28 February 2022

Financial Results – Half Year Ended 31 December 2021

Locality Planning Energy Holdings Limited (**ASX: LPE**) (the **Company** or **LPE**), is pleased to present to shareholders the following documents relating to LPEs half year ended 31 December 2021.

- **Appendix 4D**
- **Half Year Report**

Authorised by the Board.

For further information:
Jane Morgan
Investor and Media Relations
jm@janemorganmanagement.com.au
+61 405 555 618

ENDS

About LPE

LPE is a fast-growing electricity provider challenging the way customers receive their electricity; going beyond being just a traditional supplier, leaders in innovation, supporting strata communities to think of tomorrow. With first to market technology, LPE has delivered shared solar for apartment living and carbon neutral centralised hot water systems, creating shareholder value through long term supply agreements that provide strong recurring revenue.

LPE predominantly service the Queensland energy market, selling electricity, hot water, solar and battery systems to homes, business, and strata communities. Providing strata communities, the solution to reduce their carbon footprint and energy bills with no upfront cost. Empowering people to save money and create sustainable communities of the future.

For more information visit: investors.joinlpe.com.au

Appendix 4D Half year report under ASX Listing Rule 4.2A.3

Period ended 31 December 2021

Current reporting period	1 July 2021 to 31 December 2021
Previous corresponding period	1 July 2019 to 31 December 2020

Results for announcement to the market

	6 months to 31 December 2020	**6 months to 31 December 2021**	**%**
	$	**$**	**change**
Revenue from ordinary activities	25,174,522	33,189,766	31.84%
Profit/(loss) from ordinary activities after tax attributable to members	155,474	(935,623)	(701.79%)
Net profit/(loss) from ordinary activities after tax attributable to members	155,474	(935,623)	(701.79%)
Final & interim dividend	Nil	Nil	-
Net tangible asset per security	(0.0002)	0.0486	

Brief explanation of revenue and results

Significant customer growth during the period has contributed to a 32% increase in revenue.

Net loss after tax of $0.9 million includes a non-cash profit of $2.8 million from the change in fair value of financial instruments used to hedge the Company's cost of wholesale energy.

Excluding this item there was an underlying loss of $3.7 million, with electricity margins (not including the unrealised profit/loss on derivatives) having decreased to 11% in the current period. The reduced margin in the first half is primarily due to increased forward pricing of energy attributable to the extreme market volatility driving up wholesale electricity prices to record levels due to a combination of low generator supply capacity, abnormal weather events and a change to customer's usage, transitioning to working from home due to COVID.

The Company's policy is, buy energy forward against its customer load profile and alter its retail pricing to align with its input costs, correcting the margin in the second half of this year.

Dividend payments
Nil

Dividend reinvestment plans
Nil

Locality Planning Energy Holdings Limited

Interim Financial Report

Half Year ending 31 December 2021

Smarter, Friendlier, Better electricity solutions

Locality Planning Energy Holdings Limited

2022 Half Year Report

This Interim Financial (Half Year Report) has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001 (Cth) and does not include all the notes of the type normally included in an annual financial report. Locality Planning Energy Holdings Limited's (the Group) most recent annual financial report is available at **https://investors.joinlpe.com.au/financial-reports/** as part of the Group's 2021 Annual Report.

The Group has also released information to the Australian Securities Exchange operated by ASX Limited ('ASX') in compliance with continuous disclosure requirements of the ASX Listing Rules. Announcements made by the Group under such rules are available on ASX's internet site **www.asx.com.au** (the Group's ASX code is 'LPE').

The material in this report has been prepared by Locality Planning Energy Holdings Limited ACN 147 867 301 and is current at the date of this report. It is general background information about Locality Planning Energy Holdings Limited's activities, is given in summary form in terms of the requirement of AASB 134 Interim Financial Reporting, and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered with professional advice when deciding if an investment is appropriate.

The 2022 Half Year Report was authorised for issue by Locality Planning Energy Holdings' Directors on 28 February 2022.

The Board of Directors has the power to amend and reissue the Half Year Report.

Contents

Smarter, Friendlier, Better electricity solutions

Locality Planning Energy Holdings Limited

Directors' Report

The Directors submit their report on the consolidated entity consisting of Locality Planning Energy Holdings Limited and the entities it controlled (Group) at the end of, or during the half year ended, 31 December 2021.

Directors

As at the date of this report, the Directors of Locality Planning Energy Holdings Limited are:

Justin Pettett - Non-Executive Director and Chairman

Mr Barnaby Egerton-Warburton - Independent Non-Executive Director

Mr Damien Glanville - Executive Director and Chief Executive Officer

Ms Melissa Farrell - Executive Director and Chief Financial Officer

The Directors listed above each held office as a Director of Locality Planning Energy Holdings Limited throughout the period and until the date of this report.

