21 February 2020

Energy One Limited (ASX : EOL)

Appendix 4D – Half Year Report 31 December 2019

Energy one Limited is please to announce its half year results to 31 December 2019 as attached.

Richard Standen

Chief Financial Officer / Company Secretary

ENERGY ONE LIMITED

ABN 37 076 583 018

APPENDIX 4D
for the half year ended 31 December 2019

Contents

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Energy One Limited

37 076 583 018

Appendix 4D
Half Year Final Financial Report

Reporting Period	**for the half year ended 31 December 2019**
Previous Reporting Period	for the half year ended 31 December 2018

Results for announcement to the market	**31 Dec 2019**	31 Dec 2018	Change
	$	$	%
Revenue and other income	**9,662,323**	6,015,335	61%
EBITDA *	**2,342,007**	1,600,606	46%
Profit after tax attributable to members	**407,909**	372,048	10%
Net tangible asset backing per ordinary share shown in cents **	**19.54**	10.24	91%

* Before acquisition and related costs
** NTA includes software development used to generate income and excludes deferred tax assets

Commentary
Please refer to the attached Chief Executive Officer's commentary and financial report for the half year ended 31 December 2019.

Other information

Control gained over entities having a material effect
Contigo Software Limited - effective 30 November 2018

Loss of control over entities having a material effect
N/A

Details of associates and joint venture entities
Please refer to the 30 June 2019 Annual Report for details.

Audit Status
This report is based on accounts that have been subject to review.

Attachments
Further disclosure can be found in the notes to the attached interim Financial Report.

Dividends	**ordinary share**	**Amount per**
Dividend for the year ended 30 June 2019 declared 22 August 2019 paid 21 October 2019	3.00 Cents	0.00 Cents
Dividend for the year ended 30 June 2018 declared 17 August 2018 paid 22 October 2018	2.00 Cents	0.00 Cents

Shaun Ankers - Chief Executive Officer
21 February 2020

CEO's Commentary **for the half year ended 31 December 2019**

The Energy One Group is pleased to report another profitable period of growth for the six months to 31 December 2019. This was achieved through growth in both our Australasian (AU) business and our UK/EU business arm (Contigo Software Limited). Late in the half, we also announced our intention to acquire eZ-nergy, a French SaaS company that will complement our other products and services in the UK and Europe

The financial performance of the Group, for the half, was as follows:

- Group operating revenue was $9.4M (total revenue and other income: $9.7M)
- EBITDA of $2.3M, which is 24% of total revenue.
- NPBT was $0.767M.
- NPAT of $0.41M

The immediate observation is that while both revenue and EBITDA are up on the prior corresponding period, the Net Profit Before Tax is flat. As previously foreshadowed, this is a direct result of the considerable investment being made in our products to prepare for the new 5-minute settlement market, and other key initiatives (such as platform integration), in Australia.

During the half there were also two sizeable one-off items. The Company adopted the changes to the accounting standards pertaining to leases - AASB16. These changes improved EBITDA by $0.26M while one-off acquisition costs reduced EBITDA by $0.32M.

It is worth noting that the business is neither seasonal nor symmetrical (from one half to the next) with performance in each half being reflective of the ebb-and-flow of project work during any given 12-month period.

Given the previous corresponding period only had a partial contribution from Contigo it is helpful to view the performance on a whole-of-year basis. With this in mind, and using a Calendar-year period (Trailing Twelve Months TTM) to allow for a 12-month review:

- The Contigo (UK) business produced a TTM EBITDA of $1.39M, up ~10% on our expectations (of EBITDA $1.25M) originally published when we acquired the business. This result arises despite Contigo being 4% down on our original revenue forecasts. This result indicates the margin improvements we have achieved in that business to date.
- Operating (TTM) EBITDA of $2.83M for the Australian business also improved by ~11.5% and revenue was up 16.5%. Operating EBITDA margin for the AU remains strong at 26%, assisted by the higher margins associated with recurring revenues.

Recurring revenues for the half were 73% for AU and 68% for UK Contigo (an improvement on the 65% we observed in June 19). For the Group, recurring revenue is at 71% of operating revenue. Importantly the U.K. business has not seen any deterioration in market conditions experienced by other vendors.

We note that amortisation and capitalisation are both up on the previous corresponding period. The past 12 months have been a period of considerable investment in our products. This includes developing integration connections between software platforms, enabling software modules that can be cross-sold between the Australian and UK platforms.

During the first half this platform integration enabled the UK business to win a prestigious customer (a state-based market operator) in the EU. Pleasingly the win was based on the combination of enTrader (a UK/Contigo product) and EnergyFlow (originating in Australia). The win would not have been possible without the combination of these two products and validates our strategy of providing customers with synergies arising out of an enhanced product suite.

