

19 April 2024

Quarterly Report for the period ending 31 March 2024

Highlights

- LPE continues to be cash flow positive YTD through the end of the quarter
- Normalised cash receipts have increased by \$1.4m during the quarter
- Contracted Customer numbers have increased to 32,867 at the end of the quarter

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Embedded electricity provider, Locality Planning Energy Holdings Limited (**ASX: LPE**) (the **Company** or **LPE**), provides an overview of activities for the period ending 31 March 2024 (**Quarter**).

During and subsequent to the end of the Quarter, our people are focussed on:

- Ensuring efficient operations;
- Growing the number of our service points;
- Improving our customer experience; and
- Improving revenue per customer.

The Board's guidance for the full year is a net profit result in the range of \$1.6m to \$1.8¹.

Update on Unsolicited Takeover Offer

As announced earlier this week, the Company was served with an unsolicited off-market takeover offer from River Capital Pty Ltd (ACN 073 531 469) as trustee for River Capital Embedded Network Trust (**River Capital**) to acquire all of the fully paid ordinary shares in issue in the Company that River Capital or its related entities do not already own.

The offer has not yet opened and even once it is open, it will be conditional on a 90% minimum acceptance condition (and other usual conditions). This means that, unless waived, the offer will not be effective unless the bidder receives acceptances from the vast majority of shareholders - which would then give the bidder the right to squeeze-out any non-accepting shareholders.

The Board is of the preliminary view that the River Capital offer undervalues the Company. In particular, and based on the financial metrics reflected in this Quarterly Report, the unanimous view of the Board is that the Company's medium to long term prospects significantly exceed 8 cents per share.

¹ This guidance extrapolates the 9 month position out to the end of FY24. However, the Board is not aware of any reason that extrapolating the result in that way is not reasonable. As with all forward looking information, it is subject to circumstances outside the control of the Company and both revenue and cost metrics may be higher or lower than anticipated. As a result, there can be no assurance that the ultimate result will be consistent with guidance.

In the short period that the Board has existed as currently composed, working with management, it has together identified revenue opportunities and cost savings that have already arisen, and are likely to arise going forward, from a singular focus. The Company has an engaged, high-quality workforce that has conviction in that focus. We commend their professionalism, their culture of support and customer focus, all which continue to strengthen LPE.

To support our people through the growth of LPE, we have identified key new roles which are currently in the recruitment phase. We have separately commenced the executive search for a replacement CEO.

The Board stresses that its view on value is a preliminary one only. Approximately 2 weeks after the River Capital offer opens, the Board will issue a formal response to the offer. That response will include the Board's formal recommendation to shareholders and the reasons for that recommendation. It will also include other information useful to shareholders in deciding whether or not to accept or reject the offer.

Shareholders are strongly advised to **TAKE NO ACTION** until the Board has issued that formal recommendation.

The Board reminds shareholders that there can be no assurance that the River Capital offer will result in a change of control or any material increase in its stake in the Company.

The Board will continue to provide updates, including when making its formal response.

Board Restructure

In February 2024, Justin Pettett, Damien Glanville, Barnaby Egerton-Warburton and Kathryn Giudes resigned as directors. David Jarjoura was appointed Chairman of the Board on interim basis following the Board restructure and became Executive Chairman during the Chief Executive Officer's (CEO) extended personal leave.

Subsequent to the end of the Quarter, the CEO's employment was terminated with cause. David Jarjoura continues as Executive Chairman, leading the delivery of the Company's strategic objectives and supervising operations. An executive search for a replacement CEO has commenced.

Bundaberg BioHub

During the Quarter, the Company varied its agreement with the Bundaberg BioHub Pty Ltd, further extending the repayment date for the full repayment of the capital works fund (including all outstanding interest and legal fees) until 28 June 2024. All outstanding interest and legal fees as at 31 December 2023 were capitalised and, as at 1 January 2024, the total amount due is \$6,158,082.20 (**Outstanding Debt**)

Interest on the Outstanding Debit is accruing at 15% per annum.

Financial Commentary

Cash inflows of \$9.9m for the Quarter comprised \$8.8m in customer receipts and \$1.1m from closing the electricity hedge book.

For the Quarter, LPE applied \$1.4m of the CoLR towards settling customers' accounts which translates to \$10.2m in normalised receipts against \$10.9m in operating outflows. The outstanding \$1.3m CoLR will be allocated to customers' accounts in future quarters.

Product manufacturing and operating costs peaked at \$9.2m for the Quarter due to high demand and usage during the summer periods. Meanwhile, all other costs remained relatively flat at \$1.7m.

Following the restructure of the Board non-executive directors Simon Tilley and Stan Kolenc are proposing to take options in lieu of their directors' fees which will be a further saving. These options have a strike price of 8c which means that they will only have any value to the directors if they can obtain a value of the company in excess of 8c per share which is above the River Capital takeover proposal. The board believes this creates good alignment between the board, company, and its shareholders.

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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About LPE

LPE is a 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.

If you have any questions on this announcement or any past LPE announcements, check out our InvestorHub. Like, comment, ask a question and view video summaries on important announcements. You can find this through the following link or scanning the QR code:

investorhub.localityenergy.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 2024

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	9,940	21,747
1.2 Payments for		
(a) research and development	0	0
(b) product manufacturing and operating costs	(9,202)	(23,009)
(c) advertising and marketing	(28)	(85)
(d) leased assets	(89)	(264)
(e) staff costs	(1,119)	(3,708)
(f) administration and corporate costs	(513)	(2,150)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	377	730
1.5 Interest and other costs of finance paid	(153)	(518)
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	0	0
1.8 Other (provide details if material)	13	13,241
1.9 Net cash from / (used in) operating activities	(774)	5,984
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	(106)	(111)
(d) investments	0	0
(e) intellectual property	0	0
(f) other non-current assets	0	(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	44	44
	(d) investments	0	0
	(e) intellectual property	0	0
	(f) other non-current assets	0	110
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	(62)	23

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	0	54
3.6	Repayment of borrowings	(1,034)	(4,343)
3.7	Transaction costs related to loans and borrowings	(5)	(14)
3.8	Dividends paid	0	0
3.9	Other (provide details if material)	0	0
3.10	Net cash from / (used in) financing activities	(1,039)	(4,303)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,125	1,546
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(774)	5,984
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(62)	23

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)	(1,039)	(4,303)
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at end of period	3,250	3,250

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	3,250	3,925
5.2	Call deposits	0	1,200
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)	3,250	5,125

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	97
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
<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>		

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	11,547	4,879
7.2	Credit standby arrangements	0	0
7.3	Other (please specify)	0	0
7.4	Total financing facilities	11,547	4,879
7.5	Unused financing facilities available at quarter end		6,668
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, \$1.541m 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 \$1.5m 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). \$3.332m of the Growth Facility has been utilised. Interest is calculated at 8% per annum plus an annualised adjustment based on the 30-day BBSW and is paid monthly from January 2024.</p> <p>The Company has repaid the remaining \$6K balance of finance loan in April, no outstanding finance load debt at report lodgement.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(774)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,250
8.3	Unused finance facilities available at quarter end (item 7.5)	6,668
8.4	Total available funding (item 8.2 + item 8.3)	9,918
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	12.8
	<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: N/A	

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: N/A

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: N/A

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: 19th April 2024

Authorised by: The Board
(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.