

27 July 2023

## Quarterly Report for the period ending 30 June 2023

### Highlights

- LPE's strategic reorganisation is now complete and the Board's focus – *"Creating value powering strata communities"* – as we look to deliver sustainable results
- Acquiring All Power To You Pty Ltd (AP2U), which boosts billable customers by 4,000 (+14%) to circa 32,000, should generate higher customer receipts as FY24 progresses
- The Board will continue to identify complementary, earnings accretive, acquisition targets that can deliver incremental value add with synergetic business opportunities
- LPE is continuing in its discussions with Bundaberg BioHub to secure repayment of \$5.75m (capital works fund and accrued interest)

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LPE Chairman, Justin Pettett, commented: *"With LPE's reorganisation complete and Board materially strengthened with key appointments, the core strategic focus is now squarely on 'Creating value powering strata communities.' The results in 4QFY23, and closing the AP2U acquisition, demonstrate the strong fundamentals now underpinning LPE's business platform. As such, through a combination of growing organically and leveraging into the balance of the \$10m growth facility to fund key acquisitions, the Board feels the structural foundations are in place for LPE to transition to profitability during FY24."*

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 30 June 2023 (**Quarter**).

#### Embedded network business

During the review period, cash receipts from customers reached \$9.2m, primarily driven by the seasonality of electricity usage during autumn-winter. A further \$3.7m was received from LPE's closed electricity hedge book which is distributed to Roadnight Capital weekly to pay down the hedge facility. Moving into FY24, ongoing streamlining of the business operations has allowed for efficiencies in staff, admin, and corporate overheads. Moreover, with an adjustment in customer pricing to mitigate FY23's higher wholesale electricity costs, the Board is optimistic LPE will be profitable in FY24.

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.

## **AP2U acquisition boosts billable customer base >32,000**

During 4QFY23, LPE closed the AP2U acquisition which currently services >4,000 customers located in 44 strata communities throughout south-east Queensland. Notably, many of the new customers have long-term service contracts ranging from 5-to-10 years which delivers LPE a high-quality recurrent revenue stream.

The AP2U acquisition is expected to generate >\$500,000 annually and should be earnings enhancing as LPE's fixed costs are likely to remain relatively stable throughout FY24. In addition, bringing AP2U into the mix elevates LPE's totally embedded billable customer network to circa 32,000.

## **Bundaberg BioHub**

The Board, as outlined in the December 2022 half year report, has been working with the Bundaberg BioHub to obtain repayment of the \$5m capital works funds and accrued interest (originally due to be repaid in October 2023). Such repayment was due to be made during Q4FY23 but has not yet been made.

The Board is in discussions with the Bundaberg BioHub on the repayment of the \$5m capital works funds. In addition, as of 30 June 2023, \$750,000 in accrued interest, not included in the accompanying appendix 4C, is payable.

LPE has allowed Bundaberg BioHub until 30 September 2023 to pay all accrued unpaid interest and until 31 October 2023 to repay the \$5m capital works funds.

## **Financial Commentary**

The accompanying appendix 4C shows cash inflows of \$53.3m plus other cash inflows of \$3.5m being the Queensland government asset ownership dividend received in September 2022 and credited against customer accounts, taking total cash inflows into the Company for the full financial year of \$56.8m. Of this amount \$16m was received from LPE's closed electricity hedge book which is distributed to Roadnight Capital weekly to pay down the hedge facility, leaving circa \$40m in cash inflows into the Company as forecast. The Company's FY23 audit is underway, and a full breakdown of cash inflows and revenues including cash received from LPE's closed electricity hedge book as outlined above, will be included in LPE's annual report.

As outlined in the December 2022 half year report, LPE posted a loss of \$6.9m 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 embedded network customers during the wholesale electricity market crisis in June-July 2022.

Due to significantly higher electricity prices and sensitivity of the customer base within embedded network communities, LPE agreed with those owner groups affected to lessen the impact in FY23. In return we renegotiated extended contract terms, ranging up to 10 years, LPE will be able to gradually recover the lost margin in subsequent years and is forecasting to post a net profit in FY24 and onwards.

The full financial year impact of this increased loss for FY23, due to carrying these higher wholesale cost of energy costs, is estimated to be circa \$12m. Full details of the FY23 financial position will be outlined in LPE's annual report which is scheduled to be released through the ASX on or before the end of August 2023.

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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**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](http://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 June 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	12,946	53,409
1.2 Payments for		
(a) research and development	0	0
(b) product manufacturing and operating costs	(8,374)	(36,037)
(c) advertising and marketing	(101)	(531)
(d) leased assets	(66)	(253)
(e) staff costs	(1,141)	(5,023)
(f) administration and corporate costs	(617)	(3,403)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	149	856
1.5 Interest and other costs of finance paid	(336)	(2,049)
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>2,460</b>	<b>10,460</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	0	0
(b) businesses	(900)	(900)
(c) property, plant and equipment	(1)	(24)
(d) investments	0	0
(e) intellectual property	0	0
(f) other non-current assets	(0)	(110)

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

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	0	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>(901)</b>	<b>1,998</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	20,899
3.6	Repayment of borrowings	(3,369)	(32,409)
3.7	Transaction costs related to loans and borrowings	(23)	(2,540)
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>(2,392)</b>	<b>(14,050)</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	2,379	3,138
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,460	10,460
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(901)	1,998

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2,392)	(14,050)
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,546</b>	<b>1,546</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,546	2,379
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,546</b>	<b>2,379</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	207
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. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	15,839	9,000
7.2 Credit standby arrangements		
7.3 Other (please specify)		
<b>7.4 Total financing facilities</b>	<b>15,839</b>	<b>9,000</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>7,000</b>
7.6 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>As at the quarter end, \$5.8m of the loan drawn in item 7.1 represents the upfront payment by Roadnight Capital Pty Ltd to retire all of 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 \$6.3m 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 within 12 months.</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. \$3m 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 \$29k with interest rates varying from 4% - 6% p.a. for motor vehicles.</p>		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	2,442
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,528
8.3 Unused finance facilities available at quarter end (item 7.5)	6,839
8.4 Total available funding (item 8.2 + item 8.3)	8,367
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>N/A</b>
<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: 27 July 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.