Annual Report 2024

MPower Group Limited
ABN 73 009 485 625

Contents

01 Chairman's report

04 Directors' report

14 Consolidated statement of profit or loss and other comprehensive income

15 Consolidated statement of financial position

16 Consolidated statement of changes in equity

17 Consolidated statement of cash flows

18 Notes to the financial statements

49 Directors' declaration

50 Auditor's independence declaration

51 Independent auditor's report

55 Securityholder information

Corporate directory

Chairman’s report

The 2024 Annual Report provides an opportunity to reflect on MPower’s key achievements in the last 12 months, whilst also recognising the challenges the Company and the renewable energy sector as a whole faces as it navigates through a bumpy energy transition.

The Company’s milestones are evidenced by the progress made on multiple fronts to advance a portfolio of clean energy assets by taking advantage of the inherent opportunities within existing distribution networks.

The successful delivery of the Narromine project, the continuing operation of the Lakeland project and the refinement of the Group’s portfolio of development assets are examples of MPower’s achievements during the year. Before detailing those achievements, it is timely to consider the business’s broader operating environment.

The Opportunity

MPower benefits immensely from its long track record of having successfully delivered mission-critical and complex power projects in both renewable and conventional technologies, spanning Australia and the wider geographic region.

In recent times, MPower has focussed on exempt small-scale solar and battery projects that connect at the distribution network level. This has been driven by a recognition of the untapped capacity that exists within the distribution networks and the clear advantages that small-scale projects have to make the development and grid connection processes simpler and lower risk. Transmission networks are plagued by delayed infrastructure upgrades and competing project connections which MPower’s strategy is able to avoid.

As the energy market slowly adapts to the challenges of the energy transition, there are a number of trends emerging that are influencing MPower’s focus and future direction. In particular, the increasing recognition of the role of battery storage, which MPower foresaw early on, is quickly changing energy system dynamics. The ability for battery storage to time-shift energy as well as provide ancillary services to the market is becoming increasingly important in the face of the variability of renewable energy generation.

For some time, MPower’s approach has been to design our clean energy projects to accommodate both solar and battery storage through a DC-coupled configuration. The advantage of this is reduced capital expenditure whilst maintaining eligibility to participate in the growing number of revenue streams being offered in the National Electricity Market. The evolution of battery storage as a vital building block of the transition is evidenced by the number of new standalone battery projects being proposed and MPower is eager to utilise its experience, asset base, pipeline and resources to further its activities in this area.

Narromine Clean Energy Project (NSW)

During the first quarter of the 2023/2024 financial year, MPower successfully completed the purchase of all project rights for the Narromine Clean Energy Project including the Connection Agreement for connection to the grid, land rights and key planning approvals. Total consideration of $1.4 million was paid for the development rights.

Immediately after acquiring the project rights, MPower commenced the construction phase. Under the terms of a pre-agreed Engineering, Procurement and Construction contract with a value of $8.5 million to MPower, the project was successfully delivered during the financial year.

In July 2024, MPower announced that revenue had commenced at full capacity at the Narromine Clean Energy Project following the successful commissioning and connection of the project to enable participation in the National Electricity Market.

The start of commercial operations marks a key milestone for the Narromine project and is the first project that MPower has owned, constructed and commissioned as part of its Build Own Operate strategy.

The Narromine project is now generating and exporting clean energy at full capacity into the National Electricity Market. A merchant market revenue strategy has been adopted, with project revenues determined by the prevailing wholesale spot prices for energy and Large-scale Generation Certificates. MPower continues to assess offers from potential offtake parties to secure the long-term revenues of the project.

The Narromine project is a 6.7MWdc/4.99MWac solar project in central-west New South Wales. The project includes Bifacial PV Modules, Single Axis Tracking and central inverter technology, with the capacity to produce more than 14,000MWh of energy in its first year of operations.

The acquisition of 100% of the rights to the Narromine project was completed in August 2023 and site works commenced in February 2024. The project is funded by AMPYR Energy under a project funding relationship established in March 2023. The funding agreement is structured as a debt facility, with mechanisms to convert to equity in the project linked to the project's offtake strategy.

Strategic Supply Agreement with Trina Solar

In advance of the construction phase of the Narromine project commencing, MPower signed a Master Supply Agreement (MSA) with Trina Solar, one of the world's leading global suppliers of photovoltaic (PV) solar panels. The MSA provides MPower with a strategic advantage via the long-term procurement of best-in-class components that can be flexibly implemented through specific product attributes that allow for rapid installation.

By setting out advantageous parameters for the long-term supply of key solar components, the agreement allows MPower to navigate pricing uncertainty whilst maintaining flexibility to build out its asset portfolio on a project-by-project basis.

The first deployment of Trina Solar components took place as part of construction works at MPower's Narromine Clean Energy Project.

Lakeland Solar & Storage Project (QLD)

MPower acquired the Lakeland project in Far North Queensland in August 2022, and immediately took full operational control, including all operations, maintenance, and asset management roles. In doing so, MPower successfully reduced the project's annual operating costs by more than $1 million while at the same time improving the generator's ongoing reliability, performance and future revenue.

In August 2023, MPower commissioned Leadenhall Valuation Services Pty Limited to undertake an independent external valuation of the Lakeland Solar & Storage Project as part of the purchase price allocation process. The Company relied on this valuation when arriving at an enterprise value of $12.7 million for Lakeland. The valuation reflected a gain of $6.1 million on acquisition of the project which was taken though the profit and loss in the prior year.

The year to 30 June 2024 was the first full financial year of ownership for the project and revenues of $1.7 million and EBITDA of $1.0 million were recorded. The project benefits from a long-term Power Purchase Agreement (PPA) with Origin Energy for 100% of the project's output, with fixed pricing that escalates annually with inflation. As MPower performs the O&M and asset management roles internally, revenues of $0.4 million for services provided are eliminated on consolidation and are not shown in the statutory accounts.

Prior to the end of the 2024 financial year, MPower commenced a process to investigate the potential sale of the Lakeland project with the intention of recycling capital for the future expansion of its clean energy portfolio. Since that time, MPower has shifted focus away from a potential sale to alternative ways of leveraging the Lakeland project in combination with other operational and development assets. MPower remains open to all options to maximise the value in the Lakeland asset.

Development assets

In parallel with the construction of the Narromine project, MPower continues to refine its portfolio of development assets across the eastern states of Australia.

MPower has accelerated plans to add battery storage to the Faraday Renewable Energy Project in Victoria. MPower owns 100% of the development rights for the 6.7MWdc/4.9MWac solar project that already has planning approval for a battery storage facility. The plan to bring forward the battery storage augmentation reflects the growing value that battery storage adds to renewable energy projects

Also in Victoria, during the year MPower terminated an agreement to acquire the Mangalore Renewable Energy Project due to the challenges encountered on that project. No consideration was paid by MPower under the terminated agreement.

In South Australia, MPower has successfully developed two hybrid solar/battery storage projects and is looking to advance those projects through to the next phase in partnership with others, with the intent that the projects are constructed and benefit from participating in the National Electricity Market.

Funding facilities

In August 2023, MPower considerably strengthened its balance sheet with a new loan facility and equity position from diversified Australian investment group Oceania Capital Partners Limited (OCP) to replace MPower's previous St George Bank debt facility.

Under the deal with OCP, MPower extinguished in full its $4.5 million term debt with St George Bank and replaced it with a new $1.8 million loan from OCP which took a 14.5% equity stake in MPower through the issue of 50 million ordinary shares in consideration for providing the loan facility.

The refinancing lowered the Company's debt profile, reduced ongoing debt service obligations and delivered a one-time financial benefit of $1.8 million to MPower (after taking a non-cash share-based expense of $1 million into account).

More recently in August 2024, MPower negotiated new funding arrangements to support the Company's plans. New terms for the OCP loan were agreed, including an extension of the facility to November 2025 and changes to the loan amortisation and interest rate. At the same time, a new $1.5 million facility was secured from Tag Private and an existing facility from Tag Private was extended. The changes to the Group's funding facilities provide longer term funding to the Group.

Financial overview

Revenue for the 2024 financial year was $4.5 million (2023: $4.4million), including revenue from the Lakeland asset but excluding revenue from the Narromine asset which commenced commercial operation after year end.

It should be noted that reported revenue does not recognise the scale of MPower's project activities during the year because the Narromine project is retained on the balance sheet. Accordingly, revenue of $7.5 million is not shown in the statutory accounts and has been eliminated on consolidation.

The Group recorded EBITDA of $1.3 million for the 2024 financial year and an after-tax loss of $0.7 million. The result includes a net gain of $1.8 million from the OCP transaction in August 2023.

Statutory cash outflows from operating activities were $1.6 million for the year, which excludes any cash margin or gains from Narromine intercompany activity during the year which is required to be eliminated on consolidation.

MPower maintains a franking credit balance of $7.4 million and has substantial revenue and capital tax losses available.

Management and staff

MPower sincerely thanks its management and staff for their continued energy, commitment and support as the Company develops. MPower benefits from a quality team of professionals with hands-on experience in the renewable energy technologies.