The Company maintains a policy of focussed spend on R&D/Innovation. Capitalisation for FY19 was 7% of turnover and 9% for the half.

Australian business update
Consistent with past practice, the Company has focussed on growing our AU business and responding to opportunities created by changing market structure and regulation. We are proud of our commitment to the Australasian energy market and remain the only 'large' ETRM vendor that has a permanent physical presence in Australia and attendant focus on our local customers' needs and requirements.

This commitment has been evidenced by our recent performance with the pypIT system allowing customers in the gas transmission market to respond to capacity trading and other market developments in a timely and efficient manner. These system changes have been successfully and seamlessly introduced by our customers in recent months and the Company has been able to report revenue enhancement (see FY19 annual report) directly arising out of that commitment to facilitating market changes.

In addition, we acquired new customers for our SimEnergy and NemSight products from new entrants in both the generation and retail segments. In the past 6-8 months we have also been busy installing two major projects for *EnergyOneTrading*. Of these projects, one has reached 'Go-live' already, and another is expected to do so in the second half.

Our FY19 Annual Report noted that we continue to invest heavily preparing our products for changing market regulations. The Company is well advanced in adapting our products for this new 5-minute market structure (due to commence in mid-2021). This change affects three of our main Australian products and is therefore a key development initiative. To this end we are pleased to report that progress is going well and entirely as expected. Our EnergyOffer product has already passed dry-run testing in the market and is therefore well advanced. Our other ETRM products have also been through alpha-testing and we anticipate they will be ready in plenty of time to facilitate the new market in mid-2021. We also mentioned that the FY20 year would be 'steady' as these investments were being made in advance of the market being ready to procure them. We maintain this view.

The AU pipeline of opportunities entering the second half includes another 1-2 major projects in development phase, one of which is expected to sign shortly and another that will hopefully come to fruition within the next 12 months, as well as several smaller projects, upgrades, enhancements and new sales for each of our main products.

In the new energy space, battery power, embedded generation (e.g. Photovoltaic panels) and demand-side technology are all areas of focus for us, with novel product innovations and new features for existing products being developed to assist these new technologies.

European business update
On 24 December 2019, we entered a Share Purchase Agreement to acquire eZ-nergy, a French-based software company and provider of SaaS software for physical scheduling and nomination of energy for European markets.

eZ-nergy (eZ) is a highly appealing acquisition for Energy One, particularly for its symbiotic nature with Contigo's suite of products.

A summary of eZ and Contigo's synergies is presented here:

- eZ-Ops and enTrader – these two products provide an opportunity for customers to manage their physical and contract energy positions seamlessly. The two products already share three customers in common
- eZ-Ops scheduling and enVoy – can be integrated to take advantage of the relative strengths of each product in the respective UK and EU energy markets.
- Common technology and cultural strengths – Contigo and eZ product share the same underlying technology, allowing for strong integration and operational synergies.

Both companies' products are offered as fully SaaS-deployed offerings, making them fast to deploy, cost-effective and reliable for users. eZ also offer business process outsourcing for the scheduling and nominations, a business-line we intend to develop and grow.

Financial effects of proposed eZ-nergy acquisition

During the half, we expensed $0.3M of acquisition costs related to the intended acquisition of eZ-nergy (eZ). This transaction is not yet complete as it awaits 'foreign investment' regulatory approval by the French Government in addition to the finalisation of funding. The advice we have been given is that we do not expect any major issues relating to this application, other than timing.

We expect the transaction to be completed by the end of April 2020, potentially providing 2 months of financial contribution from the eZ-nergy business. There will also be some additional transaction costs as we move toward completion. The precise effect on the full year Group result will be forthcoming as the transaction reaches completion.

As mentioned previously, we are exploring funding options. These are progressing satisfactorily but are not yet completed. The vendors have accepted equity as part-payment (as well as cash) and we may also seek a capital raising to augment any existing debt facility. In any event, the transaction is expected to be earnings accretive once consolidated.

Summary

The Energy One group will (with eZ) have some 250 customer installations in 18 countries. We are already recognised as an established independent vendor of these ETRM systems, particularly in Australasia and Europe. Our goal in the next period (12 months) is to expand upon and further establish ourselves in Europe, growing our market share in UK/EU and be recognised as the major disrupter and challenger brand. The EU market (in particular) is dominated by 2-3 major global brands owned by private equity.

Implementing these large systems typically involves complex projects with a history of project over-runs. We expect that our excellent track record and reputation for delivering ETRM systems on time and within budget, using the agile SaaS approach, will stand us in good stead with customers looking for cost-effective solutions to replace legacy systems.

