

## APPENDIX 4D – HALF YEAR REPORT

### YEAR ENDED 31 DECEMBER 2020

Energy Action Limited (ASX: EAX) – ACN 137 363 636

#### 1. Results for announcement to the market

	% change	6 months to 31 Dec 2020	6 months to 31 Dec 2019
Revenue from ordinary activities	(22%)	\$8,078,363	\$10,418,670
Statutory Profit / (Loss) after tax attributable to members	109%	\$26,036	(\$289,509)
Operating Profit / (Loss) after tax attributable to members	(3%)	(\$152,445)	(\$148,214)
Refer to section 3 for an explanation of Statutory vs Operating Profit			
Basic earnings / (loss) per share (Statutory)	109%	0.10c	(1.12c)
Diluted earnings/ (loss) per share (Statutory)	109%	0.10c	(1.12c)
Basic earnings per share (Operating)	(3%)	(0.59c)	(0.57c)
Diluted earnings per share (Operating)	(3%)	(0.59c)	(0.57c)

#### 2. Dividends

	Cents per share	Franked amount per share	Payment date	Record date
2020 final dividend	NIL	NIL	-	-

#### 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 Profit after tax for the half year was \$26,036 compared to (\$289,509) in FY20. FY21 included a profit after tax of \$178,481 treated as Significant Items (refer also to the Directors Report), resulting in an FY21 Operating loss of (\$152,445). FY21 Operating Profit has decreased by 3% from the previous corresponding period. There were Significant Items of (\$141,296) in the prior corresponding period ending 31 December 2019.

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 2020	30 June 2020
Net tangible assets per share^	\$0.09	\$0.10

^Excluded goodwill, customer relationship and internally generated software. Net tangible assets totalling \$2.41 million as at 31 December 2020 (\$2.66 million as at 30 June 2020).

#### 5. Auditors Report

An unqualified, signed Review Opinion is included within the attached Financial Report.

**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.**

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# Energy Action Limited

ABN: 90 137 363 636

Financial Report for The Half Year  
Ended 31 December 2020

# Financial Report for the Half Year Ended

## 31 December 2020

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## CORPORATE INFORMATION

ACN: 137 363 636

### Directors

Murray Bleach – Non-Executive Chairman  
Nitin Singhi – Independent Non-Executive Director  
Paul Meehan – Non-Executive Director

### Company Secretary

Kim Bradley-Ware

### Registered Office and principal place of business

Level 5, 56 Station Street  
Parramatta NSW 2150

### Share Register

Link Market Services Limited  
Level 12  
680 George Street  
Sydney NSW 2000

Energy Action Limited shares (EAX) are listed on the Australian Securities Exchange (ASX)

### Solicitors

DLA Piper  
No 1 Martin Place  
Sydney NSW 2000

### Bankers

Commonwealth Bank of Australia  
Level 1, 1 Harbour Street  
Sydney NSW 2000

### Auditors

RSM Australia Partners  
Level 13, 60 Castlereagh Street  
Sydney NSW 2000

## 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 2020.

### Directors

The names and details of the Company's Directors in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Murray Bleach – Non-Executive Chairman  
 Nitin Singhi – Independent Non-Executive Director  
 Paul Meehan – Non-Executive Director

### Dividends

Dividends recommended: <b>Ordinary shares</b>	<b>Cents per share</b>	<b>\$</b>
Interim 2021 dividend	NIL	NIL
Final 2020 dividend	NIL	NIL
Interim 2020 dividend	NIL	NIL

## Operating and Financial Review

The Board presents the FY21 first half year *Operating and Financial Review*, which has been designed to provide shareholders with a clear and concise overview of Energy Action's operations, financial position, business strategies and prospects. The review also provides contextual information, including the impact of key events that have occurred during the period. The review complements the financial report and has been prepared in accordance with ASIC's Regulatory Guide 247: Effective Disclosure in an Operating and Financial Review.

### Our Business Model

Energy Action's core business strategy and purpose is:

***"To help our clients understand, and take control of, their energy needs"***

The need exists because energy is a minefield of rising financial and environmental costs and risks and data confusion. Energy Action helps businesses reduce costs, the effort to manage energy, and navigate their journey to Net Zero.

Looking forward the business has established a Vision of striving to be a category killer for business energy procurement, contract and spend management services.

The distinct advantage for Energy Action customers arises from:

- Our expertise - a national team with knowledge and capability to offer better ways of buying, using and generating energy;
- Our leadership - the buying power to fight for a better deal from retailers and the independence to ensure "apples" to "apples" comparison;
- Our technology - that ensures automated and reliable delivery of valuable data rich information and insights.

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, categorised into the following services:

- Procurement - 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;
- Managed Services - Manage 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;
- Retail Services – Support for retailers and embedded network operators with retail billing, management and reporting;
- Other – predominately repositioned Advisory product lines. In the past 2 years, Energy Action has repositioned away from building monitoring audits and energy efficiency initiatives, building ratings and energy generation or efficiency projects including solar. Following the repositioning of Advisory, the business has incorporated environmental reporting services in the Managed Services business line and the broking of Solar and Energy projects in the Procurement reporting services line.

Initially founded in 2000, Energy Action listed on the Australian Securities Exchange on 13 October 2011.

## Operational Performance

The 1H FY21 continues the transition with the organisation seeing progress towards Building the Future:

- Improved sales growth whilst addressing the fundamentals of sales, service and culture
- Growth in Future contracted revenues for the first time in 5 years
- Roadmap for next generation energy category management platform commenced

Whilst these leading indicator improvements, together with the continued disciplined cost reduction and investment in technology will enable improved future profitability, the business continues to be impacted due to declining revenue. Managed services revenue declined \$1.6m in the half year ending 31 Dec 2020. This is a result of long-term contracts contracted over 5 years now ending, replaced by lower average contract duration and revised pricing established and maintained in 2018.

Sales continue to be strong particularly for Metrics up 114%, which is seeing our future contracted revenue stabilise and grow for the first time in 5 years. The balance of future contracted revenue saw a low in May 2020 and has grown \$1.5 million to Dec 2020. This will underpin future year revenues.

The operating loss in the first half was impacted by lower than expected auctions combined with the lowest market pricing in electricity in 5 years reducing revenue. However, the company is seeing growth in volumes of 19% and larger load per auction with larger sized customers. In addition, small business segment revenue is growing with strong retention and acquisition and new pathways for small site customers to be grouped for competitive pricing utilising Bill Buster. The company is leading conversations and achieving strong engagements helping clients navigate a Net Zero pathway.

The bank facility was renewed for a 3 year period ending October 2023 with the terms of the agreement including agreed Gearing, Interest and Asset covenants, and an amortisation schedule resulting in a reduction of the facility by \$1 million between March 2022 and September 2023, with the remaining terms and conditions substantially the same. Welcome government cash relief of over \$1.1million was received offset by the repayment of deferred cash payments of \$1.2 million from the previous fiscal year.

The company has made significant progress in building the technology platform, with stabilisation of legacy systems, enhanced technology infrastructure (delivering annualised saving of more than \$1 million) and commencing the roadmap for the next generation energy category management platform.

We are confident that the investment in the technology roadmap, sales growth, service improvements is Building the Future for Energy Action.

## Financial performance

The Group generated a statutory net profit after tax (NPAT) of \$26,036 for the half year ended 31 December 2020 compared to a statutory net loss after tax of (\$289,509) for prior corresponding period (pcp). The FY21 half year results included net income of \$178,481 treated as significant items (FY20: loss of \$141,295) resulting in operating net loss after tax for the half year ended 31 December 2020 of (\$152,445) comparable to pcp of (\$148,214).