Looking ahead

Australia's energy transition is pushing ahead and is likely to be slower and more volatile than many had hoped. With that transition comes enormous opportunities for experienced, technically competent and multi-faceted organisations.

While it is clear that MPower has a valuable role to play in the transition, the dynamic nature of the market and the rapid changes in technology require MPower to continually reassess where to play and how best to extract value. Historically, this has been in the successful delivery of projects and more recently the optimisation of underperforming projects.

One frustration has been the challenges in achieving scale and attracting larger capital partnerships to accelerate and scale-up MPower's activities. Moving forward, MPower's focus will be in areas of expected growth that are best matched to the Company's unique proposition that also meet the investment criteria and mandates of capital providers that are eager to increase their involvement in the clean energy rollout.

Peter Wise

Peter Wise AM
Chairman

26 August 2024

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 2024 in accordance with the provisions of the Corporations Act 2001 (Cth). The Chairman's Report (pages 1 to 3) 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 specialist renewable energy and battery storage developer and owner.

Review of operations

The operating result of the MPower Group for the financial year ended 30 June 2024 after eliminating non-controlling interests and providing for income tax was a loss of $735,000 (2023: profit of $1,958,000). 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 2024 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:

Tag Private loans

In August 2024, the Company and Tag Private Pty Limited (Tag Private) agreed terms for a new loan facility of $1.5 million to be made available to MPower Group Limited for working capital purposes. At the same time, the existing $1.1 million facility advanced by Tag Private to MPower Capital Pty Limited was extended. Both loans are unsecured, mature on 10 November 2025 and have an interest rate of 15%.

OCP loan

In August 2024, the Company and Oceania Capital Partners (OCP) agreed terms for an extension and new amortisation schedule for the existing corporate facility between the parties under which $1.62 million was outstanding. The new maturity date is 8 November 2025. Quarterly principal repayments of $60,000 are to be made and the interest rate is 13.25%.

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 26 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 26 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 2024.

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:

Listed options (ASX: MPRO)

Grant date	Expiry date	Exercise price	Number of options
28-Sep-22	01-Aug-26	$0.0450	59,222,222
Total listed options			**59,222,222**

Unlisted ESOP options

Grant date	Expiry date	Exercise price	Number of options
5-Oct-21	31-May-25	$0.0750	680,000
30-Sep-22	31-May-25	$0.0250	615,000
30-Sep-22	31-May-26	$0.0250	820,000
Total ESOP options			**2,115,000**

Total options on issue	**61,337,222**

Nil unlisted options granted under the MPower Group Limited Executive Share Option Plan (ESOP) were exercised during the year (2023: Nil options).

8,000,000 unlisted advisor options lapsed during the year (2023: Nil)

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.

Indeterminate rights

At the date of this report, the following Indeterminate rights had been granted under the MPower Executive Incentive Plan (MEIP):

Grant date	Expiry date	Exercise price	Number of options
1-Mar-24	31-May-25	$0.02	1,245,000
1-Mar-24	31-May-26	$0.02	1,245,000
1-Mar-24	31-May-27	$0.02	1,660,000
Total MEIP Indeterminate rights			**4,150,000**

Nil Indeterminate rights granted under the MEIP were exercised during the year (2023: Nil).

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

Loan from related entity

On 25 June 2024 a variation to the loan agreement between Tag Private Pty Limited and MPower Capital Pty Limited was executed, whereby it was agreed to extend the maturity date on the limited recourse finance facility loan agreement (dated 27 April 2023). The facilities new maturity date is 27 September 2024 and fixed interest rate of 12.0%. Interest under the facility can either be expensed and paid and/or capitalised to the facility.

On 6 August 2024 a variation to the loan agreement between Tag Private Pty Limited and MPower Capital Pty Limited was executed, whereby it was agreed to extend the maturity date and increase the interest rate on the limited recourse finance facility loan agreement (dated 27 April 2023). The facilities new maturity date is 10 November 2025 and new fixed interest rate of 15.0%. Interest under the facility can either be expensed and paid and/or capitalised to the facility.

There were no covenant reporting requirements as at 30 June 2024. As at balance date the outstanding amount was $1,150,121 (2023: $842,345).

On 6 August 2024 a new loan agreement between Tag Private Pty Limited and MPower Group Limited was executed, whereby it was agreed a facility of $1.5m would be made available on a limited recourse finance facility. The facilities maturity date is 10 November 2025 and has a fixed interest rate of 15.0%. Interest under the facility can either be expensed and paid and/or capitalised to the facility.

On 8 August 2023 MPower extinguished in full its $4.5 million term debt with St George Bank and replaced it with a new $1.8 million loan from OCP which also took a 14.5% equity stake in MPower through the issue of 50 million ordinary shares in consideration for providing the loan facility. The transaction resulted in a gain in the Statement of Profit and loss and other Comprehensive Income of $1.8 million including share issue costs of $1 million in respect of the shares issued to OCP.

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 2024 has been received and a copy can be found on page 50 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 2024 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	94,897,434 ordinary shares in MPower Group Limited. 15,614,029 listed options in MPower Group Limited.
Length of service	38 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	96,037,434 ordinary shares in MPower Group Limited 15,614,029 listed options in MPower Group Limited 1,180,000 unlisted options in MPower Group Limited under the Executive Share Option Plan 1,750,000 indeterminate rights under the MPower Executive Incentive Plan
Length of service	12 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	38 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.
Length of service	22 years
Amy Kean	**Director** (non-executive)
Qualifications	BA, BSc, Master of Environmental Law (ongoing)
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	3 years
Paul Siega	**Company Secretary**
Qualifications	BCom, CA, MBA (AGSM)
Experience	Appointed Company Secretary and Head of Finance of MPower Group Limited on 13 May 2024. Prior to joining MPower, worked as Finance and Strategy Lead at Banpu Energy Australia Pty Ltd. Has held roles across large multinational corporates and tier 1 corporate advisory firms across Australia and Europe. Has 7 years' experience in power sector.
Interest in shares	Nil ordinary shares in MPower Group Limited.
Length of service	0 years

Changes to directors and company secretary

There were no changes to the directors of MPower Group Limited during the year and up to the date of this report. On 23 May 2024 Neil Langridge resigned as company secretary and Paul Siega was appointed as company secretary.

Remuneration of directors

Information about the remuneration of directors and senior management is set out in the remuneration report on pages 8 to 13.

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, twelve 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	12	12	–	–	–	–
Nathan Wise	12	12	–	–	–	–
Amy Kean	12	12	–	–	1	1
Robert Constable	12	12	2	2	1	1
Robert Moran	12	12	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 and indeterminate rights 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 and MPower Group Limited Executive Incentive 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 2024 are as follows:

Nathan Wise
At the date of this report a cash bonus in respect of the year to 30 June 2024 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 $399,360 per annum ($0 to $159,744). 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. During the reporting period a STI of $13,182 for FY2023 was approved.

Ryan Scott
At the date of this report a cash bonus in respect of the year to 30 June 2024 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 $336,195 per annum ($0 to $84,048). 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. During the reporting period a STI of $27,137 for FY2023 was approved.

Paul Siega
Paul Siega commenced on 13 May 2024 and was not eligible for an STI in respect of the year to 30 June 2024.

Long-term incentives – Executive Share Option Plan

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 (ESOP). 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 executive is 5,500,000 (2023: 5,500,000). The remuneration committee must make reference to these and other rules of the Executive Share Option Plan when deciding on long-term incentive components.

Nil executive share options were issued to directors and key management personnel during the year ended 30 June 2024 (2023: 1,750,000).

ESOP option holdings

2024	Balance 1 July 2023 No.	Granted as compensation No.	Lapsed/ exercised No.	Balance 30 June 2024 No.	Unvested No.	Vested and exercisable No.
Nathan Wise [1]	1,840,000	–	(660,000)	1,180,000	1,180,000	–
Ryan Scott	1,260,000	–	(535,000)	725,000	725,000	–
Total	**3,100,000**	**–**	**(1,195,000)**	**1,905,000**	**1,905,000**	**–**

2023	Balance 1 July 2022 No.	Granted as compensation No.	Lapsed/ exercised No.	Balance 30 June 2023 No.	Unvested No.	Vested and exercisable No.
Nathan Wise [1,2]	1,720,000	1,000,000	(880,000)	1,840,000	1,840,000	–
Ryan Scott	1,100,000	750,000	(590,000)	1,260,000	1,260,000	–
Total	**2,820,000**	**1,750,000**	**(1,470,000)**	**3,100,000**	**3,100,000**	**–**

1. Under the terms of the Executive Share Option Plan, options may be issued to and held by an executive or their nominee. The issue of shares is subject to shareholder approval (where required).
2. 10,555,555 listed options were issued as part of an equity raise during the year and are held by Tag Private Pty Limited and Tag Private Nominees Pty Limited.

Refer to note 27 for the factors and assumptions used in determining share-based payments.

