

ASX CODE: VPR

BOARD

Adam Boyd
Executive Chairman

Paul Everingham
Non-Executive Director

Peter Torre
Non-Executive Director

Simon Higgins
Non-Executive Director

ISSUED CAPITAL

10,717M Ordinary Shares
885M Unlisted Options

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ASX ANNOUNCEMENT

28 February 2023

FY22 FULL YEAR REPORT

BUILDING FOUNDATIONS FOR CONTINUED REVENUE GROWTH

Highlights & Milestones

- A 6% increase in Ordinary Revenue¹ compared to the prior FY21 Full Year Report to \$3.26 million and Total Revenues of \$3.61 million.
- A 32% increase in Ordinary Revenue received compared to the prior FY21 Full Year Report to \$4.23 million and Total Revenues received of \$4.63 million;
- A 24% Adjusted EBITDA² increase compared to the prior FY21 Full Year Report to \$0.9 million;
- Wescone achieved record crusher sales & repair revenue receipts including new project installation sale revenues;
- EcoQuip secured new hire of 10x Mobile Solar Light Towers (MSLT) under the existing 5-Year Master Hire Agreement for the deployment of MSLTs at the Chevron operated Gorgon natural gas facility on Barrow Island. Total Barrow Island deployment is now 35x MSLT units;
- EcoQuip extended its BHP MSLT Demonstration Trial agreement to 31 May 2023 and expanded the trial scope to 4x MSLT units;
- EcoQuip progressed MSLT east coast distribution negotiations with a highly credentialled national equipment hire and sales business. These negotiations are advanced but incomplete at the time writing;
- EcoQuip secured \$3.0 million in trade & equipment finance facilities from Westpac Banking Corporation to fund the EcoQuip MSLT fleet growth;
- The Company acquired the remaining 30% interest in EcoQuip Australia Pty Ltd (EcoQuip) from EcoQuip founder delivering Volt 100% ownership of EcoQuip. EcoQuip founder became the Company's second largest shareholder with a 13.3% shareholding;
- Mr Paul Everingham joined the Board as a NED. Mr Everingham is the current CEO of the Asia Natural Gas & Energy Association and previously the CEO of the Chamber of Minerals & Energy in Australia;
- Wescone secured a South African Patent for the Wescone W300 Series 4 crusher and Volt secured a positive preliminary assessment of the HYTEN waste heat to hydrogen technology patent application; and
- The Company received ~\$0.4 million of ATO R&D Tax Rebate funding.

Volt Executive Chairman, Mr Adam Boyd said:

"The Volt Board is delighted to announce that the Company achieved a positive

2022 Full Year Adjusted EBITDA² of \$0.9 million.

Full Year Report Financial Results

The 2022 Full Year Report results are provided in the Table below together with salient commentary.

Description	12-months ended 31 December 2022 (\$'000)	12-months ended 31 December 2021 (\$'000)	Change
Ordinary Revenue ¹	3,258	3,062	6%
Other Revenue	354	1,699	(79%)
Total Revenue	3,612	4,761	(24%)
EBITDA	280	849	(67%)
Adjusted EBITDA ²	901	725	24%
Profit Attributable to Members	(345)	664	(152%)
Ordinary Revenue Receipts	4,226	3,211	32%
Total Revenue Receipts	4,631	3,967	17%

¹ reduced by deferred revenue provision of \$0.77 million (2022) and \$0.17 million (2021).

² excludes \$0.62 million of non-cash executive option expense (2022) and \$1.3 million one-off Wescone settlement and \$1.18 million non-cash executive options expense (2021).

Deferred Revenue Provision

“The Company reported modest Ordinary Revenue growth at ~6% to \$3.3 million whilst revenue receipts increased by ~32% to \$3.84 million.

“This differential includes an Accounting Standard adjustment requirement to reclassify ~\$0.44 million of Ordinary Revenue generated by our Wescone business as part of a total \$0.77 million deferred revenue provision. This part of the deferred revenue provision is based on a particular interpretation of one existing Wescone crusher supply and service contract that could allow the customer to return some purchased Wescone crushers at the end of the contract term in H2 2025.

“The Board considers the potential for this circumstance to arise as remote.

2022 Activity Executive Summary

“During 2022 the Company advanced multiple initiatives with the potential to deliver robust recurring revenue growth across its innovative equipment businesses.

“Management also maintained a keen focus on immediate positive earnings to maximise the Company’s ability to internally fund the near-term growth of our EcoQuip Mobile Solar Light Tower fleet.

“The Company’s Wescone crushing equipment business continued to secure new crusher sales and deliver quality repair services to its impressive Tier 1 resource sector client base including BHP, Roy Hill, FMG, Rio Tinto and Glencore. Wescone made the largest revenue contribution during the period.

