Energy One Limited (ASX:EOL)

Full year results FY22

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Contents

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Energy One - a profitable Software & Services company

- Energy One Limited (ASX:EOL) is a leading independent global supplier of Energy Trading software systems and market operating services.
- Hybrid business model of recurring revenue (80%-85%) and project T&M (10%-15%)
- Solutions for the trading of energy derivatives and the scheduling of physical energy.
- Offices in Australia, UK, France and Belgium, with installations in 20 countries, many with blue-chip international utility and infrastructure companies.
- Our software has a market share of about 50% in Australia, 15% in the UK and less than 10% in Europe, there is a long runway for growth.
- The Company has developed a business providing 24/7 operational energy services
- EOL has a strong track record of year-on-year growth in revenue and earnings.

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Supplying large blue chip companies in essential industries

Our customers are often large:

- Utilities – such as power stations and vertically integrated retailers
- Infrastructure providers – such as gas pipelines, electricity transmission

Include new generation sources such as wind, solar and batteries

Our customers supply an essential service, namely gas and electricity

The software and services we supply are mission-critical to these enterprises

Offices in Australia, UK and Europe

Software and services that are facilitating the renewable energy revolution

- A massive amount of renewable energy is coming to markets globally.
- In Australia (since 2015), 94% of new electricity generation has been via renewables (wind, solar etc) and Europe is similar.
- Increasingly this energy will be supplied by fragmented (smaller) renewable generators, not traditional utilities
- These smaller renewable generators are usually not equipped with trading rooms or 24/7 capability
- By combining our software (auto bidding, algo trading, battery management, business process automation) with the move into energy services EOL is well placed to assist new entrant renewable generators to sell their energy at market

Financial results

9th consecutive year of profitable growth

AUD	FY22	FY21	Change	
Revenue	$32,401,000	$27,902,000	⬆	16%
EBITDA*	$9,376,000	$8,130,000	⬆	15%
EBITDA margin*	29%	29%	-	0%
NPAT*	$4,359,000	$3,763,000	⬆	16%

Revenue was up 16% to $32.4M

- Notably one-off project revenue was down for the year $2.7M FY22 vs $4.9M FY21
- This was due to ongoing travel restrictions hampering client interactions which are essential for generating this type of revenue
- Pleasingly recurring revenues continued to grow strongly $29.5M FY22 vs $22.8M FY21

EBITDA increased 15% to $9.4M

- Despite the increase in normalized EBITDA costs associated with travel and direct project expenses increased following the easing of travel restrictions.

Adjusted NPAT increased 16% to $4.4M

- While statutory NPAT was largely flat this was affected by the one-off acquisition costs with little in the way of offsetting income due to the timing of the acquisitions

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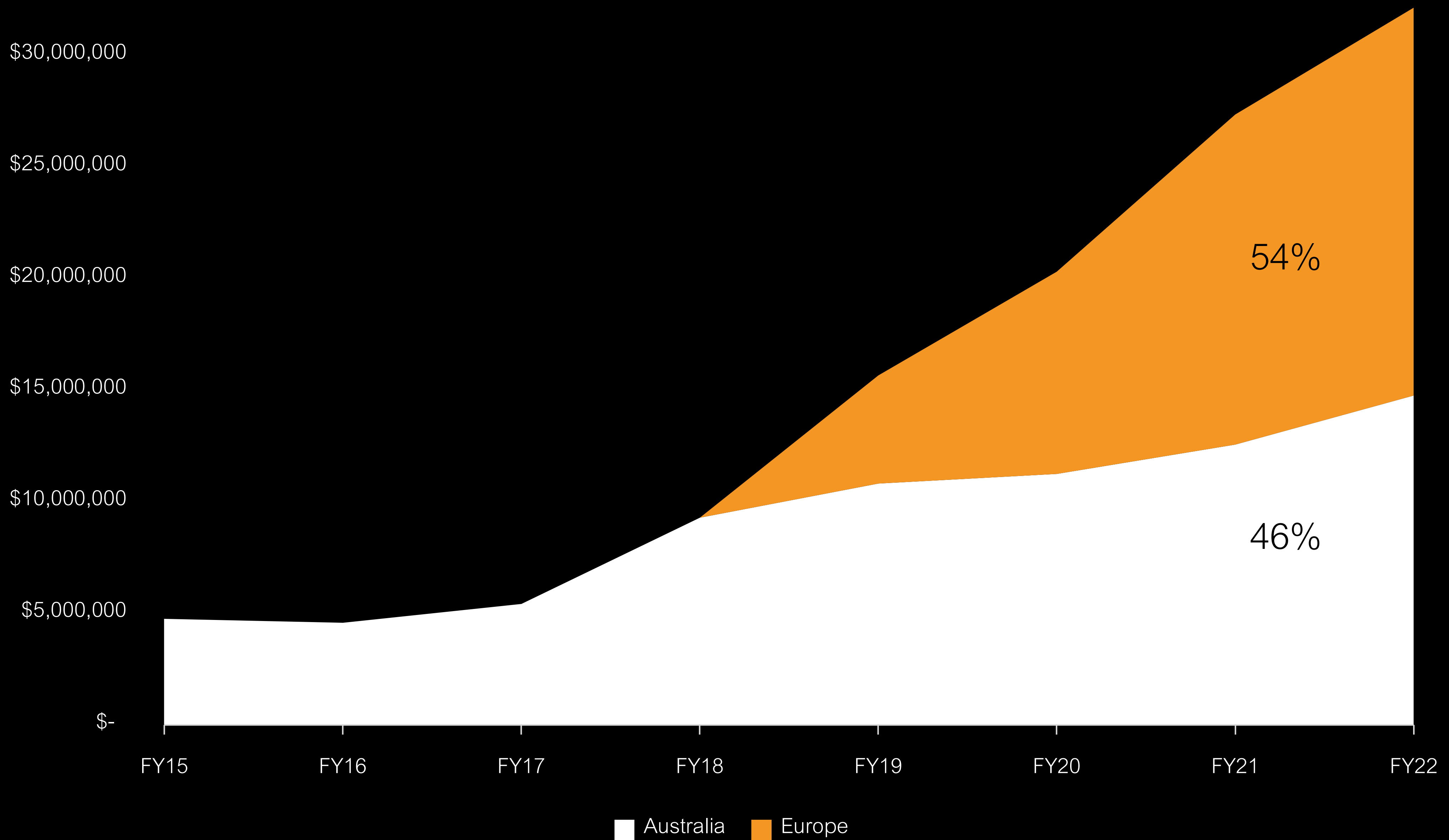
* Normalised for one off acquisition & structuring costs of $846k before tax ($776k after tax) in FY22