A reconciliation of the Group's Statutory NPAT to Operating NPAT and Earning before income tax and depreciation (EBITDA) is shown in the table below:

\$	NPAT			EBITDA		
	31 Dec 2020	31 Dec 2019	Variance	31 Dec 2020	31 Dec 2019	Variance
Statutory net profit after tax	26,036	(289,509)	109%	569,166	350,388	62%
Add back Significant Items after tax:						
Strategic Review	-	32,831	100%	-	45,284	100%
Restructuring Costs*	(14,572)	108,464	113%	(19,692)	149,606	113%
Government Support**	(587,553)	-	100%	(793,990)	-	100%
Onerous Contract***	423,644	-	(100%)	572,492	-	(100%)
Operating net profit after tax	(152,445)	(148,214)	(3%)	327,976	545,278	(40%)

\* Costs associated with restructuring offset by reversal of legal costs from prior year

\*\* Jobkeeper and cash boost government grant

\*\*\* Onerous contracts relating to technology infrastructure and rental premises

## Key Financial Metrics – six months ended 31 December 2020

Six months ended	31 Dec 2020	31 Dec 2019	Variance
Revenue	\$8.08m	\$10.42m	(22%)
Operating EBITDA	\$0.33m	\$0.55m	(40%)
Operating EBITDA margin	4.06%	5.23%	(1.17pts)
Operating NPAT	(\$0.152m)	(\$0.148m)	(3%)
Operating Cash Flow <sup>1</sup>	\$0.14m	\$1.34m	(90%)
Statutory NPAT	\$0.03m	(\$0.29m)	109%
Earnings per share (Operating)	(0.59c)	(0.57c)	(3%)
Earnings per share (Statutory)	0.10c	(1.12c)	109%

<sup>1</sup> Operating Cash Flow before Interest, Tax and Significant Items



## Revenue

Six months ended	31 Dec 2020	31 Dec 2019	vs HY19	vs HY19 %
Procurement	3,161,818	3,279,315	(117,497)	(4%)
Managed Services	4,252,961	5,852,852	(1,599,891)	(27%)
Retail Services	660,801	658,970	1,831	0%
Other	2,783	627,533	(624,750)	(99%)
<b>Total Revenue</b>	<b>8,078,363</b>	<b>10,418,670</b>	<b>(2,340,307)</b>	<b>(22%)</b>
Repositioned Advisory products	1,146	627,533	(626,387)	(100%)
<b>Total Revenue less Repositioned Advisory products</b>	<b>8,077,217</b>	<b>9,791,137</b>	<b>(1,713,920)</b>	<b>(17%)</b>

Revenue and other income for the year decreased by \$2.34 million (22%) from \$10.42 million to \$8.08 million as a result of the following:

- Procurement revenues \$3.2m, declining 4% with:
  - Auction Electricity saw a decline of 10% primarily impacted by a decline in the average \$/MWh of 34.5% with pricing decreasing to 5-year lows and now stabilising. However the Company saw 19% growth in Auction volume to 450, an increase in the Auction consumption load up on average 4% and contract duration increasing to 30.6 months, in line with our contracting guidance. Retention rates were lower than expected by site, however retention rates by customer remain strong with significant improvement in close client partnerships.
  - Auctions for Gas saw a decline of 46% impacted by lower sales orders with increased gas availability and competitive tension allowing customers taking advantage of procurement savings
  - Tenders revenue remains flat with a decline in volumes from a product mix shift to utilise the Auction platform.
  - Significant growth in Tariff of 168% driven by Bill Buster delivering a new pathway with small individual customers grouped together for competitive procurement, in addition to continued success with specialist partnership in the large site portfolios.
  - Structured and Procurement consultancy saw a decline of 21% with the trend continuing from progressive to fixed price contract, and COVID-19 reducing short term demand for additional consultancy advisory services.
  - Broking of Solar and other Energy projects, now repositioned in procurement, saw a decline of 73% from a relatively low base. During the period the Company launched the Energy Action Solar Auction, an innovative new solar procurement solution utilising technology platform Beam Solar, that has streamlined and commoditised the procurement of commercial solar. In an increasingly competitive and mature marketplace for commercial solar energy, the solar auction capability will help us meet the growing demand among clients to save costs and reduce emissions as many chart the course towards net zero.
- Managed Services revenue \$4.3m, declining by \$1.6m (27%) with :
  - Long term sites under management decline is stabilising with smaller reduction of 123 sites in 1H FY21 compared to 572 sites in the pcp
  - Long term roll off of higher value, longer term contracts contracted over a 5 year period and now ending, replaced by lower average contract duration, down to 39 months, and revised pricing established and maintained since 2018
  - Future contracted revenue stabilised for the first time in many years with growth of \$0.3m as a result of strong Metrics Net Sales Orders growth of 114% and reduced roll off of longer term Metrics sites under management.
  - Strong attachment of Metrics to procurement clients
  - Gross Sales order for Metrics has seen significant growth of 98% in 1H FY21 with the Company leadership in Net Zero conversation, seeing many corporates utilise Metrics as a component of their strategy
  - Key strategy continued to invest in technology to add value in service and delivery of this core product.
- Retail Services revenues flat at \$0.66m
  - Small decline in number of sites -119 with COVID-19 impacting large shopping centres and other corporate tenancies.

- Other – Decline predominately related to the repositioning of Advisory, with most projects now finalised. However, the impact on overall profit as a result of repositioning these services is positive, with reduced COGS, wages and other costs also reduced.

## Operating expenditure and Cost of Goods Sold (COGS)

Operating overheads (net of significant items) totalled \$7.8 million for the period, down \$2.1 million compared to the pcp, a decrease of 22%, reflecting a continued focus on cost management, in particular:

- Employment costs (including employment related COGS) were \$1.2 million lower than pcp primarily as a result of:
  - A reduction of FTE as a result of the repositioning of Advisory business, impacting COGS (internal resources) and operating expenditure
  - A reduction of FTE with improved integration and efficiency
  - The continued expansion of offshore resources replacing onshore transactional roles as appropriate
  - A voluntary salary reduction of 20% adopted by Directors, Senior Leadership and the vast majority of staff impacting 1H FY21 for a 3 month period ending September 2020
  - Reduced bonus accrual expense with lower profitability
  - Reduction in the number of Directors from 4 to 3
  - Increased sales commission in line with improved sales results and execution.
  - Lower capitalisation of internal resources with the completion of Core Customer and Contract Management Platform
- Reduction of rental occupancy costs with:
  - Exiting of Perth services office with existing staff working remotely
  - South Australia lease at end of term with staff transitioning to flexible serviced office
  - With end of lease in Melbourne, reduced occupancy space, and extended lease for 3 years resulting in adoption of AASB16 Leases Right of use Asset and rent expense now represented in amortisation.
  - Lower make good provision with reduced contracted premises
- Reduction in computer maintenance with improved technology infrastructure environment and lower annualised savings in excess of \$1 million.
- Lower travel and entertainment impacted by COVID-19
- Ongoing strict cost control across all discretionary spend areas

## Depreciation & Amortisation (D&A)

- A decline in operating D&A down \$0.15 million with:
  - Impairment of software and accelerated amortisation in 2H FY20 reducing amortisation expense
  - An increase in lease depreciation with the Melbourne lease renewal increasing Right of Use Asset and associated amortisation.

## Cashflows

Operating cash flows before interest, tax and significant items of \$0.14 million were generated during the half year, with the conversion of Operating EBITDA to Operating Cash Flow a positive 42%.

