CEO's Address

2024 Annual General Meeting

Thursday, 21 November 2024 (SYDNEY): Address by Derek Myers, CEO and Executive Director of Energy Action Limited (the "Company" or "Energy Action"), at the Company's 2024 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.

During the financial year ending 2024, Energy Action achieved strong performance, marked by a return to profitability, increased sales activity, and stable revenues. Operational costs were further reduced, even as we built a new sales team to support growth initiatives.

In addition, we made significant progress in strengthening our financial position. Both the CBA loans were paid down using cash generated from operations and funds raised through a successful rights issue.

Since the year-end, we have maintained sales activity, capitalizing on the peak annual contract renewal period in the energy market. However, cash flow has tightened due to payments for expenses accrued during the previous financial year and increased costs associated with growth investments.

These strategic investments are designed to drive higher sales, revenue, and profitability over the coming year, culminating in next year's annual contract renewal cycle.

I would like to express my gratitude to Bruce MacFarlane for his exceptional leadership as Interim CEO. His efforts in controlling costs and establishing a solid foundation for growth have positioned Energy Action for future success.

New CEO's vision for growth

Energy Action is poised for growth, leveraging its strong position in an energy industry undergoing transformational changes driven by technological advancements, regulatory shifts, and the global challenge of climate change.

Our strategy focuses on deepening customer engagement and delivering high-quality services tailored

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to their needs. This approach includes understanding and addressing our customers' requirements, goals, risks, and challenges as they navigate their complex transition to zero carbon. We aim to build trust and foster respect by solving their problems through exceptional services, solutions, and advice. To achieve this, we will continue investing in our core services and the innovative Utilibox software platform.

We plan to grow our recurring revenue base by retaining satisfied customers and attracting new clients through creative marketing campaigns, collaborations with channel partners, and referrals from existing clients. Innovation remains at the heart of our strategy. By enhancing our services and evolving the Utilibox platform with cutting-edge technologies, including AI tools, we can deliver even greater value to our clients. These investments are essential to help our clients manage the uncertainties of the energy market, cope with increased price volatility, meet new compliance reporting standards, and transition to zero carbon.

Our financial growth model promises attractive returns on new investments in sales and marketing. This is underpinned by:

- **Low customer acquisition costs** relative to their lifetime value.
- **Long-term recurring revenue**, supported by high contract renewal rates driven by exceptional service quality.
- **Strong profit margins**, achieved through efficient operations and sustained investment in our Utilibox platform.

By aligning innovation, customer focus, and operational efficiency, Energy Action is well-positioned to deliver sustainable growth and exceptional value for our clients and stakeholders.

Service improvements

Over the past year, we enhanced our core services with new features, greater automation, and the integration of emerging AI tools.

- **Streamlined Online Auction Service**:
  We improved our online auction platform to accelerate the turnaround of electricity and gas price quotes for our customers. Our pricing remains competitive, supported by participation from 21 energy retailers vying for our clients' business. This year, we onboarded three new retailers, expanding the pool of competition. Additionally, we refined the platform's processes and software, enabling retailers to rebid more quickly in response to market dynamics, even in conditions of high intra-day price volatility.
- **Expanded Risk Management Team**:
  We strengthened our risk team, which supports progressive purchase contracts and provides energy price risk management and advisory services. This team offers valuable market timing and contract duration advice, ensuring clients achieve optimal fixed-price results through our auction platform. Insightful price risk guidance underpins all our energy procurement services.
- **Carbon Reporting Launch**:

Through our Utilibox software platform, we successfully launched a carbon reporting feature designed to support **NGERs** and Scope 2 carbon reporting requirements, as well as other emerging regulatory compliance needs.

- **AI-Driven Service Enhancements**:
  We integrated AI tools into our operations, achieving unprecedented efficiency in bill reading. These advancements have been warmly received by clients and have supported ongoing enhancements in key areas such as: Bill Validation Services, Network Tariff Optimization, Energy Budgeting and Site Consumption Management.

Our continued investment in innovation ensures we remain at the forefront of service delivery, empowering clients to navigate complex energy markets with confidence and efficiency.

Navigating our clients through uncertain energy markets

Our role is to help clients secure the lowest energy prices and minimize price risks in a market characterized by extreme volatility.

This year, we successfully guided our clients through electricity markets that experienced significant fluctuations. While prices dropped by over 50% from the peaks observed during the onset of the Ukraine war, they remain double the levels seen before the conflict began.

