24 February 2023

Financial Results – Half Year Ended 31 December 2022

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 2022.

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

Authorised by the Board.

For further information:
Justin Pettett
Non-Executive Chairman
investors@localityenergy.com.au
1800 040 168

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.

investors.joinlpe.com.au

Locality Planning Energy Holdings Limited
Appendix 4D – Half year report
For the half year ended 31 December 2022

Name of entity:	Locality Planning Energy Holdings Limited
ABN or equivalent company reference:	90 147 867 301
Current reporting period:	1 July 2022 to 31 December 2022
Previous reporting period:	1 July 2021 to 31 December 2021

Results for announcement to the market

Revenue for ordinary activities	Down	36.62%	to	21,034,629
Net loss after tax from ordinary activities after tax attributable to members*	Up	642.93%	to	6,951,028
Net loss from ordinary activities after tax attributable to members	Up	642.93%	to	6,951,028

* Please refer to the accompanying financial report for further details.

	31 December 2022	**31 December 2021**
	$	$
Net Tangible assets per share	0.0769	0.0600
Final & interim dividend paid	nil	nil

This information should be read in conjunction with the 31 December 2022 Half Year Financial Report of LPE Holdings Limited and any public announcements made during the period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Listing Rules.

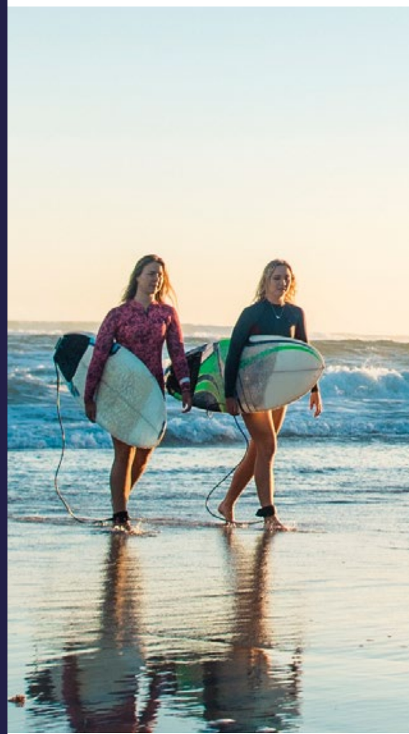
This report is based on the LPE Holdings Limited 31 December 2022 half-year financial statements which have been reviewed by Bentleys. The Independent Auditor's Review Report provided by Bentleys is included in the 31 December 2022 half year financial statements.

Locality Planning Energy Holdings Limited

December 2022 Half Year Report

Smarter, Friendlier, Better electricity provider

Contents



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 ACN 147 867 301 (the **Group** or **LPE**) most recent annual financial report is available at https://investors.joinlpe.com.au/financial-reports/