At 30 June 2024, the following share-based payment arrangements were in existence under the MPower Group Limited Executive Share Option Plan:

Option series	Number of options	Grant date	Expiry date	Fair value at grant date (cents)	Vesting date
1. Issued 5 October 2021	680,000	5-Oct-21	31 May 2025	3.48	01-Mar-25
2. Issued 28 September 2022	525,000	28-Sep-22	31 May 2025	0.69	01-Mar-25
3. Issued 28 September 2022	700,000	28-Sep-22	31 May 2026	0.81	01-Mar-26

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 $56,175 (2023: $22,985).

The following executive share options previously held by directors and key management personnel lapsed during the year: 1,195,000 (2023: 1,470,000).

Long-term incentives – Executive Incentive Plan (MEIP)

During financial year to 30 June 2024, MPower adopted the MPower Executive Incentive Plan (MEIP) whereby Indeterminate rights may be awarded to eligible senior managers in accordance with the terms of the plan. The award of indeterminate rights 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 indeterminate rights that can be on issue at any time under the MPower Executive incentive Plan is 10% of the shares on issue at that time. The remuneration committee must make reference to these and other rules of the MPower Executive Incentive Plan when deciding on long-term incentive components.

The company has the discretion to settle indeterminate rights by the issue of shares in the company or payment of cash upon a vested and exercisable event.

3,350,000 indeterminate rights were granted to directors and key management personnel during the year ended 30 June 2024 (2023: nil).

MEIP indeterminate rights

2024	Balance 1 July 2023 No.	Granted as compensation No.	Lapsed/ exercised No.	Balance 30 June 2024 No.	Unvested No.	Vested and exercisable No.
Nathan Wise[1]	–	1,750,000	–	1,750,000	1,750,000	–
Ryan Scott	–	1,600,000	–	1,600,000	1,600,000	–
Total	**–**	**3,350,000**	**–**	**3,350,000**	**3,350,000**	**–**

2023	Balance 1 July 2022 No.	Granted as compensation No.	Lapsed/ exercised No.	Balance 30 June 2023 No.	Unvested No.	Vested and exercisable No.
Nathan Wise[1]	–	–	–	–	–	–
Ryan Scott	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**

1. Under the terms of the Executive Incentive Plan, options may be issued to and held by an executive or their nominee. The issue of shares is subject shareholder approval (where required).

Refer to note 27 for the factors and assumptions used in determining share-based payments.

At 30 June 2024, the following share-based payment arrangements were in existence under the MPower Executive Incentive Plan:

Rights series	Number of rights	Grant date	Expiry date	Fair value at grant date (cents)	Vesting date
1. Issued 5 March 2024	1,005,000	1-Mar-24	31 May 2025	0.431	01-Mar-25
2. Issued 5 March 2024	1,005,000	1-Mar-24	31 May 2026	0.58	01-Mar-26
3. Issued 5 March 2024	1,340,000	1-Mar-24	31 May 2027	0.69	01-Mar-27

There are no performance criteria that need to be met in relation to indeterminate rights granted, however, the rights lapse if the relevant key management personnel no longer provides services to or is no longer employed by the Group.

The value of indeterminate rights that lapsed during the year was $nil (2023: nil).

No MPower Executive Incentive Plan rights previously held by directors and key management personnel lapsed during the year (2023: nil).

Shareholdings

Key management personnel and key management personnel-related entities hold directly, indirectly or beneficially as at 30 June 2024 the following interests in ordinary shares in MPower Group Limited:

2024	Balance at 1 July 2023 No.	Net other change No.	Balance at 30 June 2024 No.
Directors			
Peter Wise[1] Nathan Wise[1]	94,897,434	–	94,897,434
Nathan Wise[2]	1,140,000	–	1,140,000
Robert Constable	434,000	–	434,000
Robert Moran	2,330,736	–	2,330,736
Amy Kean	158,730	–	158,730
Key management personnel			
Ryan Scott	656,510	–	656,510
Total	99,617,410	–	99,617,410

2023	Balance at 1 July 2022 No.	Net other change No.	Balance at 30 June 2023 No.
Directors			
Peter Wise [1] / Nathan Wise [1]	79,064,101	15,833,333	94,897,434
Nathan Wise [2]	1,140,000	–	1,140,000
Robert Constable	434,000	–	434,000
Robert Moran	2,330,736	–	2,330,736
Amy Kean	158,730	–	158,730
Key management personnel			
Ryan Scott	656,510	–	656,510
Total	83,784,077	15,833,333	99,617,410

1. Peter Wise and Nathan Wise are directors of Tag Private Pty Limited and Tag Private Nominees Pty Limited which had an interest in 94,897,434 ordinary shares in MPower Group Limited at 30 June 2024.
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 2024.

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.

	2020	2021	2022	2023	2024
Revenue ($'000)	10,930	11,087	3,708	4,437	4,509
Other gains/(losses) ($'000)	690	–	–	–	–
Net profit/(loss) before non-controlling interests ($'000)	(3,875)	(2,065)	(3,536)	1,958	(735)
Dividends paid ($'000)	–	–	–	–	–
Share price at year end (cents per share)	2.0	8.0	2.6	1.8	1.3
Profit/(loss) per share from continuing and discontinued operations					
Basic (cents per share)	(2.7)	(1.2)	(1.6)	0.7	(0.2)
Diluted (cents per share)	(2.7)	(1.2)	(1.6)	0.7	(0.2)

Details of remuneration

The remuneration for each director and the key management personnel in respect of the year to 30 June 2024 was as follows:

2024 $	Salary, fees and allowances	Superannuation contributions	Cash bonus	Non-cash benefits	Options	Total	Performance related %
Directors							
Peter Wise							
Chairman	150,000	–	–	–	–	150,000	–
Nathan Wise							
Chief Executive Officer [2]	396,075	–	13,182	–	–	409,257	3.3
Amy Kean							
Non-executive director	40,540	4,460	–	–	–	45,000	–
Robert Constable							
Non-executive director	20,000	–	–	–	–	20,000	–
Robert Moran							
Non-executive director	20,000	–	–	–	–	20,000	–
Total directors	626,615	4,460	13,182	–	–	644,257	2.0
Key management personnel							
Ryan Scott							
General Manager [2]	299,057	30,030	27,137	–	–	356,224	7.6
Paul Siega							
Head of Finance	29,715	2,468	–	–	–	32,183	–
Total	**955,387**	**36,958**	**40,319**	**–**	**–**	**1,032,664**	**3.9**

1. During the year the company paid $38,523 for Directors and Officers insurance.
2. No cash bonus has been assessed for the current year. Total amount is listed in the remuneration report.

The remuneration for each director and the key management personnel in respect of the year to 30 June 2023 was as follows:

2023 $	**Salary, fees and allowances**	**Superannuation contributions**	**Cash bonus**	**Non-cash benefits**	**Options**	**Total**	**Performance related %**
Directors							
Peter Wise Chairman [1]	121,755	–	–	–	–	121,755	–
Nathan Wise Chief Executive Officer [3]	387,729	–	–	–	15,571	403,300	3.9
Amy Kean Non-executive director	45,146	–	–	–	–	45,146	–
Robert Constable Non-executive director	20,000	–	–	–	–	20,000	–
Robert Moran Non-executive director	20,000	–	–	–	–	20,000	–
Total directors	594,630	–	–	–	15,571	610,201	2.6
Key management personnel							
Ryan Scott General Manager [3]	281,729	28,436	–	–	8,247	318,412	2.6
Total	**876,359**	**28,436**	**–**	**–**	**23,818**	**928,613**	**2.6**

1. An additional $28,245 payment was made during the year for long service leave taken therefore a total of $150,000 for the year.
2. During the year the company paid $37,551 for Directors and Officers insurance.
3. No cash bonus has been assessed for the prior or current year. Total amount is listed in the remuneration report.

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 $399,360 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 $99,840).
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 $336,195 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 $84,048).
4. A written contract with a salary of $240,000 per annum was in place in respect of the services provided by Paul Siega to MPower Group Limited. The contract has no specified duration and requires two months' notice of termination (equating to a termination payment of $40,000).

