

COMPANY UPDATE

Sydney – 22 February 2019 – MPower Group Limited (ASX: MPR)

MPower Group Limited (the **Company**) is pleased to provide the following update.

Background

During the half year to 31 December 2018, the group was known as Tag Pacific Limited and operated as an investment company, its primary investment being in MPower. On 31 January 2019, the group commenced trading on the Australian Securities Exchange as MPower Group Limited (ASX: MPR).

The key objective has been to unshackle the group's activities that have the highest potential and eliminate trading losses in the short term. As part of the transition, MPower is streamlining group operations and structures to more appropriately reflect the Company's future activities.

Strategic direction

MPower has embarked on a new strategic 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 corporate and government customers.

MPower is taking a revitalised approach to the markets in which it operates. Moving forward the focus will be on identified activities and markets that allow for attractive margins and exhibit strong growth prospects, including:

- Renewable energy, battery storage and hybrid microgrid opportunities.
- High specification conventional power systems.
- Structured debt/equity solutions for Build Own Operate opportunities.

The Company's pipeline of identified opportunities has grown strongly on the back of focused business development initiatives that are well underway.

Half year results

The first half of the year was a transitional period for the Company and this is reflected in the financial performance. While the results are still being finalised, including an audit review, the group is expecting to record an EBITDA loss in the range of \$3.2 million to \$3.4 million on revenue of approximately \$22.3 million for the six month period.

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The first half group consolidated loss after tax attributable to shareholders is expected to be in the range of \$3.5 million to \$3.7 million (31 December 2017: \$1.0 million loss). The result includes the following items that total approximately \$1.7 million:

- 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 development of the Company's battery energy storage capability that have been expensed.
- Head office and corporate costs which are expected to reduce as MPower becomes more integrated.

Net cash outflows from operating activities were \$2.3 million during the half year and the net decrease in cash during the half year was \$0.7 million. Since then, the Company has received proceeds of \$0.8 million from its non-renounceable rights issue.

Usual balance date processes have not yet been completed. Full details will be released with the half year results at the end of February 2019.

Comment

Chief Executive Officer Nathan Wise commented: "During the half, we have substantially progressed our major transition to become a leading renewable energy project delivery company and asset investor, underpinned by market-leading technology, a strong and recognised brand, a portfolio of successful projects and an experienced team. Our underlying activities are growing and we expect this will be evident in the improvement of our financial and operational performance from this half."

Ends

Contact

For further information, please 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.