

Appendix 4D Half Year Report

Results for Announcement to the Market

1. Details of reporting period

Current reporting period: 6 months ended 30 June 2021
Previous corresponding reporting period: 6 months ended 30 June 2020

2. Results for announcement to the market

| | 6 months ended 30 June 2021 \$ | 6 months ended 30 June 2020 \$ | Change % |
|--|--------------------------------------|--------------------------------------|-------------|
| Revenues from ordinary activities | 1,173,858 | 306,955 | 282% |
| Profit/(loss) from ordinary activities after tax attributable to members | 886,228 | (707,011) | 225% |
| Net profit/(loss) for the period attributable to members | 886,228 | (707,011) | 225% |

Commentary on results for the period

Commentary on the above figures is included in the accompanying ASX Announcement and the attached Interim Financial Report for the half year ended 30 June 2021.

3. Net tangible assets per security

| | 30 June 2021 | 31 December 2020 |
|---|---------------|------------------|
| Net tangible assets | \$3,157,508 | \$1,452,734 |
| Number of shares on issue at reporting date | 9,344,533,558 | 9,169,533,558 |
| Net tangible assets per ordinary security | 0.034 cents | 0.016 cents |

4. Gain or loss of control over entities

There was no change in the period.

5. Dividends

There were no dividends paid during the period and the Company does not propose to pay any dividends.

6. Dividend reinvestment plans

There are no dividend reinvestment plans.

7. Associates and joint ventures

The Company has no associates or joint ventures.

8. Audit / review status

The Interim Financial Report for the half year ended 30 June 2021 has been reviewed. The Auditors Review Statement accompanies the Interim Financial Report.



**VOLT POWER GROUP
LIMITED**

ABN: 62 009 423 189

INTERIM FINANCIAL REPORT

Half-year ended 30 June 2021

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Corporate Directory

ABN: 62 009 168 094

Directors

Adam Boyd
Simon Higgins
Peter Torre

Company Secretary

Peter Torre

Principal place of business

6 Bradford Street
Kewdale WA 6105

Registered office

Unit B9, 431 Roberts Rd
Subiaco WA 6008

Share register

Link Market Services Pty Ltd
Level 12
250 St George's Terrace
Perth WA 6000

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Solicitors

DLA Piper
Level 31
152-158 St George's Terrace
Perth WA 6000

Bankers

Commonwealth Bank of Australia
Corporate Financial Services
Level 14C, 300 Murray Street
Perth WA 6000

ASX Code: VPR

Directors' Report

The directors of the consolidated entity (referred to hereafter as the Group) consisting of Volt Power Group Limited ("Volt" or "the Company") and the entities it controlled at the end of or during the half year ended 30 June 2021, submit their report for the six months ended 30 June 2021.

1. Directors

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

S. Higgins – Chairman

A. Boyd – Chief Executive Officer and Managing Director

P. Torre – Non-Executive Director and Company Secretary

2. Corporate and operational review

- This Interim Consolidated Financial Report has been prepared on the basis that Volt and its controlled entities are going concerns for financial reporting purposes.
- In April 2021, the Company moved its operational activities from office and workshop accommodation provided by Volt substantial shareholder, GenusPlus Group Pty Ltd (Genus) to the Company's new leased office and workshop accommodation located at 6 Bradford Street, Kewdale WA 6105 (New Premises). The Volt Board wishes to express its gratitude to the Genus Board and shareholders for the provision of office and workshop accommodation from January 2020 to April 2021. The New Premises is ideally suited to the Company activities providing office and workshop accommodation for all the Volt Group business activities.
- Since 1 January 2021, the Company has provided \$540,000 in new funding to EcoQuip Australia Pty Limited (EcoQuip) increasing its ownership in EcoQuip from 67% to 70%. EcoQuip utilised these funds to complete the manufacture of 25 MSLTs to be deployed on Barrow Island for Chevron Australia under a new 5-Year Master Dry Hire Agreement executed with AGC Industries Pty Limited (AGC) on 26 July 2021.
- During the period, the Company undertook acquisition due diligence activities on a proprietary technology advantaged mining services business to inorganically complement its existing businesses. At the time of writing this report, these activities remain ongoing and incomplete.

3. Principal activities

The principal activities of the Group during the period were:

ATEN (100% owned)

The ATEN technology achievements during the period comprise:

- The Company's ATEN Technology is a baseload, zero emission waste heat to electricity generation solution that utilizes low grade industrial waste heat as its energy source. The ATEN Technology requires no water and operates autonomously without a requirement for operating personnel.
- The zero emission, fuel, and OPEX benefits of the ATEN Technology compels customers seeking Carbon Intensity reduction and operating cost reduction to investigate ATEN Technology retro-fit opportunities. The benefits include:
 - Enhanced energy efficiency: ~10 - 25%
 - Lowest cost zero emission generation: ~20 – 50% cheaper than generation equivalent solar/BESS hybrid solution
 - Scope 1 emission reduction: Material carbon intensity reduction outcomes
 - Grid stability: Baseload supply delivering capacity and system stability enhancement
 - No water consumption: Reduced environmental approval requirements and OPEX
 - Autonomous operation: No operational personnel required and reduced OPEX
 - Small Footprint: Retro-fit to existing assets on a brownfields site footprint
 - Hydrogen fuel compatible: Compatible with & enhances hydrogen fuel viability
- The ATEN Technology delivers zero emission generation capacity with a lower levelized long term cost of energy relative to:
 - New diesel fueled generation capacity;

