

29 October 2021

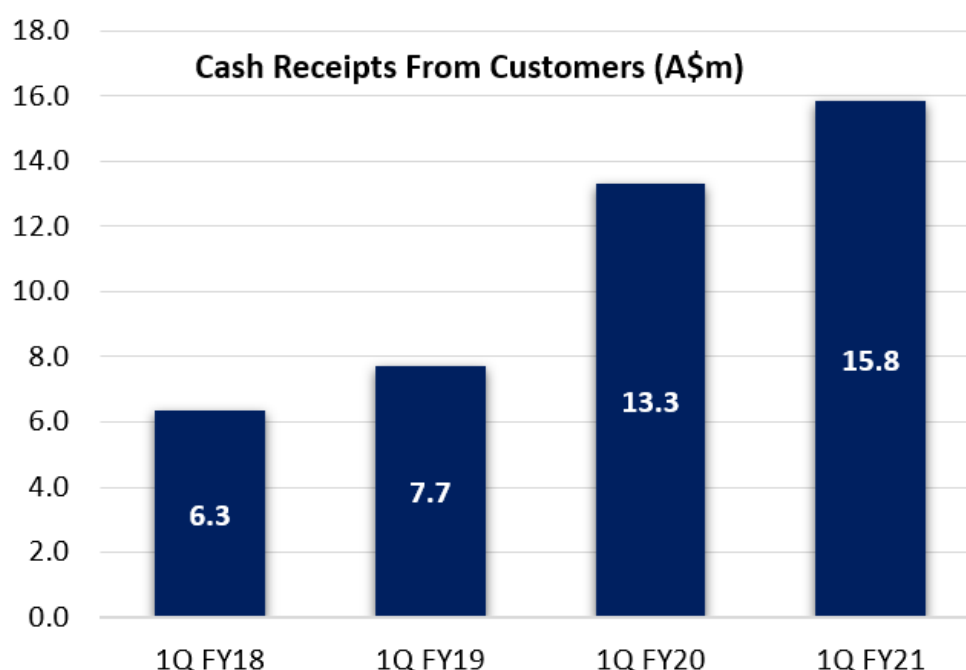
Quarterly Report for the period ending 30 September 2021

Highlights

- Record cash receipts of \$15.8m for the September 2021 quarter
- 43,500 customers as at 30 September 2021, an increase of 30% from previous corresponding period of September 2020
- \$6m placement successfully completed
- \$5.2m cash on hand at 30 September 2021, excluding tranche 2 of the placement
- \$2.9m additional cash proceeds from Tranche 2 of the placement received in October 2021
- LPE continues to grow rapidly as it executes on its organic growth strategy

Rapidly growing electricity provider, Locality Planning Energy Holdings Limited (ASX: LPE) (the “Company” or “LPE”), is pleased to provide shareholders and investors with an overview of activities for the period ending September 2021 (“Quarter” or “Reporting Period”), to accompany the Appendix 4C.

The Company achieved record cash receipts during the Quarter of \$15.8m, a solid increase of 19% compared to the adjusted cash receipts of \$13.3m from the previous corresponding period of September 2020.



The key driver of the continued uplift in cash receipts is new customer additions, resulting from the successful execution of the Company’s organic growth strategy. The Company added a further 2,250 new customers for the Quarter taking the total customers to over 43,500 as of 30 September 2021. LPE is targeting more than 50,000 customers by the end of FY22, representing an addition of 10,000 new customers during the current 2022 Financial Year.

	Sep-21	TOTAL	Jun-21	chg*	Sep-20	chg**
Residential Customers	1,951	36,956	35,005	5.6%	29,288	26.2%
SME Customers	299	6,544	6,245	4.8%	4,162	57.2%
Total Customers	2,250	43,500	41,250	5.5%	33,450	30.0%

*Compared to last quarter

**Compared to last year

New customer wins during the Quarter were heavily skewed towards the high-value strata community and embedded network customers, representing long-dated and recurring revenue streams. LPE's embedded network customer contracts have an average 7-year duration and, historically, the Company has achieved a 100% contract renewal rate, demonstrating the high level of customer satisfaction driving this retention rate. The core book of highly durable contracted customers, coupled with LPE's market leadership position in this sector in South-East Queensland represents a unique strategic advantage. This forms the basis of the Board's high degree of confidence in the shareholder value creation opportunity over the medium and long-term.

LPE's CEO and Managing Director, Damien Glanville, commented: "The critical first quarter of FY2022 has delivered solid results and set the Company up for another successful financial year ahead. We continue to deploy a strategy focused on prioritising growth and scale, given the vast opportunity we see in the marketplace for emerging independent utility businesses with a tangible presence in the local community. I am excited as ever for the future and growth of the LPE business, which we founded as a small independent player in 2014."