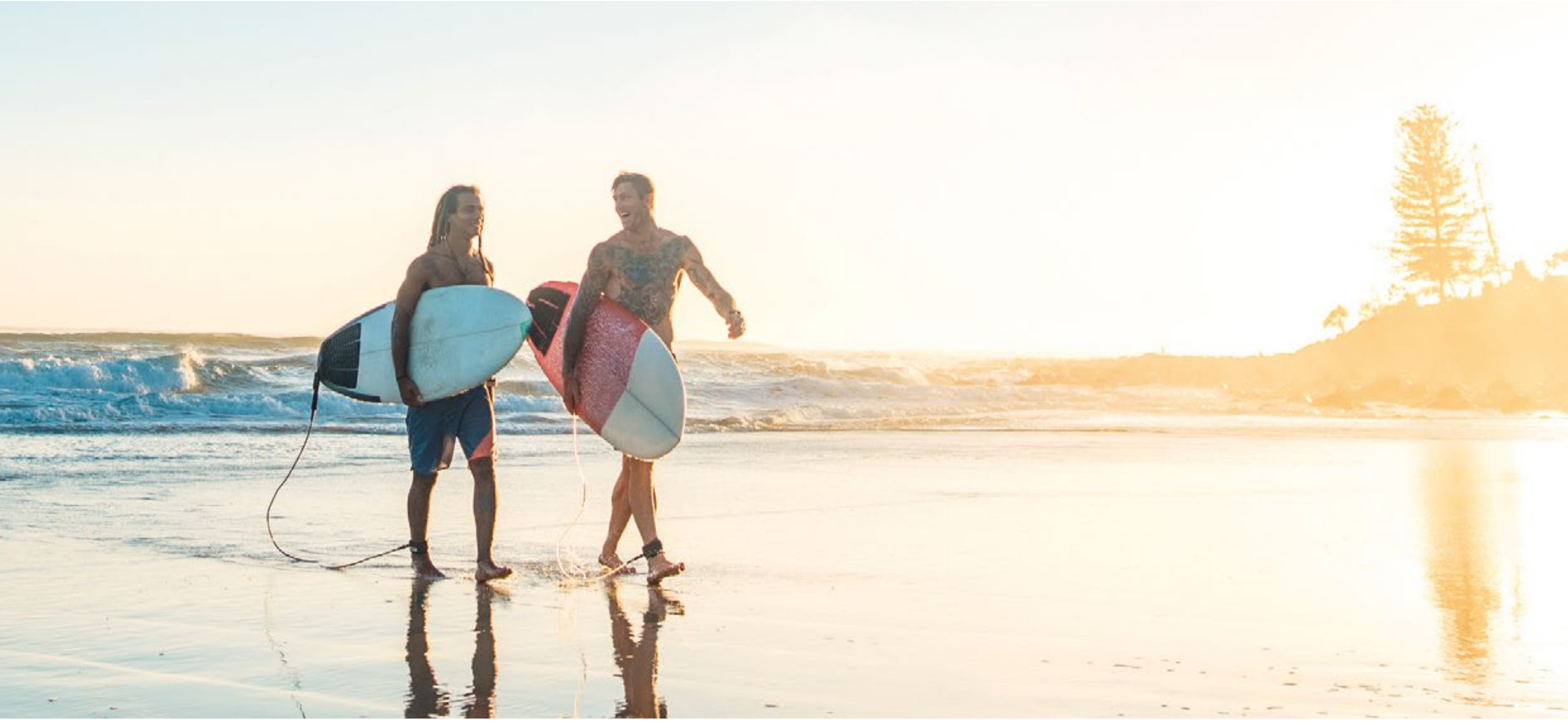
The Group has also released information to the Australian Securities Exchange operated by ASX Limited (**ASX**) in compliance with continuous disclosure requirements of the ASX Listing Rules. Announcements made by the Group under such rules are available on ASX's website www.asx.com.au (the Group's ASX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

This material in this report has been prepared by LPE and is current at the date of this report. It is general background information about LPEs 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 December 2022 half year report was authorised for issue by LPEs Directors on 24 February 2023.

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

Directors' Report



The Directors submit their report on the consolidated entity consisting of Locality Planning Energy Holdings Limited (LPE) and the entities it controlled (Group) at the end of, or during the half year ended, 31 December 2022 (Half Year or 1HFY23).

Directors

As at the date of this report, the Directors of LPE are:

- **Justin Pettett**
  – Non-Executive Director and Chairman
- **Mrs Kathryn Giudes**
  – Independent Non-Executive Director
- **Mr Barnaby Egerton-Warburton**
  – Independent Non-Executive Director
- **Mr Damien Glanville**
  – Executive Director and Chief Executive Officer

The Directors listed above each held office as a Director of LPE 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 $6.9m for the half year ended 31 December 2022 (December 2021 loss after tax of $0.9m).

Performance Highlights

With the business undergoing a material re-set, following the May-June 2022 restructure, a clear positive emerged with operating cashflow reaching $5.6m in 1HFY23 vs a $4.1m net outflow in 1HFY22

- Further, improving customer traction verifies the high value-add contracted embedded network business is on track to meet FY23's $40m annualised revenue guidance

- Significant debt restructure, which included financing the hedge position for $17.8m, enabled all Blackrock debt to be extinguished and leaving a $2.8m cash balance at period close

- Without the on-market customer segment, revenues were down 38% to $20.3m HoH and operating costs 32% to $4.2m HoH which reduced pressure on margins, though further efficiency improvement will flow through in 2HFY23

- Plans to exercise the option to acquire 50% of crypto-miner STAK Mining were dropped due to volatile market conditions; the Board now wants early repayment of $5m in the capital works fund from Bundaberg BioHub which will strengthen the balance sheet in 2HFY23

- However, due to higher wholesale electricity costs re-contracted during the height of the wholesale electricity market crisis, exit payments to Blackrock and restructuring costs, LPE booked a net loss of $6.9m for 1HFY22 – without these a breakeven performance would have been achieved

