

25 August 2021

Laura Gomme
Adviser, Listings Compliance (Perth)
Australian Securities Exchange
Central park, 152-158 St Georges Tce
Perth WA 6000.

Dear Ms Gomme,

RE: Delorean Corporation Limited- Query Letter

Reference is made to your query letter of 24 August 2021.

In relation to the specific questions you raise in your letter, the Company responds as follows:

1. In isolation, a number of the adjustments in the ASX release would not, on an individual basis, have been significant enough for a reasonable person to expect them to have a material effect on the share price of the Company.
When combined with the final audit adjustments that were ultimately agreed to by the Board on Sunday 22 August, the total impact of the adjustments collectively was deemed to have the potential to have an effect on the share price of the Company.
2. N/A
3. The changes to the actual results to be reported that had the potential to effect the share price were predominantly the proposed final audit adjustments. The Company first received RSM's final recommended audit adjustments, still in preliminary form and for discussion with company management and the Board, at 9.29 pm on Thursday 19 August. The audit has not been completed, and the potential adjustments were provided by the auditor for discussion purposes.
4. The Board of Delorean met at 11.00 am on Friday 20 August to discuss the final adjustments that had been recommended by the auditor. The Board discussed the rationale for some of the adjustments and sought clarification from the auditor in relation to a number of matters raised. Certain adjustments were withdrawn or amended by the auditor following these preliminary discussion with management and the Board.

Due to the potentially sensitive nature of the audit adjustments , the Board convened 2 formal meetings over the weekend and was in discussion with the

auditors on numerous occasions in order to reach agreement as to which final audit adjustments would be agreed to by the Board.

The final adjustments agreed were finalised on the afternoon of Sunday 22 August, and the impact of the adjustments to the final accounts were processed through the group accounts. Late on Sunday afternoon 22 August the final results were determined, with a first draft of the audit agreed adjusted impact on the financial results and notes thereto circulated to the Board at 7.29 pm, and the final announcement was approved by the Board for release to the market at 9.13 pm on Sunday 22 August. The release was authorised to be made pre-market open on Monday 23 August.

Delorean believes it took all necessary steps to ensure the information was released to the market promptly and without delay.

5. Delorean confirms that it is complying with the Listing Rules, and in particular Listing Rule 3.1.
6. Delorean's responses to the questions above have been authorised and approved by the full Board of the company, and in accordance with the Company's continuous disclosure obligations.

Yours faithfully,



David McArthur
Company Secretary

24 August 2021

Mr David McArthur
Ground Floor, 1205 Hay Street
West Perth
WA 6005

By email: david.mcarthur@broadwaymgt.com.au

Dear Mr McArthur

Delorean Corporation Limited ('DEL'): Query Letter

ASX refers to the following:

- A. DEL's Prospectus dated 4 March 2021 which was released on the ASX Market Announcements Platform ('MAP') on 8 April 2021 (the 'Prospectus'), which included the following disclosure:
- (i) On Page 70: *'Over the period GY18 to FY20, the Group's revenue increased from \$6.1 million to \$31.2 million, and is forecast to decrease slightly to \$30.2 million in FY21, due in large part to the Company's increased focus on the development of its own internal projects'.*
(the 'FY21 Guidance').
- B. DEL's announcement titled 'Planum Partners Mandated for \$200m Project Pipeline and FY2021 Guidance' released on MAP on 23 August 2021 (the 'Relevant Date') (the 'Announcement'), which included the following disclosure:
- (i) On Page 1: *'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';*
 - (ii) On Page 2: *'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';*
 - (iii) On Page 8, Appendix A – FY2021 Guidance which states: *'Expected Underlying EBITDA \$2,973,029' and 'Expected EBITDA \$(2,743,288)';*
(together the 'Revised Guidance')
- (b) Pages 8 and 9 of the Announcement (Notes to Appendix A), which provided a number of explanatory notes in relation to the Revised Guidance and the RSM recommended audit adjustments to the FY2021 results, including the following disclosures:
- (1) *'(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';*
 - (2) *'(B) Other variances relating to increase overhead for the financial period as DEL looks to expedite the delivery of its strategy';*
 - (3) *'(3) This amount will be returned as full as revenue in FY24 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';*

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- (4) *'(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) *'(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) *'(6) [...] Previously, DEL recognised, and forecast, cost as incurred to subcontractors and suppliers. During the FY2021 audit RSM have determined that, given ASASB 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 FY22, with no change in to the overall project performance';*
- (7) *'(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) *'(8) the BLM project has incurred some permanent costs that are one-off and non-recurring in relation with COVID'.*

(together with the Revised Guidance, being the 'Information')

- C. The change in the price of DEL's securities from a high of \$0.220 at the commencement of trade on 23 August 2021, to an intraday low of \$0.205.
- D. The significant increase in the volume of DEL's securities traded on 23 August 2021
- E. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- F. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."

- G. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*

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- *The information is a trade secret; and*
- 3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*
- 3.1A.3 *A reasonable person would not expect the information to be disclosed.”*
- H. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:
- “Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”*
- I. ASX’s policy on the provision of “earnings guidance”, detailed in section 7 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, section 7.1 of the Guidance Note states:
- “As a forward-looking statement, earnings guidance must be based on reasonable grounds or else it will be deemed to be misleading with all the significant legal consequences that entails. For this reason, appropriate due diligence needs to be applied to the preparation of earnings guidance. The underlying figures and assumptions should be carefully vetted and signed off at a suitably senior level before the guidance is released.”*
- J. ASX’S policy on ‘market sensitive earnings surprises’ detailed in section 7.3 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states:
- “If an entity becomes aware that its earnings for the current reporting period will differ materially (downwards or upwards) from market expectations, it needs to consider carefully whether it has a legal obligation to notify the market of that fact. This obligation may arise under Listing Rule 3.1 and section 674, if the difference is of such magnitude that a reasonable person would expect it to have a material effect on the price or value of the entity’s securities – referred to in this Guidance Note as a “market sensitive earnings surprise”. Alternatively, in the case of an entity which becomes aware that its earnings for a reporting period will differ materially from earnings guidance it has published to the market, it may arise under section 1041H, because it is failing to inform the market that its published guidance is no longer accurate could constitute misleading conduct on its part”.*

Request for information

Having regard to the above, ASX asks DEL to respond separately to each of the following questions and requests for information:

The Information

1. Does DEL consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. When did DEL first become aware of the Information?
4. If the answer to question 1 is “yes” and DEL first became aware of the Information before the relevant date, did DEL make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe DEL was obliged to release the information under Listing Rules

3.1 and 3.1A and what steps DEL took to ensure that the information was released promptly and without delay.

Listing Rule Queries

5. Please confirm that DEL is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that DEL's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of DEL with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **12.00 PM AWST Friday, 27 August 2021**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, DEL's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require DEL to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in DEL's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in DEL's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to DEL's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that DEL's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Laura Gomme
Adviser, Listings Compliance (Perth)