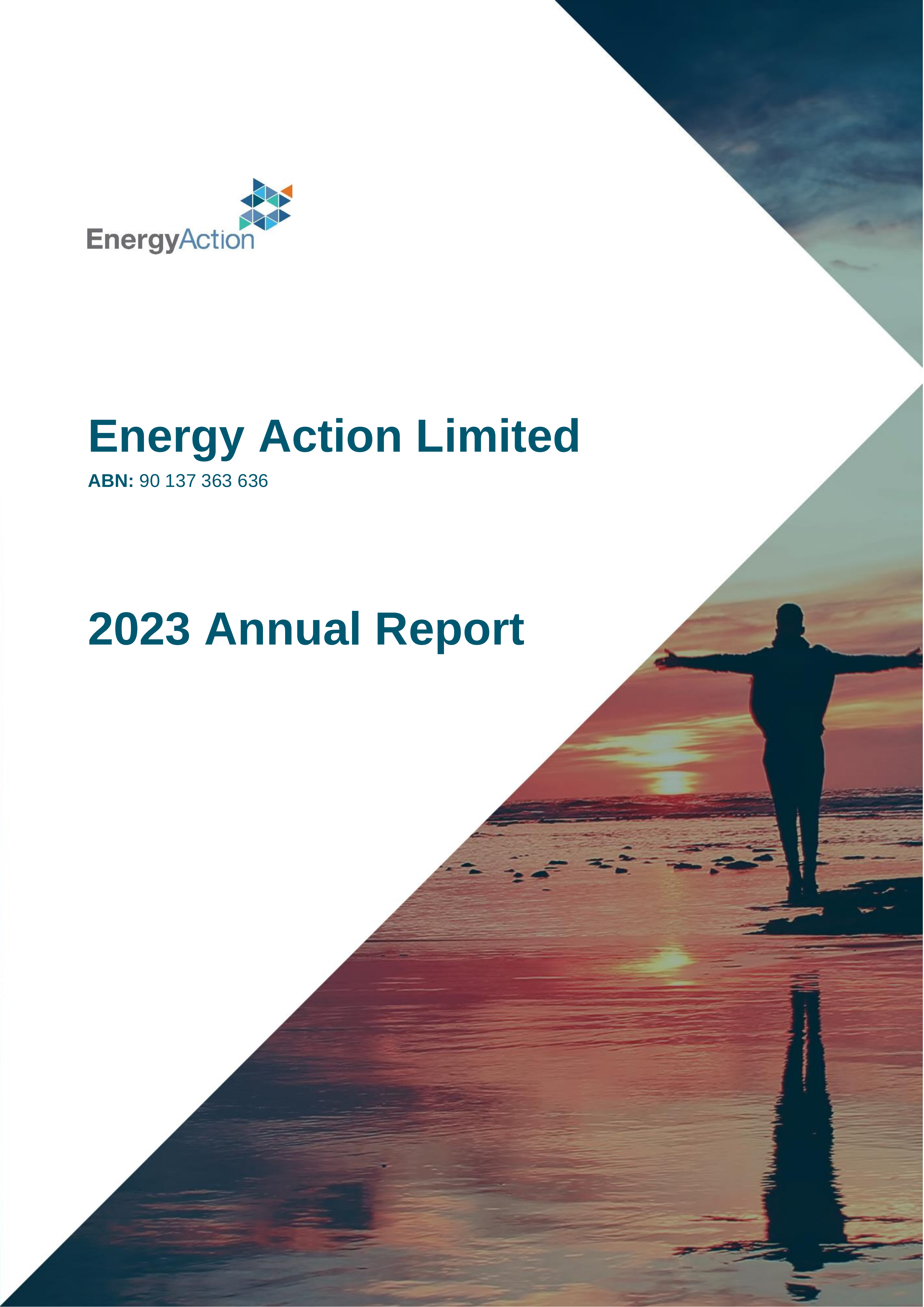
Energy Action Limited

ABN: 90 137 363 636

2023 Annual Report



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September 2023

Interim-CEO Letter to Shareholders

Dear shareholder,

When I wrote to you in February, I talked about how our back-to-basics strategy and straightforward approach of focusing on sales, technology, and net zero appeared to be having positive results. Today I'm pleased to present our full-year financial report that shows our approach is paying off.

Energy Action returned to an EBITDA profit in FY2023 for the first time since FY2018 and remained cashflow positive.

Today, two years since I stepped in as interim CEO, Energy Action has strong sales processes, advanced technology, and high-quality service offerings. Our expenses are well-aligned with our current size and our financial situation is improving.

Drivers of growth

Two mega trends are driving our growth, net zero regulation, and energy price volatility. Energy Action is uniquely positioned to take advantage of these two trends, as our services include sophisticated renewable buying and cutting-edge technology. Our services help the business customers we work with to reduce and report on their emissions. Our goal is to capitalise on these market drivers.

Looking back at 2023

Energy customers faced unprecedented prices during the first half of FY23. A result of market failure because of underlying supply issues. Despite these market challenges, Energy Action's sales performance was strong during FY23. The result of team focus, better marketing capability, and systems improvement. The changes we have implemented at Energy Action should provide us with a repeatable and scalable sales model that isn't impacted by external factors. While we still have work to do, I expect that FY24 will see continued improvement in sales performance.

During FY23 we continued to reduce headcount in non-sales facing roles. A difficult process because Energy Action has had to adapt and relearn how to deliver our services in different ways. That change has resulted in smaller delivery teams that will deliver long-term benefits to shareholders through improved margins, and with customer issues being escalated more quickly. Today I see more of our staff talking directly to our customers, helping to drive sales, and improving the quality of our service.

We continued to reduce our indirect expenses with reductions in lease expenses, fixed technology costs, and discretionary spending. We will keep looking for cost reduction opportunities, but I expect fewer to be available to us in FY24 as this work is largely complete.

The quality of our services continues to improve. We have received client feedback that our technology is impressive. However, many of our clients still use other ways to get access to their energy and emissions data. This shows there is still opportunity to improve the quality of our service with further investment. Investment we need to make while continuing to grow revenue at a profitable margin.

At our core, Energy Action is a technology business. On the outside, we're all about delivering services that customers value. But inside our business we develop software used to deliver high quality, effective energy procurement and management services at sustainable margins.

We have also had change at a board level, appointing Derek Myers in June, and Caroline Wykamp in September. Derek's experience is in building a business like Energy Action in the UK, while Caroline's experience is in leading Australia's investment in renewable energy with her CEO role at Marinus Link.

These new director appointments give Energy Action different perspectives, experiences, and networks to continue to build our business.

The resignation of our pervious CFO, Simon Smith in June was disappointing. He brought efficiencies to the finance team and improved our banking relationship. However, I am delighted by Gregory Tamvakellis taking on the CFO role. He is an internal replacement and shows that we are starting to establish the organisational depth to promote from within.

Energy Action's debt remains high, a hangover from previous acquisitions. While the covenants in our debt facility with Commonwealth Bank of Australia (CBA) have applied financial discipline to Energy Action the facility has been in place for a long time. With business operations now delivering the financial performance we expect, our attention is focused on deleveraging the balance sheet.

Looking forward to 2024

Our back-to-basics strategy won't change in FY24. We will continue to provide energy procurement and energy management services using our technology, to Australian businesses. The quality of our services will continue to improve by investing in our technology and delivery capability. Lastly, we are increasing our capability in being able to deliver the net zero services and market insights our larger customers expect, and that our smaller customers are delighted by.

FY23 demonstrated the resilience of the Energy Action business model and that our strategy is the right one. Our goal is to increase profit margin and cash flow over the long term to generate long-term value for shareholders.

Thank you for your ongoing support.

B Macfarlane

Bruce Macfarlane
Interim CEO and Director

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)
Caroline Wykamp – Non-Executive Director (appointed 1 September 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

Financial Report for the year ended 30 June 2023

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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 financial year ended 30 June 2023.

Directors

The names and details of the Company's Directors in office during the financial 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)

Qualifications – Bachelor of Arts (Financial Studies) and Master of Applied Finance - Macquarie University, Institute of Chartered Accountants, Graduate Member of the Australian Institute of Company Directors.

Experience – Board Member since 2012, Chairman since 2015

Special Responsibilities – Member of each of the Audit & Risk Management and Nomination & Remuneration Committees

Directorships held in other listed entities currently and during the three prior years to the current year:

Carlton Investments Ltd – Independent Non-Executive Director (appointed 2 December 2014)

Other Directorships and interests - Partner in Alfred Street Investment Partners, Chairman of AddVenture Fund and Tidal Ventures and Consultant to Australian Super.

Paul Meehan (Non-Executive Director)

Qualifications – Diploma of Law (SAB), University of Sydney

Experience – Board member since 2003

Special Responsibilities – Member of each of the Audit & Risk Management and Nomination & Remuneration Committees.

Directorships held in other listed entities currently and during the three prior years to the current year: nil

Other Directorships and interests - Director of Meehans Solicitors Pty Ltd, Non-executive Director of Commercial First Realty Pty Ltd T/as LJ Hooker Commercial Macarthur.

Bruce Macfarlane (Executive Director and Interim CEO)

Qualifications – Bachelor of Engineering (Mining), University of Auckland. Masters of Commerce (Economics), University of Canterbury

Experience – Board Member since 2021

Special Responsibilities – Member of each of the Audit & Risk Management and Nomination & Remuneration Committees, project management of business improvement projects

Directorships held in other listed entities currently and during the three prior years to the current year: Nil

Derek Myers (Non-Executive Director)

Qualifications – Bachelor of Commerce, University of New South Wales. Masters of Business Administration, University of New South Wales AGSM.

Experience – Board Member since 21 June 2023

Special Responsibilities – Nil

Directorships held in other listed entities currently and during the three prior years to the current year:

eEnergy Group PLC (Domiciled in UK)

Other Directorships and interests – Director of Polaris Stella Ltd and Beyond Group Ltd

Caroline Wykamp (Non-Executive Director)

Qualifications – Bachelor of Applied Science, Charles Sturt University. Diploma Applied Finance, Kaplan. Graduate Member of the Australian Institute of Company Directors.

Experience – Board Member since 1 September 2023

Special Responsibilities – Chair of each of the Audit & Risk Management and Nomination & Remuneration Committees

Directorships held in other listed entities currently and during the three prior years to the current year: Nil

Other Directorships and interests – Nil

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Energy Action Limited were:

	Number of ordinary shares	Number of options over ordinary shares
Murray Bleach	5,100,700	-
Paul Meehan	4,792,846	-
Bruce Macfarlane	3,045,986	-
Derek Myers	3,299,746	-

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Dray Andrea – Bachelor Business Studies (Finance) and a Graduate Diploma in Applied Corporate Governance and Risk Management

An experienced corporate governance professional and a member of the Governance Institute of Australia and the Chartered Governance Institute (UK).

Dividends

Dividends recommended:	**Cents per share**	**$**
Ordinary shares		
Final 2023 dividend	NIL	NIL
Interim 2023 dividend	NIL	NIL
Final 2022 dividend	NIL	NIL

Operating and Financial Review

The Board presents the *2023 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 FY23 financial year and material business risks faced by the business so that shareholders can make an informed assessment of the results and prospects of the Group.

Our Business Model

At Energy Action we believe the status quo is no longer acceptable.

- Our mission is to make energy simpler, cleaner, and lower cost.
- Our goals are to invest in technology that simplifies the sector. And to provide clear and low-cost paths to Net Zero for clients looking to build sustainable businesses in a changing world.
- Our vision is to drive down energy costs. To simplify its complexity. And to protect the world our children will inherit.

What We Offer

We identify the money businesses could be saving and the emissions they could be preventing. We help our clients with:

- Energy Buying: We offer a range of energy procurement techniques to drive competition for our client's energy spend.
- Energy Management: We manage client energy contracts. Identifying the energy being wasted, the emissions that can be prevented, and the money that could be saved.

How we're different

We're the trusted, independent energy partner for over 6,000 clients. We combine 20+ years of experience with our smart technology and data-led insights to make our clients' energy cheaper, easier, and cleaner.

