

QUARTERLY REPORT

For the quarter ending on 31 March 2020

- Transformational period completed
- Product distribution businesses sold
- New banking facilities finalised
- Melbourne property sold
- New solar farm projects underway

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Sydney – 15 May 2020 – MPower Group Limited (ASX: MPR)

MPower, Australia's leading specialist renewable energy, battery storage and microgrid business, is pleased to provide the following report on its activities for the quarter ending on 31 March 2020 (**Quarter**).

MPower completed its planned transformation during the Quarter and has made substantial progress towards focussing MPower's future activities around high reliability renewable and conventional power projects where the Company already has an established track record.

A summary of the material changes during the Quarter is set out below:

- On 17 February 2020 the Company announced that it had reached agreement on the sale of its Australian and New Zealand product distribution businesses to Legend Corporation Limited for \$4.6 million on a cash-free, debt-free basis.



Mannum Solar Farm completed during the Quarter

The sale comprised the Bardic emergency lighting business and MPower's solar and battery product business, both of which are non-core to MPower's aspirations to focus on high reliability renewable and conventional power projects. The transaction was completed on 28 February 2020. The final purchase price is subject to a post-completion working capital adjustment.

- New banking facilities have been finalised, including a term debt facility and a multi-option facility amongst other facilities. The debt facility has a term until July 2020 and \$2.5 million was repaid at completion of the sale of the product distribution businesses.
- The forward business model for MPower's project business has been refined during the Quarter. The project opportunities being targeted and the method of delivering projects have been derisked and implemented. MPower is pursuing higher margin projects that draw on our established capability and track record. Legacy projects that have created challenges for the business are no longer being pursued and assembly and related work that was previously performed in-house is now being outsourced.
- Aligned to the refined business model is a material reduction to the committed cost base of the business. Our head office and operating business have relocated during the Quarter to a new combined office. There has also been a significant change to headcount and a deliberate shift to a variable cost model that aligns with the new business model.
- During the Quarter, the 54.6% owned Power Property Unit Trust exchanged contracts for the sale of its property in Rowville in Victoria, which has been occupied by MPower's product distribution activities. Completion of the property sale occurred in May 2020 with the gross sale value of \$2.6 million representing a net gain of approximately \$0.7 million over the carrying value. Net proceeds to be received by MPower are expected to be approximately \$0.8 million.

In addition to the above transformational steps taken during the Quarter, MPower has also made significant progress in its target market:

- In January 2020, MPower commenced early works on two new solar farm projects with a generation capacity of approximately 5MW_{AC} each after securing Limited Notices to Proceed in respect of the projects being developed by Astronergy Solar Australia Pty Ltd in South Australia.

At the end of the Quarter, MPower executed a contract valued at over \$4 million to proceed with the full design and construction of the first 5MW_{AC} solar farm with Astronergy in South Australia.

- In February 2020, MPower successfully completed the construction and commissioning of the 6.8MW_{DC} Mannum Solar Farm Project in South Australia that was announced in June 2019. Successful completion of the Mannum Solar Farm Project strengthens MPower's market leading position in small-scale utility solar farms.

The transformation that has been undertaken has resulted in a refocussed MPower which now intends to leverage itself into the renewable energy upside, specialising in those areas where its expertise is in demand. The nature and quality of anticipated future work is expected to result in both a different revenue and contribution profile for the future business when compared to the past. With the core project business now co-located with the former head office and finance functions, the move towards the origination of debt/equity solutions for Build Own Operate opportunities is enhanced and will come into clearer focus.

Ends

Contact

For further information, please contact:

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This announcement has been authorised by the board of MPower Group Limited.

About MPower

MPower Group Limited (ASX: MPR) is a technology-led company with a long history specialising in the delivery of reliable on-grid and off-grid power solutions for blue chip corporate and government customers.

Headquartered in Sydney, MPower's team of professionals has successfully delivered turn-key solar, battery storage and micro grid projects across the region.