Interim CEO's Address

2023 Annual General Meeting

Thursday, 9 November 2023 (SYDNEY): Address by Bruce Macfarlane, Interim CEO and Executive Director of Energy Action Limited (the "Company" or "Energy Action"), at the Company's 2023 Annual General Meeting ("AGM").

Opening remarks

Thank you, Murray, and good afternoon, everyone. Thank you for joining us today. Before I begin, I would like to pay my respects to the traditional custodians of the land on which we gather today, the Gadigal people, and extend my respects to Elders past, present, and emerging, as well as to any Aboriginal and Torres Strait Islander peoples here with us.

As we convene for Energy Action's Annual General Meeting, I'm reminded of the shared commitment that ties us together, delivering business customers' services that make energy easier to understand and more cost-effective while reducing emissions.

In the last financial year, Energy Action has navigated a landscape marked by dramatic energy price fluctuations and different business reactions to those prices. Despite these challenges, we have stayed true to our "back-to-basics" strategy, concentrating on our core competencies in sales, technology, and a commitment to net zero – efforts that are now delivering shareholder value. This approach led us back to EBITDA profitability for the first time since FY2018 while maintaining positive cash flow. The financial results are a testament to our team's dedication and agility.

Prolonged price rises

The energy crisis that gripped Australia in FY22 has left an indelible mark on the market. The lingering effects continue to keep energy prices high and business consumers preferring shorter term contracts. These market challenges have provided Energy Action with opportunities for growth in our core energy and carbon capabilities of procurement and management.

Our expectation is that energy prices will remain high for the medium term. This is because significant investment in generation and transmission is needed to change the supply-demand balance. The eventual investment will be transformative for the Australian economy, but because of its size and community impact, it will not be delivered quickly.

This means the companies we work with face high energy prices for longer. In response, we have improved our services to help businesses manage energy costs effectively—whether that involves strategic contract negotiations or stricter control over their energy expenditures.

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Our strategy delivers customer and shareholder value

At the heart of our back-to-basics strategy is a relentless commitment to what our customers truly value: simplicity and transparency in energy and carbon procurement, effective management of energy and emissions, and clarity in reporting for both cost savings and accountability.

Focusing on these core services means we can maintain relationships with current customers. Cross-selling allows us to deepen our engagement with them. These core services also allow us to win over new customers.

The use of advanced technology is integral to this strategy, letting us deliver our services at scale without compromising on quality. We're not just aiming to meet customer expectations but to exceed them, creating a flywheel effect that drives long-term growth and value for both our customers and our shareholders.

Financial performance

This past fiscal year at Energy Action has been a year of substantial progress and positive change, reflected directly in our key financial metrics.

Our revenue grew to $11.49 million, up from $10.38 million the previous year – an impressive 11% leap forward. The improvement in our operating net profit after tax (NPAT) is particularly striking; a 93% jump in the right direction, though still at a loss of $0.21 million, it's a vast improvement from last year’s $2.79 million. Operating EBITDA turned around from a negative $1.15 million to a positive $1.26 million, marking a robust 209% improvement and indicating solid operational performance.

Our operating cash flow grew by 16% to $0.92 million, a direct result of strong cash management and operational efficiency. On a statutory level, our NPAT improved by 89%, demonstrating our focus on profitability and operational excellence.

We’re not just making more money; we’re also managing it better. Our 'revenue not invoiced' saw a healthy 30% increase to $5.7 million to be received as cash in the future for revenue recognised in current and previous fiscal periods. However, there’s been a dip in our ‘contracted future revenue’ – a 20% decrease in the prior corresponding period (PCP) to $9.5 million, something we're mindful of and are working to improve.

Finally, our auctions, a key driver of our business, saw a significant uptick – up 61% to 686 auctions held compared to the last financial year. This metric shows that more customers are engaging with our services, a sign of trust and value in the service we provide.

In summary, we’re moving the needle in the right direction, improving where it counts, and setting a foundation for sustained growth and value creation for our shareholders. The financial metrics are a direct result of our building a sustainable, customer-centric business.