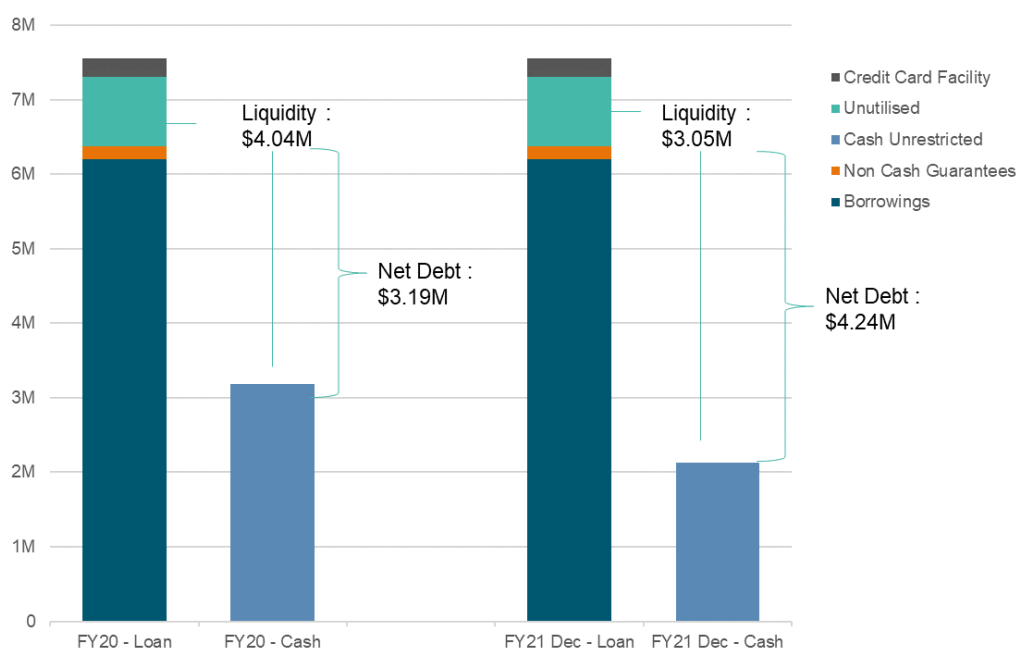
The Group incurred capital expenditure of \$0.45 million in the period, of which \$0.33 million was on technology projects, predominately on the next generation energy management platform. The company expect that this new development will enable Energy Action to address the core of customer needs.

## Reconciliation of Operating Cash Flow before interest, tax and significant items

Six months ended	31 Dec 2020	31 Dec 2019
<b>Statutory Operating Cash flow</b>	<b>(595,804)</b>	<b>836,539</b>
Add back:		
Taxes paid / (received)	19,105	(29,689)
Net Interest paid / (received)	121,735	174,828
Cash flows related to significant items	(795,102)	360,413
Significant items working capital - government relief, government assistance and others	1,388,210	-
<b>Operating cash flow before interest, tax and significant items</b>	<b>138,141</b>	<b>1,342,091</b>

The Company and Commonwealth Bank of Australia have agreed to an extension of the \$7.55 million facility agreement to October 2023. Funds can be provided under the facility as loans, bank guarantees or as letters of credit with \$7.3 million available to be utilised for liquidity purposes. The terms of the agreement include agreed Gearing, Interest and Asset covenants, and an amortisation schedule resulting in a reduction of the facility by \$1 million between March 2022 and September 2023, with the remaining terms and conditions substantially the same.

As at 31 Dec 2020, the Company had utilised \$6.38 million of the facility comprising a loan of \$6.2 million and bank guarantees principally in relation to rental properties and guarantee provided on project works of \$0.18 million. The Group had \$2.13 million of unrestricted cash at bank at 31 December 2020, and total undrawn facilities and cash of approximately \$3.05 million. Net debt increased to \$4.24 million as at 31 December 2020, an increase of \$1.05 million over pcip.



## Other

A Nil interim dividend was declared in 1H FY21 with a priority of managing net debt, investing in value added technology, service and delivery, expand customer value and continue to see growth in customer sales and revenue.

The company recorded Significant Items for the half year ended 31 December 2020 in relation to the following categories:

- Restructuring costs –the Company has (\$14,572) relating to organisational restructure costs offset by the reversal of legal costs from prior year
- Government support – the Company has received Jobkeeper payment of \$525,665 in relation to COVID-19 pandemic support as well as \$61,888 as cash boost government grants
- Onerous contracts – the Company has incurred costs of \$423,644 in relation to onerous contracts relation to long term technology infrastructure and printers, and the additional costs identified in relation to the ACT rental premises.

## Operational Key Performance Indicators

Six months ended	31 Dec 2020	31 Dec 2019 <sup>3</sup>	Variance
<b>Procurement</b>			
No. of successful AEX auctions	450	378	19%
Average AEX contract duration (months)	30.6	28.3	2.3 months
TWWhs sold via Auction (annualised equivalent)	0.57	0.45	27%
Average annualised MWhs per successful AEX	1,247	1,204	4%
Average \$/MWh (Electricity Commodity Only)	\$55.3	\$84.48	(35%)
Total Auction bid value <sup>1</sup>	\$79.1m	\$90.5m	(12.6%)
No. of electricity tender events	11	14	(21%)
No. of gas tender events	13	18	(28%)
<b>Managed &amp; Retail Services</b>	<b>31 Dec 2020</b>	<b>30 Jun 2020<sup>3</sup></b>	
Sites under current contract <sup>2</sup>			No.
Total Managed Services sites under contract	6,322	6,445	-123
Average Metrics contract duration (months)	38.3	41.0	-2.7 months
Total Retail Services sites under contract	3,451	3,570	-119
<b>Total sites</b>	<b>9,773</b>	<b>10,015</b>	<b>-242</b>
Total Company Future contracted revenue	\$17.1m	\$16.8m	\$0.3m
Advisory repositioned services future contracted revenue	\$0.1m	\$0.1m	-
<b>Ongoing Services future contracted revenue</b>	<b>\$17.0m</b>	<b>\$16.7m</b>	<b>\$0.3m</b>
Current Revenue not Invoiced	\$3.4m	\$3.2m	\$0.2m
Non-Current Revenue not Invoiced	\$2.7m	\$3.0m	-\$0.3m
<b>Total Revenue not Invoiced</b>	<b>\$6.1m</b>	<b>\$6.2m</b>	<b>-\$0.1m</b>

1) Electricity component of contract only, i.e. excluding network and other charges

2) Does not include contracts which are signed, but yet to commence service delivery

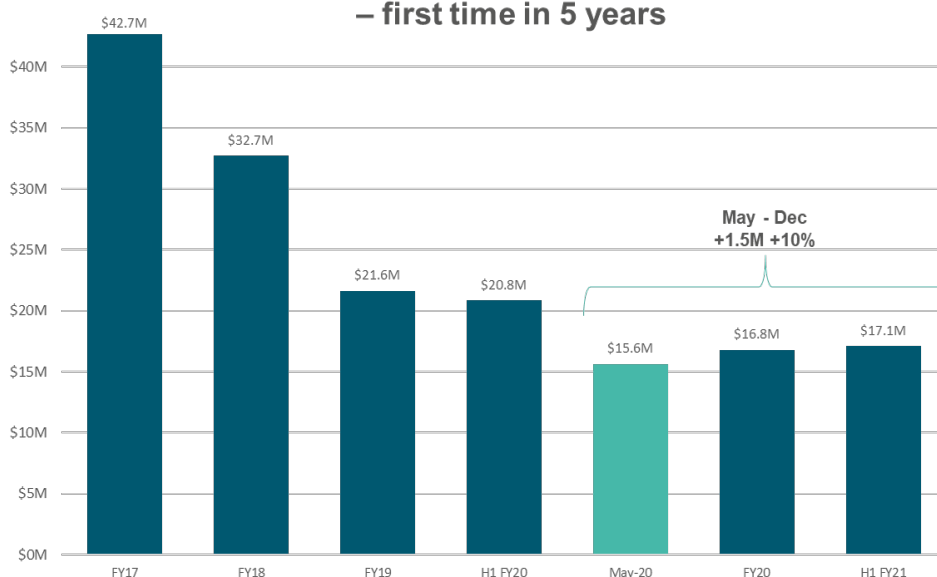
3) Some comparable key performance indicators have been restated

## Future contracted revenue

While revenues continue to decline, future contracted revenue has been stabilising after many years of decline and trending upwards over the past 8 months.

