ASX Announcement

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Investment in Growth and Innovation while Reducing Bank Debt

Quarterly Activities Report for the three months ended 30 September 2024.

29 October 2024 (SYDNEY): Energy Action Limited (ASX:EAX) (the “Company” or “Energy Action”) provides this quarterly activities report for the three months ended 30 September 2024 (Q1 FY25), along with the Company’s Appendix 4C cash flow report. All figures are provided on an unaudited basis.

Q1 FY25 highlights

- Positive contribution to cash from operations
- Increased cash receipts which included an R&D rebate for ongoing investment in innovation
- Increased payments mainly for performance commissions and bonuses related to last year’s recovery in sales
- We accelerated two principal loan repayments to the Commonwealth Bank of Australia resulting in reduced interest costs

Cash Flows

During the quarter, Energy Action’s cash balance was down $0.5 million to $0.9 million after delivering positive cash from operations and repaying $0.6 million of CBA loans.Net cash flows from operations were positive $0.34 million for the quarter, which included receipt of the $0.60 million R&D Incentive rebate. Excluding this receipt the cash from operations would have resulted in a cash outflow from operations of $0.31 million. Receipts from customers is similar to last year’s corresponding quarter ending September 2023. However they are lower than previous quarter ending June 2024.

Cash payments to suppliers and employees exceeded our cash inflows this quarter as significant amounts were remitted to channel partners and paid to staff as commissions and bonuses for last years sales performance. These were accounted for in prior period Profit & Loss with corresponding liability recorded in Balance Sheet, however the final amounts to be remitted were agreed upon by both parties during the quarter, with the outgoing cash reducing the liabilities. Cash received from interest earned was $0.018 million and payments of interest expense totalled $0.094 million.

We further invested $0.18 million of salary and wages in Utilibox; as well as some necessary IT equipment spend totalling $0.017 million.

A $0.6 million principal repayment to Commonwealth Bank of Australia was made ahead of schedule, covering the November 2024 and February 2025 repayments. This early repayment reduces interest costs and results in the next scheduled principal repayment falling in May 2025. The head office rental in Parramatta is reflected in the repayment of lease liability.

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Pursuant to ASX Listing Rule 4.7C, as noted in Section 6.1 of the Company's Appendix 4C Cashflow Statement, payments made to related parties and their associates totals $0.180 million for Q1 FY25 relating to Directors' remuneration and fees for consulting services.

Strategy Overview

Energy Action's revenue sources are unchanged in Q1 FY25 coming from the services we offer Australian business customers, which are:

1. Energy procurement and energy contract management
2. Carbon emissions reporting and carbon trading
3. Solar PV procurement

Our investments in sales, service capability, and technology are aligned with these services. We hold a competitive position in the energy services market and see near-term opportunities to grow our revenues and customer base. By continuing to invest in our AI-driven, energy and emissions management platform, Utilibox, we are enhancing our ability to deliver high-quality, innovative solutions that meet our customers' evolving needs.

Commenting on Q1 FY25, Energy Action's CEO, Derek Myers said:

"Cash was tighter despite the recovery in our sales and profits. It can take up to 24 months for growth to substantially feed through to cash. This is because we mainly sell contracts with durations ranging from one to three years, with most of the revenues reported upfront, but the associated cash then received in arrears throughout the contract period.

Cash receipts were positive due to R&D rebate, but cash received from customers were down due to the slump in sales experienced prior to our recent recovery.

Further tightening has resulted from us bolstering our growth capability."

This announcement has been approved for release by the Board.

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