

25 February 2021

Energy Action HY21 financial results

- Statutory net profit after tax of \$0.03m
- Operating loss of \$0.15m
- Reduction in OPEX and COGS of \$2.1m
- Revenue decreased by 22% to ~\$8m
- Order book growth with \$0.3m rise in contracted revenues
- 25% increase in sales compared to PCP

Energy Action Limited (ASX: EAX) or ('the Company') reported a \$0.03m statutory profit for the half year ended 31 December 2020 (HY21) representing a return to profit compared to the prior corresponding half and an operating loss of \$0.15m in line with HY20.

The Company reported group revenue for the half of \$8.08 million, down 22% compared to the prior corresponding period. Encouragingly, the Company achieved net growth in its future contracted revenue book for the first time in five years. Future contracted revenues increased by \$0.3 million from \$16.8 million in June 2020 to \$17.1 million in December 2020, reflecting a continued improvement in sales performance and client retention.

The Company reported a 25% increase in sales during the half compared to the prior corresponding period, and combined with order book improvement and a steady statutory profit result, demonstrates the resilience of the company despite the impact of COVID-19. While COVID-19 has impacted sales, especially with some Victorian customers deferring decisions, auction volumes have increased 19%. Auction revenues have been impacted by 35% lower energy prices, offset by increases in volume, average load and length of contract.

During the half, the Company reported a positive operating cash flow before interest and tax of \$0.14 million, with 42% conversion of operating EBITDA to operating cash flows during HY21.

The Company has continued to implement cost management measures, further reducing operating costs and cost of goods sold (COGS) by a total of \$2.1 million, a 22% reduction compared to HY20. Net debt increased \$1.05 million to \$4.24 million during the half largely due to the payment of deferred Government COVID-19 relief from the previous financial year. Given Energy Action's continued focus on prudent capital allocation, investment in technology and driving sales activity, a nil interim dividend was declared.

Chief Executive Officer, John Huggart, said: "What's most encouraging from this result is that our future revenues have been steadily building while the legacy impact of contract expiries is stabilising. This return to growth in our order book is a testament to our focus on driving sales and customer retention and provides a positive indicator of future growth. In fact, between the low point in May 2020 and the end of December 2020, our contracted revenues have grown by \$1.5m."

"The impact of COVID-19 continued to factor in our performance during the second half of 2020; however, despite ongoing uncertainty, we have built on the sales momentum in FY20 and have continued to see sales growth in the current half."

ASX Release



"Our strategy to focus on leveraging technology to better serve the needs of our diverse customer base is well underway. We have already delivered significant savings through streamlining our technology infrastructure and are well positioned to execute on our technology roadmap."

Access to liquidity

The Company has secured a 3-year extension on its debt facility to October 2023, with \$3.05 million in liquidity as at 31 Dec 2020. In addition, the company has \$6.2 million in revenue not invoiced, that is a significant asset representing cash to be received in the future for revenue already recognised, and services completed, in current and previous fiscal periods.

FY21 outlook

While Energy Action is encouraged by growing sales activity subsequent to HY21, continuing uncertainty relating to COVID-19 makes it challenging to ascertain future earnings. As a result, guidance for FY21 remains withdrawn at this stage.

However, the business remains on track to achieve its stated minimum milestones in the next 1-2 year period:

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

-ENDS-

The release of this announcement was authorised by John Huggart, CEO

Further information:

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About Energy Action

Energy Action is a leading provider of innovative Energy Procurement, Contract Management & Environmental Reporting, and Retail Services. As the energy market experts, we are committed to bringing innovation to energy management technology and services, enabling our people to deliver positive environmental and financial outcomes for our clients through the best relationship management, analytics and data integrity. We are authorised to provide financial product advice on electricity derivatives to wholesale clients under the Corporations Act AFSL no. 362843.