

## Letter to shareholders – February 2023

**24 February 2023 SYDNEY:** Energy Action (**EAX**) attaches a letter from our Interim CEO and Executive Director Bruce Macfarlane regarding the Company's half year results.

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

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24 February 2023

## Letter to Shareholders

Dear shareholder,

A little over a year ago we outlined our strategy to return Energy Action to profitability. Our goal is to profitably deliver energy services at scale, by focusing on our core strengths which are energy procurement and energy management. We are also expanding our capabilities in net zero and investing in technology to improve our services and lower costs.

I am happy to report that our efforts are paying off. Our business is improving and we are creating processes and approaches that will deliver shareholder value for years to come.

### A simpler more focused business

We've been working hard to make our business simpler and more focused. Our cost base has reduced to a sustainable level. We divested the embedded network part of our business because it wasn't central to our main goals and are now focusing on our core strengths: energy procurement and management.

Our debt facility with CBA has been extended to December 2024, which will allow us to improve our balance sheet. We've also received great financial support in the form of a subordinated loan from keystone investor, Derek Myers; and a subordinated loan facility in January 2022 was provided by our Directors, Paul Meehan, Murray Bleach and myself in January 2022. Our Directors and Derek are active investors who have the skills and experience we need to drive our business' performance. Shareholders now have the benefit of four investors with significant skin in the game.

The result is a half year result that shows business improvement, which, was achieved largely because of an exceptional December quarter.

## 2022 Half year highlights<sup>1</sup>

REVENUE<sup>2</sup>

**\$6.02M**

12% INCREASE

STATUTORY  
NPAT<sup>3</sup>

**(\$0.41m)**

H1 FY22 (\$1.1M)

OPERATING  
CASHFLOW<sup>3</sup>

**\$0.145m**

H1 FY22 (\$0.336M)

FUTURE  
CONTRACTED  
REVENUE

**\$15.2m**

12% INCREASE

AUCTIONS HELD

**317**

39% INCREASE

- (1) For the six months ended 31 December 2022
- (2) Excludes revenue from the Embedded Networks business sold in April 2022
- (3) Excludes non-recurring items such as Covid government cash payments

## **Continuing to build business momentum**

To keep moving forward, we need to maintain sales momentum and grow revenue. I believe we have the right team and systems in place to make this happen. Sales are a top priority for Energy Action.

With the investment we've made in technology, we're proud to introduce Utilibox, a cutting-edge energy management application that will set the standard for decades to come. Though the development process has largely been expensed in the P&L, Utilibox is a valuable asset for our business. Early adopters are already experiencing the benefits and within this half year, we anticipate most of our energy management customers to join them. Utilibox will not only result in higher retention of our current customers but also increase cross-selling opportunities, making our sales team more effective.

We're continuing to improve our net-zero capabilities to stay ahead of the curve. The trends in the industry are working in our favour and we have a strong foundation in managing, reporting, and developing strategies for net-zero. A focus for the year 2023 is to understand and meet our customers' needs for net-zero and provide them with services that align with our core expertise.

Energy Action's balance sheet still carries a significant amount of debt. Despite having a mature and stable business, this level of debt should be reduced to more manageable levels to ensure long-term financial stability. Management will continue to exercise caution in addressing this aspect of our finances.

## **We will continue to deliver on our strategy**

Energy Action's strategy is delivering results, with the best December quarter in five years, right sizing the business, divesting non-core assets, and investing in technology for improved services and cost reduction. The company's Utilibox application and net-zero capabilities show promise for long-term shareholder value. However, there remains the need to reduce debt to bankable levels for sustained success.

Your Board and management will continue to focus on executing against our strategy to deliver for shareholders.

Thank you for your ongoing support.



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**Bruce Macfarlane**  
Interim CEO and Director