# VOLT POWER GROUP LIMITED

## ABN 62 009 423 189

## ANNUAL REPORT

## For the year ended 31 December 2021

**Contents**

## Corporate Directory

**ABN: 62 009 423 189**

**Directors**
Simon Higgins
*Non-Executive Chairman*

Adam Boyd
*CEO and Managing Director*

Peter Torre
*Non-Executive Director*

**Company Secretary**
Peter Torre

**Principal place of business**
6 Bradford Street
Kewdale WA 6105
ph (08) 9437 4966

**Registered office**
Unit B9, 431 Roberts Road
Subiaco WA 6008

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

**Auditor**
BDO Audit (WA) Pty Ltd
Level 9 Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000

**Solicitors**
Thomson Greer
Level 27, Exchange Tower
2 The Esplanade
Perth WA  6000

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

**Stock Exchange Listings**
Australian Securities Exchange (ASX)
ASX Code: VPR

**Website**
www.voltpower.com.au

**Corporate Governance Statement**
Volt Power Group Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance reasonably expected for a company of the size and nature of Volt Power Group Limited. Volt Power Group Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2021 corporate governance statement is dated as at 28 February 2022 and reflects the corporate governance practices in place throughout the financial year. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at www.voltpower.com.au/about.

**Corporate and Operational Review**
The directors provide you with the following corporate and operational review 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 year ended 31 December 2021.

**1. Summary**
**(a) Operations**

**Corporate & Administration**

The salient Corporate activities during the period included:

- In February 2021, the Company and Wescone vendor(s) agreed terms for the settlement of all outstanding claims in the proceedings in connection with a WA Supreme Court Claim against the vendor of the Company's Wescone business for misleading and deceptive conduct without admission of fault by any party. The terms of the settlement provided for the payment to Volt of $1.3 million in two instalments. The first instalment of $1.0 million was received by Volt on 16 February 2021 and the second and final instalment of $0.3 million was received on 19 August 2021.

- 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 again expresses 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 are ideally suited to the Company's activities providing office and workshop accommodation for all the Volt Group's business activities.

- During 2021, the Company 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 EcoQuip Mobile Solar Light Towers (MSLT) 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) dated 26 July 2021.

- During 2021, the Company also undertook acquisition due diligence activities on a proprietary technology advantaged mining services business to inorganically complement its existing businesses. The Company maintains a disciplined approach to due diligence and a strict acquisition opportunity conduct policy. The Company was unable to reach mutually acceptable terms for a transaction with the vendors to proceed. The Company engaged third party advisers to assist with due diligence, with these due diligence costs totalling ~$120,000.

**ATEN (100% owned) – Waste heat to zero emission power generation**

The ATEN Technology and achievements during the period are as follows:

- The ATEN Technology is a baseload, zero emission waste heat to electricity generation solution that utilizes low grade industrial waste heat vented to atmosphere as its energy source. The ATEN Technology requires no water and operates autonomously without a requirement for operating personnel.

- The zero emission, baseload electricity supply, low CAPEX and OPEX and Australian Carbon Credit Unit (ACCU) eligibility benefits of the ATEN Technology compels customers seeking Carbon Intensity and operating cost reduction to investigate ATEN Technology retro-fit opportunities. The benefit summary also includes:

    - Enhanced energy efficiency: ~10 - 25% additional electricity with no incremental fuel use
    - Lowest cost zero emission generation: ~20 – 50% cheaper than annual generation equivalent Solar/BESS solution
    - Scope 1 emission reduction: ACCU eligible - Carbon intensity reduction outcomes
    - Grid stability: Baseload - capacity / system stability enhancement (solar hybrid grid compatible)
    - 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 use viability

- The ATEN Technology achieves zero emission generation capacity with a lower levelized cost of energy relative to:

    - New diesel fuelled generation capacity;
    - Marginal diesel generation at existing diesel fuelled generation assets;
    - New gas fuelled generation capacity where site delivered gas prices exceed \$4.00 – \$5.00/GJ (subject to heat resource quality);
    - Solar/BESS hybrid generation; and
    - Wind turbine hybrid generation.

- During 2021, 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 infrastructure, industrial and resource sector businesses that operate significant power station and/or industrial processes that vent waste heat to atmosphere.

- These discussions have resulted in the completion and initiation of preliminary studies for 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.

- During 2020, the Company previously reported that an ATEN Preliminary Feasibility Study to install a 14MW ATEN Waste Heat to Power system at an existing WA domiciled power station (WA ATEN Project) was completed after introducing the Waste Heat to Power opportunity to the Tier 1 resource company owner (Owner) of the power station in June 2019.

- This engagement between the Owner and Volt continued during 2021. During April / May 2021, the Owner advised the Company that it had secured approval to complete a further Preliminary Feasibility 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.

- Further incremental WA ATEN Project activities completed in the 12-months to 31 December 2021 at the request of the Owner include:

    - A limited study to clarify the WA ATEN Project compliance with Australian and internal Owner engineering standards;
    - A comprehensive 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; and
    - A comprehensive EPC Contract Price Enquiry request on 30 September 2021 seeking an EPC Contract price and related costs for the installation of two ATEN waste heat to power systems at two existing power stations.

- The Volt EPC Contract Price Enquiry response (prepared with the assistance of our OEM sub-system partners and EPC contractor partner) was submitted on 18 November 2021. The response results confirm the opportunity to install ~35MW of ATEN zero emission, baseload generation capacity to displace natural gas fuelled generation and achieve a carbon intensity reduction of ~140,000 CO2t per annum over a 20-year period. The two ATENs the subject of the Price Enquiry response are expected to be eligible for “Offset Project” accreditation pursuant to the Australian Federal Government Carbon Credit (CFI) Act 2011 and therefore, eligible to generate Australian Carbon Credit Units (ACCUs).

- The Company is now aware that the Volt EPC Contract Price Enquiry Response is the foundation information for an Owner Feasibility Study scheduled for completion in early February 2022 (Owner Study). The Owner Study results are subject to strict confidentiality and information use arrangements to protect confidential details and the Company’s intellectual property and investment to date.

- At the time of writing this Volt Annual Report, we had received preliminary feedback confirming the significant technical and cost benefits of the ATEN Technology Vs alternative zero emission power generation technologies. The Company’s analysis confirms that the Levelised Cost of Electricity (LCOE*) of the Volt EPC Contract Price Enquiry is approximately 50% lower than an annual generation equivalent Solar / BESS system deployed in the same location.

- The Company secured a certified Australian Innovation Patent (AIP # 2020101347) in December 2020 from IP Australia. Securing the ATEN Technology Australian Innovation Patent and completion of the Volt EPC Contract Price Enquiry response was only possible due to the Company’s 4-year strategic investment in the development of the proprietary ATEN Technology.

**HYTEN (100% owned) – Waste heat to zero emission hydrogen production**

- During 2021, the Company advanced the flowsheet development of a combined ATEN Waste Heat to Power system and proven, high efficiency alkaline electrolyser solution to produce zero emission hydrogen fuel. This new combined ATEN / alkaline electrolyser system is called HYTEN. A HYTEN patent application has been submitted and related initial patent search due diligence has been completed without highlighting any conflict concerns.

- The initial HYTEN preliminary feasibility study activities are highly encouraging. To date, the results have confirmed that HYTEN has numerous cost and technical competitive advantages relative to an equivalent annual electricity supply equivalent solar/wind to electrolyser hydrogen system. These benefits include:

  - 50% lower zero emission electricity supply LCOE* Vs Solar / BESS;
  - 300% enhanced electrolyser utilisation due to ATEN baseload electricity supply Vs solar intermittency electricity supply (~30% solar utilisation);
  - ~50%+ lower electrolyser CAPEX due to 66% smaller electrolyser required for baseload electricity supply Vs solar powered electrolyser (~30% solar utilisation); and
  - HYTEN alkaline electrolyser efficiency ~8% higher than intermittent electricity supply compatible PEM electrolyser.

- The completion of the Volt EPC Contract Price Enquiry response (refer above) delayed the completion of the HYTEN preliminary study (including peer review). This process recommenced in January 2022 and the Company will update shareholders on the technical benefits and cost performance of the HYTEN Technology once the final study is Volt Board approved.

- The Company also filed a new Patent Application for HYTEN during 2021 to compliment the Company’s existing ATEN Australian Innovation Patent.

**Wescone (100% owned) – proprietary, global benchmark sample crusher supply and service**

The Wescone business and achievements during the period comprised:

- Wescone is the original equipment manufacturer 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.

- During 2021, the Wescone business achieved record revenues and EBITDA performance. Total revenue for calendar 2021 was ~ $2.5 million. Wescone delivered multiple new W300 Series 4 & 3 sample crushers to BHP, Rio Tinto, FMG and Roy Hill iron ore operations located in Western Australia. A new crusher was also sold to Glencore's Mount Isa Mines operations located in Queensland.

- The Wescone business 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. SPA completed a tender submission in Africa to supply Wescone crushers to Anglo American subsidiary, Kumba Iron Ore (Pty) Ltd (Kumba). Kumba advised SPA that its tender proposal was successful during 2021. SPA has advised it expects to receive the relevant purchase order during March / April 2022.

- Wescone received a positive International Preliminary Report on Patentability II for the Wescone W300 Series 4 crusher under the Patent Cooperation Treaty which provides a positive assessment of novelty and inventive step during the period. We have now completed the relevant national application and examination step in Australia, Canada, USA and Eurasia.

**EcoQuip Australia Pty Ltd (EcoQuip) (70% owned) – Mobile Solar Light & Communications Towers**

The EcoQuip business and salient achievements during the period comprised:

- 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) and LED luminaire technology 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 trialling 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 received the first Hire Agreement purchase order for 25x MSLTs for deployment in late August. These MSLTs were 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 and was fully deployed in November 2021.

- We are continuing to work with Chevron to identify new MSLT deployment opportunities across its extensive Australian and global asset base. We anticipate significant additional purchase orders pursuant to the Hire Agreement during 2022.

- The Chevron Fleet deployment has increased EcoQuip's annualised revenue run-rate to ~$1 million.

- EcoQuip has advanced the manufacture of 10x new MSLT units with all components now ordered. EcoQuip expects to complete assembly of these 10x MSLTs in March 2022.

- During 2021, EcoQuip has delivered 3x 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 in 2020, increasing the fleet to 7 units. The initial 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 and BHP Iron Ore agreed specific design refinements to its MSLT to ensure the EcoQuip MSLT and MSCT solutions satisfied BHP Iron Ore standards requirements during the period. The purpose of the design modifications is to facilitate completion of a second BHP Iron Ore trial of the EcoQuip MSLT during Q1 2022. A Demonstration Trial Agreement is under negotiation, however remains incomplete and subject to BHP final approval.

- In December 2021, EcoQuip (together with its technology partners) completed a proof of concept prototype (POC) autonomous communication sentinel solution (ACS). The ACS is a live situational awareness security and communications solution with live satellite uplink capability and is capable of long-term, unmanned remote deployment and low-cost connectivity in remote locations with or without 4G, Wi-Fi and fixed capable internet connectivity. The ACS incorporates a high-resolution camera, Ai recognition software capability and provides live streaming security information and remote area resource sector communications.

- EcoQuip maintains consistent promotional and business development activities directed at specific target markets. The Company is continuing to 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.

