

31 July 2020

## Quarterly Report for the period ending 30 June 2020

### Highlights:

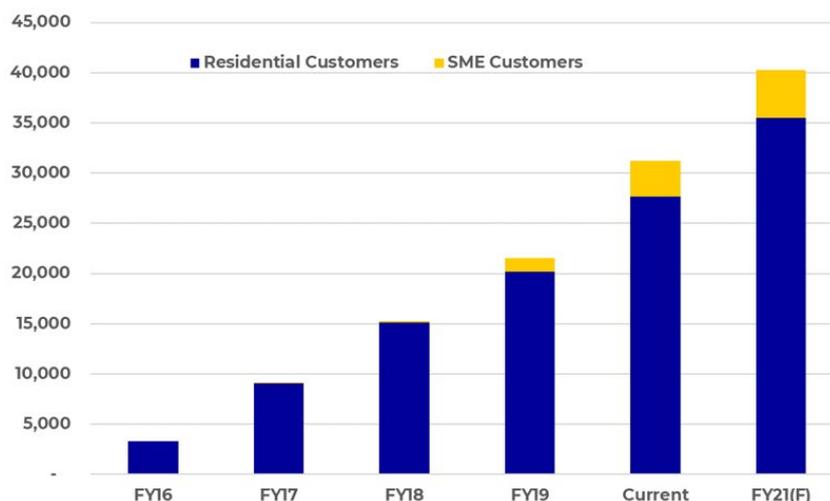
- 🕒 **9.5% increase in customers to over 31,200 during the quarter**
- 🕒 **Cash receipts of \$11.2 million for the quarter**
- 🕒 **Cost reduction and efficiency program nearing completion, expected to be realised in FY21**
- 🕒 **Debt levels decreased by \$2.2m (13% QoQ)**

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

The Company delivered a strong uplift in customer numbers during the June quarter, which increased by +9.5% to over 31,200 compared to the March quarter, and +45% compared to the June quarter in the prior year. Overall, in FY20, the Company has achieved an expansion in customers of approximately double that achieved in any other year in the Company's history. FY20's accomplishments, primarily achieved in the latter half of the financial year, represent an exceptional performance given they have been delivered against a backdrop of widespread, unprecedented economic uncertainty. The durability of LPE's core business has been a key strength during this time and provided a steady platform upon which our team could continue to focus on growing the business despite the general economic uncertainty.

### 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%.



The Board believes that the financial year ahead is likely to provide for improved sales flexibility given the inherent limitations of sales execution over recent months against a backdrop of COVID-19 induced movement restrictions. LPE anticipates a further 10,000 customers to be added to the business over the year, representing healthy growth of ~30%.



	30-Jun-20	31-Mar-20	chg	30-Jun-19	chg	FY20 YTD
Residential Customers	27,661	25,100	10.2%	20,165	37.2%	27,661
SME Customers	3,555	3,400	4.6%	1,390	155.8%	3,555
<b>Total Customers</b>	<b>31,216</b>	<b>28,500</b>	<b>9.5%</b>	<b>21,555</b>	<b>44.8%</b>	<b>31,216</b>
Cash Receipts (A\$m)	11.2	11.9	(5.9%)	30.1	33.6%	40.2
Net Debt (A\$m)	6.9	8.9	(22.2%)	2.9	138.8%	6.9

Cash receipts during the financial year totalled \$40 million and the Company will report over \$42 million in full year electricity sales. Annualised electricity sales from the current customer base is estimated to exceed the full year electricity sales, which in conjunction with recent cost reductions achieved, has positioned the Company favourably moving into the 2021 financial year.

During the June quarter, the Company received \$6.6m in cash stimulus receipts provided by the Queensland State Government which are to be credited directly to residential and business customers as a one-off payment of \$200 and \$500 respectively. Approximately \$3.1 million of this cash injection has been applied to and credited to customer accounts billed in the June quarter with the balance to be allocated during the September 2020 quarter as customers electricity bills become due and payable.

LPE's Chairman Justin Pettett said "The performance of the Company during the June quarter has been steady and since joining the Board earlier this year a reinvigoration of key areas within the business has significantly strengthened our capability and consistency. The Board is firmly focused on a continuation of recent steady business execution in order to achieve our strategic goals, while concurrently saving the most amount of money for our customers on energy costs along with continually improving and extending our competitive advantage in the marketplace".

