energyone

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ASX EOL

12 November 2021

Chairman's Report to the 2021 Annual General Meeting

Welcome to the 2021 Annual General Meeting of Energy One Limited. My name is Andrew Bonwick, I am your Chairman. Please allow me to introduce our directors Ian Ferrier, Vaughan Busby and Ottmar Weiss, and our Managing Director Shaun Ankers, who are at this virtual AGM. I also welcome our CFO, Guy Steel.

It is with pleasure that I am able to report that Energy One has achieved its eighth consecutive year of profitability.

In FY2021, Energy One continued to see the benefits flowing from the strategy of organic growth and synergistic acquisitions made in prior years. Revenues (+35%) and underlying earnings (EBITDA) (+53%) both grew strongly, as did net profit after tax which increased by 125% from 2020 to $3.705M. This performance is a strong affirmation of the strategy pursued by the Company and delivered by its management.

This year was marked by the very successful integration of eZ-nergy in continental Europe and continuing organic growth of the Australian and UK operations. 54% of our revenue is earned in Europe and management have grown the European revenues and margins each year. Australian revenue grew 13% in a market where we enjoy high market share and the EBITDA margin in this market improved as well.

During the year we witnessed the ongoing impact of the COVID-19 pandemic on populations and economies. Fortunately, the Company has a robust and modern suite of IT systems to enable our employees to cooperate across time zones and geographies and engage with our customers. We look forward to the continued opening up of Europe to the major project strategic sales processes that are part of our revenue mix and provide long tail SaaS revenues.

Contigo's product development and sales effort has led to solid organic growth. Contigo and eZ-nergy have delivered several high-quality major customers, and a Contigo \ Australian product combination won and delivered a major European project during the year. The combination of SaaS based products, of modern design and construction with a strong customer orientation, is a good indicator of continued growth in our market share in our largest markets.

The acquisition of Egssis in Europe, announced in October, provides a significant synergistic augmentation of our European operations and sales potential. Egssis and eZ-nergy are highly complimentary, offering modern SaaS products and services to customers and sharing a similar culture of customer responsive exceptional service. Coupled with Contigo's contracts and derivatives trading software, the transaction enhances our pan European capability in both physical and financial markets.

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The Egssis acquisition

- provides broader European reach. We now serve markets across 17 European countries
- means the Group comprises two of the three vendors who provide software plus 24/7 bureau operational support, and will provide a strong competitive proposition against the remaining incumbent vendor for the services and as an alternative to customer in-house solutions
- builds the capability for 24/7 global Operations Bureau service

With the worldwide shift from large stable thermal generators and big retailers to a complex web of renewables, batteries, load shifting and multiplying market participants, the need for these services are growing. In Europe the services grew out of the need for industrial customers to provide operational forecasts to the grid, in Australia (as elsewhere) it is a result of the development of multiple small generators without the resources to staff 24/7 trading capability. This segment is growing and will provide opportunities for the Company to profitably increase its product and service revenues.

Energy One's local operations are also growing. The Enterprise grade products (Energy One Trading, Energy Offer and enFlow) are growing their penetration of the Australian market. Our customers continue to increase their utilisation of our product portfolio which provides organic growth. Major customers commence our relationship with one product, to bring a robust modern enterprise solution to their Risk & Trading systems. Our experience is that other products are subsequently added to the mix, to solve the specific and systemic problems they were designed for. In addition, the products continue to evolve, increasing their capability and attractiveness to the customer.

The combination of the above means that our Recurring revenue is continuing to grow in absolute terms and remains a high proportion of Company revenues.

We congratulate Dan Ayers on his promotion to CEO Australasia after a steady progress in his career with the Company over the last 12+ years. With Simon Wheeler as CEO Europe, we have a structure to focus on development in our two major markets, and these two leaders can support Group CEO Shaun Ankers to continue to deliver the performance and growth our shareholders expect.

Over the past few years, Energy One has pursued growth through both organic expansion and targeted acquisitions. In the last several years we have welcomed an increase in the interest in the Company from institutional investors and the development of an ongoing dialog with those fund managers as they invest their time to get to know the Company. This, and the continued strong support of existing shareholders, gives the Board confidence in our financial capacity to continue pursuing further synergistic acquisition opportunities – if and when they should arise. Future capital needs will be met with a combination of bank finance, offers to existing shareholders and new equity that maximises the value of your Company.

When reviewing the existing capital position of the business, and assessing the potential for future business growth, the Board remains mindful of the need to balance further new investment against the need to realise expected returns from investments already made. With both these matters in mind, the Board decided to declare a final dividend of 6c per share in this reporting period. The ongoing availability of the dividend reinvestment plan, in conjunction with the payment of an increased final dividend this year, is intended to provide a further incremental improvement in the liquidity of our shares. The DRP was underwritten to maintain balance sheet strength.

In closing, I would like to again thank my fellow directors, management and staff for their continued support, dedication, and strong efforts throughout this busy and productive year. In particular I would like to highlight the quality of this years' results in Australia and the Europe despite the disruption to travel for Corporate and sales activity by COVID on both sides of the world. This is a testament to the leadership of your CEO and the quality of the managers he has developed as part of his team.

Andrew Bonwick