

FULL YEAR RESULTS

Sydney – 24 August 2022 – MPower Group Limited (ASX: MPR)

MPower Group Limited
ABN 73 009 485 625

Phone +61 2 8788 4600

Level 4, 15 Bourke Road
Mascot NSW 2020
Australia

The 2022 annual report comes as MPower forges ahead in establishing its Build Own Operate portfolio of clean energy assets. The Company is targeting a distributed portfolio of solar PV and battery storage projects across Australia, focussed on regions of high growth where the network will benefit from nearby renewable generation.

MPower plans to build clean energy assets on an increasing number of sites, with 10 sites secured to date and a significant number currently under assessment. Prevailing market prices for electricity are very high by historical standards while the National Electricity Market faces challenges that are the subject of intense media reporting.

MPower's strategy directly addresses the issues currently facing the National Electricity Market, by locating generating assets close to where there is demand, adding to network reliability and without requiring major upgrades to the existing network.

Operational overview

MPower has had a very busy year, albeit a year peppered with frustrations and delays occasioned by circumstances largely beyond the Company's control. Covid-19 continued to hamper the Company for an extended period and the pace of project development was slower than originally envisaged. Notwithstanding the protracted period, the viability of MPower's projects has improved with burgeoning power prices and the momentum of renewable energy transition gaining pace.

There are a considerable number of positive operational achievements to report on:

- 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 advanced during the year and MPower remains fully engaged with its site development partners to bring the sites up to shovel-ready status.
- The Company has significantly progressed development of two hybrid solar battery projects in South Australia. A hybrid 5MW solar farm with a DC-coupled 5MW/10MWh battery project is being planned at each site. MPower expect the sites to be shovel-ready in the first half of this financial year.
- MPower continues to seek and assess new project sites to expand its existing pipeline of secured sites, representing more than 50MW of proposed generation capacity, over which it currently holds exclusivity.
- MPower has launched its proprietary solution for the control and monitoring of its renewable energy projects, including solar PV, battery storage and hybrid projects, further strengthening in-house maintenance and monitoring capabilities for new and existing sites.

- Final milestone payments were received for the completion of two South Australian 5MW solar farms located at South Hummocks and Kadina. Now completed and fully operational, and maintained by the Company, the solar farms are supporting the energy needs of more than 3,000 homes in the regional locations.
- The Company's service division, which provides regular maintenance and asset management services to critical power system assets, continued to build steadily during the year and provides a constant revenue stream for the Company.
- MPower's landmark 1.5MWh grid connected battery storage project entered its service and maintenance phase following a key milestone of successfully achieving final acceptance with Endeavour Energy. Final acceptance was achieved after stringent field-testing provided the Company with significant validation for the solution for other potential operators and implementation into MPower's portfolio of clean energy assets.
- MPower's operational initiatives were highlighted in May 2022 by the announcement of the proposed acquisition of the Lakeland Solar & Storage Project in Far North Queensland (refer below). The acquisition, which was completed post balance date, provides a new source of long term recurring revenues and is strategically aligned with MPower's Build Own Operate model, to establish diversified revenue streams through a national portfolio of clean energy assets.

Lakeland Solar & Storage Project

Bringing Lakeland under MPower's ownership is a landmark achievement for the Company, marking the first time that direct sales of clean energy will contribute to group revenue and earnings. MPower expects to generate additional annual revenues of around \$1.8 million from Lakeland's sale of energy and large-scale generation certificate.

MPower's in-house engineering team will drive operational improvements, including upgrades to project infrastructure and implementation of MPower's proprietary solution for the control and monitoring of clean energy projects. This is expected to improve Lakeland's operational performance and financial value.

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. This high quality revenue stream complements MPower's strategy of maintaining exposure to market prices for energy to boost financial returns.

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.

Corporate

MPower's board and management team was strengthened in September 2021 with the appointment of renewable energy expert Amy Kean to the board as a non-executive director. With over 20 years' experience in the clean energy sector, Amy has an extensive background in navigating the regulatory, commercial, and technical challenges to unlock opportunities in clean energy projects, and her expertise has proven to be valuable to the Company at a time when Australia is dealing with the transition to a clean energy future.

In late 2021 MPower undertook a small Share Purchase Plan which raised \$0.17 million and in July 2022 undertook a placement which 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 Company's major shareholder agreed to support the capital raising. As detailed in ASX announcements, an Extraordinary General Meeting to approve certain aspects of the placement and other matters is scheduled to be held on 28 September 2022.

MPower has extended its \$5.1 million term loan with St George Bank for an additional 12 months and is making principal repayments of \$50,000 per month.

MPower maintains a franking credit balance of \$7.4 million. This equates to 3.3 cents per share based on the number of shares on issue at 30 June 2022.

Looking Ahead

MPower is driven to develop clean energy assets and continues to engage with a number of potential partners to accelerate the roll-out. Clean energy assets and the long-term funding of a distributed portfolio is still a relatively new and evolving field. There are several value catalysts pending for the Company and updates will be provided as these materialise.

The Company intends to augment its portfolio of solar projects with DC-coupled battery storage which will enhance project returns. MPower's approach to solar farm design is to incorporate a higher DC capacity initially, so revenue can be maximised through increased power generation during the morning and afternoon periods and enhanced further with the subsequent augmentation of battery storage. MPower has already successfully delivered more than 10MWh of battery storage projects for customers and will leverage its established in-house expertise for its own battery storage strategy. MPower has standardised its approach to solar farm design and construction enabling projects to typically progress from shovel ready status to generating revenue from the power output in nine months.

Furthermore, the grid connection process is simpler than for large utility-scale solar farms; there is no risk of curtailment; nor is there exposure to ancillary service charges. By taking a portfolio approach with diversified geographic locations coupled with weather and network variations, the risk of a single point of failure is eliminated.

MPower has an aggressive strategy and has laid the foundations for the planned portfolio roll-out. With the Company now generating and selling electricity, it has entered a new

phase in which the sun is set to shine on MPower's strategy of facilitating commercially viable assets for a clean energy future.

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 |