



24 February 2021

Financial Results – Half Year Ended 31 December 2020

Locality Planning Energy Holdings Limited (ASX: LPE) (the Company or LPE) is pleased to present to shareholders the following documents relating to LPEs half year ended 31 December 2020:

- Appendix 4D
- Half Year Report

Authorised by the Board.

Contact: Daniel Seeney
Company Secretary
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ENDS

About LPE

LPE is an electricity and utility provider to homes, businesses, and strata communities throughout Queensland and New South Wales. Our services extend beyond just being a traditional electricity provider. We specialise in electrical embedded networks, centralised water heating solutions, and solar PV systems through our one-to-many or single supply offerings. LPE leads the way in innovation to create sustainable communities of the future.

LOCALITY PLANNING ENERGY HOLDINGS LIMITED
ABN 90 147 867 301

Appendix 4D half year report under ASX Listing Rule 4.2A.3

Period ended 31 December 2020

Current reporting period 1 July 2020 to 31 December 2020
Previous corresponding period 1 July 2019 to 31 December 2019

Results for announcement to the market

	6 months to 31 December 2019	6 months to 31 December 2020	%
	\$	\$	change
Revenue from ordinary activities	19,678,798	25,174,522	28.43%
Profit/(loss) from ordinary activities after tax attributable to members	(3,337,259)	155,474	104.66%
Net profit/(loss) from ordinary activities after tax attributable to members	(3,337,259)	155,474	104.66%
Final & interim dividend	Nil	Nil	-
Net tangible asset per security	(0.0665)	0.0025	

Brief explanation of revenue and results

Customer growth during the period has contributed to a 28% increase in revenue.

Net profit after tax of \$0.15 million includes a non-cash profit of \$1.3 million from the change in fair value of financial instruments used to hedge the Company's cost of wholesale energy. This profit is largely due to the unwinding of the unrealised loss taken up in previous period. The Company has a hedging policy in place to protect margin while delivering a competitive price of energy to its customers.

Excluding this item, there was an underlying loss of \$1.2 million, of which \$1 million is attributed to interest and borrowing costs associated with the BlackRock debt facility of \$15 million.

Employee costs of \$2.9 million are down \$0.5 million from the prior period (2019: \$3.4 million) due to the cost reduction and efficiency program run throughout the 2020 calendar year by the new Board and Management.

Electricity margins (excluding the unrealised profit/loss on derivatives) have increased slightly in the current period to 19% (2019: 18%).

Dividend payments

Nil

Dividend reinvestment plans

Nil



Locality Planning Energy Holdings Limited

Interim Financial Report

Half Year ending 31 December 2020



Twilight at Cotton Tree, Maroochydore, Queensland

Queensland's Electricity Provider

Locality Planning Energy Holdings Limited

2021 Half Year Report

This Interim Financial (Half Year Report) has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001 (Cth) and does not include all the notes of the type normally included in an annual financial report. Locality Planning Energy Holdings Limited's (the Group) most recent annual financial report is available on the Company's website at www.joinlpe.com.au or by clicking [here](#), as part of the Group's 2020 Annual Report.

The Group has also released information to the Australian Securities Exchange operated by ASX Limited ('ASX') in compliance with continuous disclosure requirements of the ASX Listing Rules. Announcements made by the Group under such rules are available on ASX's internet site www.asx.com.au (the Group's ASX code is 'LPE').

The material in this report has been prepared by Locality Planning Energy Holdings Limited ACN 147 867 301 and is current at the date of this report. It is general background information about Locality Planning Energy Holdings Limited's activities, is given in summary form in terms of the requirement of AASB 134 Interim Financial Reporting, and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered with professional advice when deciding if an investment is appropriate.

The 2021 Half Year Report was authorised for issue by Locality Planning Energy Holdings' Directors on 24 February 2021.

Contents

Directors' Report	4
Performance Highlights	5
Operating and Financial Review	6
Other Disclosures	8
What We Do	10
Financial Statements	11
Notes to the Financial Statements	16
Director's Report	21
Independent Review Report	22
Auditor's Independence Declaration	24



Locality Planning Energy Holdings Limited

Directors' Report

The Directors submit their report on the consolidated entity consisting of Locality Planning Energy Holdings Limited and the entities it controlled (Group) at the end of, or during the half year ended, 31 December 2020.