**(b) Financial performance and financial position**

The financial results of the Group for the year ended 31 December 2021 are summarised as follows:

| | **2021** | 2020 | Change |
|---|---|---|---|
| | **$** | $ | % |
| **Revenue from ordinary activities** | **3,062,939** | 1,882,665 | 63% |
| **Profit/(loss) for the period attributable to members** | **663,567** | (493,313) | 235% |
| **Profit/(loss) per share** | **0.0072** | (0.0054) | 234% |
| **Cash and cash equivalents** | **1,882,994** | 666,492 | 183% |
| **Net tangible assets per share** | **0.0004** | 0.0002 | 100% |

As noted above, in August 2020, Wescone secured a 5-year purchase service exchange & repair contract with BHP (BHP Goods Contract). The BHP Goods Contract provides for the replacement of ~20 existing installed crushers with the new Wescone W300 Series 4 crusher and the exclusive provision of ongoing repair / service exchange related service for 5-years.

The estimated new average annual sales revenue generated by the BHP Goods Contract over its 5-year term is forecast at ~$1.4 million, which was the primary reason for the increase in revenue from the prior period.

The Group made a profit for the year of $663,567 (2020: loss of $493,313), experienced net cash inflows from operating activities of $1,170,267 (2020: $362,076) and has a net asset balance of $4,345,615 (2020: $2,180,485).

**Directors' Report**
**For the year ended 31 December 2021**

The directors present their report together with the financial report 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 year ended 31 December 2021 and the auditor's report thereon.

## 1. Directors

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

- Mr Simon Higgins — Non-Executive Chairman
- Mr Adam Boyd — Chief Executive Officer and Managing Director
- Mr Peter Torre — Non-Executive Director

## 2. Directors and officers

**Simon Higgins – Non-Executive Chairman**

With an electrical trade background, Simon has close to 30 years' experience in the delivery of large-scale complex projects in renewables, mining, oil & gas, and community infrastructure. Simon was formerly the Chief Executive Officer and Managing Director of the ECM group of companies, a leading construction and maintenance company based in Western Australia which is now part of ASX-listed GenusPlus Group Ltd.

Mr Higgins is a past chairman of the National Electrical and Communications Association (NECA) WA, Electrical Group Training and the College of Electrical Training.

**Other current and former directorships in last 3 years**

Non-Executive Chairman of Mayfield Group Holdings Limited (ASX: MYG)

**Special responsibilities**

Chairman of the board

**Interests in shares and options**

801,000,000 ordinary shares in Volt Power Group Limited
90,000,000 options in Volt Power Group Limited

**Adam Boyd – Chief Executive Officer and Managing Director**

Mr Boyd served as Chief Executive Officer and Managing Director of Pacific Energy Limited (ASX: PEA) from June 2006 to March 2015. During his tenure at Pacific Energy Limited, Mr Boyd led the company to becoming the pre-eminent remote mine site contract power business in Australia, with a 250 MW generation footprint across Australia. During this period Pacific Energy's enterprise value increased from $9 million to approximate $250 million.

Prior to joining Pacific Energy Limited, Mr Boyd was a senior executive with Global Renewables Group when it was jointly owned by GRD Limited and Hastings Fund Management Limited. During that tenure Mr Boyd was principally involved in the successful commercialisation of the Global Renewables alternative waste treatment and renewable energy process technology in Australia and the United Kingdom.

Mr Boyd is an infrastructure and energy specialist with considerable experience in areas of resource sector power generation, energy and waste infrastructure project development, business development and business acquisitions, technology commercialisation, public company management and equity and credit finance.

**Other current and former directorships in last 3 years**

None

**Special responsibilities**

None

**Interests in shares and options**

1,773,000,000 ordinary shares in Volt Power Group Limited
300,000,000 options in Volt Power Group Limited

**Peter Torre - Non-Executive Director and Company Secretary**
Mr Peter Torre is a Chartered Accountant, a Chartered Secretary and a member of the Australian Institute of Company Directors.

Mr Torre is the principal of Torre Corporate, an advisory firm which provides corporate secretarial services to a range of ASX listed companies. He was previously a partner of an internationally affiliated firm of chartered accountants working within its corporate services division.

Mr Torre is also the Company Secretary of the Company.

**Other current and former directorships in last 3 years**
Director of VEEM Ltd (ASX: VEE). Previously a director of Zenith Energy Limited (ceased in September 2020), Mineral Commodities Ltd (ASX: MRC) (ceased on 15 October 2021) and Connexion Telematics Ltd (ASX: CXZ) (ceased on 17 November 2021).

**Special responsibilities**
None

**Interests in shares and options**
55,000,000 ordinary shares in Volt Power Group Limited
90,000,000 options in Volt Power Group Limited

## 3. Directors' meetings

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

| Name | Meetings held | Meetings attended |
|---|---|---|
| Simon Higgins | 4 | 4 |
| Peter Torre | 4 | 4 |
| Adam Boyd | 4 | 4 |

The size of the Board assists in facilitating the frequent informal meetings of the directors to control, implement and monitor the Company's activities throughout the year. Furthermore, the Company's CEO is in frequent discussions with the directors relevant to the key business decision of the Company's operations. Matters of Board business have been resolved by a number of circular resolutions which are a record of decisions made at such informal meetings held throughout the year.

## 4. Principal activities

The principal activities of the Group during the financial year were:

**ATEN (100% owned)**

- Further development of the ATEN 'Waste Heat to Power" technology flowsheet design specifically for open cycle turbine generation asset retrofit to maximise baseload, zero emission electricity generation performance and reduce capital installation and operating costs.
- Extensive business development activities including site specific scoping studies aimed at securing commercial arrangements to install the Company's first ATEN 'Waste Heat to Power' facility in Australia.
- Advanced engagement with a significant Tier 1 resource sector business on various incremental engineering studies and EPC price submissions for the installation of up to two ATEN Waste Heat to Power systems with 35MW combined electrical generation capacity at two existing Australian domiciled power stations.

**HYTEN (100% owned)**

- The Company advanced flowsheet development of combining the ATEN Waste Heat to Power Technology with a proven, high efficiency alkaline electrolyser solution for the production of zero emission hydrogen fuel. The combined ATEN / electrolyser system is called, HYTEN. A HYTEN patent application has been submitted and the related initial patent search due diligence completed without conflict identification.

**EcoQuip (70% owned)**

- The continued design development of a new innovative EcoQuip Mobile Solar Light & Communications Tower solution incorporating robust design features including high quality solar / lithium battery power management system, autonomous telemetry, control system and GPS capability (MSLT Gen4).
- Deployment of the existing EcoQuip Mobile Solar Light Tower (MSLT) fleet to achieve maximum possible hire utilisation for the period.
- Completion of 20 new MSLT Gen4 units component manufactured in the USA and assembled in Australia.
- Commencement of manufacture of a further 10x EcoQuip MSLT Gen4 units for demonstration and deployment in Australia.
- Demonstration deployment of the EcoQuip MSLT & MSCT Gen4 to major potential users in the resources and construction sectors.
- Negotiation of commercial terms for the long-term deployment of EcoQuip MSLT & MSCT equipment in the Australian market.

**Wescone (100% owned)**

- The operation of the Wescone business – the owner of the Wescone W300 sample crusher predominantly deployed throughout the global iron ore and assay laboratory industry.
- Completion of manufacture of ~30 new Wescone W300 Series 4 & Series 3 sample crushers.
- Negotiation of commercial terms for the deployment of the Wescone W300 Series 4 crushers.

## 5. Dividends

There were no dividends paid or declared by the Company to members since the end of the previous financial year.

## 6. Operational and financial review

Information on the operations and financial position of the group and its business strategies and prospects is set out in the corporate and operational review on pages 4 – 8 of this annual report.

## 7. Use of cash and assets readily convertible to cash

The Group has used its cash and assets readily convertible to cash during the period in a way that was consistent with its business objectives.

## 8. Significant changes in the state of affairs

There are no significant changes in the state of affairs of the Group during the financial year.

## 9. Events since the end of the financial year

There are no other events that occurred subsequent to the reporting period ending, that would have a material impact on the financial statements as at 31 December 2021.

## 10. Likely developments and expected results of operations

The following events are likely to occur over the coming year:

- Further progress towards the installation of the first ATEN waste heat to power technology at a power station.
- Expansion of the EcoQuip MSLT Gen4 fleet in both light and communications tower variants and deployment of an expanded fleet in resource sector and construction markets in Australia and USA.
- Continued repair and sale deployment of the proprietary Wescone W300 crusher in Australia and internationally.

## 11. Environmental regulation

The Group is subject to environmental regulation in respect of any continuing operations. There have been no significant known breaches of any environmental regulations to which the Group is subject.

## 12. Remuneration report (audited)

This Remuneration Report sets out information about the remuneration of the key management personnel (KMP) of the Company and its controlled entities for the year ended 31 December 2021. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 2001.

The Report details the remuneration arrangements for the Group's key management personnel:

- Non-executive directors (NED's); and
- Executive directors and senior executives (collectively the Executives).

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and the Group.

The report is structured as follows:

(a) Key Management Personnel (KMP) covered in this report
(b) Remuneration policy, link to performance and elements of remuneration
(c) Link between remuneration and performance
(d) Contractual arrangements for executive KMP
(e) Remuneration expenses for executive KMP
(f) Non-executive director arrangements
(g) Share-based compensation
(h) Other statutory information

### (a) Key Management Personnel (KMP) covered in this report

The table below outlines the KMP of the Group covered in this report.:

| Name | Position | Term as KMP |
|---|---|---|
| **Non-executive directors** | | |
| Mr Simon Higgins | Non-Executive Chairman | Appointed 28 April 2017 |
| Mr Peter Torre | Non-Executive Director | Appointed 28 April 2017 |
| **Executives** | | |
| Mr Adam Boyd | CEO and Managing Director | Appointed 28 April 2017 |

***Changes since the end of the reporting period***

There have been no changes to the non-executive directors and other key management personnel covered in this report since the end of the reporting period.

### (b) Remuneration policy, link to performance and elements of remuneration

The Company's remuneration committee is comprised of the Chairman and a non-executive director. The committee reviews and determines our remuneration policy and structure annually to ensure it remains aligned to business needs and meets the remuneration principles. In particular, the board aims to ensure that remuneration practices are:

(i) competitive and reasonable, enabling the company to attract and retain key talent,
(ii) aligned to the company's strategic and business objectives and the creation of shareholder value,
(iii) transparent and easily understood, and
(iv) acceptable to shareholders.

During the reporting period, no payments were made to a person before the person took office as part of the consideration for the person agreeing to hold office.

***Non-executive directors***

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including compensation, relevant to the office of director.

***Executive management***

Executive management have authority and responsibility for planning, directing and controlling the activities of the company. Compensation levels for executive management of the Company are set competitively to attract and retain appropriately qualified and experienced senior executives.

The compensation structures for executives are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of the creation of value for shareholders. The compensation structure takes into account the executives' capability and experience, level of responsibility and ability to contribute to the Company's performance, including the establishment of revenue streams and growth in shareholder returns.

Fixed compensation consists of a base salary or fee (calculated on a total cost basis, including any fringe benefits tax related to employee benefits) as well as employer contributions to superannuation funds. The board through a process that considers individual and company achievement reviews compensation levels annually.

