31 August 2020

Appendix 4E and 2020 Annual Report

Attached are the following documents relating to Locality Planning Energy Holdings Limited results for the year ended 30 June 2020:

- Appendix 4E
- Locality Planning Energy Holdings Limited 2020 Annual Report

Authorised by the Board.

Contact: Daniel Seeney
Company Secretary
investors@localityenergy.com.au

ENDS

About LPE

LPE is the local Aussie electricity provider that cares about the needs of Australians and currently supplies electricity to tens of thousands of customers. Our mission is to keep things simple and be honest about the costs of electricity – to save the most amount of money for the most amount of people. This means no 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.

LOCALITY PLANNING ENERGY HOLDINGS LIMITED

ABN 90 147 867 301

Appendix 4E Preliminary Final Report under ASX Listing Rule 4.3A

Year ended 30 June 2020

Current reporting period	1 July 2019 to 30 June 2020
Previous corresponding period	1 July 2018 to 30 June 2019

Results for announcement to the market

	30 June 2020 $	30 June 2019 $	% change
Revenue from ordinary activities	43,719,587	28,476,525	58.53%
Profit/(loss) from ordinary activities after tax attributable to members	(7,231,267)	(2,181,690)	(231.45%)
Net profit/(loss) from ordinary activities after tax attributable to members	(7,231,267)	(2,181,690)	(231.45%)
Final & interim dividend	Nil	Nil	-

Brief explanation of revenue and results

Significant customer growth during the period has contributed to a 59% increase in revenue.

Net loss after tax of $7.23 million includes a non-cash loss of $2.25 million from the change in fair value of financial instruments used to hedge the Company's cost of wholesale energy. The loss in fair value on the Company's hedge book has been taken up on the balance sheet to be realised in future periods.

Excluding this item, the underlying loss was $4.98 million which is largely due to an increase in employee costs, up $2.46 million on the prior period, representing an investment in the sales team and additional operational personnel to support the Company's significant growth.

Financing costs of $1.96 million (2019: $0.62 million) is up from prior period due to additional drawdowns of the BlackRock Facility to $15 million as at 30 June 2020 ($6.1 million as at 30 June 2019).

Electricity margins (excluding the unrealised losses on derivatives) have been maintained at 17% (2019: 18%), with only a slight dilution from the prior period, due to a change in product mix (an increase in residential retail electricity and business customers.)

Dividend payments	Nil	
Dividend reinvestment plan	Nil	
	2020	**2019**
	$	**$**
Net tangible asset per security	0.1440	0.0435

Entities over which the group gained or lost control over the period

LPE Infrastructure Pty Ltd was deregistered on the 13th May 2020.

Details of interests in associates and joint ventures

Nil

Any other significant information

An additional $3 million in capital was raised via a new share issue in August 2020, which will allow the company to accelerate growth in 2021.

Commentary on results

The Company has experienced significant growth during the period, with customers increasing by 9,700 to 31,200 at 30 June 2020. This growth has been achieved despite unprecedented disruptions to interpersonal sales activity in the second half, relating to the COVID-19 pandemic. The majority of growth in the current period has been achieved from residential retail electricity and business customers.

The Company has a broadening product offering, with 90% of its growth in the current period obtained from direct market residential and SME customers (just 10% from the Company's long-established embedded networks product), and its emerging and innovative shared solar product is anticipated to deliver significant traction in 2021.

This report should be read in conjunction with Locality Planning Energy Holdings Limited Directors' Report incorporating the Operating and Financial Review and the 2020 Annual Report released to market on 31 August 2020.

Locality Planning Energy Holdings Limited

Annual Report

2020

The Honest Electricity Provider

For personal use only

LPE®

Contents

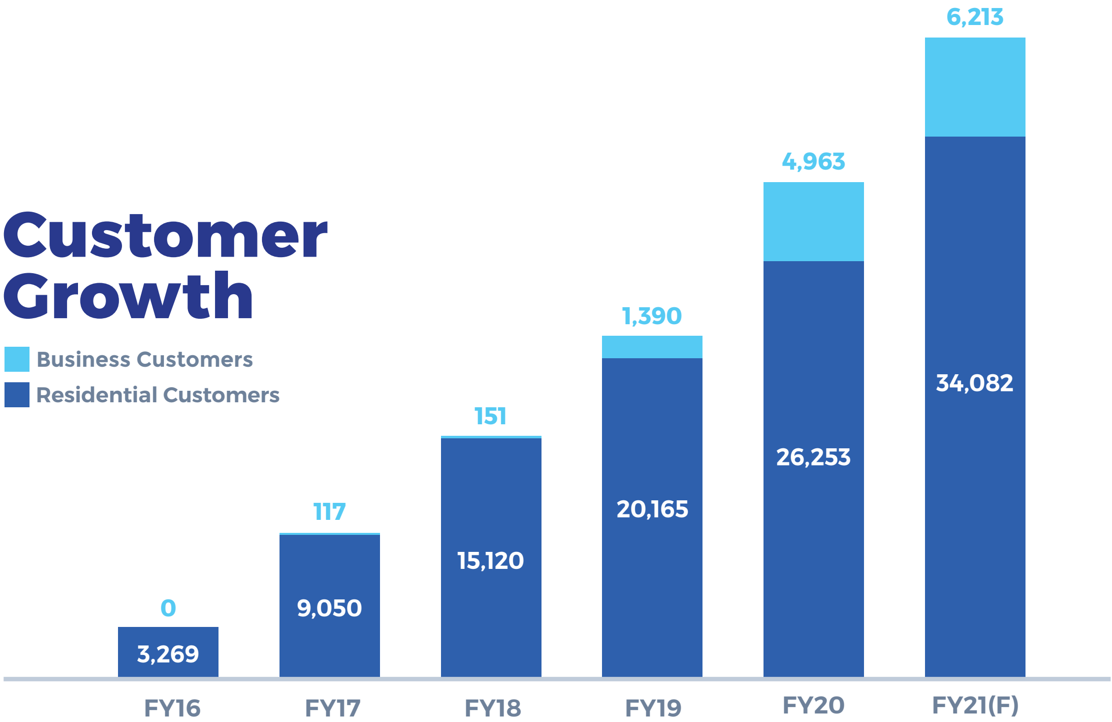
LPE is recognised as one of the leading South East Queensland electricity providers. We supply thousands of Aussies with innovative electricity solutions.

We're Local We're Honest We're Innovative

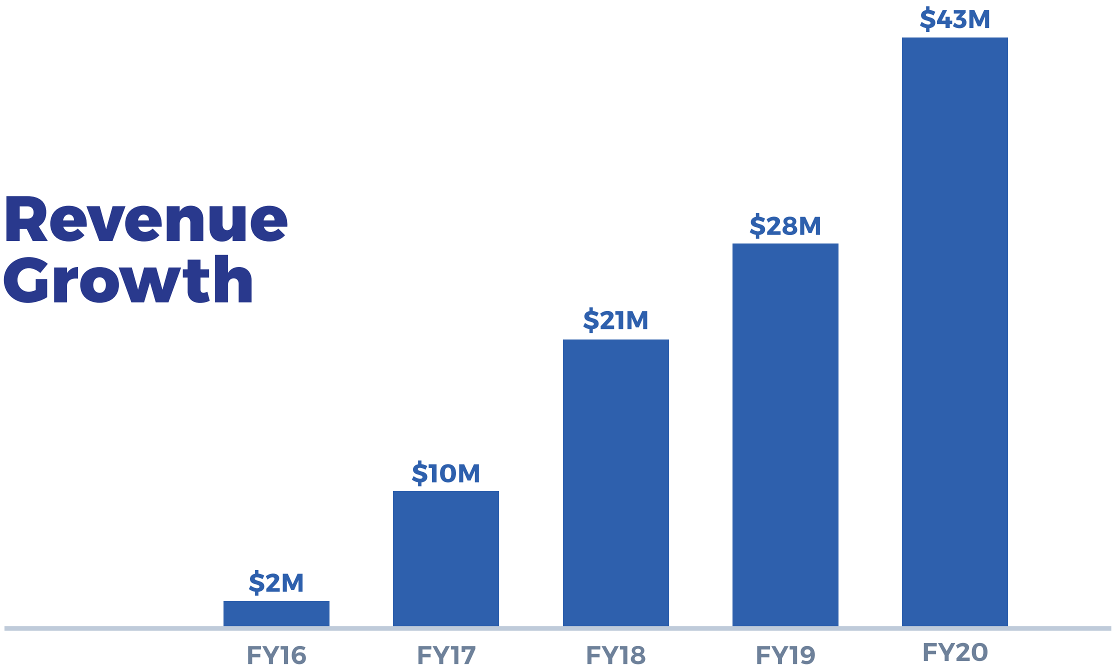
LPE Performance Highlights

Key Operating Metrics

Customer Growth



Revenue Growth



What We Do

Locality Planning Energy (ASX: LPE) became an authorised electricity retailer in 2014 and listed on the ASX in January 2016.

LPE is an electricity retail company specialising in residential apartment buildings (embedded networks) throughout South-East Queensland. The Company also installs and manages hot water supply infrastructure and behind-the-meter solar energy solutions. In addition, LPE has a growing business in the traditional direct-to-consumer electricity supply segment, targeting both residential and business customers.

LPE

Our Products

Embedded Networks

LPE is recognised as one of the largest residential embedded network operators in South East Queensland. Embedded networks enable communities to reduce energy costs via connecting multiple premises to the National Electricity Market with a single meter, saving residents money on costly network charges.

At LPE we have everything you and your community need to reduce your electricity bills and become more environmentally friendly. Our strata electricity experts offer a range of options for owner's corporations, body corporate managers and owners to reduce costs and maximise savings.

"We've been using LPE for many years to provide our local new developments with tailored electricity solutions. The team at LPE continue to provide a high level of service and work with us to ensure the solutions meet the requirements for each build. LPE has dedicated departments covering Electricity, Hot Water and Solar with experts in each field. Being a local company, ease of access to each department has been invaluable. Overall LPE has been able to provide turnkey embedded electricity solutions of temporary builders supply to practical completion."

