

QUARTERLY ACTIVITIES REPORT

For the period ending on 30 September 2023

MPower Group Limited
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Australia

- **Commencement of construction at the Narromine clean energy project as part of MPower’s phased national rollout of renewable energy assets, following successful procurement of all development rights**
- **\$6.1 million gain recognised on the Lakeland Solar & Storage project, based on an independent external valuation following the implementation of operational and financial improvements**
- **Strategic investment from Oceania Capital Partners Limited, comprising the refinancing of existing debt facilities and the acquisition by OCP of a 14.5% stake in the business**
- **\$10 million funding facility with AMPYR Energy, a global renewable energy development and investment firm, advanced to unconditional status**
- **Ongoing development work across MPower’s multi-asset portfolio with respect to regulatory approvals and supply of best-in-class components**

Sydney – 31 October 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 30 September 2023 (**Quarter**).

Activities in the September Quarter were led by successful execution of long-term financing initiatives, which position MPower with the funding flexibility to carry out its multi-phase project development strategy, alongside ongoing operational momentum and a material valuation uplift of the Lakeland Solar & Storage project.

\$6.1 million valuation gain for Lakeland Solar & Storage

During the Quarter, MPower commissioned an independent valuation of the Lakeland Solar & Storage Project in North Queensland – a 10.8MWac solar farm with an associated 1.4MWac/5.3MWh lithium-ion battery storage facility that the Company acquired in August 2022.

A valuation of \$12.7 million has been adopted, resulting in a one-off revaluation gain of \$6.1 million that was subsequently recognised as profit in the Company’s audited 2023 financial statements.

MPower successfully reduced annual operating costs at Lakeland by over \$1 million by taking operational control over the project and implementing streamlined cost initiatives, that also resulted in improvements to project reliability and performance.

The project continues to generate consistent revenues for MPower through a long-term Power Purchase Agreement with Origin Energy at a fixed price that escalates annually based on a CPI index.

Narromine clean energy project – construction underway

Quarterly operations were also highlighted by key developments at MPower's fully-owned Narromine clean energy project, where the Company successfully procured all project development rights – including the Connection Agreement for connection to the grid, land rights and key planning approvals – that were required before construction can commence.

With regulatory approvals in place, MPower has commenced the construction phase at Narromine – the next near-term priority as part of the Company's stated strategy to establish a significant Build Own Operate portfolio of renewable energy projects across Australia.

The Narromine project will be comprised 6.7 MWdc of Bifacial PV Modules with the capacity to produce more than 14,000MWh of energy in its first year of operations. The project is due to be completed in 2024 and will earn revenue from the sale of renewable energy and certificates.

Strategic investment from Oceania Capital Partners

Alongside its operational momentum, MPower materially strengthened its balance sheet during the Quarter with a new loan facility and equity position from diversified Australian investment group Oceania Capital Partners Limited (**OCP**).

The transaction allowed the Company to fully extinguish its \$4.5 million debt facility with St George Bank and replace it with a new \$1.8 million loan from OCP, which has also taken a 14.5% equity stake in MPower through the issue of 50 million ordinary shares in consideration for providing the loan facility.

Combined with the Company's strategic \$10 million project funding facility with AMPYR – which was granted unconditional status during the Quarter and will fund the development of the Narromine project through to completion – the funding agreement with OCP provides MPower with improved balance sheet strength to execute on the rollout of its clean energy asset portfolio.

The refinancing also significantly reduced ongoing debt service obligations and delivered a one-time financial benefit of \$2.8 million to the Company.

Financial overview

Cash receipts during the Quarter were \$1.314 million that mainly relate to consistent ongoing revenues generated through the Company's service and maintenance activities. The main cash outflows were operating costs of \$1.025 million and staff costs of \$0.827 million. Net cash used in operating activities was \$0.878 million, which includes costs associated with project construction activities that are capitalised as assets on the consolidated balance sheet.

Chief Executive Officer Nathan Wise commented: “The September quarter resulted in the achievement of another round of key milestones for the group, underpinned by long-term financing arrangements that set the business up for the execution of our renewably energy development strategy on a project-by-project basis. The commencement of construction at Narromine is an exciting step forward in that regard, and we look forward to providing more updates into CY2024 as MPower continues to play a leading role in the clean energy transition across Australia.”

Payments to related parties

Payments of \$122K 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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Chief Executive Officer
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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 2023

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	1,314	1,314
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(1,025)	(1,025)
(c) advertising and marketing		
(d) leased assets	(222)	(222)
(e) staff costs	(827)	(827)
(f) administration and corporate costs	(32)	(32)
1.3 Dividends received (see note 3)		
1.4 Interest received	6	6
1.5 Interest and other costs of finance paid	(92)	(92)
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	(878)	(878)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(1,523)	(1,523)
(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	(1,523)	(1,523)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		
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	(6)	(6)
3.5 Proceeds from borrowings	4,037	4,037
3.6 Repayment of borrowings	(82)	(82)
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	3,949	3,949

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	238	238
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(878)	(878)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,523)	(1,523)

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)	3,949	3,949
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,786	1,786

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	1,786	1,786
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)	1,786	1,786

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	122
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. 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	20,275	11,988
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	20,275	11,988
7.5	Unused financing facilities available at quarter end		8,287
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> <div style="border: 1px solid black; padding: 5px;"> <p>\$1.125m secured term debt from Tag Private Pty Limited with a maturity date of 27 December 2023 and a variable interest rate on the term debt is currently 12%.</p> <p>\$1.8m secured term debt from Oceania Capital Partners Limited with a maturity date of 8 August 2025 and a variable interest rate on the term debt is currently 12.25%.</p> <p>\$10.0m secured term debt from AMPYR Energy Group with a maturity date of 28 February 2025 and a variable interest rate on the term debt is currently 12.25%.</p> <p>\$7.35m secured term debt from Nord/LB with a maturity date of 30 April 2031 and a fixed interest rate on the term debt of 5.4%.</p> </div>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(878)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,786
8.3	Unused finance facilities available at quarter end (item 7.5)	8,287
8.4	Total available funding (item 8.2 + item 8.3)	10,073
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	11.47
	<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?
	Answer: N/A	
	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: 31 October 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.