As mentioned above, we had our first 'win' in the EU, arising out a joint offering of UK and AU product range. This is a large project (in the order of €1M+ over 12-18 months of installation, with trailing income from SaaS fees) and was made possible by our extended product offerings. We also have several smaller opportunities (3-5) in development where other such product combinations are being offered. This pipeline of opportunities further emphasises our desire to make acquisitions that bring synergies and opportunities to both businesses. We expect the merger with eZ-nergy to produce considerable development opportunities in the same vein.

Our UK sales pipeline and sales remain strong and we have not experienced any material deterioration in market conditions that other vendors have experienced, arising from recent market structure and regulation changes.

CEO's Commentary (continued) **for the half year ended 31 December 2018**

The improved focus on the sales process at Contigo post acquisition and the large number of firms moving from start-up to mature businesses increases the potential market for our enterprise grade risk and trading systems. In Australia and the UK we are noticing a diversity of sophisticated new entrants, who have an appetite for a best in class SaaS systems, where EOL and Contigo can improve risk compliance, reduce error and automate routine energy market tasks.

We are pleased with the continual improvement in financial performance and steady, synergistic growth in customer numbers and revenues without loosing focus on continued, reliable profitability, and ongoing investment in the development and enhancement of products.

We now hold strong positions in the physical and contract trading software for electricity and gas and have an increasing presence in Europe (shortly to become stronger via eZ-nergy). We also remain committed to building on our existing product range, reputation and customer base to make EOL a one-stop shop for energy trading software and services in our target markets here and abroad.

With this in mind, the Board remains confident in it’s existing guidance of a full-year FY20 operating EBITDA result (excluding one-acquisition costs and lease accounting changes) of $4.5M.

Shaun Ankers - Chief Executive Officer

energy one

Interim Financial Report
for the half year ended 31 December 2019

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Directors' Report **for the half year ended 31 December 2019**

Your directors present their report on Energy One Limited (the Company) and its controlled entities (the Group) for the half year ended 31 December 2019.

Directors

The names of directors who held office during or since the end of the half-year :

Andrew Bonwick – Chairman
Shaun Ankers – Chief Executive Officer
Ian Ferrier - Non-executive Director
Ottmar Weiss – Non-executive Director
Vaughan Busby – Non-executive Director

Principal activities

The principal activity of the Group during the half year was the development and supply of software services to energy companies and utilities.

There were no significant changes in the nature of the principal activities of the Group during the half year.

Review of operations

The revenue for the Group for the half year was $9,662,323 (31/12/2018: $6,015,335). The Earnings before depreciation, amortisation, interest, tax and acquisition costs was $2,342,007 (31/12/2018: $1,600,606). Before allowing for the impact of AASB16, EBITDA would have been $2,083,523 (31/12/2018: $1,600,606). The net profit before tax and acquisition costs amounted to $765,783 (31/12/2018: $764,348), net profit after tax for the Group for the half year amounted to $407,909 (31/12/2018: $372,048).

On 24 December 2019, Energy One Limited entered into a share purchase agreement (SPA) to acquire the share capital of eZ-Nergy SAS, a French company selling Software as a Service (SaaS) to utility customers across Europe, for €4,000,000. The amount will be paid in cash and equity. The instalments totalling €3,500,000; €2,000,000 on completion, €500,000 six months from completion, €500,000 twelve months from completion and €500,000 eighteen months from the completion date. Equity, the equivalent of €500,000 shares will be issued at $2.27 per share on completion. The completion of the transaction and execution of the SPA is dependent upon securing funding and regulatory approvals such as French Foreign Investment Clearance.

There were no other material changes in the first half of FY20. The Group has continued to invest in people and systems to ensure that Energy One maintains its position both as a leader in information systems within the energy trading and risk management (ETRM) software market - both in Australasian and European markets.

Auditor's independence declaration

The auditor's independence declaration for the year ended 31 December 2019 has been received and can be found after this Directors' Report.

Andrew Bonwick
Chairman

Shaun Ankers
Managing Director

21 February 2020

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DECLARATION OF INDEPENDENCE BY CLAYTON EVELEIGH TO THE DIRECTORS OF ENERGY ONE LIMITED

As lead auditor for the review of Energy One Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Energy One Limited and the entities it controlled during the period.