Revenue growth has been both organic and from acquisitions



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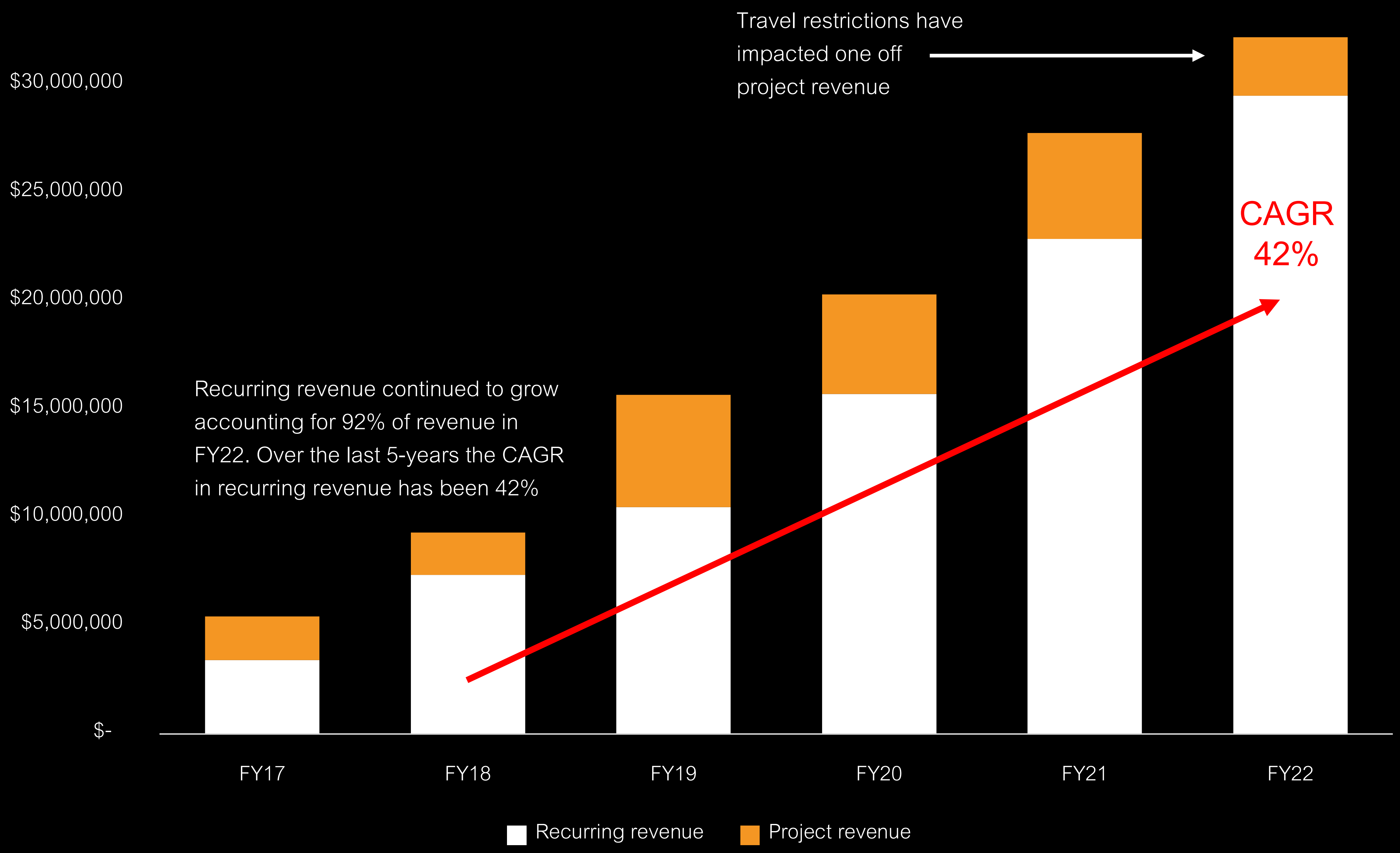
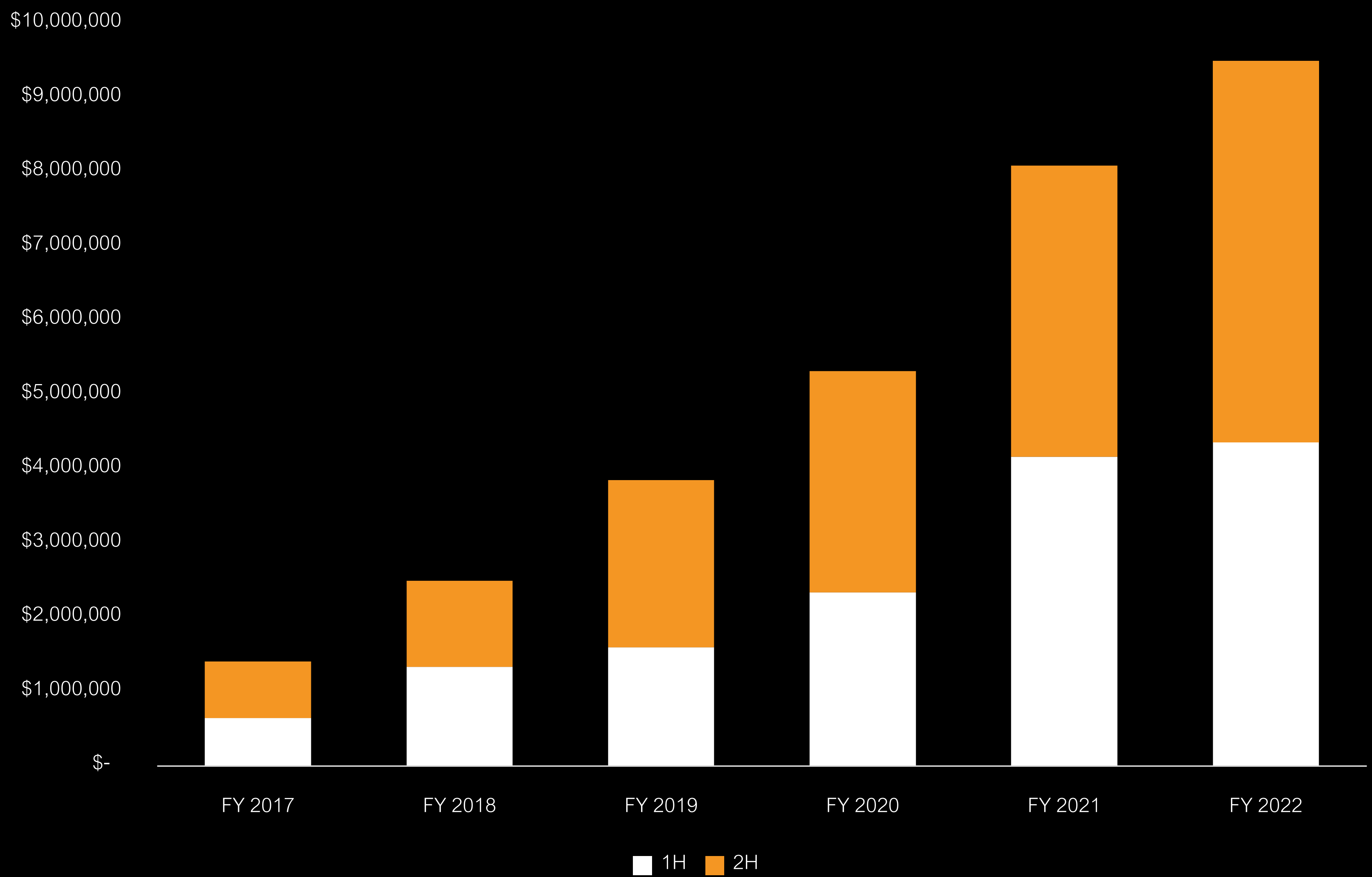
Recurring revenue continues to grow



