

## QUARTERLY ACTIVITIES REPORT

For the period ending on 30 June 2022

**MPower Group Limited**

ABN 73 009 485 625

Phone +61 2 8788 4600

Level 4, 15 Bourke Road  
Mascot NSW 2020  
Australia

- **Forthcoming acquisition of Lakeland Solar & Storage Project, a strategic asset forecast to generate additional annual revenues of ~\$1.8 million**
- **Continued development of Build Own Operate platform, comprising a national project portfolio of clean energy assets**
- **Successful 12-month extension agreement with St George Bank in respect of \$5.1 million term loan**
- **Cash receipts from operating activities totalled \$1.187 million, an improvement from \$0.984 million in the previous quarter**

### Sydney – 29 July 2022 – 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 on 30 June 2022 (**Quarter**).

#### Operational overview

During the Quarter, MPower's operational initiatives were highlighted by its successful agreement to acquire the Lakeland Solar & Storage Project in Far North Queensland. Along with a new source of established recurring revenues, the acquisition aligns with MPower's Build Own Operate strategy, to establish diversified revenue streams through a national portfolio of clean energy assets.

#### Lakeland Solar & Storage Project

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.

#### Accretive earnings through a proven asset

Through its acquisition of Lakeland, MPower expects to generate additional annual revenues of around \$1.8 million from the sale of energy and large-scale generation certificates to a major power provider.

MPower also flagged the opportunity to generate cost efficiencies through the deployment of its in-house engineering team to drive operational improvements, including upgrades to project infrastructure and implementation of MPower's proprietary solution for the control and monitoring of renewable energy projects.

Combining Lakeland's established revenue streams with operational cost savings, MPower expects the acquisition to contribute around \$0.8 million in annual earnings before interest, tax, depreciation and amortisation (EBITDA).

Along with the sale of solar energy, Lakeland's lithium-ion battery storage capacity further enhances MPower's capacity to own and manage assets in the burgeoning battery storage sector. It marks the Company's first entry into Queensland, further nationalising its planned market footprint beyond sites in New South Wales, Victoria and South Australia.

### **Deal terms**

During the quarter, MPower entered into a Share Purchase Agreement with Kawa Australia Developments Pty Limited to acquire 100% of the shares in Lakeland Solar & Storage Pty Ltd. The transaction has an enterprise value of \$8 million.

Total consideration for Lakeland comprises a deferred consideration of up to \$0.35 million over a three-year period following completion, and the assumption of an existing \$7.66 million limited recourse long-term debt facility in place with German bank, NORD/LB.

Headquartered in Hanover, NORD/LB is one of Europe's largest renewable energy project finance banks.

At the time of its announcement, the transaction remained subject to a number of conditions including third party consents being obtained and the finalisation of amendments to the existing debt facility structure. The parties have been working towards satisfying the conditions and the Company currently expects the deal to be finalised in August 2022.

### **Build Own Operate Pipeline**

Following on from its operational developments in the last quarter, MPower continued to advance the development of its Australia-wide network of clean energy assets in the June quarter.

The Company has entered into separate binding Asset Purchase Agreements with respect to the acquisitions of three Build Own Operate clean energy sites at Narromine (NSW), Mangalore (Victoria) and Faraday (Victoria).

All three projects were further advanced in the June quarter, and MPower remains fully engaged with its site development partners to bring the sites up to shovel-ready status. Once each project is fully permitted, completion of the asset purchases will be finalised which is expected to take place in the coming months.

MPower plans to build clean energy assets on each of these sites, and currently intends to sell the generated electricity into the grid at market prices, rather than under fixed offtake contracts. Prevailing market prices are very high by historical standards while the National Electricity Market faces a number of challenges. MPower remains committed to the immediate development of its renewable energy assets and continues to engage with a number of potential partners to accelerate the roll-out. There are several value catalysts pending and updates will be provided as these materialise.

