

APPENDIX 4E – UNAUDITED PRELIMINARY FINAL REPORT YEAR ENDED 30 JUNE 2023

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

1. Results for announcement to the market

	% change	30-Jun-23	30-Jun-22
Revenue from ordinary activities	11%	11,492,851	10,378,029
Statutory Profit/(Loss) after tax attributable to members	89%	(298,475)	(2,841,941)
Operating Profit/(Loss) after tax attributable to members	93%	(208,366)	(2,789,699)
Basic earnings per share (Statutory)	90%	(1.11c)	(10.53c)
Diluted earnings per share (Statutory)	90%	(1.11c)	(10.53c)
Basic earnings per share (Operating)	93%	(0.77c)	(10.34c)
Diluted earnings per share (Operating)	93%	(0.77c)	(10.34c)

2. Dividends

	Cents per share	Franked amount per share	Payment date	Record date
2023 final dividend	NIL	NIL		

Brief Explanation of Statutory and Operating Profit

Statutory Profit / (Loss) and Statutory Earnings per share are prepared in accordance with Australian Accounting Standards and the Corporations Act.

The increase in year on year revenue from \$10.37M to \$11.49M is due to a combination of increased number of auctions and greater focus on customer retention during the year. The company has re-focussed its sales team to improve customer retention and Utilibox attachment rate.

Statutory Loss after tax of \$298,475 has decreased by 89% as compared to the FY22 Statutory Loss of \$2,841,941. This is due to the increased revenue and a reduction in operating expenses from \$10.8M in FY22 to \$10.1M in FY23.

Operating Profit after tax is defined as Statutory Loss excluding significant items and is reported to give information to shareholders that provide a greater understanding of operating performance by removing Significant Items and facilitating a more representative comparison of performance between financial periods.

3. Net tangible assets

	30 June 2023	30 June 2022
Net tangible assets per share	(\$0.04)	(\$0.05)

4. Status of audit

This Unaudited Preliminary Final Report is based on the attached Financial Report for the Year ended 30 June 2023 which is in the process of being audited.

Unaudited Financial Report for the year ended 30 June 2023

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Corporate information

ACN: 137 363 636

Directors

Murray Bleach - Non-Executive Chairman
 Paul Meehan – Non-Executive Director
 Bruce Macfarlane – Executive Director and Interim CEO
 Derek Myers – Non-Executive Director (appointed 21 June 2023)

Company Secretary

Dray Andrea

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 3, 101 George Street
 Parramatta NSW 2150

Auditors

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

Corporate Calendar dates:

Date of Annual General Meeting: 9 November 2023.

Closing date for Director Nominations: 20 September 2023.

2023 Financial Performance

A reconciliation of the Group's Statutory NPAT to Operating NPAT and EBITDA is shown in the table below:

\$	NPAT			EBITDA		
	30-Jun-23	30-Jun-22	Variance	30-Jun-23	30-Jun-22	Variance
Statutory results	(298,475)	(2,841,941)	89%	1,165,666	(1,487,144)	178%
Add back Significant Items after tax:						
Restructuring cost	-	78,777	100%	-	105,036	100%
Asset write down	-	733	100%	-	-	0%
Impairment of Software	-	-	N/A	-	1,087,238	100%
Impairment of Intangibles ¹	-	815,428	100%	-	-	100%
Other items	-	47,095	100%	-	62,794	100%
Government Assistances ²	-	(808,354)	100%	-	(808,354)	100%
Onerous contracts & leases ³	-	(81,437)	100%	-	(108,584)	100%
Proceeds received on sale and embedded network	(50,000)	-	-100%	(50,000)	-	-100%
Deregistration of subsidiaries	140,109	-	-100%	140,109	-	-100%
Operating profit/(loss) after tax	(208,366)	(2,789,699)	-93%	1,255,775	(1,149,014)	-209%

¹ Impairment of Right of Use Asset (FY22)