Principal Activities

The Group's principal activity is the sale of electricity and utility services to residential and commercial customers throughout the Australian National Electricity Market.

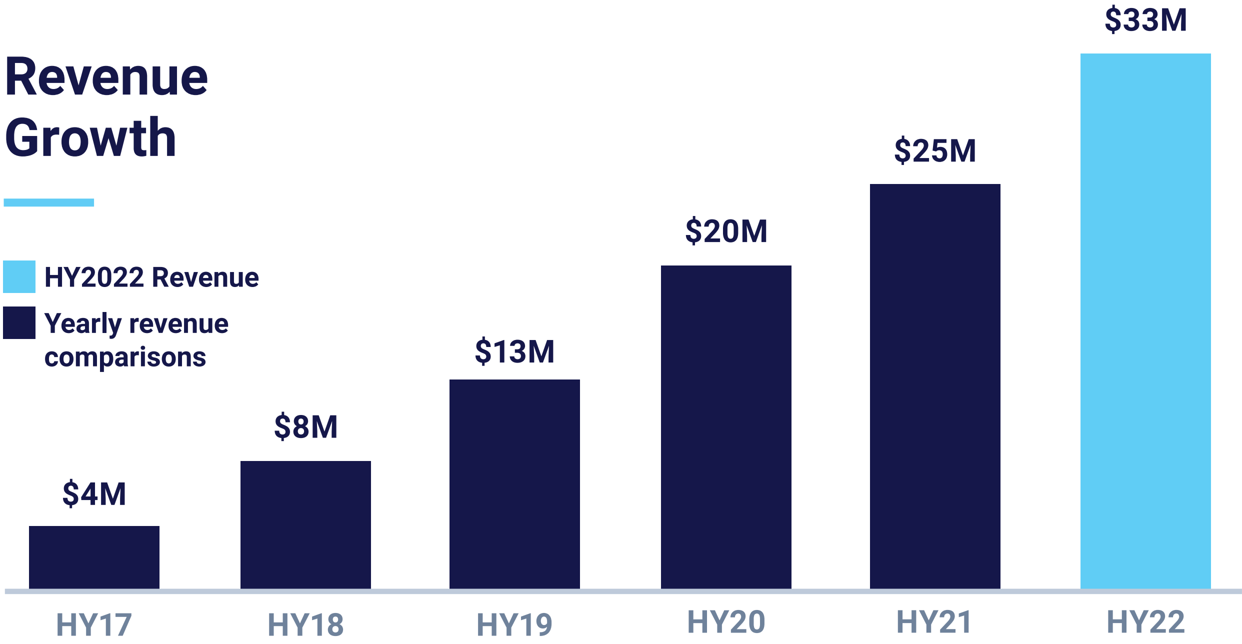
Financial Result

The Group reported a statutory loss after tax of $0.9 for the half year ended 31 December 2021 (HY FY21 profit after tax of $0.2 million).

Key Operating Metrics

LPE Performance Highlights

Revenue Growth



BioHub Opportunity

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

LPE Chairman, Justin Pettett, commented: "This is an exciting time for the Company as LPE's involvement in the development of the BioHub will not only generate additional income with a healthy margin on our Capital Works Funds, together with energy sold into the BioHub, but will also give the Company the option to build a potentially highly lucrative, vertically integrated revenue stream within our retailing business by energising a 100% renewable powered crypto miner."

Operating and Financial Review

LPE continued to deliver significant growth in customers and sales during the period which increased by +30% and +32% respectively. Management is focused on harnessing this growth and building additional revenues to transform the Company into profit generating.

- **Customer base increased 30% to over 46,000**
- **Sales increase 32% to $32.8M**
- **Increased cost of energy offset by hedging**
- **Inflection to profitability on near term horizon**

Summary of Financial Performance

Sales for the half year ended 31 December 2021 were $32.8 million, an increase of 32% on the prior comparable period, driven by significant customer growth of 30% to over 46,000 customers at the end of the period.

Gross profit decreased to $3.6 million and gross margin on electricity sales to 11% (2020: 19.5%), due to increased wholesale electricity pricing of energy attributable to the extreme market volatility driving prices to record levels due to a combination of low generator supply capacity, abnormal weather events and a change to customers' usage, transitioning to working from home due to COVID. These record setting events for the December quarter are extremely rare resulting in early and greater peak time electricity usage events.

The Company's successful derivative strategy provided protection to avoid any adverse impact above and beyond the increase in cost of sales for the half year. The Company's policy is to buy energy forward against its customer load profile and alter its retail pricing to align with its input costs towards correcting the margin in the second half of this year which will be reflected predominantly in FY23.