- New gas fueled generation capacity where site delivered gas prices exceed \$3 – 4.50/GJ (subject to heat resource);
 - Solar/BESS hybrid generation; and
 - Wind turbine hybrid generation.
- The Company continued business development activities to communicate the technical, commercial and zero-emission benefits of the “waste heat to power” ATEN Technology to major industrial and resource sector businesses that operate significant power station and/or industrial processes that vent waste heat to atmosphere continued during the period.
 - These discussions have resulted in the completion and initiation of preliminary studies for several ATEN installation opportunities. The preliminary study work completed has in all cases confirmed significant cost and technical benefits of the ATEN Technology relative to traditional zero-emission solar and wind battery hybrid installations.
 - The Company has previously reported that a Stage 1 ATEN Feasibility Study to install a 14MW ATEN Waste Heat to Power system at an existing WA domiciled power station (WA ATEN Project) was completed in September 2020 after introducing the Waste Heat to Power opportunity to the owner of the power station in June 2019.
 - Salient incremental WA ATEN Project activities completed in the 6-months to 30 June 2021 (at the request of the WA domiciled power station owner (Owner)) include:
 - A specific study to clarify the WA ATEN Project compliance with Australian and internal Owner engineering standards; and
 - A comprehensive ATEN Consortium response to a formal Expression of Interest process with our ATEN EPC Contract partner, GenusPlus Group Limited (Genus) [ASX: GNP] and OEM sub-system partners.
 - During April/May 2020, the Owner advised the Company that it had secured approval to complete a further Gap Analysis Study to complete engineering and related cost estimates associated with WA ATEN Project site interfaces including for site service provision, electrical interconnection, site placement due diligence and related civil works, regulatory approvals and engineering standards compliance. We are advised that this Gap Analysis Study is scheduled for completion in November / December 2021.
 - During the period, the Company and its EPC Contract Delivery Partner, Genus (together ATEN Consortium) advanced definitive feasibility study planning including EPC Project Director recruitment activities, EPC contract strategy and risk allocation development, OEM sub-system supplier agreement negotiations and detailed design, construction and scheduling activities.
 - The populist view that intermittent solar and wind generation is reliable and low cost provides some initial resistance to the adoption of the ATEN Technology. However, enterprises that apply sound technical and commercial evaluation criteria have engaged the cost and carbon emission reduction opportunity that the ATEN Technology presents and positive discussions are ongoing.
 - The Company filed Patent Applications for a new hydrogen production and hydrogen power generation flowsheet design during 2021 to compliment the Company’s existing Australian Innovation Patent ATEN filings.

Wescone (100% owned)

Wescone salient activities and outcomes during the period comprised:

- Wescone is the owner of the proprietary and unique W300 sample crusher installed extensively in port loading sample preparation and assay system infrastructure utilized by the global iron industry and metallurgical laboratory sector.
- As previously reported, the Company announced that BHP and Wescone had entered into a 5-year Purchase Service Exchange Contract (BHP Contract) in August 2020. Under the BHP Contract, the BHP Iron Ore business will purchase ~24 new Wescone W300 Series 4 crushers to displace their installed sample crusher fleet at BHP Iron Ore Pilbara located port, mine and metallurgical laboratory infrastructure and to provide breakdown inventory and the existing BHP fleet requires maintenance.
- The BHP Contract also provides for the exclusive provision of service exchange and repair services for all BHP W300 Series 4 crushers for a 5-year period. The Company estimates that the average annual sales revenues generated over the BHP Contract term will be ~\$1.4 million.

- To date, Wescone has delivered 14 new Wescone W300 Series 4 crushers to BHP's Pilbara operations since the BHP Contract was signed. Wescone has delivered 9 of these during 2021 and expects further crusher sales during the remainder of 2021. Wescone also secured purchase orders for 2 new Wescone W300 Series 4 crushers for installation at the FMG Iron Bridge magnetite project during the period. The first of these FMG bound crushers has been delivered. A Wescone W300 Series 3 crusher was also sold to Glencore for installation at the Mount Isa Mines operations in Queensland.
- The Wescone business has also completed multiple crusher refurbishments for its clients including BHP, Rio Tinto, Glencore and Roy Hill during 2021.
- Wescone negotiated and signed a new distribution partner agreement with South African domiciled, Solid Process Automation Pty (Ltd) (SPA) in March 2021. We understand the first SPA tender submission in Africa to supply Wescone crushers to Anglo American subsidiary, Kumba Iron Ore (Pty) Ltd will be decided imminently.
- In February 2021, Volt agreed terms for the full and final settlement of all claims against the Wescone vendor related to the 2018 purchase of the Wescone business by the Company. The terms of settlement provide for the payment to Volt of \$1.3 million. The first installment of \$1 million was received in February 2021. The second and final installment was received on 19 August 2021. The settlement terms also provided for the termination of a royalty agreement under which the Wescone vendor may have been entitled to royalties in the future (Wescone Settlement).