At its core Energy Action is a technology business. In FY23 we went live with Utilibox, an enterprise energy and emissions category management platform. The software has been built using modern technology – AI and cloud based. Through it we source and transform utility data and deliver high-quality services at and help businesses reach affordable Net Zero targets.

We are Net Zero. From our CEO to our analysts, and from our sales staff to our developers, we're all committed to delivering positive financial and environmental outcomes.

Our Strategy

Energy Action's has a back-to basics strategy. Our focus is on providing energy procurement and energy management services using our technology, to Australian businesses. We will continue to improve those services by investing in our technology and delivery capability. Lastly, we are increasing our capability in being able to deliver the net zero services and market insights our larger customers expect, and that our smaller customers are delighted by.

Operational Performance

Operational performance improved in FY23. During FY23 the Energy Action's EBIT improved strongly to $0.37 million versus a loss of $2.5M PCP, a result of improved sales with revenue up 11% YoY to $11.492 million, driven by the 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.

Business Priorities

Energy Action's focus remains sustainable, profitable growth. Key priorities are:

1. Customer growth. We have 20-year customer relationships, and our customers use ~10% of the total commercial national electricity market. Organic sales growth is our top priority.
2. Technology investment. Give our customers easy to use energy management software. To retain and win customers.
3. Net Zero. We are Net Zero. We will help our customers lower their emissions with our energy buying and energy management services.

Outlook

Energy Action's focus going forward is sustainable, profitable growth. With a focus on organic sales growth, technology investment, and providing our clients with Net Zero services. However, the Group will not be providing Guidance at this time.

Risks to achieving financial outcomes in relation to future prospects

Energy Action identifies major risks using an enterprise-wide risk program. Energy Action faces a wide variety of risks due to the nature of the industry in which it operates. Energy Action has processes in place to reduce the possibility of the risk occurring and/or, to the greatest extent possible, the adverse consequences of the risk occurring. Many of the risks are influenced by factors external to, and beyond the control of Energy Action. Details of Energy Action's main risks and the related mitigations are set out below:

Risk	Risk Description	Potential consequences and mitigation strategies
Cyber Security Risk	Cyber-attack or similar event involving unauthorised access to EAX's IT systems leading to denial of systems and/or corruption of data.	Regular proactive cyber security testing is undertaken and external review of systems. Procedures for systems recovery are in place including off site storage of data. A modern systems restoration and approach to business continuity is in place.
Weak Sales	Failure to attract and retain sufficient customers to sustain the business	Mitigated by 1) having robust and scalable sales processes, 2) improving service quality by connecting customer expectations, sales promises, and service delivery through technology 3) ensuring we maintain product relevance with a focus on net zero.
Poor service	The risk that Energy Action is unable to meet its contractual obligations to customers for the delivery of services.	The same technology that customers use to receive services, is used by Energy Action's service delivery and sales staff. This means that issues with service delivery should be found before customers experience them.
Earnings and Cash Flow	The risk of failing to maintain adequate earnings and funding to finance growth objectives and to generate adequate returns for shareholders.	Mitigated by implementation of a focused back to basics strategy and to establish the core foundations for growth. A buffer has now been established between opex and baseline budget revenue.
Loss of key staff	The risk of company performance declining due to key staff either leaving or being unavailable unexpectedly or due to high turnover of non-key staff hampering performance due to training lead times.	Mitigated by organisational talent review, staff reviews, identification of points of vulnerability, cross training, succession planning and appropriate remuneration strategies. It is monitored by regular staff engagement surveys and staff exit interviews to monitor and gather insights for action.

Risk	Risk Description	Potential consequences and mitigation strategies
Legal risk	The risk of legal action following a breach of the Competition and Consumer Act or the terms of Energy Action's Australian Financial Services Licence, or individual employee actions.	Likelihood of breaches reduced by training of all outward facing staff in Consumer and Competition Law requirements. AFSL compliance system in place. Procedures in place for monitoring and reporting of breaches and potential breaches.

Financial Performance

The Group made a statutory net profit/(loss) after tax (NPAT) of ($0.29) million for the year ended 30 June 2023. Operating net profit after tax has decreased to a loss of ($0.20) million compared to FY22 ($2.79) million.

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%	-	-	N/A
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 of embedded networks	(50,000)	-	100%	(50,000)	-	-100%
Costs associated with derecognition of subsidiaries	140,109	-	-100%	140,109	-	-100%
Operating profit 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
[3] Onerous Contracts relating to technology infrastructure and rental premises (FY22)

Key Financial Metrics

	FY23	FY22	Variance
Revenue	$11.49m	$10.38m	11%
Operating EBITDA	$1.26m	($1.15m)	209%
Operating NPAT	($0.21m)	($2.79m)	93%
Operating Cash flow[1]	$0.92m	$0.80m	15%
Statutory NPAT	($0.30m)	($2.84m)	89%

[1]Operating Cash Flow is defined as Operating Cash Flow before Interest, Tax and Significant Items

Revenues

Total revenue increased by 11% versus the previous period. Energy Buying revenue increased 68%, Energy Management declined 13%, and Embedded Networks declined 96%.

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[2]	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

[2] Other revenue includes $50,000 for proceeds received on sale of embedded networks

Revenue for the full year increased from $10.4 million to $11.4 million mainly as a result of the following:

- Energy Buying revenues were up 68% overall with:
  - Increase in Auctions Electricity of 61%,
  - Total auction bid value increased 153% to $162 million.
- Energy Management revenue declined by 13% with a decline of -102 in sites under management to 5,389 and the average contract duration decreasing 5%.

Operating Expenditure and Cost of Goods Sold (COGS)

Operating overheads (net of significant items) and COGS totalled $10.2 million, compared to $11.5 million in FY22, a reduction of $1.3 million (11.3%), with reduced operating costs predominantly related to employment costs. In particular:

- Employment costs were $1.02 million lower than pcp primarily as a result of:
  A reduction of FTE with improved integration and efficiency.
- Ongoing strict cost control across all discretionary spend

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

	30 June 2023	30 June 2022
Statutory operating cash flow	768,091	439,807
Add back:		
Taxes received	-	(152,707)
Research & Development offset income	(274,254)	-
Interest paid	423,932	242,827
Cash flows related to significant items	-	(242,135)
Significant items working capital – government relief, government assistance & others	-	498,140
Operating cash flow before interest, tax and significant items	917,769	785,932
Operating EBITDA	1,255,775	(1,149,014)
Operating cash flow as % of Operating EBITDA	73%	-68%

As at 30 June 23, the Company had utilised $5.34 million of the CBA loan facility comprising a loan of $5.25 million and bank guarantees of $0.08 million principally in relation to the Parramatta office. In January 2022, $1 million was repaid to the CBA loan facility via the provision of a $1.5 million unsecured loan from the Directors. In June 2023 a further $0.5 million was repaid with the issue of 3,125,000 shares at $0.16.

Other

A Nil dividend was declared in FY23 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.

Operational Key Performance Indicators

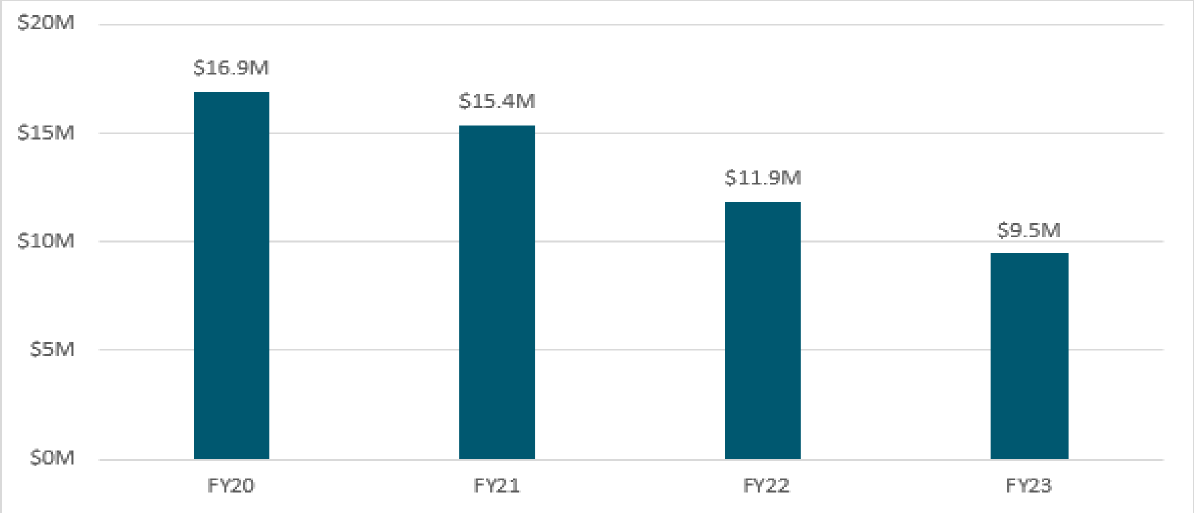
	FY23	FY22	% change
Energy Buying			
No. of successful AEX auctions	686	426	61%
Average AEX contract duration (months)	24.81	26.6	-1.79 mths
TWhs sold via Auction (annualised equivalent)	0.5	0.4	25%
Average annualised MWhs per successful AEX	773	850	-9%
Average $/MWh	$144.60	$79.4	82%
Total Auction bid value [1]	$162m	$64m	153%
No. of electricity tender events	8	10	-20%
No. of gas tender events	41	38	8%
Managed & Embedded Networks	**30 June 2023**	**30 June 2022**	**Variance**
Sites under current contract [2]			
Total Energy Management sites under contract	5,389	5,491	-2%
Average Metrics contract duration (months)	35	37	-2 mths
Retailer and Embedded Network tenancies	0	1,447	-100%
Total sites	5,389	6,938	-22%
Ongoing Services future contracted revenue	**$9.5m**	**$11.9m**	-20%
Current Revenue not Invoiced	$3.2m	$2.2m	45%
Non-Current Revenue not Invoiced	$2.5m	$2.2m	14%
Total Revenue not Invoiced	**$5.7m**	**$4.4m**	30%

[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

Forward contracted revenue

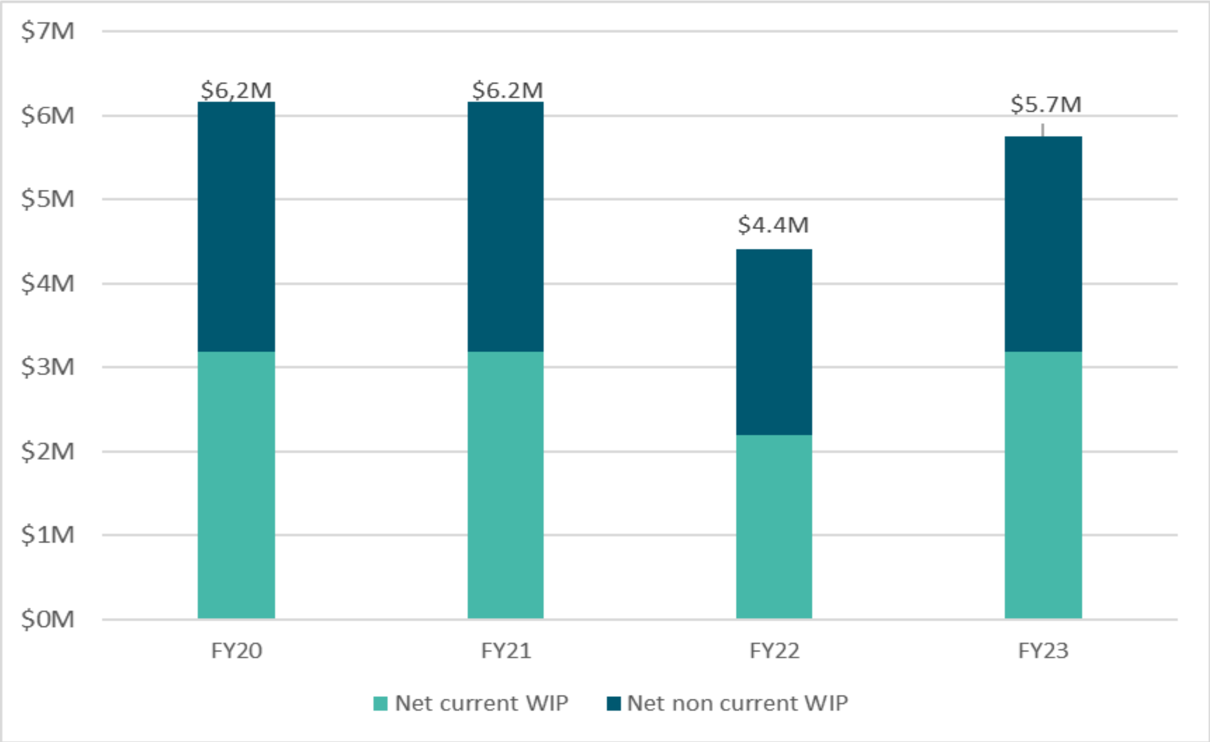
The forward contract revenue has continued to decrease during FY23

The Company continues to focus on improving acquisitions, retentions, customer service and enhancing the Energy Management offering with a key strategy to see growth in future contract revenue for annuity based revenue streams.