Directors

As at the date of this report, the Directors of Locality Planning Energy Holdings Limited are:

Justin Pettett – Non-Executive Director and Chairman

Mr Barnaby Egerton-Warburton – Independent Non-Executive Director

Mr Damien Glanville – Executive Director and Chief Executive Officer

Ms Melissa Farrell – Executive Director and Chief Financial Officer

The Directors listed above each held office as a Director of Locality Planning Energy Holdings Limited throughout the periods and until the date of this report.

Principal Activities

The Group's principal activity is the sale of electricity and utility services to residential and commercial customers throughout the Australian National Electricity Market.

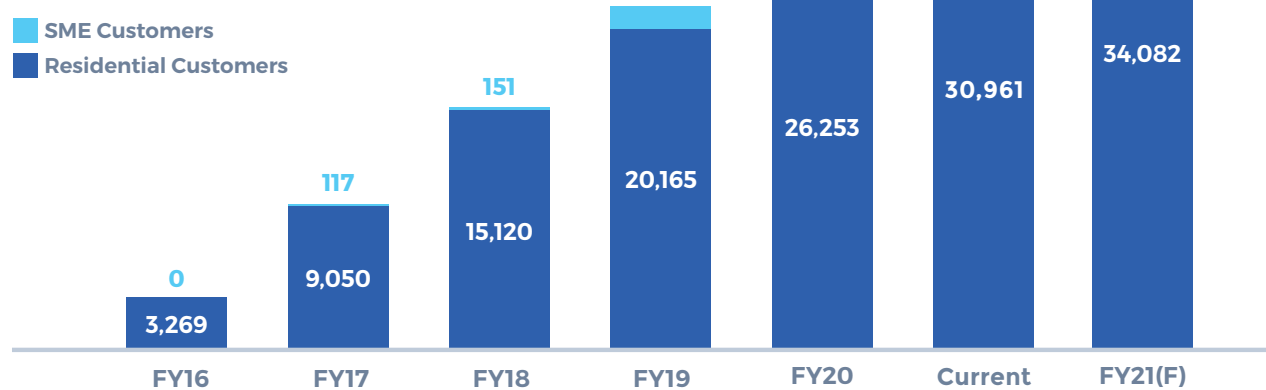
Financial Result

The Group reported a statutory profit after tax of \$0.2 million for the half year ended 31 December 2020 (H1 FY20 loss after tax of \$3.3 million).