**(c) Link between remuneration and performance**

The Group has in place an Incentive Option Scheme (long-term incentive (LTI) scheme), the purpose of which is to:

(i) encourage participation by Eligible Participants in the Company through Share ownership; and
(ii) attract, motivate and retain Eligible Participants.

At present the Group does not have any short-term incentive (STI) scheme, but the remuneration committee will consider this in due course.

Options were issued to the Managing Director and Non-Executive Directors during the year as part of their remuneration package, which represent performance linked remuneration.

Key performance indicators of the group over the last five years:

| | Y/E 2021 | Y/E 2020 | Y/E 2019 | Y/E 2018 | Y/E 2017 |
|---|---|---|---|---|---|
| **NPAT $m** | 0.589 | (0.588) | (1.889) | (4.773) | 2.626 |
| **Share price $** | 0.003 | 0.003 | 0.001 | 0.002 | 0.004 |
| **Dividend paid** | - | - | - | - | - |
| **EPS $** | 0.007 | (0.005) | (0.023) | (0.056) | 0.068 |

**(d) Contractual arrangements for executive KMP**

**Managing Director**

In 2017, the Group appointed Mr Adam Boyd as Managing Director and Chief Executive Officer. Mr Boyd is contracted to the Company through his private company, and the contract does not have a fixed timeframe.

The termination provisions in the contract are as follows:

| | Resignation | Termination for cause | Termination by redundancy or notice without cause |
|---|---|---|---|
| MD notice period (by Company or executive) | 1 month | None | 3 months[1] |

[1] The notice period is increased by one month for each completed year of service.

Mr Boyd's remuneration package consists of a fee of $360,000 per annum plus unlisted options as otherwise disclosed in this report.

**(e) Remuneration expenses for executive KMP**

The following table shows the details of the remuneration expense recognised for the group's executive key management personnel for the current and previous financial year measured in accordance with the accounting standards.

| Name | Year | Salary & fees | Post employ-ment benefits | Non-mone-tary benefits | Termin-ation benefits | Rights to deferred shares | Options | Total | Perform-ance related |
|---|---|---|---|---|---|---|---|---|---|
| Adam Boyd | **2021** | **360,000** | **-** | **-** | **-** | **-** | **529,586** | **889,586** | **60%** |
| | 2020 | 360,000 | - | - | - | - | - | 360,000 | - |
| Total executive | **2021** | **360,000** | **-** | **-** | **-** | **-** | **529,586** | **889,586** | **60%** |
| KMP | **2020** | **360,000** | **-** | **-** | **-** | **-** | **-** | **360,000** | **-** |

The value of the options granted to key management personnel as part of their remuneration is calculated as at the grant date using a trinomial option pricing model. The amounts disclosed for the financial year have been determined by allocating the grant date value on a straight-line basis over the period from grant date to vesting date.

**(f) Non-executive director arrangements**

Non-executive directors are paid base fees only, which are fixed by the Board.

There is no additional fee for serving on board committees. They do not receive performance-based pay or retirement allowances. Fees are reviewed annually by the board with the level of Directors' remuneration being set having regard to independent survey data and publicly available information about fees paid to non-executive directors in a range of comparable companies.

The Directors are entitled to be reimbursed for all travel and related expenses properly incurred in connection with the business of the Company. The Company makes contributions at the statutory minimum rate to superannuation funds nominated by directors, included in the base fee.

The total amount of remuneration, including superannuation, for all non-executive directors must not exceed the limit approved by shareholders. The aggregate cash remuneration of all non-executive directors was set at $400,000 per annum at a general meeting held on 1 December 2009. During the period Mr Simon Higgins and Mr Peter Torre held the position of Non-Executive Directors. The terms of their appointment are as follows:

- Mr Higgins – For his services as a Non-Executive Director and Chairman of the Company, the Company will pay him an all-inclusive annual fee as is determined by the Board and approved by shareholders from time to time during his appointment. The monthly fee payable is payable in arrears and will be initially set at $4,166.67 excluding GST. This equates to an annual fee of $50,000 excluding GST, commencing 1 May 2017.
- Mr Torre – For his services as a Non-Executive Director and Company Secretary of the Company, the Company will pay him an all-inclusive annual fee as is determined by the Board and approved by shareholders from time to time during his appointment. The monthly fee payable is payable in arrears and will be initially set at $3,330 excluding GST. This equates to an annual fee of $39,960 excluding GST, commencing 1 May 2017.

Details of the nature and amount of each major element of remuneration are set out below:

| | Year | Short-term benefits | Post employment | Options | Total |
|---|---|---|---|---|---|
| Simon Higgins | **2021** | **50,000** | **-** | **158,876** | **208,876** |
| | 2020 | 50,000 | - | - | 50,000 |
| Peter Torre | **2021** | **39,960** | **-** | **158,876** | **198,836** |
| | 2020 | 39,960 | - | - | 39,960 |
| **Total non-executive directors** | **2021** | **89,960** | **-** | **317,752** | **407,712** |
| | **2020** | **89,960** | **-** | **-** | **89,960** |

**(g) Share-based compensation**

Details on options over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on options that vested during the reporting period are as follows:

| Options | Tranche | Number of options granted during 2021 | Grant Date | Fair value per option at grant date $ | Exercise price per option $ | Expiry date | Number of options vested during 2021 |
|---|---|---|---|---|---|---|---|
| **Non-executive directors** | | | | | | | |
| Simon Higgins | 1 | 30,000,000 | 11 May 2021 | $0.00380 | $0.00402 | 11 May 2023 | 30,000,000 |
| | 2 | 30,000,000 | 11 May 2021 | $0.00391 | $0.00429 | 11 May 2024 | - |
| | 3 | 30,000,000 | 11 May 2021 | $0.00398 | $0.00450 | 11 May 2025 | - |
| Peter Torre | 1 | 30,000,000 | 11 May 2021 | $0.00380 | $0.00402 | 11 May 2023 | 30,000,000 |
| | 2 | 30,000,000 | 11 May 2021 | $0.00391 | $0.00429 | 11 May 2024 | - |
| | 3 | 30,000,000 | 11 May 2021 | $0.00398 | $0.00450 | 11 May 2025 | - |
| **Executive KMP** | | | | | | | |
| Adam Boyd | 1 | 100,000,000 | 11 May 2021 | $0.00380 | $0.00402 | 11 May 2023 | 100,000,000 |
| | 2 | 100,000,000 | 11 May 2021 | $0.00391 | $0.00429 | 11 May 2024 | - |
| | 3 | 100,000,000 | 11 May 2021 | $0.00398 | $0.00450 | 11 May 2025 | - |

The value of the options granted to key management personnel as part of their remuneration is calculated as at the grant date using a trinomial option pricing model taking into account the terms and conditions upon which the options were granted.

| | Tranche 1 | Tranche 2 | Tranche 3 |
|---|---|---|---|
| Expiry date | 11 May 2023 | 11 May 2024 | 11 May 2025 |
| Expected volatility [1] | 287.6% | 268.9% | 281.0% |
| Risk-free interest rate | 0.12% | 0.13% | 0.58% |
| Expected life of option (days) [2] | 730 | 1,096 | 1,461 |
| Grant date share price (cents) | 0.4 | 0.4 | 0.4 |
| Fair value of each option (cents) | 0.00380 | 0.00391 | 0.00398 |

[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.

A summary of the vesting conditions for each Tranche of options is provided below:

| Tranche | Vesting condition |
|---|---|
| Tranche 1 | 6 months employment; |
| Tranche 2 | 12 months employment and First ATEN Construction Start |
| Tranche 3 | 12 months employment and there being a 180-day VWAP of Volt Power Group Ltd shares of at least 0.60 cents per share |

All options expire on the earlier of their expiry date or 60 days following the termination of the individual's employment.

The board does not have a policy that restricts the holders of securities issued as share based payments as part of their remuneration from entering into other arrangements that limit their exposure to losses that would result from share price decreases.

Other than noted above no terms of equity-settled share-based payment transactions (including options granted as compensation to a key management person or director) have been altered or modified by the Company during the reporting period.

On 20 May 2021, Mr Boyd exercised 175,000,000 options that were previously granted as compensation, at an exercise price of $0.002 per option.

There are no amounts unpaid on the shares issued as a result of the exercise of the options in the 2021 financial year.

**(h) Other statutory information**

The following tables show the relative proportions of remuneration that are linked to performance and those that are fixed based on the amounts disclosed as statutory remuneration expense in (e) and (f) above.

**(i) Proportions of remuneration linked to performance**

| | | Fixed | At risk STI | At risk LTI |
|---|---|---|---|---|
| **Non-executive directors** | | | | |
| Simon Higgins | **2021** | **24%** | **-** | **76%** |
| | 2020 | 100% | - | - |
| Peter Torre | **2021** | **20%** | **-** | **80%** |
| | 2020 | 100% | - | - |
| **Executive KMP** | | | | |
| Adam Boyd | **2021** | **40%** | **-** | **60%** |
| | 2020 | 93% | - | - |

### (ii) Reconciliation of ordinary shares and options held by KMP

**Shareholdings**

The number of shares in the Company held during the financial year by each director and other key management personnel of the Group, including their personally related parties, are set out below.

| Name | Balance at start of the year | Granted as compensation | Acquired for cash | Options exercised | Other changes | Balance at the end of the year |
|---|---|---|---|---|---|---|
| **Non-executive directors** | | | | | | |
| Simon Higgins | 801,000,000 | - | - | - | - | 801,000,000 |
| Peter Torre | 55,000,000 | - | - | - | - | 55,000,000 |
| **Executive KMP** | | | | | | |
| Adam Boyd | 1,598,000,000 | - | - | 175,000,000 | - | 1,773,000,000 |

**Options**

The number of options over ordinary shares in the Company held during the financial year by each director of the Company and other key management personnel of the Group, including their personally related parties, are set out below:

| | Balance at start of year | | | Vested | | | Forfeited | | | Balance at end of year | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Name** | **Vested and exercisable** | **Unvested** | **Granted as compensation** | **Number** | **%** | **Exercised** | **Number** | **%** | **Other changes** | **Vested and exercisable** | **Unvested** |
| S Higgins | - | - | 90,000,000 | 30,000,000 | 33% | - | - | 0% | - | 30,000,000 | 60,000,000 |
| P Torre | - | - | 90,000,000 | 30,000,000 | 33% | - | - | 0% | - | 30,000,000 | 60,000,000 |
| A Boyd | 175,000,000 | - | 300,000,000 | 100,000,000 | 58% | (175,000,000) | - | 0% | - | 100,000,000 | 200,000,000 |

### (iii) Loans to key management personnel

During the year, there were no loans made to directors of the Company or any other key management personnel of the Group, including any related parties.

### (iv) Other transactions with key management personnel

There were no other transactions with key management personnel during the year.

### (v) Reliance on external remuneration consultants

The Board have not sought any recommendations from external remuneration consultants. Remuneration levels for Directors and KMP are reviewed annually by the Board with the level of Non-Executive Directors' remuneration being set having regard to independent survey data and publicly available information about fees paid to non-executive directors in a range of comparable companies.

### (vi) Voting of shareholders at last year's annual general meeting

Volt Power Group Limited received more than 97% of "yes" votes on its remuneration report for the 2020 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

The information in this section has been audited, together with the rest of the Remuneration Report.