Normalised EBITDA grew by 15% in FY22



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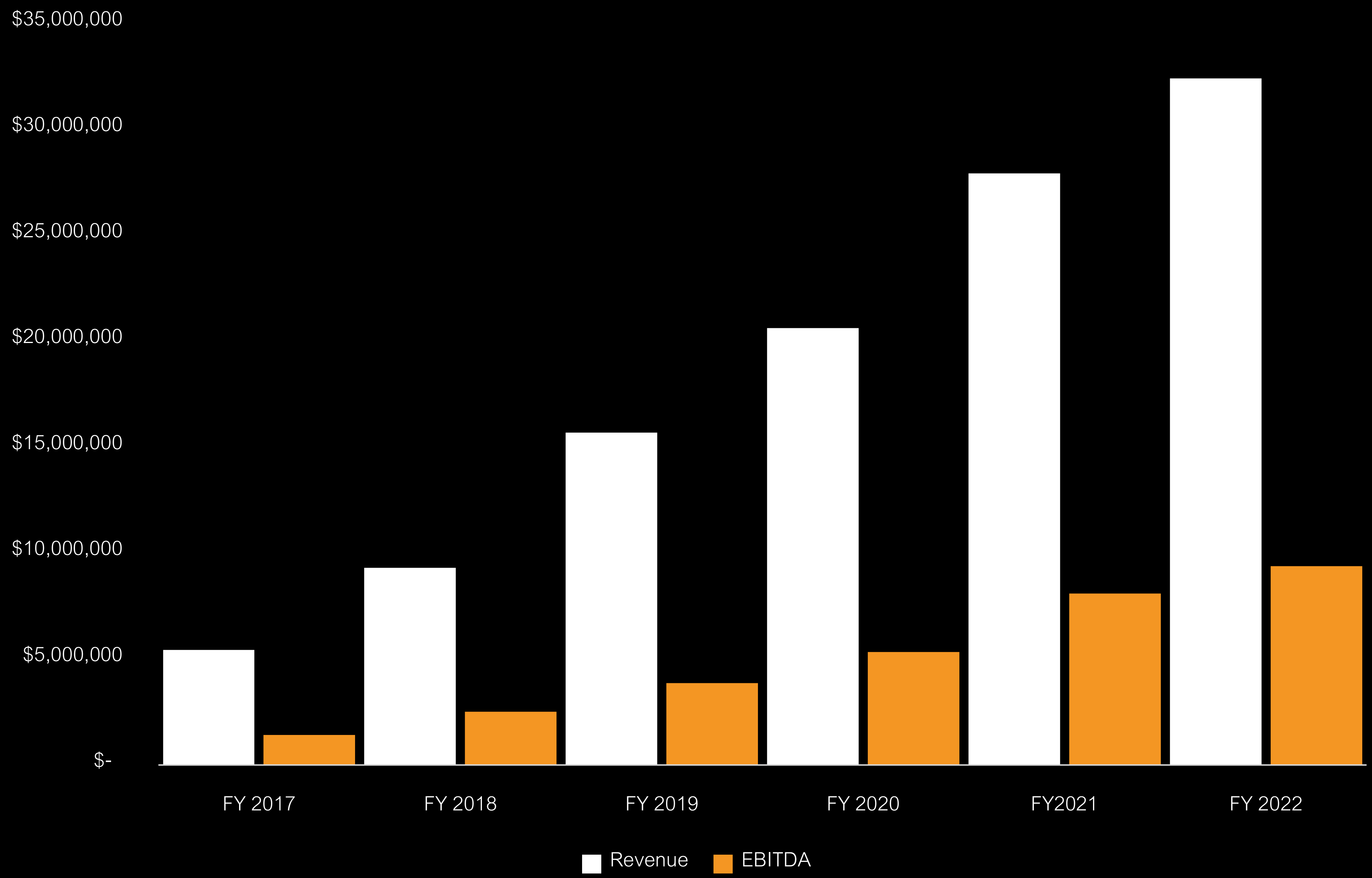
Over the last five years growth in revenue has averaged 45% p.a. and EBITDA 48% p.a.



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The reduction in one-off project revenue during FY22 as a result of travel restrictions has already begun to improve

- Large trade shows such as E-World which have been suspended for 2 years started again in June 2022
- Travel restrictions that have held back our ability to meet large potential customers have eased
- As we enter FY23 things are picking up with a good pipeline of sales opportunities.
- Have already secured a large renewable energy project in Europe in addition to signing 5 smaller new clients since June.

