

QUARTERLY ACTIVITIES REPORT

For the period ending on 31 March 2022

MPower Group Limited

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Sydney – 29 April 2022 – MPower Group Limited (ASX: MPR)

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Australia

MPower, Australia's leading specialist renewable energy, battery storage and microgrid business, is pleased to provide the following updates on its activities for the quarter ending on 31 March 2022 (the '**Quarter**').

Operational overview

During the Quarter, MPower made substantial progress establishing its planned Build Own Operate (**BOO**) portfolio of 20, 5MW renewable energy projects with an estimated end value of \$150+ million. The Company focused on progressing green energy financing options for its BOO portfolio during the Quarter and expects to report more fully on portfolio funding during the June 2022 quarter.

First three Build Own Operate projects

MPower has entered into separate binding Asset Purchase Agreements with respect to the acquisitions of its first three Build Own Operate projects at Narromine (NSW), Mangalore (Victoria) and Faraday (Victoria). The three sites are expected to be shovel ready at various stages in this first half of CY2022. Once shovel ready status has been achieved and each project is fully permitted, completion of the asset purchases will take place.

All of the first three projects advanced during the Quarter, with MPower actively working in collaboration with its development partners to ensure the projects are high-quality assets that incorporate the latest available technology.

The Narromine site in NSW, near Dubbo, is in its final stage of development having already achieved an 'Offer to Connect' from Essential Energy (*refer ASX announcement: 30 September 2021*). The offer enables the project to be connected into the distribution network and become a participant in the National Electricity Market.

Located approximately 120km North of Melbourne, the advancement of the Mangalore project continued during the Quarter, including the application for the project to be connected into the National Electricity Market. The application follows a planning permit being granted by the Victorian Department of Environment, Land, Water & Planning in December 2021 (*refer ASX announcement: 15 December 2021*).

The Faraday project, located approximately 100km from Melbourne, covers an area of 14ha and was selected due to a strong local demand and attractive future load prospects. The project includes over 11,000 Bifacial PV Modules with the capacity to produce more than 11,500MWh of electricity in its first year.

BOO pipeline

MPower has been active in expanding its pipeline of potential BOO projects during the Quarter. In addition to the first three BOO projects that are under Asset Purchase Agreements, the Company has exclusivity over a further seven projects which are being progressed. Further, MPower has several new projects that are currently being assessed and negotiated with its development partners.

NSW battery storage project

MPower's landmark 1.5MWh grid connected battery storage project entered its service and maintenance phase during the Quarter following a key milestone of successfully achieving final acceptance with Endeavor 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 BOO portfolio of renewable energy projects.

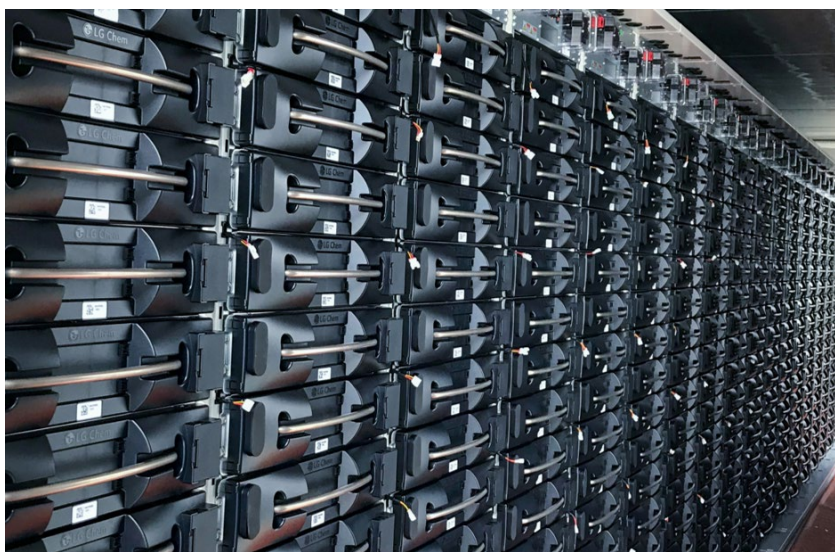


Image 1: 1.5MWh grid connected battery storage project in NSW

Development of hybrid solar battery projects

Earlier in the financial year, MPower released details of two hybrid solar battery projects being developed in South Australia. The projects aim to capitalise on existing pricing opportunities as a result of negative daytime pricing across South Australia. A hybrid 5MW solar farm with a DC-coupled 5MW/10MWh battery project is being planned at each site.

Development of the two hybrid solar battery projects advanced with planning approvals and the connection application process underway.

All costs associated with the development of the two projects are being expensed.

Portfolio funding

With MPower's first three Build Own Operate projects nearing shovel-ready status, the Company has significantly progressed negotiations with a number of green energy financiers. Financing will support the planned development of the Company's BOO portfolio. MPower expects to report more fully on progress in relation to portfolio funding during the June 2022 quarter.

Financial overview

MPower's cash balance was \$1.301 million at the end of the Quarter. Cash receipts from operating activities were \$984K which predominantly relate to the Company's service and maintenance activities. Net operating cashflows were \$991K for the Quarter, with the main items of cash outflows related to staff costs of \$909K and operating costs of \$847K.

Payments to related parties

Payments of \$173K to related parties and their associates predominantly relate to salary payments to management as well as remuneration to the directors of the company.

Comment

Chief Executive Officer Nathan Wise said: *"MPower's transition to predominantly being an owner and operator of renewable energy sites in Australia gathered considerable pace during the period and we have an excellent foundation in place to capitalise on this progress. Particularly noteworthy is the interest we are garnering from suitably experienced and credentialed financiers that see our 5MW projects as being highly investable. Sector tailwinds remain favourable and we are primed to deliver significant value for shareholders in the coming quarters as our BOO program advances."*

Ends

Contact

For further information, please contact:

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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")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	984	4,169
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(847)	(2,689)
(c) advertising and marketing	(4)	(4)
(d) leased assets	(47)	(190)
(e) staff costs	(909)	(2,831)
(f) administration and corporate costs	(58)	(194)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(110)	(373)
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	(991)	(2,112)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		(10)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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		(10)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	(16)	151
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	(85)	(261)
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	(101)	(110)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,393	3,533
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(991)	(2,112)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		(10)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(101)	(110)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,301	1,301

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	1,301	1,301
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)	1,301	1,301

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	173
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	5,182	5,182
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	5,182	5,182
7.5 Unused financing facilities available at quarter end		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 2022. The variable interest rate on the Term Debt is currently 7.48%.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(991)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,301
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	1,301
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.3
<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: With MPower's first three Build Own Operate projects nearing shovel-ready status, the Company has been able to significantly progress discussions with and advance a number of green energy financing options during the Quarter in order to support the planned development of the Company's portfolio.	
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'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 April 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.