EcoQuip Australia Pty Ltd (EcoQuip) (70% owned)

EcoQuip salient achievements and activities for the period include:

- EcoQuip is a developer and owner of a new Mobile Solar Light & Communications Tower solution incorporating a proprietary high efficiency Solar / Battery Energy Storage System (BESS) delivering up to a 40% performance efficiency increase compared to similar industry standard Solar / BESS Systems.
- The EcoQuip MSLT is a zero emission, zero maintenance & zero OPEX mobile light tower solution with the illumination performance and BESS power budget reliability to disrupt the traditional diesel fuelled light tower market. The MSLT is 50% cheaper to hire and operate than a diesel fuelled equivalent. The zero lifecycle, maintenance and OPEX capability reduces the need for site based skilled labour. Each MSLT is telemetry enabled, remotely controlled/monitored and can be integrated with centralized autonomous operating systems.
- In late July 2021, EcoQuip secured a new 5-Year dry hire agreement for the deployment of EcoQuip's Mobile Solar Light Towers (MSLT) at the Chevron operated Gorgon natural gas facility located on Barrow Island, Western Australia (Hire Agreement). The Hire Agreement was achieved after ~24 months of MSLT trialing and due diligence by Chevron personnel via two separate demonstration deployments on Barrow Island commencing in 2019 and is an outstanding product validation outcome for the new EcoQuip MSLT.
- EcoQuip has received the first Hire Agreement purchase order for 25x MSLTs for deployment in late August. These MSLTs will be sourced from EcoQuip's existing MSLT fleet (Chevron Fleet). This Chevron Fleet has been 100% equity funded by EcoQuip and assembled at our new Volt Power Group Office & Workshop facility.
- The Gorgon natural gas facility deployment will increase the utilization of EcoQuip's 65x MSLT and Mobile Solar Communications Tower (MSCT) Fleet to ~75%. We are continuing to work with Chevron to identify new MSLT deployment opportunities across its extensive Australian and global asset base. We anticipate additional purchase orders pursuant to the Hire Agreement during 2021.
- Once complete, the Chevron Fleet deployment will increase EcoQuip's annualized revenue run-rate to ~\$1 million and generate surplus operating cashflows of ~\$0.4 million.
- During 2021, EcoQuip has delivered 2x MSLTs to the BMA owned Mt Arthur coal mine in Queensland for existing client, Thiess Contracting. This adds to the 4x EcoQuip MSCTs deployed at Thiess coal mining operations in NSW and Queensland. Another 3x MSCTs will be deployed as autonomous network reinforcement for Thiess at the Mt Arthur coal mine in September 2021. This will increase the Thiess EcoQuip MSLT / MSCT fleet to 9 units. The EcoQuip MSCT units supporting Thiess' autonomous mining equipment systems have operated with 100% reliability and with no intervention for a period exceeding ~24 months.
- EcoQuip has also advanced design modifications to a new MSLT unit for a final trial at the BHP Iron Ore operations located in the Pilbara region of Western Australia. We expect to complete these BHP specific MSLT upgrades and deploy this final BHP MSLT trial unit on or around October 2021.

- EcoQuip maintains consistent promotional and business development activities directed at specific target markets. We are continuing advance multiple trial activities both in Australia and USA and develop new product solutions based around the EcoQuip Solar / BESS power & telemetry system. We remain highly optimistic that the competitively advantaged capabilities of the EcoQuip MSLT & MSCT solutions will compel positive procurement decisions and revenue growth for our EcoQuip business.

4. Operating results

The Group recorded an operating profit after income tax, attributable to owners, for the six months ended 30 June 2021 of \$886,228 (2020: operating loss of \$707,011). The net asset position of the Group at 30 June 2021 was \$3,779,540 (December 2020: \$2,180,485).

As at 30 June 2021, the Group had cash and cash equivalents of \$766,421.

Net cash inflow during the six months ended 30 June 2021 of \$99,929 was comprised of:

- Net cash outflow from operating activities of \$21,417;
- Net cash inflow from investing activities of \$166,785 and
- Net cash outflow from financing activities of \$45,439.

5. Events occurring after the reporting period

As announced on 27 July 2021, the Company's ~70% owned subsidiary, EcoQuip secured a 5-Year Master Hire Agreement with AGC (Hire Agreement). The Hire Agreement provides for the deployment of EcoQuip's innovative Mobile Solar Light Tower solutions at the Chevron operated Gorgon natural gas facility on Barrow Island, Western Australia. The Hire Agreement was secured after 18-months of successful product demonstration trialing on Barrow Island.