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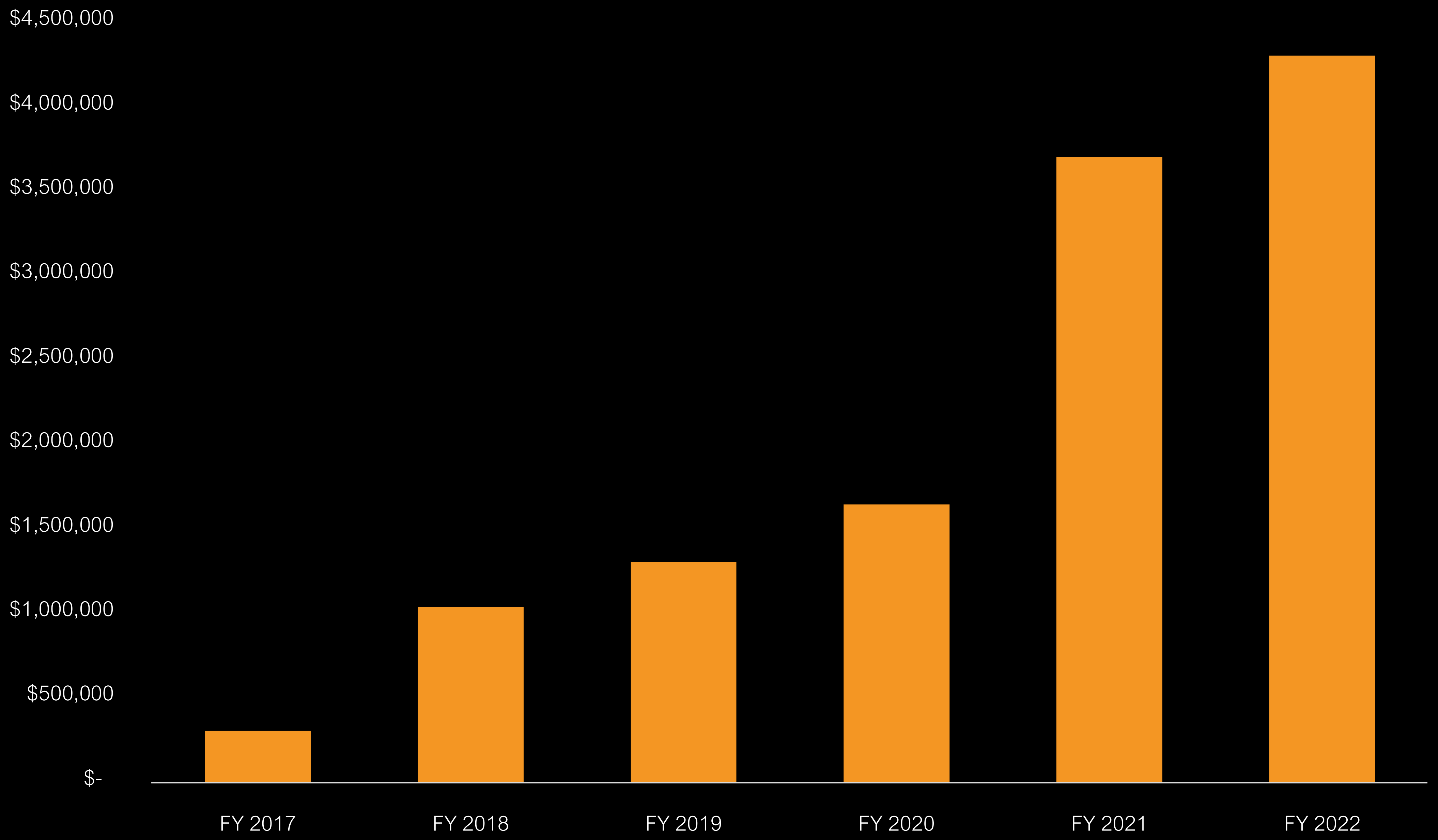
After one-off acquisition costs, normalised NPAT continues to grow



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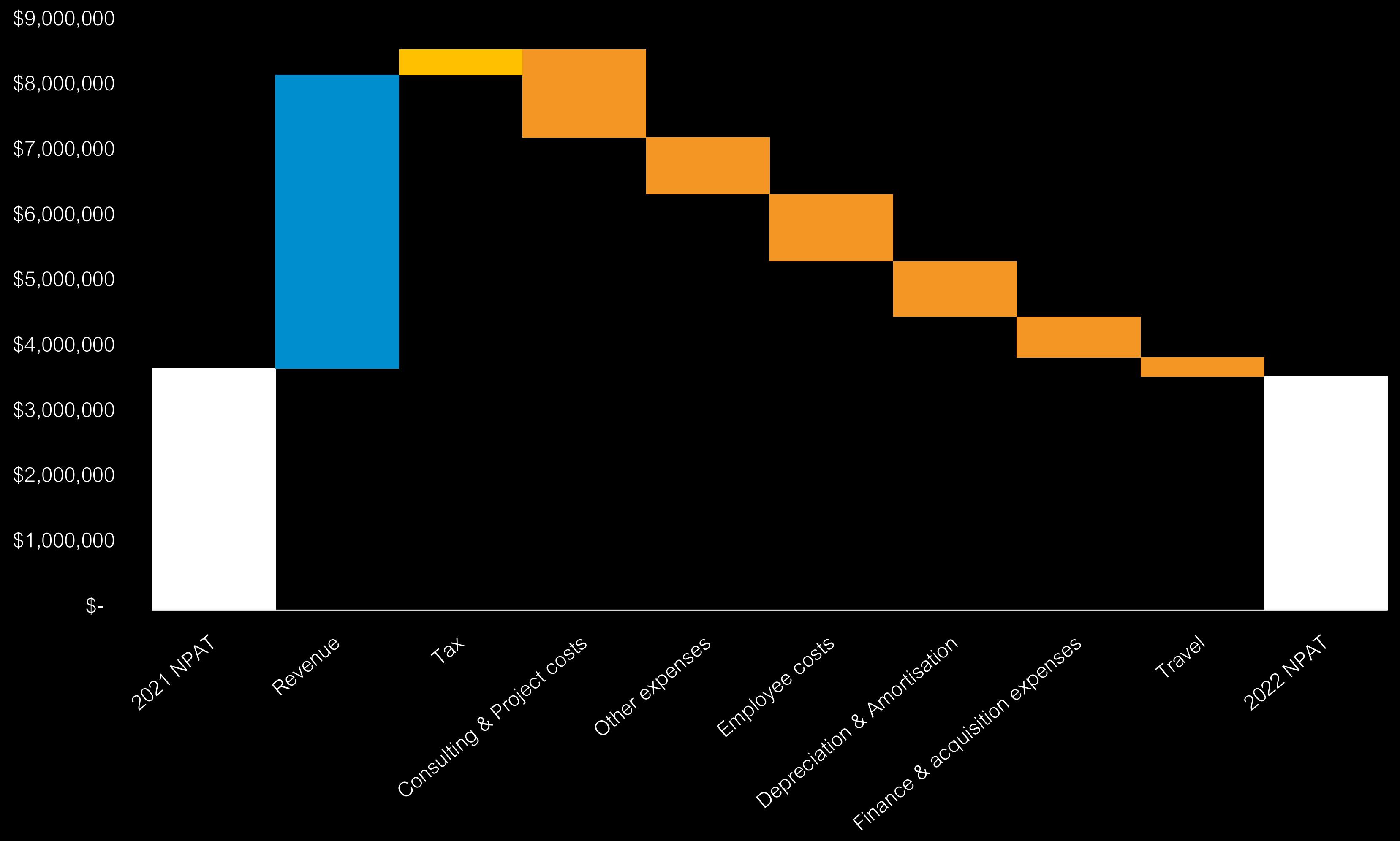
* Normalised for one off acquisition & structuring costs of $846k before tax ($776k after tax) in FY22

On a normalized basis NPAT grew 16% on a statutory basis NPAT was flat



- Consulting costs increased due to the classification of some employees in Belgium
- Tax rate declined due to an R&D tax offset in the UK. Expect return to FY21 levels
- The timing of acquisitions means there are some unrealized synergies in FY22

