

29 April 2022

# Quarterly Report for the period ending 31 March 2022

## Highlights

- Retail customer based reached 47,000 which represents a significant 25% increase from the previous corresponding period (PCP)
- High-value contracted strata community customers continue to drive organic growth, making up 55% of customer base
- Strong operating performance booked with cash receipts up 60% on the PCP to \$19.1m; expected to reach ~\$70 million for the year to June 2022 which is in line with guidance
- Successfully completed a high demand \$7.5m two-tranche placement to fund renewable energy BioHub: \$2.1 million was received in the 3QFY22 review period, with the balance in 4QFY22
- Closing cash position was \$1.6 million not including \$5 million in secured bank guarantee deposits to secure credit for forward energy purchases
- Partnership with Plenti secured to fund LPE's unique solar virtual power plant solution
- Strengthened the Board with new NED appointment: Ms Kathryn Giudes
- Entered into a strategic partnership with Stak Mining to co-locate data centre operations, with renewable energy, to enhance returns and accelerate developing green energy assets
- BioHub construction well underway, with Stak Mining expected to commence operations in Q3CY22

+++

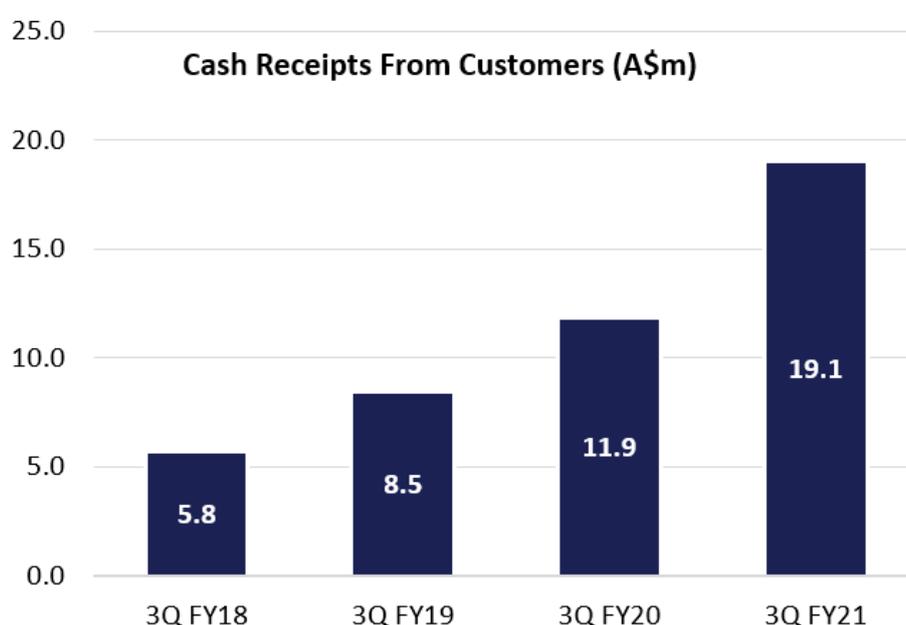
LPE Chairman, Justin Pettett, commented: "LPE had an exceptionally productive quarter which including entering value adding strategic partnerships with Stak Mining and Plenti Group, whilst strengthening the Board with Kathryn Giudes' appointment. At the operating level, our core retail business continued to perform strongly and sales are on track to meet previously announced guidance of \$70m for FY2022. Pleasingly, work on the BioHub continues at a rapid clip, as the Board remains totally focused on enhancing shareholder returns from green energy assets."

+++

Electricity provider, Locality Planning Energy Holdings Limited (ASX: LPE) (the **Company** or **LPE**), is pleased to provide shareholders and investors with an overview of activities for the period ending March 2022 (**Quarter** or **Reporting Period**), to accompany the Appendix 4C.

LPE's cash receipts for the quarter jumped to \$19.1 million as a result of higher energy usage over the summer quarter and Christmas break. This jump in revenue represents a solid increase of 60% compared

to \$11.9m in the previous corresponding period (PCP) and is primarily due to the growth in the Company's customers (Figure 1).



**Figure 1: Cash receipts from customers**

LPE's contracted, embedded network customers remained steady at circa 26,000, which takes the total to circa 47,000 at the end of the March quarter (Figure 2). A key ongoing focus remains on acquiring high-value customers, as they generate higher EBIT margins.

