

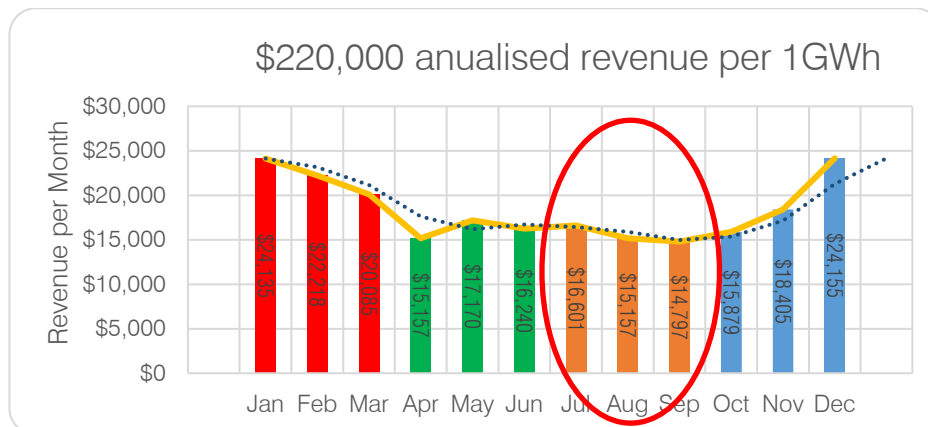


## OPERATING CASH FLOW 4C ANNOUNCEMENT

### Highlights

- 227.61GWh of energy under management an increase of 22.87GWh over the previous quarter
- \$30 million BlackRock debt facility secured to fund growth
- Uptake of Direct Market Customers continues to see strong growth
- Gross profit margins maintained at 24% 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 September 2018. Energy under management has increased by 22.87GWh or 10% quarter-over-quarter and 67% year-over-year despite the very mild winter which has reduced the consumption of energy by customers. The mild winter to date, combined with the increasing adoption of quarterly billing cycles by direct market customers, has meant that cash flows have remained flat compared to the June quarter. The graph below shows the typical use of energy throughout a year based on one GWh of energy shown on a revenue basis. The September quarter circled in red each year is historically the lowest energy consumption quarter of the year, averaging around 43% less energy consumed than the highest consumption quarter for the year being March. As a result, it is anticipated the December quarter revenues will be higher. As LPE gains greater scale the cyclic swings of customer energy usage and consequentially revenues, will go through a pronounced variation until regular billing periods are achieved throughout the year.



While revenues remained flat due to the reasons outlined above, energy under management growth remained strong with an additional 22.87GWh added to make total energy management as at 30 September 227.61GWh. This additional and consistent growth will be positively reflected in the Company's revenues over the coming quarters as energy use normalises.

Additionally, as the BlackRock debt facility was being finalised many capital works programs and onboarding of new customers was slowed due to preservation of cash. Now that full funding is in place, the LPE team are working through the backlog of conversions and on boarding of new customers.

Gross profit margins continue to be maintained with stabilisation of the energy market and the cost to supply energy to customers. The BlackRock debt facility provides LPE with substantial capital to deploy in its business to accelerate its growth while meaningfully reducing LPE's cost of capital. This enables the Company to expand its delivery of high-service and low-cost offerings to the market while also maintaining profit margins. The average contract length of energy under management continues to be maintained at 7.2 years.

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

Cash at the end of the quarter of \$1.288M is flat from the last quarter primarily due to funding from director loans and short-term loans while the BlackRock debt facility was being finalised.

All loans outlined in the enclosed appendix 4C will be repaid during the December quarter from the BlackRock debt facility.

The Company had one off, professional and corporate costs for the quarter of a little over \$200k due to the professional and due diligence costs to facilitate the BlackRock debt facility. Otherwise the administration costs of \$2.245M (including one off BlackRock costs) for operating activities during the quarter are in line with management's expectation and stage of growth of the Company.

The Company expects to aggressively grow all streams of its business now that a flexible funding source has been secured.

**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, providing significant savings to its customers on electricity delivered.

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.

LPE's growth is financially backed by BlackRock the world's largest investment manager. BlackRock is trusted to manage more money than any other investment manager in the world and manages approximately US\$6.44 trillion in assets on behalf of investors worldwide (as of September 30, 2018).

## 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 September 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	6,339	6,339
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(4,137)	(4,137)
(c) advertising and marketing	(66)	(66)
(d) leased assets	-	-
(e) staff costs	(868)	(868)
(f) administration, corporate costs & GST	(1,377)	(1,377)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(41)	(41)
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>(150)</b>	<b>(150)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(7)	(7)
(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	(551)	(551)
<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	-	-
<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>(558)</b>	<b>(558)</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	668	668
3.6 Repayment of borrowings	(32)	(32)
3.7 Transaction costs related to loans and borrowings	(5)	(5)
3.8 Dividends paid	-	-
3.9 Other	-	-
<b>3.10</b> <b>Net cash from / (used in) financing activities</b>	<b>631</b>	<b>631</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	1,364	1,364
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(150)	(150)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(558)	(558)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	631	631

<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>1,288</b>	<b>1,288</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	1,067	1,344
5.2	Call deposits	81	-
5.3	Bank overdrafts	-	-
5.4	Other (Bank guarantee)	140	20
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,288</b>	<b>1,364</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>
203
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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	2,682	1,982
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 from Chairman Andrew Pierce and co-founder Ben Chester. \$1.3 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 \$500,000 short term loan from Thank Keating Pty Ltd during the quarter while the BlackRock debt facility (announced on 19 October 2018) was being finalised. Interest of 18% pa. is payable on this facility and it is expected that this short term loan will be repaid within 60 days of draw down. This loan is secured through a guarantee from a related entity of the Company's co-founder and COO, Ben Chester.

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

All of the above loans are expected to be repaid during the December 2018 quarter through the initial draw down of proceeds from the BlackRock debt facility.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	6,009
9.3 Advertising and marketing	81
9.4 Leased assets	-
9.5 Staff costs	952
9.6 Administration and corporate costs	1,046
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>8,088</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: .....  
(Company secretary)

Date: .....29 / 10 / 2018.....

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.