Matt Skrinis Project Manager
Hutchinson Builders

Retail Electricity

We supply thousands of residential and business customers with their day-to-day electricity needs. The LPE difference is that we are committed to honest pricing, with simple and easy to understand bills. LPE also takes great pride in our exceptional customer service, including a call center based right here in Australia.

"LPE have been such a pleasure to deal with. Right from the beginning, I've found their local customer service team to be friendly, responsive and knowledgeable. Not only do we receive great friendly service, but they saved me a lot of money with a great rate, and I get rewarded when I refer my friends. My only regret is not making the switch sooner!"

Vicki Tierney
Woody Point

Solar and Shared Solar

LPE work with homes, businesses, and strata communities to provide the perfect solar solution for any situation.

We are leading the way on sustainability in strata energy solutions, through delivering innovative shared solar electricity infrastructure to residential customers in apartment living. Our shared solar product enables residents to benefit from onsite solar generation and batteries. LPE installs and owns the infrastructure, and enters a long-term supply agreement with the community whereby body corporates and their underlying residents benefit from the installation and maintenance of the asset at zero upfront cost as well as gaining access to LPE's dependable platform for customer service and billing.

"We have been interested in installing solar for many years, but there was no solution available that worked for all residents within the apartment complex, as well as the body corporate. With LPE, we managed to not only have the solar system installed at no cost, but we can now enjoy the benefits of cheaper, greener electricity in our community. Our residents feel good knowing that they are helping the environment by using renewable energy and they are saving money whilst doing it."

Brendan Hays, Chair of Urban Apartment's body corporate

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
Suite 306, Tower 1
Kon-Tiki Business Centre
55 Plaza Parade
Maroochydore QLD 4558
Phone: 1800 040 168

Auditors
Bentleys
Level 9, 123 Albert Street
Brisbane QLD 4000
Phone +61 7 3222 9777

Lawyers
Gadens
Level 11, 111 Eagle Street
Brisbane QLD 4000
Phone +61 7 3231 1692

Share Registrar
Link Market Services Limited
10 Eagle Street
Brisbane QLD 4000
Phone: + 61 1300 554 474

Stock Exchange Listing
Australian Securities Exchange
Code: LPE

Chairman's Letter

Dear Shareholders

I am pleased to present our 2020 annual report, my first as the Company's Chairman. I am also happy to report that we are recognised as **one of the largest residential embedded network operators in South East Queensland**. The strides the Company has made over the past six months have been extremely promising. The tenacity and enthusiasm shown by the staff at LPE during the ongoing challenges of the COVID-19 pandemic is a testament to the changes made at both the Board and Management levels in early 2020. Shareholders not only would have noticed a step-change in the performance of the Company, but also the way that the Companys' performance is communicated. Clear and concise communication lines within the business, together with the reinstatement of a hierarchy of responsibility and accountability has drastically improved the culture and atmosphere at LPE. We can now focus on delivering the strategy laid out for the year ahead, which anticipates healthy growth of 10,000 new customers, or +32% over the year.

During the 2020 financial year, the Company's revenues once again grew significantly by over 58% compared to the June 2019 year. However, this growth required significant investment in capacity which saw costs increase considerably. Optimising the cost base of the business has been an intense focus of the new Board, resulting in the implementation of cost-cutting measures and the launch of a company wide efficiency program. Concurrently the sales and marketing strategy has been revamped in conjunction with adapting sales tactics to the new COVID-19 norm. The result of all of these actions is the Company is targeting healthy growth in the FY21 financial year, and in addition we anticipate having a clear pathway to sustainable profitability over the near-term.

We pride ourselves on the development of new and innovative products with a clear customer focused objective: **to keep things simple and be honest and transparent about the costs of electricity in order to save our customers the most amount of money**. At the time of writing this report, the Company has over 32,000 customers predominantly located in embedded networks within strata communities. Over 20,000 of our customers live in these highly effective cost-saving schemes, where LPE has installed, maintained, and funded hundreds of the capital conversion costs of apartment buildings in return for a long-term energy supply contract. We expect continued growth in embedded networks, however LPE customers now have a larger product suite to choose from to save them money on their electricity costs.

As the wholesale energy market fundamentals change, so have we through the launch of LPEs new shared solar products. Similar to our core embedded network infrastructure installations, we supply and maintain the solar system at no capital cost to body corporates or residents, and enter a long-term contract with the community to manage the supply of low cost solar together with traditional grid electricity to residents. We combine the solar and grid electricity consumed into one single, easy to understand bill. LPE shared solar is the first of its kind to be offered by an energy retailer. We are currently working with a large amount of strata communities through the design and approval stages of deploying a solar solution that will work towards creating a sustainable community. Through the growth of our shared solar product we will transition to not only a supplier of electricity

but an owner and operator of electricity generation infrastructure. This will set us apart from our competitors and position LPE as a vertically integrated business similar to the behemoths in our industry.

I would like to take this opportunity to expand upon one important aspect of what differentiates LPE, and how this provides for a highly durable core business, and a steady platform to grow our market share over the long-term. Capital costs associated with our embedded networks and shared solar are an investment in critical energy infrastructure in the communities that we supply. These costs are incurred upfront and are funded 100% by LPE. The infrastructure represents the physical requirements within buildings such as wiring, metering and switchboard changes for embedded networks and the installation of solar panels, inverters, batteries and other associated elements required for our shared solar systems. Our investment in this energy infrastructure is recovered over several years, including an adequate return, as customers use and pay for electricity supplied by us. As a result, our customers enjoy savings on their electricity usage and the Company enjoys predictable long-term contracted recurring revenues.

The durability of LPE's core business has been a key strength during this time of COVID-19 and provided a steady platform upon which our team can continue to focus on growing the business. The support shown by new and existing shareholders has been most encouraging, and the recent capital raise has served to broaden the Company's share register for the next stage of growth.
I would like to thank our staff, customers, and shareholders for their continued support, and we look forward to working with, supplying and updating you respectively throughout the year.

Justin Pettett
Chairman

Message from the Managing Director & CEO

Financial year 2019/20 has seen another year of solid growth across all customer segments, which has been achieved in conjunction with significant changes to our sales process as we rapidly adapt to the new COVID-19 business environment.

The era of COVID-19 is one we will all remember for our lifetime. It was a time when we needed to promptly acclimatise to a new and uncertain working environment comprised of a largely remote work force. It is a testament to LPE's capable team and self-directed corporate culture that staff were able to quickly and effectively relocate to their home offices and continue working hard to serve our customers at a potentially very difficult time for many.

As the pandemic took hold, the Company acted to reduce the scope of our sales team whose ability to execute on the prior sales and growth strategy was severely constrained. However, despite a smaller team and the limitations of doing business during the pandemic, LPE's team were able to continue to engage with new customers and surpassed our previous best sales month for the financial year. The entire team across sales, operations and marketing persevered, and continued to work towards our objectives through an innovative mindset and sheer grit. The outcomes delivered over the second half of the year are a testament to the hard work of all our team members during this challenging period.

In a time of crisis, it is more important than ever to reflect, and identify learnings as well as areas for improvement both personally and professionally. I believe LPE has been successful in incorporating this culture of continuous learning and development, as we strive to be more efficient in the way we operate day-to-day, and extend our customer-oriented value proposition which lies at the heart of our competitive advantage and continual growth.

This has underpinned the recent decision to embark on a broad efficiency improvement program, overhaul our customer service functions, improve onboarding processes, and optimise billing. These actions have enabled an improvement in capacity and capability with a smaller team, reinforcing our competitiveness in preparation for the year ahead.

I would like to take this opportunity to personally thank our employees who were part of LPE's journey through the COVID-19 lockdown. The attitude that was demonstrated in such trying times of uncertainty was simply amazing.

Creating sustainable communities of the future

LPE is passionate about facilitating innovative energy solutions for the long-term benefit of strata communities and their residents. Our business has been successfully built upon the installation, ownership and management of electricity supply infrastructure in high density residential premises in the South-East Queensland market.

LPE's value proposition is built around being a dependable and capable long-term partner for behind-the-meter electricity supply. Our focus has always been on ensuring that we deliver the benefits available to residential customers in strata.

We are now leading the way on sustainability in strata energy solutions, through delivering innovative shared solar electricity infrastructure to residential customers in apartment living. Our shared solar product enables residents to benefit from onsite solar generation, by applying the same process we have become well known for in embedded networks. LPE installs and owns the infrastructure, and enters a long-term supply agreement with the community whereby body corporates and their underlying residents benefit from the installation and maintenance of the asset at zero upfront cost as well as gaining access to LPE's dependable platform for customer service and billing.

We are also extending our shared solar product suite with deployment of a solution that incorporates rapidly evolving battery technology, in order to store excess solar energy during the day which is then redeployed to residents during peak consumption times in the evening. This facilitates a significant reduction in the cost of a customer's annual electricity bill. However, the community also obtains access to a valuable renewable energy generation asset capable of delivering long-term benefits without having to fund capital works, and with peace of mind that they are supported by an ASX listed specialist.

The year ahead will see the deployment of this strategy which is an exciting development in the evolution of LPE, and a platform for growth in partnership with our core customers.

The next stage of growth

The financial year ahead is anticipated to be a turning point for the Company as the reinvigorated Board and leadership team sets about executing our growth strategy and working diligently towards our long-term vision. While the operating and economic landscape is likely to be characterised by continued uncertainty, LPE is fortunately positioned in that our core business of electricity retailing in strata communities is a highly defensive business with a very high portion of contracted and stable revenue streams. This provides a steady platform from which the Company is able to continue to maintain focus on long-term growth through the economic cycle.

Strata communities will continue to be our core focus as we further grow our portfolio of embedded networks, centralised hot water plants and shared solar infrastructure. We are conscious of the financial stress being experienced by small business in the current climate and have therefore elected to take a cautious approach in the interim to increasing exposure to SME customers. Our honest and transparent retail electricity rates continue to resonate with residential customers, and we anticipate that LPE will continue to gain market share and expand our scale throughout the year in this segment.

