Annual Report 2022

MPower Group Limited
ABN 73 009 485 625

Contents

mpower

www.mpower.com.au

Chairman's report

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.

Management and staff

MPower sincerely thanks its management and staff for their energy, commitment and support as the Company develops. MPower is fortunate to have such a quality team of professionals and clean energy technology experts operating within a flexible cost base.

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.

Peter Wise

Peter Wise AM
Chairman

24 August 2022

Directors' report

The directors present their report on the company (MPower Parent) and its controlled entities (MPower Group) for the financial year ended 30 June 2022 in accordance with the provisions of the Corporations Act 2001 (Cth). The Chairman's Report (pages 1 to 2) contains a review of the operations of the MPower Group during the financial year and the results of those operations and details of significant changes in the MPower Group. The Chairman's Report is incorporated into and forms part of this Directors' Report.

Principal activity

MPower Group is a technology-led company specialising in the delivery of on-grid and off-grid power solutions and innovative products for blue chip customers.

Review of operations

The operating result of the MPower Group for the financial year ended 30 June 2022 after eliminating non-controlling interests and providing for income tax was a loss of $3,536,000 (2021: $2,065,000). Reference should be made to the Chairman's Report for a more detailed review of operations.

Changes in the state of affairs

There were no significant changes in the state of affairs of MPower Group during the year to 30 June 2022 other than as set out in the Chairman's Report.

Subsequent events

There are no matters or circumstances which have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the MPower Group, the results of those operations, or the state of affairs of the MPower Group in future financial years, other than the matters set out below:

(i) The St George banking facility was extended until July 2023.
(ii) The acquisition of Lakeland Solar and Storage project in far North Queensland was completed in August 2022.
(iii) MPower Group has 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

Future developments

Details of the future developments of the MPower Group are contained in the Chairman's Report. To the extent that the disclosure of information regarding likely developments in the activities of the MPower Group in future financial years and the expected results of those activities is likely to result in unreasonable prejudice to the MPower Group, it has not been disclosed in this report.

Dividends

No dividends have been paid or declared during the current or previous financial years.

Indemnification of directors, officers and auditor

During the financial year, the company paid a premium to insure each of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the company, other than conduct involving a wilful breach of duty in relation to the company.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify a director, officer or auditor of the company or any related body corporate against a liability incurred as an officer or auditor.

Non-audit services

Details of amounts paid or payable to Stantons International for non-audit services provided during the year by the auditors are outlined in note 25 to the financial statements. The directors are satisfied the provision of non-audit services during the year by the auditors is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 (Cth). The directors are of the opinion the services as disclosed in note 25 to the financial statements do not compromise the external auditor's independence, based on advice received from the audit committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks or rewards.

There were no non-audit services provided by Stantons International for the year ended 30 June 2022.

Proceedings on behalf of the company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Options on issue

At the date of this report, the options on issue over unissued ordinary shares in MPower Group Limited were as follows:

Unlisted ESOP options

Grant date	Expiry date	Exercise price	Number of options
15-Oct-19	31-May-23	$0.0300	840,000
16-Oct-20	31-May-23	$0.0300	120,000
16-Oct-20	31-May-24	$0.0300	160,000
5-Oct-21	31-May 23	$0.0750	564,000
5-Oct-21	31-May-24	$0.0750	564,000
5-Oct-21	31-May-25	$0.0750	752,000
Total ESOP options			**3,000,000**

Unlisted advisor options

Grant date	Expiry date	Exercise price	Number of options
22-Feb-21	27-Apr-24	$0.1700	8,000,000
Total advisor options			**8,000,000**
Total options on issue			**11,000,000**

750,000 unlisted options granted under the MPower Group Limited Executive Share Option Plan (ESOP) were exercised during the year (2021: 990,000 options).

No person entitled to exercise an option had or has any right, by virtue of the option, to participate in any share issue of any other body corporate.

Environmental and Social regulations

Subsidiaries of the Company are subject to a range of environmental laws and regulations as well as project and site-specific environmental permits and approvals issued at both the Federal and State Government Levels. The Company is not aware of any breaches of these laws and regulations.

The MPower Group's operations do not pose a high risk for breach of environmental and social legislation and in the directors' opinion there is no known breach of regulatory requirements that may:

- potentially result in financial penalties;
- result in the governing authority having the ability to suspend an operation;
- have a major impact on surrounding ecosystems; or
- have a financial impact on the operations and results of the MPower Group.

Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 (Cth) for the year ended 30 June 2022 has been received and a copy can be found on page 48 of this report.

Rounding off of amounts

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with the Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Corporate governance

A copy of the company's 2022 corporate governance statement can be found at www.mpower.com.au/corporategovernance.

Information on directors

The names and particulars of the current directors of the company during or since the end of the financial year are as follows. References to directors' relevant interest in shares and options are current at the date of this report.

Peter Wise AM	**Chairman**
Qualifications	Dip ID
Experience	Appointed Chairman and board member in 1986. Active since then and before as Chairman or director of a wide range of investments and businesses across Australia and New Zealand, including over 30 years involvement in the power systems sector.
Interest in shares	79,064,101 ordinary shares in MPower Group Limited held by Tag Private Pty Limited. [1]
Length of service	36 years
Nathan Wise	**Chief Executive Officer and Managing Director**
Qualifications	BCom, LLM (UNSW)
Experience	Appointed Chief Executive Officer and Managing Director in 2012 after serving as Head of Corporate Development from 2003. Company Secretary from 2006 until 2012. Director of MPower and a number of controlled entities within the MPower Group. Practiced as a corporate and commercial lawyer before joining the MPower Group.
Interest in shares and options	79,064,101 ordinary shares in MPower Group Limited held by Tag Private Pty Limited. [1] 1,140,000 ordinary shares in MPower Group Limited held by Investment Associates Pty Limited. 1,720,000 unlisted options over unissued ordinary shares in MPower Group Limited held by Investment Associates Pty Limited.
Length of service	10 years
Robert Constable	**Director** (non-executive)
Qualifications	MA (Cantab.)
Experience	Director since 1986. Former positions include secretary of the Beecham Group, director of Sime Darby Holdings Limited and deputy chief executive of Bousteadco Singapore Limited.
Interest in shares	434,000 ordinary shares in MPower Group Limited.
Special responsibilities	Chairman of the audit committee and a member of the remuneration committee.
Length of service	36 years
Robert Moran	**Director** (non-executive)
Qualifications	Bec LLB (Hons)
Experience	Director since 2002. Chairman of Oceania Capital Partners Limited. Has extensive experience in principal investing and previously practiced as a corporate and commercial lawyer.
Interest in shares	2,330,736 ordinary shares in MPower Group Limited.
Special responsibilities	Member of the audit committee.
Directorships held in other listed entities in the previous 3 years	Listed entity: Oceania Capital Partners Limited *(Previously Listed)* Relevant dates: since 25 July 2007
Length of service	20 years
Amy Kean	**Director** (non-executive)
Qualifications	BA, BSc
Experience	Director since 1 September 2021. Has 20 years' experience in the renewable energy sector and currently co-owns and operates renewable energy advisory firm Stride Renewables which assists clients in navigating the regulatory, commercial and technical challenges in renewable energy.
Interest in shares	158,730 ordinary shares in MPower Group Limited.
Special responsibilities	Member of the remuneration committee
Length of service	11 months
Neil Langridge	**Company Secretary**
Qualifications	BBS, CA, FGIA, GAICD, DipInvRel
Experience	Appointed Company Secretary and Interim Chief Financial Officer of MPower Group Limited on 6 August 2019. Prior to joining MPower, worked as a CFO in GFG Liberty Steel, UGL Rail and Defence, Pentair Flow Control and Downer Rail. Held various directorships and secretarial positions in these companies and related joint ventures over the past 15 years.
Interest in shares	None.
Length of service	3 years

1. Tag Private Group supported the Company's capital raise in July 2022 and will be issued with 15,833,333 ordinary shares and 10,555,555 options in MPower Group Limited, subject to shareholder approval being obtained at an EGM to be held on 28 September 2022.

Changes to directors and company secretary

Amy Kean was appointed as a director effective from 1 September 2021. There were no other changes to the directors of MPower Group Limited during the year and up to the date of this report.

Remuneration of directors

Information about the remuneration of directors and senior management is set out in the remuneration report on pages 6 to 11.

Directors' meetings

The following table outlines the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, ten board meetings, two audit committee meetings and one remuneration committee meeting were held.

	Board meetings		**Audit committee meetings**		**Remuneration committee meetings**	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Peter Wise	10	10	2	2	–	–
Nathan Wise	10	10	2	2	–	–
Amy Kean	8	8	–	–	1	1
Robert Constable	10	10	2	2	1	1
Robert Moran	10	10	2	2	–	–

Remuneration report (Audited)

This report details the remuneration arrangements in respect of each director of MPower Group Limited and the key management personnel.

Remuneration policy

MPower's remuneration policy has been designed to align director and senior manager objectives with shareholder and business objectives by providing a fixed remuneration component and, where applicable, offering specific short-term and long-term incentives based on key performance areas affecting MPower's financial results. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best senior managers and directors to run and manage MPower, as well as create goal congruence between directors, senior managers and shareholders. During the year, the company did not employ a remuneration consultant.

The board's policy for determining the nature and amount of remuneration for executive board members and key management personnel of MPower is as follows:

- The remuneration policy, setting the terms and conditions for executive directors and other senior managers, was developed by the remuneration committee and approved by the board.
- Senior managers may receive base remuneration (which is based on factors such as length of service and experience), superannuation, fringe benefits, short-term incentives or long-term incentives.
- The remuneration committee reviews certain senior manager packages annually by reference to MPower's performance, senior manager performance and comparable information from industry sectors.

The performance of MPower's senior managers is measured against criteria agreed regularly with each senior manager and is based predominantly on the forecast growth of the MPower Group's profits and shareholder value. Short-term incentives, where applicable, are linked to predetermined performance indicators where possible. The board may exercise its discretion in relation to approving short-term and long-term incentives and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance indicators. The policy is designed to attract the highest calibre of senior managers and reward them for performance that results in long-term growth in shareholder wealth.

All remuneration paid to directors and senior managers is valued at the cost to the company and expensed. Options are valued using the Black-Scholes methodology.

The board's policy is to remunerate non-executive directors for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors based on market practice, duties and accountability. Independent external advice may be sought when required. No independent expert has been used during the current financial year. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders. Fees for non-executive directors are not linked to MPower's performance. However, to align directors' interests with shareholders' interests, the directors are encouraged to hold shares in the company.

Performance based remuneration

MPower has a policy which sets out the framework for awarding performance-based remuneration to MPower senior managers. Performance based remuneration may comprise both a short-term incentive (STI) and a long-term incentive (LTI) component. The STI takes the form of a cash bonus and the LTI comprises the issue of options under the MPower Group Limited Executive Share Option Plan. The remuneration committee has the discretion to determine the STI and LTI for eligible senior managers.