Revenue Not Invoiced

Revenue from Auction, Commission based tenders and Tariff revenues 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 balance of $5.4 million to be received as cash in the future for revenue recognised in current and previous fiscal periods.



Environmental - Our Commitment to Net Zero

Energy Action remains committed to contributing to the achievement of the UN Sustainability Development Goals and leading our clients to Net Zero, recognising its obligations both locally and globally, to the present and succeeding generations. Energy Action is leading in defining best practice for renewable energy sourcing and will set its own demanding standards of its operations where none exist.

Energy Action has invested significantly this year in raising the environmental awareness of the public, governments, industry, and the general community by promoting the concept of Net Zero and by openly recognising the need to drive change in the energy markets to support ongoing renewable energy investment.

During the year the Company launched Utilibox, a new energy and emissions management product designed to make it simple for all Australian business to kickstart their Net Zero journey. As it did during FY22, during FY23 the Company secured Climate Active status as a Carbon Neutral organisation.

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory. However, Energy Action is committed to implementing the requirements of all applicable Commonwealth, State and local environmental legislation and regulations and, where possible, exceeding any relevant minimum requirements.

Meetings of Directors

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director was as follows:

	Board Meeting		Audit & Risk Committee		Nomination and Remuneration Committee	
	No. Eligible to attend	**No. Attended**	**No. Eligible to attend**	**No. Attended**	**No. Eligible to attend**	**No. Attended**
Murray Bleach	10	10	2	2	2	2
Paul Meehan	10	9	2	2	2	2
Bruce Macfarlane	10	10	2	2	2	2
Derek Myers (appointed 21 June 2023)	1	1	-	-	-	-

Indemnifying Officers or Auditor

During or since the end of the financial year, the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company.
- To the extent permitted by law, the Company has agreed to indemnify its auditors, RSM Australia Partners, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify RSM Australia Partners during or since the financial year.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceeding during the year.

As detailed in Contingent Liabilities a proceeding in the Federal Court of Australia has been filed against the Company.

Non-audit Services

The Board of Directors, in accordance with advice from the audit and risk management committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor;
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board; and
- no fees were paid or payable to RSM Australia for non-audit services provided during the year ended 30 June 2023. Other audit related services provided include an audit of the subsidiary Energy Action (Australia) Pty Limited in relation to its Financial Statements for the purposes of maintaining its AFSL (Australian Financial Services Licence).

Corporate Governance Policy

Energy Action Limited ("Energy Action") is committed to the achievement of superior financial performance and long-term prosperity, while meeting stakeholders' expectations of sound corporate governance practices. The Energy Action Board determines the corporate governance arrangements. As with all its business activities, Energy Action is proactive in respect of corporate governance and puts in place those arrangements which it considers are in the best interests of shareholders, and consistent with its responsibilities to other stakeholders.

This statement:

- reports against the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations (ASX Principles) and the practices detailed in this Statement are current as at 30 September 2023; and
- has been approved by the Board and is available of Energy Action's website at http://www.energyaction.com.au/about/corporate-governance

Events after the Reporting Period

On 31 August 2023, the Company announced that the CBA had agreed to amend the Facility Deed agreement. The proposed new Facility Agreement will include the following changes:

1. The loan be extended with final repayment date of 31 December 2024 replaced with 31 December 2025.
2. The repayment of $1.5M due 31 August 2023 be removed
3. The repayment schedule be revised to $300,000 per quarter with first repayment due 30 September 2023
4. The requirement to hold an aggregate balance of $1 million dollars at all times be revised to $700,000
5. Where cash balance held exceeds $1.5 million in a quarter the excess funds to be repaid to the bank
6. Updated Gearing Ratios and Interest Cover Ratios

The above changes have not been finalised in a signed agreement as at the date of this report.

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.

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Energy Action Limited for the year ended 30 June 2023, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

C J Hume
Partner

Sydney, NSW
Dated: 29 September 2023

Remuneration Report (Audited)

The directors present the Remuneration Report for Energy Action Limited ("Company") and its consolidated entities ("Group") for the year ended 30 June 2023.

Remuneration Framework

1.1 Role of the Remuneration Committee

The Remuneration Committee ensures that the remuneration of directors and senior executives is consistent with market practice and sufficient to ensure that the Group can attract, develop and retain the best individuals. The committee review directors' fees, and remuneration of the CEO and senior executives against the market, Group and individual performance.

The committee consisted of four directors, namely Paul Meehan (Chairman), Murray Bleach, Bruce Macfarlane and Caroline Wykamp. The committee charter is available on the Group's website.

The committee oversees governance procedures and policy on remuneration including:

- General remuneration practices,
- Performance management,
- Bonus and incentive schemes, and
- Recruitment and termination.

Through the committee, the board ensures the company's remuneration philosophy and strategy continues to be designed to:

- Attract, develop and retain Board and executive talent,
- Create a high-performance culture by driving and rewarding executives for achievement of the Group's strategy and business objectives, and
- Link incentives to the creation of shareholder value.

In undertaking its work, the committee seeks advice as required.

1.2 Key Management Personnel

Key Management Personnel ("KMP") are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Company or subsidiaries. The following persons were KMPs during the financial year. Unless otherwise indicated, they were KMPs for the entire year.

1.2.1. 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)
Caroline Wykamp	Non-Executive Director (appointed 1 September 2023)

1.2.2. Senior executives

Simon Smith	Chief Financial Officer (resigned 27 June 2023)
Clint Irving	Chief Technology Officer
Edward Hanna	Head of Commercial and Growth
Gregory Tamvakellis	Chief Financial Officer (appointed 4 September 2023)

1.3 Remuneration Consultants

Where necessary, the Board seeks advice from independent experts and advisors including remuneration consultants. Remuneration consultants are used to ensure that remuneration packages are appropriately structured and are consistent with comparable roles in the market. Remuneration consultants are approved by, and recommendations provided directly to, non-executive directors (the remuneration committee). When remuneration consultants are engaged, the remuneration committee ensures that the appropriate level of independence exists from the Group's management. No remuneration consultants were used this year.

1.4 Long term incentive scheme

Purpose and type of equity awarded

The Group operates a long-term incentive scheme (LTI) for its senior executives. The LTI is governed by the Performance Rights and Options Plan (PROP), under which performance options are granted to participants. Each performance right entitles the participant to one share in Energy Action at the time of vesting subject to meeting the conditions and financial consideration as outlined below.

The LTI aligns key employee awards with sustainable growth in shareholder value over time. It also plays an important role in employee recruitment and retention.

Number of instruments awarded

During FY23, the company award 1,870,000 Performance Right to employees.

Valuation

No valuation has been given on the performance rights as the options are provided at no cost to the employee and as at the date of this report no hurdles were met and no options vested.

Performance hurdles

The Performance Rights issued during FY2023 vest in 2 equal tranches. The first tranche vest once the Company share price remains at $0.40 cents or greater for over 10 days and the second tranche vest once the Company share price remains at $0.80 cents or greater for over 10 days.

LTI Outcomes

The share price hurdles were not met for the year ending 30 June 2023 for such performance rights. Therefore, no rights vested in 2023.

Number of instruments awarded

As at 30 June 2023, the PROP accounted for Nil (FY22 Nil) of issued securities of the Group, made up of nil (FY22 Nil) performance rights. This was due to no performance hurdle has been met in respect of the rights issued.

Remuneration

1.5 Fees payable to Directors

Fees paid to non-executive directors reflect the demands which are made on, and the responsibilities of, directors. Directors' fees are reviewed annually by the board. Directors who chair or are members of a committee do not receive fees for these services.

When required, the board considers the advice of independent remuneration consultants to ensure directors' fees are appropriate and in line with the market. The chairman's fees are determined independently to the fees of directors and are based on comparative roles in the market. The chairman is not present at any discussion relating to the determination of his remuneration. Directors' fees are determined within an aggregate fee pool limit approved by shareholders. This is currently set at $400,000 per annum.

The annual fee structure for directors for the year ended 30 June 2023, including superannuation, was as follows:

Base fee	$ FY23	$ FY22
	1/7/22-30/6/23	1/7/21-30/6/22
Non-Executive Chairman	45,000	45,000
Non-Executive Director 1	36,000	36,000
Non-Executive Director 2*	-	36,000
Executive Director**	36,000	36,000

*Derek Myers appointed as non-executive director effective 21 June 2023.

** Bruce Macfarlane was appointed as an executive director on 25th Feb 2021 and Interim CEO on 23 September 2021

The above fees include committee membership. The tables at the end of this remuneration report provide details of fees and wages paid during the financial year to each executive and non-executive director.

1.6 Senior executives

The framework for the remuneration of senior executives consists of a mix of fixed and variable remuneration. The components are:

- Base remuneration package and benefits, inclusive of superannuation (Total Fixed Remuneration)
- Short-Term Incentive – based on the Group's, team and individual performance and results delivered against pre-determined Key Performance Indicators (KPIs)
- Long Term Incentive – governed by the Performance Rights and Options Plan (PROP)

The combination of the above components comprises the executive's total remuneration.

The Group undertakes a market benchmarking analysis and provide recommendations. The market analysis considers the target total remuneration opportunity as well as its core components and the mix of those components. In addition, the information also contains a view on market and emerging trends in executive remuneration structures and the mix of fixed and performance-based remuneration arrangements. The agreed remuneration mix for the CEO, CFO and other senior executives for the year ended 30 June 2023 was:

	Fixed Component	STI Bonus Component	LTI Component
Chief Executive Officer	100%	Nil	Nil
Chief Financial Officer	100%	Nil	Nil
Chiel Technology Officer	100%	Nil	Nil
Head of Commercial and Growth	100%	Nil	Nil

As of the date of this report no remuneration mix has been agreed with the new CFO or Interim CEO for FY24.

Long Term Incentive (LTI)

The LTI component percentage set out above as part of the annual remuneration is based on the fair value of the options granted for the previous CEO and CFO (see detailed explanation below).

Short-Term Incentive (STI)

The STI is based upon performance against the Group financial performance and results from the Group's performance review process. Mid-year and final year performance reviews measure performance against established KPI's and criteria which are compiled in a matrix comprising Group and individual components. The specific company measures include profitability, revenue growth and customer satisfaction. Individual measures are developed having regard to functional plans and targets, aligned to the company strategy.

The outcome of the performance review process is a rating, applied to each of these three components for an individual, culminating in a percentage (capped at 100%). The final percentage allocated to each person is then applied to the STI potential to determine the actual STI payment to be made to an individual.

The performance matrix used to determine actual STI earnings against the STI potential for the previous CEO and CFO were:

	Company	Individual
Chief Executive Officer	70%	30%
Chief Financial Officer	70%	30%

The Board is responsible for assessing the performance of the CEO. The CEO is responsible for assessing the performance of other executives.

Bonus payments are made annually, where applicable, in September in relation to the preceding year.