**This is the end of the Remuneration Report**

## 13. Shares under option

### (a) Unissued ordinary shares

Unissued ordinary shares of Volt Power Group Limited under option at the date of this report are as follows:

| Date options granted | Expiry date | Exercise price | Number under option |
|---|---|---|---|
| 4 March 2021 | 3 September 2022 | $0.00378 | 60,000,000 |
| 11 May 2021 | 11 May 2023 | $0.00402 | 160,000,000 |
| 11 May 2021 | 11 May 2024 | $0.00429 | 160,000,000 |
| 11 May 2021 | 11 May 2025 | $0.00450 | 160,000,000 |

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Included in these options were options granted as remuneration to the directors and the five most highly remunerated officers during the year. Details of options granted to key management personnel are disclosed in the remuneration report above. In addition, the following options were granted to officers who are among the five highest remunerated officers of the Company and the Group, but are not key management persons and hence not disclosed in the remuneration report:

| Name of Officer | Date granted | Exercise price | Number of options granted |
|---|---|---|---|
| Tim Banner – Lead Process Engineer | 4 March 2021 | $0.00378 | 60,000,000 |
| Tim Banner – Lead Process Engineer[1] | 4 March 2021 | $0.00429 | 60,000,000 |
| Tim Banner – Lead Process Engineer[1] | 4 March 2021 | $0.00501 | 60,000,000 |

[1] These options expired unvested on 8 January 2022 as the service conditions were not met.

No options were granted to the directors or any of the five highest remunerated officers of the Company since the end of the financial year.

### (b) Shares issued on the exercise of options

175,000,000 shares were issued during the year ended 31 December 2021 on the exercise of options.

## 14. Insurance of officers

During the financial year, the Company paid a premium to insure the directors and secretaries of the Company and its Australian-based controlled entities. The Group has not disclosed the premium paid for the insurance policy as there is a confidentiality condition contained in the contract.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

**15. Proceedings on behalf of the Company**

No person has applied to the court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

**16. Non-audit services**

The Company may decide to employ the auditor (BDO) on assignments additional to their statutory audit duties where the auditor's experience and expertise with the Company and/or the Group are important.

During the year ended 31 December 2021 and 2020, the Company did not pay the auditor for any non-audit services.

The Board of Directors is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

**17. Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 19.

This report is made in accordance with a resolution of directors.

Simon Higgins
Chairman
Perth
Dated: 28 February 2022

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF VOLT POWER GROUP LIMITED

As lead auditor of Volt Power Group Limited for the year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Volt Power Group Limited and the entities it controlled during the period.

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 28 February 2022

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**
For the year ended 31 December 2021

| | Note | **2021** **$** | 2020 $ |
|---|---|---|---|
| Revenue from trading activities | 7 | **3,062,939** | 1,882,665 |
| Cost of sales | | **(536,265)** | (304,298) |
| **Gross profit** | | **2,526,674** | 1,578,367 |
| Other income | 8 | **1,698,783** | 519,733 |
| Consultants and advisors | 9 | **(538,241)** | (1,044,930) |
| Employment benefits expense | 10 | **(1,208,025)** | (1,083,873) |
| Share based payments expense | 33 | **(1,175,719)** | - |
| General and administration expenses | 11 | **(798,811)** | (413,599) |
| **Operating profit / (loss)** | | **504,661** | (444,302) |
| Finance income | 12 | **200** | 455 |
| Finance expenses | 12 | **(35,193)** | (20,042) |
| **Finance costs - net** | | **(34,993)** | (19,587) |
| **Profit / (loss) before income tax expense** | | **469,668** | (463,889) |
| Income tax benefit / (expense) | 13 | **119,743** | (124,203) |
| **Profit / (loss) from continuing operations** | | **589,411** | (588,092) |
| Other comprehensive income/(loss) for the year, net of tax | | **-** | - |
| **Total comprehensive profit / (loss) for the year** | | **589,411** | (588,092) |
| Profit / (loss) for the year is attributable to: | | | |
| Minority interests | | **(74,156)** | (94,779) |
| Owners of Volt Power Group Limited | | **663,567** | (493,313) |
| | | **589,411** | (588,092) |
| Total comprehensive profit / (loss) for the year is attributable to: | | | |
| Minority interests | | **(74,156)** | (94,779) |
| Owners of Volt Power Group Limited | | **663,567** | (493,313) |
| | | **589,411** | (588,092) |
| | | **cents** | cents |
| *Profit / (loss) per share:* | | | |
| Basic profit / (loss) for the period attributable to ordinary equity holders of the parent | 25(a) | **0.0072** | (0.0054) |
| Diluted profit / (loss) for the period attributable to ordinary equity holders of the parent | 25(b) | **0.0071** | (0.0053) |
| *Profit / (loss) per share from continuing operations:* | | | |
| Basic profit / (loss) from continuing operations attributable to ordinary equity holders of the parent | 25(a) | **0.0072** | (0.0054) |
| Diluted profit / (loss) from continuing operations attributable to ordinary equity holders of the parent | 25(b) | **0.0071** | (0.0053) |

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**Consolidated Statement of Financial Position**
As at 31 December 2021

| | Note | 2021 $ | 2020 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 14 | **1,882,994** | 666,492 |
| Trade and other receivables | 15 | **495,687** | 147,183 |
| Inventory | 16 | **292,769** | 307,520 |
| Other current assets | 17 | **98,001** | 65,403 |
| **Total current assets** | | **2,769,451** | 1,186,598 |
| **Non-current assets** | | | |
| Property, plant and equipment | 18 | **2,199,980** | 1,649,290 |
| Intangible assets | 19 | **395,694** | 727,751 |
| Right of use asset | 26 | **306,857** | - |
| Other non-current assets | 17 | **115,715** | - |
| **Total non-current assets** | | **3,018,246** | 2,377,041 |
| **Total assets** | | **5,787,697** | 3,563,639 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 20 | **846,163** | 1,100,284 |
| Employee benefits liability | 21 | **47,418** | 43,183 |
| Lease liabilities and borrowings | 22 | **152,629** | 111,921 |
| **Provisions** | 27 | **165,000** | - |
| **Total current liabilities** | | **1,211,210** | 1,255,388 |
| **Non-current liabilities** | | | |
| Lease liabilities and borrowings | 23 | **230,872** | 33,697 |
| Deferred tax liabilities | 13 | **-** | 94,069 |
| **Total non-current liabilities** | | **230,872** | 127,766 |
| **Total liabilities** | | **1,442,082** | 1,383,154 |
| **Net assets** | | **4,345,615** | 2,180,485 |
| **Shareholders' Equity** | | | |
| Share capital | 24(a) | **74,132,092** | 73,782,092 |
| Reserves | 24(c) | **7,004,480** | 5,873,546 |
| Retained losses | | **(77,437,094)** | (78,100,661) |
| **Total attributable to owners of parent** | | **3,699,478** | 1,554,977 |
| Non-controlling interest | 31 | **646,137** | 625,508 |
| **Total Shareholders' Equity** | | **4,345,615** | 2,180,485 |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

## Consolidated Statement of Changes in Equity

As at 31 December 2021

| | | Attributable to owners of Volt Power Group Limited | | | | | |
|---|---|---|---|---|---|---|---|
| | **Note** | **Share capital** $ | **Reserves** $ | **Retained 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 loss for the year* | | | | | | | |
| Loss for the year | | - | - | (493,313) | (493,313) | (94,779) | (588,092) |
| | | - | - | (493,313) | (493,313) | (94,779) | (588,092) |
| *Transactions with owners in their capacity as owners* | | | | | | | |
| Transactions with non-controlling interests | | - | (186,819) | - | (186,819) | 274,319 | 87,500 |
| Issue of shares on exercise of options | 24(a) | 262,500 | - | - | 262,500 | - | 262,500 |
| | | 262,500 | (186,819) | - | 75,681 | 274,319 | 350,000 |
| At 31 December 2020 | | 73,782,092 | 5,873,546 | (78,100,661) | 1,554,977 | 625,508 | 2,180,485 |
| **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 year* | | | | | | | |
| Profit / (loss) for the year | | **-** | **-** | **663,567** | **663,567** | **(74,156)** | **589,411** |
| | | **-** | **-** | **663,567** | **663,567** | **(74,156)** | **589,411** |
| *Transactions with owners in their capacity as owners* | | | | | | | |
| Transactions with non-controlling interests | 31 | **-** | **(44,785)** | **-** | **(44,785)** | **94,785** | **50,000** |
| Issue of shares on exercise of options | 24(a) | **350,000** | **-** | **-** | **350,000** | **-** | **350,000** |
| Share-based payments | | **-** | **1,175,719** | **-** | **1,175,719** | **-** | **1,175,719** |
| | | **350,000** | **1,130,934** | **-** | **1,480,934** | **94,785** | **1,575,719** |
| **At 31 December 2021** | | **74,132,092** | **7,004,480** | **(77,437,094)** | **3,699,478** | **646,137** | **4,345,615** |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Consolidated Statement of Cash Flows

For the year ended 31 December 2021

| | Note | 2021<br>$ | 2020<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers (inclusive of goods and services tax) | | **3,211,262** | 2,064,069 |
| Payments to suppliers and employees (inclusive of goods and services tax) | | **(2,810,557)** | (2,259,064) |
| Interest received | | **202** | 455 |
| Interest paid | | **(12,576)** | (18,272) |
| R&D tax refund | | **756,262** | 605,022 |
| Income tax refund (payment) | | **25,674** | (30,134) |
| **Net cash inflows/(outflows) from operating activities** | 14(a) | **1,170,267** | 362,076 |
| | | | |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | | **(755,913)** | (487,941) |
| Payments for intellectual property | | **(342,009)** | (395,217) |
| Payments for refundable deposits | | **(115,715)** | - |
| Proceeds from the sale of property, plant and equipment | | **35,000** | - |
| Other income – wescone claim settlement | | **1,303,073** | - |
| **Net cash inflows/(outflows) from investing activities** | | **124,436** | (883,158) |
| | | | |
| **Cash flows from financing activities** | | | |
| Repayment of borrowings | | **(78,201)** | (100,131) |
| Transactions with non-controlling interests | | **-** | - |
| **Net cash inflows/(outflows from financing activities** | | **(78,201)** | (100,131) |
| | | | |
| Net increase/(decrease) in cash and cash equivalents | | **1,216,502** | (621,213) |
| Cash and cash equivalents at the beginning of the year | | **666,492** | 1,287,705 |
| **Cash and cash equivalents at end of the year** | 14 | **1,882,994** | 666,492 |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

**Notes to the Consolidated Financial Statements**
For the year ended 31 December 2021

## 1. Reporting entity

The consolidated financial report of Volt Power Group Limited (the Group) and its subsidiaries for the year ended 31 December 2021 was authorised for issue in accordance with a resolution of directors on 28 February 2022.

Volt Power Group Limited is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The Group's registered office is Unit B9, 431 Roberts Rd Subiaco WA 6008.

The nature of the operations and principal activities of the Group are power generation technology solutions, mobile solar powerbox towers compatible with LED lighting, LTE/WiFi repeater communication solutions and CCTV retro-fit and sample crushing equipment, all of which service the resources and construction sectors.

