

AWN HOLDINGS LIMITED

AWN Holdings Limited

1H, FY2021 Results Presentation

26 February 2021

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AWN HOLDINGS LIMITED

Executive Overview

1H, FY2021 Business Unit Overview

Enterprise Office

Board

Leadership

Team

Arowana University
(ArowanaU)

B Corp

Operating Companies



Arowana Funds Management

AROWANA
FUNDS MANAGEMENT

AROWANA
AUSTRALIAN SPECIAL INCOME OPPORTUNITIES FUND

AROWANA
CONTRARIAN VALUE FUND
(in members' voluntary liquidation)

AROWANA
AUSTRALASIAN SPECIAL SITUATIONS FUND
(in realisation mode)

FY2021 Enterprise Priorities

VivoPower	Complete hyperturnaround and execute on strategic pivot
EdventureCo	Drive digital transformation and return to revenue and profit growth
Arowana Funds Management	Complete strategic review and execute on decision
B Corp Certification	Improve our B Corp impact score to above 100
ArowanaU	Move cost base out of AWN
Enterprise Office (EO)	Move cost base out of AWN

1H, FY2021 Executive Summary | Strong EBITDA growth despite COVID-19

Significant EBITDA growth achieved in challenging environment	<ul style="list-style-type: none"> Statutory operating revenue down 16% on previous corresponding period (PcP) to \$57.9m Statutory group EBITDA up materially to \$2.5m (\$0.5m in PcP); underlying group EBITDA improved to \$4.6m versus \$3.6m in PcP Results primarily reflect cost rationalisation across the Group and outperformance of EdventureCo's DDLS business unit
VivoPower cap raise strengthens balance sheet and creates platform for growth	<ul style="list-style-type: none"> Group net cash position increased to \$35.3m as at 31 December 2020 (30 June 2020: \$12.6m), reflecting VivoPower capital raising VivoPower closed underwritten public offering in Oct 2020 at US\$8.50 per share, raising gross proceeds of US\$28.75m Statutory NTA of \$0.86 per share (30 June 2020: \$0.13 per share); underlying NTA of \$3.83 per share (30 June 2020: \$1.77 per share)
VivoPower executes on strategic pivot to enter commercial electric vehicle (EV) market	<ul style="list-style-type: none"> VivoPower statutory revenues declined by 34% versus PcP to \$31.2m due to operational disruption from COVID-19 lockdowns Statutory EBITDA down to \$2.8m (\$4.2m in PcP); underlying EBITDA decreased to \$1.5m (\$5.3m in PcP) following decline in revenue Entered EV market through acquisition of controlling 51% stake in Tembo e-LV B.V. ("Tembo") and subsequent to balance date moved to 100% and consummated landmark partnership deal with GB Auto in Australia worth an estimated US\$250 million
Solid EdventureCo results on back of investments in AICT and sales infrastructure	<ul style="list-style-type: none"> EdventureCo statutory revenue of \$24.2m, 16% ahead of PcP; strong revenue growth within both Everthought and DDLS as the long-term rising demand for upskilling and reskilling in digital skills and cybersecurity was accelerated by remote working practices Statutory EBITDA of \$4.4m against PcP of \$0.2m; underlying EBITDA increased to \$5.2m (\$1.7m in PcP) reflecting cost curtailment Impairment write-down on Everthought goodwill of \$3.3m due to ongoing impact of COVID-19 on international student enrolments
Arowana Funds Management scaling back in competitive funds industry in Australia	<ul style="list-style-type: none"> AFM statutory revenues increased to \$1.8m (\$0.5m in PcP) due to receipt of non-recurring \$1.1m ACVF termination fee proceeds AFM statutory EBITDA increased to \$1.2m (\$0.2m in PcP); underlying EBITDA loss of \$0.6m improved \$0.8m on PcP following rationalisation of ASIOF cost base in response to sustained under-performance of the ASIOF fundraise Aggregate AUM (Assets Under Management) decreased to \$87m as at 31 December 2020 (30 June 2020: \$130m), a result of lower AUM in ACVF following its shareholders' vote to approve a Sale and Distribution Proposal to wind up the company