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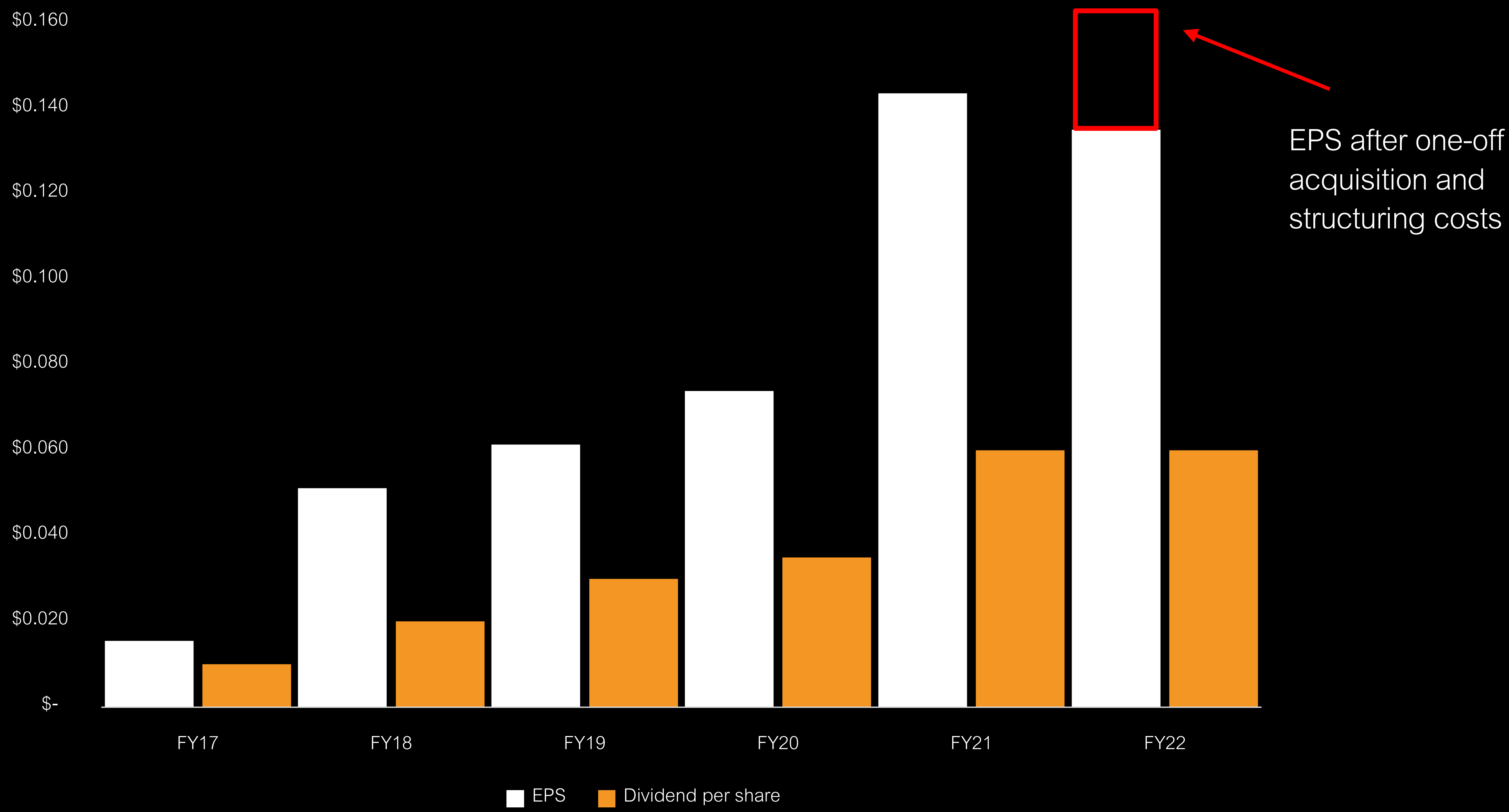
The timing of acquisitions has impacted EPS



- Statutory EPS down due, in part, to the issuing of 1,195,000 shares during FY22 for two acquisitions while the corresponding revenue will not occur until FY23
- Directors have maintained a dividend of 6 cents per share

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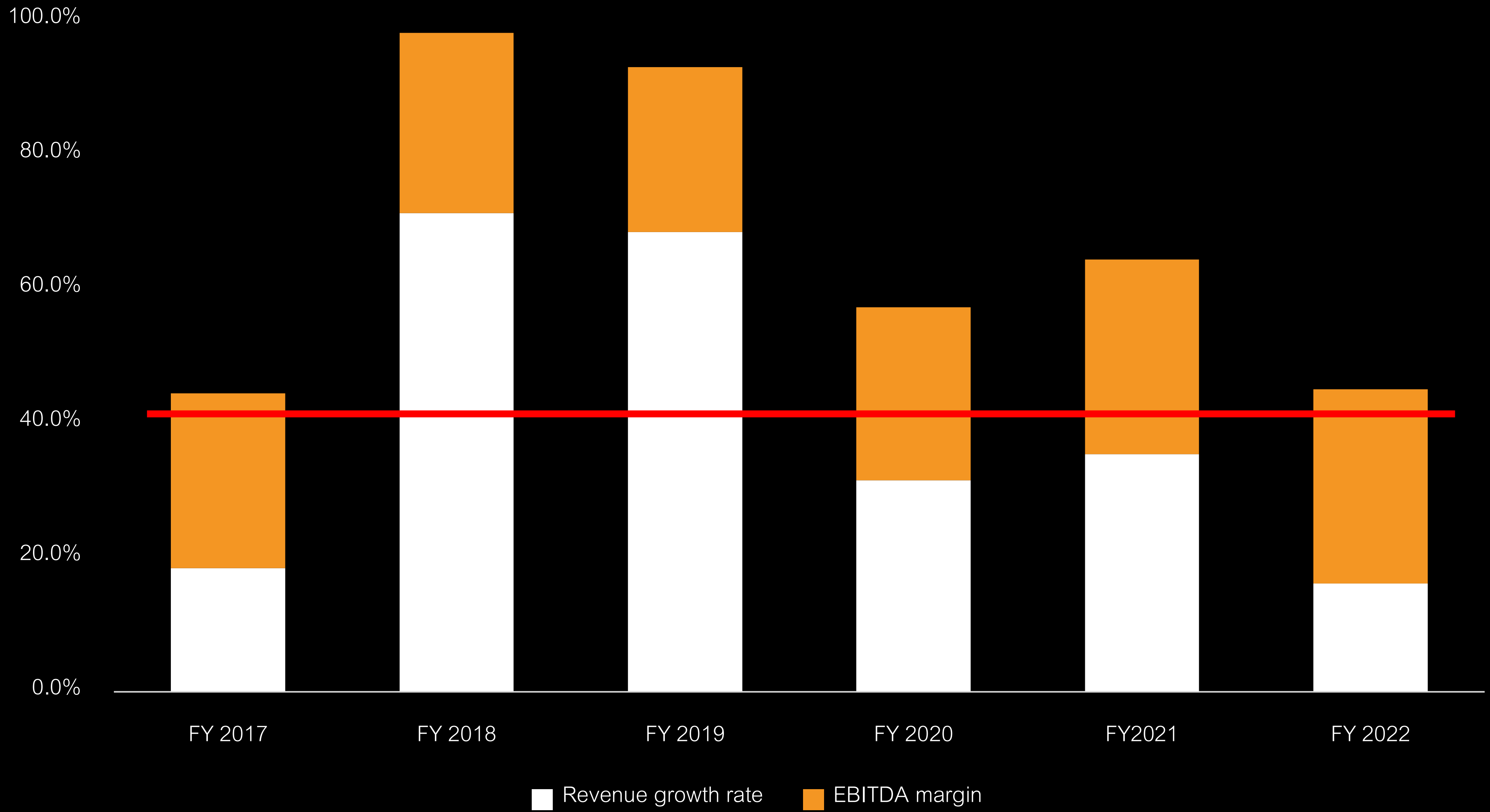
Sticky customer base…

