



LPE[®]

Locality Planning Energy
(ASX:LPE)

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About us



Electricity provider to strata communities:
leaders in innovative, bespoke energy solutions, reducing community carbon footprints and energy bills with no upfront cost



Servicing the Queensland energy market:
providing electricity, hot water, solar and battery systems through long term supply agreements that provide strong recurring revenues



One of the largest residential embedded network operators in Queensland

Creating value powering strata communities



High value customers on long term energy supply contracts

- LPE provides customers living in strata communities competitively priced electricity, hot water, solar and battery systems with no upfront infrastructure costs
- Most customers are sticky and categorised as “high-quality” since they are on long-term (5-10 years) supply contracts



Strong recurring predictable revenues

- Predictable contracted embedded network business generating >\$40m in revenues per year and expected to be profitable in FY24 onwards



Compelling market fundamentals

- Queensland’s population moving to higher density living in apartments with strata communities using >\$1 billion of electricity per annum and growing



Near-term goals

- Boost the quality of the customer base organically and through select acquisitions
- Well funded to progress expanding the customer base



Experienced Board & Management Team

- Board and management have deep industry experience with LPE being one of the first and largest embedded network providers in Queensland
- The founders, CEO and Chairman, aligned with stakeholders as major shareholders

Embedded networks

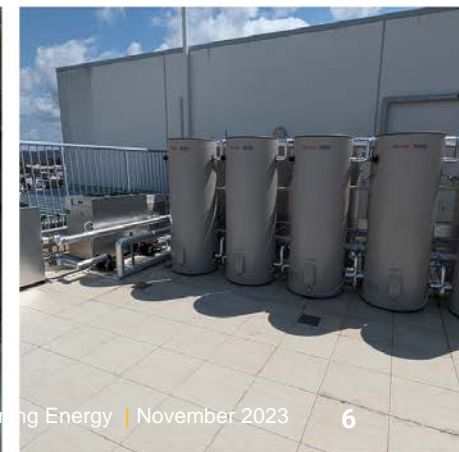


- Aggregating electricity for a community via one market facing meter (the “parent meter”) where all apartments connect to the parent meter reducing network costs i.e. “one charge spread over many”
- Electricity is supplied to individual apartments via dedicated meters, with each apartment only paying for their own electricity usage
- Same customer protections, service and experience as standard supply arrangements
- **Long-term contracts secured through funding building infrastructure**

Solar Off-Set Centralised Hot Water

LPE installs, maintains and owns the hot water plants, entering into long-term infrastructure and supply agreements – key positives comprise:

- Building decarbonisation, switching to an electric system that powers heating services through renewable sources, a crucial step towards achieving global net-zero climate goals
- Energy efficient heat pumps, matched with the required bulk water storage solution with back-up or boost heating provided by electric heating elements. Solar PV is installed onsite to totally, or partially, off-set the electricity usage from the hot water plant behind the meter
- LPE plays a lead role by developing and providing viable solutions to enable communities to achieve these outcomes



FY23 financial results



Audited FY23 Highlights:

- ✓ **Revenues: \$40m (FY22: \$69.4m)** after exiting the on-market customers primarily churned in FY22. Made up of \$38.6m in sales, \$0.75m in accrued interest from the BioHub and \$0.65m in other interest and revenues
- ✓ **Net loss: \$12m (FY22: \$6.1m net profit)**
- ✓ FY23 gross margin and loss due to reorganisation and **one-off costs** including \$7.3m for carrying high wholesale electricity costs through FY23 for some embedded network customers in return for extended contract terms; and \$2.1m to extinguish the Blackrock credit facility; and \$2.6m in interest expenses associated with that facility

Operational highlights:

- ✓ **Operating costs reduced by 43%** in FY23 to \$8.2m (FY22: \$14.7m)
- ✓ **Successfully closing its first acquisition:** boosting billable customers by circa 4,000 (+14%) to ~32,000 setting the stage for higher customer receipts in FY24



Key FY24 profitability drivers



Forecasting a moderate return to profitability in FY24 driven by customer pricing adjusted to market, expanding customer base and EBITDA margin recovery:

- Delivered a strong Q1 FY24 performance post re-organisation, with key highlights including **positive operating cash**, further reductions in overall costs and solid balance sheet
- **Total contracted customers of 32,200** as at end of Q1 FY24 with organic contracted customer growth continuing to track upwards
- Additional growth focused on identifying **complementary, earnings accretive, acquisition targets** that can deliver incremental value add with synergetic business opportunities
- **Significant reduction in fixed and variable costs**, which align with new business platform, should enable EBITDA margin expansion

Material debt restructure in FY23, coupled with stronger operating cashflow in FY24, together with expanding contracted customer base with strong emphasis on strategic acquisitions to complement growth, support the foundation of a moderate return to profitability in FY24.



