

\$6.1M GAIN ON LAKELAND SOLAR & BATTERY PROJECT

- Lakeland valued at \$12.7 million following receipt of independent external valuation
- \$6.1 million gain to be taken as profit in the FY2023 full year accounts, subject to finalisation of the year-end audit process
- Gain reflects operational and financial improvements successfully implemented by MPower at the time of acquisition
- 18GWh of clean energy and project revenues of \$1.7 million in the first 12 months
- Major step-change for the Company and a further strengthening of MPower's balance sheet

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Sydney – 11 August 2023 – MPower Group Limited (ASX: MPR)

In advance of finalising its full year results later this month, leading specialist renewable energy and battery storage development company MPower Group Limited (ASX: MPR) (the **Company**) advises that acquisition accounting for the purchase of the Lakeland Solar & Storage Project (**Lakeland**) has been completed, resulting in a profit of \$6.1 million being recognised.

Project improvements

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. Lakeland was acquired in August 2022, at which time MPower immediately implemented significant operational improvements to the project, leveraging the Company's extensive inhouse capabilities and materially boosting Lakeland's financial performance.



Image: Battery Energy Storage System at Lakeland

Mpower took full operational control of the project immediately following the acquisition, including all operations, maintenance and asset management roles. In doing so, Mpower has successfully reduced the project's annual operating costs by more than \$1 million while at the same time improving project reliability and performance.

In the first 12 months of operation under Mpower's control, the project has generated approximately 18GWh of clean energy and earned revenues of approximately \$1.7 million. 100% of the output of the project is contracted to Origin Energy under a long-term Power Purchase Agreement at a fixed price that escalates annually based on a CPI index.



Image: Aerial view of the Lakeland Solar & Storage Project

Project valuation

In finalising the acquisition accounting for the project prior to the first anniversary of the purchase and as part of the Company's year-end results process, the Mpower board has adopted an enterprise value of \$12.7 million for Lakeland, based on an independent external valuation. The valuation reflects a gain of \$6.1 million on acquisition of the project which is to be taken through the profit and loss in the Company's FY2023 financial statements (subject to final year-end audit processes).

Mpower commissioned Leadenhall Valuation Services Pty Limited to undertake an independent external valuation of the Lakeland Solar & Storage Project as part of the purchase price allocation process which is required to be completed in the 12 months following the acquisition. The board has relied on this valuation when arriving at its valuation for the project. Further details will be included in the Company's full year accounts to be released later in the month.

Comment

The Lakeland valuation represents a major step-change for the Company and a further strengthening of Mpower's balance sheet following the recent transaction with Oceania Capital Partners taking an equity position and refinancing of the Company's previous debt facilities (refer ASX announcement 9 August 2023) and successfully finalising a \$10M project finance facility (refer ASX announcement 4 August 2023).

MPower Chief Executive Officer, Nathan Wise, commented: *“An uplift of this magnitude is a testament to the value that MPower can create in a short period of time by leveraging our technical know-how and financial expertise around clean energy projects. This financial benefit comes at an important time in MPower’s journey as we continue to roll-out clean energy projects and scale up our activities. We look forward to providing more detail on Lakeland in the upcoming the full year results announcement.*

“We are entering a phase of unprecedented growth in renewables and MPower now has the balance sheet, track record and financial standing to accelerate our plans and continue to lead the way in distributed clean energy projects.”

Ends

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.

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