



LPE[®]

Locality Planning Energy (ASX:LPE)

Innovative Renewable Generation and Contracted Recurring Revenue

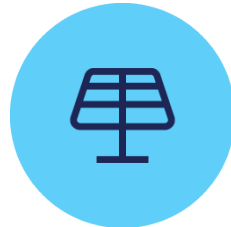


14 February 2022

About us



Fast-growing and innovative electricity provider with long term electricity, hot water, solar and battery supply agreements that provide strong recurring revenue



First to market technology with shared solar and carbon neutral centralised hot water systems for apartments



Saving money and creating sustainable communities of the future with no upfront costs, reduced carbon footprint and lower bills



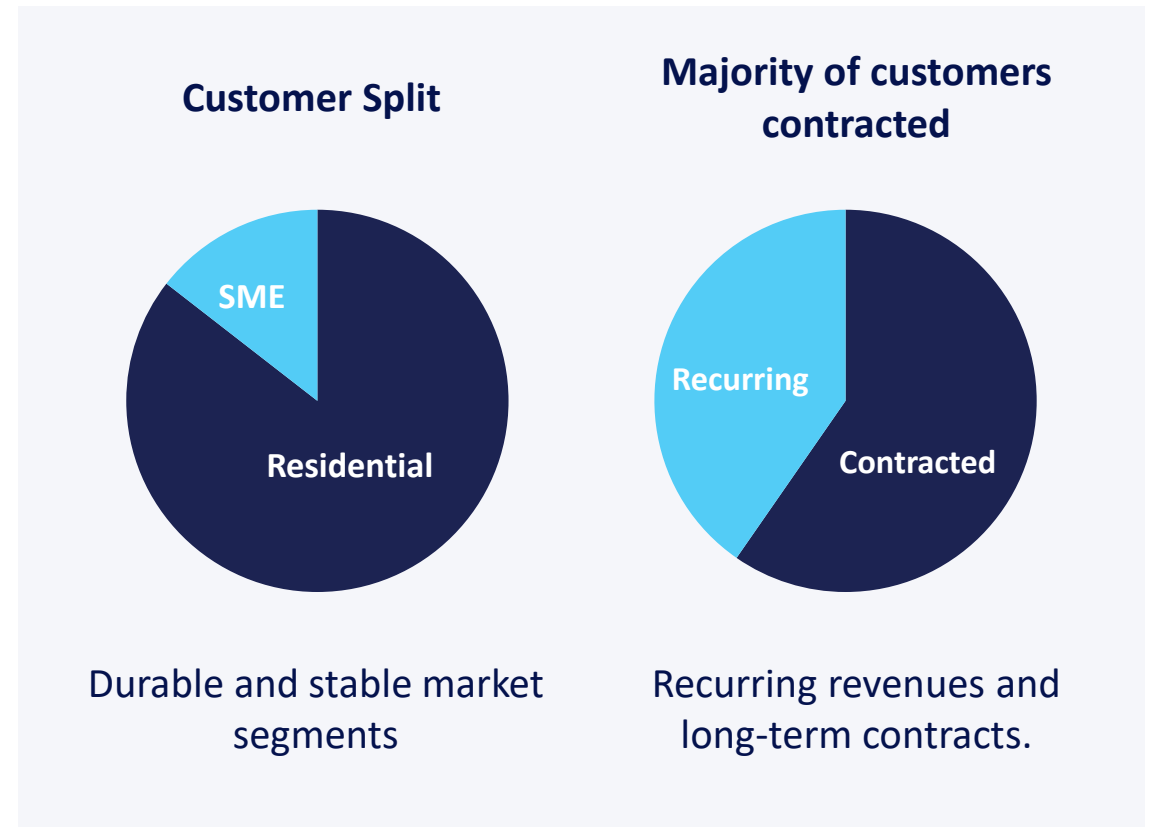
Planned utilising of renewable energy to power crypto mining and data centres sustainably to significantly improve and accelerate returns