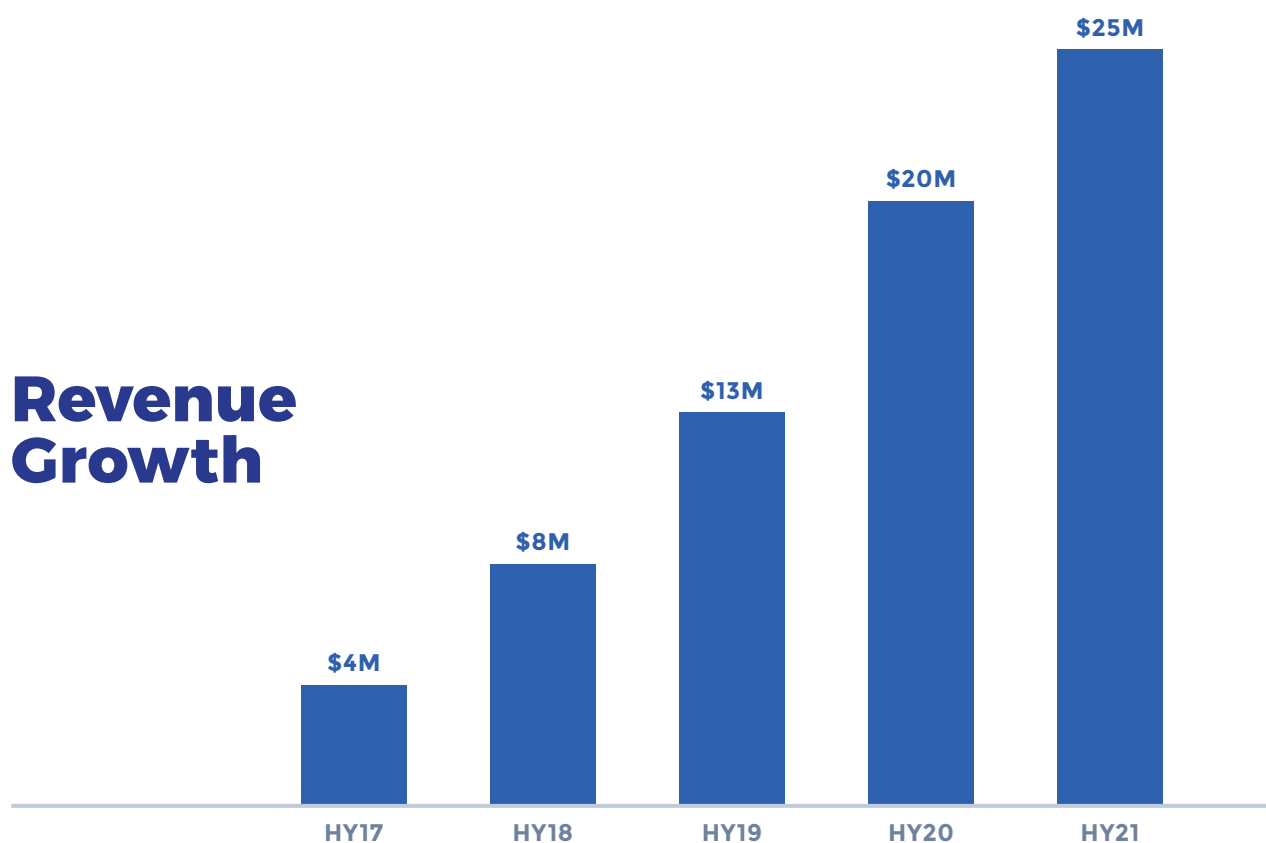
Key Operating Metrics

Performance Highlights

Customer Growth



Revenue Growth



Operating and Financial Review

LPE delivered significant growth in customers, sales and gross profit during the period which increased by +33.9%, +28.2% and +36.3% respectively. In parallel, LPE achieved a slight decline in operational expenditure, and continued to invest in business capability including our people and systems to support the company's long-term strategic growth plans.

Summary of Financial Performance

Sales for the half year ended 31 December 2020 was \$24.8 million, an increase of 28.2% on the prior comparable period, driven by significant customer growth of 33.9% to a total of 35,878 at the end of the period.

Gross profit increased to \$4.8 million, an increase of 36.3%, owing to the increase in sales and expanded gross margin percentage. Gross margin for the half was 19.4%, an improvement of 1.15% relative to the prior comparable period, driven by declines in the wholesale cost of energy and prudent sales execution.

Operating expenditure declined by 2.5% to \$5.0 million. This was driven by the implementation of the broad efficiency improvement program which was completed during the half. The objective of the program was to optimise customer service functions, improve new customer onboarding processes, enhance billing and ultimately drive a sustainable step-change in productivity. The conclusion of these actions has enabled an improvement in capacity and capability with a smaller team, reinforcing our competitiveness in preparation for long-term strategic growth.

Underlying EBIT for the period was a loss of \$0.5 million, a significant reduction on the loss of \$1.9 million incurred in the prior comparable period. The improvement reflects the operating leverage which materialised during the half, as sales grew substantially against a backdrop of lower operating expenditure.

SUMMARY FINANCIAL RESULTS

Consolidated Profit & Loss

(AUD million)	HY21	HY20	% Change
Sales Revenue	24.8	19.3	+28.2%
COGS	(20.0)	(15.8)	+26.4%
Gross Profit	4.8	3.5	+36.3%
Operating Costs	(5.0)	(5.1)	-2.5%
Depreciation & Amortisation	(0.3)	(0.3)	
EBIT (underlying)	(0.5)	(1.9)	
Unrealised hedging gain/loss & other	1.4	(1.3)	
Finance Costs	(0.7)	(0.2)	
Income Tax	0.0	0.0	
NPAT (statutory)	0.2	3.3	

Executing on our Strategic Priorities

LPE is very pleased with the company's strategic performance during the period. After almost 6 years of consistent growth as an ASX listed company, the financial benefits of scale are beginning to materialise. The relentless focus on providing high quality service to our valuable customers lies at the heart of our value proposition. This competitive edge continues to strengthen and gain traction in the local market, which is more focused than ever on buying locally from companies who are committed to employing locals and supporting local communities.

The Board is energised concerning the long-term strategic outlook for the company, which is underpinned by focused development of our key business objectives as follows:

1. Sustain market share gains in core customer segments;
2. Extend benefits of scale, and continue to invest to optimise productivity;
3. Maintain and strengthen our corporate value proposition and competitive edge;
4. Develop sustainable brand leadership in our core Queensland market.

To support the delivery of these objectives and the company's broader long-term strategy, LPE will advance upgrades to our systems, as well as optimise branding and marketing strategies built upon a deepened understanding of our customers and their needs.