“As indicated above, the primary focus of 2022 was establishing an accelerated growth trajectory for the Company’s EcoQuip Mobile Solar Light & Communications Tower (MSLT) technology. We identified and fostered key customer and strategic distribution partner relationships capable of facilitating accelerated MSLT market penetration in both the Australian and USA markets. Contract negotiations with a highly credentialled Australian equipment hire and sales partner advanced positively for the exclusive distribution of the EcoQuip MSLT across Australia’s east coast markets. These negotiations remain incomplete; however a successful partnership has the potential to generate significant new revenues should negotiations successfully conclude.

“EcoQuip has also successfully advanced demonstration trials and related contract negotiations with multiple Tier 1 resource sector companies including BHP, Albermarle and Thiess. Subject to the positive completion of these demonstration trials and contract negotiations, the potential exists for extensive EcoQuip hire fleet growth and related hire revenues. It’s an exciting time in our EcoQuip business.

“The Company also continued to advance new R&D project innovations associated with our core EcoQuip and ATEN Waste Heat to Energy technologies. These R&D projects are aligned with our ‘future ESG equipment’ philosophy and include MSLT machine learning software, an automated telescopic mast system and EcoQuip’s Customer Portal platform providing performance analytics and pre-emptive reliability notification. The Board believes the investment in these R&D initiatives will further enhance the robust competitive advantage enjoyed by the Company’s innovative ESG equipment solutions.

“Volt also advanced the engineering development of our HYTEN Waste Heat to Zero Emission Hydrogen system and further; secured a positive assessment of the HYTEN preliminary patent application with all patent claims confirmed as novel, inventive and compliant. This preliminary HYTEN intellectual property milestone provides us with the confidence to initiate more extensive HYTEN business development activity.

“The HYTEN feasibility work completed to date confirms that the technology can produce zero emission hydrogen at ~60-70% lower cost than “Green Hydrogen” technologies powered by new wind and solar renewable electricity generation.

“The Board and management are excited for the potential 2023 will bring. The management team and our supplier partners have developed outstanding equipment technologies on a limited budget in a short timeframe.

Volt Group - Business Specific Commentary

The commentary below provides more specific details of the activities and achievements of the Company’s businesses in 2022.

EcoQuip Mobile Solar Light & Communications Towers (100% owned)

The EcoQuip business is the developer and owner of a new “market leading” Mobile Solar Light & Communications Tower (MSLT) solution incorporating a proprietary, high efficiency solar / battery energy storage (BESS) and power management system capable of up to 40% enhanced efficiency compared to similar industry standard solar / BESS illumination systems.

The EcoQuip MSLT has achieved market-leading power budget performance, telemetry and remote-control capability with robust reliability by partnering with US fabrication and aero-space industry partners. The MSLT can deliver the ‘mission critical’ power budget reliability required for remote operational site illumination and autonomous mining communications network reinforcement.

The Company recently agreed arrangements for the supply of an additional 10x MSLT units for deployment at the Chevron operated Gorgon natural gas facility located at Barrow Island. The deployment follows the initial deployment of 25x MSLT units to Barrow Island in October 2021 pursuant to a 5-Year master hire agreement signed in July 2021. This second deployment is confirmation of the success of the initial 25x MSLT fleet deployment in October 2021. In addition to market leading power budget & charge efficiency, high quality illumination performance, the EcoQuip MSLT achieves material cost savings and significant CO₂ abatement compared to traditional diesel-fueled illumination technology.

In May 2022, EcoQuip signed a 6-month MSLT demonstration trial agreement with BHP Iron Ore Pty Ltd (BHP). The demonstration has been highly successful to date and extended to 31 May 2023. BHP has also expanded the demonstration deployment to 4x MSLT units being trialed at multiple BHP site locations. The extension of the demonstration is a terrific result by the management team and EcoQuip hopes to engage discussions with BHP to “roll-out” MSLTs in the Pilbara prior to H2 2023. Importantly, the displacement of a diesel light tower operating 12 hours each night abates ~3-4x the CO₂ emissions of an electric light vehicle assuming standard vehicle usage rates.

Demonstrations with multiple other resource sector clients have initiated supply discussions. EcoQuip will strive to convert these opportunities into long-term MSLT deployments during 2023. The potential clients include Thiess, Albermarle and multiple mining contractors chasing “market ready” ESG equipment solutions delivering market leading reliability and the ~50% cost reduction associated with the switch from diesel-fueled light towers to EcoQuip’s MSLT.