Wholesale energy prices have declined to all-time lows as a result of COVID–19 shutdowns, which has created some of the most competitive retail energy prices we have seen in decades. As a smaller growth-oriented company with a nimble culture, we believe the current market conditions are supportive and provide a significant runway for ongoing growth. We look forward to the year ahead, and to welcoming new customers to LPE to experience for themselves what underpins everything we do, our motto: **"Honest Electricity"**.

Damien Glanville
Managing Director & CEO

Operating and Financial Review

Operating Results

The net result of operations of the consolidated entity for the year ended 30 June 2020 was a loss of $7.2 million (2019 – loss of $2.2 million) which included:

- Revenue $43.7 million (2019: $28.5 million);
- Costs of goods sold $35.8 million (2019: $22.6 million);
- Unrealised loss on derivatives $2.3 million (2019: Nil);
- Financing expenses $2.0 million (2019: $0.6 million);
- employee costs of $6.5 million (2019: $4.0 million);
- other expenses of $4.4 million (2019: $3.5 million).

LPE continued to deliver significant growth during the year with the business expanding to over 31,000 customers by 30 June 2020 reflecting growth of 45%. The uplift was achieved as the core embedded networks business was complemented by the fast growing direct-market vertical, which gained strong traction with residential and business customers. The growth was supported with considerable investment in sales and marketing initiatives over the year, including an expansion of the capacity of the sales team up until the onset of COVID-19.

The rapid growth achieved over the year generated a gross profit of $7.1m (an increase of $2.0m or 41%). Electricity margins (excluding the unrealised losses on derivatives) were maintained at 17% (2019: 18%), with only a slight variance from the prior period, due to a change in product mix (an increase in direct market residential and business customers).

Underlying EBIT for the year was a loss of $3.8m, an increase of $1.4m over the prior year. While, gross profit increased considerably during the year, this was offset by higher expenditure incurred to increase sales capacity and deliver the growth that was anticipated. Employee costs for the year increased by $2.5 million compared to the prior year, representing not just an investment in the sales team but also additional operational personnel to support the Company's rapid growth and expanded customer base.

Earnings Before Interest and Tax (EBIT)

	2020 $	2019 $
Statutory EBIT	-5,948,846	-2,317,665
Government Grants	-113,444	0
Loss/(gain) on fair value of financial instruments	2,254,517	-42,945
Underlying EBIT	**-3,807,773**	**-2,360,610**

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.

In February following the renewal process that took place at the Board and senior executive level, a companywide efficiency program was implemented which has led to a significant reduction in operating costs and improved productivity. Importantly, off the back of this efficiency project, LPE has implemented a high-performance culture in which all employees have buy-in and proactively look for ways to find and achieve further efficiency gains. Major improvements have been achieved through staff productivity initiatives to better optimize working hours through reallocating team members across different working groups dependent of workflows in real time.

Through the last 4 months of the financial year there has been a dramatic increase in employee engagement which is measured weekly, and employee satisfaction has reached its highest score since company scorecards commenced in 2016. This overwhelming increase has been driven by improved internal communication and company culture.

The highly capable operations team performed exceptionally well through the second half of FY20, and demonstrated their ability to adapt quickly to a rapidly changing business landscape. The team was able to change direction and maximise opportunity as it was presented, and this has supported the steady growth realised in both the strata and direct-market segments.

A consistently positive customer experience is imperative for the sustainability of LPE's business over the long-term. In that regard, the demonstrated ability of LPE's team to uphold high levels of customer service and support through the pandemic, has strengthened this fundamental point of difference in the minds of our valuable customers. Throughout COVID, LPE's call center has maintained call wait times below the regulated and required 30 second time limit, and the previously mentioned internal changes have been critical to maintain this service level.

As a result, the Company has successfully maintained excellent customer engagement throughout the year, and the entire team's focus on providing our customers with the compassion they needed and the support they expect has been evident in our customer feedback and organic growth rates. Some examples of initiatives LPE implemented to support customers through recent months are the removal of late fees and offering payment plans where needed.

Community engagement continues to be at the forefront for the Company and during the year LPE has continued to provide support to our local communities. Through the community give back program, LPE has provided money to several local sporting and social clubs during the year. LPE also provided a local Sunshine Coast family with 12 months free power after running a local campaign.

LPE's core capability of expertise in strata has been instrumental in the successful retention of embedded networks coming out of contract during the period. This expertise is continually recognised by a vast number of body corporate committees we serve, and this was clearly demonstrated over the year as the Company maintained a 100% retention rate of embedded network sites during FY20.

As the Company looks forward to delivering further growth in FY21, the operational strategy is focused on continuing to realise efficiency improvements, whilst supporting new and existing customers with the exceptional local service LPE is known for.

Shared Solar

LPE's emerging and innovative shared solar energy product is anticipated to deliver significant traction in FY21. The solution facilitates the installation of rooftop solar infrastructure for strata communities, and the concurrent delivery of material savings on electricity bills with no upfront capital outlay with the backing of an established and trusted ASX listed strata specialist. It is therefore a compelling option for strata communities to deliver renewable energy to their residents by overcoming the usual hurdles and perceived risks faced by body corporates when considering an investment in renewable energy infrastructure.

Similar to LPE's core embedded network infrastructure installations, LPE will supply and maintain the solar system at no capital cost to body corporates or residents, and enter a long-term contract with the community to manage the supply of low cost solar and traditional grid electricity to residents. LPE then combines the solar and general grid electricity consumed into a single, easy to understand bill.

LPE's existing reputation and network of relationships in residential strata communities in South-East Queensland is pivotal to the deliverability of this strategy. The Company has an existing reputation as a reliable long-term partner in the deployment of strata electricity infrastructure as well as a customer focused and service oriented electricity supplier.

Outlook

LPE anticipates a further 10,000 customers to be added to the business over the year, representing healthy growth of ~30%.

Impacts of COVID-19

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

The onset of the COVID-19 pandemic and the associated Government imposed restrictions on travel and interpersonal contact introduced a significant period of upheaval and uncertainty for LPE and the community more broadly. LPE's core business of electricity retail was recognised as an essential service by the Government, given the reliance our customers have on us to facilitate energy supply to homes and businesses that is fundamental to the day-to-day function of people's lives and livelihoods.

LPE's customer focused and flexible culture allowed the business to quickly adapt and ensure that the safety of our employees was protected, at the same time as our customers' service was upheld. Given the essential status of LPE's core business, and the consumer staple nature of energy supply, business operations were relatively steady. While significant change was necessary in the workforce to adapt to remote working conditions, as well as major strategic change as marketing and growth plans slowed, the impact on the business was relatively muted compared to many others.

As such while the pandemic and its various implications on business conditions is likely to continue for a sustained and uncertain period of time, the impact on LPE is likely to remain relatively manageable, and the Company believes that adequate measures and preparations are in place to respond effectively to any future challenges which may arise as a result of the pandemic.

Health & Safety

The safety of LPE's team and their families is of utmost importance to the Company. LPE implemented a range of measures to protect our workplace and staff from the possible risks of COVID-19. These included the provision of hand sanitising products at the entrance to and throughout our corporate head office, as well as reminders and advice to employees about proper and frequent hand washing and personal distancing.

A sign-in register for visitors was established at our front-desk as well as signage instructing all visitors to wash their hands immediately prior to entering LPE's premises. More broadly, business travel was significantly limited and a range of response measures were formulated in the event that an infection in the workforce did arise. Many of these measures remain in place and LPE believes that continued vigilance is necessary for the foreseeable future given the continued potential risk of staff members contracting the virus.

Operations

LPE's core business was relatively insulated from many potential operational impacts of the pandemic, and so far the Company has been able to quickly and effectively adapt to the challenges which have arisen. LPE's operational team were required to manage a range of revised business practices, which primarily related to ensuring that staff could transition to a work from home environment rapidly and with minimal impact on employee morale and mental health, as well as productivity.

A review of the workforce was conducted and where staff were identified as able to work from home they were advised to do so. Operational support was provided to employees to make a smooth transition to their home offices and this process was completed without any significant disruption to our service levels.

In the field sales staff were required to adapt sales tactics in order to comply with all Government directives and LPE health and safety policies and procedures. Unfortunately, a significant reduction in the sales force was also necessary given the limitations of sales tactics in the new environment. A reluctance by body corporate committees to hold meetings in person, as well as a general aversion to interpersonal contact by prospective residential and business customers, meant that the willingness and ability of decision makers to engage with our sales team was severely dampened. However remaining team members adapted to make use of the range of technological tools available nowadays including video conferencing, to as best they could maintain sales traction through the period of uncertainty.

Liquidity

As part of the Queensland State Government's COVID-19 economic relief package, The Company received $6.65 million in cash stimulus receipts which were directly credited to residential and business customers as a one-off payment of $200 and $500 respectively. Approximately $3.1 million of this cash injection was applied to bills issued prior to 30 June 2020, with the balance to be allocated in the 2021 financial year, as customers' electricity bills become due and payable.

The Company has run various scenarios to test the strength of our liquidity and we are comfortable the business is well positioned to manage comfortably through further COVID related risks.

Government Subsidies

Cash boosts of $62,500 were received from the Australian Government, and $46,000 was refunded by the Queensland Government with respect to Payroll Tax Relief.

Electricity Demand

When normalised for weather, electricity demand has remained relatively flat. It is clear the impact of COVID-19 restrictions are flowing through to some sectors more than others, with significant declines in retail, food and beverage businesses in particular as these industries have been most significantly impacted by government restrictions. LPE's customer base is predominately residential though, so any decrease in demand from our business portfolio has been offset by an increased demand in residential consumers, as a result of more people staying home during the day.