Clayton Eveleigh
Partner

BDO East Coast Partnership

Sydney, 21 February 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half year ended 31 December 2019

	Note	Consolidated Group 31 Dec 2019 $	31 Dec 2018 $
Revenue and other income			
Revenue	2	**9,441,959**	5,762,327
Other income	2	**220,364**	253,008
		9,662,323	6,015,335
Expenses			
Direct project costs		**(682,956)**	(215,721)
Employee benefits expense	3	**(5,192,161)**	(2,953,081)
Depreciation and amortisation expense	3	**(1,133,664)**	(493,399)
Rental expenses on operating leases		**(24,920)**	(163,522)
Consulting expenses		**(372,688)**	(295,942)
Insurance		**(93,341)**	(45,755)
Accounting fees		**(115,418)**	(68,600)
Finance costs	3	**(151,659)**	(30,340)
Acquisition and related expenses		**(301,046)**	(329,958)
Overseas marketing and research costs		**0**	(86,925)
Other expenses		**(828,687)**	(567,744)
		(8,896,540)	(5,250,987)
Profit before income tax		**765,783**	764,348
Income tax expense	4	**(357,874)**	(392,300)
Profit after income tax attributable to owners of the parent entity		**407,909**	372,048
Basic earnings per share (cents per share)		**1.88**	1.78
Diluted earnings per share (cents per share)		**1.87**	1.76
Other comprehensive income :-			
Profit after income tax attributable to members		**407,909**	372,048
Exchange differences arising from translation of foreign operations		**252,658**	207,185
Total comprehensive income		**660,567**	579,233
Total comprehensive income attributable to owners of the parent entity		**660,567**	579,233

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

as at 31 December 2019

	Note	Consolidated Group 31 Dec 2019 $	30 Jun 2019 $
Current Assets			
Cash and cash equivalents	5	**1,004,325**	2,216,435
Trade and other receivables	6	**5,293,416**	4,600,444
Other assets	7	**452,864**	473,178
Total Current Assets		**6,750,605**	7,290,057
Non-Current Assets			
Trade and other receivables	6	**0**	98,943
Property, plant and equipment	8	**368,337**	642,503
Lease right-of-use asset	9	**1,723,509**	0
Software development	10	**10,859,502**	9,963,709
Intangible assets	11	**5,268,024**	5,222,846
Other assets	7	**148,187**	148,187
Deferred tax asset		**609,977**	595,148
Total Non Current Assets		**18,977,536**	16,671,336
Total Assets		**25,728,141**	23,961,393
Current Liabilities			
Trade and other payables	12	**2,164,162**	2,485,282
Lease liabilities	9	**594,578**	0
Borrowings	13	**1,476,362**	1,353,804
Income tax payable		**852,432**	718,041
Deferred revenue	15	**2,666,735**	2,915,831
Provisions	14	**657,567**	662,211
Total Current Liabilities		**8,411,836**	8,135,169
Non-Current Liabilities			
Trade and other payables	12	**0**	95,026
Lease liabilities	9	**1,253,160**	0
Borrowings	13	**4,439,920**	5,131,557
Deferred revenue	15	**1,444,458**	1,556,659
Provisions	14	**86,520**	66,257
Total Non Current Liabilities		**7,224,058**	6,849,499
Total Liabilities		**15,635,894**	14,984,668
Net Assets		**10,092,247**	8,976,725
Equity			
Contributed equity	16	**11,238,486**	10,024,368
Reserves	17	**555,188**	415,798
Accumulated losses		**(1,701,427)**	(1,463,441)
Total Equity		**10,092,247**	8,976,725

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the half year ended 31 December 2019

	Note	Contributed Equity $	Share Based Payments Reserve $	Foreign Exchange Reserve $	Accumulated Losses $	Total $
				Consolidated Group		
Balance as at 1 July 2018		9,242,736	211,139	0	(2,359,761)	7,094,114
Total comprehensive profit for the half year:						
Profit after income tax for the period		0	0	0	372,048	372,048
Other comprehensive income		0	0	207,185	0	207,185
		0	0	207,185	372,048	579,233
Transactions with owners in their capacity as owners:						
Share issues		438,705	0	0	0	438,705
Share based payments		0	189,399	0	0	189,399
Shares vesting		342,927	(342,927)	0	0	0
Dividends paid		0	0	0	(412,721)	(412,721)
Balance at 31 December 2018		10,024,368	57,611	207,185	(2,400,434)	7,888,730
Balance as at 1 July 2019		**10,024,368**	**228,554**	**187,244**	**(1,463,441)**	**8,976,725**
Total comprehensive profit for the half year:						
Profit after income tax for the period		0	0	0	407,909	407,909
Other comprehensive income		0	0	252,658	0	252,658
		0	0	252,658	407,909	660,567
Transactions with owners in their capacity as owners:						
Share issues		642,434	0	0	0	642,434
Share based payments		78,999	379,417	0	0	458,416
Shares vesting		492,685	(492,685)	0	0	0
Dividends paid		0	0	0	(645,895)	(645,895)
Balance at 31 December 2019		**11,238,486**	**115,286**	**439,902**	**(1,701,427)**	**10,092,247**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the half year ended 31 December 2019