Short-term incentives

The remuneration package for an eligible senior manager may comprise a STI in the form of a performance-based cash bonus. The maximum STI component of a remuneration package is expressed as a percentage of the relevant senior manager's base remuneration. A senior manager may be awarded a STI depending on performance against a set of performance indicators. The performance indicators may differ for each senior manager and are determined by the remuneration committee from time to time. A weighting is given to each performance indicator at the time the performance indicators are set.

Details of the STI's in respect of the year to 30 June 2022 are as follows:

Nathan Wise
At the date of this report a cash bonus in respect of the year to 30 June 2022 had not been assessed for Nathan Wise. The total STI that is available (subject to performance against set criteria) is in the range of 0% to 40% of his base remuneration of $385,621 per annum ($0 to $154,248). The performance criteria against which the STI will be assessed are improvement in group profitability; improvement in shareholder value, people culture and workplace health and safety.

Ryan Scott
At the date of this report a cash bonus in respect of the year to 30 June 2022 had not been assessed for Ryan Scott. The total STI that is available (subject to performance against set criteria) is in the range of 0% to 25% of his base remuneration of $289,475 per annum ($0 to $72,369). The performance criteria against which the STI will be assessed are improvement in group profitability; cashflow management; value of orders taken; improvement in business processes and productivity; people culture and workplace health and safety.

Long-term incentives

Options over unissued shares in MPower Group Limited may be awarded to eligible senior managers in accordance with the MPower Group Limited Executive Share Option Plan. The award of options is considered appropriate as it contains an element of reward for individual achievement together with an incentive aligned to the group's longer-term performance. The approach also aligns management's interests with those of shareholders.

The maximum number of options that can be on issue under the Executive Share Option Plan at any time is 5% of the shares on issue at that time. In addition, the maximum number of options that can be issued to any one senior manager is 2,350,000 (2021: 2,350,000). The remuneration committee must make reference to these and other rules of the Executive Share Option Plan when deciding on long-term incentive components.

1,700,000 executive share options were issued to directors and key management personnel during the year ended 30 June 2022 (2021: 400,000).

Option holdings

Unlisted Executive Share Option holdings

2022	Balance 1 July 2021 No.	Granted as compensation No.	Lapsed/ exercised No.	Balance 30 June 2022 No.	Unvested No.	Vested and exercisable No.
Nathan Wise [1]	910,000	1,200,000	(390,000)	1,720,000	1,720,000	–
Ryan Scott	960,000	500,000	(360,000)	1,100,000	1,100,000	–
Total	**1,870,000**	**1,700,000**	**(750,000)**	**2,820,000**	**2,820,000**	**–**

2021	Balance 1 July 2020 No.	Granted as compensation No.	Lapsed/ exercised No.	Balance 30 June 2021 No.	Unvested No.	Vested and exercisable No.
Nathan Wise [1]	1,900,000	–	(990,000)	910,000	910,000	–
Ryan Scott	800,000	400,000	(240,000)	960,000	960,000	–
Total	**2,700,000**	**400,000**	**(1,230,000)**	**1,870,000**	**1,870,000**	**–**

1. Under the terms of the Executive Share Option Plan, options may be issued to and held by an executive or their nominee.

Refer to note 26 for the factors and assumptions used in determining share-based payments.

At 30 June 2022, the following share-based payment arrangements were in existence under the MPower Group Limited Executive Share Option Plan:

Option series	No. of options	Grant date	Expiry date	Fair value at grant date (cents)	Vesting date
1. Issued 15 October 2019	840,000	15-Oct-19	31 May 2023	0.0200	01-Mar-23
2. Issued 16 October 2020	120,000	16-Oct-20	31 May 2023	0.0300	01-Mar-23
3. Issued 16 October 2020	160,000	16-Oct-20	31 May 2024	0.0300	01-Mar-24
4. Issued 5 October 2021	564,000	5-Oct-21	31 May 2023	0.0330	01-May-23
5. Issued 5 October 2021	564,000	5-Oct-21	31 May 2024	0.0413	01-May-24
6. Issued 5 October 2021	752,000	5-Oct-21	31 May 2025	0.0468	01-May-25

There are no performance criteria that need to be met in relation to executive share options granted, however, the options lapse if the relevant senior manager no longer provides services to or is no longer employed by the Group.

The value of options lapsed during the year was $7,285.

The following executive share options previously held by directors and key management personnel lapsed during the year: Nil

Shareholdings

Key management personnel and key management personnel-related entities hold directly, indirectly or beneficially as at 30 June 2022 the following interests in ordinary shares in MPower Group Limited:

2022	Balance at 1 July 2021 No.	Net other change No.	Balance at 30 June 2022 No.
Directors			
Peter Wise [1] Nathan Wise [1]	77,242,294	1,821,807	79,064,101
Nathan Wise [2]	750,000	390,000	1,140,000
Gary Cohen [3]	619,766	(619,766)	–
Robert Constable	434,000	–	434,000
Robert Moran	1,854,546	476,190	2,330,736
Amy Kean	–	158,730	158,730
Key management personnel			
Ryan Scott	273,255	383,255	656,510
Total	81,173,861	2,610,216	83,784,077

2021	Balance at 1 July 2020 No.	Net other change No.	Balance at 30 June 2021 No.
Directors			
Peter Wise [1] Nathan Wise [1]	77,071,518	170,776	77,242,294
Nathan Wise [2]	–	750,000	750,000
Gary Cohen [3]	619,766	–	619,766
Robert Constable	434,000	–	434,000
Robert Moran	1,854,546	–	1,854,546
Key management personnel			
Ryan Scott	10,000	263,255	273,255
Total	79,989,830	1,184,031	81,173,861

1. Peter Wise and Nathan Wise are directors of Tag Private Pty Limited which had an interest in 79,064,101 ordinary shares in MPower Group Limited at 30 June 2022.
2. Nathan Wise is a director of Investment Associates Pty Limited which had an interest in 1,140,000 ordinary shares in MPower Group Limited at 30 June 2022.
3. Ordinary shares held at date of resignation as a director.

Company performance, shareholder wealth and director and senior management remuneration

The MPower remuneration policy has been tailored to increase goal congruence between shareholders, directors and senior managers. The main method applied in achieving this aim has been the issue of options to select senior managers to encourage the alignment of personal and shareholder interests.

The following table shows the gross revenue, profits and dividends for the last five years for MPower Group Limited, as well as the share price at the end of the respective financial years.

	2018	2019	2020	2021	2022
Revenue ($'000)*	40,802	48,047	10,930	11,087	3,708
Other gains/(losses) ($'000)	4	7	690	–	–
Net loss before non-controlling interests ($'000)	(2,895)	(6,129)	(3,875)	(2,065)	(3,536)
Dividends paid ($'000)	–	–	–	–	–
Share price at year end (cents per share)	7.9	3.0	2.0	8.0	2.6
Loss per share from continuing and discontinued operations					
Basic (cents per share)	(2.4)	(4.4)	(2.7)	(1.2)	(1.6)
Diluted (cents per share)	(2.4)	(4.4)	(2.7)	(1.2)	(1.6)

* Revenue includes discontinued operations revenue in period prior to 30 June 2020

Details of remuneration

The remuneration for each director and the key management personnel in respect of the year to 30 June 2022 was as follows:

2022 $	**Salary, fees and allowances**	**Superannuation contributions**	**Cash bonus**	**Non-cash benefits**	**Options**	**Total**	**Performance related %**
Directors							
Peter Wise							
Chairman [1]	75,000	–	–	–	–	75,000	–
Nathan Wise							
Chief Executive Officer [2]	382,381	–	41,731	–	11,748	435,860	12.3
Amy Kean							
Non-executive director [3]	33,042	–	–	–	–	33,042	–
Robert Constable							
Non-executive director	20,000	–	–	–	–	20,000	–
Robert Moran							
Non-executive director	20,000	–	–	–	–	20,000	–
Total directors	530,423	–	41,731	–	11,748	583,902	
Key management personnel							
Ryan Scott							
General Manager [4]	279,698	27,500	30,041	–	6,679	343,918	10.7
Total	**810,121**	**27,500**	**71,772**	**–**	**18,427**	**927,820**	

1. An additional $75,000 payment was made during the year for long service leave taken therefore a total of $150,000 for the year.
2. A STI of $41,731 was paid during the year in respect of the year to 30 June 2021.
3. Amy Kean commenced as a director on 1 September 2021.
4. A STI of $30,041 was paid during the year in respect of the year to 30 June 2021.
5. During the year the company paid $37,722 for Directors and Officers insurance.

The remuneration for each director and the key management personnel in respect of the year to 30 June 2021 was as follows:

2021 $	**Salary, fees and allowances**	**Superannuation contributions**	**Cash bonus**	**Non-cash benefits**	**Options**	**Total**	**Performance related %**
Directors							
Peter Wise							
Chairman [1]	75,000	–	–	–	–	75,000	–
Nathan Wise							
Chief Executive Officer [2]	369,450	–	30,240	–	1,711	401,401	8.0
Gary Cohen							
Non-executive director [3]	18,333	–	–	–	–	18,333	–
Robert Constable							
Non-executive director	20,000	–	–	–	–	20,000	–
Robert Moran							
Non-executive director	20,000	–	–	–	–	20,000	–
Total directors	502,783	–	30,240	–	1,711	534,734	
Key management personnel							
Ryan Scott							
General Manager [4]	296,955	21,515	27,675	–	2,498	348,643	8.7
Total	**799,738**	**21,515**	**57,915**	**–**	**4,209**	**883,377**	

1. An additional $75,000 payment was made during the year for long service leave taken therefore a total of $150,000 for the year.
2. A STI of $30,240 was paid during the year in respect of the year to 30 June 2020.
3. Gary Cohen resigned on 25 May 2021.
4. A STI of $27,675 was paid during the year in respect of the year to 30 June 2020.
5. During the year the company paid $30,650 for Directors and Officers insurance.

Other than as noted above, all directors held their positions for the whole year.

Non-executive Director fees are determined within an aggregate fee pool limit, which is periodically recommended for approval by shareholders. The current fee aggregate limit is $250,000. Non-executive Directors do not receive performance-based pay or non-retirement allowances. The chairman does not receive additional fees for participating in or chairing committees.

