

31 October 2022

Quarterly Report for the period ending 30 September 2022

Highlights

- Q1 FY23 ended with positive operating cash flow reaching \$3.6m and reversing a \$3.5m net outflow in the previous quarter
- Improving customer traction demonstrates the high value-add contracted embedded network business is on track to meet FY23 guidance of \$40m in annualised revenues
- All debt has been extinguished and LPE has boosted its net cash position to \$3.7m
- With the operating platform materially de-risked, the Board's strategic intent is to leverage LPE's strong financial position and accelerate developing the profitable strata business and vertically integrated renewable assets

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LPE Chairman, Justin Pettett, commented: "The core strata business is performing ahead of expectations, with the top-line on track to meet guidance. Moving forward, the Board expects the full benefits of FY22's restructuring to become more apparent over the next two quarters, especially as efficiency measures translate to improving EBIT margins. With a highly efficient operating platform now emerging, the Board's strategic intent is to capitalise on this dynamic and create value for shareholders."

Embedded electricity provider and green energy generator, Locality Planning Energy Holdings Limited (ASX: LPE) (the **Company** or **LPE**), is pleased to provide an overview of activities for the period ending 30 September 2022 (**Quarter** or **Reporting Period**).

LPE's cash receipts for the quarter amounted to \$13.2m which keeps it on track to meet FY23 revenue guidance of \$40m. More encouragingly, LPE realised a cash flow positive quarter, with the realignment of the business towards the embedded network and strata community focus starting to take effect.

Staff, administration and corporate costs were down by 20% over the previous quarter, with further reductions expected in the December quarter. Only a handful of on-market customers remain, with over 95% have transferred to other service providers.

LPE's contracted embedded network customers remained steady from the June quarter at circa 28,000, as management focused on transition away from on-market customers. While live, billing embedded customers has not changed, the sales teams have seen a resurgence of inquiries for LPE's service during the quarter. As a result, LPE expects embedded customers to increase during the December quarter.

In addition, LPE's shared solar offering – whereby customers living in an embedded network can access solar electricity augmenting their grid consumption – has received an enormous level of inquiries. A key

ongoing focus remains acquiring and servicing these high-value customers, as they generate high EBIT margins and value for shareholders.

Hedge Position Realised Upfront; Debts Fully Repaid

During the quarter all outstanding future cashflows amounting to \$19.7m from LPE's closed electricity hedge book, have been realised upfront with alternate asset manager, Roadnight Capital Pty Ltd, for \$17.8m. This represents a 10% discount to the face value of the future cashflows and the Board believes this is an acceptable price given the current inflationary pressures prevalent in Australia.

The net proceeds 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, providing working capital to advance the growing strata business and develop the exciting vertically integrated renewable energy assets.

Restructuring Exercise

In late May 2022, LPE was one of the first retailers to communicate with on-market customers that it could no longer provide competitive rates. Further, LPE encouraged impacted customers to switch providers to avoid substantial increases to future power bills passed on from the wholesale electricity market. Since then, LPE's on-market customer base in this sector has reduced substantially from approximately 21,000 to 900.

The moderation in customers and load has materially reduced LPE's credit support obligations to the Australian Energy Market Operator. To date, most of the credit support has been released back to LPE enabling it to repay debts.

Chief Financial Officer Resignation

Melissa Farrell, LPE's CFO, has resigned for personal reasons as she wishes to spend more time with her family. Mel will remain available from time to time on a contractual basis. Mel has been with LPE for over six years and has been pivotal keeping the finances and cash flows, in particular during the wholesale energy crisis, together. The Board would like to thank Mel for her enormous contribution to LPE and wish her all the best for the future.

The Company has a robust and capable finance team in place and as such there are no plans to recruit a new CFO at this stage.

Summary Financial Results

Cash receipts amounting to \$13.2m were received during the quarter. Payments for product and manufacturing costs were lower as opposed to the back half of FY22. LPE faced incredibly tight financial pressure due to the volatility of the electricity market in Q4 FY2022. This resulted in higher than usual payables, and higher than usual accruals for administrative costs. This financial pressure has been released materially due to the action of the Board to restructure the business platform. As such, this should result in payables and accruals returning to normal levels in subsequent quarters. Meanwhile, staff costs were lower during the quarter as employee numbers were reduced in line with future moderating revenues from exiting the on-market retailing sector.

LPE received the Queensland Government cost of living rebate during the quarter which is primarily for customer accounts due to be receipted in the December quarter. Regardless of this cash inflow

operationally the Company is still cash flow positive for the quarter together with a significant improvement on the previous quarter. This cash inflow is shown in section 1.8 of the appendix 4C.

Payments to related parties as shown in the accompanying Appendix 4C were for directors' fees, remuneration and superannuation.

Authorised by the Board.

For further information:

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Non-Executive Chairman

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ENDS

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

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Locality Planning Energy Holdings Ltd

ABN

90 147 867 301

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	13,176	13,176
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(9,962)	(9,962)
(c) advertising and marketing	(271)	(271)
(d) leased assets	(59)	(59)
(e) staff costs	(1,527)	(1,527)
(f) administration and corporate costs	(1,063)	(1,063)
1.3 Dividends received (see note 3)		
1.4 Interest received	383	383
1.5 Interest and other costs of finance paid	(560)	(560)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		10
1.8 Other (provide details if material)	3,489	3,489
1.9 Net cash from / (used in) operating activities	3,611	3,611
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(3)	(3)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	27	27
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets	2,000	2,000
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	2,023	2,023

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	17,899	17,899
3.6	Repayment of borrowings	(20,598)	(20,598)
3.7	Transaction costs related to loans and borrowings	(2,375)	(2,375)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(5,074)	(5,074)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,138	3,138
4.2	Net cash from / (used in) operating activities (item 1.9 above)	3,611	3,611
4.3	Net cash from / (used in) investing activities (item 2.6 above)	2,023	2,023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(5,074)	(5,074)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	3,698	3,698

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,698	3,138
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,698	3,138

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	201
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <ul style="list-style-type: none"> The amount at 6.1 includes payment of directors fees, remuneration and superannuation (excluding GST). 		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	17,674	17,674
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	17,674	17,674
7.5	Unused financing facilities available at quarter end <div style="border: 1px solid black; height: 20px; width: 100%;"></div>		
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <div style="border: 1px solid black; padding: 10px; min-height: 200px;"> <p>All outstanding cashflows through to January 2025 amounting to \$19.7m at the draw down date from future cash flows of the closed derivative position, were realised upfront with alternate asset manager, Roadnight Capital Pty Ltd, for \$17.8m. Representing a 10% discount to the face value of the future cashflow. The effective interest rate of the discount is 16.7% per annum due to the short timeframe and accelerated repayments from the closed derivative position being mostly repaid within 12 months.</p> <p>The Company has secured motor Vehicle loans with Westpac at 4% p.a.</p> <p>The Company has a loan with Principal Finance, to be fully paid March 2023. Interest is at flat rate of 6%.</p> <p>The Company has a loan with Monument Finance, to be fully paid April 2023. Interest is at 4%.</p> </div>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	3,611
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,698
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	3,698
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1) <div style="border: 1px solid black; text-align: center; padding: 5px; width: 100%;">N/A</div>	
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?</p> <div style="border: 1px solid black; padding: 5px; min-height: 20px;"> <p>Answer:</p> </div>	

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2022

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.