LPEs 26,000 embedded network customers have a natural hedge against increases through price variances built into their contracts.

Underlying operating expenditure increased $1.0 million on the prior period, primarily attributable to the growth in both customer and revenue numbers. Management is focused on harnessing the established base and expect continued growth to achieve profit generation within the next 24 months.

Summary Financial Results

Consolidated Profit & Loss (AUD million)	**1H22**	**1H21**	**% chg**
Sales Revenue	**32.9**	**24.8**	**+32.7%**
COGS	(29.4)	(20.0)	+46.9%
Gross Profit	**3.5**	**4.8**	**-26.5%**
Operating Costs	(6.0)	(5.0)	21.4%
Depreciation & Amortisation	(0.2)	(0.3)	
EBIT (underlying)	**(2.7)**	**(0.5)**	
Unrealised hedging gain/loss & other	2.8	1.4	
Net Finance Costs	(1.0)	(0.7)	
Income Tax	0.0	0.0	
NPAT (statutory)	**(0.9)**	**0.2**	

Operating and Financial Review

Executing on our Strategic Priorities

Strata Communities

The Company's embedded network customers remain the spine of the Company with over 26,000 customers continuing to dominate LPEs customer mix, generating strong margins of 24% during the first half. The team is focused on retaining and building its embedded network segment of the business as more opportunities come to LPE to take over existing buildings from other providers.

LPE Virtual Power Plant (VPP)

Whilst LPE's key focus remains on growing its base of embedded strata customers, the Company's direct market focus will pivot from just offering traditional residential or business electricity services, to targeting product related customer acquisitions through launching the LPE VPP product (Virtual Power Plant), where LPE provides solar and battery solutions bundled with energy retailing services.

The LPE VPP product will be soft launched from the 1st of March to all LPE customers who have, or install, a solar system and want to adopt a battery. The Company currently has over 4,500 solar customers without a battery so they will be the initial target group. LPE customers will have the opportunity to finance their purchase of solar and battery systems interest free via a well know, reputable, third-party.

Customers will benefit from increasing their personal sustainability profile through adopting the fastest growing renewable energy source, solar electricity, and batteries, and be provided with the ability to earn a credit to be applied to their bill by being a part of the LPE VPP program.

A customer funding offer for this product has been secured off balance sheet, thereby preserving the Company's cash on hand.

Bundaberg Renewable Energy BioHub

Subsequent to the first half, LPE launched its renewable generation vertical through participation in a BioHub project located in Bundaberg, Queensland, unleashing the power of biogas, hydrogen and solar to fuel industry, support networks and energise communities. Participation in the BioHub positions LPE to be aligned with a large-scale renewable generation plant.

LPE will be the retailer for the BioHub, billing the renewable energy behind the meter and interfacing with the wholesale market to import/export any shortfall/excess energy. The BioHub is a large, embedded network, generating renewable energy from solar, battery, biogas, and hydrogen on site, with the Company funding $5 million in capital works (Capital Works Funds) and earning a 15% per annum margin on the Capital Works Funds, to be paid quarterly, plus a fee to bill and supply electricity to the tenants within the BioHub.

The attractiveness of the BioHub opportunity is twofold; LPE will be better aligned with larger-scale renewable generation; and LPE also has an option to convert $3 million of its Capital Works Funds into a 50% ownership interest in one of the on-site tenants, a large volume user of electricity and cryptocurrency miner named STAK Mining Pty Ltd (STAK). Should LPE exercise its option (such exercise being subject to potentially applicable regulatory requirements, including, without limitation those under ASX Listing Rule 11.1(if applicable)), it will receive its share of the proceeds in cash generated from mining operations in the BioHub, along with any additional mining operations that STAK develops from its 100% renewable powered projects. LPE will, prior to making any decision regarding its option, have the benefit of reviewing three months of operational cash flow from STAK, which is expected to begin operations in Q3 of CY22, to ensure that the miner is achieving its forecast cash flows.

Operating and Financial Review

The BioHub opportunity unlocks additional opportunities in higher margin renewable generation, data centres and crypto mining operations with excess green energy to be sold into the wholesale market which could include to LPE customers.

Placement

Subsequent to the first half the Company raised $7.5 million by way of a Placement to new and existing sophisticated and institutional shareholders. The Placement was very well supported with total bids received well exceeding the original raise target of $6 million and the Company scaling back allocations to $7.5 million. Tranche 1 of the raise amounting to $2.32 million has been settled with the balance to be completed post a shareholder meeting to be held in late March.

The Placement was arranged and supported by CPS Capital Group Pty Ltd and Sandton Capital Advisory Pty Ltd, who provided bids well exceeding the target raise amount, demonstrating strong support for the Company.