	Note	Consolidated Group 31 Dec 2019 $	31 Dec 2018 $
Cash Flows from Operating Activities			
Receipts from customers		**8,698,495**	6,185,493
Payments to suppliers and employees		**(7,807,814)**	(5,047,083)
Finance costs		**(151,659)**	(30,340)
Interest received		**8,501**	17,439
Income tax		**(238,311)**	0
Net cash provided by operating activities		**509,212**	1,125,509
Cash Flows from Investing Activities			
Purchase of property, plant & equipment		**(31,454)**	(90,904)
Purchase of intangible assets - patents & trademarks		**(49,742)**	(38,638)
Payment for software development costs		**(1,388,181)**	(644,651)
Payment for acquisition of business		**0**	(1,327,023)
Loan to Contigo Software Limited on acquisition		**0**	(6,096,882)
Cash obtained on acquisition of business		**0**	1,123,622
Net cash used in investing activities		**(1,469,377)**	(7,074,476)
Cash Flows from Financing Activities			
Proceeds from borrowings		**0**	7,280,000
Repayment of borrowings		**(569,079)**	(102,631)
Receipts from share issues		**738,738**	481,242
Payment of dividend		**(170,514)**	(112,326)
Lease payments		**(251,090)**	0
Net cash (used in) / provided by financing activities		**(251,945)**	7,546,285
Net (decrease) / increase in cash held		**(1,212,110)**	1,597,318
Cash and cash equivalents at beginning of financial year		**2,216,435**	727,856
Cash and cash equivalents at end of half year		**1,004,325**	2,325,175

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

for the half year ended 31 December 2019

Note 1 Summary of Significant Accounting Policies

This consolidated interim financial report for the half-year reporting period ended 31 December 2019 ("financial period") has been prepared in accordance with the requirements of the Corporations Act 2001, and Australian Accounting Standards including AASB 134: Interim Financial Reporting.

This consolidated interim financial report is intended to provide users with an update on the latest annual financial statements of Energy One Limited and its subsidiaries ('the Group'). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2019, together with any public announcements made during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Other than the implementation of the new accounting policy noted below, the same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements and the corresponding interim reporting period.

New and amended standards adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current financial period. There has been no material impact of these changes on the Groups' accounting policies, other than what has been explained in the notes provided below.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component.

The Group has adopted this standard from 1 July 2019 using the modified retrospective approach with no adjustment to the opening balance of retained earning for the current period. Prior periods have not been restated.

There are no other standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Notes to the Financial Statements
for the half year ended 31 December 2019

	Note	Consolidated Group 31 Dec 2019 $	31 Dec 2018 $
Note 2 Revenue and Other income			
Revenue from continuing operations			
Licences, support and SaaS related services		**7,177,557**	4,652,620
Project implementation		**2,264,402**	1,109,707
		9,441,959	5,762,327
Other income			
Interest income		**10,145**	17,439
Research and development incentive income		**210,219**	232,637
Gain on foreign exchange		**0**	2,932
		220,364	253,008
Total Revenue and Other income		**9,662,323**	6,015,335
Note 3 Expenses			
The consolidated income statement includes the following specific expenses :			
Depreciation and amortisation			
Depreciation - Plant and equipment	8	**56,909**	44,205
Amortisation - Leasehold improvements	8	**53,692**	57,459
Amortisation - Lease right-of-use	9	**310,040**	0
Amortisation - Software development and patents		**708,807**	391,735
Loss / (Gain) on Disposal - Plant and equipment		**4,216**	0
		1,133,664	493,399
Interest Expense		**151,659**	30,340
Employee benefit expenses			
Superannuation expense		**473,140**	240,348
Employee option / share plan benefits		**458,416**	215,389
Other employee benefits		**4,260,605**	2,500,597
		5,192,161	2,956,334
Note 4 Income Tax Expenses			
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2018: 27.5%)		**210,590**	210,196
Tax effect of overseas tax rate		**26,635**	13,161
Add tax effect of non-deductible expenses (excluding research & development)		**(6,296)**	61,872
Income tax expense before effect of R&D Incentive and prior period tax adjustment		**230,929**	285,228
Tax effect of R&D incentive		**116,162**	104,313
Prior year tax adjustment		**10,783**	2,758
Income tax attributable to entity		**357,874**	392,301

The Group accounts for R&D incentives as government grants under AASB 120, resulting in the incentive being recognised in the profit or loss and the R&D expenditure treated as a non deductible for tax purposes (refer to Note 2 and Note 6).

Notes to the Financial Statements
for the half year ended 31 December 2019

		Consolidated Group	
		31 Dec 2019	30 Jun 2019
	Note	**$**	$
Note 5 Cash and Cash Equivalents			
Cash and Cash Equivalents & Restrictive Cash Deposits		**1,004,325**	2,216,435
Restrictive cash deposits held for bank guarantees :			
Other non-current assets	7	**148,187**	148,187

At the reporting date, the Consolidated Group has deposits with banks that are used for restricted bank guarantees. These have been classified as Other Non-Current Assets in the consolidated statement of financial position as they have a term of more than 1 year.