During 2022, EcoQuip also engaged a third-party marketing consultancy to assist with the further development and fine tuning of the EcoQuip Strategic Market Roadmap. The roadmap includes marketing initiatives across multiple communication mediums and platforms and execution commencement is planned for Q2 2023.

Wescone Proprietary Sample Crushers (100% owned)

The Company's Wescone business is the Original Equipment Manufacturer (OEM) of the proprietary W300 sample crusher extensively deployed in the global iron ore and assay laboratory industries. The Wescone OEM offering comprises three sample crushing equipment solutions with alternative dimensional product feed acceptance capabilities.

Wescone achieved record revenue receipts exceeding \$3.0 million during 2022. The business completed multiple new crusher related sales and crusher refurbishments to a broad base of Tier 1 resource sector clients in Australia and Canada. Further, Wescone provided ongoing support to its South Africa distribution partner, Solid Process Automation (Pty) Ltd (SPA).

The Company lodged formal patent applications for its Wescone W300 Series 4 crusher newly developed in 2019/20. The patent applications were made in several jurisdictions including North America, Australia, Eurasia and South Africa. This was initiated after receiving a positive assessment of its Wescone W300 Series 4 crusher preliminary patent application. To date, Wescone has successfully secured the Wescone W300 Series 4 patent for South Africa.

ATEN Waste Heat to Power – Low Cost Zero Emission Baseload Electricity Supply (100% owned)

The ATEN Waste Heat to Power technology is a heat recovery / organic rankine cycle turbine system that recovers industrial waste heat otherwise vented to atmosphere to generate zero emission, baseload electricity. The ATEN system is eligible for ACCUs and the ACCU equivalent pursuant to Australia's pending Safeguard Mechanism legislation designed to reduce greenhouse gas emissions at Australia's large industrial assets.

ATEN enjoys Australian Innovation Patent certification (AIP # 2020202347).

ATEN has a unique competitive advantage being capable of generating baseload, zero emission incremental electricity for ~60% lower CAPEX and ~50% lower lifecycle costs compared to annual equivalent generation solar and wind installations. Importantly, ATEN Waste Heat to Power is also compatible with and complimentary to the installation of solar / wind intermittent technologies on electricity grid systems.

The Company delivered multiple ATEN project opportunity presentations to resource project, electricity generation and LNG facility owners during 2022. Discussions are advancing; however progress can be intermittent as potential customers continue to clarify the strengths and weaknesses of intermittent renewable technologies and the ATEN benefits.

The Board remains enthusiastic about the significant growth potential of our zero emission, baseload ATEN technology despite ATEN commercialization taking longer than the Company had planned. Our target markets, include power generation, hard rock mining and oil & gas asset owners that generate a significant waste heat resource at their existing asset fleet. These assets remain critical to national prosperity however, have come under sustained criticism from the populist and political agenda associated with zero emission policy and communications. This perspective leads these target customers to initiate their zero-emission energy transition with low political risk, low penetration solar and wind installation solutions delivering up to ~30% zero emission, thermal generation displacement.

The renewable hybrid capacity, battery storage and complex control systems required to achieve zero emission penetration between ~30% to 80% are characterized by accelerating capital costs and electricity supply security risks. The Company believes low carbon intensity, gas fueled generation remains critical to achieving both affordable, high penetration hybrid systems and the grid stability necessary to maintain reliable, mission critical industrial electricity supply and economic prosperity.

Significantly, ATEN enhances the efficiency of gas-fueled power generation reducing thermal generation carbon intensity by generating an additional ~20% electricity supply solely from OCGT exhaust heat.

HYTEN Waste Heat to Hydrogen – Low Cost Zero Emission Hydrogen (100% owned)

The HYTEN Waste Heat to Hydrogen technology comprises the aforementioned ATEN system supplying baseload, zero emission electricity and heat (where optimal) to solid oxide, PEM or alkaline electrolyser systems.

As previously reported, the Company secured a positive assessment of its HYTEN Waste Heat to Hydrogen technology preliminary international patent application with all claims confirmed as novel, inventive and compliant the Patent Cooperation Treaty. This result now provides Volt with the HYTEN intellectual; property security to initiate business development activities for the HYTEN technology.

Preliminary HYTEN engineering activities have confirmed that HYTEN has numerous cost and technical competitive advantages relative to an equivalent annual hydrogen production Solar / Wind to Hydrogen system. These include:

- A ~60% lower LCOE* for zero emission electricity supply to the electrolyser;
- Up to ~300% greater electrolyser utilization performance (baseload Vs intermittent power supply);
- At least 50%+ lower electrolyser CAPEX;
- Higher system efficiency (particularly incorporating solid oxide electrolyser technology); and
- A levelised, zero emission hydrogen production cost of ~US\$2–3/kg.