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

26 August 2024

Consolidated statement of profit or loss and other comprehensive income

	Note	**2024 $'000**	2023 $'000
Continuing operations			
Revenue	3	4,509	4,437
Other revenue	4	28	21
Raw materials and consumables used		(1,200)	(1,615)
Depreciation and amortisation expense	6	(912)	(853)
Employee benefits expense	6	(2,598)	(3,346)
Finance costs	5	(1,114)	(1,258)
Occupancy expense		(80)	(59)
Gain on bargain acquisition	24	–	6,137
Gain on refinance	17	1,827	–
Other expenses		(1,195)	(1,506)
(Loss)/Profit before income tax		(735)	1,958
Income tax expense	7	–	–
(LOSS)/PROFIT FOR THE YEAR		(735)	1,958
Attributable to:			
Owners of the company		(735)	1,958
Non-controlling interest		–	–
		(735)	1,958
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)/PROFIT FOR THE YEAR		(735)	1,958
Total comprehensive (loss)/profit attributable to:			
Owners of the company		(735)	1,958
Non-controlling interest		–	–
		(735)	1,958
(Loss)/Profit per share from operations			
Basic (cents per share)	29	(0.2)	0.7
Diluted (cents per share)	29	(0.2)	0.7

The accompanying notes form part of these financial statements

Consolidated statement of financial position

	Note	**2024 $'000**	2023 $'000
Assets			
Current assets			
Cash and cash equivalents	8	212	238
Trade receivables and contract assets	9	403	455
Inventories	10	37	39
Assets held for sale	13	258	131
Other current assets	11	335	223
Total current assets		1,245	1,086
Non-current assets			
Property, plant & equipment	14	21,577	12,915
Intangible assets		1,388	1,317
Right of use assets	23	1,859	1,802
Total non-current assets		24,824	16,034
Total assets		26,069	17,120
Liabilities			
Current liabilities			
Trade and other payables	16	4,064	2,707
Borrowings	17	12,704	6,161
Provisions	18	444	414
Lease liabilities	23	119	119
Contract liabilities and other liabilities	19	29	140
Total current liabilities		17,360	9,541
Non-current liabilities			
Borrowings	17	7,022	6,371
Provisions	18	269	203
Lease liabilities	23	2,036	1,897
Total non-current liabilities		9,327	8,471
Total liabilities		26,687	18,012
Net liabilities		(618)	(892)
Equity			
Issued capital	20	32,168	31,174
Reserves	21	438	423
Accumulated losses		(33,224)	(32,489)
Equity attributable to owners of the company		(618)	(892)
Total deficiency		(618)	(892)

The accompanying notes form part of these financial statements

Consolidated statement of changes in equity

	Issued capital	Reserves	Accumulated losses	Total
	$'000	$'000	$'000	$'000
Balance at 1 July 2022	29,661	324	(34,447)	(4,462)
Profit for the year	–	–	1,958	1,958
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	–	–	1,958	1,958
Issue of shares net of costs	1,513	–	–	1,513
Transferred to accumulated losses	–	–	–	–
Recognition of share-based payments	–	99	–	99
Payment of distributions	–	–	–	–
Balance at 30 June 2023	**31,174**	**423**	**(32,489)**	**(892)**
Balance at 1 July 2023	31,174	423	(32,489)	(892)
Loss for the year	–	–	(735)	(735)
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	–	–	(735)	(735)
Issue of shares net of costs	994	–	–	994
Transferred to accumulated losses	–	–	–	–
Recognition of share-based payments	–	15	–	15
Payment of distributions	–	–	–	–
Balance at 30 June 2024	**32,168**	**438**	**(33,224)**	**(618)**

The accompanying notes form part of these financial statements

Consolidated statement of cash flows

	Note	2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from customers		4,939	5,631
Payments to suppliers and employees		(5,840)	(6,279)
Cash used in operations		(901)	(648)
Interest and other costs of finance paid (net of interest received)		(724)	(926)
Net cash used in operating activities	8	(1,625)	(1,574)
Cash flows from investing activities			
Payments for property, plant & equipment		(7,362)	(167)
Proceeds from business combinations (net of cash received)		–	528
Net cash (used in) / generated by investing activities		(7,362)	361
Cash flows from financing activities			
Repayment of borrowings		(772)	(729)
Payments for lease liabilities capitalised under AASB16		(444)	(280)
Proceeds from borrowings		10,183	350
Proceeds from share issue		–	1,700
Share issue costs		(6)	(127)
Net cash (used in) / generated by financing activities		8,961	914
Net decrease in cash and cash equivalents		(26)	(300)
Cash and cash equivalents at the beginning of the financial year		238	537
Cash and cash equivalents at the end of the financial year	8	212	238

The accompanying notes form part of these financial statements

Notes to the financial statements

For the financial year ended 30 June 2024

1. General information

MPower Group Limited is a specialist renewable energy and battery storage developer and owner. 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 22 August 2024.

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), deferred tax assets note 2(b) and business combination note 2(w).

(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 31 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 (refer to note 14).

(i) Intangible assets
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 2024 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 and energy
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 while revenue from the sale of energy is recognised when energy is exported to the network

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 30 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 27.

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 generally measured at the lower of carrying amount and fair value less cost to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale.

Classification as "held for sale" occurs when: management has committed to a plan for immediate sale; the sale is expected to occur within one year from the date of classification; and active marketing of the asset has commenced. Such assets are classified as current assets.

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
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.

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) Business combinations
Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired, and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(x) 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.

New and Amended Accounting Policies Adopted by the Group
AASB 2021-2: *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*

The Group adopted AASB 2021-2 which amends AASB 7, AASB 101, AASB 108 and AASB 134 to require disclosure of 'material accounting policy information' rather than significant accounting policies' in an entity's financial statements. It also updates AASB Practice Statement 2 to provide guidance on the application of the concept of materiality to accounting policy disclosures.

The adoption of the amendment did not have a material impact on the financial statements.

AASB 2021-5: *Amendments to Australian Accounting Standards – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*

The Group adopted AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction for the financial year ending 30 June 2024. Previously, the Group applied the exemption in AASB 112 and did not recognise deferred taxes on its lease transactions where the right of use asset and lease liability were equal on initial recognition. However, the amendment subsequently clarified that this exemption does not apply to transactions for which entities recognise both an asset and a liability that give rise to equal taxable and deductible temporary differences, as may be the case for lease transactions. The amendment has been applied retrospectively to the beginning of the earliest comparative period presented – i.e. 1 July 2022, with the impact disclosed in the table below.

AASB 2022-7: *Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*

AASB 2022-7 makes editorial corrections to various Australian Accounting Standards and AASB Practice Statement 2. It also formally repeals the superseded and redundant Australian Accounting Standards set out in Schedules 1 and 2 of this standard.

The adoption of the amendment did not have a material impact on the financial statements.

New and Amended Accounting Policies Not Yet Adopted by the Entity
AASB 2020-1: *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current.

The Group plans on adopting the amendment for the reporting period ending 30 June 2025 along with the adoption of AASB 2023-6. The amendment is not expected to have a material impact on the financial statements once adopted.

AASB 2021-7c: *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*

AASB 2021-7c defers the application of AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2025 instead of 1 January 2018.

The Group plans on adopting the amendments for the reporting periods ending 30 June 2026. The impact of initial application is not yet known.

AASB 2022-6: *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants*

AASB 2022-6 amends AASB 101: Presentation of Financial Statements to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least 12 months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. It also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure.

The Group plans on adopting the amendment for the reporting period ending 30 June 2025. The amendment is not expected to have a material impact on the financial statements once adopted.

(y) Going concern
The consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2024 reflects a total comprehensive loss after tax attributable to owners of $0.7 million. The consolidated statement of financial position shows negative net assets of approximately $0.6 million at 30 June 2024. Net cash used in operating activities was $1.6 million during the year. Total borrowings as at 30 June 2024 totalled $19.8m with unused credit facilities available to the group of $1.8 million.

The financial report has been prepared on a going concern basis, which assumes the Group will be able to realise its assets and discharge its liabilities in the normal course of business.

The Directors have reviewed the cash flow forecast prepared by management for the period through to 31 August 2025. 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.

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

- the conversion of pipeline opportunities and commencement of construction of projects over the forecast period;
- the delivery of projects in accordance with project estimates;
- the disposal of assets held for sale;
- the extension, refinance or conversion of the existing AMPYR project debt facility falling due over the forecast period;
- the extension of the OCP and Tag Private finance facilities after balance date (refer subsequent events note);
- the Group achieving its anticipated level of cash flows.

The Directors believe that the Company is well positioned to commence new projects in light of the Company's track record and positive ongoing discussions with counterparties. The Group has the ability to raise equity/debt as and when required.

If the Group is unable to meet the 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.

	2024	2023
	$'000	$'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):

– Revenue from sale of goods	365	157
– Revenue from the rendering of services	2,244	2,719
– Revenue from sale of energy and certificates	1,710	1,505
– Revenue from projects and installations	190	56
Total revenue	4,509	4,437

4. Other revenue

– Total interest income for financial assets not designated at fair value through profit or loss	28	21
Total other revenue	28	21

5. Finance costs

– banks / financial institutions / related party loan	899	959
– Right of Use Assets lease charges	215	299
Total finance costs	1,114	1,258

	2024 $'000	2023 $'000

6. Profit/(loss) for the year

The profit/(loss) before income tax has been determined after:

	2024 $'000	2023 $'000
Depreciation of property plant & equipment and amortisation of right of use assets	912	853
Employee benefits expense		
– Post-employment benefits	437	362
– Short-term employee benefits	2,146	2,957
– Share-based payments	15	27
Total employee benefits expense	2,598	3,346
Provision for doubtful debts raised	–	(10)
Net foreign exchange loss	54	1

7. Income tax expense

(a) The components of income tax expense comprise:

	2024 $'000	2023 $'000
Current tax		
In respect of the current year	–	–
Deferred tax		
In respect of the current year	–	–
Total income tax expense recognised in the current year	–	–

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

	2024 $'000	2023 $'000
(Loss)/Profit before income tax	(735)	1,958
Prima facie tax on loss/profit before income tax at 25% (2023: 25%)	(184)	490
Add tax effect of:		
– temporary differences not brought to account	(515)	(522)
– unused tax losses not brought to account	699	32
Income tax expense attributable to the entity	–	–
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.