Note 6 Trade & Other Receivables			
Current			
Trade receivables		**3,062,757**	1,916,794
Accrued income		**1,518,566**	2,228,911
R&D tax incentive		**709,503**	453,792
Other receivables		**2,590**	947
		5,293,416	4,600,444
Non current			
Accrued income		**0**	98,943
Note 7 Other Assets			
Current Prepayments and deposits		**452,864**	473,178
Non current Restricted term deposit		**148,187**	148,187
Note 8 Property, Plant and Equipment			
Plant and equipment at cost		**828,046**	938,747
Accumulated depreciation		**(508,130)**	(564,157)
		319,916	374,590
Leasehold improvements at cost		**497,671**	936,032
Accumulated depreciation		**(449,250)**	(668,119)
		48,421	267,913
Total property, plant and equipment		**368,337**	642,503
Movements in carrying amounts			
Opening balance		**642,503**	523,988
Additions - at cost		**31,454**	168,530
Additions - acquisition		**0**	199,759
Disposals	3	**(4,216)**	0
Reclassification of lease right-of-use asset		**(196,250)**	0
Depreciation and amortisation expense	3	**(110,601)**	(249,775)
Foreign exchange currency translation		**5,447**	0
Closing balance		**368,337**	**642,503**

	Consolidated Group	
	31 Dec 2019	30 Jun 2019
	$	$
Note 9 Lease Right of Use Asset & Lease Liability		
Lease right-of-use cost	**2,033,549**	0
Lease right-of-use accumulated amortisation	**(310,040)**	0
	1,723,509	0
Lease liabilities - current	**594,578**	0
Lease liabilities - Non current	**1,253,160**	0

Leased assets
Leased assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any incentives received. The Group have adopted AASB 16 from 1 July 2019, and have adjusted the right-of-use assets at the date of initial application by the amount of any provision for onerous lease recognised immediately before the date of application. The Group amortises the right-of-use assets on a straight line basis from the adoption date to end of the lease or break term. The Group also assess the right-of-use asssets for impairment annually.

Lease liabilities
The lease liability is measured at the present value of the fixed and variable lease payments net of cash lease incentives that are not paid at the balance date. Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability. Lease payments for building exclude variable service fees for cleaning and other costs.

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 is 3.17%.

	31 Dec 2019	30 Jun 2019
Note 10 Software Development		
Software development - at cost	**15,176,204**	13,555,105
Accumulated amortisation	**(4,316,702)**	(3,591,396)
	10,859,502	9,963,709
Note 11 Intangible Assets		
Patents and trademarks - at cost	**52,422**	51,626
Patents and trademarks - Accumulated amortisation	**(24,811)**	(20,247)
	27,611	31,379
Goodwill	**5,240,413**	5,191,467
Total Intangible Assets	**5,268,024**	5,222,846
Note 12 Trade and Other Payables		
Current Trade payables	**396,919**	366,970
GST payable	**538,314**	407,412
Sundry creditors and accruals	**1,228,929**	1,600,908
Lease incentive	0	109,992
	2,164,162	2,485,282
Non Current Lease incentive	**0**	95,026

		Note	Consolidated Group 31 Dec 2019 $	30 Jun 2019 $
Note 13	**Borrowings**			
Current	Bank Overdraft		**87,055**	0
	Term Loan		**1,389,307**	1,353,804
	Total current borrowings		**1,476,362**	1,353,804
Non Current	Term Loan		**4,439,920**	5,131,557

The company has a bank overdraft facility of $550,000 of which $87,055 was drawn at balance date (30 June 2019: $Nil). The overdraft facility attracts an interest rate at 6.84% (30 June 2019: 7.19%).

Commencing 28 November 2018, the Company received a 3 year term loan of $7,280,000 with a five year principal amortisation resulting in a monthly principal and interest repayment of $138,989 currently at an interest rate of 3.52% (30 June 2019: 3.96%). The funds provided from this term loan were used in the acquisition and funding of Contigo Software Limited. The loan has been paid down to $5,829,227 with $14 available to redraw at the balance date.