² Jobkeeper, Cashboost & payroll tax relief (FY22)

³ Onerous Contracts relating to technology infrastructure and rental premises (FY22)

Revenues

Revenue \$	FY23	FY22	vs FY22 \$	vs FY22 %
Energy Buying	5,975,083	3,549,648	2,425,435	68%
Energy Management	5,121,001	5,870,480	(749,479)	-13%
Embedded Networks ¹	42,429	958,439	(916,010)	-96%
Other	354,338	(538)	354,876	65962%
Total Revenue	11,492,851	10,378,029	1,114,822	11%

¹ On 5 April 2022, the Company announced it had sold its embedded networks business. The transaction was completed in February 2023

Unaudited Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023

	Note	Consolidated Group	
		2023	2022
		\$	\$
Revenue		11,492,851	10,378,029
Total Revenue	1.1	11,492,851	10,378,029
Cost of goods and services sold		(418,468)	(793,119)
Employee benefits expense	1.2	(6,973,852)	(7,188,182)
Rental expense		(373,019)	(240,913)
Travel costs		(31,306)	(28,128)
Administration expenses	1.3	(2,390,429)	(2,531,141)
Deregistration of subsidiaries		(140,109)	-
Impairment of software		-	(1,087,238)
Restructuring cost		-	(105,036)
Onerous contracts & leases		-	108,583
Depreciation and amortisation expense	1.4	(787,576)	(681,492)
Financing costs	1.5	(676,548)	(391,831)
Profit/(Loss) before income tax		(298,456)	(2,560,468)
Income tax (expense)/benefit		(19)	(281,473)
Loss for the period attributable to owners of the parent entity		(298,475)	(2,841,941)
Other comprehensive loss net of income tax that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations		-	(2,048)
Total comprehensive loss for the period attributable to owners of the parent entity		(298,475)	(2,843,989)
Loss per share:			
		Cents	Cents
Basic loss per share for the year attributable to ordinary equity holders of the parent	2	(1.11)	(10.53)
Diluted loss per share for the year attributable to ordinary equity holders of the parent	2	(1.11)	(10.53)

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

For the year ended 30 June 2023

	Note	2023 \$	Consolidated Group 2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	1,397,164	1,859,646
Trade and other receivables		1,238,414	1,121,013
Other assets	4	3,817,810	2,733,383
TOTAL CURRENT ASSETS		6,453,388	5,714,042
NON-CURRENT ASSETS			
Trade and other receivables		49,315	54,737
Property, plant and equipment		30,997	70,460
Other assets	4	1,853,992	2,217,237
Other Intangible assets		676,153	487,681
Right of Use Asset	4(a)	354,098	52,421
TOTAL NON-CURRENT ASSETS		2,964,555	2,882,536
TOTAL ASSETS		9,417,943	8,596,578
CURRENT LIABILITIES			
Trade and other payables		1,769,176	967,547
Current Tax Liability		32	13
Short-term provisions		249,475	223,835
Loans and Borrowings	5	1,162,719	5,962,723
Lease liability		185,158	123,324
TOTAL CURRENT LIABILITIES		3,366,560	7,277,442
NON-CURRENT LIABILITIES			
Other long-term provisions		54,032	97,894
Loans and Borrowings	5	5,827,275	1,576,332
Lease liability		194,182	10,646
TOTAL NON-CURRENT LIABILITIES		6,075,489	1,684,872
TOTAL LIABILITIES		9,442,049	8,962,314
NET ASSETS		(24,106)	(365,736)
EQUITY			
Issued capital	6	7,337,906	6,837,906
Retained earnings		(14,085,076)	(13,930,408)
Dividend profit reserve		6,723,064	6,723,064
Foreign currency translation reserve		-	3,702
TOTAL EQUITY		(24,106)	(365,736)