	2024 $'000	2023 $'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:

	2024 $'000	2023 $'000
Cash and bank balances	212	238

The weighted average effective interest rate on cash and cash equivalents for the financial year ended 30 June 2024 was 3.91% (2023: 3.05%).

Reconciliation of profit/(loss) for the year to net cash flow from operating activities

	2024 $'000	2023 $'000
Profit/(loss) from operating activities after income tax	(735)	1,958
Non-cash flows		
– depreciation and amortisation of right of use assets	912	853
– non-cash interest of lease liabilities	215	299
– share-based payments	15	27
– unrealised currency loss	54	1
– gain on sale of assets	–	3
– gain on refinance	(1,827)	–
– bargain gain on acquisition	–	(6,137)
Changes in assets and liabilities		
– decrease/(increase) in receivables, prepayments and other assets	(85)	303
– decrease/(increase) in inventories	2	54
– increase/(decrease) in trade creditors & accruals	(272)	915
– increase/(decrease) in provisions	96	150
Net cash used in operating activities	(1,625)	(1,574)

Liquidity risk management

	2024 $'000	2023 $'000
Financing facilities [1]		
Credit facilities	21,615	24,726
Amounts utilised	(19,821)	(12,419)
Unused credit facilities	1,794	12,307

1. Finance facilities include bank guarantees and surety bonds.

Loan and other facilities
Loan and other facilities are arranged with a number of institutions and related parties with the general terms and conditions being set and agreed to annually. Interest rates are fixed and variable which are 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 (2023: Nil).

9. Trade receivables & contract assets

	2024 $'000	2023 $'000
Trade receivables	267	307
Less: Credit loss allowance	(51)	(51)
	216	256
Contract assets – accrued revenue receivable	187	199
Total trade receivables and contract assets	403	455
Ageing of past due but not impaired		
60-90 days	10	2
Over 90 days	15	7
Total	25	9
Average age of trade receivables (days)	62	25
Movement in credit loss allowance		
Balance at the beginning of the year	51	30
Impairment losses recognised on receivables	–	–
Additional allowance for uncollectable amounts	–	21
Balance at the end of the year	51	51

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 increase in expected credit losses are required. 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.

	2024 $'000	2023 $'000

10. Inventories

At lower of cost and net realisable value:

	2024 $'000	2023 $'000
Finished goods	37	39
Total inventories	37	39

The cost of inventory recognised as an expense during the year was $0.5 million (2023: $0.3 million).

11. Other current assets

	2024 $'000	2023 $'000
Current		
Other receivables	167	–
Prepayments	168	223
Total other assets	335	223

12. Subsidiaries

Details of the Group's subsidiaries at 30 June 2024 are as follows:

Entity	Place of Incorporation / tax residency	Class of share	% Owned 2024	% Owned 2023
Electro Securities Pty Limited (ii)	Australia / Australia	ord	100	100
Faraday Renewable Energy Project Pty Limited	Australia / Australia	ord	100	100
Lakeland Solar & Storage Pty Limited	Australia / Australia	ord	100	100
MPower Capital Pty Limited	Australia / Australia	ord	100	100
MPower Holdings Pty Limited	Australia / Australia	ord	100	100
MPower Projects Pty Limited	Australia / Australia	ord	100	100
MPower Renewable Assets Pty Limited	Australia / Australia	ord	100	100
MPower Renewable Assets 2 Pty Limited	Australia / Australia	ord	100	100
MPower Renewable Assets 3 Pty Limited	Australia / Australia	ord	100	100
Narromine Renewable Energy Project Pty Limited	Australia / Australia	ord	100	100
Flatbat Ltd (i), (ii)	New Zealand / New Zealand	ord	100	100
PISL Limited (i), (ii)	New Zealand / New Zealand	ord	100	100
Spedding Ltd (i), (ii)	New Zealand / New Zealand	ord	100	100
MPower Samoa Limited (i), (ii)	Samoa / 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) Entities are all bodies corporate.

13. Assets held for sale

	2024 $'000	2023 $'000
Current		
Project development assets	258	131
Total assets held for sale	258	131

The Group intends to sell development rights in respect of clean energy developments at Kadina in South Australia. A sale process commenced in June 2023 and remains active as at financial year ending 30 June 2024.

During the reporting period MPower, commenced a sales process for the separate identifiable asset of Lakeland. The directors have determined that a successful sale of Lakeland was not highly probable at 30 June 2024 (per AASB 5 paragraph 7). Accordingly, Lakeland has not been classified as an asset held for sale in this financial report.

	2024 $'000	2023 $'000

14. Property, plant & equipment

	2024 $'000	2023 $'000
Cost or valuation	23,447	14,041
Accumulated depreciation	(1,870)	(1,126)
Total property, plant & equipment	21,577	12,915
Plant & equipment	21,555	12,864
Leasehold improvements	22	51
Total property, plant & equipment	21,577	12,915

Cost	**Plant & equipment at cost** $'000	**Leasehold improvements at cost** $'000	**Total at cost** $'000
Balance at 30 June 2022	1,035	137	1,172
Additions	13,009	–	13,009
Other disposals	(140)	–	(140)
Balance at 30 June 2023	13,904	137	14,041
Additions (i)	9,406	–	9,406
Balance at 30 June 2024	23,310	137	23,447

Accumulated Depreciation	**Plant & equipment** $'000	**Leasehold improvements** $'000	**Total** $'000
Balance at 30 June 2022	(513)	(59)	(572)
Eliminated on disposals of assets	136	–	136
Depreciation expense	(663)	(27)	(690)
Balance at 30 June 2023	(1,040)	(86)	(1,126)
Depreciation expense	(715)	(29)	(744)
Balance at 30 June 2024	(1,755)	(115)	(1,870)
Net Balance at 30 June 2024	21,555	22	21,577
Net Balance at 30 June 2023	12,864	51	12,915

(i) Plant and Equipment additions includes $48,000 (2023: $129,000) of development costs associated with renewable energy projects. Includes asset under construction that have yet to start deprecation which will commence once solar farm becomes operational.

Impairment disclosures
PPE and Intangibles are allocated to cash-generating units which are based on the Group's reporting segments:

	2024 $'000	2023 $'000
Energy investments CGU	12,643	13,441

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 22-year period. The cash flows are discounted the weighted average cost of capital (WACC) of market participants with similar characteristics at the beginning of the budget period.

The following key assumptions were used in the value-in-use calculations:

	Growth Rate	Discount Rate	Power Prices
Energy investment segment	2.5%	9.4%	$88-$120 MWH

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period, which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

Significant estimate: Impacts of possible changes in key assumptions
Energy Investments CGU – Lakeland
If the forecast costs used in the value-in-use calculation for the Lakeland CGU had been 5% higher than management's estimates at 30 June 2024, the group would have had to recognise an impairment against the carrying amount of property, plant and equipment of nil. If the forecast revenue used in the value-in-use calculation for the Lakeland CGU had been 5% lower than management's estimates at 30 June 2024, the group would have had to recognise an impairment against the carrying amount of property, plant and equipment of nil. If the pre-tax discount rate applied to the cash flow projections of this CGU had been 1% higher than management's estimates (10.4% instead of 9.4%), the group would have had to recognise an impairment against property, plant and equipment of $309,000.

	2024	2023
	$'000	$'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:

– timing differences	515	522
– revenue losses	13,009	12,041
– capital losses	3,320	3,320

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 $3.381 million have not been raised in relation to the tax component of losses (2023: $3.141 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

Current unsecured liabilities		
– trade payables	2,301	778
– sundry payables and accrued expenses	1,763	1,929
	4,064	2,707

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.

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 60 days.

17. Borrowings

	2024 $'000	2023 $'000
Current		
– Debt facilities (secured)	11,355	5,163
– Finance facilities (unsecured)	1,150	842
– Other interest bearing liabilities	199	156
	12,704	6,161
Non-current		
– Bank facilities (secured)	7,022	6,371

Summary of borrowing and financial facility arrangements
The following finance facilities were in place at 30 June 2024.

Lakeland Solar & Storage Pty Limited had a $6.4 million limited recourse project finance facility with NORD/LB with a maturity date of 30 April 2031 and a fixed interest rate of 5.6%. Principal and interest payments are paid six monthly in accordance with a specified schedule. Covenant reporting requirements include bi-annual compliance certificates noting Historic and Future Debt Service Calculation Ratios. The facility is secured by the Lakeland Solar & Storage Pty Limited project assets.

MPower Capital Pty Limited had a $1.15 million loan facility with related party Tag Private Pty Limited with a maturity date of 27 September 2024 and a fixed interest rate of 12.0%. Interest under the facility is paid monthly. There were no covenant reporting requirements at 30 June 2024 (2023: nil). This facility is unsecured and was drawn to $1.15 million at 30 June 2024.

Narromine Renewable Energy Project Pty Limited had a $10.0 million limited recourse project finance facility with AMPYR Energy with a maturity date of 18 months from first utilisation of 31 August 2023 at a fixed interest rate of 12.25%. The interest may be capitalised for nine months from first utilisation and then payable quarterly. There were no covenant reporting requirements at 30 June 2024 (2023: nil). This facility is secured by project assets and was $9.8 drawn at 30 June 2024 (2023: Nil). Under the terms of the Convertible Note Facility Agreement, the lender has a right to convert some or all of the amount outstanding into equity in Narromine Renewable Energy Project Pty Limited until October 2024 and the borrower has a similar right, provided the project has entered commercial operations, a qualifying offtake agreement has been executed and there are no default or review events subsisting.

