



ASX Announcement

23 AUGUST 2021

## PLANUM PARTNERS MANDATED FOR \$200m PROJECT PIPELINE AND FY2021 GUIDANCE

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### HIGHLIGHTS:

- DEL has appointed leading advisory firm Planum Partners to structure and secure project finance for its projects with a mandate up to \$200m.
- DEL provides guidance for FY2021, expecting revenue to be materially in line with the Prospectus figures at \$28m however recommended audit adjustments by RSM are likely to see a reduction in underlying EBITDA to be \$3 million, a variance of \$0.8 million based on earlier Prospectus forecasts.
- EPC contracts materially on track (considering COVID impacts) with further tendering of a major EPC contract in the advanced stage of selection.
- Delorean Corporation's first two owner operator projects, Delorean Energy SA One Project ("DESAO") and Delorean Energy Victoria One Project ("DEVO"), are on track to be both complete in Q1 FY2023.
- Since DEL's listing in April 2021, the Company's 100% owned energy retailer, Cleantech Energy, has increased contracted energy volume by a further 18%, including signing its first east coast customer, executing on its strategy to expand nationally.
- CleanTech Energy is currently considering strategic acquisition opportunities in line with its Distribution Energy Resource (DER) strategy in the National Energy market.
- DEL is uniquely positioned to capitalise on the developing biomethane and hydrogen markets in Australian market and is considering opportunities.

### APPOINTMENT OF



Delorean Corporation (ASX:DEL) ("the Company") is pleased to announce it has appointed Planum Partners Pty Ltd ("Planum") as Financial Advisor to arrange funding for its development pipeline. Planum will focus on priority projects Delorean Energy SA One Project ("DESAO") and Delorean Energy Victoria One Project ("DEVO") (augmenting finance to accompany IPO funds) and is expected to extend its services to longer term financing strategies up to \$200m to support



the Company's growth objectives. This appointment represents a significant development milestone for the Company and the Projects.

Planum is a leading Australasian advisor focused on delivering capital solutions in renewable energy, social infrastructure, and real estate. The Planum team has advised on projects valued at hundreds of millions to \$1B, including Perth Stadium. They have experience in numerous energy projects exceeding 2GW wind, solar, storage and waste. The firm covers strategic advisory, capital raising and M&A.

The mandate is structured around a success fee model based on closing project finance in staged tranches, with a focus on the immediate projects in build and shovel ready.

DEL Managing Director Joe Oliver said "With Planum Partners' track record and specific experience in infrastructure and energy finance, we can move to structuring a financial solution for DEL's current and development project pipeline. It enables DEL to confidently focus on fast-tracking the construction and development of renewable energy infrastructure projects as it transitions to an asset owner and operator".

## **GUIDANCE – FINANCIAL YEAR 2021**

FY2021 guidance is based on recommended audit adjustments by RSM prior to finalisation of the statutory accounts and Annual Report. The audit is currently being finalised.

In the IPO Prospectus dated 4 March 2021, DeLorean forecast Revenue of \$30.2m and Underlying EBITDA of \$3.8m for the year ended 30 June 2021.

Revenue for FY 2021 is materially in line with Prospectus figures at an expected \$28m however recommended adjustments are likely to see a reduction in underlying EBITDA to \$3 million, a variance of \$0.8m based on earlier Prospectus forecasts with the overall earnings comparison set out below.

Underlying EBITDA is defined in the Prospectus as the Company's earnings before interest, taxes, depreciation and amortisation for the Financial Year, adjusted to eliminate one-off gains or losses that are unlikely to reoccur, and are not part of the company's day to day business operations.

The recommended adjustments include the cost of share-based incentive payments as well as the non-recurring costs that may be associated with impairment of non-financial assets, acquisition related adjustments and restructuring and/or redundancy costs.

The approximate breakdown of the variance to EBITDA (underlying and actual) and the explanatory notes is included in Appendix A.