Contract details

There were no written contracts in place with directors or key management personnel other than the following:

1. A written contract with a salary of $385,641 was in place in respect of the services provided by Nathan Wise to MPower Group Limited. The contract has no specified duration and requires three months' notice of termination (equating to a termination payment of $96,410).
2. A written contract with directors fees of $40,000 plus an additional $5,000 for being a member of the Company's remuneration committee was in place in respect of the services provided by Amy Kean to MPower Group Limited. The contract has no specified duration.
3. A written contract with a salary of $307,198 per annum was in place in respect of the services provided by Ryan Scott to MPower Projects Pty Limited. The contract has no specified duration and requires three months' notice of termination (equating to a termination payment of $76,799).

Performance income as a proportion of total remuneration

In some circumstances, key management personnel are paid performance bonuses based on set monetary figures and not as a proportion of their salary. These bonuses have been set to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the MPower Group. The payment of bonuses and other incentive payments for specified senior managers are reviewed by the remuneration committee annually as part of the review of executive remuneration and a recommendation is put forward to the board for approval. Bonuses, options and incentives are linked to predetermined performance criteria. The board can exercise its discretion in relation to approving incentives, bonuses and options and can make changes to the committee's recommendations.

Signed in accordance with a resolution of the directors.

Peter Wise AM
Chairman

24 August 2022

Consolidated statement of profit or loss and other comprehensive income

	Note	**2022 $'000**	2021 $'000
Continuing operations			
Revenue	3	3,708	11,037
Other revenue	4	–	50
Raw materials and consumables used		(2,080)	(8,240)
Depreciation and amortisation expense	6	(294)	(293)
Employee benefits expense	6	(3,296)	(3,248)
Finance costs	5	(533)	(556)
Occupancy expense		(43)	(43)
Other expenses		(998)	(1,021)
Loss before income tax		(3,536)	(2,314)
Income tax expense	7	–	(22)
Loss for the year from continuing operations		(3,536)	(2,336)
Discontinued operations			
Gain/(loss) from discontinued operations		–	271
LOSS FOR THE YEAR		(3,536)	(2,065)
Attributable to:			
Owners of the company		(3,536)	(2,065)
Non-controlling interest		–	–
		(3,536)	(2,065)
Other comprehensive income (net of tax)			
Items that may be reclassified subsequently to profit or loss:			
Loss on cash flow hedges taken to equity of discontinued operations		–	–
Exchange loss on translating discontinued operations		–	–
Other comprehensive (loss)/income net of tax		–	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(3,536)	(2,065)
Total comprehensive loss attributable to:			
Owners of the company		(3,536)	(2,065)
Non-controlling interest		–	–
		(3,536)	(2,065)
Loss per share from continuing and discontinued operations			
Basic (cents per share)	28	(1.6)	(1.2)
Diluted (cents per share)	28	(1.6)	(1.2)
Loss per share from continuing operations			
Basic (cents per share)	28	(1.6)	(1.4)
Diluted (cents per share)	28	(1.6)	(1.4)

The accompanying notes form part of these financial statements

Consolidated statement of financial position

	Note	**2022 $'000**	2021 $'000
Assets			
Current assets			
Cash and cash equivalents	8	537	3,533
Trade receivables and contract assets	9	747	1,864
Inventories	10	93	121
Other current assets	11	193	199
Total current assets		1,570	5,717
Non-current assets			
Property, plant & equipment	14	600	452
Right of use assets	23	772	902
Total non-current assets		1,372	1,354
Total assets		2,942	7,071
Liabilities			
Current liabilities			
Trade and other payables	16	774	1,069
Borrowings	17	5,246	391
Provisions	18	438	574
Lease liabilities	23	165	150
Contract liabilities and other liabilities	19	36	–
Total current liabilities		6,659	2,184
Non-current liabilities			
Borrowings	17	–	5,140
Provisions	18	29	23
Lease liabilities	23	716	827
Total non-current liabilities		745	5,990
Total liabilities		7,404	8,174
Net liabilities		(4,462)	(1,103)
Equity			
Issued capital	20	29,661	29,503
Reserves	21	324	305
Accumulated losses		(34,447)	(30,911)
Equity attributable to owners of the company		(4,462)	(1,103)
Total deficiency		(4,462)	(1,103)

The accompanying notes form part of these financial statements

Consolidated statement of changes in equity

	Issued capital	Reserves	Accumulated losses	Attributable to owners of parent entity	Non-controlling interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2020	25,121	4	(28,846)	(3,721)	750	(2,971)
Loss for the year	–	–	(2,065)	(2,065)	–	(2,065)
Other comprehensive income/(loss) net of tax						
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–
Loss on cash flow hedge taken to equity	–	–	–	–	–	–
Total comprehensive income/(loss) for the year	–	–	(2,065)	(2,065)	–	(2,065)
Issue of shares net of costs	4,382	–	–	4,382	–	4,382
Transferred to accumulated losses	–	–	–	–	–	–
Recognition of share-based payments	–	301	–	301	–	301
Payment of distributions	–	–	–	–	(750)	(750)
Balance at 30 June 2021	**29,503**	**305**	**(30,911)**	**(1,103)**	**–**	**(1,103)**
Balance at 1 July 2021	29,503	305	(30,911)	(1,103)	–	(1,103)
Loss for the year	–	–	(3,536)	(3,536)	–	(3,536)
Other comprehensive income/(loss) net of tax						
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–
Gain on cash flow hedge taken to equity	–	–	–	–	–	–
Total comprehensive income/(loss) for the year	–	–	(3,536)	(3,536)	–	(3,536)
Issue of shares net of costs	158	–	–	158	–	158
Transferred to accumulated losses	–	–	–	–	–	–
Recognition of share-based payments	–	19	–	19	–	19
Payment of distributions	–	–	–	–	–	–
Balance at 30 June 2022	**29,661**	**324**	**(34,447)**	**(4,462)**	**–**	**(4,462)**

The accompanying notes form part of these financial statements

Consolidated statement of cash flows

	Note	**2022 $'000**	2021 $'000
Cash flows from operating activities			
Receipts from customers		5,356	9,830
Payments to suppliers and employees		(7,219)	(14,713)
Cash used in operations		(1,863)	(4,883)
Interest and other costs of finance paid		(451)	(436)
Net cash used in operating activities	8	(2,314)	(5,319)
Cash flows from investing activities			
Payments for property, plant & equipment		(266)	(189)
Payments for sale of business net of costs		–	(1,250)
Net cash used in investing activities		(266)	(1,439)
Cash flows from financing activities			
Repayment of borrowings		(317)	(60)
Distributions paid by controlled entities to non-controlling interests		–	(624)
Payments for lease liabilities capitalised under AASB16		(257)	(252)
Proceeds from share issue		196	5,043
Share issue costs		(38)	(337)
Net cash generated (used in)/by financing activities		(416)	3,770
Net (decrease)/increase in cash and cash equivalents		(2,996)	(2,988)
Cash and cash equivalents at the beginning of the financial year		3,533	6,521
Cash and cash equivalents at the end of the financial year	8	537	3,533

The accompanying notes form part of these financial statements

Notes to the financial statements

For the financial year ended 30 June 2022

1. General information

MPower Group Limited is a technology-led company with a dedicated focus on renewable and conventional power system projects, specialising in the design and delivery of renewable energy, battery storage and microgrid solutions. MPower Group Limited is a listed public company, incorporated and domiciled in Australia and is the ultimate parent of the MPower Group (MPower Group Limited and its controlled entities).

The registered office and principal place of business of the company is:
MPower Group Limited
Level 4, 15 Bourke Road
Mascot NSW 2020
Australia

2. Statement of significant accounting policies

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 24 August 2022.

The following is a summary of the material accounting policies adopted by the MPower Group in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Basis of preparation

The accounting policies set out below have been consistently applied to all years presented.

The consolidated financial statements have been prepared on the basis of historical costs, except for certain properties and financial instruments that are measured at revalued amounts or fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars unless otherwise noted. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 16, and the measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

The MPower Parent has applied the relief available to it in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Accordingly, amounts in the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the MPower Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key estimates — Construction contracts
Construction revenue is recognised by management after assessing all factors relevant to each contract. Significant management estimation is required in assessing the following:

- Estimation of total contract revenue, including determination of contractual entitlement and assessment of the probability of customer approval of variations and acceptance of claims;
- Estimation of total contract costs, including revisions to total forecast costs for events or conditions that occur during the performance of the contract, or are expected to occur to complete the contract;
- Estimation of project contingencies; and
- Estimation of stage of completion including determination of project complete date.

For other key estimates refer to: credit losses note 9, warranties note 2(m), share based payments note 2(t) and deferred tax assets note 2(b).

(a) Basis of consolidation
The consolidated financial statements incorporate the financial statements of MPower Group Limited and entities controlled by MPower Group Limited (its subsidiaries).

Control is achieved when MPower Group Limited:

- has the power over the investee;
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect the returns.

MPower Group Limited reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. A list of subsidiaries is contained in note 12. All controlled entities have a 30 June financial year-end.

The results of the subsidiaries acquired or disposed of during the year are included in consolidated profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the MPower Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the parent entity disclosures in note 30 for MPower Group Limited, intra-group transactions ('common controlled transactions') are generally accounted for by reference to the existing (consolidated) book value of the items. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the MPower Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses applicable to the non-controlling interests in excess of the non-controlling interests' interest in the subsidiary's equity are allocated against the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as required.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payments of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified.

Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Business combinations that took place prior to 1 July 2009 were accounted for in accordance with the previous version of AASB3.

(b) Income tax

Current tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantively enacted by the balance date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is recognised on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in profit or loss except where it relates to items that may be recognised directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. Capitalised losses are only brought to account when it is probable they will be recouped through future taxable gains.

(c) Construction Contracts

The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the amount invoiced exceeds the revenue recognised to date then the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue and the receipt of payment is always expected to be less than one year.

(d) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account recent sales experience, the ageing of inventories, damaged, obsolete, slow moving inventories and other factors that affect inventory value.

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment.

Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets, employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the MPower Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the MPower Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Land and buildings

Freehold land and buildings are shown at their fair value being the amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date, based on a valuation by external independent valuers, less subsequent depreciation for buildings. Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity, all other decreases are charged to profit or loss.

Depreciation

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The depreciable amount of all fixed assets including capitalised lease assets are depreciated on a straight-line and diminishing value basis over their useful lives to the MPower Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Leasehold improvements	6-33%
Plant and equipment	5-40%
Buildings	2.5%
Leased plant and equipment	20-23%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

(f) Leased assets
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the Group's incremental borrowing rate. This rate has been determined by considering the nature of the leased assets, the Group's credit rating and the borrowing rate of funds in similar economic environments.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

(g) Financial assets
Recognition
Financial assets are initially measured at fair value on trade date, which includes transaction costs (other than financial assets at fair value through profit/loss), when the related contractual rights or obligations exist. Subsequent to initial recognition these financial assets are measured as set out below.