## 2. Basis of preparation

### (a) General information

The financial report is a general-purpose financial report, which:

- has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board as applicable to a for-profit entity;
- has been prepared on a historical cost basis;
- is presented in Australian dollars, which is the functional currency of the Company and each of its subsidiaries;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or before 1 January 2021; and
- does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

### (b) Going concern

The Directors are satisfied that the going concern assumption has been appropriately applied in preparing the financial statements and the historical financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

## 3. Significant accounting policies

### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of voting rights results in control.

Consolidation of the subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a debit balance.

### (b) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer. Acquisition-related costs are expensed as incurred.

### (c) Foreign currency translation

*(i) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentational currency.

(ii) *Transactions and balances*

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cashflow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

### (d) Financial instruments

*(i) Financial assets*

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

*Fair value through profit or loss*

This category comprises in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value (see "Financial liabilities" section for out-of-money derivatives classified as liabilities). They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

*Amortised cost*

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and, for the purpose of the statement of cash flows, bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

*(ii) Financial liabilities*
The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Other than financial liabilities in a qualifying hedging relationship (see below), the Group's accounting policy for each category is as follows:

*Fair value through profit or loss*
This category comprises out-of-the-money derivatives where the time value does not offset the negative intrinsic value (see "Financial assets" for in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value). They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income. The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

*Other financial liabilities*
Other financial liabilities include the following items:

Bank borrowings, where applicable, are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

*(iii) Hedge accounting*
The Group has not applied hedge accounting.

**(e) Revenue recognition**
*Performance obligations and timing of revenue recognition*
The majority of the Group’s revenue is derived from leasing equipment (revenue recognised over time) and selling goods (revenue recognised at a point in time when control of the goods has transferred to the customer).

Revenue recognised at a point in time is generally when the goods are delivered to the customer. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the group no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

*Determining the transaction price*
Most of the Group’s revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

*Allocating amounts to performance obligations*
For most contracts, there is a fixed unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered).

Where a customer orders more than one product line, the Group is able to determine the split of the total contract price between each product line by reference to each product’s standalone selling prices (all product lines are capable of being, and are, sold separately). Therefore, there is no judgement involved in determining the contract price.

Some products sold by the Group are sold with a right of return. The Group estimates and provides for such returns at the time of sale.

**(f) R&D Rebate and Government Grants**

Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. The Group received the following government grants:

(a) Research and development tax incentives received or receivable are recognised at fair value where there is a reasonable assurance that the amount will be received and the Group will comply with all attached conditions. The value of the research and development tax incentive received or receivable is either recorded as other income as part of profit or loss or deducted from the carrying value of the associated capitalised intangible asset.

(b) JobKeeper Payment scheme and ATO Cash flow boost received have no unfulfilled conditions or other contingencies attaching to these grants. Grants related to income are presented as part of profit or loss as other income.

The Group did not benefit directly from any other forms of government assistance.

**(g) Income tax**

Volt Power Group Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 19 January 2010.

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income tax expenses that arise from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised. The Group does not distribute non-cash assets as dividends to its shareholders.

**(h) Goods and services tax**

Revenue, 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. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**(i) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation the amount of which at can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**(j) Leases**

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate.

In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

**(k) Inventory**

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated based on normal operating capacity. Costs are assigned to individual items of inventory based on weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale inventories are valued at the lower of cost and net realisable value.

**(l) Intangible assets**

Intangible assets acquired are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (including those arising from the development phase of an internal project) are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group can use or sell the asset; the Group has sufficient resources, the asset will generate future economic benefit, the Company intends to complete the internal development and their costs can be measured reliably.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. After initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Capitalised development costs are amortised on a straight-line or diminishing value method over the period of their expected benefit, being their finite useful lives of three to five years.

**(m) Impairment**

*(i) Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(n) Share based payments**

The fair value of options issued as share-based payment are measured using an appropriate pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

The fair value of shares issued as share-based payment is measured based on the share price on the date of issue.

**4. Other accounting policies**

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

**5. Key judgements and estimates**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Management have identified the following critical accounting policies for which significant judgements, estimates and assumptions are made:

*(i) Taxation*

Judgement is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised in the consolidated statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised in the statement of financial position and the amount of other tax losses and temporary differences not yet recognised.

In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustments, resulting in a corresponding credit or charge to the income statement.

*(ii) Internally generated intangible assets (Development costs)*

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- It is technically feasible to develop the product for it to be rented;
- Adequate resources are available to complete the development;
- There is an intention to complete the product and to obtain future economic benefits through the Rental Revenue generated from Rental of the Gen4 Light Towers; and
- Expenditure on the product can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed only once the asset is ready for use. The amortisation expense is included within the cost of sales line in the consolidated statement of comprehensive income. Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

*(iii) Revenue*

The sale of some goods by the Group are sold with a right of return. At balance date, the Group has estimated the number of returns it expects to receive in relation to sales made during the year through the recognition of a refund liability within the statement of financial position with a corresponding decrease in revenue earned within the statement of profit or loss. The actual returns received as a result of sales in 2021 may be higher or lower than estimated, and this will impact revenue in future periods.

*(iv) Share-based payment transactions*

The Company measures the cost of equity-settled transactions with Directors, Key Management Personnel, and employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value at grant date for options are valued using trinomial models.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. The share-based payment expense recognised in each reporting period considers the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

## 6. 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 the Company. The Group has determined that it has one operating segment, the provision of services to the mining and construction industries.

## 7. Revenue from trading activities

| | 2021 $ | 2020 $ |
|---|---|---|
| Revenue from sales of inventory | **2,398,456** | 1,464,223 |
| Revenue from equipment leases | **589,849** | 350,880 |
| Revenue from other sales | **74,634** | 67,562 |
| | **3,062,939** | 1,882,665 |

| | | |
|---|---|---|
| Timing of revenue recognition | | |
| At a point in time | **2,398,456** | 1,464,223 |
| Over time | **664,483** | 418,442 |
| | **3,062,939** | 1,882,665 |

## 8. Other income

| | 2021 $ | 2020 $ |
|---|---|---|
| Research and development tax incentive rebate[1] | **349,286** | 358,625 |
| Government incentives and subsidies | **-** | 161,108 |
| Other income[2] | **1,349,497** | - |
| | **1,698,783** | 519,733 |

[1] A total R&D tax incentive amount of $756,262 was received in the period, however, $406,976 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 19.

[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 provided for the payment to Volt of $1.3 million in two instalments (Settlement Sum) and is included in the other income balance for the year ended 31 December 2021.

## 9. Consultants and advisors

| | 2021 $ | 2020 $ |
|---|---|---|
| Audit, tax, accounting and finance | **214,599** | 275,471 |
| Legal expenses | **323,642** | 769,459 |
| | **538,241** | 1,044,930 |

## 10. Employee benefit expense

| | 2021 $ | 2020 $ |
|---|---|---|
| Salary and wages | **1,162,603** | 1,055,538 |
| Superannuation | **48,770** | 26,372 |
| Other | **(3,348)** | 1,963 |
| | **1,208,025** | 1,083,873 |

## 11. General and administration expenses

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Occupancy costs | **52,608** | 25,519 |
| Insurance | **71,246** | 62,465 |
| IT expenses | **3,759** | 4,417 |
| Travel & accommodation | **665** | 7,967 |
| Depreciation & amortisation | **344,890** | 148,820 |
| Foreign currency (gains)/losses | **16,727** | (12,470) |
| Other expense | **308,916** | 176,881 |
| | **798,811** | 413,599 |

## 12. Finance costs - net

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Interest income | **200** | 455 |
| | **200** | 455 |
| Bank fees | **4,357** | 3,218 |
| Interest expense | **30,836** | 16,824 |
| | **35,193** | 20,042 |
| Finance expense | **(34,993)** | (19,587) |

**Recognition and measurement**
Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and convertible notes, unwinding of the discount on provisions, and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

## 13. Income tax

### (a) Income tax (expense)/benefit

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Current tax benefit / (expense) | **-** | (30,134) |
| Adjustment for over provision in prior periods | **25,674** | - |
| Deferred tax credit / (expense) arising from temporary differences | **94,069** | (94,069) |
| Total income tax benefit / (expense) | **119,743** | (124,203) |
| Attributable to: | | |
| Continuing operations | **119,743** | (124,203) |
| | **119,743** | (124,203) |

**(b) Numerical reconciliation of income tax expense to prima facie tax payable**

| | 2021 $ | 2020 $ |
|---|---|---|
| Profit / (loss) from continuing operations before income tax expense | **469,668** | (463,889) |
| Tax at the Australian tax rate of 25% (prior year 26%) | **(117,417)** | 120,611 |
| Tax effect of amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Non-deductible expenses | **117,470** | 65,158 |
| Adjustment for over provision in previous periods | **25,674** | - |
| R&D related expenditure | **66,610** | (119,153) |
| Change in tax rate | **3,618** | - |
| Previously recognised deferred tax assets not brought to account | **(61,553)** | (49,950) |
| Deferred tax assets /(liabilities) not brought to account | **85,341** | (140,869) |
| Income tax benefit /(expense) | **119,743** | (124,203) |

The franking account balance at year-end was $nil (2020: nil).

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

**(c) Deferred tax assets and liabilities**

| | 2021 $ | 2020 $ |
|---|---|---|
| **Deferred tax assets** | | |
| Tax losses | **4,830,214** | 106,663 |
| Other timing differences | **306,136** | 853 |
| Right of use liability | **80,639** | - |
| | **5,216,989** | 107,516 |
| **Deferred tax liabilities** | | |
| Intangible assets | **(106,424)** | (197,015) |
| Other timing differences | **(342,198)** | (4,570) |
| Right of use asset | **(76,713)** | - |
| | **(525,335)** | (201,585) |
| **Net deferred taxes not brought to account** | **4,691,654** | (94,069) |

**(d) Tax losses**

| | 2021 $ | 2020 $ |
|---|---|---|
| Unused tax losses for which no deferred tax asset has been recognised for the tax consolidated group: | **17,273,284** | 18,569,213 |
| Unused tax losses for which no deferred tax asset has been recognised for partially owned subsidiaries: | **2,047,574** | 39,966 |
| Potential tax benefit @ 25% (prior year 26%) | **4,830,214** | 4,838,386 |

All unused tax losses were incurred by Australian entities. Unrecognised deferred tax balances will only be available subject to continuing to meet the relevant statutory tests.

