

QUARTERLY ACTIVITIES REPORT

For the period ending on 30 September 2022

MPower Group Limited

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Australia

- Acquisition of the Lakeland Solar & Storage Project completed
- Receipts from customers steady at \$1.34 million – reflecting the first revenue contribution from the Lakeland Solar & Storage Project – and an improvement on the last two quarters
- \$5.1 million term loan with St George Bank extended by 12 months to July 2023
- Completed \$1.7 million placement with funds used to advance the Build Own Operate portfolio as well as other growth initiatives
- Advanced the Build Own Operate initiative with the Moulamein Renewable Energy Project added to the portfolio
- Cash of \$1.8 million at quarter end and growing revenue streams from the Lakeland asset

Sydney – 31 October 2022 – 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 September 2022 (**Quarter**).

Financial Overview

Customer receipts increased for the third consecutive quarter to \$1.34 million (prior quarter: \$1.18 million) driven by the first revenue being booked from the Company's maiden revenue-generating solar and battery storage asset, the Lakeland Project, located in Cooktown Shire, North Queensland. First revenue materialised midway through the quarter, and as such, the revenue contribution from Lakeland is expected to increase in the December quarter.

During the period, the Company successfully completed a \$1.7 million placement, before costs, with funds deployed to advance the Build Own Operate (BOO) strategy and for general working capital purposes. \$0.38 million of the \$1.7 million was committed by interests associated with the Company's Chief Executive Officer and Chairman.

In July 2022 MPower successfully extended its banking facilities with St George Bank for a further 12 months. The term loan has been extended to 15 July 2023. Three principal repayments totalling \$123,000 were made during the quarter, reducing the loan balance to \$5.04 million at the end of the Quarter.

The acquisition of the Lakeland Solar & Storage asset includes \$7.5 million of limited recourse project finance from NORD/LB. The long-term facility matures in 2031, with interest and principal repayments to be made every six months. The project finance facility has a fixed rate of 5.6% for the duration of the facility.

MPower's cash balance was \$1.8 million at the end of the Quarter. Cash receipts from operating activities amounted to \$1.34 million, up from \$1.19 million in the previous quarter.

Operational overview

During the Quarter, MPower completed the acquisition of the profitable Lakeland Solar & Storage Project. As reported, this is a major milestone given the project is now delivering direct sales of clean energy to the Queensland domestic market. Lakeland is the first of a number of a distributed portfolio of clean energy generating and storage assets that MPower is establishing across Australia and aligns with its Build Own Operate (BOO) strategy. The project has been in operation since 2017 has a long-term power purchase agreement out to 2030 with Origin Energy for 100% of the solar power output. Annual revenues of \$1.8 million are projected and the asset is on track to deliver \$800,000 in annual earnings before interest, tax, depreciation and amortisation (EBITDA), before cost savings materialise.

The BOO strategy gained further momentum in the Quarter with the Company adding the Moulamein Renewable Energy Project, located in Murray River Council region of southern NSW, to its portfolio of development projects. MPower now has a portfolio of more than 10 project sites across New South Wales, Victoria, Queensland and South Australia that are in various stages of development and one in operation. The Company, together with its development partners, continues to make steady progress achieving key development milestones in respect of its pipeline projects.

MPower continued to negotiate potential debt and equity funding options for the BOO portfolio and has a number of funding channels under consideration and at various stages, which are being progressed in parallel with project development. The Board is committed to ensuring a funding outcome that results in the most favourable long-term outcome for shareholders. The level of interest from potential investors is most encouraging and they support MPower's diversified portfolio approach which focuses on projects of ~5MW in size.

The Company also assessed other acquisition opportunities, similar in nature to the Lakeland project, where MPower can deploy its operating team to improve the asset's financial performance. This is an ongoing focus.

Comment

Chief Executive Officer Nathan Wise commented: *"The September quarter has been one of considerable progress with Lakeland contributing first revenue, our BOO portfolio expanding, and meaningful progress being made on the funding of this portfolio. With the transition to clean energy gathering momentum, the number of potential funding partners continues to expand; our challenge, and the opportunity, is to align with funding sources that maximises returns for our shareholders. We are also pleased to see a modest uptick in quarterly revenue as a result of the initial contribution from Lakeland, and we expect this trend to continue in the December quarter. Lakeland is performing well and we are confident we can further enhance its performance. We will update shareholders on further progress as the quarter unfolds. We have a number of growth initiatives advancing."*

Payments to related parties

Payments of \$167,000 to related parties and their associates relate to remuneration payments made to the directors of the company.

Ends

Contact

For further information, please contact:

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Six Degrees Investor Relations
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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.

Connect with us  <https://www.linkedin.com/company/mpower-australia>
 <https://twitter.com/MPowerGroupLtd>

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

MPower Group Limited

ABN

73 009 485 625

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,340	1,340
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(1,006)	(1,006)
(c) advertising and marketing		
(d) leased assets	(69)	(69)
(e) staff costs	(817)	(817)
(f) administration and corporate costs	(53)	(53)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	(121)	(121)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(723)	(723)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses	528	528
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	528	528

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,700	1,700
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(94)	(94)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(123)	(123)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	1,483	1,483

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	537	537
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(723)	(723)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	528	528

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,483	1,483
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,825	1,825

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,825	1,825
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,825	1,825

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	167
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	12,609	12,609
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	12,609	12,609
7.5	Unused financing facilities available at quarter end		0
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<p>Mpower Group Limited: \$5.047m secured term debt from St George Bank with a maturity date of 15 July 2023 and a variable interest rate on the term debt of 9.98%.</p> <p>Lakeland Solar & Storage Pty Limited: \$7.562m limited recourse project finance facility from NORD/LB with a maturity date of 30 April 2031 and a fixed interest rate of 5.6%.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(723)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,825
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	1,825
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.52
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	<div style="border: 1px solid black; padding: 5px; min-height: 20px;">Answer: N/A</div>	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	<div style="border: 1px solid black; padding: 5px; min-height: 20px;">Answer: N/A</div>	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	<div style="border: 1px solid black; padding: 5px; min-height: 20px;">Answer: N/A</div>	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2022

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.