Support provided to Customers

The COVID-19 pandemic continues to have a significant impact for some of our customers. We recognise that the circumstances arising from the COVID-19 pandemic and the impacts on the economy, mean customers may find it difficult to pay their bills as they fall due. LPE are supporting these customers by:

- Offering payment plans or hardship arrangements to all residential and small business customers who indicate they may be in financial stress.
- Suspending disconnections to 31 October 2020 (and potentially beyond) for residential and business customers who may be in financial distress, provided the customer makes contact with and responds to communications from us.
- Waiving all late fees, disconnection fees, and reconnection fees.
- Deferring referrals of customers to debt collection agencies for recovery actions, or credit default until at least 31 October.

The number of residential customers on payment plans peaked late April at 1% of customers and has subsequently decreased to 0.6% of customers as at 30 June 2020 (up from 0.3% as at 30 June 2019).

Increase in Doubtful Debt Position

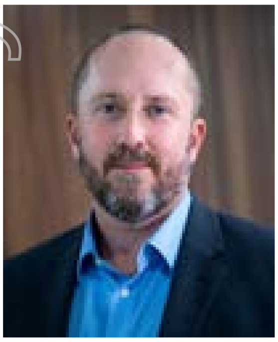
The Company has recognised an additional non-cash provision of $93,000 for bad and doubtful debts associated with the potential impacts of COVID-19 on customers' ability to pay their energy bills. The increased provision factors in observed customer payment behaviour, the mix of customers in COVID-19 high risk segments, the economic restrictions in place and assumes no additional government or business economic support over and above what has already been announced.

Overall

Throughout the period of the pandemic, no business continuity issues have been experienced and additional costs associated with operational adaption have been minimal. LPE expects our business to remain operational through any potential further escalation in COVID-19 related uncertainty given the essential nature of the industry in which we operate, and the plans we have put in place to respond to risks identified.

Directors' Report

The following persons were directors of the company during the financial year and up to the date of this report.



Mr Justin Pettett

Non-Executive Director, Co-founder and Chairman

Appointment Date
21 January 2020

Experience

Mr Pettett has over 20 years of ASX company experience having founded and helped built businesses and taken companies from start-up to the take-over/acquisition/public-listing stages, working closely with key stakeholders, investors and industry partners. He has been involved in the energy business, namely the oil and gas industry for over 20 years and is currently an Executive Director and the Chief Operating Officer of Conrad Petroleum Ltd, a Singapore based, South-East Asian oil and natural gas company overseeing contractual arrangements, partner negotiations and operational oversight.

He has a solid, proven track record in identifying and maximising business opportunities, particularly in the energy sector with strengths including capital raising, negotiation, investment analysis and leading teams to deliver successful results. Mr Pettett is a co-founder of LPE and as such has operational and strategic insight into the electricity retailing industry.

Special Responsibilities
Mr Pettett is Chairman of the Nomination Committee. He is also a member of the Remuneration Committee and the Audit and Risk Management Committee.

Interest in Shares and Options
7,349,102 fully paid ordinary shares

Directorships Held in Other Listed Entities
Nil

Mr Barnaby Egerton-Warburton

Non-Executive Director

Qualifications
BEcon, GAICD

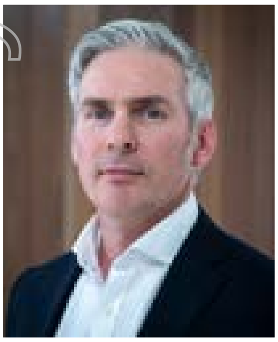
Appointment Date
13 March 2020

Experience
Mr Egerton-Warburton has over 20 years investment banking experience with JPMorgan (New York, Sydney, Hong Kong), Prudential Bache (Perth, New York) and Banque National de Paris (New York). In accordance with the ASX Corporate Governance Council's definition of independence and the materiality thresholds set, the directors consider Mr Egerton-Warburton to be independent.

Special Responsibilities
Mr Barnaby Egerton-Warburton is Chairman of the Remuneration Committee. He is also a member of the Audit and Risk Committee.

Interest in Shares and Options
Nil

Directorships Held in Other Listed Entities
Chairman of Hawkstone Mining Limited, Non-Executive Director of Invictus Energy Limited (ASX:IVZ), Non-Executive Director Eneabba Gas Limited (ASX:ENB) and Non-Executive Director of iSignthis Limited (ASX:ISX).



Mr Damien Glanville

Executive Director, Co-founder and Chief Executive Officer

Appointment Date
11 December 2015

Experience
Mr Glanville has 18 years experience in senior management, logistics and Executive Director roles, the last eight specifically focused in renewable energy on-site generation and solar PV industry. Mr Glanville is a co-founder and architect of the electricity retail model that successfully enabled LPE to obtain their Australian Energy Regulator authorisation and is also listed as its Chief Executive Officer for the management components of the Australian Energy Regulators authorisation to retail electricity.

Special Responsibilities
Mr Glanville is a member of the Audit and Risk Management Committee, the Remuneration Committee, and the Nomination Committee.

Interest in Shares and Options
8,400,955 fully paid ordinary shares

Directorships Held in Other Listed Entities
Nil

Ms Melissa Farrell

Executive Director and Chief Financial Officer

Qualifications
BBus, CPA, MAppFin, MAICD

CFO Appointment Date
31 May 2017

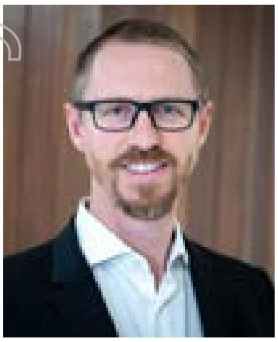
Executive Director Appointment Date
21 January 2020

Experience
Ms Farrell has 20 years experience working in accounting and finance, 8 of which have been in senior roles. She has worked in various sectors including banking, and mining, both in Australia and overseas for publicly listed companies including the Commonwealth Bank and Wesfarmers Resources.

Special Responsibilities
Ms Farrell is Chairperson of the Audit and Risk Management Committee. She is also a member of the Remuneration Committee, and the Nomination Committee.

Interest in Shares and Options
Nil

Directorships Held in Other Listed Entities
Nil



Mr Daniel Seeney
Company Secretary

Qualifications
BComm, BEC, CA

Appointment Date
19th March 2020

Experience
Daniel has more than 15 years experience in financial services and capital markets, having previously worked at industry leaders including Investors Mutual, Citigroup, JP Morgan and PricewaterhouseCoopers. He has worked across a range of sectors in roles including corporate finance, investment research, funds management and investment banking.

Special Responsibilities
Company Secretary and Investor Relations

Interest in Shares and Options
Nil

Directorships Held in Other Listed Entities
Nil

Mr Paul Wilson
Chief Operating Officer

Appointment Date
28 January 2020

Experience

Paul spent 5 years (2011-2016) working in the utilities industry for Utility Services Group Limited (UASG subsidiary of Spotless Group Holdings) as Operations Manager, where he was promoted into a National Management role.

In 2017 Paul began his tenure with the Company as General Manager of Operations and after 2 years was promoted to Chief Operating Officer, overseeing operations, compliance, sales and marketing within the business.

Interest in Shares and Options
Nil

Directorships Held in Other Listed Entities
Nil

Directors' Meetings

Director	Meetings of Directors Held*	Meetings of Directors Attended
Justin Pettett	5	5
Barnaby Egerton-Warburton	4	4
Damien Glanville	12	12
Melissa Farrell	5	5
Neale O'Connell	6	6
Andrew Pierce	6	6
Ben Chester	7	7

Director	Audit & Risk Committee Meetings Held*	Audit & Risk Committee Meetings Attended
Justin Pettett	2	2
Barnaby Egerton-Warburton	1	1
Damien Glanville	3	3
Melissa Farrell	2	2
Neale O'Connell	1	1
Andrew Pierce	1	1
Ben Chester	1	1

Director	Remuneration Committee Meetings Held*	Remuneration Comittee Meetings Attended
Justin Pettett	2	2
Barnaby Egerton-Warburton	2	2
Damien Glanville	3	3
Melissa Farrell	2	2
Neale O'Connell	1	1
Andrew Pierce	1	1
Ben Chester	1	1

Director	Nomination Comittee Meetings Held*	Nomination Committee Meetings Attended
Justin Pettett	1	1
Damien Glanville	1	1
Melissa Farrell	1	1

* of which eligible to attend

Remuneration Report – Audited

Remuneration Practices

The Company has established a Remuneration Committee as a Committee of the Board.

The primary purpose of the Committee is to support and advise the Board in fulfilling its responsibilities to shareholders by:

a) reviewing and approving the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;

b) ensuring that the executive remuneration policy demonstrates a clear relationship between senior executive performance and remuneration;

c) recommending to the Board the remuneration of executive Directors;

d) fairly and responsibly rewarding executives having regard to the performance of the Company, the performance of the executive and the prevailing remuneration expectations in the market;

e) reviewing the Company's recruitment, retention and termination policies and procedures for senior management;

f) reviewing and approving the remuneration of the Chief Executive Officer and, as appropriate other senior executives; and

g) reviewing and approving any equity based plans and other incentive schemes.

The Committee shall have the right to seek any information it considers necessary to fulfil its duties, which includes the right to obtain appropriate external advice at the Company's expense.

The key management personnel (KMP) of Locality Planning Energy Holdings Limited and the consolidated entity includes the directors of the Parent Entity.