Outlook

LPE anticipates further growth in its embedded networks, both from existing buildings and developers, as the Company has become the retailer of choice among Queensland strata communities by offering a superior product suite and service to all decision makers and, importantly, to owners.

The Company will begin rolling out its VPP next month, initially to its 4,500 existing solar customers who do not have batteries installed yet, offering them an opportunity to get involved in the VPP, earn a monthly credit, and purchase a battery for $0 upfront, interest free.

The Company will become the retailer of the BioHub assisting in its development as each stage is progressively completed. New tenants, who have all signed tenancy agreements, are expected to go live as the stages complete. In addition to those existing tenants already in place at the BioHub, STAKs tenancy will be the first part of the development to be completed with miners expected to be in place and operating in Q3 of CY2022.

Other Disclosures for Half Year ending 31 December 2021

Principal Activities of the Consolidated Entity

The principal activity of the consolidated entity is the sale of electricity and utility services to residential and commercial customers throughout the Australian National Electricity Market.

Dividends

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend since 31 December 2021 and to the date of this report.

Review of Activities and Business Strategies

An operating and financial review of the Company during the financial year is contained on pages 6, 7 & 8 of this report and forms part of the Directors' Report. It includes a review of operations during the first half, as well as the financial results and business strategies of the Company.

Changes in State of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year.

Proceedings on Behalf of the Company

No person has applied under Section 237 of the Corporations Act for leave of the 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 other such proceedings during the year.

Auditor's Independence Declaration

A copy of the external auditor's declaration under Section 370C of the Corporates Act in relation to the audit review for the half year is attached to the Company's Financial Statements.

Indemnification and Insurance of Officers or Auditor

Each of the Directors and the Secretary of the Company have entered into a Deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company to those Directors and the Secretary.

The Company has insured all of the Directors and Officers of Locality Planning Energy Holdings Limited.

The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act 2001 does not require disclosure of the information in these circumstances. The Company has not indemnified or insured its auditor.

Events Subsequent to Balance Date

The Company raised an additional $7,500,000 capital via an equity raise in February 2022 (Share Proceeds). 23,221,183 fully paid ordinary shares were issued on 18 February 2022, for $2,322,000. A further $5,178,000 is subject to shareholder approval for the issue of 51,778,817 fully paid ordinary shares, expected to settle in late March 2022.

The Company signed an Installation Works Agreement on 15 February 2022, investing $5,000,000 of the Share Proceeds into the Bundaberg BioHub project owned by Bundaberg BioHub Pty Ltd. Interest earned on the 18-month term investment is 15% p.a. secured by a second mortgage over the project.

The Company incorporated a new subsidiary named, LPE Generate Pty Ltd (ABN 46 657 187 089) on 9 February 2022 to invest and hold its interest in the BioHub.

The Company's existing funder, Blackrock, extended a short-term facility of $4,000,000 to fund increased AEMO credit support requirement which was drawn down on 14 February 2022 and matures on 14 May 2022.

Non-IFRS Financial Information

The Operating & Financial Review attached to and forming part of this Directors' Report includes non-International Financial Standards (IFRS) financial measures. The Company's management uses these non-IFRS financial measures to assess the performance of the business.

- Principal among these non-IFRS financial measures is Underlying EBIT. This measure is adjusted for significant items (which are material items of revenue or expenses that are unrelated to the underlying performance of the business); and
- Changes in the fair value of financial instruments recognised in the statement of profit or loss (to remove the volatility caused by mismatches in valuing financial instruments and the underlying asset differently).

The Company believes that Underlying EBIT provides a better understanding of its financial performance than Statutory EBIT and allows for a more relevant comparison of financial performance between financial periods.

Underlying EBIT is presented with reference to ASIC Regulatory Guide 230 'Disclosing non-IFRS financial information', issued in December 2011. The Company's policy for reporting Underlying EBIT is consistent with this guidance. The Directors have had the consistency of the application of the policy reviewed by the external auditor of the Company.

Corporate Governance

A copy of Locality Planning Energy Holdings Limited's Corporate Governance Statement can be found on the Company's website at **https://investors.joinlpe.com.au/corporate-governance/**

Business Risks

The Company has identified the following risks as having the potential to materially affect LPE's ability to meet its business objectives:

Regulatory policy

LPE is exposed to regulatory policy change and government interventions. Changes in energy market design and climate change policies for example, have the potential to impact the financial outcomes of the Company. LPE contributes to policy process by actively participating in public policy debate, proactively engaging with policy makers and participating in public forums, industry associations and research.