## 14. Cash and cash equivalents

| | 2021 $ | 2020 $ |
|---|---|---|
| Cash at bank | **1,882,994** | 666,492 |

**(a) Reconciliation of loss after income tax to net cash outflow from operating activities**

| | 2021 $ | 2020 $ |
|---|---|---|
| **Profit / (Loss) for the year** | **589,411** | (588,092) |
| **Adjustments for** | | |
| Depreciation and amortisation | **344,890** | 148,820 |
| Other income | **(1,303,073)** | - |
| NCI conversion of debt to equity | **50,000** | 87,500 |
| Net profit on disposal of PPE | **(11,944)** | - |
| Foreign exchange movements | **2,112** | 7,103 |
| Options exercised | **350,000** | 262,500 |
| R&D rebate | **406,976** | 85,289 |
| Share-based payment transactions | **1,175,719** | - |
| **Changes in operating assets and liabilities, net of effects from purchase of controlled entity and reversal of amounts subject to the deeds of company arrangement** | | |
| (Increase)/decrease in trade and other receivables | **(348,504)** | 55,692 |
| (Increase)/decrease in inventory | **14,751** | 59,734 |
| (Increase)/decrease in other current assets | **(32,598)** | - |
| (Increase)/decrease in right of use assets | **(306,857)** | - |
| (Decrease)/increase in trade and other payables | **(73,665)** | 147,498 |
| (Decrease)/increase in lease liabilities | **237,883** | - |
| (Decrease)/increase in employee benefit liability | **4,235** | 1,963 |
| (Decrease)/increase in provisions | **165,000** | - |
| (Increase)/decrease in net deferred tax assets and liabilities | **(94,069)** | 94,069 |
| Net cash inflow/(outflow) from operating activities | **1,170,267** | 362,076 |

**Recognition and measurement**

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

**(b) Reconciliation of cash and non-cash movements in financial liabilities**

| | Note | 2021 $ | 2020 $ |
|---|---|---|---|
| Cash and cash equivalents | | **1,882,994** | 666,492 |
| Borrowings repayable within one year | 22 | **(152,629)** | (111,921) |
| Borrowings repayable after one year | 23 | **(230,872)** | (33,697) |
| | | **1,499,493** | 520,874 |
| Cash and liquid assets | | **1,882,994** | 666,492 |
| Gross Debt - Fixed interest rate | | **(383,501)** | (145,618) |
| | | **1,499,493** | 520,874 |

## 15. Trade and other receivables

| | 2021 $ | 2020 $ |
|---|---|---|
| Accounts receivable | **494,687** | 134,785 |
| Other debtors | **1,000** | 12,398 |
| | **495,687** | 147,183 |

**Impaired receivables and receivables past due**

Refer to financial instruments note for credit risk assessment of trade and other receivables.

## 16. Inventory

| | 2021 $ | 2020 $ |
|---|---|---|
| Completed goods and parts on hand | **292,769** | 307,520 |

## 17. Other assets

| | 2021 $ | 2020 $ |
|---|---|---|
| **Current** | | |
| Prepayments | **98,001** | 65,403 |
| | **98,001** | 65,403 |
| **Non-Current** | | |
| Lease deposits | **115,715** | - |
| | **115,715** | - |

## 18. 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)** |
| 31 December 2020 | 1,659,080 | 1,160 | **1,660,240** |
| 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 | 1,648,130 | 1,160 | **1,649,290** |
| **31 December 2021** | | | |
| Opening net book amount | 1,648,130 | 1,160 | **1,649,290** |
| Additions | 745,392 | 22,615 | **768,007** |
| Disposals | (19,004) | (868) | **(19,872)** |
| Depreciation charge | (196,857) | (588) | **(197,445)** |
| 31 December 2021 | 2,177,661 | 22,319 | **2,199,980** |
| 31 December 2021 | | | |
| Cost or fair value | 3,323,342 | 22,614 | **3,345,956** |
| Accumulated depreciation | (1,145,681) | (295) | **(1,145,976)** |
| Net book amount | 2,177,661 | 22,319 | **2,199,980** |

**Recognition and measurement**

***Property, plant and equipment***

All classes of property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the income statement as incurred.

Depreciation is calculated on a straight-line or diminishing value basis for all classes of property, plant and equipment. The estimated useful life of plant and equipment is between 3 and 20 years.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end. An item of property, plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal.

### 19. Intangible assets

| **Capitalised Development Costs** | **2021** **$** | 2020 $ |
|---|---|---|
| The movements in the net carrying amount of Capitalised Development costs are as follows: | | |
| Balance at the start of the period | **727,751** | 269,470 |
| Capitalised expenditure | **140,536** | 458,281 |
| R&D tax incentive received | **(406,976)** | - |
| Amortisation charge | **(65,617)** | - |
| Balance at the end of the period | **395,694** | 727,751 |

Intangible assets comprise capitalised development costs associated with the design and development of the MSLT Generation 4 (Gen4) trailer power management, operational control and data telemetry system, designed, built and owned by EcoQuip Australia Pty Ltd and is to be amortised over a five-year period. At 30 June 2021, the intellectual property was deemed ready for use and amortisation commenced from that date.

### 20. Trade and other payables

| | **2021** **$** | 2020 $ |
|---|---|---|
| Trade creditors | **406,546** | 1,060,247 |
| Accrued expenses | **346,005** | 41,690 |
| GST | **71,126** | (21,889) |
| PAYG | **22,270** | 17,850 |
| Sundry creditors | **216** | 2,386 |
| | **846,163** | 1,100,284 |

### 21. Employee benefit liabilities

| | **2021** **$** | 2020 $ |
|---|---|---|
| Employee entitlements | **28,720** | 32,069 |
| Superannuation | **18,698** | 11,114 |
| | **47,418** | 43,183 |

**Recognition and measurement**

*(i) Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Statement of Financial Position.

*(ii) Other long-term employee benefit obligations*

The liabilities for long term benefits is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

*(iii) Termination benefits*
Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

*(iv) Share-based payment transactions*
The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

## 22. Lease liabilities and borrowings – current liabilities

| | Note | **2021 $** | 2020 $ |
|---|---|---|---|
| Non-bank loans | | **24,201** | 30,674 |
| Lease liabilities | 26 | **128,428** | 81,247 |
| | | **152,629** | 111,921 |

## 23. Lease liabilities and borrowings – non-current liabilities

| | Note | **2021 $** | 2020 $ |
|---|---|---|---|
| Lease liabilities | 26 | **230,872** | 33,697 |
| | | **230,872** | 33,697 |

## 24. Equity
### (a) Contributed equity

| | **2021 No. of shares** | 2020 No. of shares | **2021 $** | 2020 $ |
|---|---|---|---|---|
| Fully paid ordinary shares | **9,344,533,558** | 9,169,533,558 | **74,132,092** | 73,782,092 |

***Ordinary shares***
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

***Capital Management***
The Company's capital management policy provides a framework to maintain a capital structure to support the development of the business into one that is income producing. The Company seeks to utilise available borrowing facilities when and to the extent prudent to do so, in order to maximise returns for equity shareholders and limit the need to raise additional equity capital.

***Dividends***
There were no dividends declared or paid during the reporting period.

***Movements in ordinary shares***

| *Details* | No. of shares | $ |
|---|---|---|
| 1 January 2020 | 8,994,533,558 | 73,519,592 |
| Exercise of options | 175,000,000 | 262,500 |
| 31 December 2020 | 9,169,533,558 | 73,782,092 |
| Exercise of options | 175,000,000 | 350,000 |
| **31 December 2021** | **9,344,533,558** | **74,132,092** |

### (b) Other equity

| | **2021 No. of options** | 2020 No. of options | **2021 $** | 2020 $ |
|---|---|---|---|---|
| $0.0020 expiry 22 May 2021 | | 175,000,000 | **-** | - |
| $0.0045 expiry 9 November 2021 | **-** | 20,000,000 | **-** | - |
| $0.00378 expiry 3 September 2022 | **60,000,000** | - | **-** | - |
| $0.00402 expiry 11 May 2023 | **160,000,000** | - | **-** | - |
| $0.00429 expiry 3 March 2024 | **60,000,000** | - | **-** | - |
| $0.00429 expiry 11 May 2024 | **160,000,000** | - | **-** | - |
| $0.00450 expiry 11 May 2025 | **160,000,000** | - | **-** | - |
| $0.00501 expiry 3 September 2025 | **60,000,000** | - | **-** | - |
| Total | **660,000,000** | 195,000,000 | **-** | - |

***Movements in other equity***
There were no movements in other equity during the financial year ending 31 December 2021.

### (c) Reserves

| | **2021 $** | 2020 $ |
|---|---|---|
| Share based reserves - reserve holding shares subject to the achievement of performance-based measures | **3,470,000** | 3,470,000 |
| Options based reserves | **3,811,084** | 2,635,365 |
| Non-controlling interest reserve | **(276,604)** | (231,819) |
| | **7,004,480** | 5,873,546 |

***Recognition and measurement***
*Contributed equity*
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are recognised directly in equity as a deduction, net of tax, from the proceeds.

## 25. Earnings/(loss) per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

### (a) Basic earnings/(loss) per share

| | **2021 cents** | 2020 cents |
|---|---|---|
| From continuing operations attributable to the ordinary equity holders of the company | **0.0072** | (0.0054) |
| Total basic earnings per share attributable to the ordinary equity holders of the company | **0.0072** | (0.0054) |

| | **2021** | 2020 |
|---|---|---|
| | **$** | $ |
| Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic earnings per share: | | |
| From continuing operations | **663,567** | (493,313) |

**Weighted average number of ordinary shares**

| | | |
|---|---|---|
| Issued ordinary shares at the beginning of the period | **9,169,533,558** | 8,994,533,558 |
| Effect of shares issued on exercise of options | **107,876,712** | 106,625,683 |
| Weighted average number of ordinary shares at the end of the period | **9,277,410,270** | 9,101,159,241 |

**(b) Diluted earnings/(loss) per share**

| | **2021** | 2020 |
|---|---|---|
| | **$** | $ |
| Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic earnings per share: | | |
| From continuing operations | **663,567** | (493,313) |

**Weighted average number of ordinary shares**

| | | |
|---|---|---|
| Issued ordinary shares at the beginning of the period | **9,169,533,558** | 8,994,533,558 |
| Effect of shares issued on exercise of options | **175,000,000** | 243,374,317 |
| Weighted average number of ordinary shares at the end of the period | **9,344,533,558** | 9,344,533,558 |

## 26. Leases

In April 2021, the Company entered into a new operating lease for an office and workshop located at 6 Bradford Street, Kewdale WA 6105. These premises currently provide office and workshop accommodation for all the Volt Group business activities. The lease has an initial term to 30 June 2024, with the provision for a further 3-year extension beyond that date. The lease contract provides for a minimum percentage rent increase per year, or CPI, whichever is the greatest.

| **Right-of-Use Assets** | **Land and buildings $** |
|---|---|
| At 1 January 2020 | - |
| Additions | - |
| Amortisation | - |
| **At 31 December 2020** | - |
| | |
| At 1 January 2021 | **-** |
| Additions | **388,685** |
| Amortisation | **(81,828)** |
| **At 31 December 2021** | **306,857** |

The Group also has various items of plant and equipment that are held under finance lease arrangements. As at 31 December 2021, the net carrying amount held under finance lease arrangements is $36,743 (2020: $114,944).