Financial assets at fair value through profit or loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management and within the requirements of AASB 139: *Recognition and Measurement of Financial Instruments*. Specifically, the financial asset forms part of a group of financial assets which is managed and its performance is evaluated on a fair value basis, in accordance with the MPower Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in profit or loss in the period in which they arise.

Loans and receivables
Trade receivables, loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method less impairment. Interest income is recognised by applying the effective interest rate.

Fair value
For all quoted investments fair value is determined by reference to observable prices of market transactions for identical assets at or near the measurement date whenever that information is available. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets
Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(h) Impairment of assets
At each reporting date, the MPower Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the MPower Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(i) Intangible assets

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at the date of acquisition. Goodwill on acquisition of controlled entities is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purposes of impairment testing.

If the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or groups of cash-generating units), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or groups of cash-generating units) and then to reduce the other assets of the cash-generating units pro-rata on the basis of the carrying amount of each asset in the cash-generating unit (or groups of cash-generating units). An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period. On disposal of an operation within a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses.

Research and development

Expenditure during the research phase of a project is recognised as an expense as incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Development costs are amortised on a straight line basis over the period during which the related benefits are expected to be realised, once commercial production has commenced.

(j) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the MPower Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the MPower Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow hedge.

MPower Group companies

The financial results and position of foreign operations whose functional currency is different from the MPower Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at date of transaction and
- retained earnings are translated at the historical exchange rates.

Exchange differences arising on translation of foreign operations are transferred directly to the MPower Group's foreign currency translation reserve in the consolidated statement of financial position. These differences are recognised in the consolidated profit or loss in the period in which the operation is disposed.

In the year ended 30 June 2022 the functional currency for all subsidiaries is AUD.

(k) Employee benefits

A liability is recognised at balance date for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs excluding super.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the MPower Group to employee superannuation funds and are charged as an expense when employees have rendered service entitling them to the contributions.

(l) Provisions

Provisions are recognised when the MPower Group has a present obligation (legal or constructive), as a result of a past event, for which it is probable that the MPower Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably

(m) Provision for warranties

Provision is made in respect of the MPower Group's estimated liability on all services under warranty at balance date. The provision is measured at the Group's best estimate of the expenditure required to settle the warranty obligation. The provisions have been estimated by reference to the MPower Group's history of warranty claims.

(n) Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

(o) Revenue
Sale of goods
Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances. Revenue from sale of goods is recognised upon delivery of goods to customers.

Services revenue
Fixed price contracts
For fixed price services contracts, revenue arises from maintenance and other services supplied to infrastructure assets and facilities which may involve a range of services and processes. The Group has assessed the services provided to be one performance obligation. The transaction price typically contains a fixed lump sum amount. The total transaction price may include variable consideration.

Performance obligations are fulfilled over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, and the Group enhances assets which the customer controls as the Group performs. Thus control of the goods and services is transferred to the customer over time. Revenue is recognised as the services are provided using cost as the measure of progress. Customers are in general invoiced on a monthly basis for an amount that is in line with costs incurred. Payment is received following invoicing on normal commercial terms. Where payment is received prior to or post recognition of revenue using the percentage cost of completion method, revenue is deferred or accrued for on the balance sheet.

Projects and installation revenue
Design and construction revenue arises from contracts maintained by the Group to design and construct power related infrastructure.

The transaction price is typically a fixed price broken down into various milestone payments. The total transaction price is allocated across each performance obligation based on stand-alone selling prices.

Each performance obligation is fulfilled over time as the Group enhances assets which the customer controls, for which the Group does not have alternative use and for which the Group has right to payment for performance to date. Revenue is recognised as the services are provided using cost as the measure of progress.

Customers are in general invoiced as milestones are achieved which is generally in line with costs incurred. Payment is received following invoice on normal commercial terms. Where payment is received prior to or post recognition of revenue using the percentage cost of completion method, revenue is deferred or accrued for on the balance sheet.

Variable consideration
Where consideration in respect of a contract is variable, the expected value of revenue is only recognised when the uncertainty associated with the variable consideration is subsequently resolved, known as "constraint" requirements. The Group assesses the constraint requirements on a periodic basis when estimating the variable consideration to be included in the transaction price. When calculating the estimates of variable consideration, the Group considers available information including historic performance on similar contracts and other information regarding events that affect the variability that are out of the control of the Group.

Where modifications in design or contract requirements are entered into, these are treated as a continuation of the original contract in accordance with the contract modification guidance in AASB 15, and the transaction price and measure of progress is updated to reflect these. Where the price of the modification has not been confirmed, this is treated as variable consideration and an estimate is made of the amount of revenue to recognise whilst also considering the constraint requirement.

Dividend, distribution and interest revenue
Dividend and distribution revenue from investments is recognised when the MPower Group's right to receive payment has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

All revenue is stated net of the amount of goods and services tax (GST).

(p) Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(q) Goods and services tax (GST)
Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:
- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(r) Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(s) Derivative financial instruments
The MPower Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts.

Note 29 contains details of the fair values of the derivative instruments used for hedging purposes.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated as effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting
The Group designates certain hedging instruments, which include derivatives as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the statement of comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

(t) Share-based payments
Share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of the Black-Scholes model. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in note 26.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the group's estimate of equity instruments that will eventually vest.

At each reporting date, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with corresponding adjustment to the equity-settled employee benefits reserve.

(u) Non-current assets held for sale
Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of the subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

(v) Government Grants
During the year, the Group became eligible for certain government support in response to the coronavirus pandemic, as explained in Note 13. The Group's accounting policy for government grants is explained below.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Specifically, wage subsidies received under the JobKeeper scheme are offset against wages in the profit and loss. Cash Flow Boost subsidies are presented as other income in the profit and loss.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(w) Adoption of new and revised Accounting Standards
In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. There has been no material impact of these changes on the Group's accounting policies.

AASB 2021-3: Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021
In the 2020 reporting period, the Group elected to apply AASB 2020-4: Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions. The application of the practical expedient has been extended to lease payments due on or before 30 June 2022 following the issue of AASB 2021-3: Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions beyond 30 June 2021

The practical expedient applies only to leases where rent concessions were given as a direct consequence of COVID-19. The following conditions need to be met:

- The adjusted lease payments resulted in revised consideration that is substantially the same as, or less than, the consideration for the lease immediately preceding the adjustment;
- The adjustment in lease payments only applies to payments originally due on or before 30 June 2022; and
- There is no substantive change to other terms and conditions of the lease

Impact on accounting for changes in lease payments applying the exemption
In the application of the practical expedient, the Group recognised a negative variable lease payment of $12,600 (2021: $15,000) to reduce the lease payments recognised in profit and loss. The part of the lease liability that has been extinguished by the forgiveness of lease payments has been derecognised, which is consistent with the requirements of AASB 9.3.3.1.

(w.1) Standards and Interpretations in issue not yet adopted
At the date of authorisation of the financial statements the impact of some of these standards has not been assessed yet.

(x) Going concern
The consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2022 reflects a total comprehensive loss after tax attributable to owners of $3.5 million. The consolidated statement of financial position, consequently, shows negative net assets of approximately $4.5 million.

The Directors have reviewed the cash flow forecast prepared by management for the period through to 31 August 2023. The cash flow forecast, which is predicated on the key assumptions noted below, indicates that the Group will have sufficient funding to operate as a going concern during the forecast period, and on this basis the Directors have prepared the financial statements on the going concern basis. One of these assumptions is that the Group will enjoy the continued support of the Group's bankers and that the existing debt will be rolled over at maturity. In this regard, it is noted that the Group will continue amortising its term debt facility during the period and the Group's banker has been very supportive of the Group to date and the Directors believe it is reasonable to assume that the debt will be rolled over in July 2023 or that replacement funding will be available.

Key assumptions of cashflow forecast
The cashflow forecast includes certain key assumptions including the following:

- continuing support from the Group's bankers (as described above);
- the conversion of pipeline opportunities over the forecast period;
- the delivery of projects in accordance with project estimates;
- execution of the Group's Build Own Operate strategy, including obtaining project funding;
- the Group achieving its anticipated level of cash flows.

The Directors believe that the actions taken to re-align the focus of the core business operations will support achieving the forecast cash flows and the pipeline of projects supports the assumed cashflow forecasts from projects. The Group has the ability to raise equity/debt as and when required.

If the Group:

- ceases to receive continuing support from the Group's bankers; or
- is unable to meet the other key assumptions noted above,

then a material uncertainty would exist that may cast significant doubt as to whether the Group will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

	2022 $'000	2021 $'000

3. Revenue

The following is an analysis of the group's revenue for the year from continuing operations (excluding other revenue – refer note 4):

	2022 $'000	2021 $'000
– Revenue from sale of goods	322	419
– Revenue from the rendering of services	3,621	4,321
– Revenue from projects and installations	(235)	6,297
Total revenue	3,708	11,037

4. Other revenue

	2022 $'000	2021 $'000
Rental Income	–	–
Grant income – COVID-19 Cash Flow Boost and other income	–	50
Total other revenue	–	50

The following is an analysis of other revenue earned on financial assets by category of asset:

	2022 $'000	2021 $'000
Loans and receivables (including cash and bank balances)	–	–
Total interest income for financial assets not designated at fair value through profit or loss	–	–
Rental Income	–	–
Other Income	–	–
Grant income – COVID-19 Cash Flow Boost	–	50
Total other revenue	–	50

5. Finance costs

	2022 $'000	2021 $'000
Finance costs		
– banks/financial institutions	460	482
– Right of Use Assets lease charges	73	74
Total finance costs	533	556

	2022 $'000	2021 $'000

6. Loss for the year

The loss before income tax has been determined after:

	2022 $'000	2021 $'000
Depreciation of property plant & equipment and amortisation of right of use assets	294	293
JobSaver receipts	(231)	(485)
Cash Flow Boost Scheme sundry income	–	(50)
Employee benefits expense		
– Post-employment benefits	190	227
– Short-term employee benefits	3,087	3,015
– Share-based payments	19	6
Total employee benefits expense	3,296	3,248
Provision for doubtful debts raised	(21)	(15)
Operating lease rentals – minimum lease payments net of lease surrender benefit	(21)	(22)
Net foreign exchange loss	1	16

7. Income tax expense

(a) The components of income tax expense comprise:

	2022 $'000	2021 $'000
Current tax		
In respect of the current year	–	22
Deferred tax		
In respect of the current year	–	–
Total income tax expense recognised in the current year	–	22

(b) The prima facie tax on loss before income tax is reconciled to income tax as follows:

	2022 $'000	2021 $'000
Prima facie tax benefit on loss before income tax at 25% (2021: 26%)	(884)	(536)
Add tax effect of:		
– temporary differences not brought to account	(182)	(218)
– unused tax losses not brought to account	1,066	732
Income tax expense attributable to the entity	–	22
The applicable weighted average effective tax rates are as follows:	–	–

The tax rate used for the reconciliations above is the corporate tax rate of 25% payable by Australian corporate entities on taxable profits under Australian tax law.

