



## **OPERATING CASH FLOW 4C ANNOUNCEMENT**

- Improved cash receipts by \$838,000 from last quarter
- Operationally cash flow positive quarter as revenues increase and costs remain stable
- Direct Market Customers continue to strengthen revenues
- Gross profit margins increasing above 21% with average contract length of 7.2 years maintained

**Locality Planning Energy Holdings Limited** (ASX: LPE) (the Company or LPE) is pleased to present its cash flow statement 4C for the quarter ending 30 June 2018. The Company has seen a surge in new customers represented by an increase of 26.73GWh of annual energy under management over the March 2018 quarter. This takes LPE's total energy under management to over 204.73GWh and forward looking annualised revenues of over \$40M per annum.

Energy, network and costs of goods (COGS) have been trending downwards through the first half of 2018. This is good news for LPE customers as the decrease in costs has maintained the Company's competitiveness in the market, continuing to offer its customers their best rate, with no confusing discounts.

Due to the reduction in COGS and LPE passing these savings onto its customers the actual dollar amount per bill (per customer) is projected to decrease in the near term. LPE's gross profit margin however, represented in dollars, is expected to remain unchanged.

### **Appendix 4C cash flow additional commentary**

Cash at the end of the quarter of \$1.364M is a slight decrease of only \$186K on the previous quarter primarily due to the Company's capital investment into embedded networks. Operationally the Company has posted another cash flow positive quarter. As margins are maintained and costs remain steady quarterly results are expected to improve.

The Company had staff, administration, corporate costs and GST (Admin Costs) of \$1.794M for operating activities during the quarter which was offset by increased revenues of \$838K over the previous quarter. The Admin Costs were higher this quarter due to a misallocation in the March 2018 quarterly report. The misaligned \$483K had no material effect and was allocated to costs of goods sold, product, manufacturing and operating costs (COGS) which should have been allocated to Admin Costs. The net cash from / used in operating activities in both the March and June 2018 quarterly reports remain unchanged as a result as this was simply a misallocation under cash flow from operating activities.

Investing cash outflows of \$476K were costs incurred for site conversions as a normal part of the LPE product offering, this is slightly higher up by \$57K from last quarter because of the Company's increased activity in the embedded network space.

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

Cashflows from operating activities	Qtr ended 30 Sept 2017 \$'000	Qtr ended 31 Dec 2017 \$'000	Qtr ended 31 Mar 2018 \$'000	Qtr ended 30 June 2018 \$'000	FY YTD (12 months) \$'000
Receipts from customers	4,003	4,693	5,750	6,588	21,034
<b>Payments for:</b>					
Product manufacturing and operating (COGS)	(2,646)	(3,289)	(4,397)	(4,407)	(14,739)
Staff costs	(735)	(686)	(843)	(683)	(2,947)
Administration and other costs	(843)	(639)	(1,003)	(1,111)	(3,596)

Interest (net)	(26)	(36)	(38)	(39)	(156)
Net operating cash flows	(285)	23	(563)	320	(505)
Debt	1,294	1,285	1,275	1,263	1,263
Cash balance	3,225	2,647	1,550	1,364	1,364

## 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.

## 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")**

30 June 2018

<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	6,588	21,034
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(4,407)	(14,739)
(c) advertising and marketing	(29)	(119)
(d) leased assets	-	-
(e) staff costs	(683)	(2,947)
(f) administration, corporate costs & GST	(1,194)	(3,678)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	18
1.5 Interest and other costs of finance paid	(40)	(157)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>236</b>	<b>(588)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(79)	(211)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date ( 12 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	(476)	(1,832)
<b>2.2</b> Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3</b> Cash flows from loans to other entities	60	0
<b>2.4</b> Dividends received (see note 3)	-	-
<b>2.5</b> Other (provide details if material)	-	-
<b>2.6</b> <b>Net cash from / (used in) investing activities</b>	<b>(495)</b>	<b>(2,043)</b>

<b>3. Cash flows from financing activities</b>		
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	93	93
3.6 Repayment of borrowings	(20)	(51)
3.7 Transaction costs related to loans and borrowings	0	(25)
3.8 Dividends paid	-	-
3.9 Other	-	-
<b>3.10</b> <b>Net cash from / (used in) financing activities</b>	<b>73</b>	<b>17</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,550	3,978
4.2 Net cash from / (used in) operating activities (item 1.9 above)	236	(588)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(495)	(2,043)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	73	17

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date ( 12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>1,364</b>	<b>1,364</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	1,344	1,530
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Bank guarantee)	20	20
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,364</b>	<b>1,550</b>

**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

<b>Current quarter \$A'000</b>
174
0

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**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

<b>Current quarter \$A'000</b>
Nil
Nil

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8. <b>Financing facilities available</b> <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	2,196	1,346
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 company obtained a loan for \$92,662 in June 2018, to fund its insurance premiums. The interest charge is a flat rate of 5.92%

Other borrowings are unsecured and the interest is 12% pa.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	5,215
9.3 Advertising and marketing	81
9.4 Leased assets	-
9.5 Staff costs	908
9.6 Administration and corporate costs	807
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>7,011</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	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: .....  
(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.