Competition

LPE operates in a highly competitive industry which can put pressure on margins. Our strategy to mitigate this risk is to effectively build customer loyalty and trust by delivering an exceptional customer service experience based on openness and transparency, and by offering innovative energy solutions that come with longer length supply terms.

Changes in demand for energy

A decrease in demand for energy could possibly reduce LPE's revenues and adversely affect the Company's future financial performance. LPE cannot control the habits or consumption patterns of our customers, nor is it possible to quantify the long-term impact of COVID-19 on demand, however LPE works to mitigate the impact of this risk by utilising data analytics to better predict customer demand.

Technological developments/disruption

Technology is allowing consumers to understand and manage their electricity usage through smart appliances, having the potential to disrupt the Company's existing relationship with consumers.

Advances in technology have the potential to create new business models and introduce new competitors. LPE actively monitors and participates in technological developments and is exploring investments in new innovative products to enhance customer experience and reduce cost to serve.

Cyber security

A cyber security incident could lead to disruption of critical business operations. It could also lead to a breach of privacy, and loss of and/or corruption of commercially sensitive data which could adversely affect customers. LPE regularly assesses its cyber security profile. All employees undertake cyber awareness training, including how to identify scam emails and how to keep data safe.

Climate change

The ongoing decarbonisation of energy markets and the decreasing demand for fossil fuels provides both risks and opportunities for LPE. The Company is focused and committed to growth and innovation of its Solar products.

Company Health and Safety Policy

It is the responsibility of all employees to act in accordance with occupational health and safety legislation, regulations and policies applicable to their respective organisations and to use security and safety equipment provided.

Specifically, all employees are responsible for safety in their work area by:

- following the safety and security directives of management;
- advising management of areas where there is a potential problem in safety and reporting suspicious occurrences; and
- minimising risks in the workplace.

Environmental

Whilst it was not an environmental issue for the Company, under the Renewable Energy Target, the Company is obliged to purchase and surrender an amount of large-scale generation certificates, and small-scale technology certificates, based on the volume of electricity the Company acquires each year.

Approval of Directors' Report

This Director's Report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Board this 28th day of February 2022.

Justin Pettett
Chairman

What We Do

LPE is a fast-growing electricity provider challenging the way customers receive their electricity.

Going beyond being just a traditional supplier, leaders in innovation, supporting strata communities to think of tomorrow. With first to market technology, LPE has delivered shared solar for apartment living and carbon neutral centralised hot water systems, creating shareholder value through long term supply agreements that provide strong recurring revenue.

LPE predominantly service the Queensland energy market, selling electricity, hot water, solar and battery systems to homes, business, and strata communities. Providing strata communities, the solution to reduce their carbon footprint and energy bills with no upfront cost. Empowering people to save money and create sustainable communities of the future.

LPE®

2022 Half Year Report

Financial Statements

Operating and Financial Review

Locality Planning Energy Holdings Limited - ABN 90 147 867 301

Consolidated statement of profit or loss and other comprehensive income for the half year ended 31 December 2021

	Note	Dec 2021 $	Dec 2020 $
Electricity revenue	4A	32,877,519	24,773,777
Electricity cost of goods sold	4B	(29,353,183)	(19,976,253)
Unrealised gain/(loss) on derivatives		2,777,561	1,298,984
Gain from trading		**6,301,897**	**6,096,508**
Other income	4C	312,247	400,745
Total operating income		**6,614,144**	**6,497,253**
Impairment losses	4D	(39,248)	(74,395)
Financing expenses	4E	(1,296,938)	(1,079,418)
Other expenses	4F	(6,213,581)	(5,187,966)
Profit/(Loss) before income taxes		**(935,623)**	**155,474**
Income tax benefit/(expense)		-	-
Net profit/(loss) for the period		**(935,623)**	**155,474**
Other comprehensive income		-	-
Other comprehensive income net of tax		-	-
Total comprehensive profit/(loss) for the year		**(935,623)**	**155,474**
Basic earnings/(loss) per share (dollars per share)		(0.0119)	0.0026
Diluted earnings/(loss) per share (dollars per share)		(0.0119)	0.0025

The Consolidated Statement of Profit or Loss and the Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

