

26 September 2022

Hedge position realised for \$17.8m upfront; all debt retired and significant boost for core businesses

Highlights

- Outstanding future cashflows of \$19.7m from unwinding wholesale electricity hedge positions realised upfront for \$17.8m, by Roadnight Capital, representing a 10% discount
- Post-settling material outstanding debts, LPE moves to a \$3m net cash position
- Core business continues to grow organically as resources are deployed to optimise customer outcome leading to material shareholder growth opportunities
- The Board is targeting to generate at least \$40m in revenues from the strata business in FY23 (versus \$27m in FY22 proforma) through organically expanding the customer base
- Construction on the Bundaberg BioHub facility in Queensland continues, with commercial operations for STAK Mining – the anchor tenant – due to commence in December 2022

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LPE Chairman, Justin Pettett, commented: “After assessing various strategic trade-offs, the Board determined that realising the cash flow upfront from the hedge book for \$17.8m greatly outweighed the benefits of waiting for the cash flows to settle over the next circa two years. Post settling all material outstanding debts, which is a tremendous outcome, LPE moves to a \$3m net cash position that enables management to fully focus on continuing to optimise the stable strata business and develop the exciting vertically integrated renewable energy assets opportunity.”

Embedded electricity provider and green energy generator, Locality Planning Energy Holdings Limited (ASX: LPE) (the **Company** or **LPE**), is pleased to provide an update on its activities.

Hedge Position Realised Upfront; Debts Fully Repaid

All outstanding future cashflows over the next circa two years – amounting to \$19.7m – from LPE’s closed electricity hedge book, have been realised upfront with alternate asset manager, Roadnight Capital Pty Ltd (**Roadnight**), for \$17.8m. This represents a 10% discount to the face value of the future cashflow which the Board believes is an excellent price given the current inflationary pressures prevalent in Australia.

The transaction was arranged by LPE’s debt advisor Capricorn, who will receive a 3% fee on the transacted amount, with compensation comprising 50% cash and 50% in LPE shares. 4.5 million Shares will be issued at \$0.06 each utilising the Company’s placement capacity under ASX Listing Rule 7.1.

The net proceeds have extinguished all LPE’s outstanding debts (primarily the BlackRock Facility) and enabled it to move to a \$3m net cash position to fund its FY23 operations. As such, LPE’s operating platform has been significantly de-risked, while there is now sufficient working capital to advance the stable strata business and develop the exciting vertically integrated renewable energy assets.



Strata Business: Improving Outlook

With a fortified balance sheet, lower operating expenses, and an increase in available resources, LPE is now squarely focused on servicing and growing the embedded network customer base. More pointedly, LPE is targeting FY23 to be a transformative year as it recalibrates the core offering to strata communities through focusing on new developments, centralised hot water and behind the meter renewable energy.

A key potential driver for LPE is that interest in on-site renewable generation – from customers living in strata communities – is at an all-time high which is a direct response to the recent challenging situation in the wholesale energy market.

Overall, LPE is aiming to generate revenues of circa \$40m in FY23 (\$27m: FY22) from its core strata community service through organically expanding the customer base.

On-market Customers

LPE now have approximately 1,200 on-market customers remaining. LPE had about 21,000 such customers in May 2022. Currently, around 20 on-market customers are switching to another provider each day. This should result in \$400,000 in bank guarantees covering credit support for the Australian Energy Market Operator being released back to LPE by Q1 2023.

Bundaberg BioHub: STAK Mining Commencing Operations in December 2022

Construction at the BioHub facility in Bundaberg (Queensland) is progressing, albeit moderately slower than initial expectations. Based on current plans, the anchor tenant, behind-the-meter digital currency miner STAK Mining, should commence operations in December 2022.

Authorised by the Board.

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About LPE

LPE is a fast-growing electricity provider to strata communities challenging the way customers receive their electricity; leaders in innovation, supporting communities to think of tomorrow. With first to market technology, LPE has delivered renewable solutions 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 strata communities. Supporting those living in strata communities to reduce their carbon footprint and energy bills with no upfront cost.

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