The EcoQuip MSLT has satisfied Chevron's stringent environmental, illumination performance and reliability requirements. This milestone is the culmination of 4-years of outstanding innovative product design, engineering and supply chain development by the EcoQuip team.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Simon Higgins
Chairman

Perth
30 August 2021

Auditor's Independence Declaration

[insert Auditors Independence Declaration]

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

| | Note | 30 June 2021 \$ | 30 June 2020 \$ |
|--|------|--------------------|--------------------|
| Revenue from contracts with customers | 6 | 1,173,858 | 306,955 |
| Cost of sales | | (172,494) | (86,723) |
| Gross profit | | 1,001,364 | 220,232 |
| Other income | 7 | 1,399,085 | 125,948 |
| Consultants and advisors | | (305,042) | (310,734) |
| Employment benefits expense | | (553,706) | (525,260) |
| Share based payment expense | 11 | (411,013) | - |
| General and administration expenses | | (311,496) | (205,506) |
| Operating profit/(loss) | | 819,192 | (695,320) |
| Finance income | | 32 | 365 |
| Finance expenses | | (6,958) | (10,924) |
| Finance costs - net | | (6,926) | (10,559) |
| Profit/(loss) before income tax expense benefit | | 812,266 | (705,879) |
| Income tax expense | | 25,776 | (30,134) |
| Profit/(loss) from continuing operations | | 838,042 | (736,013) |
| Other comprehensive income for the half year, net of tax | | - | - |
| Total comprehensive income/(loss) for the half year | | 838,042 | (736,013) |
| Profit/(loss) for the half year is attributable to: | | | |
| Minority interests | | (48,186) | (29,002) |
| Owners of Volt Power Group Limited | | 886,228 | (707,011) |
| Total comprehensive income/(loss) for the half year is attributable to: | | | |
| Minority interests | | (48,186) | (29,002) |
| Owners of Volt Power Group Limited | | 886,228 | (707,011) |
| Earnings/(loss) per share: | | cents | cents |
| Basic profit/(loss) for the period attributable to ordinary equity holders of the parent | | 0.0096 | (0.0078) |
| Diluted profit/(loss) for the period attributable to ordinary equity holders of the parent | | 0.0095 | (0.0078) |
| Earnings/(loss) per share from continuing operations: | | | |
| Profit/(loss) from continuing operations attributable to ordinary equity holders of the parent | | 0.0096 | (0.0078) |
| Diluted profit/(loss) from continuing operations attributable to ordinary equity holders of the parent | | 0.0095 | (0.0078) |

The above Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Interim Consolidated Statement of Financial Position

As at 30 June 2021

| | Note | 30 June 2021 \$ | 31 December 2020 \$ |
|--|------|-----------------------|---------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 766,421 | 666,492 |
| Trade and other receivables | | 579,667 | 147,183 |
| Inventory | | 269,198 | 307,520 |
| Other current assets | | 466,959 | 65,403 |
| Total current assets | | 2,082,245 | 1,186,598 |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 1,786,161 | 1,649,290 |
| Intangible assets | 9 | 622,032 | 727,751 |
| Right of use assets | | 394,926 | - |
| Other non-current assets | | 115,715 | - |
| Total non-current assets | | 2,918,834 | 2,377,041 |
| Total assets | | 5,001,079 | 3,563,639 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | | 639,304 | 1,100,284 |
| Employee benefit liability | | 22,760 | 43,183 |
| Interest bearing loans | | 41,733 | 111,921 |
| Lease liabilities | | 107,762 | - |
| Total current liabilities | | 811,559 | 1,255,388 |
| Non-current liabilities | | | |
| Interest bearing loans | | 28,747 | 33,697 |
| Deferred tax liabilities | | 94,069 | 94,069 |
| Lease liabilities | | 287,164 | - |
| Total non-current liabilities | | 409,980 | 127,766 |
| Total liabilities | | 1,221,539 | 1,383,154 |
| Net assets | | 3,779,540 | 2,180,485 |
| Shareholders' Equity | | | |
| Share capital | 10 | 74,132,092 | 73,782,092 |
| Reserves | | 6,284,559 | 5,873,546 |
| Accumulated losses | | (77,214,433) | (78,100,661) |
| Total attributable to owners of parent | | 3,202,218 | 1,554,977 |
| Non-controlling interest | | 577,322 | 625,508 |
| Total Shareholders' Equity | | 3,779,540 | 2,180,485 |

The above Interim Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Interim Consolidated Statement of Changes in Equity