MPower Group Limited had a $1.7 million finance facility with Oceania Capital Partners Limited with a maturity date of 8 August 2025 where a final payment of $0.72 million is due. The facility had a fixed interest rate of 12.25% and the facility was fully drawn. Principal and interest payments are paid quarterly in accordance with a specified schedule. There were no covenant reporting requirements as at 30 June 2024 (2023: nil). The facility is secured over MPower Group Limited assets.

On 8 August 2023 MPower extinguished in full its $4.5 million term debt with St George Bank and replaced it with a new $1.8 million loan from OCP which also took a 14.5% equity stake in MPower through the issue of 50 million ordinary shares in consideration for providing the loan facility. The transaction resulted in a gain in the Statement of Profit and loss and other Comprehensive Income of $1.8 million including share issue costs of $1 million in respect of the shares issued to OCP.

Refer to subsequent events note 32 for further details on borrowing and financial facilities.

18. Provisions

	2024 $'000	2023 $'000
Employee benefits [(a)]	448	403
Makegood provision	251	200
Warranties [(b)]	14	14
Total provisions	713	617
Current	444	414
Non-current	269	203
Total provisions	713	617
Warranties		
Opening balance at beginning of year	14	29
Provisions (reversed)/raised during year	–	(15)
Amounts used	–	–
Balance at end of year	14	14

(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.

	2024	2023
	$'000	$'000

19. Contract liabilities & other liabilities

	2024 $'000	2023 $'000
Current		
Customer deposits in advance	50	140
Total current other liabilities	50	140
Non-current		
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).

20. Issued capital

	2024 $'000	2023 $'000
343,703,279 (2023: 293,703,279) fully paid ordinary shares	32,168	31,174

	Number of shares '000	**Share capital** $'000
Balance at 30 June 2022	222,870	29,661
Shares issued during the year	70,833	1,513
Balance at 30 June 2023	293,703	31,174
Shares issued during the year [(a)]	50,000	994
Balance at 30 June 2024	343,703	32,168

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) 50,000,000 ordinary shares were issued in August 2023 (FY2023: 70,833,333).
(b) No ordinary shares were issued on the exercise of options issued under the Company's executive share option plan during the current financial year (FY2023: nil).
(c) Nil options were issued as part of an equity raise during the current financial year (FY2023: 59,222,222).
(d) 2,115,000 unlisted executive share options remain on issue at 30 June 2024 (refer note 27).
(e) 59,222,222 listed share options remain on issue during the year to 30 June 2024 (refer note 27).
(f) 5,000,000 indeterminate rights were issued during the financial year and 4,150,000 remain on issue at 30 June 2024 (refer to note 27).

	Note	2024 $'000	2023 $'000

21. Reserves

	Note	2024 $'000	2023 $'000
Share option reserve [a]		710	695
Foreign currency translation reserve [b]		(272)	(272)
Total reserves		438	423
(a) Share option reserve			
Balance at beginning of the year		695	596
Share-based payments for the year	27	15	99
Balance at end of the year		710	695

The share option reserve records items recognised as expenses in relation to executive share options and advisor options. Refer to note 27 for reconciliation of options at year end.

	2024 $'000	2023 $'000
(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.

22. Dividends

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

	2024 $'000	2023 $'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

	2024 $'000	2023 $'000
Right of use assets		
At cost	2,645	2,379
Less: Accumulated amortisation	(786)	(577)
	1,859	1,802
Lease Liabilities		
Current	119	119
Non-current	2,036	1,897
	2,155	2,016
Lease liabilities maturity profile		
– Year 1	119	119
– Year 2	112	96
– Year 3	136	117
– Year 4	155	141
– Year 5	84	159
– later than six years	1,549	1,384
	2,155	2,016
Consolidated Right of Use Assets		
– Adoption of AASB 16	1,287	1,022
– Acquired as part of the Lakeland acquisition	1,357	1,357
– Depreciation/amortisation expense	(786)	(577)
Balance at 30 June 2024	1,858	1,802

Leases relate to office premises and office equipment with lease terms of between 1 to 4 years and renewable energy projects which have lease terms greater than 20 years.

24. Acquisition of Lakeland Solar & Storage Pty Ltd

On 11 August 2022, MPower acquired 100% of the shares in Lakeland Solar & Storage Pty Limited (Lakeland) the owner of the Lakeland Solar & Storage project located in Cooktown Shire, North Queensland. The project comprises of 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 long-term power purchase agreement for 100% of the solar power output, which runs until 2030. The purchase price paid for the shares in Lakeland at completion was one dollar.

The details of the business combination are as follows:

Cash and cash equivalents	528,476
Trade and other receivables	53,057
Prepayments	159,392
Accrued revenue	217,689
Fixed assets	12,706,462
PPA valuation (intangible)	1,317,135
Right of use asset	1,356,571
Trade and other payables	(80,809)
Accruals	(1,189,639)
Provisions	(463,436)
Borrowings	(7,111,310)
Right of use liability	(1,356,571)
Bargain purchase gain expensed	6,137,017

A valuation was undertaken by Leadenhall Valuation Services Pty Limited of the identifiable assets and customer contracts for Lakeland which has now been reflected in the financial statements ending 30 June 2023. As such this exercise has now been finalised.

25. 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:

- Energy Services – consists of MPower Projects Pty Limited and subsidiaries. This group is a provider of engineering, construction, maintenance, asset management and development services for on-grid and off-grid power systems in Australia.
- Energy Investments – consists of MPower Capital Pty Limited and subsidiaries. This group invests in clean energy assets in Australia.

(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)**	
	2024 $'000	2023 $'000	**2024 $'000**	2023 $'000
Continuing operations				
Energy services	2,790	2,932	(24)	2,932
Energy investments	1,719	1,505	1,031	6,446 (i)
Other (net of inter-segment eliminations)	–	–	–	–
Total revenue and segment profit/(loss)	4,509	4,437	1,007	5,328
Depreciation and amortisation expense			(912)	(853)
Finance costs			741	(1,258)
Unallocated costs			(1,571)	(1,259)
Consolidated segment loss for the year			(735)	1,958

(i) Includes a one-off bargain gain on the acquisition of Lakeland Solar & Storage Pty Limited

Revenue reported above represents revenue generated from external customers. There was $7,940,253 inter-segment sales during the year (2023: $372,402).

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

	2024 $'000	2023 $'000
Segments assets		
Energy services	1,100	1,229
Energy investments	23,212	15,737
Total segment assets	24,312	16,966
Unallocated assets	1,757	154
Consolidated assets	26,069	17,120
Segments liabilities		
Energy services	3,493	1,227
Energy investments	18,624	10,564
Total segment liabilities	22,117	11,791
Unallocated liabilities	4,570	6,221
Consolidated liabilities	26,687	18,012

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	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Energy services	243	195	103	8
Energy investments	668	656	8,687	13,001
Unallocated	1	2	–	–
Total	912	853	8,790	13,009

(e) Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services.

	2024 $'000	2023 $'000
Energy services – sale of goods and rendering of services	2,790	2,932
Energy investments – sale of energy and certificates	1,719	1,505
Other	–	–
Total	4,509	4,437

(f) Geographical information
The investment in the energy sector has business segments located across Australia.

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

	Revenue from external customers		Non-current assets	
	2024	2023	**2024**	2023
	$'000	$'000	**$'000**	$'000
Total Australia (excluding Other Income)	4,509	4,437	24,824	16,034

(g) Information about major customers
Included in revenues arising from Energy Investments are revenues of $1.7 million (2023: $1.5 million) which arose from sales to the Group's largest customer.

26. Auditor's remuneration

	2024	2023
	$'000	$'000
Remuneration of the auditor of MPower Group:		
Stantons International (including network member firms)		
– Auditing or reviewing financial statements		
Total	69	53

27. Share-based payments

Executive Share Option Plan
The following share-based payment arrangement existed at 30 June 2024.

Under the MPower Group Limited Executive Share Option Plan, 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 nil options granted under the MPower Group Limited Executive Share Option Plan during the year ended 30 June 2024 (2023: 2,350,000).