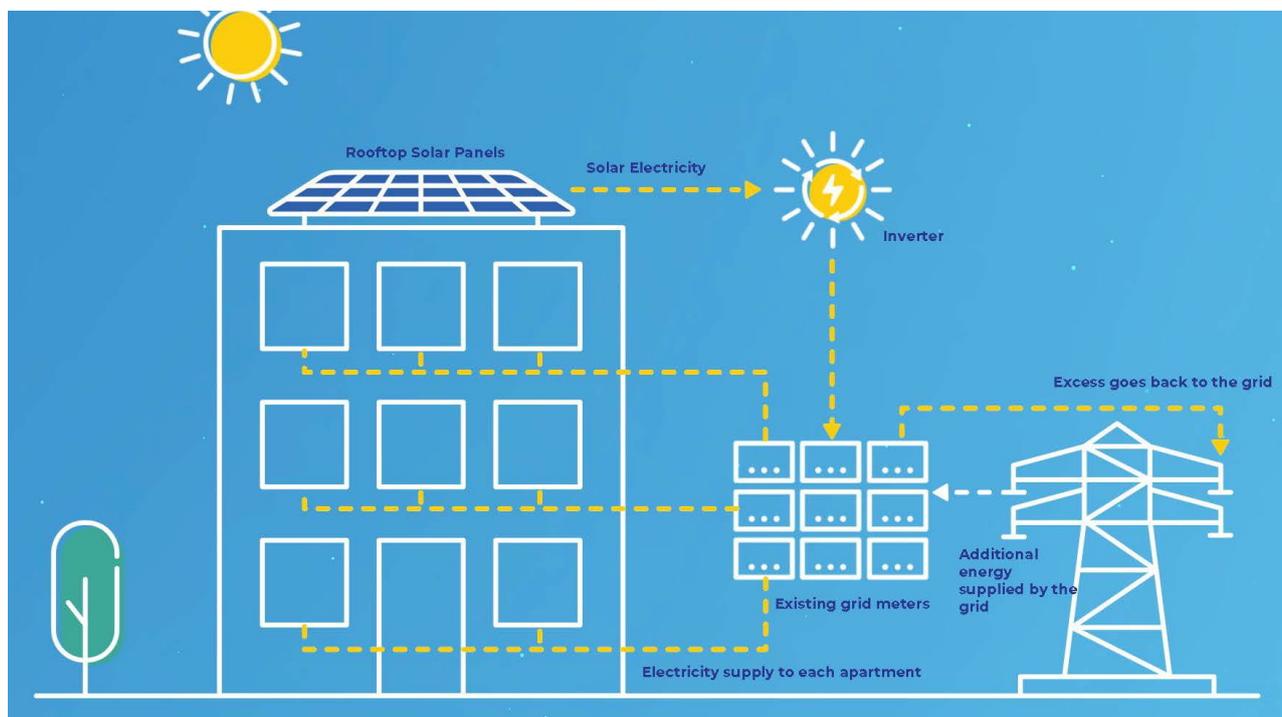
"The tenacity and enthusiasm shown by the staff at LPE during the ongoing challenges of the COVID-19 pandemic is a testament to the changes made earlier in the year. As the business environment adapts to the new norm, we have targeted healthy growth in FY21 and with improved business scale we anticipate having a clear pathway to sustainable profitability over the near-term. Both the cost reduction and productivity programs will continue to operate in order to continually optimise and improve the Company which is now operating from a robust, cost conscious budget and road map for the 2021 financial year."

### Shared Solar

LPE's emerging and innovative shared solar energy product is anticipated to deliver significant traction in FY21. The solution facilitates the installation of rooftop solar infrastructure for strata communities, and the concurrent delivery of material savings on electricity bills with no upfront capital outlay with the backing of an established and trusted ASX listed strata specialist. It is therefore a compelling option for strata communities to deliver renewable energy to their residents by overcoming the usual hurdles and perceived risks faced by body corporates when considering an investment in renewable energy infrastructure.