		31 Dec 2019 $	30 Jun 2019 $
Note 14	**Provisions**		
Current	Employee benefits	**657,567**	662,211
Non-Current	Employee benefits	**86,520**	66,257

		31 Dec 2019 $	30 Jun 2019 $
Note 15	**Deferred revenue**		
Current	Licences, support and SaaS related services received in advance	**2,440,232**	2,704,819
	Unearned R&D Tax Incentive	**226,503**	211,012
		2,666,735	2,915,831
Non-Current	Licences, support and SaaS related services received in advance	**268,027**	410,228
	Unearned R&D Tax Incentive	**1,176,431**	1,146,431
		1,444,458	1,556,659

Note 16 Contributed Equity	31 Dec 2019 Number	31 Dec 2019 $
Issued capital at beginning of the financial period	**21,308,689**	**10,024,368**
Shares issued or under issue during the period -		
Shares Issued to employees	**38,600**	**78,999**
Shares issued as a result of the vesting of share rights	**510,916**	**492,685**
Shares issued on dividend reinvestment plan	**349,105**	**642,434**
Balance at the end of the financial period	**22,207,310**	**11,238,486**

Note 17 Reserves	Note	Consolidated Group 31 Dec 2019 $	30 Jun 2019 $
Share based payment reserve			
Balance at the beginning of the financial period		**228,554**	211,139
Movement in share based payments	22	**(113,268)**	17,415
		115,286	228,554
Foreign exchange reserve			
Balance at the beginning of the financial period		**187,244**	0
Retranslation of overseas subsidiaries to functional currency		**252,658**	187,244
		439,902	187,244
Balance at the end of the financial period		**555,188**	415,798

Note 18 Business combinations

Contigo Software Limited (UK)

On 30 November 2018, Energy One Limited acquired all the shares in Contigo Software Limited ("Contigo") for £715,000 ($1,327,023) and financed Contigo with a £3,285,000 ($6,096,882) shareholder loan. A further £413,131 refund of working capital in excess of £800,000 as at acquisition date was paid in February 2019.

Contigo is a leading supplier of Energy Trading and Risk management (ETRM) solutions that simplify contract and physical energy trading across Europe's complex and sophisticated energy trading landscape. Based in Solihull (UK), Contigo's products use the latest technology and a smart approach to deliver modern, flexible and easy to use software solutions for all points in the energy value chain, including generators, traders, suppliers and large consumers. Contigo has 10+ years of operation, 30+ customers, over 45 staff and a strong brand and market reputation.

	GBP	AUD
Consideration paid and or payable :-		
Cash to acquire shares on acquisition	£715,000	$1,327,023
Cash payable to refund excess working capital	£413,131	$721,878
	£1,128,131	$2,048,901
Cash to finance Contigo on acquisition	£3,285,000	$6,096,882
Fair Value Recognised on acquisition :-		
Current Assets		
Cash and cash equivalents	£643,048	$1,123,622
Trade and other receivables	£1,550,724	$2,709,635
Other current assets	£59,047	$103,174
	£2,252,819	$3,936,431
Non Current Assets		
Property, plant & equipment	£116,806	$204,100
Software development - at valuation	£2,368,719	$4,138,947
Deferred tax asset	£19,228	$33,597
Goodwill on acquisition	£751,839	$1,748,276
	£3,256,592	$6,124,920
Total Assets	£5,509,411	$10,061,351
Current Liabilities		
Trade and other payables	£956,437	$1,671,216
Income tax payable	£5,081	$8,878
Deferred revenue	£500,242	$874,091
Provisions	£47,650	$83,261
	£1,509,410	$2,637,446
Non Current Liabilities		
Shareholder Loans	£2,871,869	$5,375,004
Total Liabilities	£4,381,279	$8,012,450
Net Assets	£1,128,132	$2,048,901

The fair value of assets, liabilities and contingent liabilities are estimated by taking into consideration all available information at reporting date. Fair value adjustments at the completion of business combination accounting is retrospective, where applicable, to the period the combination occurred and may have any impact on the assets and liabilities, depreciation and amortisation reported.

Notes to the Financial Statements
for the half year ended 31 December 2019

Note 19 Segment information
The Group is managed primarily on the basis of product and service offerings and operates in one segment, being the Energy software industry, and in two geographical segments, being Australasia and UK/Europe. Management and the Board of Directors assesses the performance of the operating segment based on the accounting profit and loss.

Management and the Board of Directors have determined the Group is organised into the two geographical segments for profit and loss purposes as represented in the following table :-

	Australasia	**UK/Europe**	Australasia	UK/Europe
	31 Dec 2019	**31 Dec 2019**	31 Dec 2018	31 Dec 2018
	$	**$**	$	$
Revenue & other income	**5,623,411**	**4,028,766**	5,252,763	745,133
Expenses	**(4,170,396)**	**(3,139,775)**	(3,882,752)	(514,537)
Earnings before interest, tax, depreciation & amortisation	**1,453,016**	**888,991**	1,370,010	230,596
Depreciation & amortisation	**(695,721)**	**(437,943)**	(446,783)	(46,616)
Earnings before interest, tax and acquisition costs	**757,295**	**451,048**	923,228	183,980

		Consolidated Group	
		31 Dec 2019	31 Dec 2018
	Note	**$**	$
Reconciliation of unallocated amounts to profit after tax :-			
Earnings before interest, tax and acquisition costs		**1,208,343**	1,107,208
Interest paid		**(151,659)**	(30,340)
Interest received		**10,145**	17,439
Acquisition and related costs		**(301,046)**	(329,958)
Profit before income tax		**765,783**	764,348

Segment revenue excludes interest received. Expenses exclude interest paid, depreciation, amortisation and acquisition costs.