- Improving operating performance in 2HFY23, especially the embedded network business as the $10m growth facility is deployed to fund capital works and acquire existing embedded operations/billing agents, should facilitate the transition to profitability in FY24

“

Due to external factors over the past 10 to 12 months, the Board responded proactively through making some decisive strategic calls to protect the integrity of LPE’s operating platform which hit 1HFY23’s bottom line performance. Pleasingly, however, with most material one-off restructuring costs largely reflected in the 1HFY23 accounts, LPE is well positioned to grow the core embedded network business organically and through acquisition, with margin improvement from FY24 onwards. Further, having terminated plans to enter the crypto-mining arena, the Board is seeking the early return of $5m from the capital works fund which will materially strengthen the balance sheet. With calmer waters ahead and a streamlined operating platform, the Board is determined to generate significant value for shareholders.”

Chairman, Justin Pettett

Operating and Financial Review

LPE's Board read the market signals correctly during late 2HFY22 and, fortunately, was an early mover in making the tough decision to exit the cash intensive on-market retail business. More importantly, excellent risk management – through hedging against raising wholesale electricity prices – delivered a significant buffer to aid LPEs re-focus back onto the core embedded network business.

Although 1HFY23 bore the brunt of LPE's reset, with one-off restructuring and finance related charges impacting the bottom line, operating cashflow turned strongly positive (1HFY2023 $5.6m) from a net outflow (1HFY2022 $4.1m) previously. Furthermore, improving customer traction confirms the core embedded business is on track to deliver FY23's $40m annualised revenue guidance.

Strengthening the balance sheet, which was made possible via monetising the forward electricity hedge book, enabled LPE to repay all debts owed to Blackrock and have $2.8m in cash at period end. In addition, deciding not to move into the crypto arena, should enable $5m to flow back into LPE's coffers from the capital works fund during 2HFY23 which would further bolster the balance sheet.

Financial Performance Summary

Sales for 1HFY23 were $20.3m, a decrease of 38% on 1HFY22, due to LPE exiting the on-market retail business. However, LPE is on track to meet FY23's $40m revenue guidance from the core embedded network business. Importantly, the high costs to service the on-market retail business have been largely eliminated and efficiencies increased, resulting in an overall 32% decrease in costs over 1HFY22. Drilling down, employee costs were cut 26% as the current team stabilises under the new structure. Elsewhere, IT and marketing costs were down a significant 58% and 44% respectively, due to the restructure.

For 1HFY23, LPE posted a net loss of $6.9m (1HFY22: $0.9m) attributable to $2.1m in exit fees and borrowing costs associated with the repayment of the Blackrock facility; $1.1m in interest expenses; and $3.7m in losses due to the requirement to re-contract electricity for some of the Company's embedded network customers during the height of the wholesale electricity market crisis in June-July 2022. Due to the material nature of the increased cost to electricity and the sensitivity to the customer base we serve in these embedded network communities, LPE, working with the owners groups agreed to smooth out the higher electricity charges in return for extended contract terms of up to 10 years, enabling LPE to recover the lost margin in subsequent years.