LPE's achievements during the half year ended 31 December 2020 have highlighted the success with which the team has been oriented around working effectively toward our long-term strategic goals. Immense progress has been made in FY21, and a vast market opportunity lies ahead of the company. The Board remains committed to charting a path of sensible growth, strengthened financial performance, and reinforcing our service commitment to new and existing customers.

Net Debt

At the end of the period, LPE has drawn loan facilities of \$15.1 million and cash of \$5.0 million. Net debt of \$10.1 million compared to net debt in the prior comparable period of \$7.2 million. The increase in net debt relative to the prior comparable period reflects investment in growth initiatives and business capability over the year.

Reconciliation of Underlying EBIT

Underlying EBIT is the primary alternative performance measures used by the Directors for the purpose of assessing the performance of the Group. Underlying EBIT is a non-statutory (non-IFRS) measure. The objective of measuring and reporting underlying EBIT is to provide a more meaningful and consistent representation of financial performance by removing items that distort performance or are non-recurring in nature. Changes in the fair value of financial instruments are excluded from underlying EBIT to remove the significant volatility caused by timing mismatches in valuing financial instruments and the related underlying transactions. The valuation changes are subsequently recognised in underlying earnings when the underlying transactions are settled.

Earnings Before Interest and Tax (EBIT)	Dec-20	Dec-19
	\$	\$
Statutory EBIT	903,395	(3,143,504)
Government Grants	(69,248)	0
Loss/(Gain) on fair value of financial instruments	(1,298,984)	1,251,293
Underlying EBIT	(464,837)	(1,892,211)

Underlying EBIT for the year was a loss of \$0.5 million, an improvement of \$1.4m compared to the \$1.9 million loss reported in the prior year. The improved financial performance at an underlying level reflects the higher gross profit achieved in conjunction with a slight decline in operating expenditure. Employee costs decreased by 13.8% compared to the prior year to \$2.9 million, driven by the efficiency improvement program implemented during the period. This was offset by an increase in IT expenditure which increased to \$1.1 million during the period from \$0.6 million in the half ended 31 December 2019. The increase in IT expenditure is largely due billing platform costs and is correlated to customer growth.

Cashflow

Net cash outflow has increased from \$1.8 million to \$4.2 million in the current period. This is largely due to COVID-19 stimulus receipts received in FY20 that would have otherwise been received in the current financial year. The Company also settled \$1.1 million of environmental obligations in the current period which previously have not settled until the second half.

Outlook

LPE anticipates a further 10,000 customers to be added to the business over the year, representing healthy growth of ~30% compared to the prior year. This guidance was provided at the beginning of the financial year and has not been revised.

In South-East Queensland, we expect to continue to expand our market leading position in residential embedded-networks, whilst achieving rapid growth in direct-market residential and SME customer segments.

Other Disclosures for Half Year ending 31 December 2020

Principal Activities of the Consolidated Entity

The principal activity of the consolidated entity is the sale of electricity and utility services to residential and commercial customers throughout the Australian National Electricity Market.

Dividends

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend since 31 December 2020 and to the date of this report.

Review of Activities and Business Strategies

An operating and financial review of the company during the financial year is contained on pages 6 to 7 of this report and forms part of the Directors' Report. It includes a review of operations during the first half, as well as the financial results and business strategies of the Company.

Changes in State of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year.

Proceedings on Behalf of the Company

No person has applied under Section 237 of the Corporations Act for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any other such proceedings during the year.

Auditor's Independence Declaration

A copy of the external auditor's declaration under Section 370C of the Corporates Act in relation to the audit review for the half year is attached to the Company's Financial Statements.

Indemnification and Insurance of Officers or Auditor

Each of the Directors and the Secretary of the Company have entered into a Deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company to those Directors and the Secretary.

The Company has insured all of the Directors and Officers of Locality Planning Energy Holdings Limited.

The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act 2001 does not require disclosure of the information in these circumstances. The Company has not indemnified or insured its auditor.

Events Subsequent to Balance Date

There are no subsequent events to report.

Non-IFRS Financial Information

The Operating & Financial Review attached to and forming part of this Directors' Report includes non- International Financial Standards (IFRS) financial measures. The Company's management uses these non-IFRS financial measures to assess the performance of the business.

- Principal among these non-IFRS financial measures is Underlying EBIT. This measure is adjusted for significant items (which are material items of revenue or expenses that are unrelated to the underlying performance of the business); and
- Changes in the fair value of financial instruments recognised in the statement of profit or loss (to remove the volatility caused by mismatches in valuing financial instruments and the underlying asset differently).

The Company believes that Underlying EBIT provides a better understanding of its financial performance than Statutory EBIT and allows for a more relevant comparison of financial performance between financial periods.