As at 30 June 2021

Attributable to owners of Volt Power Group Limited

| | Note | Share capital \$ | Reserves \$ | Accumulated losses \$ | Total attributable to owners \$ | Non-controlling interest \$ | Total equity \$ |
|--|------|---------------------|------------------|--------------------------|------------------------------------|--------------------------------|-------------------------|
| At 1 January 2020 | | 73,519,592 | 6,060,365 | (77,607,348) | 1,972,609 | 445,968 | 2,418,577 |
| Total comprehensive profit/(loss) for the half year | | | | | | | |
| Loss for the half year | | - | - | (707,011) | (707,011) | (29,002) | (736,013) |
| Total comprehensive loss for the half year | | - | - | (707,011) | (707,011) | (29,002) | (736,013) |
| Transactions with owners in their capacity as owners | | | | | | | |
| Transactions with non-controlling interests | | - | (12,806) | - | (12,806) | 12,806 | - |
| Exercise of unlisted options | | 262,500 | - | - | 262,500 | - | 262,500 |
| | | <u>262,500</u> | <u>(12,806)</u> | <u>-</u> | <u>249,694</u> | <u>12,806</u> | <u>262,500</u> |
| At 30 June 2020 | | <u>73,782,092</u> | <u>6,047,559</u> | <u>(78,314,359)</u> | <u>1,515,292</u> | <u>429,772</u> | <u>1,945,064</u> |
| At 1 January 2021 | | 73,782,092 | 5,873,546 | (78,100,661) | 1,554,977 | 625,508 | 2,180,485 |
| Total comprehensive profit/(loss) for the half year | | | | | | | |
| Profit for the half year | | - | - | 886,228 | 886,228 | (48,186) | 838,042 |
| Total comprehensive loss for the half year | | - | - | 886,228 | 886,228 | (48,186) | 838,042 |
| Share based payment expense | 11 | - | 411,013 | - | 411,013 | - | 411,013 |
| Exercise of unlisted options | | 350,000 | - | - | 350,000 | - | 350,000 |
| | | <u>350,000</u> | <u>411,013</u> | <u>-</u> | <u>761,013</u> | <u>-</u> | <u>761,013</u> |
| At 30 June 2021 | | <u>74,132,092</u> | <u>6,284,559</u> | <u>(77,214,433)</u> | <u>3,202,218</u> | <u>577,322</u> | <u>3,779,540</u> |

The above Interim Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

| | 30 June 2021 | 30 June 2020 |
|---|-----------------|------------------|
| Note | \$ | \$ |
| Cash flows from operating activities | | |
| Receipts from customers (inclusive of goods and services tax) | 857,019 | 365,911 |
| Payments to suppliers and employees (inclusive of goods and services tax) | (1,185,139) | (816,595) |
| R&D tax refund and other government incentives | 287,672 | 211,237 |
| Interest received | 33 | 366 |
| Interest paid | (6,778) | (8,044) |
| Income tax refund/(payment) | 25,776 | (30,134) |
| Net cash outflows from operating activities | (21,417) | (277,259) |
| Cash flows from investing activities | | |
| Payments for property, plant and equipment | (477,436) | - |
| Payments for internally generated intangible asset | (275,064) | (157,856) |
| Payments for refundable deposits | (115,715) | - |
| Proceeds from the sale of property, plant and equipment | 35,000 | - |
| Other income – Wescone Claim Settlement | 1,000,000 | - |
| Net cash inflows from investing activities | 166,785 | (157,856) |
| Cash flows from financing activities | | |
| Repayment of borrowings | (45,439) | (57,382) |
| Net cash outflows from financing activities | (45,439) | (57,382) |
| Net increase/(decrease) in cash and cash equivalents | 99,929 | (492,497) |
| Cash and cash equivalents at the beginning of the half year | 666,492 | 1,287,705 |
| Cash and cash equivalents at end of the half year | 766,421 | 795,208 |

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Condensed Notes to the Interim Consolidated Financial Statements

For the six months ended 30 June 2021

1. Corporate Information

The interim consolidated financial statements of Volt Power Group Limited (the “Company” or “Volt”) and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021 were authorised for issue in accordance with a resolution of directors on 30 August 2021.

Volt Power Group Limited is a for profit company limited by shares, domiciled in Australia, whose shares are publicly traded. The address of the Company’s registered office is Unit B9, 431 Roberts Rd Subiaco WA 6008.

2. Statement of Compliance

The interim consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with AASB134 *Interim Financial Reporting and the Corporations Act 2001*.

The interim consolidated financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Group’s annual financial statements as at 31 December 2020.

3. Significant Accounting Policies

(a) Basis of preparation

The interim consolidated financial statements have been prepared based on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

All amounts are presented in Australian dollars, which is the functional currency of the Company and each of its subsidiaries.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company’s financial report for the year ended 31 December 2020, apart from the recognition of capitalised intangible assets for the first-time following development undertaken in EcoQuip. The policy on research and development is detailed below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Company has not adopted any new or updated accounting policies in the current period.

