

28 April 2023

# Quarterly Report for the period ending 31 March 2023

## Highlights

- LPE's strategic theme – *"Creating value powering strata communities"* – was the Board's core focus during the quarter and, pleasingly, this delivered encouraging results:
  - 1) Customer receipts reached \$14.3m in 3QFY23 up 12% on 2QFY23, due to increased usage over the summer months
  - 2) Low employee, admin and corporate costs continue in line with the previous quarter as benefits from FY22's reorganisation continued to flow through
  - 3) Operating cash flow increased a significant 35% to \$2.5m over the previous quarter
- Positive efforts by the sales team should see 3,200 new customers (from 44 buildings) added to the network (currently 28,200) during FY24, facilitating the transition to profitability:
  - 1) With a sales strategy, the sales team materially expanded the contracted pipeline, while simultaneously reducing the lead time to lock-in paying customers
  - 2) The Board continues the search for complementary acquisition targets that can deliver incremental value with synergetic business opportunities
- The \$5m loan plus \$563k in accrued interest – owed by the Bundaberg BioHub – is expected to be repaid during 4QFY23, which will materially strengthen LPE's cash position

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LPE Chairman, Justin Pettett, commented: "Delivering positive operating cashflow for the third consecutive quarter – the Board's key performance metric post FY22's reorganisation – verifies LPE is on the right trajectory to transition to profitably from FY24 onwards. Looking forward, with the embedded customer network set to reach over 31,400 during FY24. Add in a potential acquisition uplift, and operating cost optimisation kicking in, the key drivers are now in place to create significant value for shareholders."



Embedded electricity provider, Locality Planning Energy Holdings Limited (ASX: LPE) (the **Company** or **LPE**), is delighted to provide an overview of activities for the period ending 31 March 2023 (**Quarter**).

### **Embedded network business**

During the quarter, cash receipts reached \$14.2m which represented a 12% increase on the prior quarter, primarily driven by the seasonality of electricity usage during the summer months. Pleasingly, LPE delivered its third consecutive positive operating cashflow quarter (+35% to \$2.5m), which provides further fundamental reassurance the transition towards profitability from FY24 is on track.

On the cost side, streamlining business operations allowed for less staff, admin, and corporate overheads. We continue to track in line with the previous quarter, as efforts to weed out inefficiencies post FY22's reorganisation continued to flow through. Note, there is scope to extract further fixed and variable cost improvement as the core business continues to grow moving forward.

For the Quarter, LPE's contracted embedded network customer base remained stable at circa 28,200. However, reflective of hard work by the sales team, a further 3,200 customers (representing 44 buildings) – which are at various stages in the contracting process – are expected to convert to live customers during FY24. This performance largely reflects the benefits of having a more focused business strategy, enabling the sales team to materially expand the contracted pipeline, while simultaneously cutting the lead time to lock-in new paying customers.

Other than organic growth, the Board continues reviewing incremental value-adding opportunities within the energy space to complement LPE's existing business. As such, the Board's long-term strategic intent remains focused on *"Creating value powering strata communities"* organically and via selective acquisition.

### **Bundaberg BioHub**

The Board is continuing to work with the Bundaberg BioHub on the early repayment of the \$5m capital works funds, originally due to be repaid in October 2023. In addition, as at 31 March 2023, some \$563,000 in accrued interest, not included in the accompanying appendix 4C, is payable.

The Board expects full repayment to be secured during 4QFY23 which will significantly improve LPE's cash position available to accelerate expanding the core business.

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

Authorised by the Board.

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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.

[investors.joinlpe.com.au](https://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")**

31 March 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	14,271	40,463
1.2 Payments for		
(a) research and development	0	0
(b) product manufacturing and operating costs	(9,443)	(27,663)
(c) advertising and marketing	(95)	(430)
(d) leased assets	(65)	(186)
(e) staff costs	(1,070)	(3,882)
(f) administration and corporate costs	(717)	(2,791)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	158	707
1.5 Interest and other costs of finance paid	(519)	(1,712)
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	0	5
1.8 Other (provide details if material)	0	3,489
<b>1.9 Net cash from / (used in) operating activities</b>	<b>2,520</b>	<b>8,000</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	0	0
(b) businesses	0	0
(c) property, plant and equipment	(17)	(23)
(d) investments	0	0
(e) intellectual property	0	0
(f) other non-current assets	(110)	(110)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	0	32
	(d) investments	0	0
	(e) intellectual property	0	0
	(f) other non-current assets	400	3,000
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>273</b>	<b>2,899</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	0	0
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options	0	0
3.4	Transaction costs related to issues of equity securities or convertible debt securities	0	0
3.5	Proceeds from borrowings	1,000	19,899
3.6	Repayment of borrowings	(4,133)	(29,041)
3.7	Transaction costs related to loans and borrowings	(60)	(2,516)
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(3,193)</b>	<b>(11,658)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,779	3,138
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,520	8,000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	273	2,899

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)	(3,193)	(11,658)
4.5	Effect of movement in exchange rates on cash held		
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,379</b>	<b>2,379</b>

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	2,379	2,779
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,379</b>	<b>2,779</b>

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	195
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"> <li>The amount at 6.1 includes payment of directors fees, remuneration and superannuation (excluding GST).</li> </ul>		

<b>7.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	19,199	11,282
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	<b>Total financing facilities</b>	19,199	11,282
7.5	<b>Unused financing facilities available at quarter end</b>		8,000
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> <p>As at the quarter end, \$9.2m of the loan drawn in item 7.1 represents the upfront payment by Roadnight Capital Pty Ltd to retire all the Company's debts (see ASX announcement 26 September 2022). The repayment of the upfront payment is fully covered and serviced by outstanding cashflows through to January 2025 from the unwinding of the wholesale electricity hedge positions, amounting to \$10m as at the quarter end. This represents 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 by the end of 2023 calendar year.</p> <p>The Company has access to a \$10m loan facility to grow its embedded network business with Roadnight Capital Pty Ltd, maturing December 2025. \$2m of this facility has been drawn upon. This facility is secured, with interest payable monthly calculated at 9% per annum plus an annualised adjustment based on the 30-day bank bill swap rate (BBSW). After 12 months the interest reduces to 8% per annum plus an annualised adjustment based on the 30-day BBSW.</p> <p>The Company has various other loans totalling \$35k with interest rates varying from 4% - 6% p.a. for motor vehicles and insurance premiums.</p>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	2,520
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,379
8.3	Unused finance facilities available at quarter end (item 7.5)	7,917
8.4	Total available funding (item 8.2 + item 8.3)	10,296
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
	<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	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
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?	
	Answer:	

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: 28 April 2023

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.