NOTE

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1H, FY2021 Statutory Results Overview

Half Year Ended	31 Dec 2020	31 Dec 2019	vs PcP ^{1,2} (%)	Comments
<i>All figures in A\$m</i>				
Operating revenue	57.9	68.6	(16)	Decline in VivoPower revenues caused primarily by operational disruptions due to COVID-19 lockdowns, offset by organic growth in EdventureCo
Interest income	1.3	0.1	1,118	Non-recurring gain on exchange of Aevitas hybrids into Aevitas Preference Shares
Total income	59.2	68.7	(14)	Contribution from VivoPower, EdventureCo, Arowana Funds Management and AWN EO
Other income	1.2	0.2	585	Includes unrealised foreign exchange gains
EBITDA	2.5	0.5	408	Includes non-recurring costs of \$2.6m incurred by VivoPower
EBIT	(3.6)	(2.8)	(30)	Reflects amortisation of acquired intangibles, depreciation of right-of-use lease assets and \$3.3m impairment provision recorded against Everthought Trades during period
PBT	(3.2)	(3.3)	4	Includes net interest expense of \$0.9m re: right-of-use lease assets and borrowings
Tax expense	0.8	1.6	54	
NPAT	(4.0)	(5.0)	21	NPAT from continuing operations
EPS (cents) ⁴	(10.2)	(12.3)	17	
DPS (cents paid)	-	-	-	
NTA (cents per share) ^{3, 4}	85.7	30.6	180	Refer to NTA slides for breakdown of statutory and underlying NTA

NOTES

1. PcP represents "previous corresponding period".
2. *nmf* represents "no meaningful comparison".
3. Given VivoPower International and its subsidiaries (including VivoPower Australia and Aevitas Group) are consolidated into AWN, the NTA per share does not reflect AWN's 46.8% shareholding in VivoPower International, the \$30.3m shareholder loan to VivoPower International PLC and its \$26.2m Aevitas hybrid securities holdings (please see Underlying NTA slide).
4. On 12 June 2020, AWN shareholders voted to approve a consolidation of total shares on issue, such that every four (4) fully paid ordinary shares were converted into one (1) fully paid ordinary share. As such, in order to provide consistency with the current presentation, Earnings and Net Tangible Assets per share for the comparative period have been restated.
5. Numbers may not compute exactly due to rounding.

1H, FY2021 Underlying Results Overview

Half Year Ended	31 Dec 2020	31 Dec 2019	vs PcP (%) ²	Comments
<i>All figures in A\$000s</i>				
VivoPower International	31,225	47,143	(34)	Impact of COVID-19 related disruptions on Aevitas business unit
EdventureCo	24,198	20,849	16	Strong organic growth achieved by DDLS
Arowana Funds Management	704	498	41	Primarily represents management fees in CVF Manager and ASIOF Manager
Enterprise Office	797	1	<i>nmf</i>	Increase in AWN EO external revenues arising from project management and digital transformation services
Total underlying revenue	56,924	68,491	(17)	
VivoPower International	1,496	5,260	(72)	Impact of decline in revenues offset by increasing margins and ongoing focus on cost management
EdventureCo Group	5,215	1,723	203	Significant margin expansion within DDLS due to increased acceptance of lower cost online and virtual delivery models
Arowana Funds Management	(622)	(1,449)	57	Rationalisation of ASIOF cost base in response to sustained under-performance of ASIOF fundraise
Enterprise Office	(1,481)	(1,975)	25	Increased external revenues and further optimisation of overhead base (primarily reflects a reduction in employee expenses)
Total underlying EBITDA	4,608	3,559	29	
Total underlying EBIT	1,815	282	544	
Realised FX gains / (losses)	173	(47)	<i>nmf</i>	Realised FX losses relating to ordinary course of business
Interest income	1	108	(99)	
Interest expense	(899)	(663)	(36)	Represents interest incurred on right-of-use lease liabilities, convertible notes on issue and other short-term debt facilities
Net interest expense	(898)	(555)	(62)	
Total underlying PBT	1,090	(320)	<i>nmf</i>	
Tax expense	(763)	(1,648)	54	
Underlying Group NPAT	327	(1,968)	<i>nmf</i>	

NOTES

1. Includes adjustments to exclude the impact on non-recurring items (refer 'Reconciliation of statutory to underlying results on page 26 of this presentation for further detail).