Underlying EBIT is presented with reference to ASIC Regulatory Guide 230 'Disclosing non-IFRS financial information', issued in December 2011. The Company's policy for reporting Underlying EBIT is consistent with this guidance. The Directors have had the consistency of the application of the policy reviewed by the external auditor of the Company.

Corporate Governance

A copy of Locality Planning Energy Holdings Limited's Corporate Governance Statement can be found on the Company's website at www.joinlpe.com.au or by clicking [here](#).

Business Risks

The Company has identified the following risks as having the potential to materially affect LPE's ability to meet its business objectives:

Regulatory policy

LPE is exposed to regulatory policy change and government interventions. Changes in energy market design and climate change policies for example, have the potential to impact the financial outcomes of the Company. LPE contributes to policy process by actively participating in public policy debate, proactively engaging with policy makers and participating in public forums, industry associations and research.

Competition

LPE operates in a highly competitive industry which can put pressure on margins. Our strategy to mitigate this risk is to effectively build customer loyalty and trust by delivering an exceptional customer service experience based on openness and transparency, and by offering innovative energy solutions that come with longer length supply terms.

Changes in demand for energy

A decrease in demand for energy could possibly reduce LPE's revenues and adversely affect the Company's future financial performance. LPE cannot control the habits or consumption patterns of our customers, nor is it possible to quantify the long-term impact of COVID-19 on demand, however LPE works to mitigate the impact of this risk by utilising data analytics to better predict customer demand.

Technological developments/disruption

Technology is allowing consumers to understand and manage their electricity usage through smart appliances, having the potential to disrupt the Company's existing relationship with consumers. Advances in technology have the potential to create new business models and introduce new competitors. LPE actively monitors and participates in technological developments and is exploring investments in new innovative products to enhance customer experience and reduce cost to serve.

Cyber security

A cyber security incident could lead to disruption of critical business operations. It could also lead to a breach of privacy, and loss of and/or corruption of commercially sensitive data which could adversely affect customers. LPE regularly assesses its cyber security profile. All Employees

undertake cyber awareness training, including how to identify scam emails and how to keep data safe.

Climate change

The ongoing decarbonisation of energy markets and the decreasing demand for fossil fuels provides both risks and opportunities for LPE. The Company is focused and committed to growth and innovation of its Solar products.

Company Health and Safety Policy

It is the responsibility of all employees to act in accordance with occupational health and safety legislation, regulations and policies applicable to their respective organisations and to use security and safety equipment provided.

Specifically, all employees are responsible for safety in their work area by:

- following the safety and security directives of management;
- advising management of areas where there is a potential problem in safety and reporting suspicious occurrences; and
- minimising risks in the workplace.

Environmental

Whilst it was not an environmental issue for the Company, under the Renewable Energy Target, the Company is obliged to purchase and surrender an amount of large-scale generation certificates, and small-scale technology certificates, based on the volume of electricity the Company acquires each year.

Approval of Directors' Report

This Director's Report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Board this 24th day of February 2021.



Justin Pettett
Chairman



What We Do

LPE is an electricity and utility provider to homes, businesses, and strata communities throughout Queensland and New South Wales.

Our services extend beyond just being a traditional electricity provider.

We specialise in electrical embedded networks, centralised water heating solutions, and solar PV systems through our one-to-many or single supply offerings.

LPE leads the way in innovation to create sustainable communities of the future.



2021 Half Year Report

Financial Statements

Operating and Financial Review

Locality Planning Energy Holdings Limited – ABN 90 147 867 301

Consolidated statement of profit or loss and other comprehensive income for the half year ended 31 December 2020

	Note	Dec-20 \$	Dec-19 \$
Electricity revenue	4A	24,773,777	19,328,888
Electricity cost of goods sold	4B	(19,976,253)	(15,809,011)
Unrealised gain/losses on derivatives		1,298,984	(1,251,293)
Gain from trading		6,096,508	2,268,584
Other income	4C	400,745	349,910
Total operating income		6,497,253	2,618,494
Impairment losses	4D	(74,395)	(68,363)
Financing expenses	4E	(1,079,418)	(543,665)
Other expenses	4F	(5,187,966)	(5,343,725)
Profit/(Loss) before income taxes		155,474	(3,337,259)
Income tax benefit/(expense)		-	-
Net profit/(loss) for the period		155,474	(3,337,259)
Other comprehensive income		-	-
Other comprehensive income net of tax		-	-
Total comprehensive profit/(loss) for the year		155,474	(3,337,259)
Basic earnings/(loss) per share (dollars per share)		0.0026	(0.0665)
Diluted earnings/(loss) per share (dollars per share)		0.0025	(0.0665)