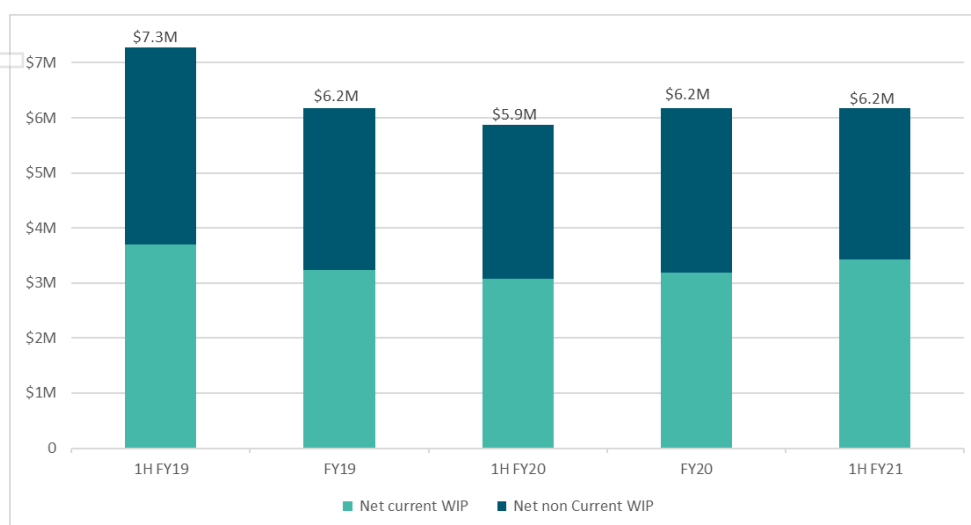
Future revenue for the half year ending 31 Dec 2020 has improved to \$17.1 million, increasing \$0.3 million due to increased sales contracting. The Company continues to focus on improving acquisitions, retentions, customer service and enhancing the Managed Services offering. This demonstrates the success over the past year of lifting sales acquisitions and improving retentions.

### Turnaround for future contracted revenue – first time in 5 years



## Revenue Not Invoiced

Revenue from Auction and commission based tenders are recognised upfront once the Auction is complete and the contract signed between the retailer and customer. The payments are received over the life of the contract. A contract asset called "Revenue not Invoiced" holds the cash balance of \$6.2 million to be received in the future for revenue recognised in current and previous fiscal periods. The balance of \$6.2 million remains stable during the 6 months ending 31 Dec 2020, with growth in new sales orders offsetting the reduction in the balance from invoicing to retailers.



## Business Priorities

During the half year FY21 the primary focus of the business has been pursuing Foundations of Growth and five key priorities. This program is now largely complete and the platform is set to Accelerate growth.

Priorities	Activity	Achievements
<b>Sales Growth</b>	The sales function has been largely re-built. Market leadership has been maintained in core procurement activity with increased volumes negotiated and managed for clients.	Gross Sales Growth 43% of core products Auction volumes increased by 19% Tariff growth 168% due to improved focus, retentions and bill buster initiatives Highest Managed Services Net Sales 114% in 5 years Expanded number of competing retailers and metering companies Growth in future contracted revenue first time in over 5 years
<b>Capability</b>	Road map of next generation energy category management platform Stabilising legacy systems to achieve improved client delivery and operational efficiencies	Improved technology infrastructure environment and lower annualised savings in excess of \$1 million Cyber security review undertaken with key recommendations implemented Commencement of road map
<b>Service</b>	Focus on on-time reliable delivery of milestone reports. Development and maintenance of agreed service level agreements with key accounts.	Significant growth in Corporate clients net promoter scores Progress on stabilisation of legacy systems
<b>Profit</b>	Disciplined cost, cash and KPI management. Proactive management of bank facilities and relationship.	Significantly reduced employment cost with repositioning of Advisory and integration and efficiency of other positions 20% Voluntary Pay Cut adopted by the Directors, Senior Leadership team and the vast majority of staff until September 2020 Expected annualised savings in technology maintenance in excess of \$1 million Extension of bank facility for 3 year period
<b>Engagement</b>	Focus on developing a high-performance culture	Strong employee engagement maintained at record levels Voluntary staff turnover reduced to 12%

## Innovation & Market Leadership

There have been a number of key operational highlights in the period that include:

- Roadmap for next generation energy category management platform commenced
- Leading the market with Net Zero at Least Cost– 80% of clients want to achieve Net Zero, only 30% have a plan. Energy Action have released a whitepaper on achieving Net Zero at least cost to new clients on their path towards Net Zero.
- Auction Blitz – Initiative to help clients achieve more competitive pricing through having retailers bid on concurrent auction loads. This has attracted new clients to Energy Action.
- How to Buy Energy and Save Like the Experts - Our webinars have continued to be a source of thought leadership. These free webinars have offered expert advice to help entry level business owners make positive changes through using Energy Action's services.
- Bill Buster – The continued success of our Bill Buster campaign has led to a growth in “small market” business sites as clients with Energy Action.
- Solar Auctions Launched - The launch of Energy Action's unique solar auction platform is geared towards helping clients achieve Net Zero through reverse auctions for solar system installation.

## COVID-19

Energy Action has continued to demonstrate incredible resilience in a period of significant uncertainty and change for all organisations during the COVID-19 pandemic.

However, revenue has been impacted by COVID-19 as clients deferring decisions, especially in Victoria with prolonged lockdown. In Retail Services we saw COVID-19 impacting large shopping centres and other corporate tenancies, with reduced sites under management.

Operationally the organisation is operating effectively with return to the office in all office except Melbourne. Jobkeeper payments continued to be received for the period ending 30 September 2020, and the deferred payments relating to GST, PAYG, payroll tax and FBT from the previous fiscal period has reduced cash in 1H FY21 as expected.

## Business strategy and prospects for future financial years

The business has adopted the 3 Horizons plan for long term growth.

Horizon 1 – FY21 and beyond

- Accelerate leadership in procurement and managed services
- Build Retail Services business
- Bootstrap investment in technology platform to enhance scalability

Horizon 2 – (FY21-22)

- Leverage technology platform to grow sales and reduce costs
- Introduce additional products such as solar procurement
- Expand Retail Services offer and capabilities for Micro-grids

Horizon 3 – (FY22-25)

- Leverage local customer base, partners and technology platform to pursue international expansion, regionally and globally

Focusing on “Accelerate” the 5 key priorities will be:

Priorities	Accelerate
<b>Sales</b>	Revenue, Auction, Tenders, Tariff and Sites under management growth
<b>Service</b>	Continue to Improve retention and net promoter scores
<b>Technology</b>	Roadmap for next generation energy category management platform
<b>Profit</b>	Disciplined cost, cash and KPI management. Proactive management of loan facility
<b>People</b>	A focus on Engagement and a High Performance Culture

## Outlook

Guidance remains withdrawn due to the prolonged and unclear impact of COVID-19, however the business expects to achieve the following milestones in the next 1-2 year period:

- 1,000 Auctions per annum
- 10,000 Sites under Management
- 10% EBITDA



## Events after the Reporting Period

The Company announced the appointment of Bruce Macfarlane as a Non-executive director of the Company. Coinciding with the appointment, Mr Macfarlane has agreed to subscribe to 1,034,483 fully paid ordinary shares at an issue price of \$0.29 to raise \$300,000.

