

29 January 2021

## Quarterly Report for the period ending 31 December 2020

### Highlights:

- **Another strong quarter of new customer additions**
- **A 7.3% increase in total customers to 35,878, representing an increase of +33.9% vs pcq**
- **Cash receipts of \$12.2 million for the quarter adjusted for Government stimulus prepayments received in the prior quarter**
- **Adjusted cashflows from operating activities neutral for the quarter and \$371k positive year to date**
- **Financial performance improving upon completion of cost reduction and efficiency program**

Locality Planning Energy Holdings Limited (ASX: LPE) (the Company or LPE) is pleased to report strong and consistent results across the business for the quarter ended 31 December 2020.

During the December quarter the Company secured 2,428 new customers, representing 7.3% growth in total customers versus the September quarter. Compared to the prior comparable period (December quarter FY20), the current period result represents a growth rate of almost 34%. The steady uplift reflects continual focused execution by LPE's team, and the Board believes favorable operational momentum and confidence in the medium-term outlook is building into the commencement of the second half.

As the Board has previously stated, current rates of business momentum are considered 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.

	31-Dec-20	TOTAL	30-Sep-19	chg	31-Dec-19	chg
	Customers Added		Compared to last quarter		Compared to last year	
Residential Customers	1,673	30,961	29,288	5.9%	23,949	29.3%
SME Customers	755	4,917	4,162	17.1%	2,840	73.1%
<b>Total Customers</b>	<b>2,428</b>	<b>35,878</b>	<b>33,450</b>	<b>7.3%</b>	<b>26,789</b>	<b>33.9%</b>
Cash Receipts (A\$m)	11.1*	11.1*	9.7	14.0%	7.7	44.2%
Net Debt (A\$m)	10.1	10.1	7.0	44.2%	5.3	89.7%

\*Excludes approximately \$1.1m further Government relief prepayments received late in September. Adjusted cash receipts = \$12.2m

### Operations

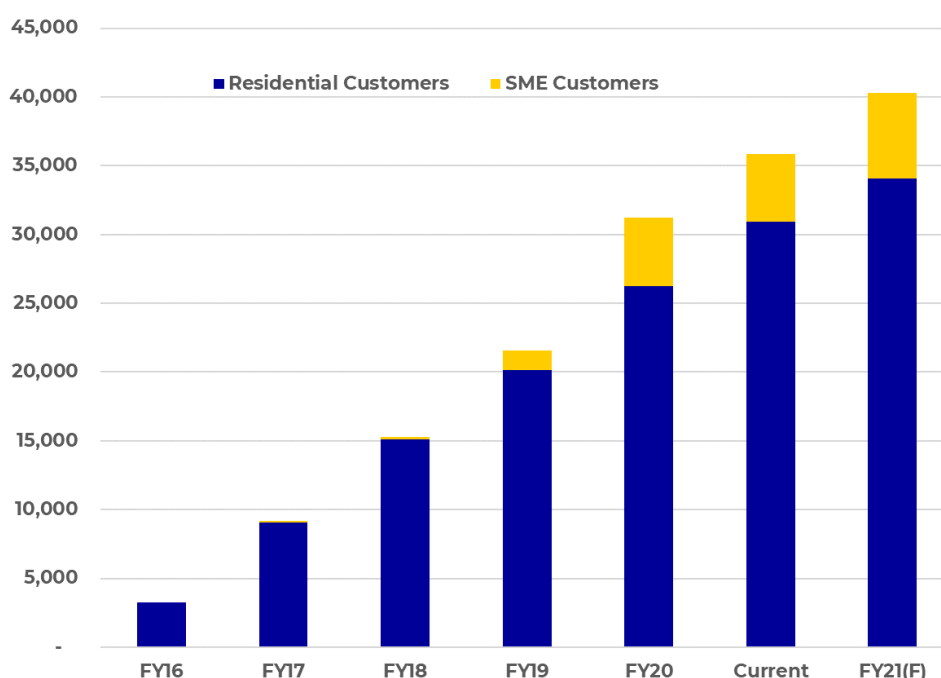
Embedded Network customers which account for more than 60% of LPE's customer base, continue to provide strong and stable foundations for the Company's future growth. During the December quarter approximately 1,400 service points within Embedded Networks were renewed, representing a retention rate of 100%.

The focus on productivity and efficiency gains continued through the quarter, with a number of opportunities identified which are expected to further improve team productivity and customer satisfaction. Those opportunities are being supported with various initiatives which are being rolled out in the current half. These include the automation of significant elements of customer care and the consolidation and simplification of

internal and customer facing systems and software. Over time the Board anticipates these investments to accelerate the scalability of business infrastructure, as well as magnify operational leverage as scale benefits are realised.

## Outlook

Customer growth of 4,662 achieved in the first half represents 47% of LPE's FY20 guidance of 10,000 new customers. Given the currently observed business momentum which should further improve over the second half, the Board reiterates that these expectations remain unchanged.