2. *nmf* represents "no meaningful comparison".

3. Numbers may not compute exactly due to rounding.

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1H, FY2021 Statutory Balance Sheet Overview

As at		31 Dec 2020	30 Jun 2020	% Change ¹
Shares on issue	#m	39.5	39.5	-
Cash on hand	A\$m	35.3	12.6	180
Net assets	A\$m	83.5	54.4	53
Net cash / (net debt)	A\$m	19.1	(6.6)	<i>nmf</i>
NTA / share	\$ / share	0.86	0.13	554

- Gross cash balance has increased to \$35.3m as at 31 December 2020 from \$12.6m as at 30 June 2020:
 - primarily reflects consolidation of proceeds from the successful capital raise in VivoPower during October 2020 which generated gross proceeds of US\$28.75m (pre-fees)
 - detailed cash movement breakdown is set out in the Appendices
- Debt of \$16.2m includes right-of-use (ROU) lease liabilities, convertible notes on issue and other short-term debt facilities
- Statutory NTA per share has increased to \$0.86 per share from \$0.13 as at 30 June 2020
 - AWN does not engage in periodic revaluation of investments (as is common in the private alternative investment management industry)
 - detailed NTA per share breakdown is set out on the following pages

NOTES

1. *nmf* represents “no meaningful comparison”.

1H, FY2021 Statutory NTA Breakdown

NTA Breakdown	A\$	Comments
Group cash	35,280,684	Refer Appendices for cash movement breakdown
Innovative Solar Ventures 1 LLC shareholding	10,468,325	At equity accounted valuation, representing investment in early stage US solar projects
Assets classified as held-for-sale	4,876,514	Proportion of investment in ISS JV expected to be realised within next 12 months (held at cost)
AASSF I Investments:		AASSF I is the Arowana Australasian Special Situations Fund I
▪ Viento (VIE) shareholding	137,031	At equity accounted valuation
Net working capital	(13,393,468)	Receivables less payables and provisions
PPE	14,617,994	At cost (net of depreciation); includes right-of-use (ROU) lease assets
Other assets	429,637	Primarily represents security deposits on leased properties
Other liabilities	(2,350,855)	Non-current employee provisions
Borrowings	(16,192,762)	ROU lease liabilities, convertible notes on issue and other short-term debt facilities
Net tangible assets (\$)	33,873,100	Excludes goodwill, intangibles and deferred tax assets & liabilities
Total shares on issue (#)	39,523,864	As at 31 Dec 2020
NTA per share (cents)	85.7	As at 31 Dec 2020

Alternative valuation approach is Sum of the Parts incorporating net cash, investments and applying earnings based multiples to the Operating Companies and the Arowana Funds Management division, net of Enterprise Office costs

1H, FY2021 Underlying NTA Breakdown

NTA Breakdown	A\$	Comments
Group cash ¹	10,407,856	
Investment in VivoPower International PLC ²	98,520,839	46.8% of issued capital at 31 December 2020 valuation
VivoPower Aevitas Exchangeable Securities	26,235,726	At redemption value
USD loans receivable	30,256,152	From VivoPower International PLC at 31 December 2020
Other VivoPower receivables	366,814	From VivoPower International PLC at 31 December 2020
AASSF I investments:		AASSF I is the Arowana Australasian Special Situations Fund I
▪ Viento (VIE) Shareholding	137,031	At equity accounted valuation
Net working capital ¹	(11,011,240)	Receivables less payables and provisions
PPE ¹	11,106,472	At cost (net of depreciation); includes right-of-use (ROU) lease assets
Other assets ¹	431,880	Primarily represents security deposits on leased properties
Other liabilities ¹	(2,150,750)	Non-current employee provisions
Borrowings ¹	(13,136,602)	ROU lease liabilities, convertible notes on issue and other short-term debt facilities
Net tangible assets (\$)	151,164,178	Excludes goodwill, intangibles and deferred tax assets & liabilities
Total shares on issue (#)	39,523,864	As at 31 Dec 2020
NTA per share (cents)	382.5	As at 31 Dec 2020