Highlights

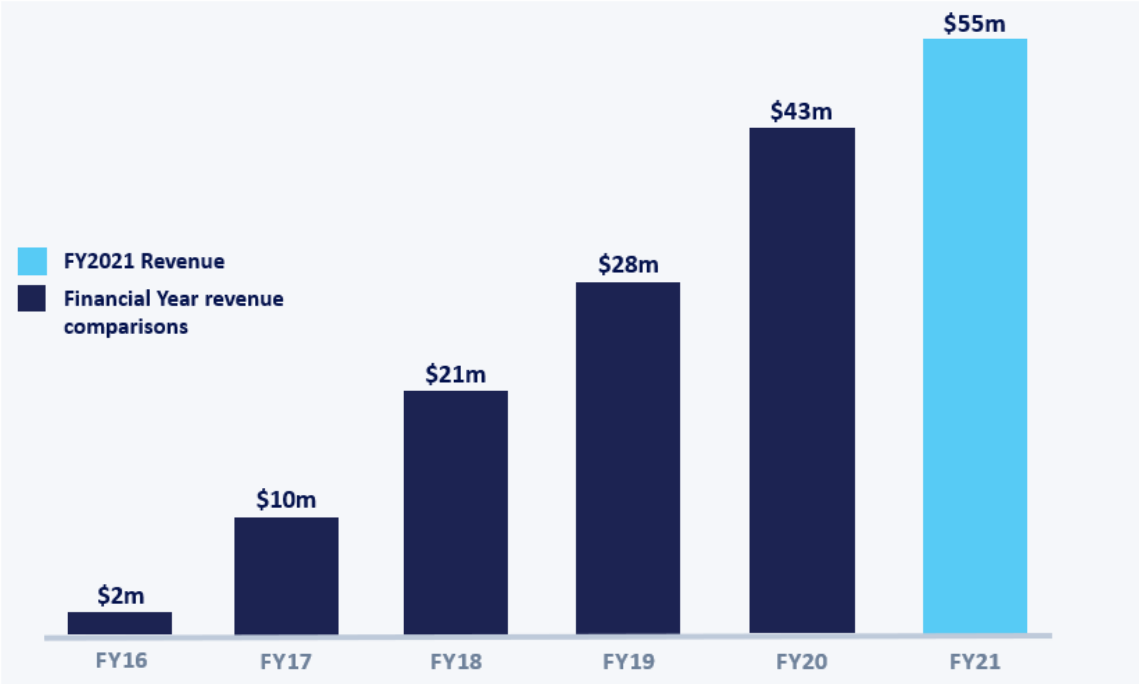


Innovative Renewable Generation. Contracted Recurring Revenues.

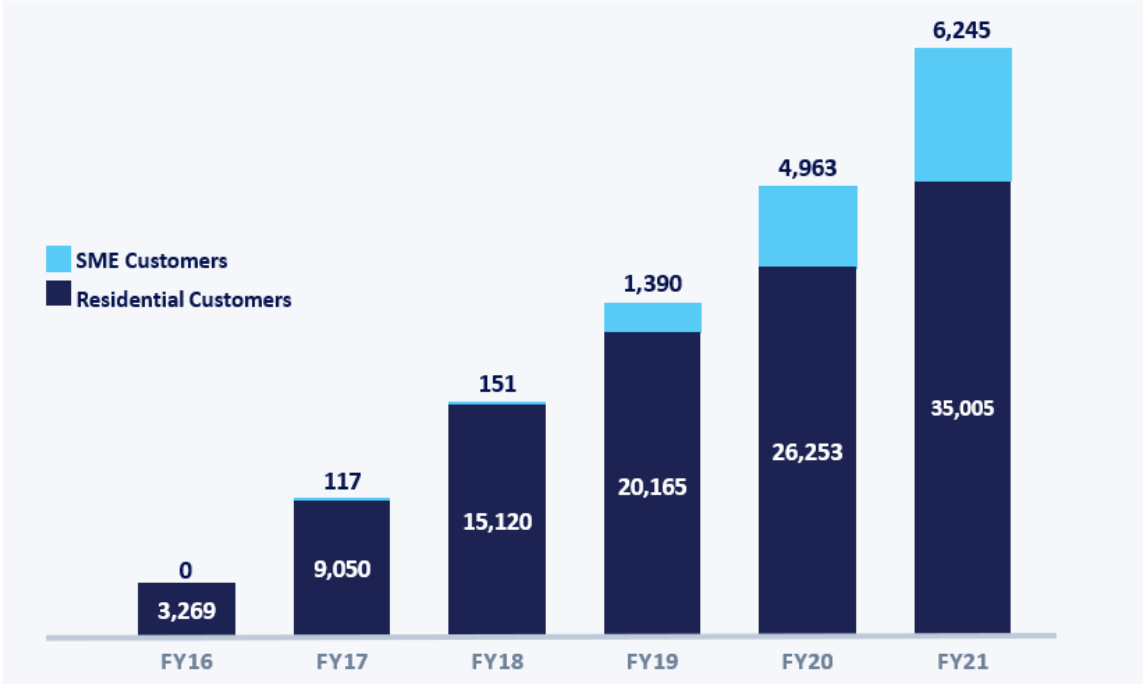
- ✓ Investing in **renewable energy to power planned crypto mining and data centres to improve and accelerate returns**
- ✓ Over **46,000 customers** and a current growth rate of over 30% year on year (6th largest energy retailer in Queensland on Energex network)
- ✓ Defensive core embedded network business **with 60% of total revenues contracted**
- ✓ **100% customer retention** attained to date when contracts end
- ✓ **Shared solar is a game changer** allowing strata communities and businesses behind the meter access to green energy
- ✓ **First in Australia to create carbon neutral centralised hot water systems**
- ✓ **Opportunity to cross-sell** utilities throughout our customer base; electricity, solar and battery, water and hot water