	2022 $'000	2021 $'000

8. Cash & cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2022 $'000	2021 $'000
Cash and bank balances	537	3,533

The weighted average effective interest rate on cash and cash equivalents for the financial year ended 30 June 2022 was 0.00% (2021: 0.02%).

Reconciliation of loss for the year to net cash flow from operating activities

	2022 $'000	2021 $'000
Loss from operating activities after income tax	(3,536)	(2,065)
Non-cash flows		
– depreciation and amortisation of right of use assets	294	293
– Non cash interest of lease liabilities	74	74
– share based payments	19	6
– unrealised currency loss/(gain)	1	16
– gain on sale of property, plant and equipment	–	(13)
– (gain)/loss on sale of discontinued operations	–	(271)
Changes in assets and liabilities – net of sale of subsidiaries		
– decrease in receivables, prepayments and other assets	1,123	232
– decrease in inventories	28	99
– decrease in trade creditors & accruals	(85)	(3,474)
– decrease in provisions	(232)	(216)
Net cash used in operating activities	(2,314)	(5,319)

Liquidity risk management

	2022 $'000	2021 $'000
Financing facilities [1]		
Credit facilities	7,510	7,790
Amounts utilised	(5,672)	(6,285)
Unused credit facilities	1,838	1,505

1. Finance facilities include bank guarantees and surety bonds.

Loan and other facilities
Loan and other facilities are arranged with a number of Australian institutions with the general terms and conditions being set and agreed to annually. Interest rates are variable and subject to adjustment.

Non-cash financing and investment activities
During the year the MPower Group did not acquire any plant and equipment by means of finance leases and hire purchases (2021: Nil).

9. Trade receivables & contract assets

	2022 $'000	2021 $'000
Trade receivables	577	675
Less: Credit loss allowance	(30)	(35)
	547	640
Contract assets – accrued revenue receivable	200	1,224
Total trade receivables and contract assets	747	1,864
Ageing of past due but not impaired		
60-90 days	22	4
Over 90 days	25	32
Total	47	36
Average age of trade receivables (days)	57	22
Movement in credit loss allowance		
Balance at the beginning of the year	35	10
Impairment losses recognised on receivables	(25)	–
Amounts written off during the year as uncollectible	20	25
Balance at the end of the year	30	35

The average credit period on sales of goods and rendering of services ranges from 30 to 60 days. The Group has provided for receivables based on estimated unrecoverable amounts from sales of goods and rendering of services, determined by reference to the particular circumstances in relation to the debt and past default experience.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts. There is no security held in relation to these balances.

Trade receivables and contract assets are written off when there has been a significant change in the risk characteristics of a debtor and there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Contract assets
Contract assets are balances due from customers under long term contracts as work is performed and therefore a contract asset is recognised over the period in which the performance obligation is fulfilled. This represents the Group's right to consideration for the services transferred to date. Amounts are generally reclassified to accounts receivable when these have been invoiced to a customer.

The directors of the Group always measure the loss allowance on amounts due from customers at an amount equal to lifetime expected credit losses, taking into account the historical default experience and the future prospects of the construction industry. None of the amounts due from customers at the end of the reporting period is past due. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the amounts due from customers under construction contracts.

	2022 $'000	2021 $'000

10. Inventories

At lower of cost and net realisable value:

	2022 $'000	2021 $'000
Finished goods	93	121
Total inventories	93	121

The cost of inventory recognised as an expense during the year was $0.7 million (2021: $0.2 million).

11. Other current assets

	2022 $'000	2021 $'000
Current		
Prepayments	193	199
Total other assets	193	199

12. Subsidiaries

Details of the Group's subsidiaries at 30 June 2022 are as follows:

Entity	Place of incorporation	Class of share	% Owned 2022	% Owned 2021
ACN 71 129 738 Pty Limited (iii)	Australia	ord	–	100
Electro Securities Pty Limited	Australia	ord	100	100
Faraday Renewable Energy Project Pty Limited	Australia	ord	100	–
Mangalore Renewable Energy Project Pty Limited	Australia	ord	100	–
MPower Business Services Pty Limited (iii)	Australia	ord	–	100
MPower Capital Pty Limited	Australia	ord	100	100
MPower Holdings Pty Limited	Australia	ord	100	100
MPower Nominees Pty Limited (iii)	Australia	ord	–	100
MPower Projects Pty Limited	Australia	ord	100	100
MPower Renewable Assets Pty Limited	Australia	ord	100	–
MPower Renewable Assets 2 Pty Limited	Australia	ord	100	–
Narromine Renewable Energy Project Pty Limited	Australia	ord	100	–
Flatbat Ltd (i),(ii)	New Zealand	ord	100	100
PISL Limited (i),(ii)	New Zealand	ord	100	100
Spedding Ltd (i),(ii)	New Zealand	ord	100	100
MPower Samoa Limited (i),(ii)	Samoa	ord	100	100

(i) Companies incorporated in New Zealand and Samoa carry on business primarily in their respective countries.
(ii) Companies that are no longer trading.
(iii) Deregistered on 1 December 2021.

13. Government grants & government assistance

The Group has benefited from the following significant government support packages as a result of COVID-19 during the period:

JobSaver Scheme
Due to the impact of COVID-19 on the Group's turnover, government subsidies of $230,688 (2021: JobKeeper $485,100) were received under the NSW State Government's JobSaver scheme. The entity became eligible for the Scheme from August 2021 to October 2021.

The amounts were paid to employees in line with the government's objectives of helping businesses to continue paying employees to keep them in their jobs so that businesses can re-start when business conditions improve. The Company has booked receipts for JobSaver by offsetting wages.

Cash Flow Boost Scheme
Due to the impact of COVID-19, the Group received government subsidies of $Nil (2021: $50,000) under the Australian Federal Government's Cash Flow Boost scheme. The company has booked receipts for Cash Flow Boost scheme in other income.

	2022 $'000	2021 $'000

14. Property, plant & equipment

	2022 $'000	2021 $'000
Cost or valuation	1,172	906
Accumulated depreciation	(572)	(454)
Total property, plant & equipment	600	452
Plant & equipment	522	347
Leasehold improvements	78	105
Capitalised leased assets	–	–
Total property, plant & equipment	600	452

Cost	**Plant & equipment at cost** $'000	**Leasehold improvements at cost** $'000	**Capitalised leased assets at cost** $'000	**Total** $'000
Balance at 30 June 2020	950	137	50	1,137
Additions	189	–	–	189
Other disposals	(370)	–	(50)	(420)
Balance at 30 June 2021	769	137	–	906
Additions (i)	266	–	–	266
Other disposals	–	–	–	–
Balance at 30 June 2022	1,035	137	–	1,172

Accumulated Depreciation	**Plant & equipment** $'000	**Leasehold improvements** $'000	**Capitalised leased assets** $'000	**Total** $'000
Balance at 30 June 2020	(687)	(5)	(50)	(742)
Eliminated on disposals of assets	355	–	50	405
Depreciation expense	(90)	(27)	–	(117)
Balance at 30 June 2021	(422)	(32)	–	(454)
Eliminated on disposals of assets	–	–	–	–
Depreciation expense	(91)	(27)	–	(118)
Balance at 30 June 2022	(513)	(59)	–	(572)
Net Balance at 30 June 2022	522	78	–	600
Net Balance at 30 June 2021	347	105	–	452

(i) Plant and Equipment additions includes $253,000 (2021: Nil) of development costs associated with renewable energy projects.

	2022 $'000	2021 $'000

15. Taxation

Current tax liabilities	–	–
Deferred tax balances	–	–

Deferred tax assets not brought to account which will only be realised if the conditions for deductibility set out in note 2(b) occur comprise:

	2022 $'000	2021 $'000
– timing differences	182	211
– revenue losses	11,482	10,793
– capital losses	3,320	3,453

The recoverability of the deferred tax assets has been determined by reference to forecast future taxable profits of the group. As a result of the uncertainty as to the timing of utilisation of revenue tax losses and timing differences, deferred tax assets of $2.916 million have not been raised (2021: $2.861 million). This position is reassessed on an ongoing basis. The losses will remain available indefinitely to offset against future taxable profits, subject to continuing to meet the statutory tax tests of continuity of ownership or failing that, the same business test.

Tax consolidation
The company and its wholly-owned Australian resident entities have formed a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax-consolidated group is MPower Group Limited. The wholly-owned Australian resident entities that are members of the tax-consolidated group are included in the list of subsidiaries in note 12.

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group). Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

16. Trade & other payables

	2022 $'000	2021 $'000
Current unsecured liabilities		
– trade payables	403	731
– sundry payables and accrued expenses	371	338
	774	1,069

The general policy for subsidiaries within the MPower Group with foreign currency exposure arising from cross border trading is to hedge between 50% and 100% of the exposure. There were no hedges taken out during the year.

The credit period on purchases from overseas suppliers generally ranges from 30 to 90 days. No interest is charged on trade payables paid within the relevant supplier term. Average credit periods for local purchases range from 7 to 30 days.

17. Borrowings

	2022 $'000	2021 $'000
Current		
– Bank facilities (secured)	5,160	300
– Other interest bearing liabilities	86	91
	5,246	391
Non Current		
– Bank facilities (secured)	–	5,140

Bank facilities are fully secured by general security agreements granted by certain controlled entities over their assets.

Summary of borrowing and financial facility arrangements
MPower Group Limited (and various subsidiaries) has $5.2 million of borrowings from St George Bank Limited charged at a weighted average interest rate of 8.23%. There were no covenant reporting requirements as at 30 June 2022 (2021: nil). Bank facilities were extended in July 2022 for a further term of 12 months to July 2023 with principal repayments increasing to $50,000 per month in July 2022. The facilities are secured by general security agreements and cross guarantees granted by MPower Group Limited and certain group subsidiaries.

18. Provisions

	2022 $'000	2021 $'000
Employee benefits [(a)]	438	563
Warranties [(b)]	29	34
Total provisions	467	597
Current	438	574
Non-current	29	23
Total provisions	467	597
Warranties		
Opening balance at beginning of year	34	78
Provisions (reversed)/raised during year	–	(26)
Amounts used	(5)	(18)
Balance at end of year	29	34

(a) The provision for employee benefits represents annual leave and long service leave entitlements accrued by employees. A provision has been recognised for employee entitlements relating to long service leave. The calculation for the present value of future cash flows in respect of long service leave is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in note 2(k).

(b) The provision for warranty claims represents the present value of the directors' best estimate of the future outflow of economic benefits that will be required under the MPower Group's warranty program for projects undertaken. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, other events affecting product quality or changes in the nature of projects undertaken.