Strata: the ideal customer profile



Strata communities are highly loyal and sticky



\$10.4bn

Queensland's total energy market is worth ~\$10.4bn/yr with ~55% from residential and 22% from commercial customers¹



12%

Queensland's population that live in apartments or strata communities²



QLD

Queensland has over 54,000 schemes with 27,000 registered with 30 or more lots³



\$1.2bn

Strata communities eligible for embedded networks use circa \$1.2 billion of electricity per annum⁴



1. Australian Energy Regulator's State of the Energy Market 2021 report
2. Census of Population and Housing: Reflecting Australia - Stories from the Census
3. Census data from the Australian Bureau of Statistics
4. <https://aemo.com.au/-/media/files/electricity/nem/national-electricity-market-fact-sheet.pdf>

Outlook: transition to profitability underway

- Organic and acquisition driven growth from the core embedded network business underway and creating value
- Remaining the prominent supplier for Queensland's strata communities through offering an innovative product suite
- Stronger operating platform, expanding customer base, normalising margins due to re-pricing in line with market and stable costs:
Transitioning to moderate profitability from FY24 onwards



Embedded Network

Pursuing takeovers of existing embedded networks and developer opportunities



Centralised Hot Water Solutions

Solar Off-Set Centralised Hot Water utilising solar generation aligns with communities appetite for lower emissions targets



M&A

LPE's first consolidation opportunity within the embedded network space completed with more planned in the future



Corporate Snapshot



Key Metrics

ASX CODE:	LPE
Share Price (price @ 31/10/23)	\$0.047
Shares on Issue (m)	178.1
Market Capitalisation (m)	\$8.37
\$0.20 options (unlisted) exp. 30/03/26	1
52 Week High/ Low	\$0.07/ \$0.04

Major Shareholders

Holder	Shares	% of SOI
Fernsha Pty Limited	18,119,843	11.9
Mr Stanislav Michael Kolenc	12,762,587	7.1
Justin Pettett (Chairman)	9,409,102	5.3
Damien Glanville (CEO)	8,400,955	4.7
Citicorp Nominees	8,362,036	4.6
Top 5	57,054,523	33.60

Shareholder Breakdown

10% CEO and Chairman
62% Top 20

Tight capital structure with highly incentivised management owning 10% of the shares on issue

Board of Directors



Justin Pettett
Non-Executive Chairman

Justin is a co-founder of LPE and has over 22 years of ASX company experience having founded and helped companies from start-up to take over/acquisition/public-listing stage.

He has a proven track record in identifying and maximizing business opportunities in the energy sector having led teams to deliver successful results, working closely with key stakeholders, investors and industry partners.



Damien Glanville
Managing Director & CEO

Damien is a co-founder of LPE with 19 years' experience in senior management, logistics, and Executive Director roles.

He engineered the business cases for the deployment of the Sunshine Coast 16MW Solar Farm.

Damien is the listed responsible person for the management components of the Australian Energy Regulator Authorisation to retail electricity for LPE.



Kathryn Giudes
Non-Executive Director

Kathryn was previously the Senior Director of Xbox Games Marketplace, as well as the Microsoft Store online.

She holds a Bachelor of Science (BSc) in International Marketing from Oregon State University and Associate of Science (ASc) – Computer Science and Information Systems from Shoreline Community University.



Barnaby Egerton-Warburton
Non-Executive Director

Barnaby has over 25 years of trading, investment banking, international investment and market experience with positions at JP Morgan (New York, Sydney, Hong Kong) BNP Equities (New York) and Prudential Securities (New York).

Barnaby holds a degree in economics and is a graduate of the Australian Institute of Company Directors.



Simon Tilley
Non-Executive Director

Simon has been working in the hospitality industry for over 30 years. He started his career in the USA and has been focusing his attention solely on hotels since 1996.

Further, Simon is a passionate and focused business owner whose knowledge and experience allows him to continually raise the bar in customer experience.



David Jarjoura
Non-Executive Director

David has over thirty years of executive and non-executive board level experience in unlisted public, commercial and for purpose organisations across the retail, property, manufacturing, financial, legal, education and disability sectors.



Stan Kolenc
Non-Executive Director

Stan is a Senior Managing Director of a Canadian pension fund. He has over 13 years of NED experience and is currently the Chairman of Kinetic and Flow Power as well as an NED of Australian renewable companies Ararat Wind Farm and Zenith Energy.

He holds a Bachelor of Engineering Science (BESc) with distinction from The University of Western Ontario and is a Chartered Financial Analyst (CFA) Charterholder.

Contact



Authorised by the Board

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Non-Executive Chairman

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