Strong Growth



Revenue



Customers

FY21 Operating Highlights



Highlights for the year ended 30 June 2021 include:

- **+27.2% growth in sales to \$55.6 million** (2020: \$43.7 million), with growth realised across all customer segments;
- **Gross margin 16%** of sales (excluding unrealised gain on derivatives) (2020: 17%)
- Excellent continuing productivity gains with **employee costs reducing by 6.2%** to \$6.1 million (2020: \$6.5 million)
- Strong customers growth of 32% year-on-year with 60% contracted, and

Renewable energy partnerships to power planned crypto mining and data centres can significantly increase revenue and margins

“We have continued to achieve strong growth with a **27% increase in revenue to \$55M in FY21**, with the Company now positioned for further growth by potentially providing renewable energy to the crypto mining and data centre market”

Justin Pettett
Non-Executive Chairman

Significant Growth Opportunities



Embedded Network & Centralised Hot Water

Aggregated electricity and hot water for strata communities with one market facing meter to reduce costs and improve sustainability.



Virtual Power Plant (VPP)

LPE is currently launching its VPP to enable customers to enjoy greater benefits from their solar and battery systems .



Retail Electricity

LPE supplies thousands of customers with day-to-day electricity needs. Australia's total energy market is worth ~\$13B per annum.



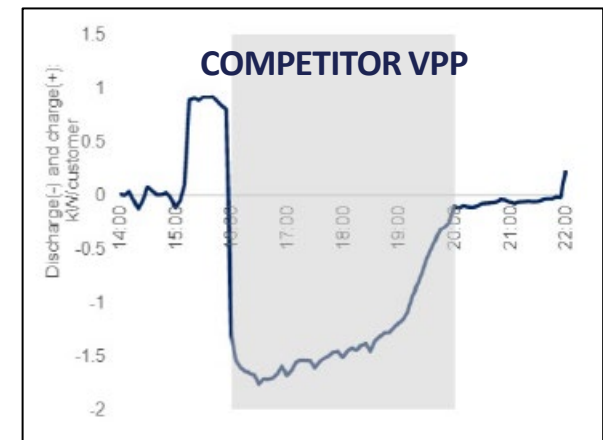
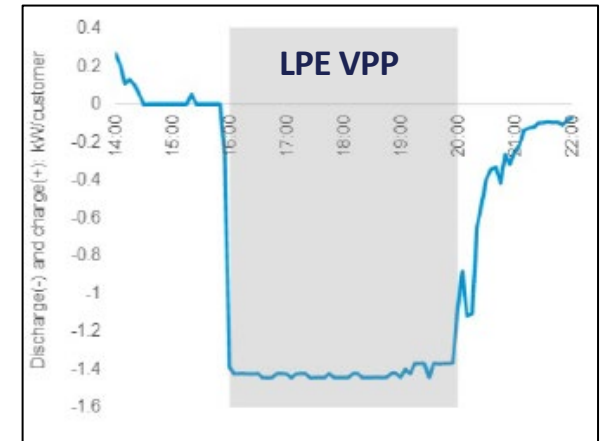
Renewables, Crypto Mining & Data Centers

LPE to enter large scale renewable energy generation via the Bundaberg BioHub with a key tenant a crypto currency miner with expected operations to begin in Q3 CY22

