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ASX Announcement

QUARTERLY REPORT

For the quarter ending on 30 September 2020

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Australia

- **5MW solar farm strategy progressed**
- **Build Own Operate strategy being pursued**
- **Cash balance remains strong at $4.9 million**

Sydney – 29 October 2020 – MPower Group Limited (ASX: MPR)

MPower, Australia's leading specialist renewable energy, battery storage and microgrid business, is pleased to provide the following report on its activities for the quarter ending on 30 September 2020 (**Quarter**).

MPower commenced the 2021 financial year on a positive footing following the significant transformational activities that were successfully completed in the prior financial year. As a result of those transformational activities, MPower has been able to dedicate focus to its project activities and to pursuing MPower's stated strategy of expanding into Build Own Operate activities centred on its well-established project capability.

During the Quarter, MPower progressed the design and construction of two $5MW_{AC}$ solar farm projects commenced earlier in the year. The projects, with a combined value to MPower of over $9 million, showcase MPower's expertise in solar farms of that size

MPower is specifically targeting solar projects of this size due in part to their relative ease in connection to the grid. MPower successfully commissioned two $5MW_{AC}$ solar farms in 2019 at Mannum and Port Pirie in South Australia and has emerged as a leader in this niche part of the renewable energy sector.



Image: A 5MWac solar farm currently being designed and constructed by MPower

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At the same time as MPower has been successfully delivering projects that fall within its stated strategy, work has also continued closing out legacy projects that hampered MPower's financial performance in the 2020 financial year. MPower has successfully quarantined the financial impact of legacy projects and has not recorded any ongoing project losses from legacy projects since the start of the 2021 financial year.

MPower's service division, which provides maintenance services to critical power system assets, has benefited from the group's new direction and focus. The service division has been awarded new contracts this financial year in the hospital and data centre sectors, being sectors that place a high value on reliability for mission critical assets.

The expertise and capability that MPower has developed around $5MW_{AC}$ solar farms is also the focus of MPower's Build Own Operate plans. MPower is pursuing structured debt and equity solutions centred on a portfolio of $5MW_{AC}$ solar farms in Australia. MPower has identified several key advantages of this strategy, including benefits of diversification in the market and minimal grid-related risks.

During the Quarter, MPower identified a number of development sites that could potentially form part of an initial portfolio of solar farm projects under MPower's Build Own Operate model. MPower is working alongside developers and others to progress the development sites and ensure they meet MPower's criteria for investment.

The aim of MPower's Build Own Operate aspirations is to leverage MPower's inhouse capability and experience and increase the revenue streams available from each individual project opportunity.

The transformational activities undertaken by MPower in the last 12 months place the business in a stronger position as it faces the ongoing impact of COVID-19. The business continues to seek cost reduction opportunities to cement the significant cost base changes made during the last financial year. MPower's mitigation plans have responded quickly and effectively to the changing business environment and MPower continues to receive the benefit of JobKeeper payments.

MPower's cash balance at the end of the Quarter remained strong and stood at $4.9 million. Operating cash outflows of approximately $0.9 million during the Quarter reflect typical cash movements from project activities. The group's cash position is expected to continue to reduce during the remainder of the calendar year after financial commitments are met and the group closes out the structural changes that have taken place.

The following activities also occurred during the Quarter:

— MPower renegotiated the terms of its banking facilities that were put in place earlier in the year. In July 2020, MPower successfully agreed an extension of its banking facilities until July 2021, with regular principal repayments of its debt facility to commence in March 2021.

— Legal proceedings were commenced against MPower Holdings Pty Limited and MPower Group Limited by Legend Corporation Limited. The proceedings relate to the sale of MPower's product distribution businesses that completed on 28 February 2020 and allege breaches of the Share Sale Agreement and associated claims

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relating to the sale. The claim has not been quantified and MPower is defending the claim.

— A final distribution to the unitholders of the Power Property Unit Trust was made during the Quarter. The final distribution follows settlement of the sale of the group's property in Rowville in Victoria that occurred in May 2020. Approximately $0.6 million was distributed during the Quarter to minority unitholders, as reported in the Appendix 4C accompanying this report.

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.