The Group's finance lease liabilities, which are secured by the related assets held under finance leases, are classified as follows:

| **Lease Liabilities** | **2021** | 2020 |
|---|---|---|
| | **$** | $ |
| *Finance lease liabilities* | | |
| Current | **128,428** | 81,247 |
| *Finance lease liabilities* | | |
| Non-current | **230,872** | 33,697 |

Future minimum finance lease payments at the end of each reporting period under review were as follows:

| | Within 1 Year $ | 1-5 years $ | After 5 years $ | Total $ |
|---|---|---|---|---|
| 2020 | | | | |
| Lease payments | 86,742 | 35,314 | - | 122,056 |
| Finance charges | (5,495) | (1,617) | - | (7,112) |
| Net present values | 81,247 | 33,697 | - | 114,944 |
| **2021** | | | | |
| **Lease payments** | **130,078** | **230,872** | **-** | **360,950** |
| **Finance charges** | **(1,650)** | **-** | **-** | **(1,650)** |
| **Net present values** | **128,428** | **230,872** | **-** | **359,300** |

Leases under the terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

## 27. Provisions

| | 2021 $ | 2020 $ |
|---|---|---|
| *Service Exchange Provision* | | |
| **Current** | | |
| At the beginning of the period | **-** | - |
| Provisions made during the period | **165,000** | - |
| Provision used | **-** | - |
| Balance at the end of the period | **165,000** | - |

**Service Exchange Provision**

In August 2020, Wescone secured a 5-year purchase service exchange & repair contract with BHP (BHP Goods Contract). The BHP Goods Contract provides for the replacement of ~20 existing installed crushers with the new Wescone W300 Series 4 crusher and the exclusive provision of ongoing repair / service exchange related service for 5-years. Revenue for the sale of each W300 Series 4 crusher is recognized upon delivery, and a provision for the expected credit to be supplied for the corresponding exchange crushers to be returned has been recognized at 31 December.

## 28. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

| | 2021 $ | 2020 $ |
|---|---|---|
| **BDO** | | |
| Audit and review of financial statements | **54,000** | 50,000 |
| Total remuneration for audit and other assurance services | **54,000** | 50,000 |
| Total remuneration of BDO | **54,000** | 50,000 |

## 29. Related party transactions

### (a) Key management personnel compensation

| | 2021 $ | 2020 $ |
|---|---|---|
| Short-term employee benefits | **449,960** | 449,960 |
| Share based payments | **847,338** | - |
| | **1,297,298** | 449,960 |

Detailed remuneration disclosures are provided in the remuneration report.

### (b) Transactions with other related parties

ECM Pty Ltd (ECM) is a related party of Mr Simon Higgins and during the year ending 31 December 2020 the Company acquired a motor vehicle off ECM for $34,000 (incl GST).

There were no transactions with any related parties during the year ended 31 December 2021.

## 30. Subsidiaries and transactions with non-controlling interests

Significant investments in subsidiaries during the year ended 31 December 2021 are set out below:

| Name of entity | Country of incorporation | Class of Shares | Equity holding 2021 % | Equity holding 2020 % |
|---|---|---|---|---|
| ATEN Operations Pty Ltd | Australia | Ordinary | 100 | 100 |
| Enerji Holdings Pty Ltd | Australia | Ordinary | 100 | 100 |
| Enerji Research Pty Ltd | Australia | Ordinary | 100 | 100 |
| Enerji PE Management Pty Ltd | Australia | Ordinary | 100 | 100 |
| Enerji GMRL SPV Pty Ltd | Australia | Ordinary | 100 | 100 |
| Wescone Distribution Pty Ltd | Australia | Ordinary | 100 | 100 |
| EcoQuip Australia Pty Ltd | Australia | Ordinary | 70 | 67 |

## 31. Non-controlling interests

EcoQuip Australia Pty Ltd, a 70% (2020: 67%) owned subsidiary of the Group, has material non-controlling interests (NCI). Summarised financial information in relation to EcoQuip Australia Pty Ltd, before intra-group eliminations, is presented below together with amounts attributable to NCI:

### (a) Ecoquip summarised balance sheet

| | 2021 $ | 2020 $ |
|---|---|---|
| Current assets | **286,553** | 294,503 |
| Current liabilities | **(650,626)** | (643,560) |
| Current net (liabilities)/assets | **(364,073)** | (349,057) |
| Non-current assets | **2,509,279** | 2,278,234 |
| Non-current liabilities | **-** | (33,698) |
| Non-current net assets | **2,509,279** | 2,244,536 |
| **Net assets** | **2,145,206** | 1,895,479 |
| **Non-controlling interest** | **30%** | 33% |
| **Accumulated non-controlling interest** | **646,136** | 625,508 |

### (b) Ecoquip summarised statement of comprehensive income

| | 2021 $ | 2020 $ |
|---|---|---|
| Revenue | **604,825** | 362,911 |
| Loss for the period | **(246,202)** | (287,209) |
| Other comprehensive income | **-** | - |
| Total comprehensive loss | **(246,202)** | (287,209) |
| **Non-controlling interest** | **30%** | 33% |
| **Loss attributable to non-controlling interest** | **(74,156)** | (94,779) |

### (c) Ecoquip summarised cash flows

| | 2021 $ | 2020 $ |
|---|---|---|
| Cash flows from operating activities | **731,862** | 114,059 |
| Cash flows from investing activities | **(685,901)** | 67,991 |
| Cash flows from financing activities | **(78,201)** | (83,875) |
| Net increase/ (decrease) in cash and cash equivalents | **(32,240)** | 98,175 |

## 32. Events occurring after the reporting period

There are no other events that occurred subsequent to the reporting period ending, that would have a material impact on the financial statements as at 31 December 2021.

## 33. Share based payments

### (a) Employee share scheme

A scheme under which shares may be issued by the Company to employees with an interest free loan for the purchase price of the shares was approved by shareholders at a general meeting on 1 December 2009.

### (b) Other share-based payments

**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 | Number of options | Vesting conditions |
|---|---|---|
| 4 March 2021 | 60,000,000 | 6 months employment |
| 4 March 2021 | 60,000,000 | 12 months employment and First ATEN Construction Start |
| 4 March 2021 | 60,000,000 | 12 months employment and First ATEN EPC Completing Test Satisfaction |
| 11 May 2021 | 160,000,000 | 6 months employment |
| 11 May 2021 | 160,000,000 | 12 months employment and First ATEN Construction Start |
| 11 May 2021 | 160,000,000 | 12 months and there being a 180-day VWAP of at least 0.60 cents per share |
| Total | 660,000,000 | |

The number and weighted average exercise prices of share options are as follows:

| | **2021** Weighted average exercise price | **2021** Number of options | 2020 Weighted average exercise price | 2020 Number of options |
|---|---|---|---|---|
| Outstanding at the beginning of the period | $0.002256 | 195,000,000 | $0.001822 | 390,000,000 |
| Granted during the period | $0.004295 | 660,000,000 | - | - |
| Exercised during the period | $0.000200 | 175,000,000 | $0.001500 | 175,000,000 |
| Cancelled during the period | - | - | - | - |
| Expired during the period | $0.004500 | 20,000,000 | $0.004000 | 20,000,000 |
| Outstanding at the end of the period | $0.004295 | 660,000,000 | $0.002256 | 195,000,000 |
| Exercisable at the end of the period | $0.003955 | 220,000,000 | $0.002256 | 195,000,000 |

The exercise price of options outstanding at 31 December 2021 ranged between $0.00378 and $0.00501 (2020: $0.0020 and $0.0045) and their weighted average contractual life was 2.31 years (2020: 0.44 years).

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Company, including their personally related parties is as set out below:

| Name | Balance at the start of the year | Granted as compen-sation | Exercised | Forfeited | Other changes | Balance at the end of the year | Vested and exercisable | Unvested |
|---|---|---|---|---|---|---|---|---|
| Adam Boyd | 175,000,000 | 300,000,000 | (175,000,000) | - | - | 300,000,000 | 100,000,000 | 200,000,000 |
| **Directors** | | | | | | | | |
| Simon Higgins | - | 90,000,000 | - | - | - | 90,000,000 | 30,000,000 | 60,000,000 |
| Peter Torre | - | 90,000,000 | - | - | - | 90,000,000 | 30,000,000 | 60,000,000 |
| | 175,000,000 | 480,000,000 | (175,000,000) | - | - | 480,000,000 | 160,000,000 | 320,000,000 |

Set out below are summaries of options granted under the Scheme during the year ended 31 December 2021. These options were granted to directors upon shareholder approval pursuant to ASX Listing Rule 10.14:

| Grant date | Expiry date | Exercise price | Balance at start of period Number | Granted during the period Number | Exercised during the period Number | Forfeited during the period Number | Balance at end of period Number | Vested and exercisable at end of period Number |
|---|---|---|---|---|---|---|---|---|
| **Simon Higgins** | | | | | | | | |
| 11 May 2021 | 11 May 2023 | $0.00402 | - | 30,000,000 | - | - | 30,000,000 | 30,000,000 |
| 11 May 2021 | 11 May 2024 | $0.00429 | - | 30,000,000 | - | - | 30,000,000 | - |
| 11 May 2021 [1] | 11 May 2025 | $0.00450 | - | 30,000,000 | - | - | 30,000,000 | - |
| **Adam Boyd** | | | | | | | | |
| 11 May 2021 | 11 May 2023 | $0.00402 | - | 100,000,000 | - | - | 100,000,000 | 100,000,000 |
| 11 May 2021 | 11 May 2024 | $0.00429 | - | 100,000,000 | - | - | 100,000,000 | - |
| 11 May 2021 [1] | 11 May 2025 | $0.00450 | - | 100,000,000 | - | - | 100,000,000 | - |
| **Peter Torre** | | | | | | | | |
| 11 May 2021 | 11 May 2023 | $0.00402 | - | 30,000,000 | - | - | 30,000,000 | 30,000,000 |
| 11 May 2021 | 11 May 2024 | $0.00429 | - | 30,000,000 | - | - | 30,000,000 | - |
| 11 May 2021 [1] | 11 May 2025 | $0.00450 | - | 30,000,000 | - | - | 30,000,000 | - |
| **Tim Banner** | | | | | | | | |
| 4 Mar 2021 | 3 Sept 2022 | $0.00378 | - | 60,000,000 | - | - | 60,000,000 | 60,000,000 |
| 4 Mar 2021 | 3 Mar 2024 | $0.00429 | - | 60,000,000 | - | - | 60,000,000 | - |
| 4 Mar 2021 | 3 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 Trinomial option pricing model taking into account the terms and conditions upon which the options were granted.

| | Simon Higgins, Adam Boyd and Peter Torre | | | Tim Banner | | |
|---|---|---|---|---|---|---|
| Expiry date | 11 May 2023 | 11 May 2024 | 11 May 2025 | 3 Sept 2022 | 3 Mar 2024 | 3 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.

**(c) Expenses arising from share-based payment transactions**

Total expenses arising from share-based payment transactions recognised during the period were as follows:

| | **2021** | 2020 |
|---|---|---|
| | **$** | $ |
| Expense arising from equity-settled share-based payment transaction | **1,175,719** | - |
| Total expense arising from share-based payment transactions | **1,175,719** | - |

**34. Financial instruments**

***Financial risk management policies***

The Group financial instruments consist mainly of deposits with banks, accounts receivables and payables and domestic loans.

The Board of Directors analyse financial risk exposure at Board Meetings to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimizing potential adverse effects on financial performance.

**(a) Market risk**

**(i) Foreign exchange risk**

The Group is exposed to currency risk on purchases of spare parts and plant and equipment that are denominated in US dollars (USD). The use of currency hedging in relation to these exposures is assessed on a case-by-case basis.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. Management has set up a policy that all transactions in foreign currencies be transacted at spot. Management will continually review this policy based on volumes of foreign currency required.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

| | | **2021** | | 2020 |
|---|---|---|---|---|
| | **USD** | **AUD** | USD | AUD |
| | $ | $ | $ | $ |
| Trade and other receivables | **-** | **495,687** | - | 147,183 |
| Trade and other payables | **(225,272)** | **(535,928)** | (339,927) | (660,861) |
| Net exposure | **(225,272)** | **(40,241)** | (339,927) | (513,678) |

The effect of a 3% strengthening of the USD against the AUD at the reporting date on USD denominated trade payables carried at that date would, all other variables held constant, have resulted in a decrease in net assets of AU $9,033 (2020: $12,799). A 3% weakening in the exchange rate would, on the same basis, have increased post-tax profit and increased net assets by AU$9,033 (2020: $12,799).