Remuneration Policy

The Board's policy for determining the nature and amount of remuneration for KMP of the Consolidated Group is based on the following:

- The remuneration policy is to be developed by the remuneration committee and approved by the Board after professional advice is sought from independent external consultants.
- All KMP receive a base salary (which is based on factors such as length of service and experience), and superannuation.
- The Remuneration committee reviews KMP packages annually by reference to the Consolidated Group's performance, executive performance and comparable information from industry sectors.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

2020 Remuneration

Directors	Short Term Employee Benefits Salary & Fees $	Short Term Employee Benefits Annual Leave Payout $	Post Employment Benefits Super-annuation $	Long Term Employment Benefits $	Termination $	Total $
Justin Pettett	58,500		0	0		58,500
Damien Glanville	350,000	26,538	21,003	5,676		403,217
Melissa Farrell*	213,946		18,858	8,808		241,612
Barnaby Egerton-Warburton**	20,000		1,900	0		21,900
Andrew Pierce ***	78,750			0		78,750
Ben Chester ****	228,846		15,544	0	326,229	570,618
Neale O'Connell ***	33,261		3,160	0		36,421
Executives						
Paul Wilson*	184,161		17,495	1,477		203,133
Total	**1,167,464**	**26,538**	**77,960**	**15,960**	**326,229**	**1,614,151**

2019 Remuneration

Directors	Short Term Employee Benefits Salary & Fees $	Post Employment Benefits Superannuation $	Long Term Employment Benefits $	Total $
Andrew Pierce	125,000	0	0	125,000
Damien Glanville	325,070	22,594	5,145	352,809
Ben Chester	325,070	22,594	5,121	352,785
Neale O'Connell	15,000	1,425	0	16,425
Executives				
Melissa Farrell	171,755	16,304	894	188,953
Total	**961,894**	**62,917**	**11,160**	**1,035,971**

Shareholdings of Key Management Personnel

Directors	Balance 1 July 2019	Shares Acquired	Shares Disposed	Balance 30 June 2020
Justin Pettett*				7,349,102
Damien Glanville	8,500,995	0	100,000	8,400,995
Melissa Farrell	0	0	0	0
Barnaby Egerton-Warburton **	0	0	0	0
Executives				
Paul Wilson *	0	0	0	0

*Appointed 21 January 2020

** Appointed 13 March 2020

*** Resigned 21 January 2020

**** Resigned 13 February 2020

Other required disclosures for the year ended 30 June 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 30 June 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 13 to 14 of this report and forms part of the Directors' Report. It includes a review of operations during the year, 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.

Non-Audit Services

Non-audit services have been provided during the year by the external auditor, Bentleys. Disclosure of the details of these services can be found in Note 22 of the Financial Statements.

Auditor's Independence Declaration

A copy of the external auditor's declaration under Section 370C of the Corporates Act in relation to the audit for the financial 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

The Company raised an additional $3 million in capital via the issue of 12,000,000 fully paid ordinary shares in August 2020. There are no other matters or circumstances that have arisen since the end of the year which significantly affected or could significantly affect the operations of the Consolidated Entity, the result of those operations, or the state of affairs of the Consolidated Entity in future financial years.

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 https://localityenergy.com.au/invester-resources-pdf/corporate-governance

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 31st day of August 2020

Justin Pettett
Chairman

Financial Statements

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2020

	Note	2020 $	2019 $
Electricity revenue	5A	42,926,175	27,722,990
Electricity cost of goods sold	5B	(35,782,849)	(22,647,860)
Unrealised gain/losses on derivatives		(2,254,517)	42,945
Gain from trading		**4,888,809**	**5,118,075**
Other income	5C	793,412	753,535
Total operating income		**5,682,221**	**5,871,610**
Impairment losses	5D	(505,289)	(122,489)
Financing expenses	5E	(1,962,389)	(617,560)
Other expenses	5F	(10,445,810)	(7,313,251)
Loss before income taxes		**(7,231,267)**	**(2,181,690)**
Income tax benefit/(expense)	6	-	-
Net loss for the period		**(7,231,267)**	**(2,181,690)**
Other comprehensive income		-	-
Other comprehensive income net of tax		-	-
Total comprehensive loss for the year		**(7,231,267)**	**(2,181,690)**
Basic/diluted earnings/(loss) per share (dollars per share)	14	**(0.1440)**	**(0.0435)**

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

Locality Planning Energy Holdings Limited – ABN 90 147 867 301

Consolidated statement of financial position for the year ended 30 June 2020

	Note	2020 $	2019 $
Current assets			
Cash and cash equivalents	20	8,251,616	3,306,072
Trade and other receivables	7	4,862,976	3,065,010
Site conversion receivables current	7	1,360,871	1,554,644
Financial assets	8	2,376,027	42,945
Other current assets	9	461,274	337,181
Total current assets		**17,312,764**	**8,305,852**
Non-current assets			
Site conversion receivables	7	3,968,347	3,965,663
Plant and equipment	10	395,446	448,655
Leasehold improvements	11	177,090	372,371
Intangibles	12	478,002	162,154
Right of use assets		117,360	-
Total non-current assets		**5,136,245**	**4,948,843**
TOTAL ASSETS		**22,449,009**	**13,254,695**
Current liabilities			
Trade and other payables		8,911,718	3,292,863
GST payable		30,580	19,359
Employee entitlements - leave provisions Current		216,169	248,307
Lease Liabilities Current		107,923	-
Provisions		46,049	-
Financial liabilities - derivatives		2,205,301	-
Borrowings	13	143,365	35,784
Total current liabilities		**11,661,105**	**3,596,313**
Non-current liabilities			
Employee entitlements - leave provisions		62,567	44,177
Lease Liabilities		3,427	-
Borrowings	13	13,521,697	5,182,725
Total non-current liabilities		**13,587,691**	**5,226,902**
TOTAL LIABILITIES		**25,248,796**	**8,823,215**
Net assets / (deficiency)		**(2,799,787)**	**4,431,480**
Equity			
Issued capital	14	39,064,880	39,064,880
Accumulated losses		(41,864,667)	(34,633,400)
Total equity		**(2,799,787)**	**4,431,480**

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

Locality Planning Energy Holdings Limited – ABN 90 147 867 301

Consolidated statement of cash flows
for the year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		36,474,440	26,713,354
Receipts from government utility relief scheme		6,653,700	-
Receipts from government grants		58,899	-
Payments to suppliers and employees		(43,274,840)	(28,630,798)
Interest received		679,900	749,638
Interest paid		(1,143,332)	(399,995)
Net cash provided by/(used in) operating activities	20	**(551,233)**	**(1,567,801)**
Cash flows from investing activities			
Payment for financial assets		(2,376,027)	-
Payment for plant and equipment		(114,645)	(240,490)
Payment for leasehold improvements		(10,917)	(25,732)
Payment for intangibles		(456,535)	(49,261)
Net cash provided by/(used in) investing activities		**(2,958,124)**	**(315,483)**
Cash flows from financing activities			
Financing costs paid		(395,259)	(1,033,000)
Proceeds from loans		11,383,110	6,877,710
Repayment of leases		(135,683)	-
Repayment of loans		(2,397,267)	(2,019,717)
Net cash provided by/(used in) financing activities	20	**8,454,901**	**3,824,993**
Net increase/(decrease) in cash and cash equivalents		4,945,544	1,941,709
Cash and cash equivalents opening balance		3,306,072	1,364,363
Cash and cash equivalents closing balance	20	**8,251,616**	**3,306,072**

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 year ended 30 June 2020

	Issued capital $	Accumulated losses $	Totals $
Balance at 1 July 2018	39,064,880	(32,451,710)	6,613,170
Profit/(Loss) after income tax	-	(2,181,690)	(2,181,690)
Balance at 30 June 2019	**39,064,880**	**(34,633,400)**	**4,431,480**
Balance at 1 July 2019	39,064,880	(34,633,400)	4,431,480
Profit/(Loss) after income tax	-	(7,231,267)	(7,231,267)
Balance at 30 June 2020	**39,064,880**	**(41,864,667)**	**(2,799,787)**

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

Locality Planning Energy Holdings Limited – ABN 90 147 867 301

Notes to the financial statements for the year ended 30 June 2020

1. Reporting Entity

The financial statements of Locality Planning Energy Holdings Limited ("the Company") for the year ended 30 June 2020 covers the Consolidated Entity consisting of Locality Planning Energy Holdings Limited and the entities it controlled from time to time throughout the year ("the Group" or "Consolidated Entity") as required by the Corporations Act 2001. The Company is a for-profit entity for the purpose of preparing these financial statements.

The financial statements are presented in Australian dollars, which is the functional currency.

The address of the Group's registered office and principal place of business is Suite 306, Tower One, 55 Plaza Parade, Maroochydore QLD 4558.

2. Basis of Preparation

(a) Statement of Compliance

The Financial Report has been prepared in accordance with requirements of Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

This report is to be read in conjunction with any other public announcements made by the Group during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The accounting policies adopted are consistent with those of the previous financial year, unless stated otherwise.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis.

(c) Use of Estimates and Judgements

The preparation of financial statements in conformity with AASB's requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about critical estimates and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are outlined below:

Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Impairment of financial assets (trade receivables and financial assets) are assessed for impairment as described in Note 3G. Note 3H describes the processing for assessing impairment for non-financial assets (property, plant and equipment, intangible assets and other assets).

2. Basis of Preparation (continued)

(c) Use of Estimates and Judgements (continued)

Site Conversion Revenue

Site conversion revenue is recognised upon installation, however customers are able to make payment over a 5 to 10 year period. The Group has assessed that where this payment is deferred, the transaction contains a significant financing component and therefore the revenue must be adjusted for the effects of the time value of money. Judgement is therefore required to determine the amount of the consideration that relates to the site conversion revenue, and the amount relating to the financing of the purchase. See note 3K for further details.

Derivatives

LPE's approach to managing energy price risks reflects the need to provide pricing certainty to customers and limit exposure to adverse wholesale market outcomes. LPE uses certain financial instruments (derivatives) to manage these energy price risks arising in the normal course of business to align with LPE's risk appetite.

These derivatives are recorded at fair value through profit or loss. Fair value is determined using valuation techniques that incorporate a range of estimates and judgements, as described in Note 26.

(d) 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 loss after income tax for the year ended 30 June 2020 of $7,231,267 (2019: $2,181,690) and a net cash outflow from operations of $551,233 (2019: $1,567,801). The Group also has a net asset deficiency at 30 June 2020 of $2,799,787 (2019: net assets of $4,431,480). These factors, prima facie, indicate that there is material uncertainty on whether the Group will continue as a going concern.

The Group has a healthy cash position of $8.2 million at 30 June 2020, and in August 2020 successfully raised $3 million of capital through an issue of shares.

