

QUARTERLY REPORT

For the period ending on 30 June 2024

MPower Group Limited

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Australia

- **Final stages of the construction phase and commencement of the commissioning phase for the Narromine Renewable Energy Project during the Quarter**
- **Narromine commercial operations achieved after the end of the Quarter**
- **Acceleration of plan to add battery storage to the Faraday Renewable Energy Project (VIC)**
- **Process commenced to recycle capital from the Lakeland Solar & Storage Project**
- **Further investment in MPower's development activities to support a planned portfolio of clean energy assets across Australia**

Sydney – 31 July 2024 – 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 June 2024 (**Quarter**).

Operational activities in the June Quarter included the final stages of the construction phase and commencement of the commissioning phase for the Narromine Renewable Energy Project in New South Wales, which entered commercial operations and became revenue generating in July 2024.

The Quarter also saw a number of advancements across the Company's portfolio of clean energy assets as well as an ongoing focus on MPower's development activities following a bolstering of its in-house development team earlier in the year.

Narromine Renewable Energy Project – construction update

During the Quarter, MPower made significant advances in the delivery of the construction phase of Narromine Renewable Energy Project (NSW) and commenced the commissioning phase.

Construction activities during the Quarter included finalisation of the solar tracking installation, installation of all solar PV modules and associated equipment. MPower's in-house team commenced the commissioning phase of the project which was successfully completed in July 2024. The project has now reached commercial operations following the successful connection of the project to the grid and export of clean energy at full capacity (refer ASX announcement on 30 July 2024).

The start of commercial operations marks a key milestone for the Narromine project and is the first project that MPower has owned, constructed and commissioned as part of its Build Own Operate strategy.

The Narromine project is now generating and exporting clean energy at full capacity into the National Electricity Market. A merchant market revenue strategy has been adopted, with project revenues determined by the prevailing wholesale spot prices for energy and Large-scale Generation Certificates. MPower continues to assess offers from potential offtake parties to secure the long-term revenues of the project.

The project is funded by AMPYR Energy under a project funding relationship established in March 2023. The funding agreement is structured as a debt facility, with mechanisms to convert to equity in the project linked to the project's offtake strategy.



Image: Narromine Renewable Energy Project (NSW)

Lakeland Solar & Storage Project (QLD)

MPower commenced a process to sell the Lakeland Solar & Storage Project in Far North Queensland during the Quarter, with the intention of recycling capital for the future expansion of its clean energy portfolio.

The Lakeland project benefits from a long-term Power Purchase Agreement (PPA) with Origin Energy for 100% of its output under a fixed price arrangement that escalates in line with CPI. The project, which is well positioned on the Queensland grid, has a 5.3MWh battery that is capable of being upgraded at the end of the PPA period to take advantage of future volatility in Queensland energy prices.

The project was constructed in 2017 and includes 10.8MWac of solar PV alongside its battery capability. MPower owns 100% of the project following its acquisition in 2022.



Image: Lakeland Solar & Storage Project (QLD)

Portfolio changes

The June Quarter also saw changes to MPower's Victorian clean energy assets, including:

- An acceleration of MPower's plans to add battery storage to the Faraday Renewable Energy Project in Victoria. MPower owns 100% of the development rights for the 6.7MWdc/4.9MWac solar project that already has planning approval for a battery storage facility. The plan to bring forward the battery storage augmentation reflects the growing value that battery storage adds to renewable energy projects, including the ability to increase the dispatch-weighted average price of energy exported and the availability of additional revenue streams from ancillary services.
- Termination of the Asset Purchase Agreement in respect of the Mangalore Renewable Energy Project. MPower entered into an agreement to acquire the rights to the project in August 2021 and the solar PV development project has subsequently encountered a number of challenges. No consideration has been paid by MPower under the terminated agreement.

Further investment in MPower's project pipeline was a focus during the Quarter, following a bolstering of its in-house development team earlier in the year. MPower is targeting a portfolio of over 30 utility-scale solar and battery projects across Australia's eastern states and has a proven track record of success at developing, constructing, owning and operating distribution-connected clean energy assets.