During the financial period, the Australasian segment derived 36% (31 December 2019 : 42%) of revenue from the top three customers and the UK/Europe segment derived 25% (31 December 2019 : 38%) from the top three customers.

AASB16 was adopted in the period using the modified retrospective approach and as such comparatives are not restated. The current and comparative EBITDA measures are not directly comparable.

Note 20 Commitments
On 24 December 2019, Energy One Limited entered into a share purchase agreement (SPA) to acquire 100% share capital of eZ-Nergy SAS, a French company selling Software as a Service (SaaS) to utility customers across Europe, for €4,000,000. The amount will be paid in cash instalments totalling €3,500,000; €2,000,000 on completion, €500,000 six months from completion. €500,000 twelve months from completion and €500,000 eighteen months from the completion date. Equity, the equivalent of €500,000 shares will be issued at $2.27 per share on completion. The execution of the SPA is dependent upon securing funding and regulatory approvals such as French Foreign Investment Clearance.

Note 21 Subsequent Events

No other matter or circumstance has arisen since 31 December 2019 which is not otherwise dealt with in this report, that has significantly affected or may significantly affect the operations of the Group, the results of its operations or the state of affairs of the Group.

	Consolidated Group	
	31 Dec 2019	30 Jun 2019
	$	$
Note 22 Share Based Payments		
Total expense arising from the Energy One Equity Incentive Plan (EIP) share based payments for the financial period	**458,417**	386,331
Movements in share rights under the EIP for the financial period:	**No of rights**	No of rights
Balance at the being of the financial period	**510,916**	843,195
Rights granted	**473,630**	510,916
Rights lapsing	**0**	(294,926)
Rights vested and issued as ordinary shares	**(510,916)**	(548,269)
Balance at the end of the financial period	**473,630**	510,916
Average issue price in cents	**217.34**	96.43

The Company issued the following share and share rights on 19 July 2019 under the EIP which was also approved at the AGM on 26 October 2017 :-

25,000 Shares to Chief Financial Officer valued at $1.80c
25,000 Shares rights to the Chief Financial Officer vesting on service conditions 1 July 2020 valued at $1.77c

The Company issued the following shares on 2 September 2019 on the vesting of shares rights issued on 1 November 2018 under the EIP :-

96,152 Shares to Senior Executive Staff vesting on performance and service conditions valued at $0.98
100,000 Shares to the Chief Executive Officer vesting on performance and service conditions valued at $0.98

The Company issued the following shares on 25 October 2019 on the vesting of shares rights issued on 1 November 2018 under the EIP :-

96,148 Shares to Senior Executive Staff vesting on performance and service conditions valued at an avergage $0.951
100,000 Shares to the Chief Executive Officer vesting on performance and service conditions valued atabn average $0.951

The Company issued the following shares on 31 October 2019 on the vesting of share rights issued under approval at the AGM on 22 October 2018 :-

118,616 Shares to Non Executive Directors vesting on service conditions valued at $0.9604

The Company issued the following share rights on 1 November 2019 as approved at the AGM dated 24 October 2019 under the EIP which was also approved at the AGM on 26 October 2017 :-

71,622 Shares rights to Non Executive Directors vesting on service conditions 31 October 2020 valued at $1.85
200,000 Shares rights to the Chief Executive Officer vesting on performance (KPI based) and service conditions between 31 August 2020 and 31 August 2022 valued at an average of $2.33.

The Company issued shares rights on 22 November 2019 under the EIP which was approved at the AGM on 26 October 2017 as follows :-

177,008 Shares rights to the senior executive staff vesting on performance (KPI based) and service conditions between 31 August 2020 and 31 August 2022 issued at an average of $2.02

The Company issued 13,600 shares at $2.50 on 1 November 2019 to employees under the EIP which was approved at the AGM 26 October 2017.

Directors' Declaration

In the director’s opinion:

(a) the financial statements and notes set out on 10 to 21 are in accordance with the Corporations Act 2001, including:

- (i) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001;
- (ii) giving a true and fair view of the consolidated entity’s financial position as at 31 December 2019 and of its performance for the half year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Shaun Ankers
Chief Executive Officer
21 February 2020

Andrew Bonwick
Chairman
21 February 2020

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Energy One Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Energy One Limited (the Company), and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership

BDO

Clayton Eveleigh
Partner

Sydney, 21 February 2020