**(ii) Cash flow and fair value interest rate risk**

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer term borrowings are therefore usually at fixed rates. The Group's exposure to interest rate risk relate primarily to cash and cash equivalents. As at 31 December 2021, the Group has hire purchase financial liabilities that are at fixed rates and has no financial liabilities subject to interest rate movements. The Group's maximum exposure to interest rate risk at reporting date is shown below. As such, sensitivity to interest rate risk is considered immaterial.

| | Note | **2021** | 2020 |
|---|---|---|---|
| | | **$** | $ |
| Cash and cash equivalents | 14 | **1,882,994** | 666,492 |
| Trade and other receivables - current | 15 | **495,687** | 147,183 |
| | | **2,378,681** | 813,675 |

**(b) Credit risk**

Credit risk arises from cash and cash equivalents, held-to-maturity investments, favourable derivative financial instruments and deposits with banks and financial institutions, as well as the credit exposures to wholesale and retail customers, including outstanding receivables.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

| | Note | **2021** | 2020 |
|---|---|---|---|
| | | **$** | $ |
| Cash and cash equivalents | 14 | **1,882,994** | 666,492 |
| Trade and other receivables - current | 15 | **495,687** | 147,183 |
| | | **2,378,681** | 813,675 |

The Group manages credit risk through dealing with creditworthy counterparties and balances are monitored on an ongoing basis. For bank and financial institutions, only independently rated parties with a minimum Standard & Poor's credit rating of A (or equivalent) are accepted.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counter parties having similar characteristics. Trade receivables include blue chip companies in mining and mining services industries. Management considers the credit quality of trade receivables that are not past due or impaired to be in good standing.

**(c) Liquidity risk**

The Group has limited exposure to liquidity risk as the Group's main liabilities are trade and other payables and hire purchase liabilities. The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables (see Notes 14 and 15) exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within six months.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual discounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| **Contractual maturities of financial liabilities** | **Less than 6 months** | **6-12 months** | **Between 1 and 2 years** | **Between 2 and 5 years** | **Over 5 years** | **Total contractual cash flows** | **Carrying amount (assets) / liabilities** |
|---|---|---|---|---|---|---|---|
| **At 31 December 2021** | **$** | **$** | **$** | **$** | **$** | **$** | **$** |
| Trade Payables | **846,163** | **-** | **-** | **-** | **-** | **846,163** | **846,163** |
| Borrowings | **20,369** | **3,832** | **-** | **-** | **-** | **24,201** | **24,201** |
| Lease liabilities | **111,743** | **77,537** | **145,631** | **72,816** | **-** | **407,726** | **359,300** |
| Total | **978,275** | **81,369** | **145,631** | **72,816** | **-** | **1,278,090** | **1,229,664** |
| | | | | | | | |
| At 31 December 2020 | | | | | | | |
| Trade Payables | 1,100,284 | - | - | - | - | 1,100,284 | 1,100,284 |
| Borrowings | 28,194 | 2,480 | - | - | - | 30,674 | 30,674 |
| Lease liabilities | 48,076 | 33,171 | 32,717 | - | - | 113,964 | 114,944 |
| | 1,176,554 | 35,651 | 32,717 | - | - | 1,244,922 | 1,245,902 |

**(d) Recognised fair value measurements**

The net fair value and carrying amounts of financial assets and financial liabilities are disclosed in the Consolidated Statement of Financial Position and in the Notes to the Consolidated Statement of Financial Position. This note provides an update on the judgements and estimates made by the group in determining the fair values of the financial instruments.

*Financial Instruments Measured at Fair Value*

The financial instruments recognised at fair value in the Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements.

*Fair value hierarchy*

*The fair value hierarchy consists of the following levels:*

- Quoted prices in active markets for identical assets and liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market date (unobservable inputs) (Level 3)

As at 31 December 2021 and 31 December 2020, the carrying amount of assets and liabilities approximate their fair values.

There were no transfers between levels for recurring fair value measurements during the year. The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting date.

Level 1: the fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: the fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximises the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument is observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

*Capital management*
The Board's policy is to maintain a strong asset base so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes in the Group's approach to capital management during the year. Neither the Group nor any of its subsidiaries is subject to externally imposed capital requirements.

### 35. Parent entity financial information

Statement of financial position

| | **2021** | 2020 |
|---|---|---|
| | **$** | $ |
| Current assets | **833,241** | 190,379 |
| Non-current assets | **3,529,037** | 2,557,135 |
| **Total assets** | **4,362,278** | 2,747,514 |
| Current liabilities | **(371,569)** | (567,029) |
| Non-current liabilities | **(227,539)** | - |
| **Total liabilities** | **(599,108)** | (567,029) |
| **Net assets** | **3,763,169** | 2,180,485 |
| **Shareholders' equity** | | |
| Issued capital | **74,132,092** | 73,782,092 |
| Reserves | **7,281,084** | 6,105,365 |
| Accumulated losses | **(77,650,007)** | (77,706,972) |
| **Total shareholders' equity** | **3,763,169** | 2,180,485 |
| **Profit / (loss) for the year** | **56,965** | (95,582) |
| **Total comprehensive loss** | **56,965** | (95,582) |

**Directors' Declaration**

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

1. In the opinion of the directors:

(a) the financial statements and notes of Volt Power Group Limited for the financial year ended 31 December 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 31 December 2021 and of its performance for the year ended on that date; and
   (ii) complying with Accounting Standards and the Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(a); and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 31 December 2021.

On behalf of the board.

Simon Higgins
Chairman
Perth
28 February 2022

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

# INDEPENDENT AUDITOR'S REPORT

To the members of Volt Power Group Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Volt Power Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other 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 report, 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 31 December 2021 and of its financial performance for the year ended on that date; 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 Group in accordance with 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 (including Independence Standards)* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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.

## Accounting for share based payments

| *Key audit matter* | *How the matter was addressed in our audit* |
|---|---|
| During the year ended 31 December 2021, the Group issued options to key management personnel, which have been accounted for as share-based payments (refer to Note 33).<br><br>Refer to Note 5 of the financial report for a description of the significant estimates and judgements applied to these arrangements.<br><br>Share-based payments are a complex accounting area and due to the complex and judgemental estimates used in determining the fair value of the share-based payments, we consider the Group's calculation of the share-based payment expense to be a key audit matter. | Our procedures included, but were not limited to the following:<br><br>• Reviewing relevant supporting documentation to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements;<br>• Holding discussions with management to understand the share-based payment transactions in place;<br>• Reviewing management's determination of the fair value of the share-based payments granted, considering the appropriateness of the valuation models used and assessing the valuation inputs;<br>• Involving our valuation specialists, to assess the reasonableness of management's valuation method and inputs, including volatility;<br>• Assessing the reasonableness of the share-based payment expense; and<br>• Assessing the adequacy of the related disclosures in Note 5 and Note 33 of the Financial Report. |

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 17 of the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Volt Power Group Limited, for the year ended 31 December 2021, 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.

BDO Audit (WA) Pty Ltd

BDO

Glyn O'Brien

Glyn O'Brien

Director

Perth, 28 February 2022

### Investor Information

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 18 February 2022.

**Distribution of equity securities**
The number of shareholders, by size of holding, in each class of share are detailed below:

| Range | Securities | % | No. of holders | % |
|---|---|---|---|---|
| 100,001 and Over | 9,324,693,892 | 99.79 | 965 | 42.27 |
| 10,001 to 100,000 | 17,613,493 | 0.19 | 459 | 20.11 |
| 5,001 to 10,000 | 1,349,416 | 0.01 | 165 | 7.23 |
| 1,001 to 5,000 | 768,678 | 0.01 | 269 | 11.78 |
| 1 to 1,000 | 108,078 | 0.00 | 425 | 18.62 |
| **Total** | **9,344,533,557** | **100.00** | **2,283** | **100.00** |
| Unmarketable Parcels | 32,575,713 | 0.35 | 1,416 | 62.02 |

**Twenty largest shareholders**
The names of the twenty largest holders of quoted shares are:

| Rank | Name | 18 Feb 2022 | %IC |
|---|---|---|---|
| 1 | MR MICHAEL CAMPBELL HENDER | 692,000,000 | 7.41 |
| 2 | RENEWABLE INITIATIVE PTY LTD | 579,500,000 | 6.20 |
| 3 | GENUSPLUS GROUP PTY LTD | 461,000,000 | 4.93 |
| 4 | ADAM BOYD | 443,000,000 | 4.74 |
| 5 | S & N HIGGINS SUPER PTY LTD | 428,000,000 | 4.58 |
| 6 | SIMON HIGGINS | 345,000,000 | 3.69 |
| 7 | AHB SUPER PTY LTD | 320,000,000 | 3.42 |
| 8 | RENEWABLE INITIATIVE PTY LTD | 300,500,000 | 3.22 |
| 9 | CS FOURTH NOMINEES PTY LTD | 281,200,000 | 3.01 |
| 10 | MR GREGORY JOHN BITTAR | 207,499,999 | 2.22 |
| 11 | DAVID OGG & ASSOCIATES PTY LTD | 204,236,707 | 2.19 |
| 12 | CHEMBANK PTY LIMITED | 200,000,000 | 2.14 |
| 13 | HOODWINKED PTY LTD | 170,000,000 | 1.82 |
| 14 | BOUCHI PTY LTD | 152,530,017 | 1.63 |
| 15 | BOTSIS HOLDINGS PTY LTD | 136,706,690 | 1.46 |
| 16 | AHB SUPER PTY LTD | 130,000,000 | 1.39 |
| 17 | GETTYSBURG INVESTMENT COMPANY PTY LTD | 121,942,344 | 1.30 |
| 18 | SAMOZ PTY LTD | 115,000,000 | 1.23 |
| 18 | MR MARK JOHN CLARK | 115,000,000 | 1.23 |
| 19 | DARRYL PETER OLDFIELD | 110,000,000 | 1.18 |
| 20 | HIGGINS WESTERN PTY LTD | 109,000,000 | 1.17 |
| | **Total** | **5,622,115,757** | **60.16** |
| | **Balance of register** | **3,722,417,800** | **39.84** |
| | **Grand total** | **9,344,533,557** | **100.00** |

**Substantial shareholders**

The following shareholders have declared a relevant interest in the number of voting shares at the date of giving notice under Part 6C.1 of the Corporations Act 2001.

| Name | No. ordinary shares | % of issued capital |
|---|---|---|
| **Adam Boyd (and related)** | 1,773,000,000 | 18.97% |
| **Simon Higgins (and related)** | 801,000,000 | 8.57% |
| **GenusPlus Group Pty Ltd** | 461,000,000 | 4.93% |

**Voting rights**

Each ordinary shareholder present at a general meeting in person, by proxy or by representative is entitled to one vote on a show of hands, or on a poll, one vote for each fully paid ordinary share subject to any voting restrictions that may apply.