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

Consolidated Group	Note	Ordinary Issued Share Capital \$	Share Based Payments Reserve \$	Retained Earnings \$	Dividend Profit Reserve	Foreign currency translation reserve \$	Interest Swap Reserve \$	Total \$
Balance at 30 June 2021		6,837,906	175,072	(11,256,519)	6,723,064	1,654	-	2,481,177
Profit/(Loss) attributable to owners of parent entity		-	-	(2,841,941)	-	-	-	(2,841,941)
Foreign currency translation reserve		-	-	-	-	2,048	-	2,048
Total comprehensive income		-	-	(2,841,941)	-	2,048	-	(2,839,893)
Issue of share capital		-	-	-	-	-	-	-
Dividend profit reserve		-	-	-	-	-	-	-
Interest rate hedging reserve		-	-	-	-	-	-	-
Share based payments		-	(175,072)	168,052	-	-	-	(7,020)
Dividends paid or provided for		-	-	-	-	-	-	-
Balance at 30 June 2022		6,837,906	-	(13,930,408)	6,723,064	3,702	-	(365,736)
Balance at 30 June 2022		6,837,906	-	(13,930,408)	6,723,064	3,702	-	(365,736)
Profit/(Loss) attributable to owners of parent entity		-	-	(298,475)	-	-	-	(298,475)
Adjustments to prior year		-	-	140,105	-	-	-	140,105
Foreign currency translation reserve		-	-	3,702	-	(3,702)	-	-
Total comprehensive income		-	-	(154,668)	-	(3,702)	-	(158,370)
Issue of share capital		500,000	-	-	-	-	-	500,000
Dividend profit reserve		-	-	-	-	-	-	-
Interest rate hedging reserve		-	-	-	-	-	-	-
Share based payments		-	-	-	-	-	-	-
Dividends paid or provided for		-	-	-	-	-	-	-
Balance at 30 June 2023		7,337,906	-	(14,085,076)	6,723,064	-	-	(24,106)

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flow

For the year ended 30 June 2023

	Note	Consolidated Group	
		2023	2022
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		11,452,295	13,487,365
Payments to suppliers and employees (inclusive of GST)		(10,534,526)	(13,199,573)
Restructuring costs		-	(329,092)
Government assistance		-	808,354
Onerous Contracts		-	(120,421)
Other Significant items		-	(116,706)
Interest received		18,652	123
Interest paid		(442,584)	(242,950)
Income tax (paid)/refunded		274,254	152,707
Net cash (used in) / provided by operating activities		768,091	439,807
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of embedded networks business		50,000	-
Purchase of property, plant and equipment		(6,721)	(36,860)
Software development costs		(706,442)	(947,838)
Net cash used in investing activities		(663,163)	(984,698)
CASH FLOWS FROM FINANCING ACTIVITIES			
Bank Loan (repayment) / drawdowns		(750,000)	(1,000,000)
Proceeds from loan from Directors		-	1,500,000
Proceeds from issue of shares	6	500,000	-
Repayment of Lease Liability		(317,410)	(470,542)
Debt establishment fees		-	(47,925)
Net cash (used in) / provided by financing activities		(567,410)	(18,467)
Net (decrease)/increase in cash held		(462,482)	(563,358)
Cash (including restricted cash) at beginning of financial year		1,859,646	2,423,004
Cash (including restricted cash) at end of financial year	3	1,397,164	1,859,646

The accompanying notes form part of these financial statements

Notes to the Financial Statements for year ended 30 June 2023

Note 1: Revenue, Other Income and Expenses

1.1

Year-ended 30-Jun-23	Energy Buying	Energy Management	Embedded Networks	Others	Total
	\$	\$	\$	\$	\$
Revenue from Contract with Customer	5,975,083	5,121,001	42,429	354,338	11,492,851
	5,975,083	5,121,001	42,429	354,338	11,492,851

Year-ended 30-Jun-22	Energy Buying	Energy Management	Embedded Networks	Others	Total
	\$	\$	\$	\$	\$
Revenue from Contract with Customer	3,549,648	5,870,480	958,439	(538)	10,378,029
	3,549,648	5,870,480	958,439	(538)	10,378,029