Energy Action has also entered into a binding Subscription Agreement with Bruce Macfarlane and Linda Miller ("Macfarlane") ("the Subscription Agreement") pursuant to which Macfarlane has agreed to subscribe for 1,034,483 fully paid ordinary shares at an issue price of \$0.29 to raise A\$300,000 ("the Placement").

Under the terms of the Subscription Agreement, Bruce Macfarlane will be appointed to the Board at the completion of the Subscription Agreement and after the release of the 2021 Half Year results, subject to Macfarlane and any of their associates maintaining a minimum shareholding of 10.00%. Upon completion of the Placement, Macfarlane will have acquired a relevant interest in 2,937,786 EAX Shares, a maximum voting power in the Company of approximately 10.48%.

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.

## Auditor's Independence Declaration

The lead auditor's independence declaration for the half-year ended 31 December 2020 has been received and can be found on the following page of the financial report.

This director's report is signed in accordance with a resolution of the Board of Directors.



Murray Bleach

Chairman

Dated: 25 February 2021

**RSM Australia Partners**

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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 2020, 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.



**RSM AUSTRALIA PARTNERS**



**Cameron Hume**  
Partner

Sydney, NSW

Dated: 25 February 2021

## Financial Statements

### Condensed Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2020

	Note	Consolidated Group	
		1H FY21 6 Months to Dec 20 \$	1H FY20 6 Months to Dec 19 \$
Revenue		8,078,363	10,418,670
<b>Total Revenue</b>	<b>3</b>	<b>8,078,363</b>	<b>10,418,670</b>
Cost of goods and services sold		(403,368)	(905,654)
Employee benefits expense	4.1	(5,442,650)	(6,290,236)
Rental expense		(199,116)	(400,983)
Travel expenses		6,218	(163,311)
Administration expenses	4.2	(1,711,471)	(2,113,208)
Government support		793,990	-
Restructuring costs		19,692	(194,890)
Onerous contract		(572,492)	-
Depreciation and amortisation	4.3	(399,788)	(544,583)
Financing costs	4.4	(127,117)	(194,429)
<b>Profit / (Loss) before income tax</b>		<b>42,261</b>	<b>(388,624)</b>
Income tax (expense)/credit	5	(16,225)	99,115
<b>Profit / (Loss) for the year attributable to members of the parent entity</b>		<b>26,036</b>	<b>(289,509)</b>
<b>Other comprehensive income/(loss) for the period, net of tax, that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of foreign operations		45	(39,424)
Interest Swap Reserve		-	9,610
<b>Total comprehensive income for the year attributable to members of the parent entity</b>		<b>26,081</b>	<b>(319,323)</b>
<b>Loss per share:</b>		Cents	Cents
Basic profit/(loss) per share for the year attributable to ordinary equity holders of the parent	15	0.10	(1.12)
Diluted profit/(loss) per share for the year attributable to ordinary equity holders of the parent	15	0.10	(1.12)

The accompanying notes form part of these financial statements.

## Condensed Consolidated Statement of Financial Position

As at 31 December 2020

	Note	Consolidated Group	
		31 Dec 2020	30 Jun 2020
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	2,148,227	3,195,898
Trade and other receivables	7	2,287,507	2,402,416
Current tax asset	14	13,862	21,450
Other assets	10	3,885,498	4,231,544
<b>TOTAL CURRENT ASSETS</b>		<b>8,335,094</b>	<b>9,851,308</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	7	68,141	81,948
Other assets	10	2,735,648	2,983,425
Property, plant and equipment	8	129,570	137,057
Other Intangible assets	9	797,223	514,695
Deferred tax asset	14	96,458	85,989
Right of Use Asset – non-current	10a	756,232	640,519
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,583,272</b>	<b>4,443,633</b>
<b>TOTAL ASSETS</b>		<b>12,918,366</b>	<b>14,294,941</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	1,766,763	3,354,514
Short Term provisions	12	776,711	743,709
Lease liability - current	11a	434,276	336,896
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,977,750</b>	<b>4,435,119</b>
<b>NON-CURRENT LIABILITIES</b>			
Other long-term provisions	12	220,469	173,828
Loans and Borrowings	13	6,154,023	6,176,175
Lease liability- non-current	11a	361,412	336,126
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>6,735,904</b>	<b>6,686,129</b>
<b>TOTAL LIABILITIES</b>		<b>9,713,654</b>	<b>11,121,248</b>
<b>NET ASSETS</b>		<b>3,204,712</b>	<b>3,173,693</b>
<b>EQUITY</b>			
Issued capital	17	6,537,906	6,537,906
Share based payments reserve	18	172,770	167,832
Retained earnings		(10,230,225)	(10,256,261)
Dividend profit reserve		6,723,064	6,723,064
Foreign currency translation reserve		1,197	1,152
<b>TOTAL EQUITY</b>		<b>3,204,712</b>	<b>3,173,693</b>

The accompanying notes form part of these financial statements.

## Condensed Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

Consolidated Group	Note	Share Capital Ordinary \$	Share Based Payment Reserve \$	Retained Earnings \$	Dividend Profit Reserve \$	Foreign currency translati on reserve \$	Interest swap reserve \$	Total \$
<b>Balance at 30 June 2019</b>		6,537,906	170,833	(1,006,800)	-	1,430	(9,610)	5,693,759
Profit / (Loss) for the period		-	-	(289,509)	-	-	-	(289,509)
Foreign currency translation reserve		-	-	(39,641)	-	217	-	(39,424)
Interest Swap Reserve		-	-	-	-	-	9,610	9,610
<b>Total comprehensive income</b>		-	-	(329,150)	-	217	9,610	(319,323)
Share based payment		-	2,313	-	-	-	-	2,313
Dividends paid or provided for	17	-	-	-	-	-	-	-
<b>Balance at 31 December 2019</b>		<b>6,537,906</b>	<b>173,146</b>	<b>(1,335,950)</b>	<b>-</b>	<b>1,647</b>	<b>-</b>	<b>5,376,749</b>
<b>Balance at 30 June 2020</b>		6,537,906	167,832	(10,256,261)	6,723,064	1,152	-	3,173,693
Profit / (Loss) for the period	-	-	-	26,036	-	-	-	26,036
Foreign currency translation reserve		-	-	-	-	45	-	45
Interest Swap Reserve		-	-	-	-	-	-	-
<b>Total comprehensive income</b>		-	-	26,036	-	45	-	26,081
Share based payment		-	4,938	-	-	-	-	4,938
Dividends paid or provided for	17	-	-	-	-	-	-	-
<b>Balance at 31 December 2020</b>		<b>6,537,906</b>	<b>172,770</b>	<b>(10,230,225)</b>	<b>6,723,064</b>	<b>1,197</b>	<b>-</b>	<b>3,204,712</b>

The accompanying notes form part of these financial statements.

## Condensed Consolidated Statement of Cash Flow

For the year ended 31 December 2020

	Note	Consolidated Group	
		1H FY21 6 Months to Dec 20	1H FY20 6 Months to Dec 19
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (inclusive of GST)		9,015,030	12,628,005
Payments to suppliers and employees (inclusive of GST)		(10,265,096)	(11,285,914)
Payment for restructuring and strategic review costs		(30,308)	(360,413)
Government support		1,087,133	-
Onerous Contracts		(261,723)	-
Interest received		555	774
Interest paid		(122,290)	(175,602)
Income tax paid		(19,105)	29,689
<b>Net cash provided by/(used in) operating activities</b>		<b>(595,804)</b>	<b>836,539</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(54,891)	(22,674)
Software development costs		(396,976)	(1,298,782)
<b>Net cash used in investing activities</b>		<b>(451,867)</b>	<b>(1,321,456)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid by parent entity	16	-	-
Bank loan drawn down/(repayment)	13	-	1,200,000
<b>Net cash provided/(used in) by financing activities</b>		<b>-</b>	<b>1,200,000</b>
Net increase/(decrease) in cash held		(1,047,671)	715,083
Cash (including restricted cash) at beginning of statement period		3,195,898	1,608,515
<b>Cash (including restricted cash) at end of statement period</b>		<b>2,148,227</b>	<b>2,323,598</b>

The accompanying notes form part of these financial statement.