The actual percentage of STI potential and LTI potential earned by the previous CEO and CFO for the year ended 30 June 2023 was:

	% of Bonus Potential	% LTI Potential
Chief Executive Officer	0%	0%
Chief Financial Officer	0%	0%

The STI potential for each individual is set at the beginning of the year, having regard to service agreement terms and conditions, and relates to the appropriate extent of the at-risk component of the executive's remuneration. The broader company performance criteria ensure that an overall management focus is maintained by the executives, however the inclusion of individual criteria is also necessary to ensure that each person is recognised and rewarded for their individual contribution and efforts. Payment of any individual KPI achievement is conditional on the Group meeting a minimum threshold Operating Profit.

Service agreements

On appointment, all directors enter into an agreement which outlines obligations and minimum terms and conditions. Remuneration and other terms of employment for the CEO and other key management personnel are formalised in employment agreements. Each of these agreements specify the components of remuneration to which they are entitled and outline base salary, eligibility for incentives and other benefits including superannuation.

Key terms for the CEO and CFO are as follows:

Name	Term of agreement	Termination*
Bruce Macfarlane – interim CEO	On-going (no fixed term)	1 months base salary termination by company or 1 months termination by executive
Simon Smith[1]	On-going (no fixed term)	3 months base salary termination by company or 3 months termination by executive

* Termination benefits are payable at the option of the company in lieu of notice, other than termination for cause.

[1] Resigned 27th June 2023

1.7 Remuneration table for the year ended 30 June 2023

Details of remuneration of directors and executive KMP of the Group for the 2023 financial year are set out in the following table.

	Short term benefits				Post employment benefits	Long term benefits		Share based payments	Total
Non-executive directors	Cash salary and fees	Additional fees	Cash bonus	Non monetary benefits	Super	Termination benefits	Long service leave	Performance rights	Total
Murray Bleach	41,096	-	-	-	4,315	-	-	-	45,411
Paul Meehan	32,877	-	-	-	3,452	-	-	-	36,329
Bruce Macfarlane[1]	97,877	-	-	-	10,277	-	-	-	108,154
Derek Myers[2]	-	-	-	-	-	-	-	-	-
Sub-total	**171,850**	**-**	**-**	**-**	**18,044**	**-**	**-**	**-**	**189,894**
Executives									
Simon Smith	296,999	-	-	-	25,292	-	-	-	322,291
Edward Hanna	212,251	-	-	-	23,986	-	-	-	236,237
Clint Irving	200,000	-	-	-	21,000	-	-	-	221,000
Sub-total	**709,250**	**-**	**-**	**-**	**70,278**	**-**	**-**	**-**	**779,528**
Total	**881,100**	**-**	**-**	**-**	**88,322**	**-**	**-**	**-**	**969,422**

[1]Bruce Macfarlane appointed as director effective 25 February 2021. The above cash salary & fees for Bruce Macfarlane includes director fees of $32,876.76 and salary of $65,000.

[2] Derek Myers appointed as non-executive director effective 21 June 2023.

1.8 Remuneration table for the year ended 30 June 2022

Details of remuneration of directors and executive KMP of the Group for the 2023 financial year are set out in the following table. The executive KMP are considered to be the CEO, CFO and Executive Director only for FY22.

	Short term benefits				Post employment benefits	Long term benefits		Share based payments	Total
Non-executive directors	Cash salary and fees	Additiona l fees	Cash bonus	Non monetary benefits	Super	Terminatio n benefits	Long service leave	Performance rights	Total
Murray Bleach	41,096	-	-	-	4,110	-	-	-	45,206
Paul Meehan	32,877	-	-	-	3,288	-	-	-	36,165
Nitin Singhi	8,219	-	-	-	822	-	-	-	9,041
Sub-total	**82,192**	**-**	**-**	**-**	**8,220**	**-**	**-**	**-**	**90,412**
Executives									
Bruce Macfarlane[1]	55,628	-	-	-	5,563		-	-	61,191
John Huggart[2]	170,441	-	-	-	11,784	32,090	-	-	214,315
Tracy Bucciarelli[3]	214,363	-	-	-	20,093	6,327	-	-	240,783
Simon Smith[4]	52,380	-	-	-	5,238	-	-	-	57,618
Sub-total	**492,812**	**-**	**-**	**-**	**42,678**	**38,417**	**-**	**-**	**573,907**
Total	**575,004**	**-**	**-**	**-**	**50,898**	**38,417**	**-**	**-**	**664,319**

[1] Bruce Macfarlane appointed as director effective 25 February 2021. The above cash salary & fees for Bruce Macfarlane includes Directors fees of $32,876.76 director fees and salary of $22,751.01.

[2] John Huggart resigned on 23 September 2021
[3] Tracy Bucciarelli resigned on 8 February 2022
[4] Simon Smith appointed as CFO on 28 April 2022

Relative Proportion of Remuneration

The relative proportion of remuneration of KMP that was linked to performance and those that were fixed are as follows:

Directors	Fixed Remuneration		At Risk – Cash Bonus/Other		At Risk - Securities	
	2023 %	2022 %	2023 %	2022 %	2023 %	2022 %
Murray Bleach	100	100	-	-	N/A	N/A
Paul Meehan	100	100	-	-	N/A	N/A
Bruce Macfarlane	100	100	-	-	N/A	N/A
Derek Myers	100	N/A	-	-	N/A	N/A
Executives						
Simon Smith	100	100	-	-	-	-
Clint Irving	100	100	-	-	-	-
Edward Hanna	100	100	-	-	-	-

Performance rights of key management personnel

The following Performance Rights were issued to Key Management personnel during FY 2023 (FY22 Nil).

Simon Smith 400,000 performance rights

Clint Irving 400,000 performance rights

Edward Hanna 200,000 performance rights

Fair value of Performance Options

No fair value has been assigned to the performance rights as the options are provided at no cost to the employee.

The tables below disclose the number of Performance Options available to KMP. Performance Options do not carry any voting or dividend rights and can only be exercised if the vesting conditions have been met, until their expiry date.

Total number of Performance Options issued:

30 June 2023	Balance at 1 July 2022	Granted	Grant Date	Options vested & transferred	Options cancelled/ forfeited/ other	Options expired without exercise	Net change	Balance at end of period
	No.	No.		No.	No.	No.	No.	No.
Simon Smith[1]	Nil	400,000	-	-	(400,000)	-	-	-
Clint Irving	Nil	400,000	-	-	-	-	-	400,000
Edward Hanna	Nil	200,000	-	-	-	-	-	200,000
Total	**Nil**	**1,000,000**	**-**	**-**	**(400,000)**	**-**	**-**	**600,000**

[1] Simon Smith resigned on 27 June 2023.

There were no alterations to the terms and conditions of Performance Options awarded as remuneration since their grant date.

Shareholdings of Directors and Key Management Personnel

30-Jun-23	Balance 1 July 2022	Net change	KMP resigned	Balance 30 June 2023
Murray Bleach	5,100,700	-	-	5,100,700
Paul Meehan	4,792,846	-	-	4,792,846
Bruce Macfarlane	2,947,786	98,200	-	3,045,986
Derek Myers	174,746	3,125,000		3,299,746
Simon Smith	-	-	-	-
Clint Irving	-	-	-	-
Edward Hanna	611,387	-	-	611,387
Total	**13,627,465**	**3,223,200**	**-**	**16,850,665**

30-Jun-22	Balance 1 July 2021	Net change	KMP resigned	Balance 30 June 2022
Murray Bleach	5,100,700	-	-	5,100,700
Paul Meehan	4,792,846	-	-	4,792,846
Nitin Singhi	3,000	-	-	3,000
Bruce Macfarlane	2,937,786	10,000	-	2,947,786
John Huggart	50,000	-	(50,000)	-
Tracy Bucciarelli	1,245	-	(1,245)	-
Simon Smith	-	-	-	-
Total	**12,885,577**	**10,000**	**(51,245)**	**12,844,332**

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Outstanding balances at year end are unsecured and interest free. No guarantees have been provided or received.

The following transactions occurred with related parties:

	Consolidated Group	
	2023 $	**2022 $**
Key Management Personnel		
Horizon Services Trust – business consulting	-	2,970
Total Key Management Personnel	-	2,970

1.9 Company Performance

The Group results for the financial year ended 30 June 2023 was a Statutory loss after tax of $0.29 million compared to a loss of $2.8 million in the prior year.

	FY23	FY22	FY21	FY20	FY19
Revenue & other income ($000's)	11,492	10,378	14,359	19,782	24,801
Net profit / (loss) after tax ($000's)	(298)	(2,841)	(1,000)	(2,487)	(12,093)
Operating profit after tax ($000's)	(208)	(2,790)	(420)	24	1,005
Earnings per share – Operating	(0.77 cents)	(10.34 cents)	(1.55 cents)	0.09 cents	3.87 cents
Market capitalisation	$5.87m	$4.3m	$7.2m	$4.2m	$10.4m
Closing share price	$0.20	$0.16	$0.265	$0.16	$0.40

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

Murray Bleach
Director

Dated: 29 September 2023

Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023

	Note	Consolidated Group	
		2023	**2022**
		$	**$**
Sales Revenue	5.1	11,138,513	10,378,567
Other revenue	5.2	354,338	(538)
Total Revenue		**11,492,851**	**10,378,029**
Cost of goods and services sold		(418,468)	(793,119)
Employee benefits expense	5.3	(6,973,852)	(7,188,182)
Rental expense		(373,019)	(240,913)
Travel costs		(31,306)	(28,128)
Administration expenses	5.4	(2,390,429)	(2,531,141)
Costs associated with derecognition of subsidiaries		(140,109)	-
Impairment of software	12	(353,219)	(1,087,238)
Restructuring cost		-	(105,036)
Onerous contracts & leases		-	108,583
Depreciation and amortisation expense	5.5	(434,357)	(681,492)
Financing costs	5.6	(676,548)	(391,831)
Profit/(Loss) before income tax		**(298,456)**	**(2,560,468)**
Income tax (expense)/benefit	6	(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 and diluted loss per share for the year attributable to ordinary equity holders of the parent	7	(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	Consolidated Group 2023 $	2022 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	1,397,164	1,859,646
Trade and other receivables	10	1,221,605	1,121,013
Other assets	13	3,329,007	2,733,383
TOTAL CURRENT ASSETS		**5,947,776**	**5,714,042**
NON-CURRENT ASSETS			
Trade and other receivables	10	49,315	54,737
Property, plant and equipment	11	30,997	70,460
Other assets	13	2,570,126	2,217,237
Other Intangible assets	12	676,153	487,681
Right of Use Asset	13a	354,098	52,421
TOTAL NON-CURRENT ASSETS		**3,680,689**	**2,882,536**
TOTAL ASSETS		**9,628,465**	**8,596,578**
CURRENT LIABILITIES			
Trade and other payables	14	1,979,698	967,547
Current Tax Liability	15	32	13
Short-term provisions	16	249,475	223,835
Loans & Borrowings	17	2,712,719	5,962,723
Lease liability	14a	185,158	123,324
TOTAL CURRENT LIABILITIES		**5,127,082**	**7,277,442**
NON-CURRENT LIABILITIES			
Other long-term provisions	16	54,032	97,894
Loans and Borrowings	17	4,277,275	1,576,332
Lease liability	14a	194,182	10,646
TOTAL NON-CURRENT LIABILITIES		**4,525,489**	**1,684,872**
TOTAL LIABILITIES		**9,652,571**	**8,962,314**
NET LIABILITIES		**(24,106)**	**(365,736)**
EQUITY			
Issued capital	18b	7,337,906	6,837,906
Retained earnings		(14,085,076)	(13,930,408)
Dividend profit reserve	18g	6,723,064	6,723,064
Foreign currency translation reserve	18d	-	3,702
TOTAL DEFICIT		**(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	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	18d	-	-	-	-	2,048	2,048
Total comprehensive income		-	-	(2,841,941)	-	2,048	(2,839,893)
Share based payments	18c	-	(175,072)	168,052	-	-	(7,020)
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 retained earnings ^				140,105			140,105
Foreign currency translation reserve	18d	-	-	3,702	-	(3,702)	-
Total comprehensive income		-	-	(154,668)	-	(3,702)	(158,370)
Issue of share capital	18b	500,000	-	-	-	-	500,000
Share based payments	18c	-	-	-	-	-	-
Balance at 30 June 2023		7,337,906	-	(14,085,076)	6,723,064	-	(24,106)

^ Adjustments to prior year retained earnings relates to the deregistration of 100% owned group entities during the period. Entities include Energy Advice Pty Limited, Eactive Consulting Pty Limited, Ward Consulting Services (NSW) Pty Limited, ACN 087 790 770 Pty Limited.