## DELOREAN OPERATIONAL AND PROJECT UPDATES

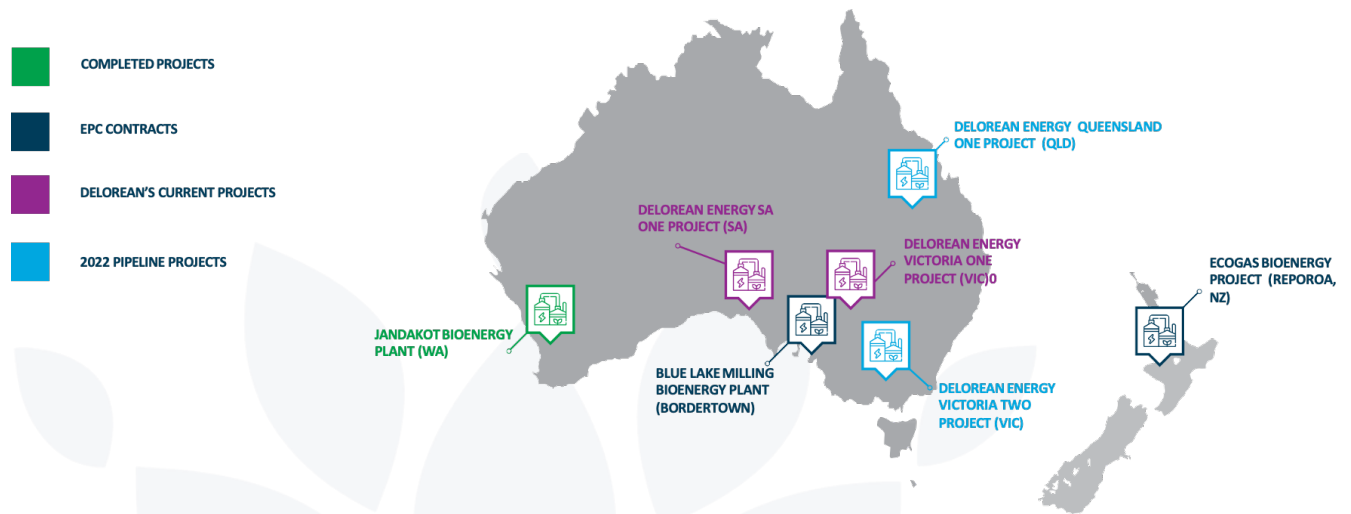


Figure 1.0 DeLorean bioenergy projects completed, in construction and in development

### EPC Contracts and Tendering Update

Through its wholly owned subsidiary Biogas Renewables, the Company remains on track and on budget with its current Engineering, Procurement and Construction (EPC) contacts for the construction of bioenergy plants to be delivered to CBH Group and Pioneer.

- 1) The \$7.6m Blue Lake Milling (CBH Group) Bioenergy Plant in Bordertown, South Australia is now in the advanced stages of commissioning. This project has produced electricity and heat from grain milling by product. The generator has been first commissioned and the grid connection achieved with the South Australian Power Network for zero export. First gas has been achieved and final commissioning to export is expected imminently.



Figure 2.0 & 2.1 Blue Lake Milling nearing completion

- 2) At the Ecogas Bioenergy (Pioneer) Project in New Zealand, civil works are close to being completed by the Principal. This NZD \$10.1m project processes Auckland City Council food organics to produce energy. The construction program is under way.

In addition to these EPC contracts, Biogas Renewables is tendering for a major EPC contract in Victoria which is in the advanced stages of selection. Biogas is also undertaking further feasibility work for third party plant builds in Victoria and New South Wales.

### **\$13.8m Delorean Energy Victoria One (DEVO) Site Works Commenced**

- Final Investment Decision (FID) approved in May 2021
- On-site construction expected to commence in September 2021
- The project is now scheduled for completion in Q1 FY2023

The Company's \$13.8m bioenergy plant in Stanhope, Victoria (90% DEL ownership) secured FID in May 2021 and has progressed into the construction phase. Site clearing has commenced, and on-site construction is scheduled to start in September 2021.

In Stage 1, the project will process up to 40,000 tonne per annum of commercial/industrial organic and agricultural waste streams for the generation of 1.2MW baseload renewable electricity exported to the grid. In Stage 2 (future expansion), there is the potential for expansion to 71,000 tonne per annum with the opportunity to either generate further electrical energy of upgrade to green biomethane, generating further revenues from a lifting energy price both gas and power and further creation of large-scale generation certificates (LGC's).



Figure 3.0 & 3.1 DEVO project render and site clearing



## **\$22.4m Delorean Energy SA One (DESAO) Progressing to FID**

- Final Investment Decision (FID) expected CY2021
- Delorean's \$5.3 million grant application to ARENA scheduled to be assessed in September 2021
- The project is now scheduled for completion in Q1 FY2023

As previously advised to the market, DEL's wholly owned subsidiary Delorean Energy re-acquired 100% of this project in May 2021 and is tracking towards final FID under a project funding package to be arranged under Planum Partners advisory mandate.

The finance package includes a \$5.3m grant application to ARENA which is scheduled to be assessed by ARENA's investment panel in September 2021.

Located in Adelaide, South Australia, in Stage 1 this project will process up to 60,000 tonnes per annum of commercial/industrial waste streams from the Adelaide metropolitan area, exporting 150 Terajoules per annum of renewable gas (biomethane) into the gas network under a multi-year offtake with Origin. In Stage 2 (future expansion), there is the potential for expansion to 125,000 tonnes per annum increasing further revenues from carbon credits, LGC's and increased energy and gate fee production on site.

With pre-FID preliminary site works scheduled to start in September 2021, grid connection to SAPN commenced, the project is now scheduled for completion in Q1 FY2023.



