 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 12: Events After the Reporting Period

On 22 December 2022, the CBA issued a letter agreeing to waive any non-compliance with the Company's Facility Agreement relating to Financial Covenants as at 31 December 2022. Conditions of the waiver included receiving a subordinated and unsecured loan of \$0.5M. which must be repaid to the CBA to reduce the secured debt owing to them prior to the 31 January 2023. The conditions have been satisfied and was subsequently finalised on 31 January 2023. An ASX Announcement was made on 1 Feb 2023.

The CBA Facility Agreement is extended from 31 October 23 to 31 December 24 with a re-instatement of gearing, interest, and asset testing requirements with revised profitability tests at the end of each quarter. Existing liquidity tests are to be maintained, along with reporting, information undertakings and review events.

The subordinated loan from Mr Derek Myers has the following material terms:

Loan Amount:	\$0.5 million drawn down as one tranche
Warrants:	Loan funds can be converted into 3,125,000 ordinary shares in EAX via the exercise of \$0.16 cent warrants during the period from 31 Jan 23 to 30 Jun 23, after which date the warrants will expire
Issue Date:	31 Jan 23
Loan end date:	30 Jun 25
Interest rate:	6% per annum quarterly in arrears
Interest payable:	Interest will accrue from 1 July 23 in the event the warrants are not exercised and is repayable in full at the Loan Term end date

## Note 12: Events After the Reporting Period (continued)

### Non-adjusting events after the reporting period

On 5 April 2022, the company announced that it had entered into a heads of agreement to sell its embedded networks business. The company is in the process of novating the underlying business contracts and expects the transactions to be completed around February 2023, where as the value cannot be reasonably determined therefore considered a non-adjusting event.

On 21 February 23, the Company announced that it had issued 1,870,000 options to employees as part of a Long Term Incentive (LTI) plan approved by shareholders at the 2022 AGM.

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 2022 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 2022 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 2022.

On behalf of the board



Murray Bleach  
Chairman

24 February 2023

## **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 2022, 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 internal control as the directors those charged with governance 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 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 report.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 2 in the interim financial report, which indicates that the Group incurred a net loss of \$407,484 during the half year ended 31 December 2022. As at that date, the Group had net current liabilities of \$1,782,799 and net asset deficiency of \$633,090. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

### *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 2022 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*.

A handwritten signature in blue ink, appearing to read 'RSM'.

**RSM AUSTRALIA PARTNERS**

A handwritten signature in blue ink, appearing to read 'Cameron Hume'.

**Cameron Hume**  
Partner

Sydney, NSW  
Dated: 24 February 2023