The Consolidated Statement of Profit or Loss and the Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

Consolidated statement of financial position as at 31 December 2020

	Note	Dec-20 \$	Jun-20 \$
Current assets			
Cash and cash equivalents		4,963,395	8,251,616
Trade and other receivables		7,958,116	4,862,976
Site conversion receivables		1,379,704	1,360,871
GST receivable		82,080	-
Financial assets		-	2,376,027
Other current assets		94,111	249,678
Inventory		835,705	211,596
Total current assets		15,313,111	17,312,764
Non-current assets			
Site conversion receivables		3,650,132	3,968,347
Other financial assets	5	3,269,040	-
Right of use assets		945,799	117,360
Plant and equipment		421,619	395,446
Leasehold improvements		531,890	177,090
Intangibles		319,939	478,002
Total non-current assets		9,138,419	5,136,245
TOTAL ASSETS		24,451,530	22,449,009
Current liabilities			
Trade and other payables		7,547,741	8,911,718
GST payable		-	30,580
Employee entitlements- leave provisions		268,930	216,169
Lease Liabilities		219,430	107,923
Provisions		80,692	46,049
Financial liabilities- derivatives		937,920	2,205,301
Borrowings		95,988	143,365
Total current liabilities		9,150,701	11,661,105
Non-current liabilities			
Employee entitlements- leave provisions		64,134	62,567
Lease Liabilities		1,127,226	3,427
Borrowings		13,802,239	13,521,697
Total non-current liabilities		14,993,599	13,587,691
TOTAL LIABILITIES		24,144,300	25,248,796
NET ASSETS		307,230	(2,799,787)
Equity			
Issued capital	2	42,016,423	39,064,880
Reserves		-	-
Accumulated losses		(41,709,193)	(41,864,667)
TOTAL EQUITY		307,230	(2,799,787)

Consolidated statement of cash flows for the half year ended 31 December 2020

	Note	Dec-20 \$	Dec-19 \$
Cash flows from operating activities			
Receipts from customers		19,711,616	17,240,814
Receipts from government utility relief scheme		1,132,150	-
Receipts from government grants		119,248	-
Payments to suppliers and employees		(24,763,688)	(18,667,539)
Interest received		330,918	7,047
Interest paid		(761,846)	(373,353)
Net cash provided by/(used in) operating activities		(4,231,602)	(1,793,031)
Cash flows from investing activities			
Payment for financial assets		(925,471)	(1,420,000)
Payment for plant and equipment		(86,734)	(105,408)
Payment for leasehold improvements		-	(10,917)
Payment for intangibles		(14,789)	(214,645)
Insurance proceeds		-	17,763
Net cash provided by/(used in) investing activities		(1,026,994)	(1,733,207)
Cash flows from financing activities			
Financing costs paid		(864,413)	(321,836)
Proceeds from loans		50,893	2,865,816
Repayment of leases		(75,322)	-
Repayment of loans		(92,326)	(100,345)
Proceeds from issues of shares		2,951,543	-
Net cash provided by/(used in) financing activities		1,970,375	2,443,635
Net increase/(decrease) in cash and cash equivalents		(3,288,221)	(1,082,603)
Cash and cash equivalents opening balance		8,251,616	2,876,072
Cash and cash equivalents closing balance		4,963,395	1,793,469

The Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

Consolidated statement of changes in equity for the half year ended 31 December 2020

	Issued capital \$	Accumulated losses \$	Totals \$
Balance at 1 July 2019	39,064,880	(34,633,400)	4,431,480
Profit/(Loss) after income tax	-	(3,337,259)	(3,337,259)
Balance at 31 December 2019	39,064,880	(37,970,659)	1,094,221
Balance at 1 July 2020	39,064,880	(41,864,667)	(2,799,787)
Issue of share capital	2,951,543	-	2,951,543
Profit/(Loss) after income tax	-	155,474	155,474
Balance at 31 December 2020	42,016,423	(41,709,193)	307,230

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

Notes to the financial statements for the half year ended 31 December 2020

1. Statement of Significant Accounting Policies

(a) Basis of Preparation

“The interim financial report of Locality Planning Energy Holdings Limited (LPE or the Company) and its controlled entities (the Group) for the half-year ended 31 December 2020 was authorised for issue in accordance with a resolution of the directors on the date the directors report was signed.