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 $	Consolidated Group 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)
Research & Development offset income		274,254	-
Income tax refunded		-	152,707
Net cash provided by operating activities	20a	768,091	439,807
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of embedded networks business		50,000	-
Purchase of property, plant and equipment	11	(6,721)	(36,860)
Software development costs	12	(706,442)	(947,838)
Net cash used in investing activities		(663,163)	(984,698)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from / (repayment of) Bank Loan	17a	(750,000)	(1,000,000)
Proceeds from loans from Directors	17b	-	1,500,000
Proceeds from convertible debt	18b	500,000	-
Repayment of Lease Liability		(317,410)	(470,542)
Debt establishment fees		-	(47,925)
Net cash used in by financing activities		(567,410)	(18,467)
Net decrease 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	9	1,397,164	1,859,646

The accompanying notes form part of these financial statement

Notes to the Financial Statements for year ended 30 June 2023

Note 1: Corporate Information

The consolidated financial statements and notes represent those of Energy Action Limited and its Controlled Entities (the "consolidated group" or "group" or ''EAX'') for the year ended 30 June 2023. The financial statements were authorised for issue in accordance with a resolution of the directors on 29 September 2023.

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 financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial report is presented in Australian dollars. The functional currency is also Australian dollars.

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

2.2 Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 24.

2.3 New Accounting Standards and interpretations

New or amended accounting standards and interpretations adopted

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Australian Accounting Standards Board (AASB) has issued a number of standards and amendments to standards that are mandatory for the first time in the reporting period commenced 1 July 2022. The Group has assessed and determined that there are no new or amended standards applicable for the first time for the financial report for the year ended 30 June 2023, that materially affect the Group's accounting policies or any of the amounts recognised in the financial statements.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2: Summary of Significant Accounting Policies (Continued)

Going concern assessments and solvency

The Group expects to comply with going concern and solvency assessments given the outlook for operating EBITDA and operating cash.

There is no other material impact in relation to accounting standards and ASIC focus for Energy Action in FY23.

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, for the year ended 30 June 2023 the Group incurred a loss of $298,475 (2022: $2,841,941) . As at that date the Group had net current assets of $820,694 (2022: $1,563,400 net current liability) and net asset deficiency of $24,106 (2022: $365,736).

These factors indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:

- The Group has renegotiated with CBA (lender) the repayment schedule and covenants associated with the borrowing facility.
- The Group has cash of $1,397,164 as at year end and had net cash inflows from operating activities of $768,091 for the FY23 year then ended.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

2.4 Key Accounting Policies

a. Principles of Consolidation

The consolidated financial statements are comprised of the financial statements of the Group and its subsidiaries as at 30 June 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Note 2: Summary of Significant Accounting Policies (Continued)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

b. Income Tax, Other taxes and Research & Development offset income

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Note 2: Summary of Significant Accounting Policies (Continued)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it reflects new information obtained about facts and circumstances that exist at the acquisition date that, if known, would have affected the amount recognised at that date where recognised during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a sale or purchase of assets or services in not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Research & Development offset income

Research and development tax offset is dependent on the submission and acceptance by the Australian Taxation Office (ATO) of a research and development project description, and the company fulfilling its requirement to lodge a company tax return for the relevant year. Management has adopted to recognise the claim on the cash basis, owing to the complexity involved in determining the claim and resultant uncertainty in terms of the approval of the claim by the ATO.

c. Plant and Equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a re-valued asset.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset’s employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Note 2: Summary of Significant Accounting Policies (Continued)

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements

The depreciation rates used for each class of depreciable assets are

Class of Fixed Asset	Depreciation Rate
Computer equipment	25% - 33.3%
Furniture and fittings	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When re-valued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

d. Right-of-use assets

The right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as appropriate, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred and except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of leased liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for the short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

e. Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 2: Summary of Significant Accounting Policies (Continued)

f. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading. It is expected to be realised within 12 months after the reporting period or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

g. Financial Instruments

Financial assets – initial recognition and subsequent measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The Group recognises an allowance for expected credit losses (ECLs) for all receivables and contract assets. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, the impact of the Coronavirus (COVID-19) pandemic and adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group adopted AASB 9 effectively moves from an "incurred losses" model to an "expected losses" model, which requires a forward-looking assessment of potential default events and losses over the life of these assets. The Group's trade receivables do not contain a significant financing component, lifetime expected credit losses can be recognised right on initial recognition. The Group elected to use the simplification method hence a provision matrix can be used.

The Group's trade and other receivables are exposed to credit risk 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. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

Financial Liabilities – Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Note 2: Summary of Significant Accounting Policies (Continued)

h. Impairment of Non-financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. Long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to Other Comprehensive Income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill and intangibles with indefinite useful life, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or CGUs recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 30 June at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for any intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Comprehensive Income in the expense category consistent with the function of the intangible asset.

i. Intangible assets other than Goodwill

Software, research and development costs

Research costs are expensed as incurred. Development expenditures including website development costs on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits

Note 2: Summary of Significant Accounting Policies (Continued)

- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is expensed through the profit and loss. During the period of development, the asset is tested for impairment annually.

The useful life of development costs is finite. It is amortised on a straight-line basis over its expected useful life. The development costs are internally developed. The amortisation rates are as follows:

Software development costs	20% - 100%

j. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

k. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is present in the income statement net of any reimbursement. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Onerous contracts

An onerous contract is considered to exist where the company has a contract under which the unavoidable cost of meeting the contractual obligations exceed the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the economic benefits estimated to be received.

Restructuring

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. Future operating losses are not provided for.

l. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Note 2: Summary of Significant Accounting Policies (Continued)

m. Revenue and Other Income

The Group is in the business of providing Energy Buying services, Energy Management, Embedded Networks and other services (Major Product Lines) predominately in Australia. Revenue from contracts with customers is recognised when controls of the services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

Revenue from Auction and Commission based tenders are recognised upfront once the Auction is complete and contracts signed between the retailer and the customer. The commercial and payment terms of the contract term remain unchanged with payments being received over the life of the contract. Accordingly, a contract asset called "Revenue not invoiced" has been created to recognise the difference between revenue recognised and the amount invoiced.

Auction contracts provide a customer with a right to cancel during the contract period. The Group estimates cancellation of Auction revenue during the contract period of approximately 10.13% based on the last 2 years of history in addition to specific provision of some aged items. Accordingly it was assessed that 10.13% of the total values of contracts entered into should be provided for on the balance sheet as a provision for cancellations on an ongoing basis. This has the effect of reducing revenue and providing for the risk of cancellation, for the period between recognising revenue and invoicing the retailer.

Other Energy Buying and Energy Management revenue, Embedded Networks revenue are recognised in the accounting period in which services are rendered and/or in accordance with the percentage of completion of the project. (Revenue is transferred over time)

n. Foreign Currency Transaction

The Group's consolidated financial statements are presented in Australian dollars, which is also the Parent's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises from using this method.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Note 2: Summary of Significant Accounting Policies (Continued)

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date

(ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

o. Trade & other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within the due date.

p. Work-in-progress

When the outcome of a contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately as an onerous contract.

At the end of each accounting period the long-term contracts percentage or milestone completion is assessed individually, and any unbilled completion is recognised as work in progress income for the period.

q. Unearned revenues

These amounts represent services invoiced in advance for which the work has not yet been performed and therefore cannot be recognised as revenue. Unearned revenue is expected to be settled in no more than 12 months.

r. Share based payments

The Group provides benefits to employees in the form of equity settled share-based payments, whereby employees render services in exchange for shares or rights over shares. The fair value of rights granted to eligible employees under the Energy Action Performance Rights & Options Plan (PROP) is recognised as an employee benefits expense, with a corresponding increase in the employee equity benefits reserve. The fair value is measured at grant date and recognised over the period in which the employee becomes entitled to the PROP grant. Details of the fair value of share-based payment plans are set out in Note 18 (c).

At the end of each reporting period, the Group revises its estimate of the numbers of rights expected to vest. The amount recognised as an expense is only adjusted when the rights do no vest due to non-market related conditions.

s. Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

t. Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Note 2: Summary of Significant Accounting Policies (Continued)

u. Earnings per share

Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 3: Significant Accounting Judgements, Estimates and Assumptions

Impairment of intangible assets

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Revenue not invoiced and Provision for Cancellation

The Group adopted the full retrospective approach to implement AASB 15 Revenue from Contracts with Customers from 1 July 2018. The revenue is recognised upfront once the auction is complete and contracts signed between the retailer and the customer. An asset “Revenue not invoiced” has been created to recognise the difference between revenue recognised and the amount invoiced. The total value of contracts entered into historically experienced cancellation of auction revenue during the contract period. The assessment of historical cancellations is reviewed at each reporting period and revised accordingly. As at 30 June 2023, a provision of 10.13% of the total value of revenue not invoiced has been calculated based on historical cancellation over the past 24 months in addition to specific provision for some aged items. This provision is consistent with prior years estimates.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 10, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Employee benefits provision

As discussed in note 2 (j), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 4: Segment information

Identification of reportable segments

The Group has identified one reportable operating segment, which provides electricity and gas procurement services, energy management, 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 Energy Buying, Contract Mgt and Environmental Reporting and PAS (or Advisory). Due to the repositioning of Advisory and the growth of Embedded Networks the business line reporting has been aligned to the following services:

- **Energy Buying** – 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.
- **Energy Management** – Managed 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.
- **Embedded Networks** – This segment was sold in April 2022 and the full assignment of Embedded Networks customer was completed in February 2023.

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.

Utilibox is an independent Energy Management 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 energy management services include energy consumption monitoring and costing, energy emissions monitoring, contract administration, detailed technical reporting, desktop energy efficiency review and additional reporting and monitoring.

In Note 5 revenue is analysed by service line, however over all 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 accounts.

Revenue by customer

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

Note 5: Revenue, Other Income and Expenses

5.1

Sales Revenue

Year ended 30 Jun 23	**Energy Buying**	**Energy Management**	**Embedded Networks**	**Total**
	$	**$**	**$**	**$**
Revenue from Contracts with Customer	5,975,083	5,121,001	42,429	11,138,513
	5,975,083	5,121,001	42,429	11,138,513

Year ended 30 Jun 22	**Energy Buying**	**Energy Management**	**Embedded Networks**	**Total**
	$	**$**	**$**	**$**
Revenue from Contracts with Customer	3,549,648	5,870,480	958,439	10,378,567
	3,549,648	5,870,480	958,439	10,378,567

	Note	**Consolidated Group**	
Timing of Revenue Recognition		**2023**	**2022**
		$	**$**
Services transferred at a point in time		5,265,940	2,640,172
Services transferred over time		5,872,573	7,738,395
Total Revenue from contracts with customers		11,138,513	10,378,567

All material revenues are generated in Australia.