Shared Solar and the LPE Virtual Power Plant (VPP)



- LPE launches Virtual Power Plant (LPE VPP) through the sale of LPE solar and battery systems or the adoption of approved LPE battery
- Funding for this product has been secured off balance sheet, preserving the Company's cash on hand
- Customers benefit from i) cheaper electricity bills and ii) earning credits by allowing LPE to discharge the battery at optimal times
- LPE benefits from customer electricity margins, profit from selling solar and battery systems and revenues generated from battery energy arbitrage
- The product attracts sticky 5 year contracted customers, and customer loyalty as revenue generated from the VPP is credited to their-monthly bill
- The LPE VPP will contain many LPE customers whose individual batteries will be programmed to discharge small amounts of electricity in unison when not being used. LPE has partnered with a leading VPP technology provider to supply this service



Renewable Energy, Crypto Mining and Data Centre Opportunity



- LPE to enter vertically integrated renewable energy generation project via the BioHub located in Bundaberg, Queensland.
- LPE to be the energy retailer of the BioHub, managing behind the meter renewable energy and interfacing with the market
- Tenants will include Bundaberg Hydrogen, biogas and biohydrogen laboratories and data centre and renewable crypto currency miner start-up company STAK Mining Pty Ltd (**STAK**)*
- LPE to fund \$5 million of capital works, through an Installation of Works Agreement (IWA), of the BioHub between Bundaberg BioHub Pty Ltd*, STAK and the Company
- LPE to earn a 15% per annum margin (paid quarterly) over an 18-month period at which time the IWA capital works will be repaid in full
- The IWA will be secured via a second ranking mortgage over the real property on which the project is being developed
- LPE has the option to convert \$3 million of its \$5 million IWA funding into a 50% ownership interest in STAK (**STAK Option**)
- Before exercising the STAK Option, LPE will be required to comply with any applicable regulatory requirements and obtain any applicable regulatory approvals, including without limitation those under ASX Listing Rule 11.1 (**LR 11.1**) (if applicable)*.
- Subject to LPE exercising the option and to STAK achieving certain milestones, LPE agree to fund a further \$17 million into STAK through an interest free loan to retain its 50% equity interest. 100% of the cash flows from STAK will be used to repay the loan in around 12 months
- Unlocks additional opportunities in higher margin renewable generation, data centres and crypto mining operations with excess green energy to be sold to LPE customers
- **See LPE's ASX Announcement dated 14 February 2022 for further information about STAK and Bundaberg BioHub Pty Ltd and the risks associated with the potentially applicable regulatory approvals.*

Renewable Energy, Crypto Mining and Data Centre Opportunity



Artist's impression of the fully developed BioHub project in Bundaberg, Queensland

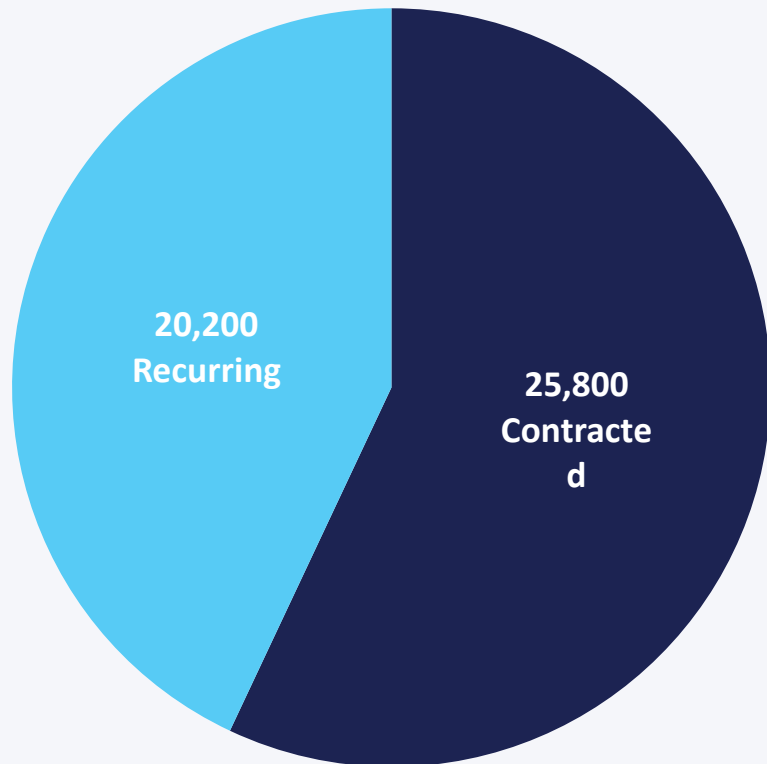
Some tenants are already in existing buildings and others move in once the other buildings are completed.