The primary driver of our clients' energy costs is international gas prices, which link to our customers electricity costs due to Australia's export of gas and gas-fired electricity generators.

As the energy sector transitions from inexpensive coal to renewable energy investments, these elevated prices appear likely to persist, emphasizing the importance of strategic market navigation and cost management.

Last Years Financial Performance

Energy Action delivered a strong financial turnaround in the last fiscal year, achieving **$0.6m in operating profits**, a notable improvement from the **$0.2m loss** recorded the previous year. **EBITDA** also saw substantial growth, rising to **$1.8m**, compared to **$0.9m** in the prior year.

Revenue remained stable at **$11.4m**, slightly down from **$11.5m** in FY23 but up from **$10.4m** the year before. Key contributors included $5.9m from Energy Procurement services and $4.9m from Energy Management Services.

Operational costs were further reduced to **$9.6m**, following a $1m reduction in the previous year to **$10.6m**. These savings were achieved while building a new sales and marketing team of 10 staff, demonstrating efficient resource allocation.

Interest expenses rose to **$0.6m** due to higher interest rates, despite the following debt reduction measures.

- A **$1m rights issue** in May 2024 was used to pay down the CBA loan, alongside **$0.9m in**

repayments earlier in the year funded by operational free cash.

- Additionally, **$0.8m in Directors' Loans** was converted into equity, improving the company's balance sheet.

While repaying loans, Energy Action was able to maintain a **$1.4m cash balance** at both the beginning and end of the fiscal year, underscoring its financial resilience and effective cash flow management.

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Post-Financial Year Performance

In the first four months of this financial year, Energy Action generated **$4.0m in** revenue including the R&D rebate, a slight increase from **$3.8m** during the same period last year. Profits also improved, rising to **$0.6m** compared to **$0.35m** in the previous year.

However, cash flow is tighter compared to the same period last year. This is due to: Increased costs from growth-focused investments; payments for accrued commissions related to last year's sales activities; and delayed cash conversion from higher sales activity.

Despite these challenges, the growth in both revenue and profit highlights the company's ongoing momentum and potential for sustained success.

- End –

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

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Energy Action

2024 AGM Presentation

21 November 2024

Climate Active
NETWORK MEMBER

2024 AGM Agenda

- Our Services
- Wholesale electricity prices
- Financial performance
- Group financial results

Energy consulting services

Energy Action is an energy consulting and technology business.

Our clients are mainly larger energy consumers requiring high quality energy services from a trusted provider

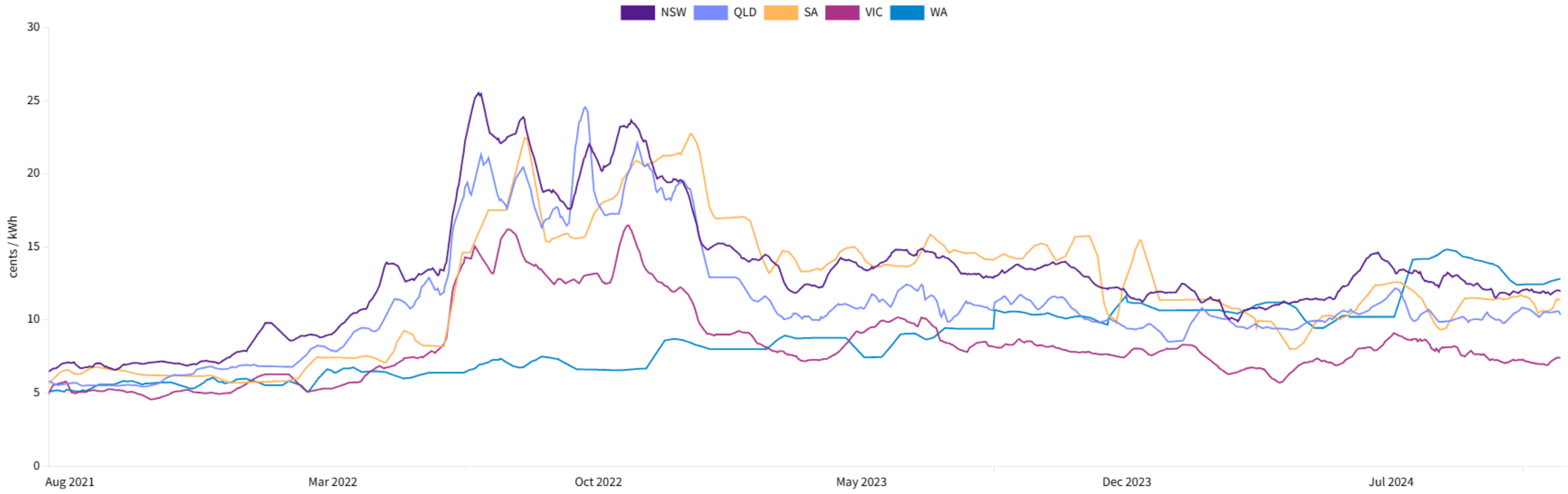
Our services are underpinned by Utilibox, which is an impressive software platform which we continue to develop internally with our software team