**Figure 4.0 & 4.1** DESAO render and SAPN grid connection

## **\$24m Delorean Energy Queensland One and \$22m Delorean Energy Victoria Two Scheduled for FID by mid-2022.**

These two near term pipeline bioenergy projects are under active development.

- 1) Delorean Energy Queensland One Project will process up to 83,000 tonnes per annum providing 3.0MW generation capacity (electricity to grid/behind the meter). It is 100% owned by Delorean Energy, subject to FID. The project is expected to be ready for FID in mid-2022 and the unlevered project IRR range is 12 – 17%.
- 2) Delorean Energy Victoria Two will process 50,000 tonnes per annum, providing biomethane to the grid, and is co-funded by Sustainability Victoria. This project is also



expected to be ready for FID in mid-2022 and has an unlevered project IRR range of 13 – 17%.

The funding package for these near-term pipeline projects is expected to be arranged under Planum Partners advisory mandate.

### **CleanTech Energy Strategy and Growth**

CleanTech Energy is the Company's energy retailer. CleanTech is established in the WA Energy Market (WEM) and has National Energy Market (NEM) Licenses enabling geographic expansion beyond WA.

CleanTech's role is to act as offtake partner for Delorean Projects, selling direct to retail or under long-term agreements with investment-grade counterparties, as well as brokering third party services.

From April 2021 to July 2021, CleanTech increased its contracted volume in the WEM by 18%. This included the renewal of Metcash Group (10 GWh pa) and new contracts with Hanson (8 GWh pa), Baptistcare (5GWh pa) and Subway (3 GWh pa).

In July 2021, CleanTech signed its first customer in Victoria, executing its planned geographic expansion into the National Energy Market.

The rapid transformation of the energy market from a centralised, largely utility scale generation mix, to a dynamic, decentralised system has presented challenges to the quality and stability of power distribution. This has created opportunities for smaller energy retailers like CleanTech to deliver enhanced services to the network.

CleanTech's FY2022 strategic plan therefore includes a Distributed Energy Resource strategy that will create simple, long term price certainty for customers by utilising hybrid (PV and BESS) assets that are connected to energy and ancillary markets.

Under this strategy, CleanTech is considering strategic acquisition opportunities in the NEM focussing on other forms of renewable energy and storage capability.

### **Biomethane and Hydrogen to drive growth**

DEL is one of only a small number of true green energy stocks on the ASX, and the only ASX-listed company leading with bioenergy and commercial production of mains-grade renewable natural gas in the form of biomethane.

DEL is uniquely positioned to service Australia's immediate and rapidly-growing demand for renewable gas.

The carbon price is currently circa \$22 per tonne in Australia. It must rise to around \$137 per tonne in order for hydrogen to be an economic substitute for gas (BloombergNEF: 2H 2020 Hydrogen Market Outlook Report). With the now rapid transition from fossil fuels and an



industry-led imperative to decarbonise Australia's gas networks, a significant opportunity presents.

DEL can already deliver biomethane at prices competitive with non-renewable gas in today's burgeoning renewable gas market. In 2021, Delorean has received commitment and qualified enquiries for biomethane from pipeline operators and large-scale gas end-user customers, which has outstripped DEL's current project pipeline production capacity.

DEL's biomethane also provides a platform for production of green hydrogen. This production utilises existing, mature technologies as well as novel methods. DEL is currently exploring a pathway into economic production of hydrogen at commercial scale, in the medium term, to service the emerging industry.

DEL is exploring partnerships and license agreements to add hydrogen production at commercial scale, with CleanTech Energy positioned as a potential hydrogen retailer.

**Authorised on behalf of the Delorean Corporation Board of Directors by Hamish Jolly, Executive Chair.**

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### **About Delorean Corporation Limited**

**Delorean Corporation is a pioneering Australian bioenergy company specialising in the design, build, ownership and management of bioenergy infrastructure, associated power generation and energy retail. Delorean Corporation comprises a group of four vertically integrated companies positioned in two high growth industries.**

DEL's projects produce renewable energy whilst reducing the volume of waste going to landfill. DEL is therefore placed in rapidly growing sectors with strong macro drivers and utilises a model that generates multiple revenue streams.

The Delorean Corporation group began with Biogas Renewables which designs and constructs bioenergy plants in Australia and New Zealand.

The business then established Cleantech Energy to retail energy for its completed projects with retail licenses both in the Wholesale Electricity Market (WEM) and the National Electric Market (NEM) Completing the group, infrastructure developer Delorean Energy and fabricator Tekpro were established, and in 2019 all four were merged under Delorean Corporation, a vertically-integrated renewable energy generation and retail company, as it is today.

Delorean Corporation has the inhouse capability to deliver bioenergy projects across the full lifecycle, from project conception to completion, processing organic waste, generating renewable energy and monetisation of electricity, heat and gas.

