



**ASX ANNOUNCEMENT
FOR IMMEDIATE RELEASE TO THE MARKET**

PPK Group Limited – ASX Code: PPK

Thursday 4 May 2023

PPK completes acquisition of majority interest in Australia's largest privately-owned lithium battery manufacturer

Technology incubation and commercialisation investor PPK Group Limited (ASX: PPK) is pleased to announce that it has completed a transaction to add Australia's largest privately-owned lithium battery manufacturer to its portfolio of investments, after acquiring a 51% interest in PowerPlus Energy (PPE).

This acquisition of PPE is strongly aligned with PPK's objective of developing sovereign capability in the clean energy revolution and supporting Australian 'Made and Owned' growth. The investment in PPE further expands PPK's exposure to the Australian lithium battery sector, which includes a controlled interest of just under 51% in ASX-listed lithium-sulfur battery technology company Li-S Energy (ASX: LIS) (www.lis.energy).

Melbourne-based PPE has around 80 employees and supplies reliable, long-lasting modular battery storage solutions utilising lithium ferro phosphate (LFP) cell technology. PPE locally designs and manufactures lithium-ion batteries and full battery energy storage systems (BESSs) for the stationary storage market, serving a network of just under 300 distributors and installers across Australia and New Zealand but predominantly located in Victoria, New South Wales, Queensland and Western Australia. In total, the PPE business currently delivers more than 50MWh of energy storage to customers each year, with expansion plans to lift capacity to over 200MWh within the next 12 months.

PPE has historically served the off-grid home and business market, however there is an imminent move into the substantial on-grid residential battery storage market. The Charging Ahead¹ report from March 2023 highlights the demand for batteries is growing much faster than anticipated.

PPE's unaudited management accounts for the 12-month period ended 30 June 2022 show:

- a net asset position of approximately \$6m;
- annual revenues in excess of \$25m; and
- annual EBITDA in excess of \$2m.

At the date of completion of this transaction, PPE has interest-bearing debt of around \$4.5m, of which around \$3.9m comprises shareholder loans. This debt includes a loan of \$1m from PPK to support the company's future growth plans. As PPK has obtained control of PPE, the acquisition is expected to be immediately revenue, EBITDA and earnings accretive to PPK for the 2023 financial year on a consolidated basis. The \$1m shareholder loan will be eliminated on consolidation. The actual impact of the acquisition on PPK for the balance of the 2023 financial year is expected to be relatively minor given the short period remaining after completion.

¹ [Charging Ahead Final Report 17 March 2023 \(fbicrc.com.au\)](http://fbicrc.com.au)



PPK first announced it had entered into conditional agreements to potentially acquire a controlling interest in PPE on 14 March 2023. PPK has now completed its acquisition of a controlling interest and retains a fixed price pathway to increase its interest to 75% within two years.

As part of the transaction, PPK nominees Mr Glenn Molloy and Mr Ben Spincer have joined the board of PPE. Mr Bradley Paton, founder and CEO of PPE, will continue to be heavily involved with the day-to-day running of the business. PPK's executive team will provide its standard shared services support to the existing PPE executive and management team, as PPE transitions into what is hoped will be a period of significant growth. The Paton family remains a major shareholder in PPE.

Commenting on the acquisition, PPK Chairman Robin Levison said PPE had a range of strategic, commercial and operational synergies with PPK's other investments, particularly Li-S Energy.

"As the world continues to shift towards renewable energy, storing that energy will play a crucial role in the reliability and efficiency of the entire energy system. PPE recently relocated to an expanded manufacturing location, which provides growth opportunities to support the demand. Through automation, strategic growth initiatives and other business process improvements, we will be working towards growing the annual revenue of this business to \$100m within three years. The PPE acquisition ensures PPK can play a pivotal role in supporting the shift to renewables. We are looking forward to working with Bradley, and the broader PPE team, given his passion for PPE's customers, employees, and the industry."

PPE founder and Chief Executive Officer Bradley Paton noted:

"It has been an exciting journey over recent years as the fantastic Victorian team at PPE have built the business to where it is today. I am looking forward to the support and experience the PPK group will bring to the business. The capabilities and expansion capital will help stimulate the next phase of growth in the exciting and growing clean energy sector. I am optimistic about the opportunities to drive profitable growth for PPE that will come from being part of the wider PPK family and accessing their commercial and technical experience."

PPK's portfolio of investments also includes nanotechnology companies BNNT Technology (www.bnnt.com.au) and White Graphene (www.white-graphene.com), ballistic protection company Craig International Ballistics (www.ballistics.com.au) and transport analytics SaaS start-up Advanced Mobility Analytics Group Pty Ltd (AMAG) (www.amagroup.io).

This announcement has been made and authorised by the Board.

ENDS

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