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20 October 2020

Quarterly Report for the period ending 30 September 2020

Highlights:

- **7.2% increase in customers to over 33,450 during the quarter, +36.5% vs pcp**
- **Cash receipts of $9.7 million for the quarter, $13.3m adjusted for COVID prepayments in the prior quarter**
- **Cost reduction and efficiency program completed**
- **Additional sales capacity deployed in core markets**

Locality Planning Energy Holdings Limited (ASX: LPE) (the Company or LPE) is pleased to provide an overview of the quarter ended 30 September 2020.

During the September quarter the Company delivered another robust uplift in customer numbers which increased by 7.2% compared to the June quarter 2020 to 33,450. Relative to the prior comparable period of the September quarter 2019, this represents a healthy growth rate of 36.5%. Despite the lingering backdrop of economic uncertainty, LPE has continued to focus on strategic execution aided by the durable nature of our core business and steady largely contracted revenue base. The Board believes current rates of business momentum are sustainable over a multi-year time horizon, given the demonstrated resilience of our sales execution as an emerging and dynamic player in a very substantial Australian retail energy market.

	30-Sep-20 Customers Added	TOTAL	30-Jun-20 Compared to last quarter	chg	30-Sep-19 Compared to last year	chg
Residential Customers	1,627	29,288	27,661	5.9%	21,900	33.7%
SME Customers	607	4,162	3,555	17.1%	2,600	60.1%
Total Customers	**2,234**	**33,450**	**31,216**	**7.2%**	**24,500**	**36.5%**
Cash Receipts (A$m)	9.7*	9.7	11.2	(12.7%)	7.7	26.5%
Net Debt (A$m)	7.0	7.0	6.9	1.1%	5.3	31.6%

*Excludes $3.5m COVID prepayments received in the prior quarter. Adjusted cash receipts = $13.3m

Operations

During the quarter additional sales capacity was added to the established team, expanding the Company's presence in key segments where LPE's competitive advantage resonates strongly. The deployment of these resources reflects continued relative stability of underlying business conditions for sales execution, as well as the Boards confidence in the sales team's ability to maintain and extend traction in attractive core customer verticals of embedded networks and traditional electricity (residential and SME).

The shared solar product rollout encountered some new challenges from Energex (the South East Queensland Government owned network operator) during the quarter regarding Allume Energy's SolShare which is a new device that is to be offered to LPE strata customers on the Energex network. The delay in the Energex process is now likely to see sales from this new customer segment materialise in the 2021 calendar year. The Company is in the fortunate position of having multiple attractive customer segments in which to pursue growth, and sales resources remain focused on these opportunities while awaiting final approvals.

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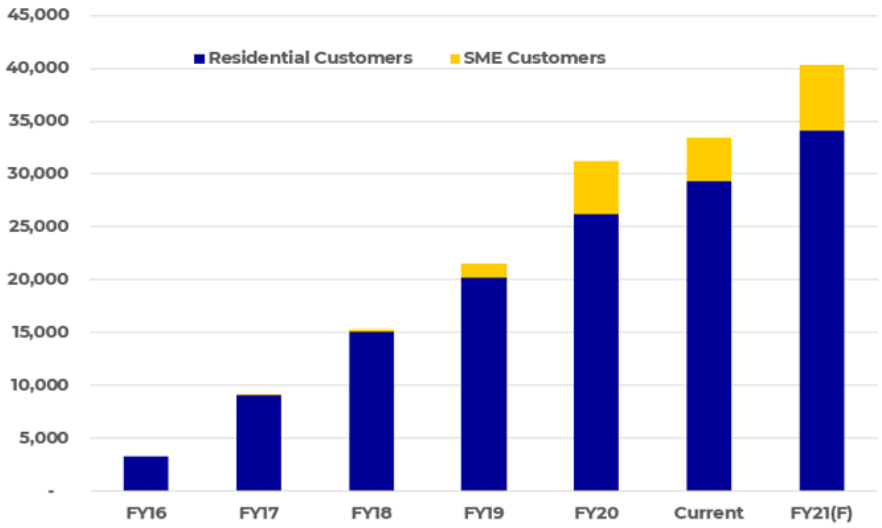
Outlook

The delivered customer growth of 2,234 in the September quarter represents 22% of LPE's FY20 guidance of 10,000 new customers. Given the currently observed business momentum which should continually improve over the year, the Board highlights that these expectations remain unchanged.

55% CAGR

Customer Growth over 3 years

LPE anticipates a further 10,000 customers to be added to the business over the year, representing healthy growth of ~30%.