19. Other liabilities

	2022 $'000	2021 $'000
Current		
Customer deposits in advance	36	–
Contract liabilities	–	–
Total current other liabilities	36	–
Non-Current		
Sundry other liabilities	–	–
Total non-current other liabilities	–	–

Contract liabilities relate to milestone payments received in advance from customers. The stage of completion is used to measure the revenue to be recognised. If the amount of revenue recognised is less than payments received, the difference is included as part of contract liabilities. See note 2(o).

	2022 $'000	2021 $'000

20. Issued capital

222,869,946 (2021: 218,659,946) fully paid ordinary shares	29,661	29,503

	Number of shares '000	Share capital $'000
Balance at 30 June 2020	158,846	25,121
Shares issued during the year	59,814	4,382
Balance at 30 June 2021	218,660	29,503
Shares issued during the year [a]	4,210	158
Balance at 30 June 2022	222,870	29,661

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the company does not have authorised capital or par value in respect of the issued shares.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each is entitled to one vote for each share held.

(a) 3,460,000 ordinary shares were issued as part of an equity raise and 750,000 ordinary shares were issued on the exercise of options issued under the Company's executive share option plan during the current financial year (2021: 59,813,530).

(b) 3,000,000 unlisted executive share options remain on issue at 30 June 2022 (refer note 26).

(c) 8,000,000 unlisted advisor share options remain on issue at 30 June 2022 (refer note 26).

21. Reserves

	Note	2022 $'000	2021 $'000
Share option reserve [a]		596	577
Foreign currency translation reserve [b]		(272)	(272)
Total reserves		324	305
(a) Share option reserve			
Balance at beginning of the year		577	276
Share based payments for the year	26	19	301
Balance at end of the year		596	577

The share option reserve records items recognised as expenses in relation to executive share options and advisor options. Refer to note 26 for reconciliation of options at year end.

(b) Foreign currency translation reserve		
Balance at beginning of the year	(272)	(272)
Exchange differences arising on translating the foreign operations	–	–
Balance at end of the year	(272)	(272)

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled entities.

	2022 $'000	2021 $'000

22. Dividends

Recognised amounts
No dividends were paid during the current or previous years.

	2022 $'000	2021 $'000
Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax, amounts transferred in and franking debits arising from payment of dividends	7,420	7,420

23. Right of use assets & lease liabilities

	2022 $'000	2021 $'000
Right of use assets		
At cost	1,227	1,182
Less: Accumulated amortisation	(455)	(280)
	772	902
Lease Liabilities		
Current	165	150
Non-current	716	827
	881	977
Lease liabilities maturity profile		
– Year 1	165	150
– Year 2	137	125
– Year 3	109	108
– Year 4	119	113
– Year 5	132	123
– later than six years	219	358
	881	977
Consolidated Right of Use Assets		
– Adoption of AASB 16	1,182	1,182
– Additions	45	–
– Depreciation/amortisation expense	(455)	(280)
Balance at 30 June 2022	772	902

Leases relate to office premises and office equipment with lease terms of between 1 to 7 years.

24. Segment information

(a) Products and services from which reportable segments derive their revenues
Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segments under AASB 8 are therefore as follows:

- Power investments – consists of MPower Holdings Pty Limited, MPower Capital Pty Limited, MPower Projects Pty Ltd, MPower Samoa Limited. This group is a leading provider of innovative and dependable power solutions for use in all manner of emergency, back-up, generated and renewable power situations in Australia.
- Property investments consist principally of MPower's former investment in the Power Property Unit Trust (PPUT) which previously owned a property in Melbourne, Victoria. (discontinued)

(b) Segment revenues and results
The following is an analysis of the Group's revenue and results by reportable segment:

	Segment revenue		Segment profit/(loss)	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Continuing operations				
Power investments	3,708	11,037	(1,570)	(356)
Other (net of inter-segment eliminations)	–	50	–	–
Revenue and segment profit/(loss) for continuing operations	3,708	11,087	(1,570)	(356)
Discontinued operations	–	–	–	271
Total revenue and segment profit/(loss)	3,708	11,087	(1,570)	(85)
Depreciation and amortisation expense			(294)	(293)
Finance costs			(533)	(556)
Unallocated costs			(1,139)	(1,131)
Consolidated segment loss for the year			(3,536)	(2,065)

Revenue reported above represents revenue generated from external customers. The was no inter-segment sale during the year. (2021: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, profits of associates, depreciation and amortisation costs, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(c) Segment assets and liabilities

	2022 $'000	2021 $'000
Segments assets		
Power investments	2,426	3,560
Property investments	–	–
Total segment assets	2,426	3,560
Unallocated assets	516	3,511
Consolidated assets	2,942	7,071
Segments liabilities		
Power investments	1,915	2,256
Property investments	–	–
Total segment liabilities	1,915	2,256
Unallocated liabilities	5,489	5,918
Consolidated liabilities	7,404	8,174

For the purposes of monitoring performance and allocating resources between segments:
(i) There are no assets used jointly by reportable segments.
(ii) There are no liabilities for which reportable segments are jointly liable.
(iii) Corporate assets and liabilities with no defined segment are classified as unallocated.

(d) Other segment information

	Depreciation and amortisation		**Additions to non-current assets**	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
Power investments	292	290	264	189
Unallocated	2	3	2	–
Total	294	293	266	189

(e) Revenue from major products and services
The following is an analysis of the Group's revenue from continuing and discontinued operations from its major products and services.

	2022 $'000	2021 $'000
Power investments – project and installations revenue	(235)	6,297
Power investments – sale of goods & rendering of service	3,943	4,740
Other	–	50
Total continuing operations	3,708	11,087

(f) Geographical information
The investment in the power sector has business segments located across Australia and New Zealand (discontinued). Specifically, geographical segments consist of branches and activities across Australia and includes overseas projects managed in Australia. In the prior year the product distribution businesses were included in both regions. The product distribution businesses were sold during the prior year.

The Group's revenue from continuing and discontinued operations from external customers and information about its non-current assets by geographical location are detailed below.

	Revenue from external customers		Non-current assets	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Australia	3,708	11,037	1,372	1,354
Discontinued operations	–	–	–	–
Total (excluding Other Income)	3,708	11,037	1,372	1,354

(g) Information about major customers
Included in revenues arising from sale of goods and rendering of service revenue of $3.7 million (2021: $6.3 million) are revenues of $0.6 million (2021: $6.03 million) which arose from sales to the Group's largest customer.

25. Auditor's remuneration

	2022	2021
	$'000	$'000
Remuneration of the auditor of MPower Group:		
Stantons International (including network member firms)		
– Auditing or reviewing financial statements		
Total	45	44

26. Share based payments

Executive Share Option Plan
The following share-based payment arrangement existed at 30 June 2022.

Under the MPower Group Limited Executive Share Option Plan, the remuneration committee may offer options to executives having regard to their length of service with the Group, the contribution made to the MPower Group by the executive, the potential contribution of the executive and any other matters considered relevant.

The maximum number of options that can be on issue at any time is 5% of the shares on issue at that time. In addition, the maximum number of options that can be issued to any one executive is 2,350,000 (2021: 2,350,000).

An option may be exercised, if vested, by the relevant participant lodging a Notice of Exercise of Option and Application for Shares, together with the exercise price for each share to be issued on exercise. Options may only be exercised by a participant at the times and in the numbers and subject to the satisfaction of any conditions set by the remuneration committee at the time of the offer of the options. The remuneration committee may stipulate that options may only be exercised if the Group achieves stipulated performance benchmarks.

There are no performance criteria that need to be met in relation to the options currently on issue, except service condition were the executive remains with the group. An option not exercised will lapse on the expiry of the exercise period or if the relevant senior manager no longer provides services to or is no longer employed by the company. Unless the remuneration committee determines otherwise, options may not be transferred.

There were 2,060,000 options granted under the MPower Group Limited Executive Share Option Plan during the year ended 30 June 2022 (2021: 760,000).

	MPower Group		Weighted average exercise price	
	2022 No.	2021 No.	**2022 $**	2021 $
Movement in the number of share options held by executives are as follows:				
Opening balance	2,230,000	2,724,000	0.0300	0.0416
Granted during year	2,060,000	760,000	0.0750	0.0300
Exercised during the year	(750,000)	(990,000)	0.0300	0.0200
Lapsed during the year	(540,000)	(264,000)	0.0450	0.0978
Balance at end of the year	**3,000,000**	**2,230,000**	**0.0582**	**0.0300**
Number of holders of ESOP share options	**3**	**5**		

Details of the options on issue at year end were as follows:

Grant date	Expiry date	Exercise price	Fair value at grant date	Number of options
15-Oct-19	31-May-23	$0.0300	0.0200	840,000
16-Oct-20	31-May-23	$0.0300	0.0300	120,000
16-Oct-20	31-May-24	$0.0300	0.0300	160,000
5-Oct-21	31-May-23	$0.0750	0.0330	564,000
5-Oct-21	31-May-24	$0.0750	0.0413	564,000
5-Oct-21	31-May-25	$0.0750	0.0468	752,000
Total				**3,000,000**

During the year 2,060,000 share options were granted under the MPower Group Limited Executive Share Option Plan, 750,000 share options were exercised and 540,000 share options lapsed. No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

The options outstanding at 30 June 2022 had a weighted average exercise price of $0.0582 and a weighted average remaining contracted life of 1.66 years.

The fair value of options issued is calculated by using a Black Scholes option pricing model. Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of potential future movements, which may not eventuate. This method includes the inputs set out in the table below.

Expiry date	31-May-23	31-May-23	31-May-23	31-May-24	31-May-24	31-May-25
Share price of the asset at grant date ($)	0.020	0.030	0.066	0.030	0.066	0.066
Exercise price ($)	0.030	0.030	0.075	0.030	0.075	0.075
Risk free rate	2.75%	0.87%	1.81%	0.87%	1.81%	1.81%
Annualised time to expiry (years)	3.627	2.627	1.652	3.627	2.655	3.655
Volatility of asset	85.30%	139.67%	112.97%	139.67%	112.97%	112.97%

Included under employee benefits expense in the statement of profit or loss and other comprehensive income is an expense of $18,777 (2021: $5,645) relating to equity-settled share-based payment transactions.

Advisor Options

The following share-based payment arrangement existed at 30 June 2022.

An option may be exercised, if vested, by the relevant participant lodging a Notice of Exercise of Option and Application for Shares, together with the exercise price for each share to be issued on exercise. Options may only be exercised by a participant at the times and in the numbers and subject to the satisfaction of any conditions set out in the terms and conditions governing the advisor options.

There were no adviser options granted during the year ended 30 June 2022 (2021: 8,000,000).