5.2	**Note**	**Consolidated Group**	
Other Revenue		**2023**	**2022**
		$	**$**
Research & Development offset income		274,254	-
Proceeds received on sale of embedded networks		50,000	-
Other revenue		30,084	(538)
		354,338	(538)

Research & Development offset income

The company undertakes eligible research and development (R&D) activities and is therefore entitled to claim an R&D offset under the R&D incentive as administered by the Australian Taxation Office (ATO)

Note 5: Revenue, Other Income and Expenses (continued)

	Note	Consolidated Group 2023 $	2022 $
5.3			
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**
5.4			
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
Marketing and subscription fees		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**
5.5			
Depreciation and amortisation			
Depreciation		46,184	68,009
Lease depreciation		223,422	212,345
Amortisation - Software		164,751	401,138
Total Depreciation & Amortisation		**434,357**	**681,492**
5.6			
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 6: Income Tax Expense

		Note	Consolidated Group 2023 $	2022 $
Reconciliation of income tax expense				
a.	The components of tax expense comprise:			
	Current tax		19	-
	Current tax – under/(over) prior year		-	-
	Tax rate change		-	-
	Deferred Tax – Current Year	15	-	281,473
	Deferred Tax – Prior Year	15	-	-
			19	281,473
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 25% (2022: 25%)		(74,615)	(640,117)
	Add Tax effect of:			
	Temporary Differences			
	— Prior year DTA derecognised		-	281,473
	— Other temporary differences		105,323	-
	Permanent Differences			
	— Current Year tax movement not recognised		-	847,063
	— NSW COVID Support Payment / Cashflow boost		-	(202,089)
	— Research & Development offset income		(68,564)	-
	— Other permanent differences		37,875	(4,857)
	Income tax attributable to entity		19	281,473
	The applicable weighted average effective tax rates are as follows:		0%	-10.99%

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.

Tax losses not brought to account

	2023	2022
Unused tax losses for which no deferred tax asset has been recognised	4,678,906	3,106,702
Potential tax benefit @ 25%	1,169,726	776,675

Deferred tax asset resulting from unrecognised tax losses of $4.7 million may be available for utlisation to offset against future income tax assessments when the company generates taxable income, continues to comply with the conditions for deductability imposed by law and no changes in income tax legislation adversely affect the company in utilising the benefits.

Note 7: Earnings per Share

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the net loss 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 **No.**	**2022** **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
	Cents	**Cents**
Basic and diluted loss per share (Statutory)	(1.11)	(10.53)

Note 8: Dividends

		Note	2023	2022
			Consolidated Group	
			$	**$**
Dividends paid:				
Interim franked dividend of NIL cents per share			-	-
Final franked dividend of NIL cents per share			-	-
			-	-
a.	Proposed final 2023 franked dividend of NIL cents per share		-	-
	(Final 2022 franked dividend of NIL cents per share)			
b.	Balance of franking account at year end adjusted for franking credits arising from:			
	— Opening balance		7,455,127	7,516,634
	— Opening balance adjustment		-	91,200
	— Research & Development offset income		(274,254)	-
	— Payment/(Refund) of provision for income tax		-	(152,707)
			7,180,873	7,455,127

Tax rates

The tax rates at which paid dividends have been franked is:

- 27.5% - from 1 July 2018 – 30 June 2020
- 26% - from 1 July 2020 – 30 June 2021
- 25% - from 1 July 2021 – 30 June 2022
- 25% - from 1 July 2022 – 30 June 2023

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date

- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date

- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 9: Cash and Cash Equivalents

	Note	Consolidated Group 2023 $	2022 $
Cash at bank*		1,389,916	1,852,428
Restricted cash**		7,248	7,218
Total Cash	22	**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 10: Trade and Other Receivables

	Note	Consolidated Group 2023 $	2022 $
CURRENT			
Trade receivables		1,461,091	1,404,067
Provision for expected credit loss		(239,486)	(283,054)
Total current trade receivables	22	1,221,605	1,121,013
NON-CURRENT			
Bonds and security deposits	22	49,315	54,737

a. Provision for Impairment of Receivables

Current trade 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 10. 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.

Note 10: Trade and Other Receivables (Continued)

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+
	$	$	$	$	$	$
2023						
Trade and term receivables	1,461,091	904,936	149,342	36,956	3,934	365,923
Expected credit loss allowance	239,486	21,738	1,192	661	13,053	202,842
Expected credit loss rate	16.39%	2.4%	0.8%	1.79%	-331.82%	55.43%
	1,221,605	883,198	148,150	36,295	(9,119)	163,081
2022						
Trade and term receivables	1,404,067	940,047	358,325	(19,233)	(74,893)	199,821
Expected credit loss allowance	283,054	177,480	705	683	(886)	105,072
Expected credit loss rate	20.16%	18.88%	0.20%	-3.55%	1.18%	52.58%
	1,121,013	762,567	357,620	(19,916)	(74,007)	94,749

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 13.

Movements in the allowance for expected credit loss allowance

	Consolidated Group	
	2023	2022
	$	$
Opening Balance	283,054	230,989
Additional provision recognised	48,000	80,825
Receivables written off during the year as uncollectable	(91,568)	(28,760)
Unused amounts reversed	-	-
Closing balance	239,486	283,054

b. Collateral Held as Security

Current trade 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 11: Property Plant and Equipment

	Consolidated Group	
	2023	2022
	$	$
Computer equipment:		
At cost	2,134,049	2,127,662
Accumulated depreciation	(2,103,771)	(2,058,621)
	30,278	69,041
Furniture and fittings:		
At cost	1,290,903	1,294,859
Accumulated depreciation	(1,290,184)	(1,293,440)
	719	1,419
Total Plant and Equipment	30,997	70,460

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

	Note	Computer Equipment	Furniture and Fittings	Total
		$	$	$
Consolidated Group:				
Balance at 1 July 2021		**83,316**	**18,293**	**101,609**
Additions		35,441	1,419	36,860
Depreciation expense	5.5	(49,716)	(18,293)	(68,009)
Balance at 30 June 2022		**69,041**	**1,419**	**70,460**
Additions		6,387	334	6,721
Depreciation expense	5.5	(45,150)	(1,034)	(46,184)
Balance at 30 June 2023		**30,278**	**719**	**30,997**

Note 12: Intangible Assets

	Consolidated Group	
	2023	2022
	$	$
Software development costs	13,848,022	13,141,581
Software Impairment	(6,338,920)	(5,948,776)
Accumulated amortisation	(6,832,949)	(6,705,124)
Net carrying value	**676,153**	**487,681**
Total intangibles	**676,153**	**487,681**

	Note	Software Development costs	Total Intangibles
		$	$
Consolidated Group:			
Year ended 30 June 2021			
Balance at the beginning of year		1,028,219	1,028,219
Additions (Internal development & purchases)		947,838	947,838
Impairment		(1,087,238)	(1,087,238)
Amortisation charge	5.5	(401,138)	(401,138)
Closing value at 30 June 2022		**487,681**	**487,681**
Year ended 30 June 2022			
Balance at the beginning of year		487,681	487,681
Additions (Internal development & purchases)		706,442	706,442
Impairment		(353,219)	(353,219)
Amortisation charge	5.5	(164,751)	(164,751)
Closing value at 30 June 2023		**676,153**	**676,153**

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.

Refer to Note 2 for capitalisation policy.

The Company has made a large investment in business software to create a new proprietary data and emission portal called Utilibox. Utilibox was launched in April 2023.

Note 12: Intangible Assets (continued)

12 (a) Impairment testing of goodwill and other intangible assets

AASB 136 (9) “Impairment of Assets” requires an entity to assess at the end of each reporting period whether there is any indication that impairment exists, and if there are indicators of impairment to reassess the assets recoverable amount. The recoverable amount is defined in AASB 136 as the higher of fair value less cost to sell, and value in use.

12 (b) Accelerate amortisation

For the year ended 30 June 2023, the Group performed a review of the software assets and reassessed the useful life of the software asset pool. As a result, it was deemed no additional amortisation was required.

12 (c) Impairment of software

For the year ended 30 June 2023, the Group performed a review of the software assets and reassessed the useful life of the software asset pool. As a result, it was deemed that several assets had nil value as at 30 June 2023 and the Group has impaired those assets as required. Total impairment across the various assets was $353,219.

During the year the Group capitalised costs associated with the development of Utilibox. Utilibox was launched in April 2023 and is utilised by customers of the Group. The Group expects that the software will generate future value and has therefore not impaired the asset. Comparatively in prior year an impairment was made to the Utilibox software after the asset was assessed by the Company to have Nil value . Impairment was $1.087,238 in 2022.

Note 13: 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*	3,182,051	2,235,702
	3,329,007	**2,733,383**
NON CURRENT		
Other non current assets	-	-
Revenue not invoiced*	2,570,126	2,217,237
	2,570,126	**2,217,237**

* These represents conditional contract asset

	Consolidated Group	
	2023	**2022**
	$	**$**
CONTRACT ASSETS (CURRENT + NON-CURRENT)	5,752,177	4,452,939
Reconciliation:		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set our below:		
Opening Balance:	4,452,939	6,176,501
Additions	5,132,738	2,492,261
Transfer to Trade Receivables	(3,833,500)	(4,215,823)
	5,752,177	**4,452,939**

Note 13(a): Right-of-use Assets

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

	Total Right of Use Assets $
Consolidated Group:	
Year ended 30 June 2021	
Balance at the beginning of year	264,766
Additions	-
Depreciation	(212,345)
Impairment	-
Closing value at 30 June 2022	52,421
Year ended 30 June 2022	
Balance at the beginning of year	52,421
Additions	525,099
Depreciation	(223,422)
Impairment	-
Closing value at 30 June 2023	354,098

Note 14: Trade and Other Payables

		Consolidated Group	
		2023	2022
		$	$
CURRENT			
Unsecured liabilities:			
Trade payables		598,663	63,985
Goods & Services tax		28,358	(27,201)
Unearned revenues		210,522	-
Commissions payable		225,999	129,454
Rebates to channel partners		185,118	191,999
Makegood Liability for Office Rental		205,503	53,303
Other payables and accrued expenses		525,535	556,007
		1,979,698	967,547

		2023	2022
a. Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables:			
- Total current		1,979,698	967,547
- Total non current		-	-
Financial liabilities as trade and other payables	22	1,979,698	967,547

Terms and conditions of the above financial liabilities:

– Trade payables are non-interest bearing and are normally settled on 30 or 60 days terms
Other payables are non-interest bearing and have an average term of six months

Note 14(a): Lease Liability

	Consolidated Group	
	2023	2022
	$	$
CURRENT		
Closing Lease Liability Current	185,158	123,324
NON CURRENT		
Closing Lease Liability Non - Current	194,182	10,646

Note 15: Tax

	Consolidated Group	
	2023	2022
	$	$
CURRENT		
Current tax liabilities	32	13

Deferred Tax

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

At 30 June 2022 the tax asset was de-recognised as there was significant uncertainty that the tax losses representing the tax asset will be used in the foreseeable future. At 30 June 2023 it was assessed that there was still uncertainty the tax losses will be used in the foreseeable future, so the Group did not recognise a Deferred Tax Asset.

	Opening Balance	Tax rate change	Adj Prior year	Charged to Income	Closing Balance
	$	$	$	$	$
Deferred Tax 2022					
Provisions	320,123	-	-	(320,123)	-
Accruals	336,458	-	-	(336,458)	-
Fixed assets	888,166	-	(10,854)	(877,312)	-
Prepaid commissions	(44,362)	-	(87,765)	132,127	-
Sundry	16,281	-	-	(16,281)	-
Tax Losses	460,812	-	107,124	(567,936)	-
Revenue not invoiced	(1,629,814)	-	-	1,629,814	-
Right of Use Asset	(66,191)	-	-	66,191	-
	281,473	**-**	**8,505**	**(289,978)**	**-**

Note 16: Provisions and other liabilities

Analysis of total provisions

	Consolidated Group	
	2023	2022
	$	$
CURRENT		
Annual leave	175,531	176,117
Long service leave	73,944	47,718
	249,475	223,835
NON CURRENT		
Long service leave	54,032	97,894
	54,032	97,894

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. The measurement and recognition criteria relating to employee benefits have been included in Note 2.