LPE's CEO Damien Glanville said "Shared solar represents a compelling future growth driver for the Company, which closely complements our core embedded networks business. The Energex delays will result in a deferral of cash expenditure scheduled for investment in shared solar infrastructure in FY21. This funding is now being redirected into LPEs core growth market of residential and SME customers. LPE's growth opportunity in the vast traditional electricity market customer segment is immense, and our strategy for growth continues to resonate with customers seeking a differentiated and service oriented local alternative."

Financials

Cash receipts for the September quarter totalled $9.7 million and represented an increase of 26.5% on the prior comparable quarter. The quarter's cash receipts were understated due to the COVID relief stimulus payments applied to electricity accounts in the prior quarter by the Queensland Government (on behalf of customers), which represented a prepayment and would otherwise have been received during the present quarter. These amounts totalled approximately $3.5m and as such the normalised cash receipts for the September quarter total $13.3m. This represents an increase of 72.3% on the $7.7m cash receipts from customers in the September 2019 quarter. The strong uplift reflects the ongoing growth in customer numbers, and the successful strategic initiatives which underpin that growth.

Employee costs have increased modestly on the June quarter, reflecting selective additions to the team as confidence in economic conditions in the wake of COVID has improved. However, employee costs are below that incurred in the prior comparable quarter (September 2019) as a result of the more streamlined and productive team which has been built under the new Board and senior leadership team.

The continued improvement in business scale, in conjunction with the more efficient and productive cost base, has delivered a continued improving trend with regards to the key strategic objective of attaining and retaining a position of sustainable profitability. The Board looks forward to providing more detail with regards to these tailwinds at the first half result.

Cash and net debt were broadly steady over the quarter at $8.2m and $6.9m respectively.

Authorised by the Board.

Contact: Daniel Seeney
Company Secretary
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ENDS

About LPE

LPE is the local Aussie electricity provider that cares about the needs of Australians and currently supplies electricity to tens of thousands of customers. Our mission is to keep things simple and be honest about the costs of electricity – to save the most amount of money for the most amount of people. This means no confusing contracts, just simple savings, and honest electricity. The LPE product range includes solutions across electricity, solar, embedded networks, centralised hot water, and billing services for other utilities. In January 2016, LPE was listed on the ASX and quickly developed a reputation as an energy supply specialist in strata communities throughout South-East Queensland. Two years later in 2018 the Company received financial backing from investment giant BlackRock.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Locality Planning Energy Holdings Ltd

ABN	**Quarter ended ("current quarter")**
90 147 867 301	30 September 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	9,737	9,737
1.2	Payments for		
	(a) research and development		
	(b) product manufacturing and operating costs	(8,953)	(8,953)
	(c) advertising and marketing	(90)	(90)
	(d) leased assets	(36)	(36)
	(e) staff costs	(1,510)	(1,510)
	(f) administration and corporate costs	(683)	(683)
1.3	Dividends received (see note 3)		
1.4	Interest received	166	166
1.5	Interest and other costs of finance paid	(381)	(381)
1.6	Income taxes paid		
1.7	Government grants and tax incentives	101	101
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**(1,649)**	**(1,649)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	(54)	(54)
	(d) investments		

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(e) intellectual property		
	(f) other non-current assets	(475)	(475)
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other (cash secured bank guarantees in favour of energy trading counterparties)		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**(529)**	**(529)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,957	2,957
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	51	51
3.6	Repayment of borrowings	(45)	(45)
3.7	Transaction costs related to loans and borrowings	(860)	(860)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**2,103**	**2,103**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	8,252	8,252
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,649)	(1,649)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(529)	(529)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,103	2,103
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**8,177**	**8,177**

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	8,177	8,252
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**8,177**	**8,252**

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	281*
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

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

*The amount at 6.1 includes payment of directors' fees, remuneration and superannuation (excluding GST).

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7.	**Financing facilities** *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	15,181	15,181
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**	15,181	15,181

7.5	**Unused financing facilities available at quarter end**	0

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.

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.

The Company has secured motor Vehicle loans with Westpac at 4% p.a. as well as a short-term loan with Principal Finance at a flat rate of 5.9% to be fully paid by August 2022.

The Company has a loan with Principal Finance, to be fully paid by March 2021. Interest is at flat rate of 5.9%.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,649)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	8,177
8.3	Unused finance facilities available at quarter end (Item 7.5)	0
8.4	Total available funding (Item 8.2 + Item 8.3)	8,177
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	5

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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:

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:

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:

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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: 20 October 2020
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Authorised by: 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.

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