The Board is excited about the potential of the HYTEN technology to facilitate existing LNG facilities, natural gas pipeline compression stations and some power station assets to make a significant contribution to the energy transition by becoming low-cost hydrogen producers by exploiting the waste heat generated at existing energy infrastructure to create zero emission hydrogen.

The potential for on-site use of the HYTEN produced hydrogen to displace fossil fuel combustion or as a feedstock for higher value fertilizer and ammonia production is compelling at this stage of the HYTEN technology development.

End

Issued by: Volt Power Group Limited (ACN 009 423 189)
Authorised by: The Board of Volt Power Group Limited

About Volt

Volt Power Group Limited (ASX: VPR) is an industrial technology company that develops and commercializes ESG focused, zero emission power generation and hydrogen production technologies and next generation mining equipment.

The Company's businesses develop and commercialise innovative proprietary OEM equipment delivering "step change" client productivity & cost benefits and reduce scope 1 emissions.

Business Activity Summary

These activities of our businesses include:

- **ATEN** (100%) – ATEN is a zero-emission waste heat to electricity generation equipment solution. The ATEN is at an advanced stage of initial commercialisation. ATEN enjoys Australian Innovation Patent certification. Refer below;
- **HYTEN** (100%) – HYTEN (patent pending) is a zero-emission waste heat to hydrogen solution developed to capture and exploit industrial waste heat (including gas turbine exhaust heat usually vented to atmosphere) and produce low cost, zero emission hydrogen fuel gas. HYTEN comprises the ATEN Waste Heat to Power system integrated with an alkaline, PEM or solid oxide electrolyser to produce the hydrogen.
- **Wescone** (100%) – the proprietary owner of the globally unique Wescone W300 sample crusher predominantly deployed throughout the global iron ore sector. Wescone has a successful 25+ year operating track record and recently developed a new crusher with larger dimensional acceptance, reduction ratio and durability specifications;
- **EcoQuip** (100%) – developer and owner of a 'best in class' Mobile Solar Lighting & Communications Tower equipment solution incorporating robust design attributes including US military spec design & build quality, solar / lithium (LFP) battery and storage solution and advanced power management, data telemetry & control system capable of LED lighting, LTE Wi-Fi mesh repeater, point to point microwave, environmental monitoring and CCTV technology retro-fit; and
- **Acquisition / Development Strategy** – The Company actively pursues opportunities to expand its broader renewable / low emission power generation and contract services, infrastructure asset & innovative equipment footprint.

About the ATEN Technology: The ATEN comprises a modular, power generation equipment package capable of harvesting 'low' grade industrial waste heat to generate zero emission baseload electricity.

ATEN generated electricity is expected to significantly reduce 'energy intensive' industry operating costs via the displacement of grid sourced electricity or fossil fuel usage associated with electricity generation. The global industrial complex vents a significant quantity of 'low' grade waste heat to atmosphere. This quantity of unexploited waste heat presents an outstanding opportunity for the commercial roll-out of ATEN.

The ATEN's simple, high efficiency design and modular configuration - developed to maximise its integration capability - provides a low capex, uniquely compatible and scalable solution for the exploitation of 'low grade' industrial waste heat from existing multiple sources. Volt's priority target markets for the commercialization of the ATEN Technology include the resources and industrial processing sectors.

The salient ATEN Waste Heat to Power technology benefits that resonate with power station owners include:

- Baseload, zero emission incremental power generation (Scope 1 Emission reduction) compatible with Solar Hybrid systems with high penetration;

- Levelised Cost of Electricity (LCOE)* up to ~50% lower than gas and ~80% lower than diesel generation;
- LCOE* ~50% lower than an equiv. annual generation Solar/Battery Energy Storage System (BESS);
- CAPEX ~60% lower than Solar / BESS based on identical annual generation and zero emission performance;
- Hydrogen co-firing capability;
- Carbon Credits (CFI) Act 2011 Offset Project / ACCU eligibility; and
- Zero water & operational personnel requirements

* Levelised Cost of Energy (LCOE) is based on new ATEN zero emission capacity and operating costs and variable costs of fueled generation (where relevant) in the WA Pilbara region and the ARENA LCOE calculation methodology @ 8% discount rate and 20-year project life including ACCUs (\$30/ACCU) and Solar RECs (\$35/REC) as applicable.

¹Levelised Cost of Hydrogen (LCOH) is based on the LCOE methodology above inclusive of OEM supplier & EPC installation estimates of the capital and operating costs of hydrogen production via alkaline water electrolysis in the WA Pilbara region.