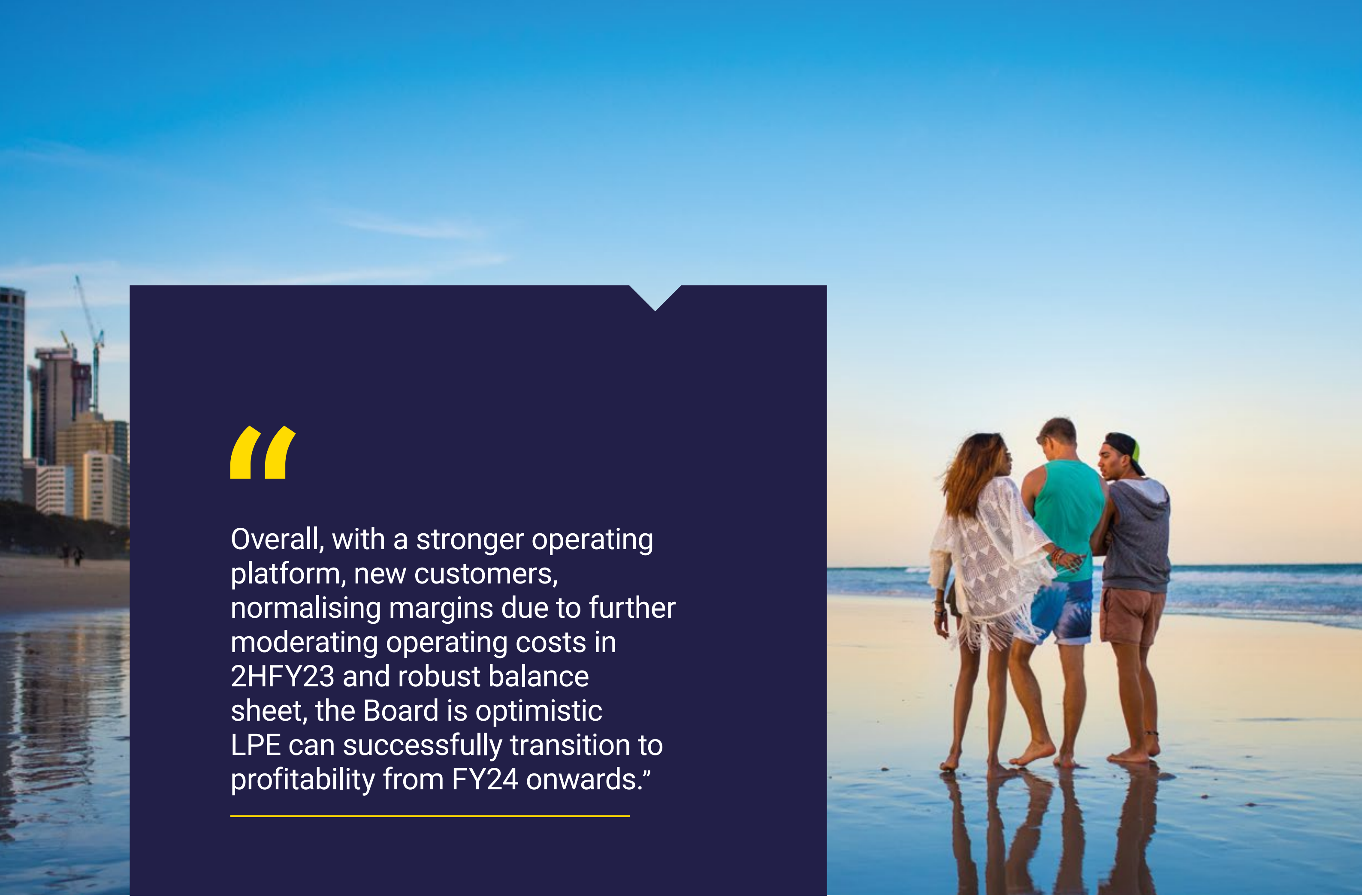
For the review period, LPE's contracted embedded network customers remained steady at circa 28,000, as management focused on transitioning away from on-market customers. Although billing embedded network customers has not changed, the sales teams have seen a resurgence of inquiries for LPEs services during the review period. Incrementally, LPE's behind the meter solar for embedded electricity network and centralised hot water plants utilising solar PV as an energy source, as body corporates move to become more energy sustainable, have received high levels of inquiries.

Due to the significant restructuring exercise LPE undertook in FY22, the Board argues there is no 'apple for apple' comparison between 1HFY23 and 1HFY22 due to the structural change in the operating platform. As such, LPE will begin comparisons between half year periods in its December 2023 half year report.

Hedge Position Realised Upfront; Debts Fully Repaid

During 1HFY23, all outstanding future cashflows amounting to $19.7m from LPE's closed electricity hedge book, were realised upfront with alternate asset manager, Roadnight Capital Pty Ltd, for $17.8m. This represented a 10% discount to the face value of the future cashflows which 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 circa $2.8m 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 primarily.



> "Overall, with a stronger operating platform, new customers, normalising margins due to further moderating operating costs in 2HFY23 and robust balance sheet, the Board is optimistic LPE can successfully transition to profitability from FY24 onwards."

On-Market Customers

In May-June FY22, LPE was one of the first retailers to communicate with on-market customers that it could no longer provide competitive rates. LPE encouraged impacted customers to switch providers to avoid substantial increases to future power bills passed on from the wholesale electricity market.

Further, the moderation in customers and load 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.