Customer growth continues as planned towards the Company's target of an additional 10,000 customers (~30%) for the FY21

LPE's CEO Damien Glanville said "2020 presented our team with an array of unanticipated challenges, as the ambiguity of COVID lingered longer than many of us expected. However, the Company's results speak for themselves, and I am immensely proud of our team's dedicated efforts and effective execution while managing through elevated uncertainty and accelerated change. LPE's long-term 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 during the quarter were again distorted as a result of further economic stimulus payments applied to electricity accounts during the September quarter by the Queensland Government (on behalf of customers). These payments represent a prepayment that would otherwise have been received during the present quarter. These amounts totaled \$1.1m and as such normalised cash receipts for the December quarter total \$12.2m.

Cash used in operating activities during the quarter include \$1.1m of environmental certificates purchased during the December quarter, which are the previous three quarters obligations of the Company as it relates

to the customer base over the calendar year ended 2020. \$420k of additional cash expenditure related to investment in inventory (primarily solar panels) was also included in this line item.

Cash margins for the quarter adjusted for abnormal items are robust at 25% and 24% year to date with net cash for the quarter neutral, and positive by \$371k year to date. For reference, an adjusted cash receipts and payments table has been collated below, which demonstrates the underlying resilience and improvement in cash flow of the Company. With further customer growth expected through the December quarter, the Board expect revenues to increase through the remainder of the financial year.

<b>Cashflow from operating activities</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) Q2 \$A'000</b>
Receipts from Customers	11,106	20,844
Adjustment for COVID stimulus prepayments	1,132	3,522
<b>Receipts from Customers adjusted for timing of cashflows</b>	<b>12,238</b>	<b>24,366</b>
Payments for product manufacturing and operating costs	(10,732)	(19,687)
Adjustment - environmental obligations relating to prior quarters	1,094	737
Adjustment for Solar and EN inventory on hand	420	420
Payments for product manufacturing and operating costs adjusted for timing of cashflows	(9,219)	(18,530)
<b>Cash margins adjusted for abnormal timing of cashflows</b>	<b>25%</b>	<b>24%</b>
Advertising and marketing	(121)	(210)
Leased assets	(39)	(75)
Staff costs	(1,522)	(3,032)
Administration and corporate costs	(1,153)	(1,836)
Interest received	165	331
Interest and other costs of finance paid	(381)	(762)
Government grants and tax incentives	18	119
<b>Net cash from / (used in) operating activities</b>	<b>(14)</b>	<b>371</b>

Investors should note that cash margins are seasonally higher in the first half, and the results in the current half are broadly in line with historical averages.

LPE's Board is committed to achieving the key strategic objective of near-term sustainable profitability and looks forward to providing more detail with regards to recent progress versus this objective at the first half result next month.

Authorised by the Board.

Contact: Daniel Seeney  
Company Secretary  
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**ENDS**

### **About LPE**

LPE is the local Aussie electricity provider supplying electricity to customers throughout Queensland. 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")**

31 December 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	11,106	20,844
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(10,732)	(19,687)
(c) advertising and marketing	(121)	(210)
(d) leased assets	(39)	(75)
(e) staff costs	(1,522)	(3,032)
(f) administration and corporate costs	(1,153)	(1,836)
1.3 Dividends received (see note 3)		
1.4 Interest received	165	331
1.5 Interest and other costs of finance paid	(381)	(762)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	18	119
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,659)</b>	<b>(4,308)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(33)	(87)
(d) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(e) intellectual property		
	(f) other non-current assets	(465)	(940)
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other		
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	<b>Net cash from / (used in) investing activities</b>	<b>(498)</b>	<b>(1,027)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		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	(5)	(5)
3.5	Proceeds from borrowings		51
3.6	Repayment of borrowings	(47)	(92)
3.7	Transaction costs related to loans and borrowings	(5)	(865)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	<b>Net cash from / (used in) financing activities</b>	<b>(57)</b>	<b>2,046</b>

<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	8,177	8,252
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,659)	(4,308)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(498)	(1,027)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(57)	2,046
4.5	Effect of movement in exchange rates on cash held		
4.6	<b>Cash and cash equivalents at end of period</b>	<b>4,963</b>	<b>4,963</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	4,463	8,177
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (Surplus cash with AEMO and hedging counterparties)	500	
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,963</b>	<b>8,177</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**

289\*

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).

**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.*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	15,134	15,134
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 <b>Total financing facilities</b>	15,134	15,134

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)	(2,659)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	4,963
8.3 Unused finance facilities available at quarter end (Item 7.5)	0
8.4 Total available funding (Item 8.2 + Item 8.3)	4,963
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	1.87.

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: Yes

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: Not applicable, see below

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: Yes, Operational cash outflow in the current quarter is distorted by lumpy cashflows which are not representative of following quarters. Variation in quarterly cashflows is also influenced by the seasonal demand for electricity. The Company maintains seasonally adjusted cash forecasting models and is comfortable it can maintain business operations to meet its current business objectives.

### 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: 29 January 2021

Authorised by: By the Board of Directors  
(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.