As a significant shareholder in Energy Action, I look forward to the investment community gaining confidence that the results of FY23 will be repeated in future years.

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Looking ahead

Looking forward to FY24, our work at Energy Action is not just about maintaining what we've done but accelerating our sales growth and service improvement. FY23 laid the groundwork for a transformation that's well underway – a transformation that's deeply rooted in operational excellence and laser-focused on our customers' success.

Shareholders should expect Energy Action to continue our back-to-basics strategy. There will be no sudden moves, and we will continue to invest in cutting-edge technology to further streamline our business while improving customer experience. We will continue to invest in our sales and marketing functions. These investments are designed to deliver superior value to our customers, differentiating us from our competitors, and provide our shareholders with the expected returns.

- End –

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

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Energy Action

FY 2023
Results Presentation

9 November 2023

Climate Active NETWORK MEMBER

FY23 Results
Agenda

- Strategy and business overview
- Group financial results

Our strategy.

Energy Action provides energy procurement, management and emissions reporting services to Australian businesses.

Our strategy is **back-to-basics** energy and emissions category management.

Focused on the services our customers want from us:

- Energy and carbon **procurement**
- Energy and emissions **management**
- Energy spend reporting and **cost reduction**

Delivering **sales growth** by retaining existing customers, new sales, and increasing cross-sell.

Services that are scalable and high quality because of our **technology**.

Services that are delivered by great **people**.

Our technology.

Utilibox delivers Energy Action's services online. Transforming our business model to a modern scalable service.

Energy Action has built **Utilibox**, an energy procurement and management platform for medium and large-sized organisations.

The new technology supports Energy Action's current services and provides business with the emissions reporting set to become mandatory in the future[1].

The investment in technology provides Energy Action with a **strategic advantage**. Lifting the **quality** of services above those of our competitors. Increasing our cross-sell **revenue**. Creating unique **intellectual property**.

1. Source: Australian Treasury consultation papers are available at https://treasury.gov.au/consultation/c2022-314397

Continuing to deliver business improvement

FY23 delivered	FY24 and beyond strategy
Balance sheet	
• Increased funding with $0.5m subordinated loan (Jan 23) converted to equity at Jun 23 • Debt retired – Senior debt reduced from $6.0m (Dec 22) to $5.25m (Jun 23)	• Continue to pay down debt and a multi-stage process to re-balance debt profile to match earnings profile
Revenue	
• Revenue growth now underway (Revenue of $11.49m in FY23 a 11% YoY increase) • Improved sale performance by retaining existing customers and winning new customers	• Continue to invest in service quality so customers are delighted by what we do for them • Leverage regulatory changes to mandatory business emissions reporting
Opex	
• During FY23 we continued to reduce headcount in non-sales facing roles ($0.21m in headcount cost savings compared to PCP) • Continued indirect expense reduction	• Maintain headcount in line with revenue • Ongoing systems investment has resulted in a scalable business model • Continue to invest in core competencies of technology, sales, and procurement

FY23 Financial highlights

REVENUE
$11.49m
FY22 $10.38m
11% IMPROVEMENT

OPERATING NPAT
($0.21m)
FY22 ($2.79m)
93% IMPROVEMENT

OPERATING EBITDA
$1.26m
FY22 ($1.15m)
209% IMPROVEMENT

OPERATING CASHFLOW [1]
$0.92m
FY22 $0.79m
16% IMPROVEMENT

STATUTORY NPAT
($0.30m)
FY22 ($2.84m)
89% IMPROVEMENT

NET CASHFLOW
($0.46m)
FY22 ($0.56m)
18% IMPROVEMENT

NET DEBT
$5.69m
FY22 5.86m
3% DECREASE

REVENUE NOT INVOICED
$5.7m
FY22 $4.4M
30% IMPROVEMENT

CONTRACTED FUTURE REVENUE
$9.5m
FY22 $11.9m
20% DECREASE

AUCTIONS HELD
686
FY22 426
61% INCREASE

[1] *Operating Cashflow is defined as Operating Cashflow before Interest, Tax and Significant Items*