## Notes to the Financial Statements for year ended 31 December 2020

### 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 2020. The financial statements were authorised for issue in accordance with a resolution of the directors on 25 February 2021.

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 2020 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 2020.

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.



## 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 has previously reported business units comprising Procurement, Contract Management and Environmental Reporting and PAS (or Advisory). Due to the repositioning of Advisory and the growth of Retail Services the business line reporting has been aligned to the following services:

- Procurement – 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;
- Managed Services – Managed client energy contracts and environment 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;
- Retail Services – Support for retailers and embedded network operators with retail billing, management and reporting;
- Other – Predominately repositioned Advisory product lines. In the past 2 years, Energy Action has repositioned away from building monitoring audits and energy efficiency initiatives, building ratings and energy generation or efficiency projects including solar. Following the repositioning of Advisory, the business has incorporated environmental reporting services in the Managed Services business line and the broking of Solar and Energy projects in the Procurement reporting services line.

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 Managed 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 Managed Services include energy consumption monitoring and costing, energy emissions monitoring, contract administration, detailed technical reporting, desktop energy efficiency review and additional reporting and monitoring.

Retail Services included both embedded networks and retail 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 the past 2 years, Energy Action has repositioned from building monitoring, audits and energy efficiency initiative, building ratings and energy generation or efficiency projects including solar. The Group has completed or novated the majority of the current order book related to these activities as at 30 June 2020 with minor delivery remaining in FY21.

In the table below revenue is analysed by service line, however overall, the performance of the business is monitored as one.

### 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.

### Note 3: Segment Information (Continued)

#### Revenue by Customer

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

<b>1H FY21 (Jul 20 – Dec 20)</b>	<b>Procurement \$</b>	<b>Managed Services \$</b>	<b>Retail Services \$</b>	<b>Other</b>	<b>Total \$</b>
Revenue from contracts with Customers	3,161,818	4,252,961	660,801	2,783	8,078,363
	<b>3,161,818</b>	<b>4,252,961</b>	<b>660,801</b>	<b>2,783</b>	<b>8,078,363</b>

<b>1H FY20 (Jul 19 – Dec 19)</b>	<b>Procurement \$</b>	<b>Managed Services \$</b>	<b>Retail Services \$</b>	<b>Other</b>	<b>Total \$</b>
Revenue from contracts with Customers	3,279,315	5,852,852	658,971	627,532	10,418,670
	<b>3,279,315</b>	<b>5,852,852</b>	<b>658,971</b>	<b>627,532</b>	<b>10,418,670</b>

<b>Timing of Revenue Recognition</b>	<b>H1 FY21 \$</b>	<b>H1 FY20 \$</b>
Services transferred at a point in time	2,607,921	2,583,294
Services transferred over time	5,470,442	7,835,376
<b>Total Revenue from contracts with customers</b>	<b>8,078,363</b>	<b>10,418,670</b>

All material revenues are generated in Australia.

## Note 4: Other Expense

	H1 FY21 \$	H1 FY20 \$
<b>4.1</b>		
<b>Employee benefits</b>		
Salaries	4,424,898	5,166,719
Commissions	208,262	145,229
Superannuation	439,164	517,624
Share based payment expense	4,937	2,313
Other	365,389	458,351
<b>Total Employment benefits</b>	<b>5,442,650</b>	<b>6,290,236</b>
<b>4.2</b>		
<b>Administrative costs</b>		
Accounting, audit and tax fees	109,606	83,990
Advertising	168,300	207,748
Legal and professional fees	40,733	42,229
Telephone and internet	13,626	47,772
Computer maintenance costs	684,892	1,004,150
Bad debt expense	24,000	-
Recruitment costs	43,996	49,755
Insurance costs	113,761	83,183
Subscription	67,701	73,520
Entertainment & sustenance costs	26,497	54,227
FBT expense	37,791	61,200
Consulting	96,429	55,765
Other expenses	284,139	349,669
<b>Total Administrative costs</b>	<b>1,711,471</b>	<b>2,113,208</b>
<b>4.3</b>		
<b>Depreciation and amortisation</b>		
Depreciation	62,378	80,140
Amortisation - Software	114,449	288,520
Lease depreciation	222,961	175,923
<b>Total Depreciation &amp; amortisation</b>	<b>399,788</b>	<b>544,583</b>
<b>4.4</b>		
<b>Financing costs / (income)</b>		
Interest income	(555)	(774)
Interest expenses	91,134	158,959
Borrowing costs	10,462	8,422
Lease interest expenses	26,076	27,822
<b>Total Financing costs / (income)</b>	<b>127,117</b>	<b>194,429</b>

## Note 5: Income Tax Expense

		31 Dec 2020	30 Jun 2020
		\$	\$
The components of tax expense comprise:			
Current tax		43,110	16,416
Current tax – under/(over) prior year		(896)	18,256
Tax rate changes		-	4,961
Deferred tax	14	(25,989)	(959,095)
		<b>16,225</b>	<b>(919,462)</b>
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:			
Prima facie tax (benefit) / payable on profit / (loss) from ordinary activities before income tax at 26% (2020: 27.5%)		10,988	(936,710)
Add Tax effect of:			
Permanent Differences			
- Share based payments/trust		(181)	123
- Goodwill impairment		-	-
- Other permanent differences		6,314	11,353
- Tax rate changes impact		-	4,961
- Prior year adjustments		(896)	(182)
- DTA Non Recognised		-	993
Less Tax effect of:			
Deductible Expense			
- Unbooked tax losses		-	-
<b>Income tax attributable to entity</b>		<b>16,225</b>	<b>(919,462)</b>
The applicable weighted average effective tax rates are as follows:		38.39%	27.00%

Energy Action Limited and its 100% owned subsidiaries formed a tax consolidated group with effect from 3 March 2009. Energy Action Limited is the head entity of the tax consolidated group.

## Note 6: Cash and Cash Equivalents

	31 Dec 2020	30 Jun 2020
	\$	\$
Cash at bank*	2,134,216	3,181,876
Restricted cash**	14,011	14,022
<b>Total Cash</b>	<b>2,148,227</b>	<b>3,195,898</b>

\*Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

\*\*Refers to cash held in the Energy Action Employee Share Trust; an entity used to manage employee equity plans as well as cash bank guarantee held by the bank.

## Note 7: Trade and Other Receivables

	31 Dec 2020	30 Jun 2020
	\$	\$
<b>CURRENT</b>		
Trade receivables	2,575,787	2,701,714
Provision for expected credit loss	(288,280)	(299,298)
Total current trade receivables	<b>2,287,507</b>	<b>2,402,416</b>
<b>NON-CURRENT</b>		
Bonds and security deposits	68,141	81,948

### a. Provision for Impairment of Receivables

Current trade and term receivables are non-interest bearing and generally on 30 to 90-day terms.

#### Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 7. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counterparty to the transaction.

The Group policy stipulates that the receivable accounts with an administrator appointed or in liquidation or with 90 days+ outstanding – fully (100%) provided for except where a reasonable estimate can be made of the recoverable amount. Accounts assigned to a debt collector – 50% provided. Direct customers – expected credit loss (ECL) model based on risk associated with different ageing bucket. Retailers and Metering companies – no provision required; historical evidence shows immaterial write-off of debt. Partially due to the pre-approval process for many of the retailers which results in the amounts validated prior to invoicing. Disputed amounts owing which are in the process of litigation will be provided for on a case-by-case basis depending on the probability of recovery.