(b) Going concern

During the period the Group recorded a net profit after tax of \$838,042 (2020: loss of \$736,013) and had net cash outflows from operating activities of \$21,417 (2020: outflows of \$277,259). Profit for the period is inclusive of the non-recurring Wescone legal settlement of \$1.3m and Group cash inflows of \$99,929 was inclusive of \$1.0m received for the 6-month period regarding the settlement. The adjusted profit/loss and net cash flows excluding this Wescone settlement would have been a loss of \$461,958 and net cash outflows of \$900,071. At 30 June 2021 the Group had cash and cash equivalents of \$766,421 and a working capital excess of \$1,270,686.

The Group’s ability to continue as a going concern is dependent upon its ability to generate cash flow through its business operations and the ability to raise additional finance from debt or equity if and when required to contribute to the Group’s working capital position. The Directors continue to be focused on meeting the Group’s business objectives and are mindful of the funding requirements to meet these objectives.

In addition to the above, the World Health Organisation announced that the Coronavirus (COVID-19) had become a pandemic on 11 March 2020. The impact of the COVID-19 pandemic is ongoing and whilst has had no financial impacts for the Group up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continually evolving and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. The full impact of COVID-19 and timing of easing of restrictions continues to evolve. At the reporting date, it is uncertain what the effect will be on the Group and potentially it will have a post balance date impact. The Directors are continuing to explore alternative options in an effort to mitigate the possible impacts of COVID-19.

These conditions indicate a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believe there are sufficient funds to meet the Group’s working capital requirements as at the date of this report. The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- If required, the Board will seek to raise additional finance from debt or equity if and when required to contribute to the Group’s working capital position in the near term;

- On 5 August 2020, the Company announced that BHP and Wescone had entered into a 5-year Purchase Service Exchange Contract (BHP Contract). Under the BHP Contract, the BHP Iron Ore business will purchase ~20 new Wescone W300 Series 4 crushers to displace their installed sample crusher fleet at BHP Iron Ore Pilbara located port, mine and metallurgical laboratory infrastructure;
- On 27 July 2021, the Company announced that AGC Industries Pty Ltd and EcoQuip had entered into a new 5-Year master dry hire agreement for the deployment of EcoQuip's new Mobile Solar Light Tower (MSLT) solution at the Chevron operated Gorgon natural gas facility located on Barrow Island, Western Australia. EcoQuip has received a purchase order for the first 25x MSLTs to be 100% deployed on or around 31 August 2021.
- The Group anticipates an R&D tax incentive receipt in the coming period; and
- If required, the Board would implement relevant measures and scale back certain activities that are non-essential so as to conserve cash.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

(c) Research and Development

Expenditure during the research phase of a project are recognised as expenditure in the period incurred in line with *AASB 138 intangible assets*.

Expenditure that meet the criteria of development under *AASB 138 intangible assets* are capitalised as intangible assets. These are initially valued at cost and subsequently amortised over an estimated useful life. Development costs previously recognised as expenses are not recognised as an asset in subsequent periods.

(d) Research and development incentive income

Research and development incentives are recognised at fair value when there is reasonable assurance that the incentive will be received. The Company accounts for such allowances on the same basis as the relevant expenditure. If the expenditure is expensed in the income statement, the tax incentive will be recorded in the profit or loss. If the expenditure is capitalised to an asset, the tax incentive will reduce the carrying value of the asset.

(e) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the period ended 30 June 2021 and are not expected to have a material impact.

4. Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the consolidated financial report for the year ended 31 December 2020.

Judgement is required in assessing whether goodwill has suffered any impairment on an annual basis and is continually assessed by management on an ongoing basis. In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. No impairment indicators have been identified for the period ended 30 June 2021.

5. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Volt Power Group Limited. The Group has determined that it has one operating segment, the provision of services to the mining and construction industries.

6. Revenue from contracts with customers

| | 30 June 2021 \$ | 30 June 2020 \$ |
|---------------------------------|-----------------------|-----------------------|
| Revenue from sales of inventory | 896,478 | 141,137 |
| Revenue from equipment leases | <u>277,380</u> | <u>165,818</u> |
| | <u>1,173,858</u> | <u>306,955</u> |
| Timing of revenue recognition | | |
| At a point in time | 896,478 | 141,137 |
| Over time | <u>277,380</u> | <u>165,818</u> |
| | <u>1,173,858</u> | <u>306,955</u> |

7. Other income

| | 30 June 2021 \$ | 30 June 2020 \$ |
|---------------------------------------|-----------------------|-----------------------|
| R&D tax incentive income ¹ | 88,905 | 64,903 |
| Other income ² | <u>1,310,180</u> | <u>61,045</u> |
| | <u>1,399,085</u> | <u>125,948</u> |

¹ A total R&D tax incentive amount of \$287,672 was received in the period, however, \$198,767 of this balance related to Capitalised R&D expenditure. Accordingly, this portion has been offset against the corresponding Intangible Asset in the Statement of Financial Position, as disclosed in note 9.

² As announced on 15 February 2021, the Company advised that it had reached a commercial settlement of all outstanding claims alleged in the Proceedings in connection with the 2018 acquisition of Volt's Wescone business with all vendor parties (Wescone Vendor) without admission of liability by either party.