Note 17: Loans and Borrowings

	Note	Consolidated Group	
		2023	2022
		$	$
CURRENT			
Market Rate Loan Facility - CBA		2,750,000	6,000,000
Less capitalised debt establishment fees		(37,281)	(37,277)
	22	2,712,719	5,962,723
NON CURRENT			
Market Rate Loan Facility - CBA		2,500,000	-
Loan from Directors		1,777,275	1,576,332
	22	4,277,275	1,576,332

During the year a subordinated loan of $0.5 million was received from Mr Derek Myers in January 2023, attached to 3,125,000 Warrants which were available to be converted to ordinary shares at the exercise price of $0.16. The warrants had an expiry date of 30 June 2023 and if they were not exercised would convert into an interest bearing loan from 1 July 2023 at the rate of 6% p.a quarterly in arrears. On 29 June 2023 Mr Derek Myers exercised the warrants, the $0.5 million was not converted into a loan.

On 31 August 2023, the Company announced that the CBA had agreed to amend the Facility Deed agreement. The proposed new Facility Agreement will include the following changes:

1. The loan be extended with final repayment date of 31 December 2024 replaced with 31 December 2025.
2. The repayment of $1.5M due 31 August 2023 be removed
3. The repayment schedule be revised to $300,000 per quarter with first repayment due 30 September 2023
4. The requirement to hold an aggregate balance of $1 million dollars at all times be revised to $700,000
5. Where cash balance held exceeds $1.5 million in a quarter the excess funds to be repaid to the bank
6. Updated Gearing Ratios and Interest Cover Ratios

The above changes have not been finalised in a signed agreement as at the date of this report.

Note 17: Loans and Borrowings (Continued)

Utilisation of the facility is summarised in the following table:

Financing facilities

	Consolidated Group 2023 $	2022 $
CURRENT		
CBA Loan Facility		
At the beginning of the reporting period:	5,962,723	230,226
Movement in the year:		
- Reclassified from Non-Current to Current	-	6,731,783
- Reclassified from Current to Non-current	(2,500,000)	-
- Repayment of Loan:	(750,000)	(1,000,000)
- Capitalised/(expensed) debt fees:	(4)	714
At the end of the reporting period	2,712,719	5,962,723
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	2,500,000	-
- Repayment of Loan	-	-
At the end of the reporting period	2,500,000	-
Directors Loan Facility		
At the beginning of the reporting period:	1,576,332	-
Loan facility at establishment	-	1,500,000
Subordinated loans received	500,000	-
Loans converted to equity	(500,000)	-
Interest accrued during period (capitalised)	200,943	76,332
Repayment of Loan	-	-
At the end of the reporting period	1,777,275	1,576,332
Total Non-Current Loans	4,277,275	1,576,332

Note 17: Loans and Borrowings (Continued)

	Consolidated Group 2023 $	Consolidated Group 2022 $
Financing facilities		
CBA Loan Facility		
Loan facilities (excluding corporate card facility)	5,336,000	6,300,000
Amounts utilised		
Borrowings	5,250,000	6,000,000
Bank guarantees – non-cash	85,813	145,347
Total amounts utilised	5,335,813	6,145,347
Total amounts unutilised	187	154,653

As at 30 June 2023, Energy Action had utilised $5.25 million of market rate loan and $0.08 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.

Note 18: Issued Capital and Reserves

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

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

		Consolidated Group 2023 $	Consolidated Group 2022 $
b.	**Ordinary Shares ($)**		
	At the beginning of the reporting period:	6,837,906	6,837,906
	Movement in the year		
	- Shares issued – Convertible Note	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 18: Issued Capital and Reserves (Continued)

c. Share based payments reserve

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 year ended 30 June 2023, the Group has recognised $Nil of share-based payment expense in the statement of comprehensive income (30 June 2022: ($175,072)). Share based payments expense is net of reversals due to non-achievement of performance vesting targets and forfeitures in the case of terminated employees.

	Consolidated Group	
Share Based Payment Reserve	**2023 $**	**2022 $**
At the beginning of the reporting period	-	175,072
Share based payment expenses	-	(7,020)
Transfer of reserve to retained earnings	-	(168,052)
Movement in the year	-	(175,072)
At the end of the reporting period	**-**	**-**

d. Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in Note 2. The reserve is recognised in profit or loss when the net investment is disposed of.

	Consolidated Group	
Foreign Currency Translation Reserve	**2023 $**	**2022 $**
At the beginning of the reporting period	3,702	1,654
Foreign currency translation entry (current period)	(3,702)	2,048
Movement in the year	(3,702)	2,048
At the end of the reporting period	**-**	**3,702**

e. Capital Management

The Group's capital includes ordinary share capital. Management controls the capital of the Group in order to maintain a prudent debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. This includes adjusting dividend payments to shareholders and equity attributable to the entity holders of the parent.

There is an externally imposed capital requirement of $50,000 to be held in cash, as a requirement of holding an Australian Financial Services Licence.

The way management controls Group's capital is by assessing the Group's financial risks and adjusting its capital structure in response to changes in those risks and in the market. The responses include the management of debt levels, distributions to shareholders and share issues.

f. Gearing Ratio

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The Group includes within net debt, trade and other payables including provision for income tax, less cash and cash equivalents. Bank guarantees are excluded from this calculation. The gearing ratios for the year ended 30 June 2023 and 30 June 2022 are as follows:

Note 18: Issued Capital and Reserves (Continued)

	Note	Consolidated Group 2023 $	2022 $
Bank and Directors loans	17	6,989,994	7,539,055
Less cash and cash equivalents	9	(1,397,164)	(1,859,646)
Net debt / (cash)		5,592,830	5,679,409
Total Equity		(24,106)	(365,736)
Gearing percentage (%)		-23,201%	-1,553%

Gearing as measured by total net debt divided by total equity was -23,201% as at 30 June 2023 and -1,553% at 30 June 2022.

g. Dividend Profit Reserve

During the year ended 30 June 2021, some subsidiaries of the group resolved to reserve current and prior year profits as a dividend profit reserve. These reserves held in the subsidiaries of Energy Action Australia Pty Limited and Exergy Australia Limited for the potential future dividend distribution to the Parent Company, Energy Action Limited. There has been no change to this treatment during the financial year ending 30 June 2023 and 30 June 2022.

Note 19: Capital and Leasing Commitments

The Company holds a lease commitment as at 30 June 23 for the following location :

- Melbourne – ending July 2023 – held as Lease Liability (AASB16)
- Parramatta – commenced July 2022, ending June 2025 - held as Lease Liability (AASB16)

The Group has provided the following bank or cash guarantees at 30 June 2023 for regional offices:

	Consolidated Group 2023 $	2022 $
– Parramatta office (Bank Guarantee)	85,813	-
– Melbourne office (Cash Guarantee)	26,312	26,312
	112,125	26,312

Lessee Commitments

	Consolidated Group 2023 $	2022 $
Minimum lease commitments payable but not recognised in the financial statements:		-
Within 1 year	195,547	451,583
Within 2 to 5 years	201,902	223,303
	397,449	674,886

Note 20: Cash Flow Information

		Consolidated Group 2023 $	2022 $
a.	Reconciliation of Cash Flow from Operations with Profit after Income Tax		
	Loss after income tax	(298,478)	(2,841,941)
	– Depreciation and amortisation	434,357	681,492
	– Loss/(Gain) on disposal of fixed assets	-	-
	– Unrealised FX Revaluation	-	2,048
	– Share based payments expense	-	(7,020)
	– Amortisation of borrowing costs	252,615	149,004
	– Costs associated with derecognition of subsidiaries	140,109	-
	– Impairment	353,219	1,087,238
	– Restructuring costs	-	(224,056)
	– Onerous Contracts	-	(229,004)
	– Other Significant Items	-	(53,912)
	Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
	– (increase)/decrease in trade and term receivables	(690,794)	2,188,086
	– (increase)/decrease in prepayments and other assets	(654,566)	895,669
	– Increase/(decrease) in trade payables, accruals and lease liabilities	1,249,831	(1,575,189)
	– increase/(decrease) in deferred taxes	20	(66,789)
	– increase/(decrease) in provisions	(18,222)	434,181
	Cash flow (used in)/from operations	768,091	439,807

b. Reconciliation of liabilities arising from financing activities

			Non-cash changes			
Total liability from financing activities	**Opening Balance**	**Cash flow**	**Acquisition**	**Foreign exchange movement**	**Fair value changes**	**Closing Balance**
	$	**$**	**$**	**$**	**$**	**$**
FY23 Long term borrowings	7,500,000	(750,000)	-	-	-	6,750,000
Lease Liability	133,970	(279,729)	525,099	-	-	379,340
FY22 Long term borrowings	7,000,000	500,000	-	-	-	7,500,000
Lease Liability	581,776	(470,542)	22,736	-	-	133,970

Note 21: Related Party Disclosures

The financial statements include the financial statements of the Group and the subsidiaries listed in the following table:

a.	Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)*	
	Subsidiaries of Energy Action Limited:		**2023**	**2022**
	Eactive Consulting Pty Limited (1)	Australia	N/A	100%
	Energy Action (Australia) Pty Limited	Australia	100%	100%
	EAIP Pty Limited	Australia	100%	100%
	ACN 087 790 770 Pty Limited (1)	Australia	N/A	100%
	Exergy Holdings Pty Limited	Australia	100%	100%
	Exergy New Zealand Limited (1)	New Zealand	N/A	100%
	Energy Advice Pty Ltd (1)	Australia	N/A	100%
	Ward Consulting Services (NSW) Pty Ltd (1)	Australia	N/A	100%
	Employee Share Trust	Australia	100%	100%

* Percentage of voting power is in proportion to ownership

(1) These entities are dormant and were deregistered during FY23

b. The Group's main related parties are as follows:

i. Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to the Remuneration Report contained in the Director's Report.

ii. Other related parties:

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

Note 21: Related Party Disclosures (Continued)

a. Compensation of Key Management Personnel (KMP)

Refer to the Remuneration Report contained in the Director's Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2023.

The totals of remuneration paid to KMP of the Group during the year are as follows:

	Consolidated Group	
	2023	**2022**
	$	**$**
Short-term employee benefits	881,100	575,004
Long-term employee benefits	-	38,417
Post-employment benefits – superannuation	88,322	50,898
Total Compensation	969,422	664,319

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period relating to KMP.

b. The ultimate parent

Energy Action Limited is the ultimate parent based and listed in Australia.

c. Loans from related parties

The group has received the following subordinated loans from Directors or related parties. The following loans were received 31st January 2022 and are due to expire 1st May 2025. The loans are unsecured and accrue interest at 12% p.a daily, payable on expiration of the loan.

The funds were used to repay $1M to reduce the principal with the CBA Loan Facility and the remaining $0.5M was utilised in the normal course of business.

2023

Lender	Related party	Opening Balance $	Additions $	Converted to Equity $	Interest earned $	Closing Balance $
Bleach Family Co	Murray Bleach	525,444			66,981	592,425
Meehans Business	Paul Francis Meehan	525,444			66,981	592,425
Millar & Macfarlane Pty Ltd	Bruce Macfarlane	525,444			66,981	592,425
Mr Derek Myers	Derek Myers	-	500,000	(500,000)		
		1,576,332	500,000	(500,000)	200,943	1,777,275

Note 21: Related Party Disclosures (Continued)

c. Loans from related parties (continued)

2022

Lender	Related party	Opening Balance $	Additions $	Interest earned $	Closing Balance $
Bleach Family Co	Murray Bleach	-	500,000	25,444	525,444
Meehans Business	Paul Francis Meehan	-	500,000	25,444	525,444
Millar & Macfarlane Pty Ltd	Bruce Macfarlane	-	500,000	25,444	525,444
		-	1,500,000	76,332	1,576,332

During the year the group also received a subordinated loan from Director Derek Myers valued at $500,000. No interest was to accrue up to 30 June 2023 and the loan was attached to a warrant to exercise 3,125,000 shares at the value of $0.16 each. If the warrant was not exercised by 30 June 2023 it expired and the loan would begin to accrue 6% interest per annum.

The warrant was exercised 21st June 23 and shares issued on 29th June 2023, the funds were utilised to reduce the principal amount with the CBA.