	MPower Group		Weighted average exercise price	
	2024	2023	**2024**	2023
	No.	No.	**$**	$
Movement in the number of share options held by executives are as follows:				
Opening balance	3,826,000	3,000,000	0.0424	0.0582
Granted during year	–	2,350,000	–	0.0250
Exercised during the year	–	–	–	–
Lapsed during the year	(1,711,000)	(1,524,000)	0.044	0.0467
Balance at end of the year	**2,115,000**	**3,826,000**	**0.041**	**0.0424**
Number of holders of ESOP share options	**3**	**4**		

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**
5-Oct-21	31-May-25	$0.0750	0.0468	680,000
30-Sep-22	31-May-25	$0.0250	0.0068	615,000
30-Sep-22	31-May-26	$0.0250	0.0079	820,000
Total				**2,115,000**

During the year nil share options were granted under the MPower Group Limited Executive Share Option Plan, no share options were exercised and 1,711,000 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 2024 had a weighted average exercise price of $0.0410 and a weighted average remaining contracted life of 1.31 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-25**	**31-May-25**	**31-May-26**
Share price of the asset at grant date ($)	0.066	0.022	0.022
Exercise price ($)	0.075	0.025	0.025
Risk free rate	3.55%	4.25%	4.25%
Annualised time to expiry (years)	3.655	2.668	3.668
Volatility of asset	114.75%	72.67%	72.67%

Included under employee benefits expense in the statement of profit or loss and other comprehensive income is an expense of $10,602 (2023: $26,992) relating to equity-settled share-based payment transactions.

MPower Executive Incentive Plan
The following share-based payment arrangement existed at 30 June 2024.

Under the MPower Executive Incentive Plan, the Company may offer indeterminate rights 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 rights that can be on issue at any time is 10% of the shares on issue at that time.

An indeterminate right may be exercised, if vested, by the relevant participant lodging a Notice of Exercise of indeterminate right and Application for Exercise, together with the exercise price for each share to be issued on exercise. Indeterminate rights 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 Indeterminate rights. The remuneration committee may stipulate that Indeterminate rights may only be exercised if the Group achieves stipulated performance benchmarks. Indeterminate rights may be issued by way of shares or cash bonus at the discretion of the remuneration committee.

There are no performance criteria that need to be met in relation to the indeterminate rights currently on issue, except service condition were the executive remains with the group. An indeterminate right 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 5,000,000 indeterminate rights granted under the MPower Executive Incentive Plan during the year ended 30 June 2024 (2023: nil).

	MPower Group		Weighted average exercise price	
	2024	2023	**2024**	2023
	No.	No.	**$**	$
Movement in the number of indeterminate rights held by executives are as follows:				
Opening balance	–	–	–	–
Granted during year	5,000,000	–	0.02	–
Exercised during the year	–	–	–	–
Lapsed during the year	(850,000)	–	0.02	–
Balance at end of the year	**4,150,000**	**–**	**0.02**	**–**
Number of holders of EIP indeterminate rights	**3**	**–**		

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

Grant date	Expiry date	Exercise price	Fair value at grant date	Number of rights
1-Mar-24	31-May-25	0.02	0.0043	1,245,000
1-Mar-24	31-May-26	0.02	0.0058	1,245,000
1-Mar-24	31-May-27	0.02	0.0069	1,660,000
Total				**4,150,000**

During the year 5,000,000 indeterminate rights were granted under the MPower Executive Incentive Plan, no indeterminate rights were exercised and 850,000 indeterminate rights lapsed. No person entitled to exercise an indeterminate right had or has any right by virtue of the indeterminate right to participate in any share issue of any other body corporate or cash bonus.

The indeterminate rights outstanding at 30 June 2024 had a weighted average exercise price of $0.02 and a weighted average remaining contracted life of 2.02 years.

The fair value of indeterminate rights 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-25	31-May-26	31-May-27
Share price of the asset at grant date ($)	0.018	0.018	0.018
Exercise price ($)	0.02	0.02	0.02
Risk free rate	4.35%	4.35%	4.35%
Annualised time to expiry (years)	1.249	2.249	3.249
Volatility of asset	82.26%	82.26%	82.26%

Included under employee benefits expense in the statement of profit or loss and other comprehensive income is an expense of $4,256 (2023: nil) relating to indeterminate rights-based payment transactions.

Listed Options
The following share-based payment arrangement existed at 30 June 2024.

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 nil listed options granted during the year ended 30 June 2024 (2023: 59,222,222).

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

Grant date	Listed/ unlisted	Expiry date	Exercise price	Fair value at grant date	Number of options
01-Oct-22	Listed	30-Sep-26	$0.045	$0.006	59,222,222
Total					**59,222,222**

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	**30-Sep-26**
Share price of the asset ($)	0.027
Exercise price ($)	0.045
Risk free rate	2.00%
Asset income rate (eg dividend rate)	0.00%
Annualised time to expiry (years)	4.000
Volatility of asset	60.00%

28. 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 $150,000. (2023: $121,755). No ordinary shares in MPower Group Limited were acquired by Tag Private Pty Limited during the year (2023: 15,833,333). 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.

During the year Tag Private Pty Limited loaned MPower Capital Pty Limited $905,559 at a fixed interest rate of 12% with a maturity date of 27 September 2024. The loan is unsecured and was fully drawn at 30 June 2024.

(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 $409,257 (2023: $387,729). There were nil unlisted executive share options over unissued ordinary shares in MPower Group Limited granted during the year (2023: 1,000,000). During the year 660,000 unlisted executive share options held by the company over unissued ordinary shares in MPower Group Limited lapsed (2023: 880,000). During the year no unlisted executive share options held by the company over unissued ordinary shares in MPower Group Limited were exercised. (2023: Nil). During the year 1,750,000 Indeterminate rights where issued (2023: nil), 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 AM – Chairman
- Nathan Wise – Chief Executive Officer and Managing Director
- Amy Kean – Non-executive Director
- Robert Constable – Non-executive Director
- Robert Moran – Non-executive Director
- Ryan Scott – General Manager
- Paul Siega – Head of Finance

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

	MPower Group	
	2024	2023
	$	$
Short-term employee benefits	995,706	876,359
Post-employment benefits	36,958	28,436
Other payments	–	–
Share-based payments	–	23,818
	1,032,664	928,613

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

29. Profit/(loss) per share

	2024 cents per share	2023 cents per share
Basic (loss)/profit per share from continuing operations	(0.2)	0.7
Diluted (loss)/profit per share from continuing operations	(0.2)	0.7

	2024 $'000	2023 $'000
Reconciliation to net profit/(loss)		
Net (loss)/profit after income tax from continuing and discontinued operations	(735)	1,958
Attributable to non-controlling interests	–	–
Earnings used in the calculation of basic and diluted earnings per share	(735)	1,958
Weighted average number of shares used in the calculation of basic earnings per share	338,497,800	284,911,042
Weighted average number of shares used in the calculation of diluted earnings per share	338,497,800	284,911,042

Options have a dilutive effect only when the average market price of ordinary shares during the period exceeds the exercise price of the options or warrants (ie they are 'in the money'). Previously reported earnings per share are not retroactively adjusted to reflect changes in prices of ordinary shares. All options of the company are out of the money therefore they have no impact on the weighted average number of shares used in calculation of dilutive EPS.

30. 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 a $2 million documentary credit facility for the provision of performance guarantees to customers. This facility was $422,870 as at 30 June 2024 (2023: Nil).

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)	19,726	12,532
Cash and cash equivalents	(212)	(238)
Net (cash)/debt	19,514	12,294
Equity (ii)	(618)	(892)

The net debt to equity ratio at 30 June 2024 is not meaningful as equity is negative. The net debt to equity ratio at 30 June 2023 was not meaningful as equity is negative.

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

(b) Categories of financial instruments

	2024 $'000	2023 $'000
Financial assets		
Trade and other receivables	403	455
Cash and cash equivalents	212	238
Other assets	–	–
Total financial assets	615	693
Financial liabilities		
Amortised cost	27,208	17,255
Total financial liabilities	27,208	17,255

(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 30(e)) and interest rates (refer note 30(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. As part of the Lakeland Solar & Storage Pty Limited acquisition, there is a long-term power purchase agreement for 100% of the solar power output and which runs until 2030 at which time it will resort to a spot rate.

(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	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
US Dollars	–	–	–	–
Euros	–	–	–	–
Total	–	–	–	–

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.

	2024 $'000	2023 $'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 30(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 $394,000 (2023: $96,000). 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 $9,992 (2023: $5,000). 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 2024 the top 5 debtors had a balance of $108,771. The Group has provided an expected credit loss of $51,000. 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	
	2024	2023
	$'000	$'000
MPower Group		
Trade receivables	267	307
Total	267	307

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 comment 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
2024					
Non-interest bearing liability	–	2,824	1,740	–	–
Lease liability	11.15	85	254	977	3,860
Variable interest rate instruments	12.15	1,953	258	772	–
Fixed interest rate instruments	9.67	528	11,355	3,988	4,169
Total		5,390	15,917	5,737	8,029
2023					
Non-interest bearing liability	–	942	1,905	–	–
Lease liability	10.65	23	93	601	1,299
Variable interest rate instruments	11.35	4,771	93	–	–
Fixed interest rate instruments	6.30	872	894	4,929	3,269
Total		6,608	2,989	5,530	4,568

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 $422,870 (2023: Nil). 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
2024					
Non-interest bearing	–	403	–	–	–
Variable interest rate instruments	0.0	212	–	–	–
Forward exchange contracts	–	–	–	–	–
Total		615	–	–	–
2023					
Non-interest bearing	–	455	–	–	–
Variable interest rate instruments	0.0	238	–	–	–
Forward exchange contracts	–	–	–	–	–
Total		693	–	–	–

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:

	2024	2023
	$'000	$'000
Financial assets		
Trade and other receivables	403	455
Cash and cash equivalents	212	238
Total financial assets	615	693
Financial liabilities		
Trade and other payables	4,064	2,707
Borrowings	19,726	12,532
Lease liabilities	2,155	2,016
Total financial liabilities	25,945	17,255

31. Parent entity disclosures

	MPower Parent 2024 $'000	MPower Parent 2023 $'000
(a) Financial position		
Assets		
Current assets	127	151
Non-current assets	1,002	1,161
Total assets	1,129	1,312
Liabilities		
Current liabilities	1,898	5,369
Non-current liabilities	1,789	–
Total liabilities	3,687	5,369
Equity		
Issued capital	32,168	31,174
Accumulated losses	(35,155)	(35,654)
Share option reserve	429	423
Total (deficiency)/equity	(2,558)	(4,057)
(b) Financial performance		
Profit/(Loss) for the year	499	(1,850)
Other comprehensive income	–	–
Total comprehensive loss	499	(1,850)

(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 33 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.