The settlement terms are confidential but provide for the payment to Volt of \$1.3 million in two instalments (Settlement Sum) and is included in the Other income balance for the period ended 30 June 2021.

The first instalment for the amount of \$1 million was paid to Volt on 16 February 2021. The second and final instalment of \$300k was paid on 19 August 2021 and is included in Other current assets as at 30 June 2021. The Wescone Vendor has granted a security over two commercial properties to secure the second instalment.

8. Property, plant and Equipment

| | Plant and equipment \$ | Office furniture, fittings and equipment \$ | Total \$ |
|--------------------------|------------------------------|---|------------------|
| 31 December 2020 | | | |
| Opening net book amount | 1,058,748 | 1,598 | 1,060,346 |
| Additions | 748,714 | - | 748,714 |
| Depreciation charge | (148,382) | (438) | (148,820) |
| | <u>1,659,080</u> | <u>1,160</u> | <u>1,660,240</u> |
| 31 December 2020 | | | |
| Cost or fair value | 2,723,873 | 18,703 | 2,742,576 |
| Accumulated depreciation | (1,075,743) | (17,543) | (1,093,286) |
| Net book amount | <u>1,648,130</u> | <u>1,160</u> | <u>1,649,290</u> |
| 30 June 2021 | | | |
| Opening net book amount | 1,648,130 | 1,160 | 1,649,290 |
| Additions | 244,492 | - | 244,492 |
| Disposals | (17,634) | - | (17,634) |
| Depreciation charge | (89,791) | (196) | (89,987) |
| | <u>1,785,197</u> | <u>964</u> | <u>1,786,161</u> |
| 30 June 2021 | | | |
| Cost or fair value | 2,884,864 | 18,703 | 2,903,567 |
| Accumulated depreciation | (1,099,667) | (17,739) | (1,117,406) |
| Net book amount | <u>1,785,197</u> | <u>964</u> | <u>1,786,161</u> |

9. Intangible assets

| | |
|----------------|--------------------|
| 30 June | 31 December |
| 2021 | 2020 |
| \$ | \$ |

(b) Capitalised Development Cost

The movements in the net carrying amount of Capitalised Development costs are as follows:

| | | |
|----------------------------|----------------|----------------|
| Balance at start of period | 727,751 | 269,470 |
| Incurred during the period | 93,048 | 543,570 |
| R&D tax incentive received | (198,767) | (85,289) |
| Balance at end of period | <u>622,032</u> | <u>727,751</u> |
| Total intangible assets | <u>622,032</u> | <u>727,751</u> |

10. Contributed Equity

(a) Share Capital

| | 30 June 2021 shares | 30 June 2021 \$ | 31 December 2020 shares | 31 December 2020 \$ |
|--|---------------------------|-----------------------|-------------------------------|---------------------------|
| Ordinary shares | | | | |
| Fully paid | 9,344,533,558 | 74,132,092 | 9,169,533,558 | 73,782,092 |
| Movements in ordinary shares Details | shares | \$ | shares | \$ |
| Balance at the beginning of the period | 9,169,533,558 | 73,782,092 | 6,244,533,558 | 67,964,945 |
| Exercise of unlisted options ¹ | 175,000,000 | 350,000 | 175,000,000 | 262,500 |
| Shares issued to purchase investment | - | - | 1,900,000,000 | 4,750,000 |
| Shares issued as part of acquisition consideration | - | - | 100,000,000 | 250,000 |
| Shares issued for cash | - | - | 750,000,000 | 750,000 |
| Less: transaction costs arising on share issues | - | - | - | (195,353) |
| Balance at the end of the period | <u>9,344,533,558</u> | <u>74,132,092</u> | <u>9,169,533,558</u> | <u>73,782,092</u> |

¹ Options exercised by Mr Adam Boyd, Volt CEO & Managing Director.

(b) Weighted average number of shares

| | 30 June 2021 \$ | 30 June 2020 \$ |
|--|-----------------------|-----------------------|
| Weighted average number of ordinary shares used as denominator for calculating basic profit/(loss) per share | 9,209,394,669 | 9,032,240,740 |
| Adjustments for calculation of diluted profit/(loss) per share: | | |
| Options | <u>135,138,889</u> | <u>312,292,818</u> |
| Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share | <u>9,344,533,558</u> | <u>9,344,533,558</u> |

11. Share based payment expense

Incentive Option Scheme

The establishment of an Incentive Option Scheme ('Scheme') was approved by shareholders at the 2021 Annual General Meeting. The objective of the Scheme is to appropriately motivate, retain and reward directors, management and employees for driving long term growth and performance of the Company by allowing them to participate in equity in the Company and ultimately aligning their interest with that of shareholders. Under the Scheme, participants are granted options, which will only vest if certain performance standards are met. Participation in the Scheme is at the board's discretion and no individual has a contractual right to participate in the Scheme or to receive guaranteed benefits.

Options granted under the Scheme carry no dividend of voting rights.

When exercisable, each option is convertible into one ordinary shares in the Company.