Consolidated statement of financial position as at 31 December 2021

	Note	Dec 2021 $	June 2021 $
Current assets			
Cash and cash equivalents		3,892,010	5,745,250
Trade and other receivables		11,096,042	10,045,765
GST receivable		-	179,918
Site conversion receivables		904,061	944,180
Financial assets - derivatives		7,315,828	3,403,475
Other current assets		747,270	865,383
Inventory		1,030,542	461,617
Total current assets		**24,985,753**	**21,645,588**
Non-current assets			
Site conversion receivables		3,566,871	3,703,181
Other financial assets	5	3,312,312	1,612,312
Plant and equipment		482,219	479,578
Leasehold improvements		380,318	426,609
Intangibles		264,733	210,058
Right of use assets		728,686	823,408
Total non-current assets		**8,735,139**	**7,255,146**
TOTAL ASSETS		**33,720,892**	**28,900,734**
Current liabilities			
Trade and other payables		11,500,262	11,872,243
GST payable		205,338	-
Employee entitlements - leave provisions		425,919	323,673
Lease liabilities		236,025	222,364
Provisions		34,410	32,805
Borrowings		14,453,475	173,612
Total current liabilities		**26,855,429**	**12,624,697**
Non-current liabilities			
Employee entitlements - leave provisions		98,324	74,143
Lease liabilities		891,201	1,011,331
Borrowings		38,197	14,088,430
Total non-current liabilities		**1,027,722**	**15,173,904**
TOTAL LIABILITIES		**27,883,151**	**27,798,601**
NET ASSETS		**5,837,741**	**1,102,133**
Equity			
Issued capital	2	47,313,344	41,775,446
Share option reserve		406,440	273,107
Accumulated losses		(41,882,043)	(40,946,420)
TOTAL EQUITY		**5,837,741**	**1,102,133**

Consolidated statement of cash flows for the half year ended 31 December 2021

	Dec 2021 $	Dec 2020 $
Cash flows from operating activities		
Receipts from customers	30,651,164	19,711,616
Receipts from government utility relief scheme	-	1,132,150
Receipts from government grants	5,000	119,248
Payments to suppliers and employees	(34,232,224)	(24,763,688)
Interest received	307,200	330,918
Interest paid	(821,473)	(761,846)
Net cash provided by/(used in) operating activities	**(4,090,333)**	**(4,231,602)**
Cash flows from investing activities		
Payment for Financial Assets	(3,023,317)	(925,471)
Payment for plant and equipment	(74,935)	(86,734)
Payment for leasehold improvements	(1,979)	-
Payment for intangibles	(70,700)	(14,789)
Net cash provided by/(used in) investing activities	**(3,170,931)**	**(1,026,994)**
Cash flows from financing activities		
Financing costs paid	(61,410)	(864,413)
Proceeds from loans	38,598	50,893
Repayment of leases	(104,864)	(75,322)
Repayment of loans	(135,532)	(92,326)
Proceeds from issues of shares (net of share issue costs)	5,671,232	2,951,543
Net cash provided by/(used in) financing activities	**5,408,024**	**1,970,375**
Net increase/(decrease) in cash and cash equivalents	(1,853,240)	(3,288,221)
Cash and cash equivalents opening balance	5,745,250	8,251,616
Cash and cash equivalents closing balance	**3,892,010**	**4,963,395**

The Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

Consolidated statement of changes in equity for the half year ended 31 December 2021

	Issued capital $	Options reserve $	Accumulated losses $	Totals $
Balance at 1 July 2020	39,064,880	-	(41,864,667)	(2,799,787)
Issue of share capital	2,951,543	-	-	2,951,543
Profit/(loss) after income tax	-	-	155,474	155,474
Balance at 31 December 2020	**42,016,423**	-	**(41,709,193)**	**307,230**

Balance at 1 July 2021	41,775,446	273,107	(40,946,420)	1,102,133
Issue of share capital	6,000,000	-	-	6,000,000
Capital raising costs	(462,102)	-	-	(462,102)
Issue of share options	-	133,333	-	133,333
Profit/(loss) after income tax	-	-	(935,623)	(935,623)
Balance at 31 December 2021	**47,313,344**	**406,440**	**(41,882,043)**	**5,837,741**

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

1. Statement of Significant Accounting Policies

(a) Basis of Preparation

The interim financial report of Locality Planning Energy Holdings Limited (LPE or the Company) and its controlled entities (the Group) for the half-year ended 31 December 2021 was authorised for issue in accordance with a resolution of the Directors on the date the Directors report was signed.

The interim financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134 Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by LPE during the period in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The interim financial report does not include full disclosures of the type normally included in an annual financial report.

(b) Reporting Basis and Conventions

The interim report has been prepared on an accruals basis and is based on historical costs.

(c) Accounting Policies

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 except for those as described in Note 1(d) below.

(d) New, Revised or Amending Accounting Standards and Interpretations Adopted

A number of new standards and interpretations are effective for annual reporting periods beginning after 1 July 2021 and earlier application is permitted, however the Company has not early adopted the new or amended standards in preparing these financial statements. The new standards relate to very specific circumstances that are not applicable to the Company.

(e) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification and subsequent measurement

Financial Liabilities

Financial liabilities are subsequently measured at:

- Amortised cost; or
- Fair value through profit or loss.