32. 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:

Tag Private loans
In August 2024, the Company and Tag Private Pty Limited (Tag Private) agreed terms for a new loan facility of $1.5 million to be made available to MPower Group Limited for working capital purposes. At the same time, the existing $1.1 million facility advanced by Tag Private to MPower Capital Pty Limited was extended. Both loans are unsecured, mature on 10 November 2025 and have an interest rate of 15%.

OCP loan
In August 2024, the Company and Oceania Capital Partners (OCP) agreed terms for an extension and new amortisation schedule for the existing corporate facility between the parties under which $1.62 million was outstanding. The new maturity date is 8 November 2025. Quarterly principal repayments of $60,000 are to be made and the interest rate is 13.25%.

33. 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 2024; 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, 26 August 2024

Stantons

PO Box 1908
West Perth WA 6872
Australia

Level 2, 40 Kings Park Road
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

26 August 2024

Board of Directors
MPower Group Limited
Level 4, 15 Bourke Road
Sydney NSW 2020
Australia

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 2024, 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
Director

Russell Bedford
taking you further

Liability limited by a scheme approved under Professional Standards Legislation

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

Stantons

PO Box 1908
West Perth WA 6872
Australia

Level 2, 40 Kings Park Road
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

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 2024, 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 2024 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 Relating to Going Concern

Without modifying our audit opinion expressed above, attention is drawn to the following matter.

As referred to in Note 2(y) to the financial statements, the consolidated financial statements have been prepared on a going concern basis. As at 30 June 2024, the Group had cash and cash equivalents of $212,000, operating cash outflows of $1,625,000 and recorded a loss after income tax of $735,000. Furthermore, the condensed consolidated statement of financial position reflects a working capital deficiency of $16,115,000 and a net asset deficiency of $618,000.

Stantons

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(y) and/or raising further working capital. In the event that the Group is not successful in meeting the assumptions in the cashflow budgets and/or raising further equity, 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

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
Carrying value of Lakeland CGU (Cash Generating Unit) The Group is required to perform an impairment test of the CGU whenever there is an indication that the CGU may be impaired by comparing the carrying amount with its recoverable amount. The company announced on the 4 June 2024 that the CGU was considered for sale by the Group. As required by AASB 136 (Impairment of Assets) this requires an impairment test to be completed. Since that date, the Group had then settled on retaining the asset as at the date of this audit report.	Inter alia, our audit procedures included the following: i. Examining the impairment model prepared by management; ii. Reviewing and assessing whether the assumptions of the operating costs are supportable when compared to past trends; iii. Assessing the assumptions for future revenues including future power prices and output from solar farm; iv. Assessing the reasonableness of the discount rate used; and v. Considering the adequacy of the financial report disclosures contained in Note 14

Stantons

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 2024 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 8 to 13 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of MPower Group Limited for the year ended 30 June 2024 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

Martin Michalik
Director

West Perth, Western Australia
26 August 2024

Securityholder information

The following information is current as at 23 August 2024:

Shareholders (ASX: MPR)

Spread of shareholders

Range	Number of shareholders	Percentage
1-1,000	541	0.07
1,001-5,000	549	0.45
5,001-10,000	300	0.67
10,001-100,000	597	6.15
100,001 and over	226	92.66
Total	**2,313**	**100.00**

1,738 shareholders held less than a marketable parcel.

Substantial shareholders

Name	Number of shares	Percentage
TAG PRIVATE PTY LIMITED	105,246,346	30.62
OCEANIA CAPITAL PARTNERS LIMITED	50,000,000	14.55

Twenty largest shareholders

Name	Number of shares	Percentage
TAG PRIVATE PTY LIMITED	84,064,101	24.46
OCEANIA CAPITAL PARTNERS LIMITED	50,000,000	14.55
TAG PRIVATE NOMINEES PTY LTD <ANTHONY AUSTRALIA SUPER A/C>	10,833,333	3.15
WOZNIAK INVESTMENTS PTY LTD	9,600,000	2.79
KV MANAGEMENT (NOMINEES) PTY LTD	8,914,152	2.59
MR GEORGE CHIEN-HSUN LU	6,350,000	1.85
MR PAUL DOUGLAS SHARP	6,214,125	1.81
10 BOLIVIANOS PTY LTD	5,562,935	1.62
SNZSH INVESTMENTS PTY LTD <GROVER FAMILY 2 A/C>	5,261,484	1.53
DR JOHN ALOIZOS & MRS MURIEL PATRICIA ALOIZOS <SUPERANNUATION FUND NO 2 A/C>	5,000,000	1.45
MR JONATHON DAVID MCLAUCHLAN	4,000,000	1.16
PSSA CASTLEVIEW PTY LTD <CASTLEVIEW SUPER FUND A/C>	3,698,236	1.08
HARBER PTY LTD <SUPERANNUATION A/C>	3,500,000	1.02
DR JOHN ALOIZOS & MRS MURIEL PATRICIA ALOIZOS <PARTNERSHIP A/C>	3,000,000	0.87
KV CRC PTY LIMITED	2,941,000	0.86
MR RHETT ANTHONY JOHN MORSON	2,900,000	0.84
MR FRANK LEVIN	2,600,000	0.76
PHILLIP ROGER DAVIS	2,368,452	0.69
MRS MELISSA RITA PEDERSEN	2,354,552	0.69
MRS PENELOPE MARGARET SIEMON	2,145,435	0.62
Total	**221,307,805**	**64.39**

Option holders (ASX: MPRO)

Spread of option holders

Range	Number of option holders	Percentage
1-1,000	–	–
1,001-5,000	–	–
5,001-10,000	–	–
10,001-100,000	1	0.17
100,001 and over	46	99.83
Total	**47**	**100.00**

Twenty largest option holders

Name	Number of options	Percentage
TAG PRIVATE NOMINEES PTY LTD <ANTHONY AUSTRALIA SUPER A/C>	12,280,696	20.74
SL & YN PTY LTD <THE S & Y SUPER FUND A/C>	5,000,000	8.44
CNM HOLDINGS PTY LTD <MALTZ SUPER FUND A/C>	4,996,000	8.44
HARBER PTY LTD <SUPERANNUATION A/C>	4,631,553	7.82
HARBER PTY LIMITED	4,500,000	7.60
TAG PRIVATE PTY LIMITED	3,333,333	5.63
PLASPAC PTY LTD ATF THE EDSNALL PROVIDEN <THE EDSNALL PROVIDENT FU A/C>	3,333,000	5.63
GOFFACAN PTY LTD	2,988,333	5.05
MR GLEN GEOFFREY WALLACE	1,804,611	3.05
SIMMO ENTERPRISES PTY LTD	1,288,889	2.18
MR TIMOTHY DEAN FISCHER	1,200,000	2.03
MS HIEN VO BALDI	1,111,111	1.88
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	910,000	1.54
CORNUCOPIA ASSETS PTY LTD <THE CORNUCOPIA S/F A/C>	666,667	1.13
GREEN MOUNTAINS INVESTMENTS LTD	608,889	1.03
ICADER NOMINEES PTY LTD <ICADER INVESTMENTS A/C>	565,446	0.95
SNZSH INVESTMENTS PTY LTD <GROVER FAMILY 2 A/C>	555,556	0.94
MR RHETT ANTHONY JOHN MORSON	555,555	0.94
MRS VANESSA RUBEN	555,555	0.94
MS XIAODAN WU	555,555	0.94
LENNOX INVESTMENTS PTY LTD <FOX FAMILY A/C>	444,445	0.75
MR DIRK PATACZEK	434,500	0.73
Total	**52,319,694**	**88.34**

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). Options issued by MPower Group Limited are quoted on the Australian Securities Exchange (under the code MPRO).

Corporate directory

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

Company secretary
Paul Siega (Head of Finance)

Registered office
Level 4
15 Bourke Road
Sydney NSW 2020
Australia

Phone +61 2 8788 4600

Website
www.mpower.com.au

Auditors
Stantons International
Level 2
40 Kings Park Road
West Perth WA 6005
Australia

Share registry
Automic Pty Limited
Level 5
126 Phillip Street
Sydney NSW 2000
Australia

Phone 1300 288 664

www.mpower.com.au