$10m Credit Facility to Grow Embedded Network Business

During 1HFY23, LPE secured a $10m credit facility from funding partner, Roadnight Capital, to expand its embedded network customer base. The credit facility, which has a 3-year term, will be utilised to install and upgrade strata communities' capital works, whether it be switchboard or metering replacement or upgrades, centralised hot water systems and/or renewable generation at no upfront cost to the community, in return for long-term stable supply contracts.

Incrementally, LPE will pursue acquisition opportunities to further grow the embedded electricity network, centralised hot water customer base through existing retailers and billing agents looking to exit the industry or join forces with a well-established ASX-listed Queensland strata service provider.

Bundaberg Biohub and Stak Option

With crypto currencies enduring extreme volatility during 1HFY23, coupled with a substantial deterioration in the valuations of crypto miners globally, the Board informed STAK Mining that LPE will not exercise its option to acquire a 50%-stake (refer LPE ASX announcement dated 14 February 2022). As a result, the Board is now working with Bundaberg BioHub to secure the early repayment of the $5m capital works funds.

Outlook

The Board expects further organic growth from the core embedded network business, as LPE remains a prominent supplier for Queensland's strata communities through offering an innovative product suite and service to all decision makers and, importantly, to owners.

Overall, with a stronger operating platform, new customers, normalising margins due to further moderating operating costs in 2HFY23 and robust balance sheet, the Board is optimistic LPE can successfully transition to profitability from FY24 onwards.

Other Disclosures

for Half Year ending 31 December 2022

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 within embedded networks located in Queensland.

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 2022 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 and 7 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.

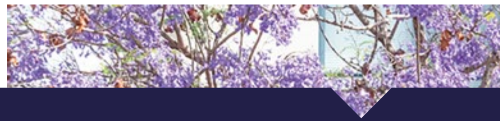
Auditor's Independence Declaration

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 LPE.

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.



> "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."

Events Subsequent to Balance Date

There are no subsequent events to report.

Corporate Governance

A copy of LPE'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.

Other Disclosures continued

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, 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 24th day of February 2023.

Justin Pettett
Chairman

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2022

	Note	Dec–22 $	Dec–21 $
Electricity revenue	4A	20,318,547	32,877,519
Electricity cost of goods sold	4B	(19,986,033)	(29,353,183)
Unrealised gain/losses on derivatives		–	2,777,561
Gain from trading		**332,514**	**6,301,897**
Other income	4C	716,082	312,247
Total operating income		**1,048,596**	**6,614,144**
Impairment losses	4D	(23,446)	(39,248)
Financing expenses	4E	(3,757,548)	(1,296,938)
Other expenses	4F	(4,218,630)	(6,213,581)
Profit/(loss) before income taxes		**(6,951,028)**	**(935,623)**
Income tax benefit/(expense)		–	–
Net profit/(loss) for the period		**(6,951,028)**	**(935,623)**
Other comprehensive income		–	–
Other comprehensive income net of tax		–	–
Total comprehensive profit/(loss) for the year		**(6,951,028)**	**(935,623)**
Basic earnings/(loss) per share (dollars per share)		(0.0400)	(0.0119)
Diluted earnings/(loss) per share (dollars per share)		(0.0400)	(0.0119)

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

Consolidated Statement of Financial Position

As at 31 December 2022

	Note	Dec-22 $	Jun-22 $
Current assets			
Cash and cash equivalents		2,778,658	3,137,913
Trade and other receivables		17,324,795	27,659,526
Site conversion receivables		1,179,591	1,226,793
GST receivable		270,212	659,297
Financial assets	5A	5,400,000	3,000,000
Other current assets		1,473,618	445,510
Total current assets		**28,426,874**	**36,129,039**
Non-current assets			
Trade and other receivables		2,830,439	6,578,316
Site conversion receivables		3,071,429	2,712,974
Other financial assets	5B	212,312	5,212,312
Plant and equipment		254,767	316,241
Leasehold improvements		283,612	331,965
Intangibles		73,145	81,325
Right of use assets		568,527	664,472
Total non-current assets		**7,294,231**	**15,897,605**
TOTAL ASSETS		**35,721,105**	**52,026,644**
Current liabilities			
Trade and other payables		6,539,009	10,120,105
Employee entitlements – leave provisions		322,651	390,527
Lease liabilities		273,546	255,750
Provisions		37,851	36,085
Borrowings		10,512,261	20,025,025
Total current liabilities		**17,685,318**	**30,827,492**
Non-current liabilities			
Employee entitlements – leave provisions		137,958	99,583
Lease liabilities		644,686	785,552
Borrowings		3,488,414	20,201
Total non-current liabilities		**4,271,058**	**905,336**
TOTAL LIABILITIES		**21,956,376**	**31,732,828**
NET ASSETS		**13,764,729**	**20,293,816**
Equity			
Issued capital	2	54,705,664	54,298,849
Share option reserve		553,459	811,440
Accumulated losses		(41,494,394)	(34,816,473)
TOTAL EQUITY		**13,764,729**	**20,293,816**