Service	Value proposition
Procurement	Our auction platform delivers lowest cost from intensive and transparent competition between energy retails Our price risk advice improves budgeting and secures lower costs
Management	Our Utilibox platform provides bill validation, network tariff optimization and site management
Carbon reduction	Our Utilibox platform provides carbon reporting to help with compliance such as NGERs and Scope 2 Reporting Our solar and battery services can reduce costs further

Wholesale electricity prices

Business retail electricity contract prices

During the financial year, electricity prices are over 50% lower than the extreme highs caused by Ukraine war, but are still more than double their pre-war levels.



Source, Utillibox AEX price index is based on customer transaction prices weighted by their consumption and contract durations. AEX is Energy Action's Australian Energy Exchange, which is an online auction platform for business energy customers.

Revenue performance

	FY24	FY23	FY22
Revenue	$11,426,602	$11,492,851	$10,378,029
Operating costs	-$9,630,733	-$10,590,312	-$11,527,043
EBITDA	$1,795,869	$902,539	-$1,149,014
Deprec & amortise	-$464,599	-$434,357	-$681,492
Finance cost	-$746,863	-$676,548	-$391,831
Extraordinary	$0	$0	-$567,362
Operating profit after tax	$584,407	-$208,366	-$2,789,699
Statutory profit after tax	$584,407	-$298,475	-$2,841,941
Rev Energy Buying	$5,922,251	$5,975,083	$3,549,648
Rev Energy Mgmt	$4,857,520	$5,121,001	$5,870,480
Rev others	$646,831	$396,767	$957,901
Revenues	$11,426,602	$11,492,851	$10,378,029

Revenues have recovered over the last two years, following earlier years' slump

Revenue recovery skewed to energy buying which reports revenues upfront for contracts averaging two year, but cash trails over contract duration

Energy management revenues reported throughout contract durations, along with cash receipts. So, revenues are mainly from previous years sales.

Other revenues from R&D rebate for innovation this year and last. FY22 includes discontinued business activity.

Source: Energy Action Annual Reports

Profits performance

	FY24	FY23	FY22
Revenue	$11,426,602	$11,492,851	$10,378,029
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Source: Energy Action Annual Reports

- Further cost reductions implemented in FY24 following on from previous years cuts
- Further cost reductions in FY24, while building a new sales & marketing capability from scratch involving hiring 10 staff

Interest expenses increased with interest rate rises
- But CBA loan repaid in FY24 from equity raise and cash from operations
- Loans paid down to $4.7m from $7m at beginning of FY22

Turn around of profits to $600k in FY24 from previous years losses including $2.8m losses in FY23

Financial performance

Cash performance

	FY24	FY23	FY22
Receipts (inc GST)	$11,597,717	$11,452,295	$13,487,365
Payments (inc GST & BAS)	-$9,182,057	-$10,534,526	-$13,199,573
R&D rebate cash		$274,254	$808,354
Other extraordinaries			-$413,512
Interest received	$28,505	$18,652	$123
Interest paid CBA	-$562,759	-$480,265	-$242,960
Payments for equipment	-$28,115	-$6,721	-$36,860
IT costs capitalised	-$797,423	-$706,442	-$947,838
Proceeds sale of business		$50,000	
Equity raise	$1,003,786	$500,000	
Fund raise costs	-$24,374		-$47,925
Borrowings	$100,000		
CBA repayments	-$1,900,000	-$750,000	-$1,000,000
Directors Loans			$1,500,000
Repayment lease liability	-$185,158	-$279,729	-$470,542
Cash at start	$1,397,164	$1,859,646	$2,423,004
Cash at end	$1,447,286	$1,397,164	$1,859,646

Cash receipts trail revenues by about 12 months on average (and sales activity by 18-24 months)

