

QUARTERLY REPORT

For the quarter ending on 30 June 2020

- **Dedicated focus on MPower's project business**
- **Build Own Operate strategy progresses**
- **Banking facilities extended**

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Sydney – 31 July 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 30 June 2020 (**Quarter**).

The Quarter was the first period following MPower's significant transformational activities that were completed in the March quarter. Those transformational activities during the previous quarter included:

- The sale of MPower's Australian and New Zealand product distribution businesses.
- Finalisation of new banking facilities.
- Refining the business model of MPower's project business.
- Significantly reducing the committed cost base of the group.
- Exchanging contracts for the sale of the group's property in Rowville in Victoria, which had been occupied by MPower's product distribution activities.



5MW solar farm designed by MPower and under construction during the Quarter

Completion of the sale of MPower's Australian and New Zealand product distribution businesses occurred at the end of February 2020. The \$4.6 million purchase price is subject to a post-completion working capital adjustment that is in the process of being finalised in accordance with the Share Sale Agreement.

Following the transformational period earlier in the year, MPower has been able to significantly advance its forward objectives during the Quarter.

MPower's project activities made good progress during the Quarter, including the design and construction of two 5MW_{AC} solar farm projects commenced in January 2020.

In May 2020 MPower announced that it is proceeding with the full design and construction of a second 5MW_{AC} solar farm in South Australia with a subsidiary of Astronergy Solar Australia Pty Ltd, having secured an earlier 5MW_{AC} solar farm in March 2020. The second contract, valued at over \$4 million, takes the total value of the contracts executed with Astronergy this year to close to \$9 million.

MPower is specifically targeting solar projects of this size due in part to their relative ease in connection to the grid. MPower successfully commissioned two 5MW_{AC} solar farms in 2019 at Mannum and Port Pirie in South Australia and is actively pursuing further projects in this niche part of the renewable energy sector.

The expertise and capability that MPower has developed in this area is also the focus of MPower's Build Own Operate plans. MPower is pursuing structured debt and equity solutions centred on a portfolio of 5MW_{AC} solar farms in Australia. MPower has identified several key advantages of this strategy, including benefits of diversification in the market and minimal grid-related risks.

MPower appointed PricewaterhouseCoopers as its lead financial adviser during the Quarter to assist MPower in progressing its Build Own Operate strategy. MPower and PricewaterhouseCoopers are working closely together to capitalise on the growing opportunities in this space.

MPower is targeting project opportunities in the renewable and conventional power sectors where MPower's core expertise overlaps with high growth areas. MPower is recognised as a leader in its core markets and is actively pursuing opportunities that further cement its leadership position. While the full impact of COVID-19 on the group's target markets and the broader economy is yet to be known, the nature and scale of identified opportunities is encouraging.

At the same time as it is pursuing new opportunities, MPower is also completing work on legacy projects that do not form part of the group's strategy moving forward. Legacy projects have hampered the group's financial performance for some time and efforts are being made to close out the projects as quickly as possible.

MPower's cash balance of \$6.5 million at the end of the Quarter reflects strong and positive cashflows from MPower's project activities together with the proceeds of the transformational activities that have been undertaken. The group's cash position is expected to reduce during the remainder of the calendar year after financial commitments are met and the group closes out the structural changes that have taken place.

The following activities also occurred during the Quarter:

- Settlement of the sale of the group's property in Rowville in Victoria occurred in May 2020. The gross sale value of the property was \$2.6 million representing a net gain of approximately \$0.7 million over the carrying value. The property was owned by the Power Property Unit Trust in which MPower had a 54.6% interest.
- MPower renegotiated the terms of its banking facilities that were put in place earlier in the year. Following the end of the Quarter, MPower successfully agreed an extension of its banking facilities until July 2021, with regular principal repayments of its debt facility to commence in March 2021.

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.