The Company has also significantly progressed development of two hybrid solar battery projects in South Australia during the Quarter. A hybrid 5MW solar farm with a DC-coupled

5MW/10MWh battery project is being planned at each site. MPower is actively seeking planning approvals and grid connections for the sites which are expected to be shovel-ready this calendar year.

MPower continues to seek new project sites to expand its existing pipeline of 10 sites, representing more than 50MW of proposed generation capacity, over which it currently holds exclusivity. The Company is targeting 100MW of proposed generation capacity in the first phase of its Build Own Operate strategy.

## Corporate

### **Firm commitments secured to raise \$1.7 million**

Subsequent to the end of the Quarter, MPower received firm commitments to raise \$1.7 million (before costs) in new equity funding to advance the Company's Build Own Operate strategy and for working capital purposes.

The placement includes the issue of 55 million new fully paid ordinary shares at 2.4 cents per share to a range of sophisticated and professional investors to raise \$1.32 million under the Company's ASX Listing Rule 7.1 and 7.1A placement capacity. Each new share will include a 2:3 attaching option, with a strike price of 4.5 cents and expiry four years from the date of issue. Attaching options will be issued and quoted on the ASX, subject to approval at an upcoming EGM and ASX listing requirements being met.

The Tag Private Group, MPower's largest shareholder that is associated with the Company's Chairman and CEO, is also supporting the capital raising. A further \$0.38 million (15.8 million shares and attaching options) is to be issued to the Tag Private Group on the same terms, subject to shareholder approval at the upcoming EGM.

Funds from the placement will be used to advance project development initiatives across MPower's Build Own Operate portfolio of renewable energy assets, support the acquisition of the Lakeland Solar and Storage Project (refer ASX announcement: 16 May 2022) and for working capital purposes.

### **Activities post quarter-end**

MPower has extended its \$5.1 million term loan with St George Bank for an additional 12 months and will make recurring principal repayments amounting to \$50,000 per month.

### **Financial overview**

MPower's cash balance was \$0.537 million at the end of the Quarter. Cash receipts from operating activities amounted to \$1.187 million, up from \$0.984m in the previous Quarter. The cash balance excludes the proceeds from the subsequent \$1.7 million capital raising.

### **Payments to related parties**

Payments of \$117K to related parties and their associates relate to remuneration payments made to the directors of the company.

## Ends

### Contact

For further information, please contact:

Nathan Wise  
Chief Executive Officer  
(02) 8788 4600

Ben Jarvis  
Six Degrees Investor Relations  
0413 150 448

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 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,187	5,356
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(608)	(3,297)
(c) advertising and marketing	(3)	(7)
(d) leased assets	(68)	(258)
(e) staff costs	(799)	(3,630)
(f) administration and corporate costs	(78)	(272)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(78)	(451)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(447)</b>	<b>(2,559)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(268)	(278)
(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)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(268)</b>	<b>(278)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	7	158
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		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(56)	(317)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(49)</b>	<b>(159)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,301	3,533
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(447)	(2,559)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(268)	(278)

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)	(49)	(159)
4.5	Effect of movement in exchange rates on cash held		
4.6	<b>Cash and cash equivalents at end of period</b>	<b>537</b>	<b>537</b>

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	537	537
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>537</b>	<b>537</b>

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	117
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>		

<b>7.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	5,160	5,160
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	<b>Total financing facilities</b>	5,160	5,160
7.5	<b>Unused financing facilities available at quarter end</b>		0
7.6	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.		
	Secured Term Debt from St George Banking Group with a maturity date of 15 July 2023. The variable interest rate on the Term Debt is currently 8.23%.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(447)
8.2	Cash and cash equivalents at quarter end (item 4.6)	537
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	537
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	1.2
	<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: Yes	
	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: The Company undertook a placement of \$1.7M to sophisticated and professional investors in July 2022.	
	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 the Company undertook a \$1.7M placement in July 2022 and the Company's first three Build Own Operate projects are nearing shovel-ready status and the Company is in advanced discussions in respect of funding for those projects.	
	<i>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.</i>	



## 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: 29 July 2022

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.