Details of the options on issue at year end were as follows:

Grant date	Expiry date	Exercise price	Fair value at grant date	Number of options
22-Feb-21	27-Apr-24	$0.17	$0.07	8,000,000
Total				**8,000,000**

The fair value of options issued is calculated by using a Black Scholes option pricing model. Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of potential future movements, which may not eventuate. This method includes the inputs set out in the table below.

Expiry date	27-Apr-24
Share price of the asset ($)	0.100
Exercise price ($)	0.170
Risk free rate	1.32%
Asset income rate (eg dividend rate)	0.00%
Annualised time to expiry (years)	2.992
Volatility of asset	146.20%

27. Related parties

Parent entity
The parent entity and ultimate parent entity of the group is MPower Group Limited.

Controlled entities
Information relating to controlled entities is set out in note 12.

Director related entities
(a) Tag Private Pty Limited
Peter Wise has a controlling interest in Tag Private Pty Ltd through family interests and Nathan Wise is a director of the company. During the year the company was entitled to management fees and allowances for services rendered of $75,000 and $75,000 in long service leave entitlements. (2021: $150,000). 1,821,107 ordinary shares held in MPower Group Limited were acquired by Tag Private Pty Limited during the year (2021: 170,776). The details of the fees and executive share options are included in the remuneration of directors' disclosures in the Directors' Report. The company held no unlisted executive share options during the year.

(b) Investment Associates Pty Limited
Nathan Wise has a controlling interest in Investment Associates Pty Ltd through family interests. During the year the company received management fees for services rendered and bonus paid of $424,113 (2021: $399,690). There were 1,200,000 unlisted executive share options over unissued ordinary shares in MPower Group Limited granted during the year (2021: Nil). During the year no unlisted executive share options held by the company over unissued ordinary shares in MPower Group Limited lapsed (2021:240,000). During the year 390,000 unlisted executive share options held by the company over unissued ordinary shares in MPower Group Limited were exercised. (2021:750,000). The details of the fees and executive share options are included in the remuneration of directors' disclosures in the Directors' Report.

Directors
The names of the directors of the MPower Group during the year under review were Peter Wise, Nathan Wise, Amy Kean, Robert Constable, and Robert Moran. Information on the remuneration of directors and their respective periods of service is set out in the Directors' Report. Information on directors' interests in shares and options is detailed in the Directors' Report.

Key management personnel
The names and positions held by key management personnel of the MPower Group who have held office during the current and previous financial years are:

- Peter Wise – Chairman
- Nathan Wise – Chief Executive Officer and Managing Director
- Amy Kean – Non-executive Director (commenced 1 September 2021)
- Robert Constable – Non-executive Director
- Robert Moran – Non-executive Director
- Gary Cohen – Non-executive Director (resigned 25 May 2021)
- Ryan Scott – General Manager

The aggregate compensation made to directors and other key management personnel of the parent entity and consolidated group are set out below:

	MPower Group	
	2022	2021
	$	$
Short-term employee benefits	881,893	857,653
Post-employment benefits	27,500	21,515
Other payments	–	–
Share based payments	18,427	4,209
	927,820	883,377

Key management personnel remuneration has been included in the remuneration section of the Directors' Report.

28. Loss per share

	2022 cents per share	2021 cents per share
Basic loss per share from continuing and discontinued operations	(1.6)	(1.2)
Diluted loss per share from continuing and discontinued operations	(1.6)	(1.2)
Basic loss per share from continuing operations	(1.6)	(1.4)
Diluted loss per share from continuing operations	(1.6)	(1.4)

	2022 $'000	2021 $'000
Reconciliation to net loss		
Net loss after income tax from continuing and discontinued operations	(3,536)	(2,065)
Attributable to non-controlling interests	–	–
Earnings used in the calculation of basic and diluted earnings per share	(3,536)	(2,065)
Weighted average number of shares used in the calculation of basic earnings per share	220,456,330	170,648,979
Weighted average number of shares used in the calculation of diluted earnings per share	220,456,330	170,648,979

No dilution has been included as losses were incurred in the current and previous years.

29. Financial instruments

(a) Capital risk management

The MPower Group manages its capital to ensure that entities in the MPower Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. This strategy remains unchanged from the previous year.

The capital structure of the MPower Group consists of cash and cash equivalents, debt (including the borrowings disclosed in notes 17), and equity attributable to equity holders of the MPower Parent, comprising issued capital (disclosed in note 20), reserves (disclosed in note 21) and accumulated losses. The MPower Group also utilises certain off-balance sheet bank financing arrangements, including documentary credit facilities for the provision of performance guarantees to customers.

Gearing ratio

The MPower Group's senior management reviews the capital structure on a semi-annual basis. As part of this review, senior management considers the cost of capital and the risks associated with each class of capital. The MPower Group has a target gearing ratio in line with the industry custom that is determined as a proportion of net debt to equity. The MPower Group balances its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The gearing ratio at year-end was as follows:

Debt [i]	5,246	5,531
Cash and cash equivalents	(537)	(3,533)
Net (cash)/debt	4,709	1,998
Equity [ii]	(4,462)	(1,103)

The net debt to equity ratio at 30 June 2022 is not meaningful as equity is negative. The net debt to equity ratio at 30 June 2021 was not meaningful as equity is negative.

(ii) Debt is defined as long-term and short-term borrowings, as detailed in note 17.
(iii) Equity includes all capital, reserves and non-controlling interests.

(b) Categories of financial instruments

	2022 $'000	2021 $'000
Financial assets		
Trade and other receivables	747	1,864
Cash and cash equivalents	537	3,533
Other assets	–	–
Total financial assets	1,284	5,397
Financial liabilities		
Amortised cost	6,937	7,577
Total financial liabilities	6,937	7,577

(c) Financial risk management objectives
The MPower Group's corporate treasury function provides services to the business, including negotiation and ongoing co-ordination of financing facilities, and monitors and manages the financial risks relating to the operations of the MPower Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk where appropriate.

The MPower Group generally hedges 50% to 100% of its foreign currency exposures. The MPower Group does not enter into or trade financial instruments for speculative purposes. There were no hedges taken out during the year.

The board of MPower Group Limited is ultimately responsible for ensuring that there is an effective risk management control framework in place.

(d) Market risk
The MPower Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (refer note 29(e)) and interest rates (refer note 29(f)).

Market risks are reviewed at least monthly at a MPower Group level and at a subsidiary company level.

There has been no change to the MPower Group's exposure to market risks or the manner in which it manages and measures the risk from the previous year.

(e) Foreign currency risk management
The MPower Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

To manage its exposure to foreign currency risk the MPower Group generally enters into forward foreign exchange contracts to hedge the exchange rate risk arising on sales denominated in foreign currencies. There were no hedges taken out during the year.

The carrying amount of the MPower Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
US Dollars	–	–	2	2
Euros	–	–	–	–
Total	–	–	2	2

Foreign currency sensitivity analysis
The following table details the MPower Group's sensitivity to a 10% increase or decrease in the Australian Dollar against the relevant foreign currencies. This sensitivity of 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit where the Australian Dollar strengthens against the respective currency. For a weakening of the Australian Dollar against the respective currency, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	2022 $'000	2021 $'000
Profit or loss		
US Dollars	–	–
Total	–	–

(f) Interest rate risk management
The MPower Group is exposed to interest rate risk as entities in the MPower Group borrow funds at floating interest rates. The MPower Group does not enter into interest rate hedging activities.

Exposures to interest rates on the financial liabilities of the MPower Group are detailed in note 29(h) below.

Interest rate sensitivity analysis
The following analysis illustrates the MPower Group's sensitivity to a 200 basis point (i.e. 2% p.a.) increase or decrease in nominal interest rates, based on exposures in existence at the reporting date. This represents management's assessment of the reasonably possible change in interest rates as at that date.

At reporting date, if interest rates on borrowings had been 200 basis points higher (or lower) and all other variables were held constant, the MPower Group's net loss would increase/(decrease) by $105,000 (2021: $111,000). This is mainly attributable to the MPower Group's exposure to interest rates on its variable rate borrowings.

There was no significant change in the MPower Group's sensitivity to interest rates during the current year.

At reporting date, if interest rates had been 200 basis points higher (or lower) and all other variables were held constant, the MPower Group's net profit would increase/(decrease) on deposits by $11,000 (2021: $71,000). This is mainly attributable to the MPower Group's exposure to interest rates on its cash and cash equivalents.

(g) Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the MPower Group. The MPower Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The MPower Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management of each operating subsidiary on a regular basis.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The group has assessed the expected credit loss on receivables and have used a provision matrix to measure the Group's estimated impairment losses (refer note 9).

The MPower Group does have a significant credit risk exposure to a group of counterparties, as at 30 June 2022 the top 5 debtors had a balance of $324,120, The Group has provided an expected credit loss of $30,000. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The following table sets out the carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, representing the MPower Group's maximum exposure to credit risk without taking account of the value of any collateral obtained:

	Maximum risk	
	2022	2021
	$'000	$'000
MPower Group		
Trade receivables	577	675
Total	577	675

The Company has a policy to maintain balances with reputed banks to minimise the counterparty risk.

(h) Liquidity risk management
Liquidity risk is the risk that the MPower Group will encounter difficulty in meeting its obligations associated with financial liabilities.

Ultimate responsibility for liquidity risk management rests with the MPower Parent board of directors, who have built an appropriate liquidity risk management framework for the management of the MPower Group's short, medium and long-term funding and liquidity management requirements. The MPower Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 8 is a listing of additional undrawn facilities that the MPower Group has at its disposal to further reduce liquidity risk.

Liquidity and interest risk tables
The following tables detail the MPower Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the MPower Group can be required to pay. The table includes both interest and principal cash flows.

MPower Group

Financial liabilities	Weighted average effective interest rate %	Less than 3 months $'000	3 months to 1 year $'000	1-5 years $'000	5+ years $'000
2022					
Non-interest bearing liability	–	444	366	–	–
Lease liability	7.00	41	124	497	219
Variable interest rate instruments (i)	8.18	5,246	–	–	–
Total		5,731	490	497	219
2021					
Non-interest bearing liability	–	942	340	–	–
Lease liability	7.00	52	161	483	543
Variable interest rate instruments	4.96	166	225	5,140	–
Total		1,160	726	5,623	543

(i) The term loan was extended for 12 months on the 14 July 2022, as detailed in note 31.

MPower Group (and subsidiaries) has an available performance guarantee and surety bond facility with Vero Insurance. There were performance guarantee and surety bond contracts in respect of open construction contracts at year end of $447,617 (2021: $772,177). At the end of the year it was not probable that the counterparty to any of the performance guarantee contracts will claim under the contract. Consequently, the amount included in the above table is nil.

The MPower Group is planning to finance the payment of the above liabilities by way of expected cash-flow arising from operating activities based upon prepared forecasts and budgets.