FY23 Results
Agenda

- ▶ Strategy and business overview
- ▶ Group financial results

Income statement FY23

Revenue of $11.4m

10% increase to FY22. Energy Buying revenues increased coupled with a decline in Energy Management revenues and the disposal of Embedded Networks. Research & Development Tax Incentive received $0.27m

OPEX of $9.8m

Improved by 9% reduction to FY22 with continued indirect expense reduction

EBITDA of $1.26m

Improved by 209% increase to FY22

Underlying NPAT of $0.21m

Improved by 93% to FY22

	FY23	FY22	% Variance
Revenue	11,442,851	10,378,029	10%
COGS	418,468	793,119	47%
Gross Margin	**11,024,383**	**9,584,910**	**15%**
OPEX - excl D&A	9,768,644	10,732,947	9%
EBITDA	**1,255,739**	**(1,148,037)**	**209%**
Depreciation and Amortisation	787,576	681,492	-16%
EBIT	**468,163**	**(1,829,529)**	**126%**
Financing Costs	676,548	391,831	-73%
Profit/(Loss) Before Tax	**(208,385)**	**(2,221,360)**	**91%**
Tax Expense	(19)	568,339	100%
Underlying Net Loss After Tax	**(208,366)**	**(2,789,699)**	**93%**
Significant items:			
Restructuring Costs	140,109	-	-100%
Proceeds Received on Sale of Embedded Networks	(50,000)	-	100%
Restructuring Costs	-	78,777	100%
Impairment of Intangibles	-	815,428	100%
Other Significant Items	-	47,095	100%
Government Assistance	-	(808,354)	-100%
One Off Depreciation and Amortisation Expense	-	733	100%
Onerous Contracts and Leases	-	(81,437)	-100%
Total Significant Items	**90,109**	**52,242**	**-72%**
Statutory Profit / (loss) After Tax	**(298,475)**	**(2,841,941)**	**89%**

Balance Sheet FY23

Total Assets $9.6m
Increase of Revenue Not Invoiced $1.3M from FY22

Total Liabilities $9.6m
Increases in lease liabilities, makegood provisions and unearned revenues from FY22

Net liabilities at $0.024m
Decreased $0.34m from FY22

Total Deficit
Issued Capital increased through the procurement of a subordinated loan converted to equity

Values are $'000	FY23	FY22	Variance %
Cash and Cash Equivalents	1,397	1,860	-25%
Trade and Other receivables	1,221	1,121	9%
Other Assets	3,329	2,733	22%
Total Non-Current Assets	3,681	2,883	28%
Total Assets	**9,628**	**8,597**	**12%**
Trade and Other Payables	1,980	968	-105%
Short-Term Provisions	249	224	-11%
Loans & Borrowings	2,713	5,963	55%
Lease Liability	185	123	-50%
Non-Current Loans and Borrowings	4,277	1,576	-171%
Other Non-Current Liabilities	248	109	-128%
Total Liabilities	**9,652**	**8,963**	**-8%**
Net Liabilities	**(24)**	**(366)**	**93%**
Issued Capital	7,338	6,838	7%
Reserves and Retained Earnings	(7,362)	(7,204)	-2%
Total Deficit	**(24)**	**(366)**	**93%**

Cashflow FY23

Cash from Operating Activities

Research & Development refund received $0.27m
Prior year included $0.8m of Government Relief offset by restructure costs and onerous payments.

Cash used in Investing Activities

Current year spend was primarily in capitalised internal costs compared to prior period that contained externally purchased software costs

Cash used in Financing Activities

Principal repayments made to loan with CBA $0.75m
Proceeds from convertible debt $0.5m

	FY23	FY22	Variance %
Net Cash provided by/(used in) Operating Activities	768,091	439,807	75%
Net Cash provided by/(used in) Investing Activities	(663,163)	(984,698)	33%
Net Cash provided by/(used in) Financing Activities	(567,410)	(18,467)	-2,973%
Net increase/(decrease) in Cash Held	**(462,482)**	**(563,358)**	**14%**

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All information contained herein is current unless otherwise stated.

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