

CHAIRMAN'S ADDRESS TO SHAREHOLDERS

Sydney – 29 November 2022 – MPower Group Limited (ASX: MPR)

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As already reported, the 2022 financial year was a very busy one, with a significant expansion of the Company's development pipeline and the acquisition of our first operating renewable energy project. It was also a period peppered with frustrations and delays occasioned by COVID-19 and other circumstances largely beyond the Company's control. Whilst on one hand the pace of project development was slower than originally envisaged, on the other hand the viability of MPower's projects has trended upwards on the back of increasing power prices and the momentum towards a clean energy future.

MPower's current position can be segmented into various categories. Firstly, the Company has binding Asset Purchase Agreements to acquire three clean energy developments, totalling approximately 15MWac of proposed solar PV generation capacity. The projects, at Narromine in New South Wales, and at Mangalore and Faraday in Victoria, are close to having all required approvals and being shovel-ready, which is the precursor to construction commencing.

There are also two hybrid solar battery project sites that MPower is developing in South Australia. A hybrid 5MW solar farm with DC-coupled battery storage is being planned at each site. The final approval processes for these two development projects are also almost complete and represent valuable assets to the Group. The inclusion of battery storage capabilities will enable the projects to meet the challenges in the South Australia market, where there are clear advantages in being able to time shift power generation to periods of peak demand and monetise negative pricing opportunities.

In addition, we have a pipeline of further project sites over which the company holds exclusivity. There are six sites located across New South Wales and Victoria representing over 30MWac of proposed new generation capacity. As the Group continues to progress the development phase of those projects, it is also actively pursuing additional new sites as well as acquisition opportunities.

MPower is planning to augment its portfolio of solar projects with DC-coupled battery storage over time which will enhance project returns. The Company's approach to solar farm design is to incorporate a higher DC capacity initially, so revenue can be maximised through increased power generation during the morning and afternoon periods and enhanced further with the subsequent augmentation of battery storage. MPower has already successfully delivered more than 10MWh of battery storage projects for customers and will leverage its established in-house expertise for its own battery storage strategy.

MPower has invested heavily in standardising its approach to project design and construction, thereby optimising project costs and enabling projects to typically progress from shovel ready status to generating revenue from the power output in nine months. The combination of this approach, together with the inherent benefits of a diversified

portfolio and leading-edge technology create a compelling asset class with an enduring future.

MPower's strategy directly addresses the issues currently facing the National Electricity Market, by locating generating assets close to where there is demand, adding to network reliability and without requiring major upgrades to the existing network.

In May 2022, the Company accelerated its Build Own Operate strategy by entering into a purchase agreement to acquire the Lakeland Solar & Storage Project. The acquisition, completed in August 2022, was a landmark achievement for MPower, marking the first time that direct sales of clean energy contributed to group revenue and earnings.

Located in Cooktown Shire, North Queensland, Lakeland comprises a 10.8MWac solar farm and an associated 1.4MWac/5.3MWh lithium-ion battery storage facility. The project has been in operation since 2017 and has a future operating life of around 20 years. It benefits from a long-term power purchase agreement with Origin Energy for 100% of the solar power output, which runs until 2030.

Lakeland is the forerunner of a distributed portfolio of clean energy generating and storage assets that MPower is establishing across Australia.

The Lakeland project is proving to be a valuable new source of long-term recurring revenue and is fully aligned to MPower's strategy of establishing diversified revenue streams through a national portfolio of clean energy assets. Establishing the portfolio requires a methodical process and getting it right at the outset is a core component of MPower's strategy given the long-term nature of the assets.

MPower's in-house engineering team has been driving operational improvements at Lakeland, including upgrades to the asset infrastructure and implementation of MPower's proprietary solution for the control and monitoring of clean energy projects. When the Lakeland acquisition was announced, MPower targeted additional annual revenues of \$1.8 million, flowing through to \$800,000 in annual earnings before interest, tax, depreciation and amortisation (EBITDA). With stable revenues complemented by improved operational efficiencies, the Lakeland project is now forecast to meet or exceed its EBITDA target, in line with the Company's initial projections. More than \$500,000 of annual costs have been removed which underpin this target.

MPower's service division, which provides regular maintenance and asset management services to critical power system assets, is continuing to build steadily and is delivering a constant revenue stream.

MPower is driven to develop clean energy assets and is actively engaging with a number of parties to accelerate the roll-out. Progressing to the construction phase can only occur when a variety of planning and other approvals have been granted, which is a precursor to locking in financial arrangements. The Company has several pending value catalysts which should become more evident over time.

Much of the delay to date has been outside MPower's control, but with a number of projects almost at the shovel ready stage, we are expecting to be able to report positive activity in the coming months.

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Contact

For further information, please contact:

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This announcement has been authorised by Peter Wise AM, Chairman

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.

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