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

MPower Group

Financial assets	Weighted average effective interest rate %	Less than 3 months $'000	3 months to 1 year $'000	1-5 years $'000	5+ years $'000
2022					
Non-interest bearing	–	747	–	–	–
Variable interest rate instruments	0.0	537	–	–	–
Forward exchange contracts	–	–	–	–	–
Total		1,284	–	–	–
2021					
Non-interest bearing	–	675	–	–	–
Variable interest rate instruments	0.15	3,533	–	–	–
Forward exchange contracts	–	–	–	–	–
Total		4,208	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(i) Fair value measurements recognised in the consolidated statement of financial position
Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis
Nil

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)
The directors consider that the carrying amounts of the following financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values at 30 June:

	2022 $'000	2021 $'000
Financial assets		
Trade and other receivables	747	1,864
Cash and cash equivalents	537	3,533
Other Assets	–	–
Total financial assets	1,284	5,397
Financial liabilities		
Trade and other payables	810	1,069
Borrowings	5,246	5,531
Lease liabilities	881	977
Total financial liabilities	6,937	7,577

30. Parent entity disclosures

	MPower Parent 2022 $'000	MPower Parent 2021 $'000
(a) Financial position		
Assets		
Current assets	363	3,550
Non-current assets	1,307	4
Total assets	1,670	3,554
Liabilities		
Current liabilities	5,488	823
Non-current liabilities	–	5,140
Total liabilities	5,488	5,963
Equity		
Issued capital	29,661	29,503
Accumulated losses	(33,804)	(32,217)
Share option reserve	325	305
Total (deficiency)/equity	(3,818)	(2,409)
(b) Financial performance		
Loss for the year	(1,587)	(209)
Other comprehensive income	–	–
Total comprehensive loss	(1,587)	(209)

(c) Guarantees entered into by the parent entity
The parent entity, MPower Group Limited, has provided the following guarantees in relation to its subsidiaries:
(i) Cross guarantees under banking facilities as detailed in note 17.
(ii) Cross guarantee under surety bond facility provided by Vero Insurance.
(iii) Securities provided for the loan refer to note 17.

(d) Contingent liabilities of the parent entity
Refer note 32 for contingent liabilities of the parent entity.

(e) Commitments for the acquisition of property, plant and equipment by the parent entity
There are no commitments for the acquisition of property, plant and equipment by the parent entity.

31. Subsequent events

There are no matters or circumstances which have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the MPower Group, the results of those operations, or the state of affairs of the MPower Group in future financial years other than the matters set out below

St George Banking Facilities Renewal
On 14 July 2022 MPower Group Limited announced that a term loan from St George Bank of approximately $5.1 million had been extended to 15 July 2023 with MPower to make principal repayments of $50,000 per month. The facility terms otherwise remain unchanged.

Share Capital Raise
On 27 July 2022 MPower Group Limited announced that it had 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 capital raising includes the issue of 55 million new fully paid ordinary shares at 2.4 cents per share to a range of sophisticated and professional investors to raise $1.32 million which was completed on 27 July 2022. Each new share will include a 2:3 attaching option, with a strike price of 4.5 cents and expiry four years from the date of issue. Attaching options will be issued and quoted on the ASX, subject to approval at an upcoming EGM and ASX listing requirements being met.

The Tag Private Group, MPower's largest shareholder that is associated with the Company's Chairman and CEO, agreed to support the capital raising with a further $0.38 million (15.8 million shares and attaching options) to be placed to the Tag Private Group on the same terms, subject to shareholder approval at the upcoming EGM.

Acquisition of the Lakeland Solar & Storage Project in Far North Queensland
On 16 May 2022 MPower Group Limited announced the proposed acquisition of the Lakeland Solar & Storage Project located in Cooktown Shire, North Queensland, comprising a 10.8MWac solar farm and an associated 1.4MWac/5.3MWh lithium-ion battery storage facility. The acquisition completed on the 11 August 2022 after all conditions precedent were met with MPower Group Limited acquiring 100% of the shares in Lakeland Solar & Storage Pty Limited.

The transaction has an enterprise value of $8 million, including a deferred consideration for the Project of up to $0.35 million over a three-year period following completion, and the assumption of an existing $7.66 million limited recourse long-term debt facility in place with German bank, NORD/LB. These numbers are not audited and management is in the process of valuing the assets.

32. Contingent liabilities & contingent assets

In the ordinary course of business, contingent liabilities exist in respect of claims and potential claims against entities in the consolidated entity. The consolidated entity does not consider that the outcomes of any such claims known to exist at the date of this report, either individually or in aggregate, are likely to have a material effect on its operations or financial position.

Directors' declaration

The directors of MPower Group Limited declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements;

(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity for the year ended 30 June 2022; and

(d) the directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors

Peter Wise AM
Chairman

Sydney, 24 August 2022

Stantons

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24 August 2022

Board of Directors
Mpower Group Limited
Level 4, 15 Bourke Road
Mascot NSW 2020

Dear Directors

RE: MPOWER GROUP LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Mpower Group Limited.

As Audit Director for the audit of the financial statements of Mpower Group Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Martin Michalik

Martin Michalik
Director

Liability limited by a scheme approved under Professional Standards Legislation

Russell Bedford
taking you further

Stantons Is a member of the Russell Bedford International network of firms

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MPOWER GROUP LIMITED**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mpower Group Limited ("the Company"), and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(x) in the financial report, which indicates that the Group incurred a net loss of $3.536 million during the year ended 30 June 2022 and the condensed consolidated statement of cash flows reflects net operating cash outflows of $2.314 million. Further, the condensed consolidated statement of financial position reflects a working capital deficiency of $5.089 million and a net asset deficiency of $4.462 million.

The ability of the Group to continue as a going concern and meet its planned operating, administration and other commitments is dependent upon the Group meeting the key assumptions in its cashflow budgets as discussed in note 2 (x) and/or raising further working capital and/or extending its bank loan financing. In the event that the Group is not successful in meeting the assumptions in the cashflow budgets and/or raising further equity and/or extending its Bank loan, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values.

Our conclusion is not modified in respect of this matter

Stantons

Key Audit Matters

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be a Key Audit Matter to be communicated in our report.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
Revenue Recognition Revenue recognition is considered to be a key audit matter due to the material amounts involved and significant audit effort expended. These procedures included addressing the unique circumstances of the individualised contract arrangements that the Group enters into, the significance of the Group's judgements relating to the point in time at which revenue is recorded, in particular those relating to the satisfaction of performance obligations and transfer of control of assets. We focused on sales as a key audit matter due to these conditions leading to increased risk of incorrect revenue recognition.	Inter alia, our audit procedures included the following: i. We assessed the Group's revenue recognition policies against the requirements of AASB 15 *(Revenue from Contracts with Customers)*; ii. We tested a sample of significant customer contracts and read the terms and conditions of sale to understand the features distinguishing the revenue elements against performance obligations and the revenue recognition; iii. We obtained management's written assessments and discussed with management the compliance with the performance obligations (including any potential future contract losses) and revenue recognition within these significant contracts, including the accounting for contract assets and contract liabilities; and iv. Ensured completeness and accuracy of the financial statements to ensure appropriate disclosures are made.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Stantons

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 11 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Mpower Group Limited for the year ended 30 June 2022 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
24 August 2022

Securityholder information

The following information is current as at 22 August 2022:

Shareholders

Spread of shareholders

Range	Number of shareholders	Percentage
1-1,000	538	0.09
1,001-5,000	564	0.57
5,001-10,000	335	0.93
10,001-100,000	684	8.30
100,001 and over	266	90.10
Total	**2,387**	**100.00**

1,759 shareholders held less than a marketable parcel.

Substantial shareholders

Name	Number of shares	Percentage
TAG PRIVATE PTY LIMITED	89,413,031	32.18

Twenty largest shareholders

Name	Number of shares	Percentage
TAG PRIVATE PTY LIMITED	79,064,101	28.45
KV MANAGEMENT (NOMINEES) PTY LTD	8,914,152	3.21
10 BOLIVIANOS PTY LTD	6,960,607	2.51
MR GEORGE CHIEN-HSUN LU	6,350,000	2.29
MR PAUL DOUGLAS SHARP	6,214,125	2.24
DR JOHN ALOIZOS & MRS MURIEL PATRICIA ALOIZOS <SUPERANNUATION FUND NO 2 A/C>	4,300,000	1.55
PSSA CASTLEVIEW PTY LTD <CASTLEVIEW SUPER FUND A/C>	3,698,236	1.33
SNZSH INVESTMENTS PTY LTD <GROVER FAMILY 2 A/C>	3,261,484	1.17
MR JONATHON DAVID MCLAUCHLAN	3,000,000	1.08
MR FRANK LEVIN	3,000,000	1.08
WOZNIAK INVESTMENTS PTY LTD	3,000,000	1.08
MR GLEN GEOFFREY WALLACE	2,708,333	0.97
PHILLIP ROGER DAVIS	2,368,452	0.85
MRS PENELOPE MARGARET SIEMON	2,145,435	0.77
TAG INVESTMENTS AUSTRALIA PTY LTD <TAG INVESTMENT A/C>	2,083,333	0.75
MR GEORGE CHIEN HSUN LU & MRS JENNY CHIN PAO LU	2,076,000	0.75
PAUL DOUGLAS SHARP & LISA MARIE SHARP <THE PAUL SHARP CHILDRENS TRUST>	1,940,737	0.70
DR JOHN ALOIZOS & MRS MURIEL PATRICIA ALOIZOS <PARTNERSHIP A/C>	1,800,000	0.65
CORNUCOPIA ASSETS PTY LTD <THE CORNUCOPIA S/F A/C>	1,705,883	0.61
PKT SPRINGBROOK PTY LTD <SPRINGBROOK FAMILY A/C>	1,666,667	0.60
MS HIEN VO BALDI	1,666,667	0.60
MR RHETT ANTHONY JOHN MORSON	1,658,333	0.60
DECURY CAPITAL PTY LTD	1,647,353	0.59
Total	**151,229,898**	**54.42**

Voting rights
At meetings of members each member may vote in person or by proxy, attorney or (if the member is a body corporate) corporate representative. On a show of hands every person present who is a member or a representative of a member has one vote and on a poll every member present in person or by proxy or attorney has one vote for each fully paid ordinary share held.

On-market buy-back
MPower Group Limited has an on-market buy-back facility in place for up to 10% of its issued shares and operating with no fixed duration. A total of 1,532,983 shares have been purchased by the company under the on-market buy-back for an amount of $368,541.

Stock exchange listing
Fully paid ordinary shares issued by MPower Group Limited are quoted on the Australian Securities Exchange (under the code MPR).

Corporate directory

Directors
Peter Wise AM (Chairman)
Nathan Wise (CEO)
Amy Kean
Robert Constable
Robert Moran

Company secretary
Neil Langridge (CFO)

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