



Investor Update

Locality Planning Energy Holdings Limited (ASX: LPE) (the Company or LPE) provides a further update on business conditions given the continuing economic uncertainty relating to COVID-19 and associated restrictions of movement.

COVID-19

The Board is closely monitoring developments and directives from the Australian Federal Government with regards to COVID-19. The personal safety of our staff as well as upholding service levels to our customers at this challenging time are both of critical importance.

Our head office remains open and business critical service staff are working hard to ensure that our customer needs are met and continuity of service is upheld. Where possible, staff have been relocated to a home office environment and this adjustment has been managed well by the operations team. While no COVID-19 infections have been recorded in our workforce, an internal action plan has been prepared should this situation arise, and the Company is confident that the virus poses a relatively modest level of operational risk to LPE's core business activities.

With reference to our customers, strata communities are typically more densely populated buildings where people come into contact with neighbours more frequently in common areas such as elevators, hallways or access points. As a result, strata managers and body corporates have been especially proactive in communicating Federal Government advice to residents and emphasising that these should be adhered to for the benefit of all residents. Access to strata facilities such as pools, gymnasiums and other potential gathering points has been generally restricted or prohibited.

Core Business Conditions

The majority of LPE's revenues are underpinned by long-term contracts with strata customers which provides for highly recurring and resilient revenue streams through the economic cycle. However, the Company expects both positive and negative factors to manifest as a consequence of the Federal Government's escalating push for people to remain at home wherever possible – possibly for an extended period.

LPE's established core business of electricity retail in strata communities is anticipated to experience increased underlying demand given complying households will be generally occupied throughout the day where previously they would have been vacant.

Offsetting this is the prospect of increasing bad debts as a subset of customers is likely to experience financial difficulties related to loss of employment or income. Given the economic stimulus measures that have been announced the Company is confident that the business is unlikely to experience any material uptick in overdue accounts. SME customer receivables are being monitored particularly closely and to date this exposure remains small in the overall customer mix given the early stage nature of the strategy to acquire new business customers.

Strategic Plans

As previously reported, the ability of our sales team to effectively engage with new customers has been hampered by restrictions on interpersonal contact. Concurrently body corporate meetings, which are

crucial decision points where LPE can be appointed to new strata customers have been generally deferred.

LPE's sales efforts continue with regards to our innovative solar-in-strata product which we expect to continue to resonate well in the current economic climate. The solar-in-strata solution offers a lower cost supply of electricity to residential customers, at rates materially below any retail offer. LPE expects the sales execution cycle will be slower than previously budgeted under normal business conditions.

LPE has also recently launched a lower direct market energy rate of 17.24 cents/kWh and daily service charge of 102 cents/day which we believe to be one of the lowest residential rates available in South-East Queensland. This new rate launched in the market as our "mates' rate" is being rolled out to all existing and new customers effective immediately. In conjunction with our local call centre and customer service staff, as well as revamped website and digital marketing initiatives, we are optimistic that LPE will continue to gain market share.

Cost Reductions

As some sales strategies focused on personal interactions have become impossible in the current climate, LPE has sought to respond quickly by reducing the company's cost base. In that regard, a number of casual and permanent sales and support positions have been terminated. The cost base had been scaled for the rapid growth strategy we had scheduled over the near-term, however in light of the unfolding COVID-19 uncertainty the Company believes it is prudent to adopt a more cautious stance. This reduced sales capacity can be rapidly ramped up should business conditions support it in the future.

Balance Sheet

LPE's funding position remains strong with ongoing support from Blackrock together with recurring revenues from electricity sales. LPE's net debt position at 31 March is \$8.90m including a cash balance of \$8.40 million. Noting the cost base reductions and more modest growth expectations, the Company's financial position is not expected to change materially at year end and is well placed to navigate the uncertainty of the COVID-19 pandemic.

Authorised by the Board.

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About LPE

LPE is the local Aussie electricity provider that cares about the needs of Australians and is currently supplying electricity to over 26,000 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 dodgy deals or confusing contracts, just simple savings. The LPE portfolio 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 residential apartment communities (embedded networks) throughout South-East Queensland. Two years later in 2018 the Company received financial backing from investment giant BlackRock.