FY24 payments lower than expenses due to accruals paid in Q1-FY25

Equity raised for loan repayments

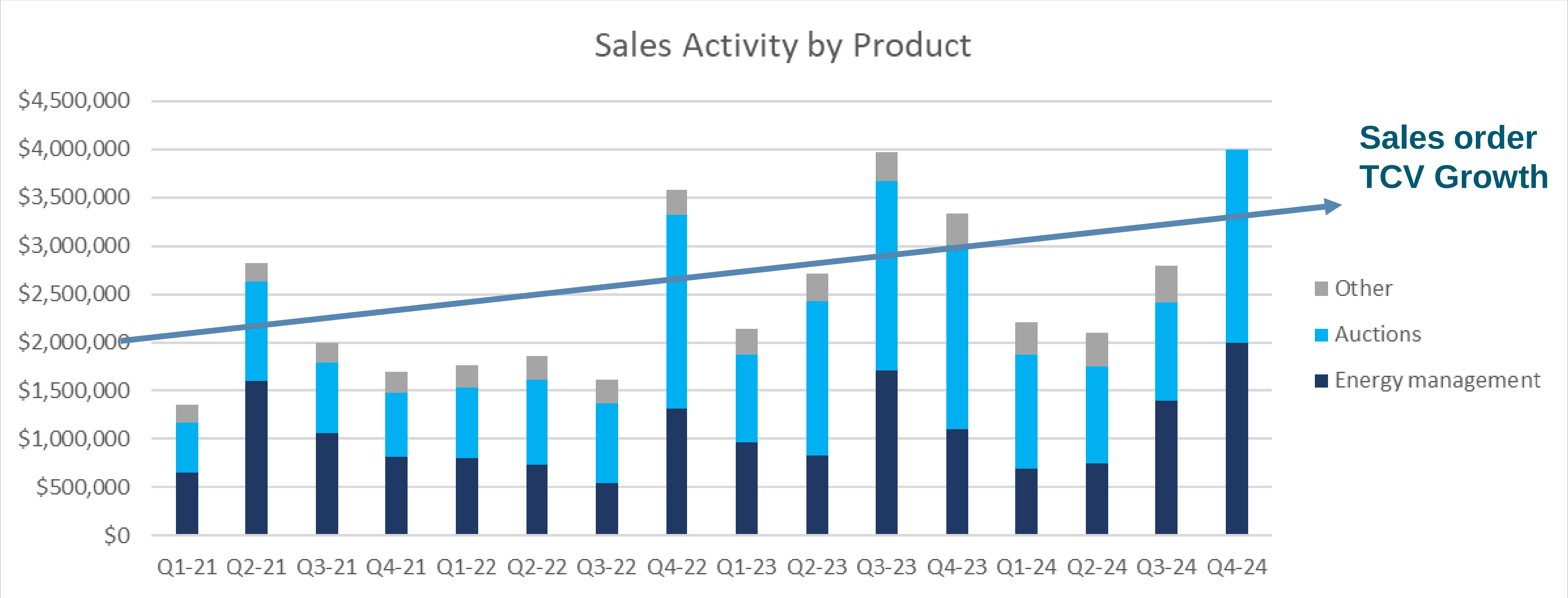
Accelerated CBA loan repayments in FY24 to reduce interest expense and leverage

Source: Energy Action Annual Reports

Financial performance

Sales Activity performance

Over last three years (Cal-2021 to 2024)



Energy Action has been delivering growth **12% CAGR*** over the last three years.

Sales of energy management services convert to revenues over the duration of the service contract which average about three years. So energy management services provide a stable revenue stream.

However, sales of auction services report revenues upfront for the length of the retail contract duration. So auction services adds year-to-year variability to revenues as average contract duration are dependent on market price levels and trends.

** CAGR (compound annual growth rate)*

2024 AGM Agenda

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EnergyAction

FY24 Financial Highlights

REVENUE

$11.43M

FY23 $11.44M

OPERATING NPAT

$0.58M

FY23 ($0.21M)
380% IMPROVEMENT

OPERATING EBITDA

$1.8M

FY23 $0.90M
99% IMPROVEMENT

OPERATING CASHFLOW [1]

