



30 April 2018

ASX Announcement

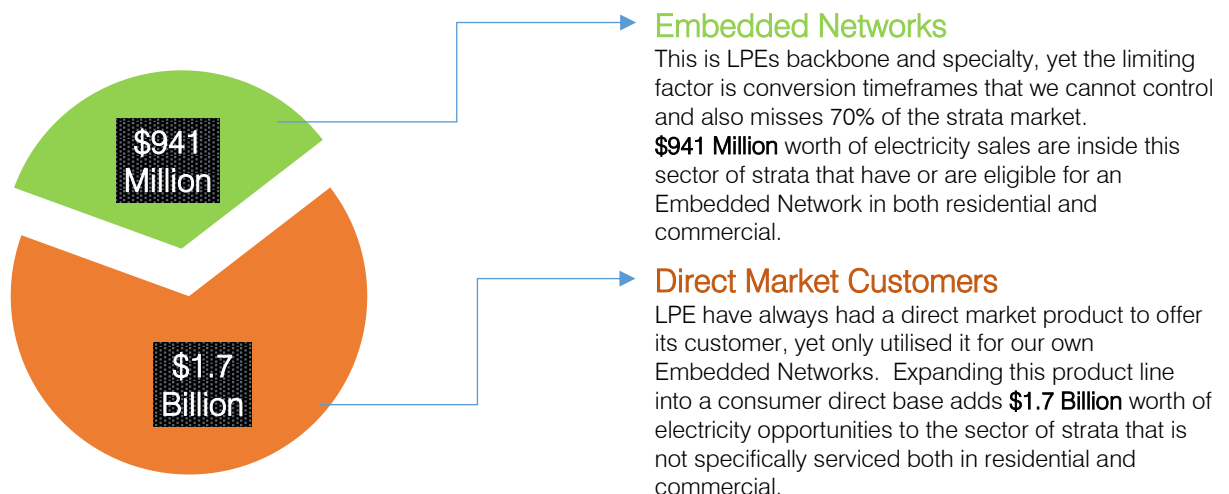
OPERATING CASH FLOW 4C ANNOUNCEMENT

- Improved cash receipts by \$1.05 Million from last quarter
- Increase of 21.1 GWh for the quarter to 177 GWh
- Steady operational costs absorbing increased growth
- Entering new market of Direct Market Arrangement customers
- Gross margin still 18.2% with average contract length of 7.2 years

Locality Planning Energy Holdings Limited (ASX: LPE) (the Company or LPE) is pleased to present cash flow statement 4C for the quarter ending 31 March 2018. The Company has seen an increase in new customers represented by 21.1 GWh of annual energy consumption. This takes LPE to almost 178 GWh which keeps the Company on target for \$22m of revenue for the FY18.

The Company is pleased to announce the major expansion of our market segment for DMC (Direct Market Customers). The Company has identified through in-depth industry consultation an underserved and highly fragmented market for medium density communities that do not have the scale for an embedded network. LPE can provide service to them as a Direct Market Customers (DMC) where this is available to all communities regardless of the community size.

LPE is confident and excited about the initial uptake of the new offering that competes on price and outperforms in service and flexibility for these communities. The DMC market in strata Australia wide is approximately \$1.7 Billion almost tripling LPE's addressable market.



Embedded Networks

This is LPE's backbone and specialty, yet the limiting factor is conversion timeframes that we cannot control and also misses 70% of the strata market. **\$941 Million** worth of electricity sales are inside this sector of strata that have or are eligible for an Embedded Network in both residential and commercial.

Direct Market Customers

LPE have always had a direct market product to offer its customer, yet only utilised it for our own Embedded Networks. Expanding this product line into a consumer direct base adds **\$1.7 Billion** worth of electricity opportunities to the sector of strata that is not specifically serviced both in residential and commercial.

LPE anticipates a strong initial take up of the offering with approximately 6,000 direct customers in the first 6 months. The Company is currently working on funding safeguards for the increased uptake of direct customers and the impact on cash flow in the short term. The Company will look to announce further information regarding the DMC opportunity in due course.

The Company's negative cash impact for the quarter of \$563K, is not unexpected as the customer base expands, and market settlement being prepaid on a weekly basis. The customer billing cycle is both monthly and quarterly in arrears, pushing cash receipts out, up to 105 days. While the majority of LPE accounts are on monthly billing cycles, management anticipate an increase in quarterly billing in line with the rest of the marketplace. The Company anticipates greater purchasing volume and thus more cash will be deployed on a weekly basis, however reiterates the gross margin to be maintained at ~18.2%pa.

While the majority of LPE accounts are on monthly billing cycles, management anticipate increasing to a higher proportion of accounts on quarterly billing cycles, as dictated by the growing market trend for quarterly billing. The cash flow cycle has always been difficult to explain, and with the greater purchasing volume the more cash will be deployed on a weekly basis.