Notwithstanding this, the Group has prepared budgets based on its current growth plans, which indicate that the Group will become profitable in the near future. For these reasons 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.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied by all entities in the Group.

(a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Locality Planning Energy Holdings Limited and its subsidiaries for the year ended 30 June 2020 ("the Group"). Subsidiaries are entities (including structured entities) over which the Group has control. The Group has control over an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

3. Significant Accounting Policies (continued)

(b) Income Tax

The charge for current income tax expense is based on the profit/loss for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Current and deferred tax is recognised in the profit or loss, except where it relates to items recognised in the other comprehensive income or directly in equity. In this case the tax is recognised in the other comprehensive income or directly in equity respectively.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences or tax losses can be utilised. To the extent that any rebates are received from Government taxation authorities, they are recognised in profit or loss as an income tax benefit.

(c) Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

All assets are depreciated on either a straight line basis or diminishing value basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate & Method*
Plant and equipment	10-50% per annum straight line or diminishing value
Motor Vehicles	25% per annum, diminishing value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss.

D. Intangible Assets

Intangible assets include the cost of software and legal costs. Software has an estimated useful life of between three and ten years. It is assessed annually for impairment.

3. Significant Accounting Policies (continued)

(e) Leashold Improvements

Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

(f) Trade and Other Payables

Trade and other payables represent liablities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(g) Impairment of Financial Assets

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which prescribes the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, and a provision matrix is used.

The "amounts written off" are all due to customers declaring bankruptcy, or term receivables that have now become unrecoverable.

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the Statement of Profit or Loss and Other Comprehensive Income.

(h) Impairment of Non-Financial Assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed in the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(i) Share-based Payments

The Consolidated Entity may make share-based payments to directors and employees. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a valuation which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(j) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

3. Significant Accounting Policies (continued)

(k) Revenue

Revenue for the Group can be categorised as follows:

- Supply of electricity
- Supply of embedded network or solar infrastructure (including installation)

Supply of electricity

Revenue from the supply of electricity is recognised as the customer obtains a benefit from the supply, which occurs over time as the customer consumes the electricity. Consumption is determined by meter readings. Between meter readings, consumption is estimated using industry and historical customer consumption patterns, along with consumption reports from the Group's suppliers.

Costs associated with the supply of the electricity are expensed over time in line with customers' consumption.

Supply of embedded network or solar infrastructure

The Group arranges to supply and install embedded network infrastructure on customers' premises. The performance obligation is the installation of the infrastructure, and therefore revenue is recognised at a point in time upon installation. Likewise, the Group arranges to supply and install solar infrastructure on customers' premises. The performance obligation is the installation of the infrastructure, and therefore revenue is recognised at a point in time upon installation.

Customers have the option to pay for the site conversion infrastructure over the life of a related electricity supply contract, ranging from 5 to 10 years. Therefore a significant financing component has been identified within these contracts. The revenue is therefore discounted to remove the financing component. Consideration receivable in respect of this revenue is recognised as 'site conversion receivables' in the Statement of Financial Position. The financing component has been assessed by the Group at a rate of 12% per annum, and this is recognised as interest revenue over time until the customer has paid all consideration.

Costs incurred to supply and install the site conversion infrastructure are expensed when the revenue is recognised, upon installation. For costs incurred on site conversions where the infrastructure has not yet been installed, and therefore no revenue yet recognised, the costs are capitalised within the inventory balance contained within 'Other Assets' in the Statement of Financial Position.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Issued Capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from equity.

(n) Earnings per Share

The Consolidated Entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

3. Significant Accounting Policies (continued)

(o) Leases

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(p) 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.

3. Significant Accounting Policies (continued)

(p) Financial Instruments (continued)

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.

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 patter 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.

3. Significant Accounting Policies (continued)

(p) Financial Instruments (continued)

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.

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.

(q) Employee Entitlements

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date.

Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Long-term employee benefits are only recognised to the extent that it is considered probable that employees will reach the eligible service period.

(r) New Accounting Standards Issued but not yet Applicable

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.

4. 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 year ended 30 June 2020

5. Statement of Profit or Loss and other Comprehensive Income

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
A. Electricity Revenue		
Electricity sales	41,175,283	26,624,054
Site conversion sales	1,750,892	1,098,936
Total Revenue and Other Income	**42,926,175**	**27,722,990**
B. Electricity Cost of Goods Sold		
Energy usage charges	15,889,239	10,493,261
Network charges	13,648,301	7,854,489
Other COGS	4,609,657	3,119,984
Site conversion COGS	1,635,652	1,180,126
Total Revenue and Other Income	**35,782,849**	**22,647,860**
C. Other Revenue		
Interest revenue	679,968	753,535
Government grants	113,444	-
Total Revenue and Other Income	**793,412**	**753,535**
D. Impairment Losses		
Bad debts written off	131,801	107,812
Addition to provision for doubtful debt	373,488	14,677
Total Impairment Losses	**505,289**	**122,489**
E. Financing Expenses		
Bank Fees	120,410	73,945
Borrowing expenses	665,438	140,277
Interest on leases	30,530	-
Interest expense	1,146,011	403,338
Total Financing Expenses	**1,962,389**	**617,560**
F. Other Expenses		
Depreciation and amortisation	630,409	248,589
Employee costs	6,502,705	4,041,043
Gain/(loss) on disposal of assets	25,159	29,771
Information technology	1,309,888	795,901
Insurance	100,166	88,071
Marketing & advertising	312,905	338,634
Occupancy expenses	92,345	195,707
Other expenses	918,914	862,950
Professional costs	553,319	712,585
	10,445,810	**7,313,251**

6. Income Tax

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Components of tax expense/(benefit) comprise:		
Current tax	-	-
Prior year tax	-	-
Deferred tax	-	-
Income tax expense/(benefit)	-	-
Numerical reconciliation of income tax benefit to prima facie tax payable		
Loss from operations before tax for the year	(7,231,267)	(2,181,690)
The prima facie income tax benefit on loss before income tax at a tax rate of 27.5% (2019: 27.5%)	(1,988,598)	(599,965)
Tax effect amounts which are not (deductible)/taxable in calculating taxable income:	3,964	1,765
Deferred tax asset not brought to account	1,984,634	598,200
Total income tax benefit	-	-
Net unrecognised deferred tax assets		
Net Deductible/(Assessable) temporary differences	(331,910)	(314,709)
Unused tax losses	4,892,469	2,890,633
Net unrecognised deferred tax asset	4,560,559	2,575,924

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

The consolidated entity has no franking credits.

7. Trade & Other Receivables

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Trade receivables	4,984,841	3,081,217
Trade receivables provision	(125,830)	(20,104)
Interest receivables	3,965	3,897
	4,862,976	**3,065,010**
Site conversion receivables (current)	1,628,633	1,554,644
Site conversion receivables (non-current)	3,968,347	3,965,663
Site conversion receivables provision	(267,762)	-
	10,192,194	**8,585,317**

Current trade receivables are interest bearing and are generally receivable within 14 days.

	Opening Balance 1 July 2018	Net Measure-ment of loss allowance	Amounts written off	Closing Balance 30 June 2019
Lifetime Expected Credit Loss: Credit Impaired				
Current trade receivables	5,426	14,677	107,812	20,103
Current interest receivables	-	-	-	-
Current site conversion receivables	-	-	-	-
Non-Current site conversion receivables	-	-	-	-
	5,426	**14,677**	**107,812**	**20,103**

	Opening Balance 1 July 2019	Net Measure-ment of loss allowance	Amounts written off	Closing Balance 30 June 2020
Lifetime Expected Credit Loss: Credit Impaired				
Current trade receivables	20,103	105,726	131,801	125,829
Current interest receivables	-	-	-	-
Current site conversion receivables	-	44,973	-	44,973
Non-Current site conversion receivables	-	222,789	-	222,789
	20,103	**373,488**	**131,801**	**393,591**

The entity does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

Collateral held as security

No collateral is held as security for any of the trade and other receivable balances.

Collateral pledged

No collateral has been pledged for any of the trade and other receivable balances.

8. Financial Assets

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
At fair value through the profit or loss		
Financial assets – derivatives	-	42,945
Short term deposits	2,250,000	-
At Amortised Cost		
ASX initial margin on derivatives	126,027	-
	2,376,027	**42,945**

9. Other Current Assets

Bond paid	66,209	3,796
Prepayments	183,469	87,089
Inventory	211,596	246,296
	461,274	**337,181**

10. Plant & Equipment

Plant & equipment at cost	527,978	463,001
Accumulated depreciation	(292,403)	(194,866)
	235,575	**268,135**
Motor vehicles at cost	310,412	297,907
Accumulated depreciation	(150,541)	(117,387)
	159,871	**180,520**
	395,446	**448,655**

Reconciliation

Reconciliations of the carrying amount of each class of plant and equipment between the beginning and the end of the financial year.

Plant and Equipment		
Balance at the beginning of the year	268,135	228,635
Additions	82,153	117,840
Depreciation	(108,868)	(73,607)
Disposals	(5,845)	(4,733)
Balance at the end of the year	**235,575**	**268,135**
Motor Vehicles		
Balance at the beginning of the year	180,520	93,776
Additions	39,401	123,871
Depreciation	(50,216)	(37,127)
Disposals	(9,834)	-
Balance at the end of the year	**159,871**	**180,520**

11. Leasehold Improvements

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Leasehold improvements at cost	518,357	507,440
Accumulated depreciation	(341,267)	(135,069)
	177,090	**372,371**

Reconciliation

Reconciliations of the carrying amount of leasehold improvements between the beginning and the end of the financial year.

Leasehold improvements		
Balance at the beginning of the year	372,371	407,925
Additions	10,917	25,732
Depreciation	(206,198)	(61,286)
Balance at the end of the year	**177,090**	**372,371**

12. Intangibles

Intangibles at cost	345,134	312,357
Intangibles work in progress	338,700	-
Accumulated amortisation	(205,832)	(150,203)
	478,002	**162,154**

Reconciliation

Reconciliations of the carrying amount of site conversion costs between the beginning and the end of the financial year.