- Tenancy 1 – Bundaberg Council visitors centre and existing laboratories
- Tenancy 2 – Utilitas Biogas and Bundaberg Hydrogen to convert regional council waste truck fleet to hydrogen
- Tenancy 3 – Wide Bay Pacific Algaculture and biorefining, a large-scale macro and micro-algae producer for food, feed and biogas using CO2 produced within the BioHub
- Tenancy 4 – Terratas Biocommodities turning organic waste into fertilizer, farming products and electricity
- Tenancy 5 – STAK cryptocurrency miner and data centre

Exceptional Value (Post Issue)



Based on recent M&A activity, LPE is currently trading at a 38% discount to customer value, while ignoring the value of LPE's unique IP and significant upside potential from the BioHub.



LPE enterprise value (EV)*	\$22m
Contracted customers value**	\$26m
Recurring customer value***	\$10m
Total customer value	\$36m
Difference to EV	\$14m
EV Discount to Customer Value	38%
Indicative LPE share price at customer EV	~\$0.20

*LPE Enterprise Value (EV)

This is the value of the LPE market cap, plus net debt.

**Contracted

Based on recent M&A activity for embedded network, or long-term contracted customers, have traded from \$800 for a distressed business, to \$1,650 for strong mature business. Based on these historical transactions LPE management believe \$1,225 is a fair and conservative value to use.

***Recurring

In August 2020, Amaysim (AYS) sold to AGL for \$535 per customer. LPE management believe LPE's retention and branding is superior, but view using the same valuation as fair and conservative.

Corporate Snapshot (Post Issue)



LPE is at an inflection point of operational leverage to deliver strong financial performance as it rolls out its unique shared solar product, LPE Virtual Power Plant and enters renewable energy generation, improving returns on renewable assets such as biogas and solar farms by blending in returns from crypto mining and data centre partnership.

Key Metrics

ASX CODE:	LPE
Share Price (placement price)	\$0.10
Shares on Issue (m)	167.8
Market Capitalisation (m)	\$16.7
Net Debt (m) pre raise	\$(5.1)
Enterprise Value (m)	\$22
52 Week High/ Low	\$0.34/ \$0.105

Major Shareholders

Holder	Shares	% of SOI
Justin Pettett (Chairman)	9,365,000	5.6
Damien Glanville (MD and CEO)	8,288,995	5.0
Lumber Co Pty Ltd	7,978,995	4.7
EGP Capital	6,825,000	4.1
Fernsha Limited	5,500,000	3.7
Top 5	37,957,990	23.1

Shareholder Breakdown



Tight capital structure with highly incentivised management owning 10% of the shares on issue

Board of Directors



Justin Pettett

Non-Executive Chairman

Co-founder of LPE with over 21 years of ASX company experience having founded and helped numerous companies from start-up to takeover/acquisition and public-listing.

Proven track record in identifying and maximising business opportunities in the energy sector having led teams to deliver successful results, working closely with key stakeholders, investors and industry partners.



Damien Glanville

Managing Director & CEO

Co-founder of LPE with over 18 years' experience in senior management, logistics, and Executive Director roles and engineered the business case for the deployment of the Sunshine Coast 16MW Solar Farm.

Architect of the electricity retail model that successfully enabled LPE to obtain their Australian Energy Regulator Authorisation.

Listed responsible person for the management components of the Australian Energy Regulator Authorisation to retail electricity.



Melissa Farrell

Executive Director & CFO

20 years' experience working in accounting and finance, five of which have been in senior executive roles. Worked in various sectors including banking and mining, both in Australia and overseas for publicly listed companies.

Highly skilled in the area of financial control, reporting and risk management.



Barnaby Egerton-Warburton

Non-Executive Director

Over 25 years of trading, investment banking, international investment and market experience with positions at JP Morgan, BNP Equities and Prudential Securities.

Experienced investment banker and corporate advisor, having held managing director and non-executive director positions in the investment banking, technology and the resource sectors.

Degree in economics, and a graduate of the Australian Institute of Company Directors.

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