	FY 19	FY 20	FY 21	FY 22
ARR	$13.0M	$20.3M	$28.9M	$36.8M
Customer-installs	143	205	230	346
Churn	3.8%	4.1%	2.9%	2.3%
Average LTV/customer	$1.5M	$1.7M	$2.5M	$2.9M
LTV/CAC	11.7	14.8	28.9	29.4
Typical contract length	1-5 year initial term, then annual renewals			
Gross margin	60%	59%	62%	63%

- GM% arises from recurring (~80% of total) and project revenue (~20%), so a hybrid model.
- We seek to sell more than one product/service from the range to customers.
- Current overall average 1.3 products/service per customer (2.3 per larger customer) with 5 products being the highest penetration.

EOL continues to exceed the rule of 40



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Operational review

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Australia

- Australian revenue up 6% despite drop in project revenue
- However, organic ARR grew by ~16% in the year.
- Recurring revenues were up 13%
- EBITDA margin remained strong (up from 31% to 32%).
- Good sales pipeline. Need to sign 1-2 projects each year (20% project related revenue)
- In June 2022, we welcomed CQ Energy (Adelaide) to the Australian business group
- CQ contributed $1.2M revenue, based on 2 month's income

Europe

- The end of FY20 44% of group revenue was generated in Europe. This increased to 54% at the end of FY22
- While Contigo revenue was 15% lower due to the fall off in project revenue, eZ-nergy increased revenue by 18%.
- Egssis also (7 months contribution) performed better than acquisition expectations, producing $3.2M of revenue at 27% EBITDA margin
- eZ and Egssis are now busy combining operations and sales efforts and are already winning joint customers.

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Over the last year management has focused on accelerating the strategic plan and the acquisition pipeline

Diversification

Invest in new products
- Battery software

Cross-sell products
- Combine products
- Offer software with services
- Offer 24/7 operational services

Expand service offering in FY22

Grow customer base

Target a larger number of smaller customers in the rapidly growing market of decentralised renewable energy

A much larger addressable market

Grow by acquisition

Acquire complementary products/services
- Look for potential strategic acquisitions providing additional synergies

Continue to look for additional acquisitions

As a result we successfully completed two acquisitions in FY22

During the year we made two strategically important acquisitions.

1) EGSSIS acquired in December 2022, based in Aalst in Belgium; and
2) CQ Energy acquired in April 2022, based in Adelaide Australia.

Both acquisitions now place us at the heart of the emerging 24/7 energy services market.

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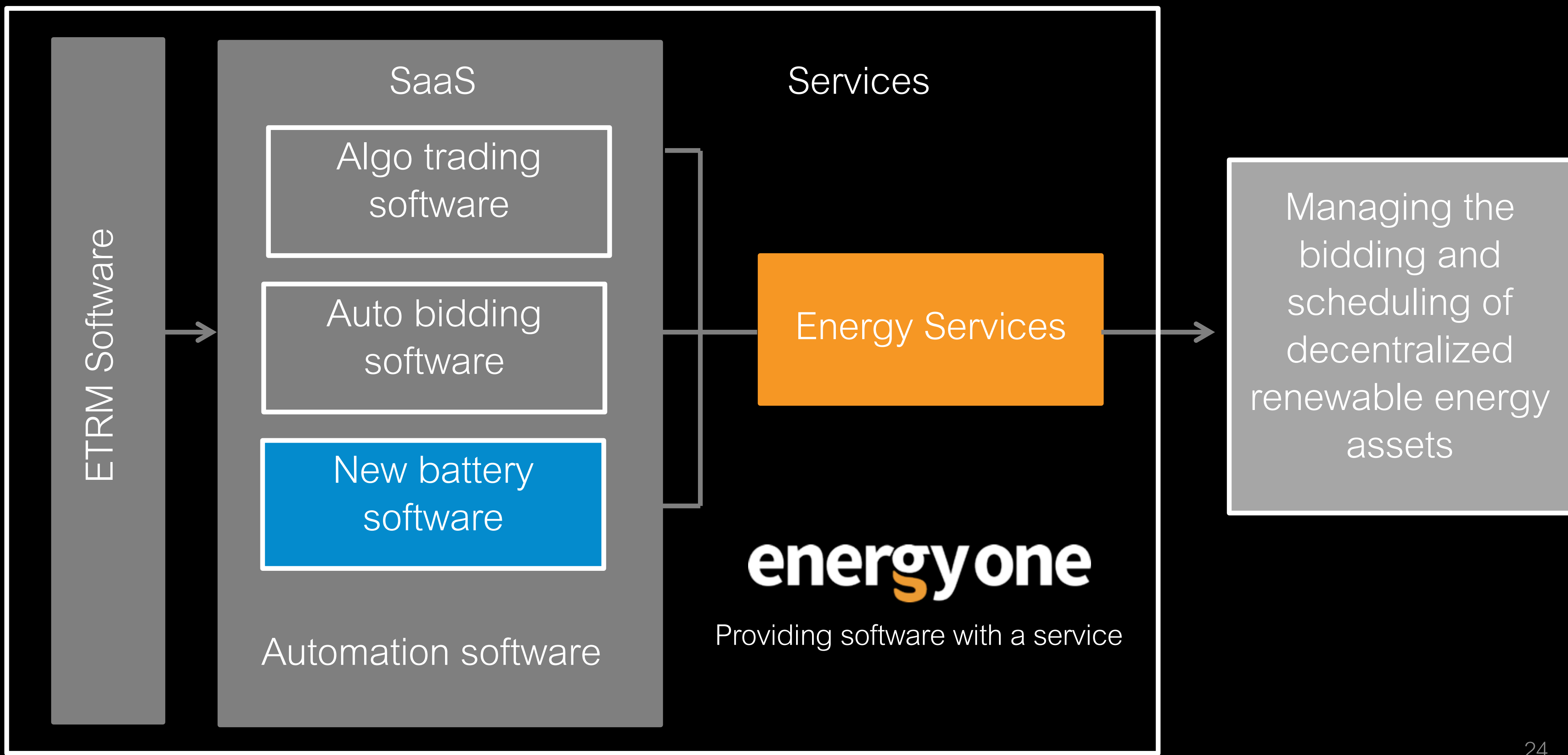
The full financial impact of these two acquisitions will not be evident until FY23

Acquisition	Pro forma 12 Month ($AUD)		Acquisition Status	Contribution to FY22
	Revenue	EBITDA		
Egssis	$5.9	$1.0	Complete 01/12/21	7 months
CQ Energy	$7.0	$4.5	Complete 26/04/22	2 months
Total	$12.9	$5.5		

The timing of the acquisitions meant the financial results for FY22 were impacted by one off acquisition costs without the corresponding income to offset these costs.