Mar-22	TOTAL	Dec-21	chg*	Mar-21	chg**
Contracted (ENs)	26,027	25,900	0.5%	22,392	16.2%
Recurring (Direct Market)	21,315	20,520	3.9%	15,297	39.3%
<b>Total Customers</b>	<b>47,342</b>	<b>46,420</b>	<b>2.0%</b>	<b>37,689</b>	<b>25.6%</b>

\*Compared to last quarter      \*\*Compared to last year

**Figure 2: Retail customer profile**

### Cash and AEMO Credit Support

Cash on hand at 31 March 2022 was \$1.6 million with a further \$4.8 million (net of costs) received in April – the final tranche of the placement announced on 14 February 2022. Of the placement funds, \$3 million was used to fund LPE's participation in the BioHub Project. During the period, \$5 million was held on deposit against credit support bank guarantees required by the Australian Energy Market Operator (AEMO). Note, credit support is required by AEMO in relation to LPE's wholesale electricity purchases for its direct market or recurring customers.

AEMO credit support continues to be high, as Queensland experiences some of the most volatile wholesale electricity pricing seen in decades with unseasonal and consistent high spot prices. The amount of credit support changes based on several factors including seasonality (more electricity used in summer than winter), wholesale pricing and LPE's overall load (number of customers consuming electricity).

To mitigate continued volatility in the wholesale energy market and meet AEMO requirements, LPE has arranged additional short-term funding, including: 1) negotiating an extension on Black Rock’s short-term \$4 million loan and 2) an incremental \$2 million credit facility should it be required during the June quarter.

“The financial obligations required by AEMO are archaic. Under current rules, energy retailers are required to take the financial burden of all the participants in the market including energy generators, network providers, renewable taxes and the consumer. As a result, the significant capital required to run an electricity retailer puts many at risk of breaching AEMO requirements which, in turn, makes the market less competitive. In addition, a level of uncertainty is prevalent around the renewable energy transition which can potentially hamper numerous stakeholders in the marketplace,” said Damien Glanville, LPEs CEO.

“Fortunately, LPE has been able to work around broader issues impacting the industry though securing the necessary credit support to fulfil its obligations with AEMO.”

Moreover, LPE’s embedded network, or contracted customers, are isolated from the volatility of the wholesale energy market as they are fully hedged through fixed price forward purchase contracts that do not require AEMO credit support.

### Summary Financial Results

Statement of Cash Flows (AUD million)	YTD	YTD	
	Q3 22	Q3 21	% Change
<b>Cash Flows From Operating Activities</b>			
Receipts from customers	49.7	35.1	41.9%
Payments for product manufacturing & operating costs	(48.5)	(32.1)	51.1%
<b>Cash Gross Profit</b>	<b>1.2</b>	<b>3.0</b>	(58.4%)
Cash Operating Expenditure	(9.2)	(7.5)	22.1%
<b>Cash EBIT</b>	<b>(8.0)</b>	<b>(4.6)</b>	n/m

**Figure 3: Summary financial results**

Cash receipts amounting to \$19 million were received during the quarter. Product manufacturing and operating costs exceeded receipts during the review period, with \$2 million paid for network environmental obligations for the calendar year ended 31 December 2021, plus \$435,000 for Reliability and Emergency Reserve Trader (**RERT**) – a mechanism available to AEMO to mitigate risk to energy supply during high demand conditions. Note, this is an additional charge by AEMO to all retailers in Queensland based on their customer load during the high demand, low supply, volatile periods of electricity supply. This amount was paid during the March quarter and will be recovered during the June quarter as a pass through to all LPE customers’ bills.

Cost of goods was higher in the March quarter due to seasonality (wholesale cost of electricity higher in summer than other quarters), though LPE expects higher revenues into the June quarter to normalise costs against revenues.

Timing differences largely explain why LPE’s cash flows can fluctuate materially when comparing individual quarters. However, the Board’s primary focus for reporting quarterly performance is with reference to year-to-date results (refer Figure 3).



Staff costs were lower during the quarter as operational efficiencies continue to take effect. Administration and corporate cash outflows are higher due to \$515,000 in GST paid on the higher cost of electricity which will be refunded in the June quarter.

Payments to related parties as shown in the accompanying Appendix 4C were for directors' fees, remuneration and superannuation.

### **Renewable Energy BioHub**

During the quarter LPE entered an agreement to become the electricity retailer of the BioHub, a large, embedded network generating renewable energy from solar, battery, biogas, and hydrogen on site, with the Company funding \$5 million in capital works. Construction of the BioHub is well underway, with Stak Mining expected to commence operations in Q3CY22.

### **Board change: Kathryn Giudes**

In early March 2022, Ms Kathryn Giudes was appointed to the Board as an independent non-executive director. Ms Giudes has a strong background in technology, sales, and early-stage start-up companies and over two decades experience designing, building, and running large internet-based businesses.

Prior to becoming a professional director, Ms Giudes was Senior Director of Xbox Games Marketplace as well as Microsoft Store online where she managed the profit and loss and global expansion in over 200 geographies; both operations have multi-billion-dollar annual revenue budgets.