The interim financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134 Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by LPE during the period in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The interim financial report does not include full disclosures of the type normally included in an annual financial report.”

(b) Reporting Basis and Conventions

The interim report has been prepared on an accruals basis and is based on historical costs.

(c) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for those as described in Note 1(d) below.

(d) New, Revised or Amending Accounting Standards and Interpretations Adopted

A number of new standards and interpretations are effective for annual reporting periods beginning after 1 July 2020 and earlier application is permitted; however the Company has not early adopted the new or amended standards in preparing these financial statements. The new standards relate to very specific circumstances that are not applicable to the Company.

(e) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification and subsequent measurement

Financial Liabilities

“Financial liabilities are subsequently measured at:

- Amortised cost; or
- Fair value through profit or loss.”

“A financial liability is measured at fair value through profit and loss if the financial liability is:

- A contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- Held for trading; or
- Initially designated at fair value through profit or loss.”

Notes to the financial statements for the half year ended 31 December 2020

(e) Financial Instruments (cont'd)

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

"A financial liability is held for trading if:

- It is incurred for the purpose of repurchasing or repaying in the near term;
- Part of a portfolio where there is an actual pattern of short-term profit taking; or
- A derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship)."

The Group recognises the financial derivative instruments at fair value through profit or loss.

Financial Assets

"Financial assets are subsequently measured at:

- Amortised cost;
- Fair value through other comprehensive income; or
- Fair value through profit or loss."

"Measurement is on the basis of two primary criteria:

- The contractual cash flow characteristics of the financial asset; and
- The business model for managing financial assets."

"A financial asset that meets the following conditions is subsequently measured at amortised cost:

- The financial asset is managed solely to collect contractual cashflows; and
- The contractual terms within the financial asset give rise to cashflows that are solely payments of principal and interest on the principal amount outstanding on specified dates."

"A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- The contractual terms within the financial asset give rise to cashflows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- The business model for managing the financial assets comprises both contractual cashflows and the selling of the financial asset."

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group currently has futures contracts that are recognised within financial assets in the Statement of Financial Position that are recognised at fair value through profit or loss. All other financial assets are recognised at amortised cost.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Notes to the financial statements for the half year ended 31 December 2020

(e) Financial Instruments (cont'd)

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expire, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

"All of the following criteria need to be satisfied for Derecognition of financial asset:

- The right to receive cash flows from the asset has been expired or been transferred;
- All risk and rewards of ownership of the asset have been substantially transferred; and
- The Group no longer controls the asset."

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(f) Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The Group incurred a net profit after income tax for the half year ended 31 December 2020 of \$155,474 (2019: net loss \$3,337,259), however a non-cash flow movement on the fair value of financial derivatives increased the performance by approximately \$1.3m. The Group also had a net cash outflow from operations of \$4,231,606 (2019: \$1,793,031) and has net assets of only \$307,230. These factors, prima facie, indicate that there is material uncertainty on whether the Group will continue as going concern.

Notwithstanding this, the Group has prepared budgets based on its current growth plans, and the directors have determined the Group has access to sufficient net working capital to maintain continuity of normal business activity and pay its debts as and when they fall due, and therefore that it is appropriate to prepare the financial report on a going concern basis.

2. Issued Capital

	Dec-20 Number	Jun-20 Number
(a) Issued and paid up capital		
Ordinary shares fully paid no par value	62,884,736	50,210,736
(b) Movement in ordinary shares on issue	Number	\$
Balance at 1 July 2020	50,210,736	39,064,880
Issue for cash 10 August 2020	12,000,000	3,000,000
Issue for cash 7 September 2020	674,000	168,500
Capital raising expenses	-	(216,957)
Balance at 31 December 2020	62,884,736	42,016,423

(c) Movement in ordinary shares on issue

At the end of the period, the following options over unissued ordinary shares were outstanding:

Issue date	Number	Exercise Price	Expiry
12/11/2020	3,400,000	0.375	21/10/2022

3. Segment Reporting

The Group has identified its operating segments as being the energy retail sector in Australia. Management currently identifies the energy retail sector as being the Group's sole operating segment.

There have been no changes in the operating segments during the year. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from the segment are equivalent to the financial statements of the Group as a whole.