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

Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2022

	Note	Dec-22 $	Dec-21 $
Cash flows from operating activities			
Receipts from customers		26,389,816	30,651,164
Receipts from government utility relief scheme		3,488,625	–
Receipts from government grants		5,000	5,000
Payments to suppliers and employees		(23,638,707)	(34,232,224)
Interest received		549,700	307,200
Interest paid		(1,242,111)	(821,473)
Net cash provided by/(used in) operating activities		**5,552,323**	**(4,090,333)**
Cash flows from investing activities			
Payment for financial assets		2,600,000	(3,023,317)
Payment for plant and equipment		(5,457)	(74,935)
Proceeds from plant and equipment		32,282	–
Payment for leasehold improvements		–	(1,979)
Payment for intangibles		–	(70,700)
Net cash provided by/(used in) investing activities		**2,626,825**	**(3,170,931)**
Cash flows from financing activities			
Financing costs paid		(2,408,054)	(61,410)
Proceeds from loans		18,898,941	38,598
Repayment of leases		(121,304)	(104,864)
Repayment of loans		(24,907,986)	(135,532)
Proceeds from issue of shares (net of share issue costs)		–	5,671,232
Net cash provided by/(used in) financing activities		**(8,538,403)**	**5,408,024**
Net increase/(decrease) in cash and cash equivalents		(359,255)	(1,853,240)
Cash and cash equivalents opening balance		3,137,913	5,745,250
Cash and cash equivalents closing balance		**2,778,658**	**3,892,010**

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 2022

	Issued capital $	Options reserve $	Accumulated losses $	Totals $
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**
Balance at 1 July 2022	54,298,849	811,440	(34,816,473)	20,293,816
Issue of Share Capital	406,815	–	–	406,815
Expired Share Options	–	(273,107)	273,107	–
Issue of Share Options	–	15,126	–	15,126
Profit/(Loss) after income tax	–	–	(6,951,028)	(6,951,028)
Balance at 31 December 2022	**54,705,664**	**553,459**	**(41,494,394)**	**13,764,729**

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

Notes to the Financial Statements

For the Half Year Ended 31 December 2022

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 2022 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 2022 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 2022 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 to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (i.e. 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.

1 Statement of Significant Accounting Policies *(continued)*

(E) Financial Instruments *(continued)*

Classification and subsequent measurement

Financial Liabilities

Financial liabilities are subsequently measured at:

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

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 pattern 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.

1 Statement of Significant Accounting Policies *(continued)*

(E) Financial Instruments *(continued)*

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.

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 (i.e. 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 a financial asset:

- The right to receive cash flows from the asset has 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 2022 of $6,951,028 (2021 half year loss: $935,623). While this indicates that there is material uncertainty on whether the Group will continue as a going concern, the Company has had a net operating cash inflow for the half year of $5,552,323 (2021 half year cash outflow: $4,090,333) and the net assets for the half year were $13,764,729 (2021 half year: $5,837,741).

The Company is utilising the positive operating cashflow to reduce its overall debt position. The low gross profit margin for this financial year is due to the Company absorbing the higher electricity costs for some of its embedded network customers who had to renew their energy contracts in the June/July 2022 period. This is expected to be recovered in future years with those affected embedded network contracts being extended up to a further 10 years. The Directors have therefore determined the Group has access to sufficient net working capital to maintain normal business activity deeming it appropriate to prepare the financial report on a going concern basis.