In addition, Ms Giudes has extensive technical and commercial experience in software and hardware solutions and is the Managing Director of green data centre companies including STAK Mining Pty Ltd, as well as serving on listed board Nuheara Ltd (ASX: NUH).

Ms Giudes 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 College. She is a member of the Australian Institute of Company Directors.

The Board believes Ms Giudes strategic and entrepreneurial skillset will be invaluable to LPE as it continues to grow and develop its business in the renewable energy sector.

### **Plenti Group Funding for LPE Solar**

In March LPE signed an agreement with Plenti Group Limited (**Plenti**) to provide interest-free and green energy loans to LPE customers to drive the uptake of LPE's solar and battery virtual power plant offering; the LPE Solar Bank. The LPE Solar Bank will be made available through Plenti's interest-free loan offering. Plenti's finance cost may be offset through a customer's reduced power bill by smarter and better use of their solar system.

LPE believes there are compelling reasons to install a battery system, in tandem with solar panels, which include:

- The ability to have power in your home at night via stored solar energy from daily sunshine.
- Provides a clear pathway to lowering power bills by using less energy from the grid.
- Reduces households' carbon footprints, which in turn fosters the way to a more renewable future.

Authorised by the Board.



For further information:  
Justin Pettett  
Non-Executive Chairman  
[investors@localityenergy.com.au](mailto:investors@localityenergy.com.au)  
1800 040 168

**ENDS**

### **About LPE**

LPE is a fast-growing electricity provider challenging the way customers receive their electricity; going beyond being just a traditional supplier, leaders in innovation, supporting strata communities to think of tomorrow. With first to market technology, LPE has delivered shared solar 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 homes, business, and strata communities. Providing strata communities, the solution to reduce their carbon footprint and energy bills with no upfront cost. Empowering people to save money and create sustainable communities of the future.

For more information visit: [investors.joinlpe.com.au](https://investors.joinlpe.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 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	19,078	49,730
1.2 Payments for		
(a) research and development	0	(1)
(b) product manufacturing and operating costs	(20,167)	(48,574)
(c) advertising and marketing	(228)	(533)
(d) leased assets	(57)	(162)
(e) staff costs	(1,685)	(5,469)
(f) administration and corporate costs	(1,313)	(3,049)
1.3 Dividends received (see note 3)		
1.4 Interest received	146	453
1.5 Interest and other costs of finance paid	(461)	(1,224)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	5	10
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(4,682)</b>	<b>(8,819)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(11)	(86)
(d) investments	(2,000)	(2,000)
(e) intellectual property		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(f) other non-current assets	(1,628)	(4,724)
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(3,640)</b>	<b>(6,811)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	2,152	7,823
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities		
3.5 Proceeds from borrowings	4,000	4,039
3.6 Repayment of borrowings	(64)	(200)
3.7 Transaction costs related to loans and borrowings	(71)	(190)
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>6,017</b>	<b>11,472</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	3,892	5,745
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(4,682)	(8,819)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(3,640)	(6,811)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,017	11,472
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,587</b>	<b>1,587</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	1,587	3,892
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,587</b>	<b>3,892</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	232
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<p><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></p> <ul style="list-style-type: none"> <li>The amount at 6.1 includes payment of directors fees, remuneration and superannuation (excluding GST).</li> </ul>		

<b>7. 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	19,320	19,320
7.2 Credit standby arrangements		
7.3 Other (please specify)		
<b>7.4 Total financing facilities</b>	<b>19,320</b>	<b>19,320</b>
<b>7.5 Unused financing facilities available at quarter end</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>The Company has a \$15 million loan facility with BlackRock maturing November 2022. This facility is secured and the interest rate is 10% p.a.</p> <p>BlackRock provided an additional \$4.24 million loan in February 2022, at 15% p.a., maturing in May 2022.</p> <p>The Company has secured motor Vehicle loans with Westpac at 4% p.a.</p>	

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(4,682)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,587
8.3 Unused finance facilities available at quarter end (item 7.5)	
8.4 Total available funding (item 8.2 + item 8.3)	1,587
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>0.34</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?	
<p>Answer: Yes, however energy prices and AEMO credit support requirements are expected to decrease in the June quarter</p>	

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: The Company received \$4.8 million, net of costs, in April as the final tranche of the placement announced on 14 February 2022. It has also arranged additional short-term funding, including the negotiation of an extension of the BlackRock short term loan of \$4 million due for repayment on 9 May 2022, and up to an additional \$2 million should it be required during the June quarter.

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: Yes, see 8.6.2 above.

*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: 29 April 2022

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.