Similar to LPE's core embedded network infrastructure installations, LPE supply and maintain the solar system at no capital cost to body corporates or residents, and enter a long-term contract with the community to manage the supply of low cost solar and traditional grid electricity to residents. LPE then combines the solar and general grid electricity consumed into one single, easy to understand bill.

LPE's existing reputation and network of relationships in residential strata communities in South-East Queensland is pivotal to the deliverability of this strategy. The Company has an existing reputation as a reliable long-term partner in the deployment of strata electricity infrastructure as well as a customer focused and service-oriented electricity supplier.



**How the LPE shared solar system works**

LPE's CEO Damien Glanville said "The Board would like to thank our dedicated staff for their commitment and dedication through a challenging time, as well as our loyal and valued customers for their ongoing support. LPE is proud to provide an independent alternative in electricity supply, and we are dedicated to unlocking solutions which provide sustained benefits to our customers backed by our friendly local service team. This customer focused culture is evident in everything we do. The continued growth of the Company in the past year is a pleasing result, and we look forward to delivering the strategy in place for the year ahead."

#### **Additional Commentary to the appendix 4C**

Cash and cash equivalents as of 30 June 2020 of \$11.15 million (down slightly from \$11.87 million last quarter) due to reduced electricity demand (primarily from businesses) during COVID-19. However gross profit for the quarter had increased due to cost cutting measures in response to COVID-19. These cost cutting initiatives will be fully realised in the coming quarters.

While cash receipts year to date are \$40.26 million the accrued revenue position of the Company is just over \$42 million for the year giving LPE a solid foundation for growth during the 2021 financial year.

Operational cash flow is positive \$2.7 million for the quarter largely due to COVID-19 electricity relief payments received from the Government on behalf of customers. This has brought forward an estimated \$3.5 million of



unallocated cash receipts that would have otherwise been received in the following quarter from customers. Employee costs are down on previous quarters due largely to redundancies made due to COVID-19.

\$216,000 was spent during the quarter on enhancements to our customer facing website and other in-house customer service software. This investment will reduce the Company's reliance on third party solutions and result in increased savings and improved functionality moving forward.

\$2.2 million was repaid to BlackRock bringing the debt drawn down on this facility to \$15 million as of 30 June 2020.

Authorised by the Board.

Contact: Daniel Seeney  
Company Secretary  
[investors@localityenergy.com.au](mailto:investors@localityenergy.com.au)

**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.

## 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")**

30 June 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	11,152	40,266
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(9,330)	(33,652)
(c) advertising and marketing	(149)	(304)
(d) leased assets		
(e) staff costs	(1,261)	(6,104)
(f) administration and corporate costs	(849)	(3,375)
1.3 Dividends received (see note 3)		
1.4 Interest received	6	20
1.5 Interest and other costs of finance paid	(411)	(1,149)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	59	59
1.8 Unapplied COVID-19 electricity relief	3,522	3,522
<b>1.9 Net cash from / (used in) operating activities</b>	<b>2,739</b>	<b>(717)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(13)	(115)
(d) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(e) intellectual property		
(f) other non-current assets	(216)	(467)
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)	(526)	(1,946)
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>(755)</b>	<b>(2,528)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		
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	103	11,383
3.6 Repayment of borrowings	(2,223)	(2,397)
3.7 Transaction costs related to loans and borrowings	(9)	(365)
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(2,126)</b>	<b>8,621</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	8,397	2,876
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,739	(717)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(755)	(2,528)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2,129)	8,621
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>8,252</b>	<b>8,252</b>

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	8,252	8,397
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>8,252</b>	<b>8,397</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

318\*

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) including \$87,500 paid to Ben Chester during the quarter with regards to his resignation in February 2020.

**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	15,177	15,177
7.2 Credit standby arrangements		
7.3 Other (please specify)		
<b>7.4 Total financing facilities</b>	<b>15,177</b>	<b>15,177</b>

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%.

<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)	2,739
8.2 Cash and cash equivalents at quarter end (Item 4.6)	8,252
8.3 Unused finance facilities available at quarter end (Item 7.5)	0
8.4 Total available funding (Item 8.2 + Item 8.3)	8,252
<b>8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>3</b>

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:

**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 July 2020 .....

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.