

## CHAIRMAN'S ADDRESS TO SHAREHOLDERS

Sydney – 27 November 2024 – MPower Group Limited (ASX: MPR)

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The clean energy sector as a whole is facing headwinds as it navigates through what can at best be described as a bumpy energy transition, and our Company is not immune from the challenges brought about by this broader operating environment. Notwithstanding this, we are making progress on multiple fronts as we seek to leverage our track record to advance the rollout of a portfolio of clean energy assets. This is because of the way we are taking advantage of the opportunities that are inherent within existing distribution networks. It is evidenced by the successful delivery of the Narromine project, the continuing operation of the Lakeland project and the refinement of our growing pipeline of development assets. Our long track record of having successfully delivered mission-critical and complex power projects in both renewable and conventional technologies is inherent in our DNA.

It is well understood that transmission networks are plagued by delayed infrastructure upgrades and competing project connections. There is also increasing recognition that battery storage is a vital building block and a pivotal element in the changing energy system dynamic. The ability for battery storage to time-shift energy as well as provide ancillary services to the market is becoming increasingly important. The firming capability of battery storage is emerging as the linchpin of the energy transition. There are gigawatts of untapped capacity within the distribution networks and the inherent advantages of MPower's small-scale DC-coupled solar and battery projects make the development and grid connection processes simpler and lower risk, whilst enabling participation in the growing number of revenue streams offered by the National Electricity Market.

The cost of solar componentry and battery storage has fallen substantially in recent years and is expected to continue to do so to the point that hybrid projects will, in our view, increasingly become the leading firming solution for the National Electricity Market. We believe solar-battery projects at the distribution network level are potentially a huge business and an opportunity to accelerate the energy transition.

MPower continues to refine its portfolio of development assets across the eastern states of Australia. At present we are actively working on potential projects across NSW, VIC and SA. These projects have a range of cost, revenue, and risk benefits which support the rapid, efficient roll-out of both capital and clean energy infrastructure.

The challenge for MPower is that its finances are under pressure, in part because we were ahead of the curve when we started this journey; but essentially because of the extended time it has taken to transition from our old business model; to refine our business plan; to source and validate potential project opportunities; and to align those opportunities with the right funding sources.

To date, the Company has been able to navigate the complexities of developing and delivering distribution-connected clean energy assets with limited financial resources and a minimal balance sheet, which has been underpinned by the Company's service and maintenance activities. It is critical to the Company's future that new revenue streams are brought on stream in the coming months through the delivery of new projects so that the Group has sufficient

financial resources to continue pursuing its strategy, promote growth and establish a scale of operations that can support its cost base and deliver value for shareholders.

The funding environment for small-scale clean energy projects and portfolios continues to be very challenging for MPower. Notwithstanding this, the Company is actively engaging with a number of parties with a view to partnering on a selection of future hybrid solar and battery storage projects.

In cooperation with its advisers, the Company is currently seeking a capital partner to build a distributed renewable energy infrastructure business over the next five years. Various funding models have been considered and developed, primarily focused on project level funding, but that does not preclude other pathways to meet MPower's aspirations. What we do know is that by any measure, the potential investment returns are very attractive. MPower's financial successes on the Lakeland and Narromine project demonstrate the Company's ability to achieve project returns in a challenging operating environment.

In summary, whilst Australia's energy transition is underway and is proving to be slower and more volatile than many had hoped, it carries with it enormous opportunities for experienced, technically competent and multi-faceted organisations. While it is clear that MPower has a valuable role to play in the transition, the dynamic nature of the market and the rapid changes in technology has required MPower to continually reassess where to play and how best to extract value.

Historically, this has been in the successful delivery of projects and more recently the optimisation of underperforming projects. But it has not been a straight line, and the short-term challenge is in achieving scale and attracting larger capital partnerships. MPower's prime focus is scaling-up and accelerating activities in a way that matches our unique proposition with the mandates and investment criteria of capital providers who are keenly seeking to increase their involvement in the clean energy sector.

## Ends

### Contact

For further information, please contact:

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This announcement has been authorised by Paul Siega, Company Secretary.

**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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