Note 22: Financial Risk Management

The Group's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group 2023 $	Consolidated Group 2022 $
Financial assets			
Cash and cash equivalents, including restricted cash	9	1,397,164	1,859,646
Receivables	10	1,221,605	1,121,013
Bond and security deposits	10	49,315	54,737
Revenue not invoiced	13	5,752,177	4,452,939
Work in Progress	13	309	132,934
Total financial assets		8,420,570	7,621,269
Financial liabilities			
Loans and Borrowings	17	6,989,994	7,539,055
Trade & Other payables	14	1,979,698	967,547
Tax payable	15	32	13
Total financial liabilities		8,969,724	8,506,615

Note 22: Financial Risk Management (Continued)

Financial Risk Management Policies

The Audit and Risk Management Committee (ARMC) has been delegated responsibility by the Board of Directors for, amongst other matters, monitoring and managing financial risk exposures of the Group. The ARMC monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to financing risk and interest rate risk. The ARMC met four times during the financial year and minutes of the ARMC are reviewed by the Board.

The ARMC's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

a. Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 30 to 90 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating. The institutions selected are determined by the Board.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Group has no significant concentrations of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables are provided in Note 10.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 10.

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

Note 22: Financial Risk Management (continued)

Consolidated Group	Weighted Average Interest rate %	Within 1 Year 2023 $	Within 1 Year 2022 $	1 to 5 years 2023 $	1 to 5 years 2022 $	Total 2023 $	Total 2022 $
Financial liabilities due for payment							
Bank loans	7.40%	2,712,719	5,962,723	2,500,000	-	5,212,719	5,962,723
Directors loans	12.00%	-	-	1,777,275	1,576,332	1,777,275	1,576,332
Lease Liability		185,158	123,324	194,182	10,646	379,340	133,970
Tax		32	13	-	-	32	13
Trade and other payables (excluding est. annual leave)		1,979,698	967,547	-	-	1,979,698	967,547
Total expected outflows		4,877,607	7,053,607	4,471,457	1,586,978	9,349,064	8,640,585
Financial assets — cash flows realisable							
Cash and cash equivalents		1,389,916	1,852,428	-	-	1,389,916	1,852,428
Restricted cash		7,248	7,218	-	-	7,248	7,218
Trade, term and loans receivables		1,221,605	981,104	-	-	1,221,605	981,104
Work in progress		308	132,934	-	-	308	132,934
Bonds and security deposits		40,957	-	8,358	54,736	49,315	54,736
Revenue not invoiced		3,182,050	2,235,702	2,570,128	2,217,237	5,752,178	4,452,939
Total anticipated inflows		5,842,084	5,209,386	2,578,486	2,271,973	8,420,570	7,481,359
Net (outflow)/inflow on financial instruments		964,477	(1,844,221)	(1,892,971)	684,995	(928,494)	(1,159,226)

c. Interest rate risk

Interest rate risk arises as a result of changes in market interest rates and will affect the future cash flows. The Group manages its interest rate risk by having a variety of loan rollover terms from 30 days to 180 days. Cash and cash equivalents are all on short term deposits. As at 30 June 2023, the Group had bank loans of $5.25 million at (line fee of 4.0%, usage fee of 1.40% and 3.765% interest rate).

d. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices for Energy Action Limited comprise interest rate risk. Financial instruments affected by interest risk include cash at bank.

1) Interest Rate Risk

Exposure to interest rate risk arises on financial assets recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings balances with floating interest rates net of cash.

The company has insignificant other balances that have interest payment terms.

Note 22: Financial Risk Management (Continued)

2) Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables, and the other assumptions remain consistent with prior years.

	Consolidated Group	
	Increase/decrease in basis points $	Profit before tax $
Year ended 30 June 2023	+/- 100	-/+ 58,041
Year ended 30 June 2022	+/- 100	-/+ 66,548

The assumed movement in basis points for the interest rate sensitivity analysis is based on currently observable market environment, showing a significantly lower volatility than in prior years.

Note 23: Auditors' Remuneration

	Consolidated Group	
	2023 $	2022 $
The auditor for Energy Action Limited is RSM Australia Partners		
Amounts received or due and receivable by RSM Australia Partners for:		
— An audit of the financial report of the entity and any other entity in the consolidated group	128,250	128,370
	128,250	128,370

Note 24: Information relating to Energy Action Limited ("the parent entity")

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

	Parent 2023 $	2022 $
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	15,504,626	15,557,611
Non-current assets	4,063,942	15,065,506
Total assets	19,568,568	30,623,117
Current liabilities	(15,288,108)	(10,745,376)
Non-current liabilities	(2,727,274)	(7,327,659)
Total liabilities	(18,015,382)	(18,073,035)
Issued capital	7,337,906	6,837,906
Reserves	-	-
(Accumulated Losses) / Retained earnings	(5,784,720)	5,712,176
Total Equity	1,553,186	12,550,082
Loss of the parent entity	(11,496,896)	(3,898,339)
Total comprehensive loss of the parent entity	(11,496,896)	(3,898,339)

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

Contingent Liabilities

A demand made in the FY20 period in respect of alleged unpaid amounts for previous work provided to the Company and the case remains ongoing as at 30 June 2023. The Claimant has filed proceedings in the Federal Court of Australia. The Company has disclaimed liability and is defending the action. The Company is of the view 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 30 June 2023.

Capital Commitments – Property, Plant and Equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 25: Events after the reporting period

On 31 August 2023, the Company announced that the CBA had agreed to amend the Facility Deed agreement. The proposed new Facility Agreement will include the following changes:

1. The loan be extended with final repayment date of 31 December 2024 replaced with 31 December 2025.
2. The repayment of $1.5M due 31 August 2023 be removed
3. The repayment schedule be revised to $300,000 per quarter with first repayment due 30 September 2023
4. The requirement to hold an aggregate balance of $1 million dollars at all times be revised to $700,000
5. Where cash balance held exceeds $1.5 million in a quarter the excess funds to be repaid to the bank
6. Updated Gearing Ratios and Interest Cover Ratios

The above changes have not been finalised in a signed agreement as at the date of this report.

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.

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 financial year ended 30 June 2023 are in accordance with the Corporations Act 2001, including:

      i. giving a true and fair view of its financial position as at 30 June 2023 and performance

      ii. complying with Accounting Standards (including the Australian Accounting Interpretations)

      and the Corporations 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 financial year ended 30 June 2023.

On behalf of the board

Murray Bleach
Director

29 September 2023

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INDEPENDENT AUDITOR'S REPORT
To the Members of Energy Action Limited

Opinion

We have audited the financial report of Energy Action Limited. (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the company incurred a loss of $298,475 for the year ended 30 June 2023. As at that date the Company had net current assets of $820, 694 and net asset deficiency of $24,106. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
Revenue Recognition Refer to Note 2 (m) in the financial statements	
The Group generates its revenue from a variety of services such as procurement, managed services, retail services and other service lines. Our audit team focused on revenue recognition across these services due to its importance and significance to shareholders. The Group has experienced a drop in revenue over a number of financial years, including the current financial year. Therefore, revenue is seen as a key performance indicator and consequently, it necessitated greater involvement of the audit team and a high portion of audit effort was applied to gather sufficient audit evidence. Refer to Note 2 (m) of the financial report for the related disclosures.	We have: • Assessed whether the Group's revenue recognition policies were in compliance with Australian Accounting Standards. • Testing revenue transactions on a sample basis, from each revenue stream, by checking them to underlying records and ensuring consistency to the Group's timing and measurement of revenue recognition.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf.
This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report
We have audited the Remuneration Report included in pages 18 to 25 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Energy Action Limited., for the year ended 30 June 2023, complies with section 300A of the Corporations Act 2001.

Responsibilities
The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM AUSTRALIA PARTNERS

C J Hume
Partner

Sydney, NSW
Dated: 29 September 2023

Shareholder information as at 21 September 2023

Shareholder information required by the Australian Securities exchange Limited (ASX) Listing Rules and not disclosed elsewhere in the Report is set out below:

Substantial Shareholders

The number of securities held by Substantial Shareholders and their associates as lodged with ASX are set out below:

Name	Number of Shares	Current Interest[1]	Latest Notice Date
Mr Noel Kagi	2,945,331	10.91%	26/03/2021
Mr Derek Myers	3,299,746	10.95%	30/07/2023
Mr Bruce Duncan MacFarlane and Ms Linda Ann Millar	2,937,786	10.48%	26/02/2021
Mr Murray Bleach & related entities	5,100,700	16.93%	01/08/2023
Mr Paul Meehan & related entities	4,792,846	15.91%	01/08/2023
Mr Stephen Twadell & related entities	1,946,209	7.50%	13/11/2012

Number of securities on issue

The Company has 30,113,600 fully paid ordinary shares on issue which is held by 265 shareholders.

Voting rights

At a meeting of members, every member present at a meeting in person or by proxy shall have one vote on a show of hands, and upon a poll, each share shall have one vote.

Distribution of security holders

The following table summarises the distribution of quoted securities as at 21 September 2023:

Range	Securities	%	No. of holders	%
100,001 and Over	27,945,226	92.80	29	10.94
10,001 to 100,000	1,479,779	4.91	43	16.23
5,001 to 10,000	297,581	0.99	39	14.72
1,001 to 5,000	379,200	1.26	120	45.28
1 to 1,000	11,814	0.04	34	12.83
Total	**30,113,600**	**100.00**	**265**	**100.00**
Unmarketable Parcels	106,870	0.35	81	30.57

Unmarketable parcels

The number of shareholding less than a marketable parcels of ordinary shares is 81. The marketable parcel of shares was calculated based on the closing market price on 21 September 2023 of $0.195.

The twenty largest shareholders of quoted equity securities as at 21 September 2023

Rank	Name		21 Sep 2023	%IC
1	MR MURRAY EDWARD BLEACH & MRS NORMA LEIGH EDWARDS		4,827,545	16.03
2	DEREK MYERS		3,125,000	10.38
3	MEEHANTEAM PTY LTD		2,900,698	9.63
4	ACRES HOLDINGS PTY LTD		2,615,331	8.68
5	MR BRUCE DUNCAN MACFARLANE & MS LINDA ANN MILLAR		2,067,625	6.87
6	HOLYOAKE INVESTMENTS PTY LTD		1,774,127	5.89
7	TOVEELEN PTY LTD		1,696,209	5.63
8	WEBZONE HOLDINGS PTY LTD		1,455,292	4.83
9	RADELL PTY LTD		1,207,582	4.01
10	MILLAR & MACFARLANE PTY LTD		978,361	3.25
11	J & C ALLEN SUPERANNUATION FUND PTY LTD		875,833	2.91
12	MR EDWARD JAMES HANNA		611,387	2.03
13	JASPER SUPERANNUATION FUND PTY LTD		552,553	1.83
14	EMERALD SHARES PTY LIMITED		300,000	1.00
15	REDBROOK NOMINEES PTY LTD		282,000	0.94
16	MR IVAN ROMAN SLAVICH & MRS ANNA SLAVICH		273,604	0.91
17	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2		252,394	0.84
18	PACIFIC CUSTODIANS PTY LIMITED		246,780	0.82
19	MRS GABRIELLE MARY BENT		246,299	0.82
20	MONEX BOOM SECURITIES (HK) LTD		221,633	0.74
		Total	**26,510,253**	**88.03**
		Balance of register	**3,603,347**	**11.97**
		Grand total	**30,113,600**	**100.00**

Unquoted Securities

Type of security	Number of holders	Number of securities
Options allocated to employees	32	1,155,000
Options unallocated		715,000
Total Options Expiring 30 November 2025		1,870,000

Options Expiring 30 November 2025

Range	Number of holders	% of holders	Number of securities	% of securities
1 to 1,000	-	-	-	-
1,001 to 5,000	11	34.38%	55,000	2.94%
5,001 to 10,000	10	31.25%	100,000	5.35%
10,001 to 100,000	8	25%	200,000	10.7%
100,001 and over	3	9.37%	800,000	42.77%
Unallocated options			715,000	38.24%
Total	32	100%	1,870,000	100%

On market buy back

There is no current on market buy back.

Securities exchange listing

Energy Action Limited's shares are traded on the Australian Securities Exchange under the ticker code EAX.