## Appendix A – FY2021 Guidance

RSM recommended audit adjustments to FY2021 results.

	<b>2021 DRAFT</b>	
	<b>\$</b>	
<b>Prospectus forecast Underlying EBITDA</b>	<b>3,778,461</b>	
CleanTech Energy cost of Energy <sup>(A)</sup>	(567,497)	
Other variances <sup>(B)</sup>	(237,935)	
<b>Expected Underlying EBITDA</b>	<b>2,973,029</b>	
EBITDA Adjustments:		
<b>Non-recurring/one-off:</b> Costs of the IPO offer <sup>(1)</sup>	(657,459)	Non-recurring
<b>Non cash:</b> Share-based payments <sup>(2)</sup>	(1,418,610)	Non-cash
<b>Timing (FY24):</b> LGC Shortfall Strategy <sup>(3)</sup>	(1,288,644)	Offset in full as revenue in FY24
<b>Timing (FY25):</b> LGC Shortfall Strategy <sup>(4)</sup>	(276,216)	Offset in full as revenue in FY25
<b>Timing (FY22):</b> Ecogas project <sup>(5)</sup>	(265,688)*	
<b>Timing (FY22):</b> Ecogas project AASB15 <sup>(6)</sup>	(1,033,720)*	*Timing only, no adjustment to expected project performance.
<b>Timing (FY22):</b> BLM project COVID impact <sup>(7)</sup>	(398,835)*	
BLM project COVID impact <sup>(8)</sup>	(377,145)	
<b>Expected EBITDA</b>	<b>(2,743,288)</b>	
Add back:		
Interest & financing costs	(126,899)	
Interest income	10,133	
Income tax expense <sup>^</sup>	-	
Depreciation	(428,736)	
Amortisation	(98,357)	
<b>Expected net profit after income tax:</b>	<b>(3,387,147)</b>	

RSM are completing the audit and full details will be provided in the Company's Audited Annual Report.

### Notes:

(A) Movements in the cost of energy owing partly to unexpected weather events and generation outages in Western Australia impacting energy retail margins in the last quarter of FY2021.

(B) Other variances relating to increased overhead for the financial period as DEL looks to expedite the delivery of its strategy.



- (1) Costs related to DEL's April 2021 IPO that are not reoccurring or ongoing.*
- (2) Non-cash share-based payments as detailed in the Company's Prospectus.*
- (3) This amount will be returned in full as revenue in FY24 and relates to optimising returns against CleanTech's LGC commitment but must be recorded as an expense in the Income Statement until such time as the contracts are settled.*
- (4) This amount will be returned in full as revenue in FY25 and relates to optimising returns on CleanTech's LGC commitment but must be recorded as an expense in the Income Statement until such time as the contracts are settled.*
- (5) Difference in expected progress compared to actual progress on the Ecogas project for the financial year and represents a timing delay only. No real impact to ultimate project performance.*
- (6) This amount represents a timing adjustment on the Ecogas project only and no impact to ultimate project performance. AASB 15 dictates how companies recognise contract revenue. Delorean Corporation's Biogas uses the output method under AASB 15 to assess progress on the Ecogas contract which deems progress to be based on contract value claimed to the client but is silent on how to recognise project costs. Previously, DEL recognised, and forecast, cost as incurred to subcontractors and suppliers. During the FY2021 audit RSM have determined that, given AASB 15 is silent on costs when using the output method, the matching principal must instead be applied and DEL must accrue costs against contract liabilities to match revenue progress despite the subcontractors and suppliers having no entitlement to payment at the respective balance date. This is purely a timing difference as the expense would otherwise have been reflected (and budgeted) in FY 22, with no change to the overall project performance.*
- (7) The BLM project schedule has been impacted by unforeseen COVID restrictions meaning a delay in anticipated EPC close out revenue and expected O&M revenue. These revenues are expected to flow in FY22. The revenue has not been lost: the receipt has simply been delayed against budget.*
- (8) The BLM project has incurred some permanent costs that are one-off and non-recurring in relation with COVID.*

*^ Income tax expense is yet to be finalised however preliminary discussions with RSM indicate no tax should be payable for FY 21.*

### **FY2022 Mitigation Strategies**

Delorean is putting in place measures to mitigate the impacts of events which have caused permanent differences in the expected results for FY21. These include recruitment of project-related personnel that are local to project sites, in order to mitigate travel impacts of COVID. Equipment will also be pre-ordered in anticipation of international shipping delays and to protect against escalating freight costs due to COVID.



In relation to Delorean Corporation's CleanTech's cost of energy, the Company is putting in place further measures for procurement of energy outside the wholesale energy market. This will occur through fixed contracts, power purchase agreements and establishment of its own generation assets through CleanTech's District Energy Resource strategy.