The acquisition of CQ Energy was also slightly delayed meaning we didn't get the three months of contribution in FY22, as was anticipated.

Combining our software with a premium service offering gives us an enviable position in facilitating the entry of renewable energy into national electricity markets



Services to generate high quality revenue with majority of revenue recurring

The business model being used in the 24/7 Services business generates strong recurring revenue similar in size to our traditional SaaS business model.

We anticipate (long term) ~80% of the revenue generated from our services business will be recurring in nature.

For example, when a new grid scale battery is built, the operator may contract out the management of dispatching its capacity into a national energy market.

This is done via a contract for software and service and can be for a fixed term of 3,5 or 10 years which is then renewed annually on an evergreen basis.

This is important considering these assets typical have useful lives of 20-30 years.

We see two interlinked business segments going forward: Software and Services

With the energy market changing so quickly we have seen the emergence of a new rapidly growing segment, the provision of energy services.

Having observed the emergence of this new market in both Europe and Australia we have concluded it is a highly desirable segment and one we are ideally suited for given our world class software.

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Software

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Services

Outlook

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The two acquisitions in FY22 now provide a robust platform to develop a global 24/7 energy services business

Building on the operational energy services already provided by eZ-nergy, the two acquisitions in FY22 now provide the group with two 24/7 control rooms and trading operations in Europe and Australia.

Going forward operational energy services will be one of the fastest growing market segments for software companies like Energy One

We estimate the rapidly expanding market for operational energy services will be in excess of $1billion in the next 5-10 years

To reach Net Zero by 2050 will require the electrification of the transportation system. This will require 4x as much installed generation capacity as exists today.

Internal analysis shows that for every potential ETRM customer in the energy industry, there will be at least three or more potential customers who will need to outsource physical market operations.

Energy One's new global services business will address this market

We assess the Total Addressable Market for software & services of this type to be US$1billion per year within next 5 to 10 years.

We are the largest provider of these services in Australia, the second largest in Europe - and the only provider operating in both markets

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Our competitors aren’t focused on the physical side of wholesale energy markets

Our traditional competitors typically focus on ETRM software to manage financial derivatives. For a long time we have also focused on the physical side of energy markets offering dispatch and scheduling software to provide a more holistic solution.

We believe adding services to the physical side of our business puts us ahead of the curve and provides us with a strong first mover advantage.

As such Energy One intends to capitalise on our first mover advantage investing in additional capability

- Energy One will invest in increased capability to provide a robust, industry leading, global 24/7 software and operational services business.
- While we already have a global capability we will build-out increased capability including:
  - Creating global executive roles in key competencies
  - Investing in harmonising best of breed cybersecurity, technology systems, legal and contract frameworks to be able to serve multi-jurisdictional clients
  - Integrate follow-the-sun, operations desks covering 24/7 globally
- These measures will certainly help us to win major multinational customers who are interested on outsourcing their operations
- We plan to invest $1.5M-$2M in each of the next 2 years to achieve this.
- Some of these costs may be capitalised

Modelling shows solid returns on investment

- Internal modelling shows the investment will break even after three years under the conservative scenario of a 3% increase in revenue, with ROI's in excess of 500% modelled on a 10% uplift in revenue
- The investment will also:
  - Help win customers for traditional software through the provision of the service
  - Help win major accounts by presenting Energy One as a global, rather than regional, player with enhanced credentials
  - Position the Company ahead of our competitors for the coming renewable energy revolution
- Exact timing of investment(s) dependent upon progress and business requirements and will be funded from internal cashflows
- We expect returns on this investment to start within 12 months, and fully underway within 18-24 months.

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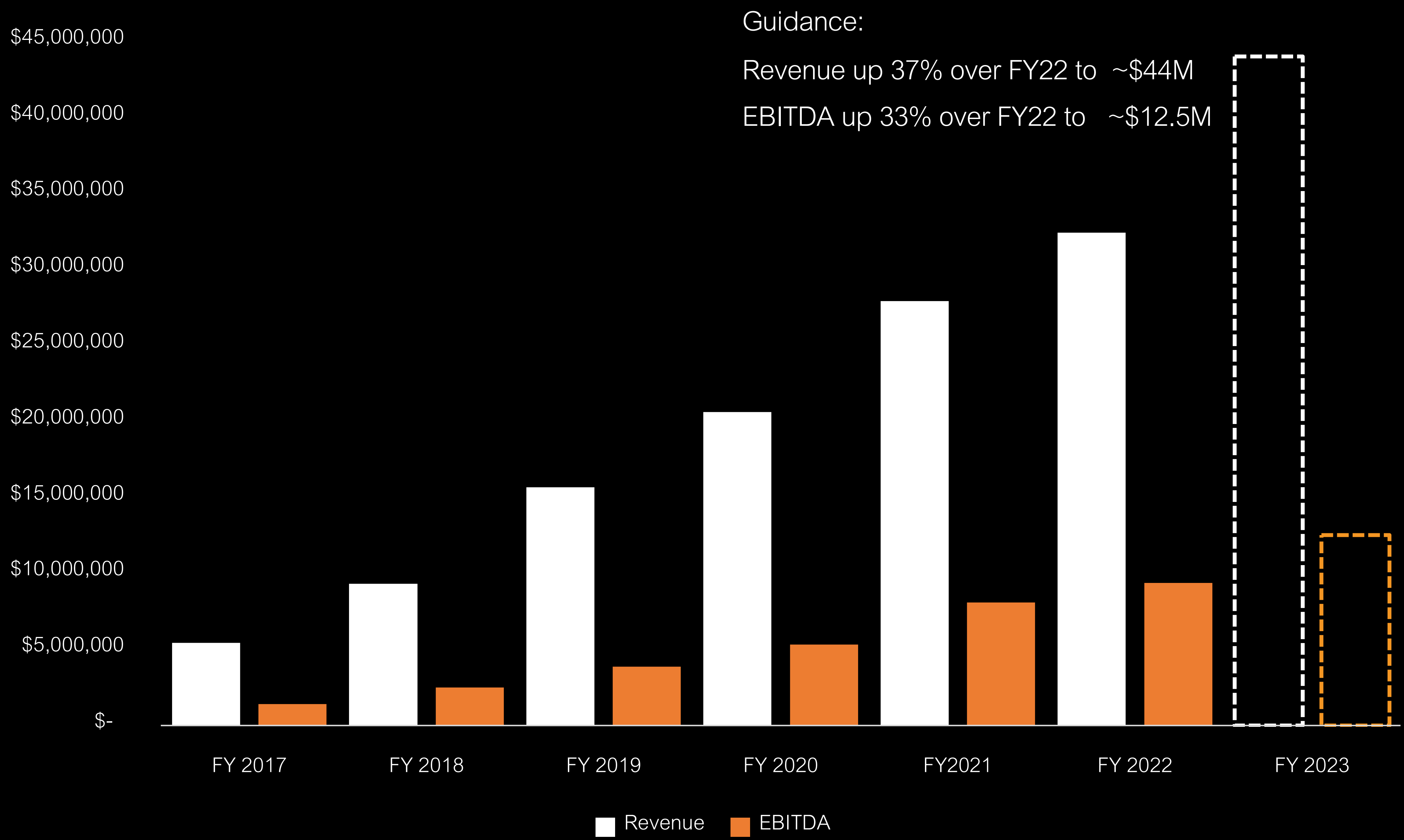
Guidance for FY23 after making investment for future growth