SUMMARY FINANCIAL RESULTS

Statement of Cash Flows (AUD million)	YTD	YTD	
	FY22	FY21	% Change
Cash Flows From Operating Activities			
Receipts from customers	15.8	13.3	18.8%
Payments for product manufacturing & operating costs	(14.0)	(8.9)	57.3%
Cash Gross Profit	1.8	4.4	(59.1%)
Cash Operating Expenditure	(3.3)	(2.3)	42.3%
Cash EBIT	(1.5)	2.1	n/m

Cash receipts of \$15.8 million for the Quarter include \$1.4 million received from the Queensland Government for residential asset ownership dividends, which are applied directly to residential accounts that would have otherwise been received as customer payments in the following December quarter. The timing of cash flows can fluctuate when comparing individual quarters, however the Board's primary focus for reporting quarterly performance is with reference to year-to-date results which are summarised above.

LPE reported a cash gross profit of \$1.8m. It should be noted that seasonality can cause volatility in LPE's cash gross margin profile in any one quarter, however over the full year, margins are expected to be driven primarily by customer mix due to the lower margin percentage (although higher gross profit per customer) from business customers.

Staff costs rose during the Quarter to service operational growth along with an increase in sales capacity to drive the rollout of LPEs shared solar opportunity. Payments to related parties as shown in the accompanying Appendix 4C were for directors' fees, remuneration and superannuation.

During the Reporting Period, a well-supported \$6m placement was successfully completed, providing balance sheet strength to continue to invest and grow in line with the Company's long-term strategic growth plan. As at the date of this report, the Company holds cash on hand of \$6.2 million plus a further

\$2 million in the form of cash secured bank guarantees for credit support with AEMO, after Tranche 2 of the placement settled mid-October 2021.

Commenting on the Quarter, LPE Chairman, Justin Pettett, said: "It was immensely pleasing to see the broad support for the placement during the Quarter and I'd like to welcome a number of new, high-quality shareholders to the register. LPE is rapidly evolving into a material player in the South-East Queensland residential electricity market, and we see immense value in our brand and customer relationships. The level of growth we are consistently achieving, in conjunction with the highly durable and defensive nature of our business, is a combination which is both unique and highly sought after. As economies of scale start to emerge, we see tremendous opportunity for shareholders, and the Board as major shareholders are deeply aligned and committed to this objective."

Authorised by the Board.

For further information:

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About LPE

LPE is a fast-growing electricity provider challenging the way customers receive their electricity; going beyond being just a traditional supplier, leaders in innovation, supporting strata communities to think of tomorrow. With first to market technology, LPE has delivered shared solar for apartment living and carbon neutral centralised hot water systems, creating shareholder value through long term supply agreements that provide strong recurring revenue.

LPE service the Queensland and New South Wales energy market, selling electricity, hot water, solar and battery systems to homes, business, and strata communities. Providing strata communities, the solution to reduce their carbon footprint and energy bills with no upfront cost. Empowering people to save money and create sustainable communities of the future.

For more information visit: localityenergy.com.au/investors

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 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	15,837	15,837
1.2 Payments for	(1)	(1)
(a) research and development		
(b) product manufacturing and operating costs	(14,061)	(14,061)
(c) advertising and marketing	(160)	(160)
(d) leased assets	(51)	(51)
(e) staff costs	(1,927)	(1,927)
(f) administration and corporate costs	(1,155)	(1,155)
1.3 Dividends received (see note 3)		
1.4 Interest received	155	155
1.5 Interest and other costs of finance paid	(382)	(382)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(1,745)	(1,745)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(15)	(15)
(d) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(e) intellectual property		
	(f) other non-current assets	(1,613)	(1,613)
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 (credit support received from hedging counterparties)		
2.6	Net cash from / (used in) investing activities	(1,628)	(1,628)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,934	2,934
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	39	39
3.6	Repayment of borrowings	(63)	(63)
3.7	Transaction costs related to loans and borrowings	(61)	(61)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	2,849	2,849

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,745	5,745
4.2	Net cash from / (used in) operating activities (item 1.9 above)		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,745)	(1,745)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,628)	(1,628)
4.5	Effect of movement in exchange rates on cash held	2,849	2,849
4.6	Cash and cash equivalents at end of period	5,221	5,221

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	5,221	2,257
5.2	Restricted cash received from hedging counterparties as credit support		1,000
5.3	Bank overdrafts		
5.4	Other (Cash Deposits with AEMO and hedging counterparties)		2,489
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,221	5,745

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**

267*

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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	15,208	15,208
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	15,208	15,208

7.5 Unused financing facilities available at quarter end

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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.

The Company has a loan with Principal Finance, to be fully paid by March 2022. Interest is at flat rate of 5.9%.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,745)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	5,221
8.3 Less Restricted cash (Item 5.2)	
8.4 Total available funding (Item 8.2 + Item 8.3)	5,221
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	3

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- 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:

- 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:

- 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: 29 October 2021
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By the Board of Directors
Authorised by:
(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.