(e) Financial Instruments (cont'd)

Classification and subsequent measurement

Financial Liabilities (cont'd)

A financial liability is measured at fair value through profit and loss if the financial liability is:

- A contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- Held for trading; or
- Initially designated at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- It is incurred for the purpose of repurchasing or repaying in the near term;
- Part of a portfolio where there is an actual patter of short-term profit taking; or
- A derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

The Group recognises the financial derivative instruments at fair value through profit or loss.

Financial Assets

Financial assets are subsequently measured at:

- Amortised cost;
- Fair value through other comprehensive income; or
- Fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- The contractual cash flow characteristics of the financial asset; and
- The business model for managing financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- The financial asset is managed solely to collect contractual cashflows; and
- The contractual terms within the financial asset give rise to cashflows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- The contractual terms within the financial asset give rise to cashflows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- The business model for managing the financial assets comprises both contractual cashflows and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

(e) Financial Instruments (cont'd)

The Group currently has futures contracts that are recognised within financial assets in the Statement of Financial Position that are recognised at fair value through profit or loss. All other financial assets are recognised at amortised cost.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the Statement of Financial Position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expire, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for Derecognition of financial asset:

- The right to receive cash flows from the asset has been expired or been transferred;
- All risk and rewards of ownership of the asset have been substantially transferred; and
- The Group no longer controls the asset.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(f) Going Concern

The financial statements have been prepared on a going concern basis.

The Group incurred a net loss after income tax for the half year ended 31 December 2021 of $935,623 (2020 half year net profit: $155,474). Net cash outflow from operations for the half year was $4,090,333 (2020 half year: $4,231,600) and net tangible assets for the half year were $5,573,008 (June 2021: $892,075). These factors, prima facie, indicate that there is material uncertainty on whether the Group will continue as going concern. However, the Company successfully raised $7.5 million in February 2022 via an equity raise as indicated in note 7 and are in negotiations to re-finance the Blackrock facility expiring in the next 12 months and recorded as a current liability.

The Directors have therefore determined the Group has access to sufficient net working capital to maintain continuity of normal business activity and pay its debts as and when they fall due, deeming it appropriate to prepare the financial report on a going concern basis.

2. Issued Capital

(a) Issued and paid up capital	Dec 2021 Number	June 2021 Number
Ordinary shares fully paid no par value	**92,884,736**	**62,884,736**

(b) Movement in ordinary shares on issue	Number	$
Balance at 1 July 2021	**62,884,736**	**41,775,446**
Issued for cash 25 August 2021	15,720,000	3,144,000
Issued for cash 26 October 2021	14,280,000	2,856,000
Capital raising expenses		(462,102)
Balance at 31 December 2021	**92,884,736**	**47,313,344**

(c) Options on issue

At the end of the period, the following options over unissued ordinary shares were outstanding:

Issue date	Number	Exercise price	Expiry
11 November 2020	3,400,000	0.375	21/10/2022
26 October 2021	18,333,334	0.300	26/10/2023

3. Segment Reporting

The Group has identified its operating segments as being the energy retail sector in Australia. Management currently identifies the energy retail sector as being the Group's sole operating segment.

There have been no changes in the operating segments during the year. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from the segment are equivalent to the financial statements of the Group as a whole.

4. Statement of Profit or Loss and other Comprehensive Income

	Consolidated Entity Dec 2021 $	Consolidated Entity Dec 2020 $
A. Electricity Revenue		
Electricity sales	32,297,050	24,089,521
Site conversion sales	580,469	684,256
Total Electricity Revenue	**32,877,519**	**24,773,777**
B. Electricity Cost of Goods Sold		
Energy usage charges	10,697,179	7,413,276
Network charges	14,070,383	9,352,979
Other COGS	4,067,992	2,622,929
Site conversion COGS	517,629	587,069
Total Electricity Cost of Goods Sold	**29,353,183**	**19,976,253**
C. Other Revenue		
Interest revenue	307,247	331,497
Government grants	5,000	69,248
Total Other Revenue	**312,247**	**400,745**
D. Impairment Losses		
Bad debts written off	145,741	22,902
Addition to provision for doubtful debt	(106,493)	51,493
Total Impairment Losses	**39,248**	**74,395**
E. Financing Expenses		
Bank Fees	87,492	18,565
Borrowing expenses	387,974	293,610
Interest on leases	57,764	5,397
Interest expense	763,708	761,846
Total Financing Expenses	**1,296,938**	**1,079,418**
F. Other Expenses		
Depreciation and amortisation	231,808	303,240
Employee costs	3,722,180	2,903,578
Gain/(loss) on disposal of assets	91	5,477
Information technology	1,070,917	1,055,594
Insurance	54,128	48,556
Marketing & advertising	305,341	210,269
Occupancy expenses	31,292	17,163
Other expenses	579,272	492,433
Professional costs	218,552	151,656
Total Other Expenses	**6,213,581**	**5,187,966**

5. Other Financial Assets

These relate to term deposits that are security for bank guarantees that the Group has with AEMO and hedging counterparties and are therefore deemed to be non-current financial assets.