2 Issued Capital

(A) Issued and paid up capital

	Dec-22 Number	Jun-22 Number
Ordinary shares fully paid no par value	178,156,277	171,168,736

(B) Movement in ordinary shares on issue

	Number	$
Balance at 1 July 2022	171,168,736	54,298,849
Issued 28 September 2022	4,500,000	270,000
Issued 7 December 2022	2,487,541	136,815
Balance at 31 December 2022	**178,156,277**	**54,705,664**

(C) Options on issue

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

	Expiry	Number	$
Unlisted Options			
Issued 06-Apr-2022 EX $0.20	30/3/26	1,000,000	30,000
Issued 17-Nov-2022	1/12/23	2,004,208	12,575
Issued 19-Dec-2022	19/12/24	7,000,000	2,551
Balance at 31 December 2022		**10,004,208**	**45,126**
Listed Options:			
Issued 26-Oct-2021 EX $0.30	26/10/2023	15,000,000	–
Issued 26-Oct-2021 EX $0.30	26/10/2023	3,333,334	133,333
Issued 06-Apr-2022 EX $0.30	26/10/2023	75,000,000	–
Issued 06-Apr-2022 EX $0.30	26/10/2023	37,500,000	375,000
Balance at 31 December 2022		**130,833,334**	**508,333**

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-22 $	Consolidated Entity Dec-21 $
(A) Electricity Revenue		
Electricity sales	19,466,005	32,297,050
Site conversion sales	852,542	580,469
Total Electricity Revenue	**20,318,547**	**32,877,519**
(B) Electricity Cost of Goods Sold		
Energy usage charges	12,860,381	10,697,179
Network charges	3,993,542	14,070,383
Other COGS	2,322,454	4,067,992
Site conversion COGS	809,656	517,629
Total Electricity Cost of Goods Sold	**19,986,033**	**29,353,183**
(C) Other Revenue		
Interest revenue	711,082	307,247
Government grants	5,000	5,000
Total Other Revenue	**716,082**	**312,247**
(D) Impairment Losses		
Bad debts written off	103,172	145,741
Reduction to provision for doubtful debt	(79,726)	(106,493)
Total Impairment Losses	**23,446**	**39,248**
(E) Financing Expenses		
Bank fees	57,693	87,492
Borrowing expenses	2,543,047	387,974
Interest on leases	48,865	57,764
Interest expense	1,107,943	763,708
Total Financing Expenses	**3,757,548**	**1,296,938**
(F) Other Expenses		
Depreciation and amortisation	193,463	231,808
Employee costs	2,760,630	3,722,180
(Gain)/loss on disposal of assets	(6,337)	91
Information technology	451,577	1,070,917
Insurance	48,236	54,128
Marketing & advertising	171,332	305,341
Occupancy expenses	48,766	31,292
Other expenses	275,659	579,272
Professional costs	275,304	218,552
Total Other Expenses	**4,218,630**	**6,213,581**

5 Financial Assets

	Consolidated Entity Dec-22 $	Consolidated Entity Dec-21 $
(A) Financial Assets		
At fair value through the profit or loss		
Term deposits	400,000	3,000,000
Investments	5,000,000	–
	5,400,000	**3,000,000**
(B) Other Financial Assets		
At fair value through the profit or loss		
Term deposits	212,312	212,312
Investments	–	5,000,000
	212,312	**5,212,312**

LPE entered into an agreement with Bundaberg Biohub Pty Ltd (BBH) and Stak Mining Pty Ltd (STAK) whereby LPE has funded $5m in capital works (Capital Works Funds) to facilitate the construction of the Bundaberg Biohub. LPE will receive a 15% per annum margin on the Capital Works Funds, to be paid quarterly. Under the agreement, the Capital Works Funds principal is expected to be repaid to the Company in October 2023, however, due to the Company deciding to not exercise its option to acquire STAK the Company is working with BBH for the early repayment of the Capital Works Funds.

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

No subsequent events have occurred that require adjustment to or disclosure in the financial statements.

Directors' Declaration

The Directors of the Company declare that:

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 2022 and of its performance and cash flows for the half year ended on that date.

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: 24 February 2023

Independent Auditor's Review Report

Bentleys
THINKING AHEAD

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 2022, 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 2022 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 2022 of $6,951,028 (2021: $935,623). Prima facie, this indicates 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.

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.

Independent Auditor's Review Report continued

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

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 2022 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, 24 February 2023

Auditor’s Independence Declaration

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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 2022 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
Director
Brisbane
24 February 2023

Corporate Directory

Non-Executive Chairman

Mr Justin Pettett

Non-Executive Directors

Mrs Kathryn Giudes

Mr Barnaby Egerton-Warburton

Executive Director

Mr Damien Glanville

Company Secretary

Ms Elissa Hansen

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Stock Exchange Listing

Australian Securities Exchange
Code: LPE

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