

QUARTERLY ACTIVITIES REPORT

For the period ending on 31 March 2023

MPower Group Limited

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Australia

- **Strategic project funding agreement secured with global renewables investment firm AMPYR Energy, with agreement executed for first \$10m in funding for clean energy project in Narromine, NSW**
- **Flagship solar PV and battery storage development in Kadina, South Australia reached ready-to-build stage, with multi-year planning and development permits now obtained**
- **Strategic acquisition of renewable energy project in Faraday, Victoria – a shovel-ready project comprising over 11,000 Bifacial PV Modules with the capacity to produce more than 11,000MWh of energy and power >1,500 homes in the local region**
- **March quarter activities saw the Company advance its growing project pipeline and secure long-term funding for the execution of its Build Own Operate strategy**

Sydney – 28 April 2023 – MPower Group Limited (ASX: MPR)

Leading specialist renewable energy, battery storage and microgrid business MPower Group Limited (ASX: MPR) is pleased to provide the following report on its activities for the quarter ending 31 March 2023 (**Quarter**).

Operational overview

Operations in the March Quarter were highlighted by ongoing project development initiatives and the procurement of a strategic financing arrangement that positions the Company to capitalise on its first-mover advantage in Australia's clean energy transition.

Faraday, NSW

Operational highlights included the acquisition of the Faraday renewable energy project in January – a shovel-ready project 116km north-east of Melbourne that will supply clean energy to the local region via a network of 11,000 Bifacial Photovoltaic (PV) solar panel modules.

The acquisition followed an extensive co-working period with the project developers and local authorities to obtain all necessary development permits in accordance with the terms of the initial purchase agreement.

Selected by MPower because of the outlook for strong local energy demand in the Faraday area, the on-site PV modules will have the capacity to produce more than 11,000MWh of energy in the project's first year of operation.

Kadina, SA

Also during the Quarter, MPower confirmed that its flagship project in Kadina, South Australia – a clean energy development comprising a 5MW solar farm with a DC-coupled 5MW/10MWh battery storage capability – has formally reached shovel-ready status following an extensive permit approval process.

The approvals include a grid connection offer and all relevant permits and planning approvals required to bring the project to shovel-ready status.

The Kadina development follows the successful rollout of the group's hybrid (solar/battery) model in Queensland, where its Lakeland Solar & Storage Project continues to deliver consistent revenues and generate material contributions to group EBITDA.

With its grid connection and battery storage capacity, the Kadina project has been designed with import functionality to enable charging in periods of low or negative pricing. The project's hybrid design will also benefit from recent rule changes by the Australian Energy Market Commission which designate the Kadina project as an Integrated Resource Provider.

The rule change is designed to support the integration of battery storage into the National Electricity Market, particularly where storage and hybrid systems utilise a single connection point, which is the case with the Kadina project. Considering these developments, MPower is well-placed to monetise prevailing market conditions over the 30+ year life of the asset.

Corporate overview

During the Quarter, MPower's operational highlights were complemented by the execution of a major strategic funding agreement with Singapore-based renewables investment specialist AMPYR Energy.

The innovative structure of the agreement will provide 100% of the funding for the Company's clean energy project in Narromine, NSW (expected to be fully operational during summer 2023/2024) with the flexible financing arrangement facilitating the long-term growth of MPower's Build Own Operate (BOO) strategy on a project-by-project basis.

Following the signing of funding documentation for the first project, the facility is expected to be drawn in the coming weeks once conditions precedent are satisfied, including finalisation of security arrangements, project authorisations being in place and final due diligence and lender approvals being obtained.

The funding model has been designed to provide the Company with funding flexibility in the design and construction phase, while allowing both parties to participate in the upside from the long-term supply of renewable energy to major power grids across Australia. The parties are targeting a phased expansion of the funding program with a focus on MPower's pipeline of clean energy developments.

Comment

Chief Executive Officer Nathan Wise commented: "We are pleased with the Company's efforts in the March quarter, which saw strong execution on the ongoing development of our project portfolio and a major strategic financing agreement which sets the business up for long-term growth. The flexible financing arrangements with AMPYR reflect both their confidence in MPower's BOO strategy, and the ability of both sides to structure an innovative funding solution that will allow the Company to grow and execute on its long-term growth strategy. Operationally, the group continued to build off its previous quarter's momentum, with the achievement of project-critical benchmarks for its portfolio assets in NSW, VIC and SA.

Heading into the June quarter, MPower looks forward to providing more updates on construction and approvals across its portfolio, as the group continues to build out its unique asset development strategy within Australia's broader clean energy transition."

Payments to related parties

Payments of \$19K to related parties and their associates relate to remuneration payments were made to the directors of the company.

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.

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")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,147	4,128
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(608)	(2,180)
(c) advertising and marketing		(3)
(d) leased assets	(70)	(209)
(e) staff costs	(652)	(2,198)
(f) administration and corporate costs	(60)	(359)
1.3 Dividends received (see note 3)		
1.4 Interest received	5	8
1.5 Interest and other costs of finance paid	(180)	(647)
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	(418)	(1,460)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		528
(c) property, plant and equipment	(462)	(466)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(462)	62

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		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		(106)
3.5	Proceeds from borrowings	462	462
3.6	Repayment of borrowings	(174)	(432)
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	288	1,624

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,355	537
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(418)	(1,460)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(462)	62

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	288	1,624
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	763	763

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	763	1,355
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)	763	1,355

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	19
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	12,761	12,761
7.2	Credit standby arrangements		
7.3	Other – project funding facility (conditional)	10,000	0
7.4	Total financing facilities	22,761	12,761
7.5	Unused financing facilities available at quarter end		10,000
7.6	<p>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> <p>MPower Group Limited: \$4.911m 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 10.98%.</p> <p>Lakeland Solar & Storage 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> <p>Faraday Renewable Energy Project Pty Limited: \$0.462m limited recourse project finance facility from Tag Private Pty Limited with a maturity date of 29 April 2023 and a fixed interest rate of 12%.</p> <p>Narromine Renewable Energy Project Pty Limited: \$10.0m project funding facility from AMPYR Australia Pty Limited with a maturity date of 18 months from drawdown and a fixed interest rate of 12.25%. The facility was announced to the market on 23 March 2023 and is subject to conditions precedent being satisfied prior to funds being available to the borrower. It is currently expected that the conditions precedent will be satisfied prior to the end of the financial year.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(418)
8.2	Cash and cash equivalents at quarter end (item 4.6)	763
8.3	Unused finance facilities available at quarter end (item 7.5)	10,000
8.4	Total available funding (item 8.2 + item 8.3)	10,763
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	25.75
	<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	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>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?</p> <p>Answer: N/A</p>	

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?

Answer: N/A

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?

Answer: N/A

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.

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: 28 April 2023

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.