Set out below are summaries of options granted under the Scheme:

| Grant date | Expiry date | Exercise price | Balance at start of period | Granted during the period | Exercised during the period | Forfeited during the period | Balance at end of period | Vested and exercisable at end of period |
|-------------------------|-------------|----------------|----------------------------|---------------------------|-----------------------------|-----------------------------|--------------------------|---|
| | | | Number | Number | Number | Number | | Number |
| Simon Higgins | | | | | | | | |
| 7 May 2021 | 7 May 2023 | \$0.00402 | - | 30,000,000 | - | - | 30,000,000 | - |
| 7 May 2021 | 7 May 2024 | \$0.00429 | - | 30,000,000 | - | - | 30,000,000 | - |
| 7 May 2021 ¹ | 7 May 2025 | \$0.00450 | - | 30,000,000 | - | - | 30,000,000 | - |
| Adam Boyd | | | | | | | | |
| 7 May 2021 | 7 May 2023 | \$0.00402 | - | 100,000,000 | - | - | 100,000,000 | - |
| 7 May 2021 | 7 May 2024 | \$0.00429 | - | 100,000,000 | - | - | 100,000,000 | - |
| 7 May 2021 ¹ | 7 May 2025 | \$0.00450 | - | 100,000,000 | - | - | 100,000,000 | - |
| Peter Torre | | | | | | | | |
| 7 May 2021 | 7 May 2023 | \$0.00402 | - | 30,000,000 | - | - | 30,000,000 | - |
| 7 May 2021 | 7 May 2024 | \$0.00429 | - | 30,000,000 | - | - | 30,000,000 | - |
| 7 May 2021 ¹ | 7 May 2025 | \$0.00450 | - | 30,000,000 | - | - | 30,000,000 | - |
| Tim Banner | | | | | | | | |
| 5 Mar 2021 | 5 Sept 2022 | \$0.00378 | - | 60,000,000 | - | - | 60,000,000 | - |
| 5 Mar 2021 | 5 Mar 2024 | \$0.00429 | - | 60,000,000 | - | - | 60,000,000 | - |
| 5 Mar 2021 | 5 Sept 2025 | \$0.00501 | - | 60,000,000 | - | - | 60,000,000 | - |

¹ Options valued based on market conditions.

There has been no alteration of the terms and conditions of the above share-based payment arrangement since grant date.

The fair value of the equity-settled share options granted under the Scheme is estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which the options were granted.

| | Simon Higgins, Adam Boyd and Peter Torre | | | Tim Banner | | |
|---|--|------------|------------|-------------|------------|-------------|
| | 7 May 2023 | 7 May 2024 | 7 May 2025 | 5 Sept 2022 | 5 Mar 2024 | 5 Sept 2025 |
| Expiry date | 7 May 2023 | 7 May 2024 | 7 May 2025 | 5 Sept 2022 | 5 Mar 2024 | 5 Sept 2025 |
| Expected volatility ¹ | 287.6% | 268.9% | 281.0% | 281.1% | 268.9% | 280.5% |
| Risk-free interest rate | 0.12% | 0.13% | 0.58% | 0.12% | 0.13% | 0.76% |
| Expected life of option (days) ² | 730 | 1,096 | 1,461 | 549 | 1,096 | 1,645 |
| Grant date share price (cents) | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| Fair value of each option (cents) | 0.00380 | 0.00391 | 0.00398 | 0.00367 | 0.00392 | 0.00399 |

¹ The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

² The expected life of the options is not based on historical data and is not necessarily indicative of exercise patterns that may occur. The number of days is calculated by the number of days between the grant date and expiry date of the option.

No other features of options granted were incorporated into the measurement of fair value.

The value brought to account as a share-based payment expense in the period ended 30 June 2021 was \$411,013.

12. Contingencies

The Group has no contingent assets or contingent liabilities as at 30 June 2021.

13. Events occurring after the reporting period

As announced on 27 July 2021, the Company's ~70% owned subsidiary, EcoQuip secured a 5-Year Master Hire Agreement with AGC (Hire Agreement). The Hire Agreement provides for the deployment of EcoQuip's innovative Mobile Solar Light Tower solutions at the Chevron operated Gorgon natural gas facility on Barrow Island, Western Australia. The Hire Agreement was secured after 18-months of successful product demonstration trialing on Barrow Island.

The EcoQuip MSLT has satisfied Chevron's stringent environmental, illumination performance and reliability requirements. This milestone is the culmination of 4-years of outstanding innovative product design, engineering and supply chain development by the EcoQuip team.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

Declaration by Directors

In accordance with a resolution of the directors of Volt Power Group Limited, I state that:

In the opinion of the directors:

- (a) The financial statements and notes of Volt Power Group Limited for the half year ended 30 June 2021 are in accordance with the Corporations Act 2001, including:
 - i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the half-year ended on that date; and
 - ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Simon Higgins
Chairman

Perth
30 August 2021

Independent Audit Report