1.2

Employee benefits

Salaries	5,590,213	6,648,655
Commissions	417,508	593,992
Superannuation	601,281	621,887
Share based payment expense	-	(7,020)
Other	364,850	139,022
Government assistance	-	(808,354)
Total Employment benefits	6,973,852	7,188,182

1.3

Administrative costs

Accounting, audit and tax fees	209,344	187,006
Advertising and marketing	328,319	380,275
Legal and professional fees	124,212	40,322
Telephone and internet	73,919	39,289
Computer maintenance costs	660,959	776,111
Bad debt expense	48,000	80,659
Recruitment Costs	154,475	148,837
Insurance Costs	227,106	213,734
Subscription	149,647	141,089
Entertainment & sustenance costs	14,176	14,963
FBT expense	57,833	36,181
Consulting	126,676	132,250
Other expenses	215,763	340,425
Total Administrative costs	2,390,429	2,531,141

Note 1: Revenue, Other Income and Expenses (continued)

1.4

Depreciation and amortisation

Depreciation	46,185	68,009
Lease depreciation	223,422	212,345
Amortisation - Software	517,969	401,138
Total Depreciation & Amortisation	787,576	681,492

1.5

Financing costs / (income)

Interest income	(18,652)	(123)
Interest expense - Bank Loan	429,265	243,246
Interest expense – Directors Loan	200,942	76,332
Borrowing costs	27,313	49,640
Lease interest	37,680	22,736
Total Financing costs / (income)	676,548	391,831

Note 2: 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 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:

	2023	2022
	\$	\$
Net loss attributable to ordinary equity holders of the parent from continuing operations	(298,475)	(2,841,941)
Net loss attributable to ordinary equity holders of the parent for basic earnings	(298,475)	(2,841,941)
Net loss attributable to ordinary equity holders of the parent adjusted for the effect of dilutions	(298,475)	(2,841,941)
	2023	2022
	No.	No.
Weighted average number of ordinary shares for basic earnings per share	27,005,723	26,988,600
Effect of dilution:		
Performance rights	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	27,005,723	26,988,600
Basic earnings / (loss) per share (Statutory)	(1.11)	(10.53)
Diluted Earnings / (loss) per share (Statutory)	(1.11)	(10.53)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

Under the accounting standards, losses are not diluted.

Note 3: Cash and Cash Equivalents

Consolidated Group

	Note	2023 \$	2022 \$
Cash at bank*		1,389,916	1,852,428
Restricted cash**		7,248	7,218
Total Cash		1,397,164	1,859,646

*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 4: Other Assets

	Consolidated Group	
	2023	2022
	\$	\$
CURRENT		
Prepayments	145,619	163,408
Other assets	1,028	201,339
Work in progress	309	132,934
Revenue not invoiced*	3,670,854	2,235,702
	3,817,810	2,733,383
NON CURRENT		
Other non current assets	-	-
Revenue not invoiced*	1,853,992	2,217,237
	1,853,992	2,217,237

* These represents conditional contract asset

	Consolidated Group	
	2023	2022
	\$	\$
CONTRACT ASSETS (CURRENT + NON CURRENT)	5,524,846	4,452,939
Reconciliation:		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening Balance:	4,452,939	6,176,501
Additions	9,693,905	2,492,261
Transfer to Trade Receivables	(8,621,998)	(4,215,823)
	5,524,846	4,452,939

Note 4(a): Right-of-use Assets

	Consolidated Group	
	2023	2022
	\$	\$
NON CURRENT		
Right of use asset:		
At cost	670,266	338,674
Accumulated depreciation	(316,168)	(286,253)
	<u>354,098</u>	<u>52,421</u>

Note 5: Loans and Borrowings

	Consolidated Group	
Note	2023	2022
	\$	\$
CURRENT		
Market Rate Loan Facility - CBA	1,200,000	6,000,000
Less capitalised debt establishment fees	(37,281)	(37,277)
	<u>1,162,719</u>	<u>5,962,723</u>
NON CURRENT		
Market Rate Loan Facility - CBA	4,050,000	-
Loan from Directors	1,777,275	1,576,332
	<u>5,827,275</u>	<u>1,576,332</u>

The Board of Directors draws the reader's attention to the reclassification of the CBA debt from non-current to current liabilities.