ECL rates are applied to gross receivable balances after adjusting for any specific bad debts.

	Past due but not impaired (days overdue)					
	Total	Within Trade Terms	< 30	31–60	61–90	91+
	\$	\$	\$	\$	\$	\$
<b>31 Dec 2020</b>						
Trade and term receivables	2,575,787	1,546,599	522,865	40,105	81,859	384,359
Expected credit loss allowance	288,280	-	1,972	1,603	9,558	275,147
	<b>2,787,507</b>	1,546,599	520,893	38,502	72,301	109,212
<b>30 Jun 2020</b>						
Trade and term receivables	2,701,714	2,032,343	127,530	65,279	46,382	430,180
Expected credit loss allowance	299,298	38,500	842	3,801	13,741	242,414
	<b>2,402,416</b>	1,993,843	126,688	61,478	32,641	187,766

## Note 7: Trade and Other Receivables (Continued)

Neither the Group nor parent entity holds any financial assets with terms that have been renegotiated, which would otherwise be past due or impaired.

Revenue not invoiced is shown as net of provision for cancellation in Note 10.

### b. Collateral Held as Security

Current trade and term receivables are non-interest bearing and generally on 30 to 90-day terms.

No collateral or security is held by the company for loans or receivables.

## Note 8: Property Plant and Equipment

	31 Dec 2020	30 Jun 2020
	\$	\$
<b>Computer equipment:</b>		
At cost	2,115,804	2,060,913
Accumulated depreciation	(2,017,272)	(1,976,440)
	<b>98,532</b>	<b>84,473</b>
<b>Furniture and fittings:</b>		
At cost	1,424,826	1,424,826
Accumulated depreciation	(1,393,788)	(1,372,242)
	<b>31,038</b>	<b>52,584</b>
<b>Total Plant and Equipment</b>	<b>129,570</b>	<b>137,057</b>

### a. Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Computer Equipment	Furniture and Fittings	Total
	\$	\$	\$
<b>Consolidated Group:</b>			
<b>Balance at 1 Jul 2019</b>	<b>146,284</b>	<b>110,999</b>	<b>257,283</b>
Additions	34,772	1,827	36,599
Assets disposed	-	-	-
Depreciation expense	(96,583)	(60,242)	(156,825)
Accelerated Depreciation	-	-	-
<b>Balance at 30 Jun 2020</b>	<b>84,473</b>	<b>52,584</b>	<b>137,057</b>
Additions	54,891	-	54,891
Depreciation expense	(40,832)	(21,546)	(62,378)
<b>Balance at 31 Dec 2020</b>	<b>98,532</b>	<b>31,038</b>	<b>129,570</b>

## Note 9: Intangible Assets

	31 Dec 2020	30 Jun 2020
	\$	\$
Software development costs	11,846,010	11,518,790
Software Impairment	(4,861,538)	(4,861,538)
Accumulated amortisation	(6,187,249)	(6,142,557)
<b>Net carrying value – software development costs</b>	<b>797,223</b>	<b>514,695</b>
<b>Total intangibles</b>	<b>797,223</b>	<b>514,695</b>

	Software Development costs	Total Intangibles
	\$	\$
<b>Consolidated Group:</b>		
<b>Year ended 30 Jun 2019</b>		
Balance at the beginning of year	3,264,423	3,264,423
Internal development	1,935,785	1,935,785
Disposal	(7,967)	(7,967)
Impairment	(3,611,538)	(3,611,538)
Amortisation charge	(861,286)	(861,286)
Accelerated Amortisation	(204,722)	(204,722)
<b>Closing value at 30 Jun 2020</b>	<b>514,695</b>	<b>514,695</b>
Balance at the beginning of year	514,695	514,695
Internal development	396,977	396,977
Impairment	-	-
Amortisation charge	(114,449)	(114,449)
Accelerated Amortisation	-	-
<b>Closing value at 31 Dec 2020</b>	<b>797,223</b>	<b>797,223</b>

Intangible assets, excluding goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in the statement of comprehensive income.

## Note 10: Other Assets

	31 Dec 2020 \$	30 Jun 2020 \$
<b>CURRENT</b>		
Prepayments	272,956	283,062
Other Receivables	-	293,143
Work in progress	179,628	470,111
Revenue not invoiced	3,432,914	3,185,228
	<b>3,885,498</b>	<b>4,231,544</b>
<b>NON-CURRENT</b>		
Revenue not invoiced	2,735,648	2,983,425
	<b>2,735,648</b>	<b>2,983,425</b>

## Note 10a: Right-of-use Assets

	31 Dec 2020 \$	30 Jun 2020 \$
<b>NON-CURRENT</b>		
Opening Right-of-use Assets	640,519	992,365
Addition of lease	338,673	-
Accumulated depreciation	(222,961)	(351,846)
Closing Right-of-use Assets	<b>756,231</b>	<b>640,519</b>

## Note 11: Trade and Other Payables

	31 Dec 2020 \$	30 Jun 2020 \$
Trade payables	209,495	535,831
Other payables and accrued expenses	1,305,532	2,818,683
Onerous contract	251,736	-
	<b>1,766,763</b>	<b>3,354,514</b>

## Note 11a: Lease Liability

	31 Dec 2020 \$	30 Jun 2020 \$
<b>CURRENT</b>		
Closing Lease Liability Current	<b>434,276</b>	<b>336,896</b>
<b>NON-CURRENT</b>		
Closing Lease Liability Non-Current	<b>361,412</b>	<b>336,126</b>



## Note 12: Provisions and other liabilities

	31 Dec 2020	30 Jun 2020
	\$	\$
<b>CURRENT</b>		
Annual leave	512,212	486,350
Long service leave	264,499	257,359
	<b>776,711</b>	<b>743,709</b>
<b>NON-CURRENT</b>		
Long service leave	220,469	173,828
	<b>220,469</b>	<b>173,828</b>

### Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

## Note 13: Loans and Borrowings

	31 Dec 2020	30 Jun 2020
	\$	\$
Market Rate Loan Facility	6,200,000	6,200,000
Less capitalised debt establishment fees	(45,977)	(23,825)
	<b>6,154,023</b>	<b>6,176,175</b>

The Company and Commonwealth Bank of Australia have agreed to an extension of the \$7.55 million facility agreement to October 2023. Funds can be provided under the facility as market rate loan facility of \$7.0 million, bank guarantee facility of \$0.3 million and corporate card facility of \$0.25 million. The terms of the agreement include agreed Gearing, Interest and Asset covenants, and an amortisation schedule resulting in a reduction of the facility by \$1 million between March 2022 and September 2023, with the remaining terms and conditions substantially the same.

As at 31 December 2020, Energy Action had utilised \$6.20 million of market rate loan and \$0.177 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 and includes Interest Cover, Gearing ratios, minimum Cash level and minimum Current RNI (Revenue not Invoiced).