Notes to the financial statements for the half year ended 31 December 2020

4. Statement of Profit or Loss and other Comprehensive Income

	Consolidated Entity Dec-20 \$	Consolidated Entity Dec-19 \$
A. Electricity Revenue		
Electricity sales	24,089,521	18,662,345
Site conversion sales	684,256	666,543
Total Revenue and Other Income	24,773,777	19,328,888
B. Electricity Cost of Goods Sold		
Energy usage charges	7,413,276	6,964,750
Network charges	9,352,979	5,869,960
Other COGS	2,622,929	2,219,575
Site conversion COGS	587,069	754,726
Total Revenue and Other Income	19,976,253	15,809,011
C. Other Revenue		
Interest revenue	331,497	349,910
Government grants	69,248	-
Total Revenue and Other Income	400,745	349,910
D. Impairment Losses		
Bad debts written off	22,902	59,841
Addition to provision for doubtful debt	51,493	8,522
Total Impairment Losses	74,395	68,363
E. Financing Expenses		
Bank Fees	18,565	13,202
Borrowing expenses	293,610	144,331
Interest on leases	5,397	16,123
Interest expense	761,846	370,010
Total Financing Expenses	1,079,418	543,665
F. Other Expenses		
Depreciation and amortisation	303,240	328,162
Employee costs	2,903,578	3,367,005
Gain/(loss) on disposal of assets	5,477	(7,048)
Information technology	1,055,594	588,192
Insurance	48,556	48,231
Marketing & advertising	210,269	132,526
Occupancy expenses	17,163	45,919
Other expenses	492,433	548,385
Professional costs	151,656	292,353
	5,187,966	5,343,725

Notes to the financial statements for the half year ended 31 December 2020

5. Other Financial Assets

These relate to term deposits that are security for bank guarantees that the Group has with AEMO and hedging counterparties and are therefore deemed to be non-current financial assets.

6. Contingent Assets and Liabilities

The Directors are not aware of any change in contingent assets and liabilities since the last annual reporting date.

7. Events Subsequent to Period End

There were no subsequent events as at 31 December 2020.

8. Fair Value Measurements

“The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- derivative financial instruments;
- financial assets held for trading;
- financial assets at fair value through other comprehensive income;

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.”

(a) Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

- Level 1: Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

“The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach converts estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.”

The Group uses an internally derived forward curve to calculate the fair value of its financial derivatives, using an income approach. This model uses observable futures prices from ASX Energy and distributes these prices across half hour intervals using internally derived ratios. The fair value of the Group’s derivative financial instruments is \$937,920 as at 31 December 2020 (30 June 2020: \$2,205,301). Given the significance of the internally-derived ratios to the valuation, the Group has assessed this as Level 3.

2021 Half Year Report

Director's Declaration

The Directors of the Company declare that:

The financial statements and notes are in accordance with the Corporations Act 2001 and:

- (a) complying with Australian Accounting Standard AASB134: Interim Financial Reporting;
and
- (b) giving a true and fair view of the financial position as at 31 December 2020 and of its
performance and cash flows for the half year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to be 'JP', with a stylized, cursive flourish extending from the end.

Justin Pettett
Director

Dated: 24 February 2021

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF LOCALITY PLANNING ENERGY HOLDINGS LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Locality Planning Energy Holdings Limited and its controlled entity (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter - Material Uncertainty Related to Going Concern

Without modifying our conclusion, we draw attention to Note 1(f) in the financial report, which indicates that the Group earned a net profit of \$155,474, however a non-cashflow movement on the fair value of financial derivatives increased the performance by approximately \$1.3m. The Group also has a net cash outflow from operating activities of \$4,231,606 during the half-year ended 31 December 2020 and has net assets of only \$307,230. These conditions, along with other matters as set forth in Note 1(f), indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF LOCALITY PLANNING ENERGY HOLDINGS LIMITED

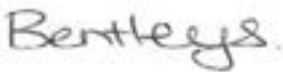
Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

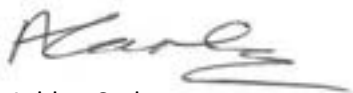
Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants



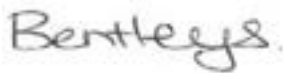
Ashley Carle
Director
Brisbane
23 February 2021

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

**TO THE DIRECTORS OF
LOCALITY PLANNING ENERGY HOLDINGS LIMITED**

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.



Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants



Ashley Carle
Director
Brisbane
23 February 2021

Corporate Directory

Non-Executive Chairman

Mr Justin Pettett

Non-Executive Director

Mr Barnaby Egerton-Warburton

Executive Directors

Mr Damien Glanville

Ms Melissa Farrell

Chief Operating Officer

Mr Paul Wilson

Company Secretary

Mr Daniel Seeney

Principal & Registered Office

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Lawyers

Gadens

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Share Registrar

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Stock Exchange Listing

Australian Securities Exchange

Code: LPE



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