6. Contingent Assets and Liabilities

The Directors are not aware of any change in contingent assets and liabilities since the last annual reporting date.

7. Events Subsequent to Period End

The Company raised an additional $7,500,000 capital via an equity raise in February 2022. 23,221,183 fully paid ordinary shares were issued on 18 February 2022, for $2,322,000. A further $5,178,000 is subject to shareholder approval for the issue of 51,778,817 fully paid ordinary shares, expected to settle in late March 2022.

The Company signed an Installation Works Agreement on 15 February 2022, investing $5,000,000 of the Share Proceeds into the Bundaberg BioHub project owned by Bundaberg BioHub Pty Ltd. Interest earned on the 18-month term investment is 15% p.a. secured by a second mortgage over the project.

The Company incorporated a new subsidiary named, LPE Generate Pty Ltd (ABN 46 657 187 089) on 9 February 2022 to invest and hold its interest in the BioHub.

The Company's existing funder, Blackrock, extended a short-term facility of $4,000,000 to fund increased AEMO credit support requirement which was drawn down on 14 February 2022 and matures on 14 May 2022.

8. Fair Value Measurements

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- derivative financial instruments;
- financial assets held for trading;
- financial assets at fair value through other comprehensive income;

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

(a) Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1: Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

(a) Fair Value Hierarchy (cont'd)

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach converts estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The Group uses an internally derived forward curve to calculate the fair value of its financial derivatives, using an income approach. This model uses observable futures prices from ASX Energy and distributes these prices across half hour intervals using internally derived ratios. The fair value of the Groups's derivative financial instruments is $6,936,711 as at 31 December 2021 (30 June 2021: $3,347,675). Given the significance of the internally-derived ratios to the valuation, the Group has assessed this as Level 3.

Director's Declaration

The Directors of the Company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001 and:

(a) complying with Australian Accounting Standard AASB134: Interim Financial Reporting; and

(b) giving a true and fair view of the financial position as at 31 December 2021 and of its performance and cash flows for the half year ended on that date.

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Justin Pettett

Chairman

Dated: 28 February 2022

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF LOCALITY PLANNING ENERGY HOLDINGS LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Locality Planning Energy Holdings Limited and its controlled entity (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant 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 accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

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

Emphasis of Matter - Material Uncertainty Related to Going Concern

Without modifying our conclusion, we draw attention to Note 1(f) in the financial report, which indicates that the Group incurred a net loss after income tax for the half year ended 31 December 2021 of $935,623. Net cash outflow from operations for the half year was $4,090,333 and net tangible assets for the half year were $5,573,008. These factors, prima facie, indicate that there is material uncertainty on whether the Group will continue as going concern. Our conclusion is not modified in respect of this matter.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF LOCALITY PLANNING ENERGY HOLDINGS LIMITED

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 control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and 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. ASRE 2410 requires us to conclude whether 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 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

Bentleys.

Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants

Ashley Carle
Director
Brisbane
28 February 2022

Bentleys
THINKING AHEAD

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

TO THE DIRECTORS OF
LOCALITY PLANNING ENERGY HOLDINGS LIMITED

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

Bentleys.

Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants

Ashley Carle
Partner
Brisbane
28 February 2022

Corporate Directory

Non-Executive Chairman
Mr Justin Pettett

Non-Executive Director
Mr Barnaby Egerton-Warburton

Executive Directors
Mr Damien Glanville
Ms Melissa Farrell

Company Secretary
Ms Elissa Hansen

Principal & Registered Office
Level 8, 8 Market Lane,
Maroochydore, QLD 4558
Phone: 1800 040 168

Auditors
Bentleys
Level 9, 123 Albert Street
Brisbane, Qld 4000
Phone +61 7 3222 9777

Lawyers
Holding Redlich
Level 1, 300 Queen Street
Brisbane, Qld 4000
Phone +61 7 3135 0500

Share Registrar
Link Market Services Limited
10 Eagle Street
Brisbane, Qld 4000
Phone: + 61 1300 554 474

Stock Exchange Listing
Australian Securities Exchange
Code: LPE

Locality Planning Energy Holdings Limited

Level 8 Foundation Place
8 Market Lane
Maroochydore QLD 4558
Australia

1800 040 168

www.localityenergy.com.au