Intangibles		
Balance at the beginning of the year	162,154	218,851
Additions	455,620	49,261
Amortisation	(95,427)	(76,569)
Write off intangibles	(44,345)	(29,389)
Balance at the end of the year	**478,002**	**162,154**

13. Borrowings

Current		
Insurance financing	92,862	-
Motor vehicle financing	50,503	35,784
	143,365	**35,784**
Non-current		
Motor vehicle financing NC	33,711	55,448
Blackrock funding facility	13,487,986	5,127,277
	13,521,697	**5,182,725**

The Group has a funding facility of $15 million with Blackrock as at 30 June 2020.
This facility is fully drawn down by $15 million as at 30 June 2020 ($6.1 million as at 30 June 2019).
This is presented above net of borrowing costs.

14. Issued Capital

	2020 Number	2019 Number
(a) Issued and paid up capital		
Ordinary shares fully paid no par value	50,210,736	50,210,736

(b) Movement in ordinary shares on issue	**Number**	**$**
Balance at 30 June 2019	50,210,736	39,064,880
Balance at 30 June 2020	50,210,736	39,064,880

Ordinary shares

Ordinary shares entitle the holder to paricipate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Share buy-back

There is no current on-market share buy-back.

(c) Share options

At the end end of the period, there were NIL options over unissued shares.

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In common with many other newly listed companies, the parent raises finance for the consolidated entity's working capital and asset development activities.

The consolidated entity is not subject to externally imposed capital requirements.

15. Earnings Per Share

	2020 Number	2019 Number
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	50,210,736	50,210,736

	$	**$**
Net loss after tax used in calculating basic earnings per share	(7,231,267)	(2,181,690)
Net loss after tax used in calculating diluted earnings per share	(7,231,267)	(2,181,690)
Basic/diluted earnings/(loss) per share (dollars per share)	(0.1440)	(0.0435)

16. Controlled Entities

Investment in controlled entities	Country of Inc.	Class of Shares	% of Ownership 2020	% of Ownership 2019
Locality Planning Energy Pty Ltd	Australia	Ord	100%	100%
Locality Embedded Networks Pty Ltd	Australia	Ord	100%	100%
LPE Infrastructure Pty Ltd	Australia	Ord	0%	100%

LPE Infrastructure Pty Ltd was deregistered on the 13th May 2020.

17. Commitments

	Consolidated Entity 2019
Total operating lease payments	$
Within 1 year	176,445
1 to 5 years	123,457
Total	**299,902**

The total operating lease payments is no longer applicable as The Group has applied AASB16: Leases (refer to note 25).

The Group has various lease contracts that have not yet commenced as at 30 June 2020. The future lease payments for these non-cancellable lease contracts are $95,816 within one year, $913,784 within five years and $109,959 thereafter.

The Group has committed to software development to the value of $593,700 of which $149,700 has already been paid.

18. Contingent Liabilities and Assets

The Directors are not aware of any contingent liabilities or contingent assets that are likely to have a material effect on the results of the Group as disclosed in these financial statements (2019: nil).

19. Related Parties

	Consolidated Entity 2020	Consolidated Entity 2019
Key management personnel compensation	$	$
Short term employee benefits	1,194,003	961,894
Post-employment benefits	77,960	62,917
Long-term benefits	15,960	11,160
Termination benefits	326,229	-
	1,614,151	**1,035,971**

Other related party transactions

There were no other related party transactions.

20. Cash Flow Information

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Reconciliation of cash flow from operations with profit / (loss) after tax		
Profit / (loss) after tax	(7,231,267)	(2,181,690)
Non-cash flows:		
Depreciation and amortisation	630,409	248,589
Loss on disposal of assets	25,159	29,771
Unrealised (gain) / loss on derivatives	2,254,517	(42,945)
Expenditure classified as financing activities	628,460	45,568
	(3,692,722)	**(1,900,707)**
Changes in operating assets and liabilities		
Increase in receivables	(1,606,878)	(1,036,094)
Decrease / (increase) in other assets	(124,093)	288,933
(Decrease) / increase in creditors and payables	4,886,208	990,214
Increase in employee entitlements	(13,748)	89,853
Net cash used in operating activities	**(551,233)**	**(1,567,801)**
Reconciliation of liabilities arising from financing activities		
Borrowings	5,218,509	1,351,077
Cashflows	8,454,901	3,824,993
Non-cash changes	(8,348)	42,439
	13,665,062	**5,218,509**
Cash and cash equivalents in the Consolidated Statement of Cash Flows include:		
Cash at bank	8,251,616	2,856,072
Cash on deposit	-	450,000
	8,251,616	**3,306,072**

21. Financial Instruments

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability, and equity instrument are disclosed in Note 3 to the financial statements.

Financial risk management objectives

The financial risks of the Consolidated Entity include price risk, interest rate risk, liquidity risk and credit risk. The Consolidated Entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Price risk

Price risk is the risk of changes to market prices in the supply of electricity. This risk applies to both the price at which the Company sells electricity to its customers and the price it pays for that electricity. The Company manages this risk by signing up customers and suppliers to long-term contracts where possible. Where long-term bilateral contracts are not possible, the Company minimises its exposure to the spot market by using derivative products. The minimum hedge limit (MHL) provides a floor for the coverage of derivatives and purchase contracts over the Company's annualised customer load.

Interest rate risk

Interest rate risks are caused by fluctuations in interest rates which, in turn, are due to market forces.

The Consolidated Entity's main interest rate risk arises from cash and cash equivalents held to maturity investments, and Borrowings. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Consolidated Entity's profit or loss before taxes through the impact on cash and cash equivalents, and borrowings with a decrease or an increase of 0.25% in interest rates.

It is the policy of the Consolidated Entity to manage their risks by continuously monitoring interest rates.

	Consolidated Entity 2020 $	**Consolidated Entity 2019 $**
Cash and cash equivalents and other financial assets	8,251,616	3,306,072
Borrowings	(13,665,062)	(5,218,509)
	(5,413,447)	**(1,912,437)**
Sensitivity		
Effect on profit or loss before taxes		
Increase 0.25%	(13,534)	(4,781)
Decrease 0.25%	13,534	4,781

21. Financial Instruments (Continued)

Liquidity risk management

Liquidity risks are caused by the inability to raise the money needed to meet payment of liabilities as and when they fall due. The Consolidated Entity manages liquidity risk by maintaining of reserves and by continually monitoring forecast and actual cash flows and cash balances.

At 30 June 2020 current assets exceed current liabilities by $5,651,659 (2019: current assets exceeded current liabilities by $4,709,539). Financial liabilities comprised trade payables, accruals and other payables. All trade payables and accruals have a contractual maturity of 6 months or less.

Credit risk management

In relation to financial assets, credit risk arises from the potential failure of counterparties to meet their obligations under a contract or arrangements. Credit risk for the Consolidated Entity arises from cash and cash equivalents and outstanding receivables. The Consolidated Entity partially reduces credit risk by the use of direct debit facilities with its customers. In addition, the Company has the right to withhold the supply of electricity to secure payment. All cash & cash equivalents are held with Australian regulated banks. The maximum exposure to credit risk is the carrying amount of the financial assets recognised in the Consolidated Statement of Financial Position.

Fair values

The carrying amounts of all financial assets and liabilities primarily comprising cash and cash equivalents, trade and other receivables, trade and other payables, employee entitlements, derivatives and loans approximate their fair value.

22. Auditors Remuneration

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Amounts paid/payable for audit or review of the financial statements	104,975	90,000
Amounts paid/payable for tax and other services	4,315	4,556
	109,290	**94,556**

23. Subsequent Events

The company raised an additional $3 million capital via the issue of 12,000,000 fully paid ordinary shares in August 2020. There are no other matters or circumstances that have arisen since the end of the year which significantly affected or could significantly affect the operations of the Consolidated Entity, the result of those operations or the state of affairs of the Consolidated Entity in future financial years.

24. Parent Entity Disclosures

The following information has been extracted from the books and records of the legal parent entity Locality Planning Energy Holdings Limited.

	2020 $	2019 $
Results of parent entity		
Profit/(loss) for the year	(2,456,468)	(1,270,399)
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income/(loss) before tax	(2,456,468)	(1,270,399)
Income tax benefit	-	-
Total comprehensive income before tax	**(2,456,468)**	**(1,270,399)**
Financial position of parent entity at year end		
Current Assets	21,578,433	14,884,735
Total Assets	**21,578,433**	**14,884,735**
Current Liabilities	930,811	141,354
Non Current Liabilities	13,487,986	5,127,277
Total Liabilities	**14,418,797**	**5,268,631**
Net Assets	**7,159,636**	**9,616,104**
Total equity of the parent entity comprising:		
Issued capital	39,064,880	39,064,880
Accumulated losses	(31,905,244)	(29,448,776)
Total Equity	**7,159,636**	**9,616,104**

Contingent liabilities

As at 30 June 2020, Locality Planning Energy Holdings Limited is not aware of any contingent liabilities.

Contractual commitments

At 30 June 2020, contractual commitments entered into by Locality Planning Energy Holdings Limited is $Nil (2019: $Nil).

Guarantees

Locality Planning Energy Holdings Limited has not entered into any guarantees, in the current or previous financial years, in relation to debts of its subsidiaries.

25. New and amended Accounting Policies adopted by the group

(a) Initial application of AASB 16

The Group applied AASB 16 Leases for the first time during the year.

The Group has adopted AASB 16 Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16, the comparatives for the 2019 reporting period have not been restated.

The Group has recognised a lease liability and right-of-use asset for all leases (with the exception for short term and low value leases) recognised as operating leases under AASB 117 Leases where the Group is the lessee.

There has been no significant change from prior year treatment for leases where the Group is a lessor.

The lease liabilities are measured at the present value of the remaining lease payments. The Group's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments."

