

Full Year 2021 financial results

- Maintained leading procurement market share
- Highest volumes of metrics sales for 5 years, up 20% from FY20
- Operating costs and COGS down by \$3.9m
- Operating loss of \$0.42m, improved from previous guidance
- Statutory net loss after tax of \$1m, an improvement on loss of \$2.49m in FY20
- Revenue decreased 27% to \$14.36m

Energy Action Limited ('Energy Action' or 'the Company') (ASX: EAX) has reported an operating loss of \$0.42 million for the full year ended 30 June 2021 (FY21), down from the \$0.02 million operating profit reported in the prior corresponding year. The operating loss is moderately above the guidance provided on 17 May 2021.

The Company reported group revenue for the full year of \$14.36 million, down 27% compared to the prior corresponding period. While contracted revenue has also declined to \$15.4 million on 30 June 2021 it remains in a relatively stable range compared to the sharper declines preceding FY19.

Energy Action continues to navigate a number of persistent headwinds that were detailed in the trading update and guidance announced on 17 May 2021. These include unbillable sites and lower procurement volumes as a direct result of the COVID-19 pandemic, which is also impacting decision-making and new business opportunities. Energy prices also remain near historically low levels, and are down 28% compared to FY21, which has led directly to a year-on-year reduction in procurement revenue of \$1 million.

Despite these challenges, the Company has maintained its leading market share in procurement, experiencing marginal growth in contracted commercial and industrial (C&I) sites, and has achieved a 21% year-on-year uplift in energy management sales orders. Metrics sales reached their highest point in five years during the year, up 20% from the prior corresponding period. In addition, the Company has experienced rapid annual growth in small market procurement of 139%.

Energy Action continues to focus on driving new sales growth to return the business to growth in the current financial year. The Company remains intent on driving sales for new products designed to meet demand for businesses seeking assistance on their net zero pathways, following inaugural sales for both Green Auctions and Solar Auctions and the development of a healthy pipeline of opportunities.

During the full year, the Company also implemented further cost reduction measures that resulted in a combined decrease in the cost of goods sold and operational expenditure of 22%, or \$3.9 million, compared with the prior corresponding period.

Energy Action's Chairman, Murray Bleach said: "We are disappointed by the financial results, particularly in the second half of FY22, but continue to take active steps to address areas of underperformance and reorient the business for future growth."

ASX Release

“There is no denying that the pandemic has impacted the performance in the second half leading to a drop in auction volumes and delays in contracting decisions. Cyclically low energy prices have also had a significant impact. However, we are pleased that we remain the market leader in energy buying, and energy management sales have trended upwards despite challenging conditions. This means we remain well placed to capitalise on growth opportunities as businesses and the economy reopens.”

Access to liquidity

Energy Action has continued to meet all bank covenants during FY21 and has secured a 3-year extension on its debt facility to 2023. The Company has \$2.47 million in liquidity as of 30 June 2021. Net debt increased during the year to \$4.73 million primarily due to settling deferred government payments from FY20.

FY22 outlook

As part of its strategy, Energy Action will continue to invest in technology to improve its financial reporting systems, enhance client service, build scalable energy platforms, and achieve operational efficiencies. The Company is also focused on further reducing operational expenses. Given the continued uncertainty relating to the COVID-19 pandemic and its ongoing impact on the Company’s financial results, Energy Action has reserved guidance.

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Authorised for release to the ASX by the Board of Directors.

Further information:

About Energy Action

Energy Action is a leading platform 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 category management and services, enabling our people to deliver cost savings, simpler category management and lower emissions for our clients through the best technology, data integrity and insights. We are authorised to provide financial product advice on electricity derivatives to wholesale clients under the Corporations Act AFSL no. 362843.