

31 January 2024

# Quarterly Report for the period ending 31 December 2023

## Highlights

- LPE delivered another solid operating performance during the Quarter which, after adjusting for the Queensland government's Cost of Living Rebate, resulted in positive operating cash flow overall for 1H FY24
- Contracted customers remained stable at circa 32,200 at quarter-end, after factoring in new additions and several contracts running their course
- To enhance organic growth, Management streamlined the sales leadership team during the Quarter to ensure stronger account management
- LPE varied its agreement with Bundaberg BioHub during the Quarter, which resulted in a \$230k interest pre-payment received in early January 2024, and full repayment of the total \$6.1m capital works funds expected by 28 June 2024

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**LPE Chairman, Justin Pettett, commented: "Reconciling the second quarter's solid operating performance holistically, re-affirms that LPE remains on track to transition to profitability during FY24. With a strong balance sheet providing flexibility to acquire complementary value adding businesses, LPE is now optimally positioned to create value for shareholders moving forward."**

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 31 December 2023 (**Quarter**).

### Embedded network business

During the Quarter, normalised operating receipts were \$8.8m comprising \$3.4m from customers (explained further below) and \$5.4m from applying the Queensland government's \$13.1m Cost-of-Living-Rebate (**CoLR**). Note, the CoLR was received in the September quarter and had also been applied to customers' accounts that were overdue from previous quarters. This explains why normalised receipts moderated during the Quarter (versus the September quarter), however, without this adjustment LPE generated circa \$400k in operating cash flow for the half year.

Contracted customers remained stable at 32,200. During the Quarter, the sales team leadership was reorganised into a flatter management structure to be more efficient and promote an accountable culture. Although a handful of buildings came off contract during the Quarter, this was fully offset by additional new customers that moved over to LPE during the Quarter.

### Bundaberg BioHub Restructure

During the Quarter, LPE varied its agreement with Bundaberg BioHub and further extended the settlement date for the full repayment of the capital works funds (including all outstanding interest and



legal fees) until 28 June 2024 (**Revised Arrangement**). As part of the Revised Arrangement, all outstanding interest and legal costs as at 31 December 2023 were capitalised into the capital works funds and, as at 1 January 2024, the total amount is \$6,158,082.20 (**Total Debt**).

On and from 1 January 2024, interest will accrue on the Total Debt at 15% per annum (accruing daily). Bundaberg BioHub paid LPE (in the March 2024 quarter) an advance on interest for the period 1 January 2024 to 31 March 2024 of \$230,295.40. Now that funding is secured, construction of the BioHub will continue to move the project valuation towards the \$30m “as if complete” valuation, though LPE expects repayment of the Total Debt prior to the end of FY24.

### **Financial Commentary**

Cash inflows of \$4.9m for the Quarter comprised \$3.4m in customer receipts and \$1.5m from closing the electricity hedge book (which is passed directly through to Roadnight Capital – refer to item 3.6 in the enclosed appendix 4C and LPE’s ASX Announcement dated 26 September 2022). A further \$108,000 was received during the Quarter as CoLR from the Queensland government as shown in item 1.8 of the enclosed appendix 4C, and together with the CoLR received in the September quarter is being credited against customer accounts. For the Quarter, LPE applied \$5.4m of the CoLR towards settling customers accounts which translates to \$8.8m in normalised receipts against \$9.2m in operating outflows (see further explanation on timing of outflows below.) The outstanding \$2.7m CoLR will be allocated to customers’ accounts in future quarters.

Combined, product manufacturing and operating costs remained flat at \$6.9m due to wholesale electricity contracts secured for the 12 months through to 1 July 2024, locking in LPE’s cost of goods (wholesale electricity) for the financial year. Meanwhile, staff costs remained relatively flat at \$1.2m with administration and corporate costs up \$400k for the Quarter, primarily due to one off payments and timing issues. Normalised financial year to date receipts, taking into account the allocation of the CoLR in lieu of customer receipts, stand at \$18.6m against operating, administrative and staff costs of \$18.2m.

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.

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](https://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 December 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (.....months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	4,968	11,807
1.2 Payments for		
(a) research and development	0	0
(b) product manufacturing and operating costs	(6,892)	(13,807)
(c) advertising and marketing	(26)	(56)
(d) leased assets	(88)	(174)
(e) staff costs	(1,261)	(2,589)
(f) administration and corporate costs	(1,023)	(1,636)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	213	353
1.5 Interest and other costs of finance paid	(148)	(365)
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	0	0
1.8 Other (provide details if material)	108	13,228
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(4,147)</b>	<b>6,759</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	0	0
(b) businesses	0	0
(c) property, plant and equipment	(1)	(6)
(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	0	0
(d) investments	0	0
(e) intellectual property	0	0
(f) other non-current assets	110	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
<b>2.6 Net cash from / (used in) investing activities</b>	<b>109</b>	<b>84</b>

<b>3. Cash flows from financing activities</b>		
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	53
3.6 Repayment of borrowings	(1,315)	(3,309)
3.7 Transaction costs related to loans and borrowings	(2)	(9)
3.8 Dividends paid	0	0
3.9 Other (provide details if material)	0	0
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(1,316)</b>	<b>(3,264)</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	10,479	1,546
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(4,147)	6,759
4.3 Net cash from / (used in) investing activities (item 2.6 above)	109	84

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (.....months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,316)	(3,264)
4.5	Effect of movement in exchange rates on cash held	0	0
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>5,125</b>	<b>5,125</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	3,925	4,979
5.2	Call deposits	1,200	5,500
5.3	Bank overdrafts	0	0
5.4	Other (provide details)	0	0
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,125</b>	<b>10,479</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	261
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. <b>Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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	12,585	5,917
7.2 Credit standby arrangements	0	0
7.3 Other (please specify)	0	0
7.4 <b>Total financing facilities</b>	<b>12,585</b>	<b>5,917</b>
7.5 <b>Unused financing facilities available at quarter end</b>		<b>6,668</b>
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, \$2.556m 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 \$2.5m 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). \$3m of the Growth Facility has been drawn down to date. Interest in the first 12 months (through to 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 \$332.3k is included in the Growth Facility reducing the unused financing facilities to \$6.668m. Interest is calculated at 9% per annum plus an annualised adjustment based on the 30-day bank bill swap rate (BBSW). Commencing January 2024 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 \$29.3k with interest rates varying from 4% - 6% p.a. for motor vehicles and insurance.</p>		

8. <b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(4,147)
8.2 Cash and cash equivalents at quarter end (item 4.6)	5,125
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)	11,792
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>2.8</b>
<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: 31 January 2024

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.