The right of use assets for the leases were measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability, prepaid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

The following practical expedients have been used by the Group in applying AASB 16 for the first time

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied.
- leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same was as short-term leases
- The use of hindsight to determine lease terms on contracts that have options to extend or terminate
- applying AASB 16 to leases previously identified as leases under AASB 117: Leases and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

The following summary indicates the reclassification of Property Plant and Equipment to Right of Use asset on 1 July 2019 due to implementation of AASB 16:	**$**
Operating lease commitment at 30 June 2019	**299,902**
Discounted using the incremental borrowing rate at 1 July 2019	271,872
Add:	
Extension options reasonably certain to be exercised	-
Less:	
Short term leases included in the commitment note	(24,840)
Leases or low value assets included in the commitment note	-
Lease liabilities recognised at 1 July 2019	**247,032**

The difference of $24,840 between the lease liability $247,032 as at 1 July 2019 and the discounted operating lease commitments as at 30 June 2019 ($271,872) comprises of short term leases of $24,840 which is expensed on a straight line basis.

The Group's weighted average incremental borrowing rate on 1 July 2019 applied to the lease liabilities was 15%. The difference between the undiscounted amount of operating lease commitments at 30 June 2019 of $299,902 and the discounted operating lease commitments as at 1 July 2019 of $271,872 were $28,030 which is due to discounting the operating lease commitments at the Group's incremental borrowing rate.

26. 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 Groups's derivative financial instruments is $2,376,027 as at 30 June 2020 (2019: $42,945). Given the significance of the internally-derived ratios to the valuation, the Group has assessed this as Level 3.

Directors' Declaration

The Directors of the Company declare that:

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

(a) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) giving a true and fair view of the financial position as at 30 June 2020 and performance for the year ended on that date of the consolidated entity.

The financial statements also comply with International Financial Reporting Standards as disclosed in note 2.

The Remuneration Report as set out in the Directors' Report complies with Section 300A of The Corporations Act 2001.

The Chief Executive Officer and Chief Financial Officer have declared that:

(a) the financial records of the company for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;

(b) the financial statements and notes for the financial year comply with the Australian Accounting Standards (including Australian Accounting Interpretations); and

(c) the financial statements and notes for the financial year give a true and fair view.

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.

Justin Pettett
Chairman

Dated: 31 August 2020

Bentleys
THINKING AHEAD

LOCALITY PLANNING ENERGY HOLDINGS LIMITED

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, during the year ended 30 June 2020 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Bentleys

Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants

Ashley Carle
Director
Brisbane
31 August 2020

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Locality Planning Energy Holdings Limited (the Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2020 and 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 year then ended, notes to the financial statements comprising a summary of significant accounting policies and other explanatory information, and the director's declaration.

In our opinion the accompanying consolidated financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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 Australian Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to Note 2(D) in the financial report, which indicates that the Group incurred a net loss of $7,231,267 and a net cash outflow from operating activities of $551,233 during the year ended 30 June 2020, and had a net asset deficiency as at 30 June 2020 of $2,799,787. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key Audit Matter	How our audit addressed the key audit matter
1. Going Concern	
We focused on this area as a key audit matter due to: • History of losses after income tax. • History of cashflow deficits from operating activities. • Net asset deficiency at 30 June 2020.	**Our procedures included, amongst others:** • Obtaining cashflow forecasts for the Group. • Reviewing the assumptions in the forecasts for reasonableness and consistency with our knowledge of the business. • Confirming the receipt of additional capital received after year-end to bank statements.
2. Recognition and Recording Revenue	
We focused on this area as a key audit matter due to: • The strong growth in sales in recent years resulting in the need for substantially increased human and information technology capabilities and resources to ensure accurate recording. • The estimation and complexity required in determining the amount and timing of accrued but unbilled revenue. • The estimation involved in determining the financing component of the embedded network revenue. • The complexity of the new billing system used by the organization.	**Our procedures included, amongst others:** • Testing key controls within the sales and accounts receivable process to ensure completeness and accuracy of sales invoices recorded in the ledger. • Analytical procedures to identify unusual transactions or trends in sales data that may be indicative of material misstatement. • Cut-off procedures to ensure that only sales related to the 2019-2020 financial year are recorded in these financial statements. • Detailed recalculation of accrued and unbilled revenue. • Reviewing the reasonableness of the financing component allocated by management to the embedded network revenue. • Challenging managements' assumptions and estimates in relation to key inputs used in the calculation of unbilled revenue accruals and collectability of sales. These estimates are summarised in Note 2(C) to the financial statements.

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

Key Audit Matter	How our audit addressed the key audit matter
3. Existence and Valuation of Site Conversion Receivables	
We focused on this area as a key audit matter due to: • The site conversion receivables balance contributing towards a significant portion of total assets as at 30 June 2020. • Given the long-term nature of these receivables, subject to a higher risk of impairment.	**Our procedures included, amongst others:** • Testing contracts of new embedded network customers during the 2019-2020 financial year to ensure the site conversion receivable balance recognised is appropriately valued and free from material misstatement. • Testing costs incurred to complete site conversion works on new embedded network customer premises, to ensure contracted receivables are not overstated or deemed uncollectable from date of recognition. • Confirming new embedded network customer accounts during 2019-2020 are live and receiving energy during the period, to ensure existence of the new customers, existence of the site conversion works completed, and consequently existence of the site conversion receivables recognised in 2019-2020. • Reviewing pre-existing embedded network customer accounts to ensure the customers continue to remain live, and that the corresponding site conversion receivable continues to be collectable.
4. Valuation of Financial Derivatives	
We focused on this area as a key audit matter due to: • The estimation and complexity required to determine the fair value of the derivatives.	**Our procedures included, amongst others:** • Confirming the contracts in place with the counterparty to ensure that all derivatives were included in the model used to calculate the fair value. • Testing the formulae included in the model for accuracy. • Where inputs into the fair value model were observable, agreed to supporting documentation. • Where inputs into the fair value model were not readily observable, reviewing the reasonableness of the assumptions.

Bentleys
THINKING AHEAD

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

Bentleys
THINKING AHEAD

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Bentleys
THINKING AHEAD

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Locality Planning Energy Holdings Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

Bentleys

Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants

Ashley Carle
Director
Brisbane
31 August 2020

Shareholder Information

Shareholder Information

Additional information required by the Australian Securities Exchange (ASX) and not shown elsewhere in the Annual Report, current as at 17 August 2020, is advised hereunder.

Stock Exchange Quotation

The Company's shares are quoted on the ASX under the code "LPE".

Classes of Securities

The Company has the following equity securities on issue:

ASX quoted: 62,210,736 ordinary shares, each fully paid, held by 967 shareholders.

Voting Rights

The voting rights attaching to ordinary shares are set out in Clause 13.13 of the Company's Constitution and are summarised as follows:

- each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote (even though he or she may represent more than one shareholder); and
- on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed proxy, attorney or representative, have one vote for the share.

Holders of options have no voting rights until such options are exercised.

Restricted Securities

There are no current restricted securities

On-market Buy-backs

There is no current on-market buy-back of any securities.

Corporate Governance Statement

The Corporate Governance Statement is available on the Company's website at https://localityenergy.com.au/invester-resources-pdf/corporate-governance

Distribution of Security Holders

Distribution of shares and the number of holders by size of holding are:

Range	Securities	%	No. of holders	%
100,001 and Over	51,991,613	83.57	64	6.62
10,001 to 100,000	8,533,587	13.72	242	25.03
5,001 to 10,000	801,844	1.29	105	10.86
1,001 to 5,000	751,797	1.21	264	27.30
1 to 1,000	131,895	0.21	292	30.20
Total	**62,210,736**	**100.00**	**967**	**100.00**

Shareholder Information (continued)

Twenty Largest Security Holders

Rank	Name	A/C designation	17 Aug 2020	% IC
1	Lumber Co Pty Ltd	Chester Family	8,000,000	12.86
1	Mr Damien Ian Glanville	The Glanville Family A/C	8,000,000	12.86
2	Pettett Pty Ltd	Pettett Family A/C	6,775,000	10.89
3	National Nominees Limited		4,750,000	7.64
4	Jarwill Pty Ltd	Jarwill Investment A/C	3,738,003	6.01
5	Bearay Pty Limited	Brian Clayton S/F A/C	2,000,000	3.21
6	Fernsha Pty Limited	Simon's Brooklyn A/C	1,696,160	2.73
7	Defender Equities Pty Ltd	Defender Aus Opportun FD A/C	1,400,000	2.25
8	Ginga Pty Ltd	T G Klinger Super Fund A/C	1,084,822	1.74
9	CS Third Nominees Pty Limited	HSBC Cust Nom AU Ltd 13 A/C	880,000	1.41
10	BNP Paribas Nominees Pty Ltd Hub 24 Custodial Serv Ltd	DRP A/C	877,043	1.41
11	Woodville Super Pty Limited	Woodville Ave Super Fund A/C	700,000	1.13
12	Mr Anthony Bracks		576,240	0.93
13	Pettett Pty Ltd	Pettett Family A/C	520,000	0.84
14	Lumber Co Pty Ltd	Chester Family A/C	510,995	0.82
15	J P Morgan Nominees Australia Pty Limited		500,002	0.80
16	Sandhurst Trustees Ltd	Equit Inv Dragonfly A/C	500,000	0.80
17	Netwealth Investments Limited	Wrap Services A/C	456,231	0.73
18	Sore Tooth Pty Limited	Simon Tilley Super Fund A/C	410,000	0.66
19	M&S Kriticos SMSF Pty Ltd	M&S Kriticos Super Fund A/C	408,106	0.66
20	Mr Daryl Lindsay Allen		400,446	0.64
		Total	**44,183,048**	**71.02**
		Balance of Register	**18,027,688**	**28.98**
		Grand Total	**62,210,736**	**100.00**

Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act are:

Name	No. of Shares
Ben Chester / Lumber Co Pty Ltd	8,510,995
Damien Glanville	8,288,995
Justin Pettett / Pettett Pty Ltd	7,349,102
EGP Capital Pty Ltd / EGP Concentrated Value Fund	4,750,000
Jarwill Pty Ltd	3,738,003

LPE®

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