As at 30 June 2022 the Group was in breach of one of the market rate loan financial reporting obligations. The specific financial reporting obligation required the Group's actual EBITDA for the 30 June 2022 quarter period to be within an agreed percentage of forecasted EBITDA. The total amount due under the market rate loan facility of \$6,000,000 was therefore technically become due and payable, and consequently, was classified as a current liability.

As at 30 June 2023, the Group was compliant with all financial covenants and accordingly only the debt repayments that will be made in the 12 month period to 30 June 2024 are classified as current. The expiry date of the debt facility has been extended to 31 December 2024.

Note 5: Loans and Borrowings (continued)

Utilisation of the facility is summarised in the following table:

Financing facilities

		Consolidated Group	
		2023	2022
		\$	\$
a. CURRENT			
CBA Loan Facility			
At the beginning of the reporting period:		5,962,724	230,226
Movement in the year:			
-	Reclassified form Non-current to Current	-	6,731,783
-	Reclassified from Current to Non-current	(4,050,000)	-
-	Repayment of Loan	(750,000)	(1,000,000)
-	Capitalised/(expensed) debt fees:	(5)	714
At the end of the reporting period		1,162,719	5,962,723
		Consolidated Group	
		2023	2022
		\$	\$
b. NON CURRENT			
CBA Loan Facility			
At the beginning of the reporting period:		-	6,731,783
Movement in the year			
-	Reclassified to Current:	-	(6,731,783)
-	Reclassified from Current to Non-current	4,050,000	-
-	Repayment of Loan	-	-
At the end of the reporting period		4,050,000	-
Directors Loan Facility			
At the beginning of the reporting period:		1,576,332	-
Loan facility at establishment		-	1,500,000
Interest accrued during period (capitalised)		200,493	76,332
Repayment of Loan		-	-
At the end of the reporting period		1,777,275	1,576,332
Total Non-Current Loans		5,827,275	1,576,332

Note 5: Loans and Borrowings (continued)

Utilisation of the facility is summarised in the following table:

Consolidated Group

Financing facilities

CBA Loan Facility	2023	2022
	\$	\$
Loan facilities (excluding corporate card facility)	5,250,000	6,300,000
Amounts utilised		
Borrowings	5,250,000	6,000,000
Bank guarantees – non-cash	-	145,347
Total amounts utilised	5,250,000	6,145,347
Total amounts unutilised	-	154,653

As at 30 June 2023, Energy Action had utilised \$5.25 million of market rate loan. 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.

Note 6: Issued Capital and Reserves

	Consolidated Group	
	2023	2022
	\$	\$
Issued Capital -fully paid ordinary shares	7,337,906	6,837,906
	7,337,906	6,837,906

	Consolidated Group	
	2023	2022
	No.	No.
a. Ordinary Shares (number)		
At the beginning of the reporting period:	26,988,600	26,988,600
Movement in the year:		
- Shares issued	3,125,000	-
At the end of the reporting period	30,113,600	26,988,600

	Consolidated Group	
	2023	2022
	\$	\$
b. Ordinary Shares (\$)		
At the beginning of the reporting period:	6,837,906	6,837,906
Movement in the year		
- Shares issued	500,000	-
At the end of the reporting period	7,337,906	6,837,906

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held.

Note 7: Events after the reporting period

On 31 August 2023, the Company announced that the CBA had agreed to certain amendments to the Facility Deed. The changes include an amendment to the debt repayment profile and financial covenants.

No other matters or circumstances have arisen since the end of the financial 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.