MPower's strategy and plans are supported by the ongoing interest in the inherent capacity within Australia's distribution networks and the growing recognition of the role of battery energy projects in Australia's energy transition.

Financial overview

Cash receipts during the Quarter were slightly higher than the previous quarter at \$1,229K, comprising revenues generated through the Company's service and maintenance activities, together with the sale of clean energy and associated renewable energy certificates from the Company's 100% owned project at Lakeland, Queensland. Cashflows from the sale of energy being generated by the Narromine project will commence in the September quarter now that the project has reached commercial operations.

The main operating cash outflows were operating costs of \$498K and staff costs of \$583K. Net cash used in operating activities during the Quarter was \$248K.

Resources involved in the delivery of the Narromine project are included in cashflows from investing activities (for both the current quarter and year to date).

Mpower is in advanced discussions in relation to new and existing funding facilities to support its operations. Commercial terms have been agreed in principle with the counterparties and documentation is being prepared and is expected to be finalised and announced in the coming days.

Comment

Chief Executive Officer Nathan Wise commented: *"I'm encouraged by the progress made by the Company this quarter, with successful commissioning of the Narromine project representing a key milestone in the development of the group."*

"As the Company navigates the challenges inherent in the long-term development of clean energy assets, we remain focussed on a rollout of a decentralised portfolio of 30+ clean energy hybrid projects across Australia's eastern distribution networks. Mpower has a proven track record and continues to pursue opportunities to leverage its strategic advantages."

Payments to related parties

Payments of \$72K to related parties and their associates relate to remuneration payments made to the directors of the Company and interest payments on loan facilities.

Ends

Contact

For further information, please contact:

Nathan Wise
Chief Executive Officer
(02) 8788 4600

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 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,229	4,939
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(498)	(2,729)
(c) advertising and marketing		
(d) leased assets	(76)	(462)
(e) staff costs	(583)	(2,884)
(f) administration and corporate costs	(66)	(211)
1.3 Dividends received (see note 3)		
1.4 Interest received	7	28
1.5 Interest and other costs of finance paid	(261)	(751)
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	(248)	(2,070)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(1,843)	(7,362)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(1,843)	(7,362)

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)
3.5	Proceeds from borrowings	1,538	10,183
3.6	Repayment of borrowings	(298)	(772)
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	1,240	9,405

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,062	238
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(248)	(2,070)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,843)	(7,362)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,240	9,405
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	211	211

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	211	1,062
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)	211	1,062

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	72
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	19,615	19,398
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	19,615	19,398
7.5	Unused financing facilities available at quarter end		217
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>\$1.125m secured term debt from Tag Private Pty Limited with a maturity date of 27 September 2024 and a variable interest rate on the term debt is currently 12%.</p> <p>\$1.650m secured term debt from Oceania Capital Partners Limited with a maturity date of 8 August 2025 and a fixed interest rate on the term debt of 12.25%.</p> <p>\$10.000m secured term debt from AMPYR Energy Group with a maturity date of 28 February 2025 and a fixed interest rate on the term debt of 12.25%.</p> <p>\$6.840m secured term debt from Nord/LB with a maturity date of 30 April 2031 and a fixed interest rate on the term debt of 5.6%.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(247)
8.2	Cash and cash equivalents at quarter end (item 4.6)	212
8.3	Unused finance facilities available at quarter end (item 7.5)	217
8.4	Total available funding (item 8.2 + item 8.3)	429
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.73
<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?	
	<p>Answer: The Company's level of operating cash outflows is expected to increase in the September quarter following completion of the Narromine project when some internal staff costs will no longer be reflected in investing cashflows.</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?	
	<p>Answer: Yes, the Company is in advanced discussions in relation to new and existing funding facilities to support its operations. Commercial terms have been agreed in principle with the counterparties and documentation is being prepared and is expected to be finalised and announced in the coming days.</p>	

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: Yes, on the basis that additional funding facilities for the Company are being arranged and are expected to be available for use by the Company in the short term.

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 July 2024

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.