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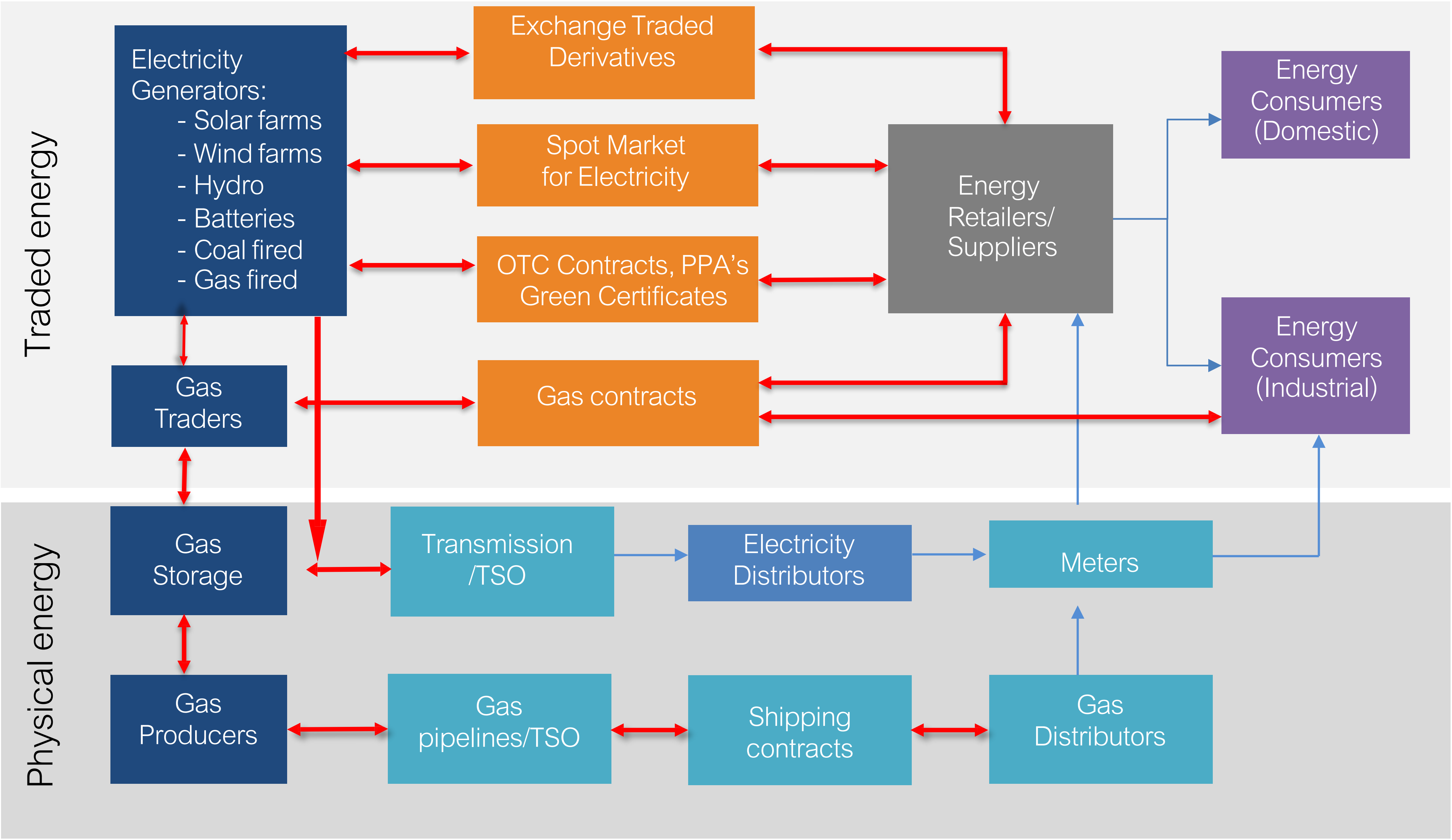
Appendix

Additional information

Many energy market participants use EOL group software



Energy One Group software or service can be used to facilitate a transaction

A comprehensive suite of software and services

Physical Bidding

Allows a power station to bid it's electricity (quantity, price, time and place) into the National Electricity Market. Takes into account potential constraints in the transmission system allowing optimum dispatch for companies with multiple generators.

Market Analytics

Detailed data and market analytics platform and various trading tools for energy traders.

ETRM

Contract management for recording physical trades (PPA's) and financial derivatives (Swaps, Options, Caps etc). Records the trade allocating it to a hedge book / portfolio. As market prices change hedge books are revalued. Forward books can be five years of more. Provides risk analytics such as GMaR, VaR, CaR, Monte Carlo etc. Electricity, gas, carbon, diesel, coal and Fx

Business Process Automation

Many systems and contracts in energy markets can be very complex. These tools automate complex but mundane tasks increasing not only accuracy but also efficiency. Can be used to help transport gas from one point through several different pipelines to and end point. Pipeline capacity for each pipeline has to be bought in advance

Business analytics, intelligence and reporting

Wrapping around various software products is a user-configured dashboard that can provide alerts, various market feeds, task management etc. It also offers comprehensive reporting and analytics

EOL group software makes life easier

Participant	Challenges faced	EOL group solutions
Generators	Accurate, compliant energy spot market bidding and nominations	✓
	Efficiently dispatching generation	✓
	Energy operations (B2B, bid preparation, monitoring, compliance)	✓
	Hedging output against volatile spot market using derivatives	✓
	Management and valuation of complex PPA's	✓
Renewables	Automated balancing, bidding, scheduling and nomination to market	✓
	Curtailing dispatch during negative price events	✓
Retailers/Suppliers	Hedging load against the spot market and reconciliation with spot market	✓
	Trading energy derivatives deal capture and contract management	✓
	Logistics – transporting gas across multiple pipelines	✓
	Evaluation of risk exposure, monitoring risk limits	✓
	Renewable energy compliance	✓
	Energy operations (B2B, bid preparation, monitoring, compliance)	✓
Pipelines/TSOs	Deal capture, settlements, capacity trading	✓
	Contract and network optimization	✓
Industrial customers	Management of PPA's and power & gas scheduling and nomination	✓
	Carbon trading management	✓
	Energy monitoring	✗
	Retail invoice reconciliation	✗
Energy traders	Single comprehensive source of market data and analytics	✓
	Trading tools to facilitate / manage complex derivative trades	✓