### Financing facilities

	31 Dec 2020	30 Jun 2020
	\$	\$
Loan facilities - excluding corporate card facility	7,300,000	7,300,000
<b>Amounts utilised</b>		
Borrowings	6,200,000	6,200,000
Bank guarantees – non-cash	176,670	176,670
<b>Total amounts utilised</b>	<b>6,376,670</b>	<b>6,376,670</b>
<b>Total amounts unutilised</b>	<b>923,330</b>	<b>923,330</b>

**Note 14: Tax**

				31 Dec 2020 \$	30 Jun 2020 \$
<b>CURRENT</b>					
Income tax asset/(liability)				13,862	21,450
	<b>Opening Balance</b>	<b>Tax rate change</b>	<b>True-up to Tax Return</b>	<b>Charged to Income</b>	<b>Closing Balance</b>
	\$	\$	\$	\$	
<b>Consolidated Group</b>					
<b>Deferred Tax Dec 20</b>					
Provisions	457,080	-	-	14,524	471,604
Accruals	352,195	-	-	(12,387)	339,808
Fixed assets	1,247,023	-	-	(93,029)	1,153,994
Prepaid commissions	(13,344)	-	-	2,541	(10,803)
Work in progress	(96,838)	-	-	52,749	(44,089)
Share Based Payments	-	-	-	1,465	1,465
Sundry	25,403	-	(15,521)	7,053	16,935
Revenue not Invoiced	(1,718,995)	-	-	7,334	(1,711,661)
Right of use assets	(166,535)	-	-	45,740	(120,795)
	<b>85,989</b>	<b>-</b>	<b>(15,521)</b>	<b>25,989</b>	<b>96,458</b>
<b>Deferred Tax Jun 20</b>					
Provisions	493,986	(26,370)	(272,900)	262,365	457,080
Accruals	282,623	(20,319)	303,913	(214,023)	352,195
Fixed assets	379,244	(71,944)	-	939,723	1,247,023
Customer relationships	-	-	-	-	-
Prepaid commissions	(18,379)	770	-	4,266	(13,344)
Work in progress	(234,187)	5,587	-	131,762	(96,838)
Share Based Payments	948	-	-	(948)	-
Sundry	48,398	(1,465)	(12,575)	(8,956)	25,403
Revenue not invoiced	(1,820,778)	99,173	-	2,610	(1,718,995)
Right of use assets	-	9,608	-	(176,143)	(166,535)
	<b>(868,145)</b>	<b>(4,960)</b>	<b>18,438</b>	<b>940,656</b>	<b>85,989</b>

## Note 15: 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:

	1H FY21 6 Months to Dec 20 \$	1H FY20 6 Months to Dec 19 \$
Statutory Net profit / (loss) attributable to ordinary equity holders of the parent for basic earnings	26,036	(289,509)
Statutory Net Profit / (loss) attributable to ordinary equity holders of the parent adjusted for the effect of dilutions	26,036	(289,509)
	<b>Dec 2020 No.</b>	<b>Dec 2019 No.</b>
<b>Weighted average number of ordinary shares for basic earnings per share</b>	25,954,117	25,954,117
<b>Effect of dilution:</b>		
Potential issue of shares – performance rights	777,000	-
<b>Weighted average number of ordinary shares adjusted for the effect of dilution</b>	<b>26,731,117</b>	<b>25,954,117</b>
Basic earnings / (loss) per share (Statutory)	0.10	(1.12)
Diluted earnings/ (loss) per share (Statutory)	0.10	(1.12)

Between the reporting date and the date of completion of these financial statements, the Company has entered in to a subscription agreement for the Placement for 1,034,483 fully paid ordinary shares at an issue price of \$0.29 to raise \$300,000.

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.

## Note 16: Dividends

	1H FY21 6 Months to Dec 20 \$	1H FY20 6 Months to Dec 19 \$
<b>Dividends paid:</b>		
Final FY20 franked dividend of NIL cents per share	-	-
Final FY19 franked dividend of NIL cents per share	-	-
	-	-

### Tax rates

The tax rate at which paid dividends have been franked is 26% (FY20: 27.5%). Dividends proposed will be franked at the rate of 26% (FY20: 27.5%).

## Note 17: Issued Capital and Reserves

	Dec 2020 \$	Dec 2019 \$
Fully paid ordinary shares	6,537,906	6,537,906
	<b>6,537,906</b>	<b>6,537,906</b>
	<b>1H FY21 6 Months to Dec 20 No.</b>	<b>1H FY20 6 Months to Dec 19 No.</b>
<b>a. Ordinary Shares (number)</b>		
At the beginning of the reporting period:	25,954,117	25,954,117
At the end of the reporting period	<b>25,954,117</b>	<b>25,954,117</b>
	<b>Dec 2020 \$</b>	<b>Dec 2019 \$</b>
<b>b. Ordinary Shares (\$)</b>		
At the beginning of the reporting period:	6,537,906	6,537,906
At the end of the reporting period	<b>6,537,906</b>	<b>6,537,906</b>

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

## Note 18: 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 2020, the Group has processed \$4,938 of share-based payment transactions expense in the statement of comprehensive income (1H FY20: (\$2,313)).

## Note 19: Financial Instrument

### Fair Values

#### Fair value estimation

The carrying value of financial assets and financial liabilities is materially the same as the fair value.

The fair values of the following financial assets and liabilities have been determined based on the following methodologies and assumptions:

- Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments whose carrying value are deemed to be equivalent to fair value. Trade and other payables exclude amounts provided for relating to annual leave which is not considered a financial instrument.
- Term receivables generally reprice to a market interest rate every 6 months, and fair value therefore approximates carrying value.
- Bank borrowings entered into an interest rates swap hedging instrument, fair value assessment every 6 months

## Note 19: Financial Instrument (Continued)

Financial liabilities are classified into Levels:

- Level 1 those items traded with quoted prices in active markets for identical liabilities
- Level 2 those items with significantly observable inputs other than quoted process in active markets
- Level 3 those with unobservable inputs

Fair Values	31 Dec 2020			30 Jun 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Liabilities						
Bank loans	6,154,023	-	-	6,176,175	-	-

## Note 20: Related Party Disclosure

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

The Group procures management services from Horizon Private Capital Partners. Nitin Singhi is director of Horizon Private Capital Partners, \$NIL was paid in FY21 1H (FY20 1H \$39,600). In FY20, Horizon provided consulting advice in relation to the renegotiation of the bank facility, the transfer of certain contracts in the Advisory division and the introduction of new partnership.

## Note 21: Contingent Liabilities

A demand was made during the previous financial year in respect of alleged unpaid amounts for previous work provided to the Company. The Company has disclaimed liability and is defending the action. Legal advice obtained indicates that it unlikely that any significant liability arises. The directors are of the view that no material losses will arise in respect of the legal claim at the date of these financial statements. The parent entity had no contingent liabilities as at 31 December 2020.

## Note 22: Events After the Reporting Period

The Company announced the appointment of Bruce Macfarlane as an Non-executive director of the Company. Coinciding with the appointment, Mr Macfarlane has agreed to subscribe to 1,034,483 fully paid ordinary shares at an issue price of \$0.29 to raise \$300,000.

Energy Action has also entered into a binding Subscription Agreement with Bruce Macfarlane and Linda Miller ("Macfarlane") ("the Subscription Agreement") pursuant to which Macfarlane has agreed to subscribe for 1,034,483 fully paid ordinary shares at an issue price of \$0.29 to raise A\$300,000 ("the Placement").

Under the terms of the Subscription Agreement, Bruce Macfarlane will be appointed to the Board at the completion of the Subscription Agreement and after the release of the 2021 Half Year results, subject to Macfarlane and any of their associates maintaining a minimum shareholding of 10.00%. Upon completion of the Placement, Macfarlane will have acquired a relevant interest in 2,937,786 EAX Shares, a maximum voting power in the Company of approximately 10.48%.

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 2020 are in accordance with the Corporations Act 2001, including:
    - i. giving a true and fair view of its financial position as at 31 December 2020 and performance
    - ii. complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporation Regulations 2001
  - b. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.1
  - c. 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 2020.

On behalf of the board



Murray Bleach  
Chairman

25 February 2021

**RSM Australia Partners**

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**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 2020, 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 control as the directors 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2020 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 review report.

### *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 2020 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: 25 February 2021