

## HALF YEAR REPORT

For the half year ending on 31 December 2021

MPower Group Limited

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**Binding purchase agreements secured over three 5MW renewable energy developments in NSW and Victoria**

**Number of renewable energy development sites under exclusivity stands at ten**

**Two new hybrid power projects being developed to capitalise on negative daytime energy pricing in South Australia**

**Proprietary solution for remote project control and monitoring developed expanding MPower's maintenance capabilities and adding a new revenue stream**

**Several funding options for green energy power projects are being actively assessed**

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

MPower, Australia's leading specialist renewable energy, battery storage and microgrid business, is pleased to provide the following update on its operational and financial progress for the six-month period ending on 31 December 2021 (**Half**).

During the Half, the company recorded revenue from continuing operations of \$1.75 million. This is the result of MPower's transition to a Build Own Operate (**BOO**) business model in which renewable energy projects are developed and constructed in-house, highlighting that revenue from external sources is at present only of limited relevance. The company's EBITDA loss was \$1.20 million and reflects the expensing (rather than capitalisation) of costs incurred in the planning and development of the proposed project portfolio.

MPower has significantly progressed its BOO strategy in recent months, despite the challenges and delays caused by COVID-19. This includes the expansion of the company's project pipeline, execution of the first three purchase agreements and continued refinement of project design, costs and delivery approach that have laid a strong foundation for the future.

Over the coming months, the construction and ongoing operation of well-selected, well-designed, and well-managed MPower renewable energy projects is expected to substantially change the nature of MPower's financial position and performance.

As MPower's BOO portfolio is progressively established and power generation commences, it will be the cost of the developments and the cash flow that they generate that will be the measure of the Company's true value.

MPower is actively progressing discussions and is considering a number of green energy financing options in order to support the planned development of the Company's portfolio of up to 20 x 5MW renewable energy projects that will have an estimated end value of more than \$150 million.

Funding relates to the construction phase and the long-term operating phase of the renewable energy projects, which have an expected power generating life of over thirty years.

Mpower is working to develop a funding structure to provide a direct correlation between investor returns and the value of the power generated and sold by the renewable energy infrastructure assets that Mpower sources, builds, controls, maintains and manages.

Mpower's service and maintenance division performed well in the Half, experiencing limited disruption due to COVID-19 related site closures and with activities now back to expected levels.

### **Three Build Own Operate sites secured**

Mpower made pleasing progress on the establishment of its BOO portfolio during the half, primarily along the East Coast of Australia. Mpower has entered into binding purchase agreements on the first three development projects in NSW and Victoria, for a total combined consideration of approximately \$1.9 million. The three sites are expected to be shovel ready at various stages in the first half of CY2022. Once shovel ready status has been achieved and each project fully permitted, completion of the asset purchases will take place.

The projects are located in Narromine (NSW), Mangalore (VIC) and Faraday (VIC) and the three projects will generate 36,000 MWh+ of clean energy from 34,000 Bifacial PV Modules, equivalent capacity to power 4,500 homes once they are fully operational.

The NSW site in Narromine, near Dubbo, is in the final stage of development and has already achieved an 'Offer to Connect' from Essential Energy. The offer will enable the project to be connected into the distribution network and become a participant in the National Electricity Market.

The Mangalore project is located approximately 120km north of Melbourne. The project was granted a planning permit by the Victorian Department of Environment, Land, Water & Planning in December 2021. The application to connect the project to the National Electricity Market is currently in progress.

The Faraday project is located approximately 100km from Melbourne and 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.

These three projects are the first of 20 sites being planned for the portfolio to provide diversification and capture the benefits of scale. Mpower has exclusivity over a further seven 5MW development projects (including two hybrid projects in South Australia detailed below) and is actively assessing additional project opportunities against the company's investment criteria.

### **Development of hybrid solar battery projects**

Mpower released details of two hybrid solar battery projects being developed in Kadina, South Australia. The projects aim to capitalise on existing pricing opportunities as a result of negative daytime pricing across South Australia.

By leveraging Mpower's in-house technical expertise across solar and battery storage technologies and anticipating the latest Australian Energy Market Commission (AEMC) determination on integrating battery storage, Mpower has put forward a market leading solution tailored to the opportunity.

A hybrid 5MW solar farm with a DC-coupled 5MW/10MWh battery project is being planned at each site. SA Power Networks has confirmed that the network has capacity to accommodate the projects and formal connection applications have been lodged.

### **South Hummocks and Kadina Solar Farms**

Mpower received final milestone payments totalling \$500,000 during the Half for the completion of two South Australian 5MW solar farms located at South Hummocks and Kadina. Now completed and fully operational, the projects are supporting the energy needs of more than 3,000 homes in the region. Maintenance contracts for both sites were also secured, adding another \$300,000 in additional revenue over an initial two-year period.

### **NSW battery storage project milestone**

Mpower's landmark 1.5MWh grid connected battery storage project reached a major milestone successfully achieving its final acceptance with Endeavor Energy during the Half. Final acceptance follows stringent field-testing and provides significant validation for the solution for other potential operators and for implementation into Mpower's BOO portfolio of renewable energy projects.

### **Proprietary monitoring and control platform**

As the company continues to transition to its BOO model, Mpower has developed a proprietary solution for the control and monitoring of its renewable energy projects. The technology will be deployed on new and established sites where Mpower has existing maintenance service agreements.

The broadening of the company's monitoring and maintenance capabilities provides Mpower with another potential revenue stream as it looks to incorporate the technology into its offering to renewable energy asset owners and managers seeking additional reliability and performance analytics.

### **Corporate matters**

Mpower's board and management team was strengthened with the appointment of renewable energy expert Amy Kean as a non-executive director.

Amy Kean has over 20 years' experience in the renewable energy sector and has an extensive background in navigating the regulatory, commercial and technical challenges to unlock

opportunities in renewable energy projects. She was instrumental figure in developing NSW's renewable energy zones and the State's emerging energy programs.

In December 2021, MPower launched a Share Purchase Plan and raised a total amount of \$173,000 before costs, with 3,460,000 new fully paid ordinary shares issued. The shares were issued and commenced trading on the ASX in December 2021. MPower's cash balance was \$2.393 million at 31 December 2021.

The company's franking account balance stood at \$7.4 million at 31 December 2021.

### Outlook

MPower has a well-earned reputation for delivering high-quality power generating projects, utilising its in-house technical capabilities. The company's strategy is to continue its focus and deliver expertise on selected renewable energy projects that meet our investment criteria to Build, Own and Operate.

MPower is taking great care to standardise its approach to project design and construction which will drive future efficiencies and ensure projects progress from shovel ready status to generating revenue from the power output as quickly as possible. The building blocks of a successful power generating portfolio are moving into place and it is expected that the investment in well credentialed in-house expertise will ultimately pay off; and that careful execution of the Company's strategy will deliver financial benefits to MPower in the fullness of time.

### 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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