$2.42M

FY23 $0.92M
163% IMPROVEMENT

STATUTORY NPAT

$0.58M

FY23 ($0.30M)
296% IMPROVEMENT

NET CASHFLOW

$0.05M

FY23 ($0.46M)
111% IMPROVEMENT

NET DEBT

$3.33M

FY23 5.69M
70% DECREASE

REVENUE NOT INVOICED

$6.3M

FY23 $5.7M
11% IMPROVEMENT

CONTRACTED FUTURE REVENUE

$8.9M

FY23 $9.5M
6% DECREASE

AUCTIONS HELD

787

FY23 686
15% INCREASE

TWhs SOLD VIA AUCTION

1.2 TWhs

FY23 0.5TWhs
140% INCREASE

ENERGY MANAGEMENT SITES UNDER CONTRACT

6,706

FY23 5,389
24% INCREASE

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

Income statement FY24

Revenue of $11.4M
Energy Buying revenues declined by 1% coupled with a decline in Energy Management revenues by 5%. Research & Development Tax Incentive relating to FY23 recognised $0.645M.

OPEX of $9.6M
Achieved a 9% improvement compared to FY23, driven by continued reductions in indirect expenses

EBITDA of $1.8M
Improved by 99% increase to FY23

Underlying NPAT of $0.58M
Improved by 380% to FY23

	FY24	FY23	% Variance
Revenue	11,426,602	11,442,851	-
OPEX - excl D&A	9,630,629	10,540,293	9%
EBITDA	**1,795,973**	**902,558**	**99%**
Depreciation and Amortisation	464,599	434,357	-7%
EBIT	**1,331,374**	**468,201**	**184%**
Finance Costs	746,863	676,548	-10%
Profit / (Loss) Before Tax	**584,511**	**(208,347)**	**381%**
Tax Expense	104	19	-447%
Underlying Net Profit / (Loss) After Tax	**584,407**	**(208,366)**	**380%**
Significant items:			
Restructuring Costs	-	140,109	-
Proceeds Received on Sale of Embedded Networks	-	(50,000)	-
Total Significant Items	**-**	**90,109**	**-**
Statutory Net Profit / (Loss) After Tax	**584,407**	**(298,475)**	**296%**

Balance Sheet FY24

Total Assets $10.4M
Increase of Net Contract Assets “Revenue Not Invoiced” $0.5M from FY23

Total Liabilities $8.1M
Reduction in Loans and Borrowings compared to the previous year as we make repayments and convert loans to equity, as we focus on reducing the debt profile of the Company.

Net Assets at $2.3M
Returned to a Net Asset position, the first time since 2021

	FY24	FY23	Variance %
Cash and Cash Equivalents	1,447,286	1,397,164	4%
Trade and other receivables	1,567,501	1,221,605	28%
Other Assets	3,745,832	3,329,007	13%
Total Non-Current Assets	3,687,931	3,680,689	-
Total Assets	**10,448,550**	**9,628,465**	**9%**
Trade and Other Payables	2,759,612	1,774,227	-56%
Short-Term Provisions	422,915	454,978	7%
Loans & Borrowings	900,000	2,712,719	67%
Lease Liability	194,182	185,158	-5%
Non-Current Loans and Borrowings	3,786,580	4,277,275	11%
Other Non-Current Liabilities	51,392	248,214	79%
Total Liabilities	**8,114,681**	**9,652,571**	**16%**
Net Assets/(Liabilities)	**2,333,869**	**(24,106)**	**-**
Issued Capital	9,111,474	7,337,906	24%
Reserves and Retained Earnings	(6,777,605)	(7,362,012)	8%
Total Equity/(Deficit)	**2,333,869**	**(24,106)**	**-**

Cashflow FY24

Cash from Operating Activities

Receipts from customers consistent with prior period. Payments to suppliers reduced to prior year with efficiency in costs achieved. FY23 saw the FY22 R&D Incentive received , FY23 R&D Incentive was received during FY25.

Cash used in Investing Activities

Current year spend slightly increased on necessary IT infrastructure and capitalisation towards our software asset “Utilibox”. FY23 included proceeds from the disposal of embedded networks that was not repeatable.

Cash used in Financing Activities

During the year, the Company received $1M in proceeds from the rights issue, compared to $0.5M from convertible debt in the prior period.
Principal repayments made to loan with CBA $1.9Mm.

	FY24	FY23	Variance %
Net Cash provided by/(used in) :			
Operating Activities	1,881,406	730,410	158%
Investing Activities	(825,538)	(663,163)	-24%
Financing Activities	(1,005,746)	(529,729)	-90%
Net increase/(decrease) in Cash Held	**50,122**	**(462,482)**	**111%**

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