For the quarter LPE has spent \$4.88M in purchasing electricity representing cost of goods and cash receipts of \$5.75M from customers. The cash shortfall has been amplified by the increase in the environmental

charges and a banking settlement lag that occurred over the Easter long weekend that unfortunately will not be recognised until Q4.

Staff and administrative cost remain consistent as per the previous quarter with a slight increase due to consultant costs shifting from administrative costs to staff cost. Payroll Tax (\$47K) also fell due in the quarter.

Appendix 4C cash flow additional commentary

Cash at the end of the quarter of \$1.550M a decrease in accordance with activities for capital infrastructure as investing cash outflows, the carry of receivables over the quarter end has impacted on operating cash flow.

The Company had costs of \$1.363M for operating activities during the quarter. An increase of \$38K from the previous quarter indicates the Company operations are able to absorb the increased activity levels in the business, this includes the \$47K in payroll tax paid in the quarter.

Investing cash outflows of \$419K were costs incurred for site conversions as a normal part of the LPE product offering, this is down by \$157K from last quarter. A decreased in costs are due successful negotiations with suppliers, yet lower numbers in the first months of the calendar year are normal. This is also pleasing due to the volume of new customer's while the Company continues to find cost efficiencies in the delivery of site conversions to communities. The reduction in site conversion costs can also be attributed to a greater customer uptake of LPE's other (less capital intensive) product offerings, as it continues to build a presence in the market place.

Summary of Appendix 4C Cash flows from operating activities for the last four quarters:

Cashflows from operating activities	Qtr ended 31 June 2017 \$'000	Qtr ended 30 Sept 2017 \$'000	Qtr ended 31 Dec 2017 \$'000	Qtr ended 31 Mar 2018 \$'000	FY YTD (9 months)
Receipts from customers	3,294	4,003	4,693	5,750	14,446
Payments for :					
Staff costs	(645)	(735)	(686)	(843)	(2,264)
Administration and other costs	(868)	(843)	(639)	(520)	(2,002)
Interest (net)	(42)	(26)	(36)	(38)	(100)
Net operating cash flows	(687)	(285)	23	(563)	(825)
Debt	1,314	1,294	1,285	1,275	1,275
Cash balances	4,682	3,225	2,647	1,550	1,550

Ends

About Locality Planning Energy Holdings Limited (LPE)

LPE's wholly owned subsidiary Locality Planning Energy Pty Ltd, holds an Australian Energy Regulator (AER) Authority to sell electricity and utility services to residential, commercial and industrial customers throughout the National Energy Market. LPE specialises in electricity sales to strata communities, both existing and new developments; generating significant savings on electricity delivered to its customers.

LPE's unique purchasing model is matched against 5 to 10 year supply contracts providing LPE with consistent recurring revenues. LPE is transforming the electricity supply industry by providing an intelligent solution to help its customers reduce high electricity costs, with no risk and no upfront cost. LPE is at the forefront of innovative electricity supply with a commitment to the integration of technology to provide the highest savings and consumer advocacy to its customers.

For further information, please visit: www.localityenergy.com.au

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Locality Planning Energy Holdings Ltd

ABN

90 147 867 301

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,750	14,446
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(4,880)	(10,815)
(c) advertising and marketing	(32)	(90)
(d) leased assets	-	-
(e) staff costs	(843)	(2,264)
(f) administration, corporate costs & GST	(520)	(2,002)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	17
1.5 Interest and other costs of finance paid	(39)	(117)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(563)	(825)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(19)	(132)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	(419)	(1,356)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	(60)	(60)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(498)	(1,548)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(11)	(30)
3.7 Transaction costs related to loans and borrowings	(25)	(25)
3.8 Dividends paid	-	-
3.9 Other	-	-
3.10 Net cash from / (used in) financing activities	(36)	(55)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	2,647	3,978
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(563)	(825)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(498)	(1,548)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(36)	(55)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,550	1,550

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	1,530	2,647
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Bank guarantee)	20	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,550	2,647

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
197
60

A short term loan of \$60K was given to Director D.Glanville during the quarter, on arm's length commercial terms. It is to be settled and repaid in full in Q4.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
Nil
Nil

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	2,124	1,274
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The company has a \$2 million loan facility with chairman Andrew Pierce and co-founder Ben Chester. \$1.2 million of this loan facility has been utilised at the end of the quarter.

The above loan facility is secured and the interest rate is 12% pa.

The other borrowings are unsecured and the interest is 12% pa.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	5,802
9.3 Advertising and marketing	11
9.4 Leased assets	-
9.5 Staff costs	752
9.6 Administration and corporate costs	492
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	7,057

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	NIL	NIL
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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.

Sign here:  Date: 30 April 2018

(Company secretary)

Print name: Bill Lyne

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.