

## FULL YEAR RESULTS

- **Rebrand to MPower completed during the year**
- **Revenue increases 18% to \$48 million**
- **New strategic direction targets high growth markets**

### Sydney – 30 August 2019 – MPower Group Limited (ASX: MPR)

MPower Group Limited (the **Company**) has released its Preliminary Final Report for the year ended 30 June 2019 (refer to the Appendix 4E released by the Company today).

During the first part of the year, the Group was known as Tag Pacific Limited and operated as an investment company, its primary investment in recent times being in MPower. On 31 January 2019, the group commenced trading on the Australian Securities Exchange as MPower Group Limited (ASX: MPR).

MPower's new direction as a technology-led company specialising in the delivery of reliable on-grid and off-grid power solutions and innovative products for blue chip customers is taking shape. The focus is now on activities and markets that allow for attractive margins and that exhibit strong growth prospects, in particular:

- Renewable energy, battery storage and hybrid off-grid and microgrid systems
- Grid connected renewable systems
- High-reliability power systems

Also underway is the planned move towards the origination of debt/equity solutions for Build Own Operate opportunities. The benefits to MPower envisaged in this strategy include:

- The ability to obtain a carried interest / development margin
- Integrated end-to-end solution
- Consistent stream of low risk revenue
- Increased overall project contribution
- Long term asset management
- Ongoing operations and maintenance income

The Group has developed an enviable capability to design and deliver high specification power systems in its niche markets. Some notable projects involving either significant technical challenges or consolidating MPower's core capability that were worked on during the year include the following:

- 5.6MWh battery energy storage system for the Cook Islands Government
- 6.1MW<sub>DC</sub> grid connected solar farm at Pirie, South Australia
- 6.8MW<sub>DC</sub> grid connected solar farm at Mannum, South Australia for Canadian Solar
- 6MVA standalone power plan for Kogan Creek Power Station for CS Energy
- 1.5MWh battery energy storage system in New South Wales for Endeavour Energy

These projects are significant as they demonstrate MPower's technical prowess and its ability to manage projects that are both complex in nature and technically innovative.

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Building the Group's core capability has come at a high cost, particularly those activities that involve pilot projects where there is a degree of learning and integrating different technologies for the first time. These costs have been expensed as and when they have been incurred, notwithstanding that the experience gained is expected to bring benefits in future periods. The reward for the path taken is the recognition of MPower's ability and experience in this arena.

A revitalised senior management team is now in place and motivated to take great strides towards a more nimble and flexible design and delivery capability. This envisages the integration of complex systems continuing to be performed in-house and leveraging variable resources on a project-by-project basis. Ensuring the cost base of the business is sized correctly to the level of activity is essential to future profitability and there is more work to be done in that regard.

A large number of potential projects are either in the planning or submission stages and market updates will be provided when appropriate. Time management of the project pipeline is one of the key areas receiving consideration and is a major driver in moving towards a more flexible operating model.

Gradual advances have been made in the distribution of products which service the battery, renewable energy and emergency lighting sectors. The Group's distribution activities in both Australia and New Zealand have, in general terms, enjoyed better results in the last quarter, coinciding with the commencement of a strategic review, which is continuing into FY2020. To date the review has seen the centralisation of Australian distribution activities in Victoria and the closure of physical facilities in Queensland; a reduction in head count in certain areas; and a greater focus on products with higher technical specifications servicing the renewable off-grid arena. Further moves include the re-sizing of branch facilities and the greater use of third party facilities, together with consideration of potential corporate transactions that could enhance the Group's core business imperatives.

For the full year ended 30 June 2019, the Group's revenue increased by 18% from \$40.8 million to \$48.0 million. Of note in the period was the growth in revenue from projects and installations at \$19.0 million, 54% higher than the previous year.

The net loss for the period attributable to members was \$6.2 million compared to a loss of \$2.9 million in the previous year. This unsatisfactory result has driven some of the changes during the year which can be seen in the financial improvements in the second half. An analysis of the 2019 result is as follows:

<b>FY2019</b>	<b>1<sup>st</sup> Half</b>	<b>2<sup>nd</sup> Half</b>	<b>Full year</b>
Revenue	22.3	25.7	48.0
Net loss	(3.6)	(2.6)	(6.2)
Specific items	1.7	0.9	2.6

All figures are in \$ million

The specific items referred to in the table above impacting the result include the following:

- non-recurring, one-off costs incurred in relation to the proposed acquisition of Energy Made Clean that was terminated in November 2018;
- costs associated with the Company's capital raising activities;
- impact of changes to the accounting standard relating to contract revenue;
- all development costs associated with the Company's battery energy storage capability;
- head office and corporate costs that are reducing as MPower becomes more integrated; and
- costs associated with the Group's rebranding during the year.

Although there were a large number of successful milestones and achievements during the year, they have been overshadowed by some legacy projects which were commenced in earlier periods in which there have been delays and costly overruns. The new and improved operating structure that the Company is moving towards is designed to mitigate the risk of similar future occurrences.

Net cash outflows from operating activities were \$3.9 million during the year, of which \$2.3 million was in the first half. The opening and closing cash balances saw little change, but that was after net cash of \$4.1 million was generated by financing activities, including \$1.7 million in proceeds from share issues.

In line with the Group's efforts to streamline and focus its activities, the Group is looking to dispose of the property in Rowville, Victoria in which the Group has a 54% ownership interest.

Chief Executive Officer Nathan Wise commented: "We have made substantial progress during the year and have consolidated our position as a leading renewable energy and power system business. In addition, our aspiration to move up the value chain as an asset investor provides us with a clear strategic direction. MPower is underpinned by market-leading technology, a strong and recognised brand, a portfolio of successful projects and an experienced team."

## Ends

### Contact

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### **About MPower**

MPower Group Limited (ASX: MPR) is a technology-led company with a long history specialising in the delivery of reliable on-grid and off-grid power solutions and innovative products for blue chip corporate and government customers.

Headquartered in Sydney and with a presence throughout Australia, New Zealand and the Pacific Islands, MPower's team of 100 professionals has successfully delivered turn-key solar, battery storage and micro grid projects across the region.

### **Forward looking statements**

All statements other than statements of historical fact included in this document including, without limitation, statements regarding future plans and objectives of MPower, are forward-looking statements. Forward-looking statements can be identified by words such as "anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of MPower, its directors and management that could cause MPower's actual results to differ materially from the results expressed or anticipated in these statements.

MPower cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this document will actually occur and investors are cautioned not to place any reliance on these forward-looking statements. MPower does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this document, except where required by applicable law and stock exchange listing requirements.