



Locality Planning Energy (ASX:LPE)

Profiting from transformative restructure



August 2022

Disclaimer



This presentation has been prepared by Locality Planning Energy Holdings Limited (LPE). It does not purport to contain all the information that a prospective investor may require in connection with any potential investment in LPE. You should not treat the contents of this presentation, or any information provided in connection with it, as financial product advice or advice relating to legal, taxation or investment matters.

This presentation and the information contained herein and all electronic and/or hard copy documentation which comprise it are being provided to you solely for your information and may not be copied, reproduced, distributed, disclosed or published, in whole or in part, to any other person for any purpose whatsoever at any time without the prior written consent of LPE. This presentation is not an offer to any person nor is it a prospectus.

LPE has prepared this document based on information available to it at the time of preparation. No representation or warranty (whether express or implied) is made by LPE or any of their officers, advisers, agents or employees as to the accuracy, completeness or reasonableness of the information, statements, opinions or matters (express or implied) arising out of, contained in or derived from this presentation or provided in connection with it, or any omission from this presentation, nor as to the attainability of any estimates, forecast or projections set out in this presentation.

This presentation is not investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used for the basis of making an investment decision. The information contained in this presentation has been prepared without taking into account the objectives, financial situation or needs of individuals.

This presentation is provided expressly on the basis that you will carry out your own independent inquiries into the matters contained in the presentation and make your own independent decisions about the affairs, financial position or prospects of LPE. LPE reserves the right to update, amend or supplement the information at any time in their absolute discretion (without incurring any obligation to do so). LPE, nor their related bodies corporate, officers, their advisers, agents and employees accept any responsibility or liability to you or to any other person or entity arising out of this presentation including pursuant to the general law (whether for negligence, under statute or otherwise), or under the Australian Securities and Investments Commission Act 2001, Corporations Act 2001 (Cth), competition and any such responsibility or liability is, to the maximum extent permitted by law, expressly disclaimed and excluded. Nothing in this material should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities. It does not include all available information and should not be used in isolation as a basis to invest in LPE.

This presentation contains reference to certain intentions, expectations, future plans, strategy and prospects of LPE. Those intentions, expectations, future plans, strategy and prospects may or may not be achieved. They are based on certain assumptions, which may not be met or on which views may differ and may be affected by known and unknown risks. The performance and operations of LPE may be influenced by a number of factors, many of which are outside the control of LPE. No representation or warranty, express or implied, is made by LPE, or any of their directors, officers, employees, advisers or agents that any intentions, expectations or plans will be achieved either totally or partially or that any particular rate of return will be achieved. Given the risks and uncertainties that may cause LPE actual future results, performance or achievements to be materially different from those expected, planned or intended, recipients should not place undue reliance on these intentions, expectations, future plans, strategy and prospects. LPE does not warrant or represent that the actual results, performance or achievements will be as expected, planned or intended.

This document does not constitute any part of any offer to sell, or the solicitation of any offer to buy, any securities in the United States or to, or for the account or benefit of any "US person" as defined in Regulations under the US Securities Act of 1993 (Securities Act). LPE shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to any US person without being so registered or pursuant to an exemption from registration including any exemption for qualified institutional buyers.

About us



Fast-growing and innovative electricity provider to strata communities with long term electricity, hot water, and renewable energy supply agreements that provide strong, stable contracted revenues



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



Planned utilisation of renewable energy to power digital currency and data centres sustainably to significantly improve and potentially accelerate returns

Profiting from transformative restructure



Restructure to deliver \$30m, the majority over 12 months



No debt

- Pay-off BlackRock
- Recapitalise



Grow strata customers

- 28k FY2022
- 33k FY2023 + potential M&A uplift



Develop Biohub

- Operational by Q4 CY2022
- Digital currency option

No debt: recapitalised for growth



- ✓ Exiting the on-market segment, with customer-base dropping ~90% to ~2,000 delivers \$30m inflow:
 - ❖ \$8m released from cash backed credit support
 - ❖ \$22m from closing wholesale electricity hedge positions
- ✓ Key positives:
 - ❖ Progress to net cash position within 12-months
 - ❖ Effective recapitalisation
 - ❖ Frees up substantial working capital
- ✓ Management can focus on fully developing profitable strata business and vertically integrated renewable assets



Restructuring delivers profitable FY22



Preliminary unaudited earnings highlights:

- ✓ **Revenues: \$68.6m** (2021: +19% YoY \$57m), with 80% of on-market customers churned in June
- ✓ **Gross margin: 17%** (2021: 16%)
- ✓ **Net profit: \$6.1m** including gain on derivatives (2021: +678% \$0.9m)

Operational highlights:

- ✓ **Strata business:** Strong embedded network customers growth +19.1% YoY to ~28,000
- ✓ **Biohub:** Construction underway, with renewable energy partnerships to power planned digital currency / data centres



Strata: the ideal customer profile



Strata communities are highly loyal and sticky



\$940m

Strata communities eligible for embedded networks use an circa \$940m of electricity per annum



10%

Australia's population that live in apartments or strata communities



QLD & NSW

Queensland has over 45,000 schemes and 431,000 residential lots and NSW has over 83,000 schemes and 961,000 residential lots



\$13bn

Australia's total energy market is worth ~\$13bn/yr with ~8m residential and 1m SME customers

Source: Census of Population and Housing: Reflecting Australia - Stories from the Census
<https://www.lookupstrata.com.au/strata-information/state/nsw/>
<https://mybodycorpreport.com.au/how-many-strata-schemes-queensland/>
<https://aemo.com.au/-/media/files/electricity/nem/national-electricity-market-fact-sheet.pdf>

Strata: expanding footprint rapidly



FY23 guidance: +4,500 customers to ~32,500,
with M&A activity delivering incremental upside



Embedded Network

Takeovers of existing embedded networks and development opportunities



Centralised Hot Water Solutions

Carbon neutral centralised hot water utilising solar electricity and electric water heaters aligns with communities appetite for lower emissions targets



M&A

Huge consolidation opportunity in the embedded network space

Vertically integrated renewable assets



Renewables, Digital Currency & Data Centers

- ✓ LPE entering renewable energy generation via the Bundaberg BioHub
- ✓ Key tenant is Stak Mining – a digital currency miner, with operations to commence in Q4 CY22

Significant discount to SOTP valuation



Currently trading at a 73% discount to sum of parts value, while ignoring the value of LPE's unique IP and significant upside potential from the BioHub.

AEMO credit support*	\$3m
Closed hedge book value**	\$20m
Debt	(\$19m)
Net cash	\$4.0m
Embedded Business***	\$27.6m
BioHub investment	\$5m
Net investments/value	\$32.6m

Sum of the parts	
Net cash	\$4.0m
Net investments/value	\$32.6m
Total Equity Value	\$36.6m
Shares on issue	171.2m
Value/share (undiluted)	\$0.21

*AEMO credit support

As on-market customers transfer away from LPE, and the Company's electricity load reduces, credit support reduces. These cash inflows will be progressively released back to LPE in the coming months. As at the date of this presentation, \$5m of AEMO credit support has been returned and the \$4m short term BlackRock loan has been repaid.

**Closed hedge book value

The hedge book value was closed at \$22.2m and represents "in-the-money" value of LPE's forward electricity purchases. This will result in fixed known cash in-flows into LPE weekly over the remaining term of the hedge book, with the majority (\$17m) to be settled by 30 June 2023. This cash flow has been discounted to bring the whole balance forward through receivables funding to repay debts.

***Embedded Business

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 \$1,000 is a fair and conservative value to use.

Corporate Snapshot



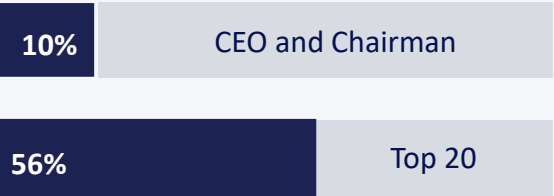
Key Metrics

ASX CODE:	LPE
Share Price (price @ 29/7/22)	\$0.06
Shares on Issue (m)	171.2
Market Capitalisation (m)	\$10.2
\$0.30 options (listed) exp. 26/10/23	130.1
\$0.375 options (unlisted) exp. 21/10/22	3.4
\$0.20 options (unlisted) exp. 30/03/26	1
52 Week High/ Low	\$0.26/ \$0.04

Major Shareholders

Holder	Shares	% of SOI
Fernsha Limited	15,477,657	9.04
Justin Pettett (Chairman)	9,365,000	5.4
Mr Stanislav Michael Kolenc	8,515,930	4.98
Damien Glanville (CEO)	8,288,995	4.8
National Nominees Limited	8,030,000	4.69
Top 5	49,677,582	28.91

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.



Kathryn Giudes

Non-Executive Director

Kathryn was previously the Senior Director of Xbox Games Marketplace, as well as the Microsoft Store online where she managed the profit and loss and global expansion in over 200 geographies, with both having an annual revenue budget in the mid US\$1 billion range.

She holds a Bachelor of Science (BSc) in International Marketing from Oregon State University and Associate of Science (ASc) - Computer Science and Information Systems from Shoreline Community University. Kathryn is a member of the Australian Institute of Company Directors.



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.

Contact



Justin Pettett
Non-Executive Chairman
jpettett@localityenergy.com.au
1800 040 168



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

investors.joinlpe.com.au