

27 October 2023

Quarterly Report for the period ending 30 September 2023

Highlights

- LPE delivered a strong first quarter performance post re-organisation, with key highlights including positive operating cash, further reductions in overall costs and solid balance sheet
- Having stabilised during FY23, contracted customers grew to 32,200 at quarter-end, with further customers expected to come on stream during the December quarter
- With organic contracted customer growth continuing to track upwards, the Company is focused on identifying complementary, earnings accretive, acquisition targets that can deliver incremental value add with synergetic business opportunities
- Bundaberg BioHub has made progress in securing construction funding. Once such is secured, the Board expects accrued interest to begin to be settled and the outstanding \$5m capital works fund repaid thereafter
- Overall, the Board is optimistic that LPE's transition to profitability in FY24 is well underway

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LPE Chairman, Justin Pettett, commented: *"Our efforts over the past 18 months throughout the re-organisation have been to substantially de-risk the operating platform and create a stable core business that can deliver steady earnings growth momentum. This work is now complete, and the first quarter performance shows that LPE is on track to transition to profitability in FY24. Moving forward, we believe there is significant scope to expedite expanding the contracted customer base, with a greater emphasis on strategic acquisitions to complement organic growth."*

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 September 2023 (**Quarter**).

Embedded network business

During the Quarter, normalised operating receipts reached \$9.8m, comprising \$4.7m from customers and \$5.1m from applying the Queensland government's \$13.1m Cost-of-Living-Rebate (CoLR) to accounts (see further explanation below.) Pleasingly, on a normalised basis, this represents an increase of 6% over the previous quarter primarily due to seasonally higher usage during the cooler winter months and re-pricing of the service offering in line with the market, reflecting the higher wholesale electricity prices during the prior year.

The number of contracted customers reached 32,200 (+200) during the quarter. The Board continues to review potential bolt on acquisitions to expedite growing the contracted customer base, while progressing expanding the network organically.



Bundaberg BioHub

The Bundaberg BioHub was due to pay all accrued unpaid interest by 30 September 2023 and to repay the \$5m capital works funds by 31 October 2023. Currently, all accrued interest remains outstanding but is expected to begin to be paid during the December quarter on the same terms.

During the Quarter, Bundaberg BioHub obtained a \$30m project valuation on an “as if complete” basis which is expected to be sufficient to secure construction funding to complete building the BioHub. Term sheets with prospective lenders have now been signed by Bundaberg BioHub. Even though at the time of writing the Bundaberg BioHub is awaiting loan documents to finalise the construction funding, in the event such funding is never obtained the capital works funds and interest would be impaired.

With the path to construction underway, Bundaberg BioHub is also actively seeking new equity investors to replace LPE, which could facilitate repayment of the \$5m capital works funds. The Board remains in regular contact with Bundaberg BioHub and is optimistic these issues can be resolved.

Board appointment

During the Quarter, Mr Stanislav (Stan) Michael Kolenc – LPE’s second largest shareholder – was appointed a non-executive director. Mr Kolenc is a Senior Managing Director of a Canadian pension fund, where he is responsible for making and managing infrastructure investments. His appointment further increases the Board’s strength, while aligning more closely with shareholders’ interests.

Financial Commentary

Cash inflows of \$6.8m for the Quarter comprised \$4.7m in customer receipts and \$2.1m from closing the electricity hedge book (which is passed directly through to Roadnight Capital – refer to LPE’s ASX Announcement from 26 September 2022). Other significant cash inflows include the \$13.1m CoLR from the Queensland government as shown in item 1.8 of the enclosed appendix 4C, which was credited against customer accounts. For the current quarter, LPE applied \$5.1m of the CoLR towards settling customers’ accounts which translates to \$9.8m in normalised receipts against \$9m in operating outflows. The outstanding \$8m CoLR will be allocated to customers’ accounts in future quarters.

Combined, product manufacturing and operating costs moderated \$1.4m to \$6.9m compared with the previous quarter primarily due to more favourable wholesale electricity contracts. Meanwhile, staff costs increased by \$0.2m to \$1.3m due to inflationary pressures primarily, while administration / corporate costs remained flat compared with the June quarter.

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

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 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (.....months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,839	6,839
1.2 Payments for		
(a) research and development	0	0
(b) product manufacturing and operating costs	(6,915)	(6,915)
(c) advertising and marketing	(31)	(31)
(d) leased assets	(87)	(87)
(e) staff costs	(1,329)	(1,329)
(f) administration and corporate costs	(614)	(614)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	140	140
1.5 Interest and other costs of finance paid	(217)	(217)
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	0	0
1.8 Other (provide details if material)	13,120	13,120
1.9 Net cash from / (used in) operating activities	10,906	10,906
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	0	0
(b) businesses	0	0
(c) property, plant and equipment	(5)	(5)
(d) investments	0	0
(e) intellectual property	0	0
(f) other non-current assets	(20)	(20)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (.....months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities	0	0
(b) businesses	0	0
(c) property, plant and equipment	0	0
(d) investments	0	0
(e) intellectual property	0	0
(f) other non-current assets	0	0
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
2.6 Net cash from / (used in) investing activities	(25)	(25)

3. Cash flows from financing activities		
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	53	53
3.6 Repayment of borrowings	(1,994)	(1,994)
3.7 Transaction costs related to loans and borrowings	(7)	(7)
3.8 Dividends paid	0	0
3.9 Other (provide details if material)	0	0
3.10 Net cash from / (used in) financing activities	(1,948)	(1,948)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,546	1,546
4.2 Net cash from / (used in) operating activities (item 1.9 above)	10,906	10,906
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(25)	(25)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (.....months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,948)	(1,948)
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at end of period	10,479	10,479

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	4,979	1,546
5.2	Call deposits	5,500	0
5.3	Bank overdrafts	0	0
5.4	Other (provide details)	0	0
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	10,479	1,546

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	278
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

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.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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	13,891	7,136
7.2 Credit standby arrangements	0	0
7.3 Other (please specify)	0	0
7.4 Total financing facilities	13,891	7,136
7.5 Unused financing facilities available at quarter end		6,755
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, \$3.8m of the Company's loan drawn in item 7.1 (Hedge Facility) 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, with the receivable balance being \$4.1m 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 initial 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 (Growth Facility). \$3m of the Growth Facility has been drawn down to date. Interest in the first 12 months (through to 7 December 2023) is paid through a combination of cash (20%) and capitalised (80%) into the Growth Facility. To date capitalised interest and borrowing costs of \$245k is included in the Growth Facility reducing the unused financing facilities to \$6.755m. Interest is calculated at 9% per annum plus an annualised adjustment based on the 30-day bank bill swap rate (BBSW). After 12 months (7 December 2022) the interest rate reduces to 8% per annum plus an annualised adjustment based on the 30-day BBSW.</p> <p>The Company has various finance loans totalling \$44.7k with interest rates varying from 4% - 6% p.a. for motor vehicles and insurance.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	10,906
8.2 Cash and cash equivalents at quarter end (item 4.6)	10,479
8.3 Unused finance facilities available at quarter end (item 7.5)	6,755
8.4 Total available funding (item 8.2 + item 8.3)	17,234
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	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: 27 October 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.