Alternative valuation approach is Sum of the Parts incorporating net cash, investments and applying earnings based multiples to the Operating Companies and the Arowana Funds Management division, net of Enterprise Office costs

NOTES

1. Excluding assets and liabilities of VivoPower International PLC and its controlled entities.
2. The valuation implied by the last sale price of US\$9.28 per share (converted to AUD at the spot rate of 1:0.7702) as at 31 December 2020.
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Enterprise Office

Enterprise Office | 1H, FY2021 commentary

Board of directors	<ul style="list-style-type: none">▪ New Non-Executive Director, Claire Bibby, appointed post-balance date in February 2021▪ Non-Executive Directors have agreed to receive a third of their remuneration via non-cash equity-based compensation (underlying Fee Sacrifice Share Plan approved by AWN shareholders at FY2020 AGM held on 28 January 2021)
Executive leadership	<ul style="list-style-type: none">▪ No changes during the period
Team composition	<ul style="list-style-type: none">▪ No net hiring in HY2021 and selected members of Enterprise Office team will be progressively moved out of AWN Holdings▪ Arowana International UK costs transitioned out of the Group
ArowanaU	<ul style="list-style-type: none">▪ ArowanaU initiatives transitioned out of the Group during the period in accordance with stated objective of reducing AWN cost base
Environmental, Social and Governance (ESG) commitment	<ul style="list-style-type: none">▪ B Corp recertification process underway with the team continuously improving our sustainability practices▪ At the FY2020 AGM, AWN shareholders approved the Company's constitution being updated to include Purpose and Stakeholder ESG clauses
Corporate actions	<ul style="list-style-type: none">▪ Unmarketable parcel share buyback completed in December 2020

AWN HOLDINGS LIMITED

Operating Companies



VIVOPOWER INTERNATIONAL

An international EV, battery storage, solar and critical power services group

Headquartered in the UK with operations in Australia and the USA

B Corp certified

AWN has a controlling 46.8% shareholding



VivoPower is a sustainable energy solutions company focused on electric vehicles, battery technology, solar and critical power services



AEVITAS

Critical power solutions group
based in Australia

Wholly-owned subsidiary of
VivoPower

Provides critical energy solutions
including design, supply,
installation and maintenance of
power and control systems

Comprises Kenshaw and
J.A. Martin businesses



Aevitas is a critical power services and solutions business in Australia (wholly-owned subsidiary of VivoPower)



TEMBO

Specialist battery-electric and off-road vehicle company based in the Netherlands

Wholly-owned subsidiary of VivoPower as of February 2021

Focus on designing and building ruggedised light electric vehicle solutions for customers in mining and other heavy industrial sectors



Tembo is a Netherlands-based specialist battery-electric and off-road vehicle company that is now a wholly-owned subsidiary of VivoPower

VivoPower International | 1H, FY2021 results commentary



	Statutory half-year ended 31 Dec 2020	Underlying half-year ended 31 Dec 2020	Underlying half-year ended 31 Dec 2019	Underlying % change 1H, FY2021 vs 1H, FY2020
<i>All figures in A\$000's</i>				
Revenue	31,225 ²	31,225 ²	47,143	(34)
EBITDA	2,770 ²	1,496 ^{1, 2}	5,260 ¹	(72)

- VivoPower 1H revenue decreased 34% year-on-year to \$31.2m due primarily to strict COVID-19 lockdowns in Australia causing delays to scheduled works within the Aevitas businesses.
- Gross profit down 17% versus PcP to \$6.0m, gross margins improved to 20% versus 18% compared to PcP, due to a strong focus on project execution and labour efficiency.
- Underlying EBITDA decreased by \$3.8m year-on-year to \$1.5m, due primarily to COVID-19 restrictions impact on gross profit and increase in headcount to support hyperscaling of the business.
- VivoPower's balance sheet was fortified during 1H FY2021 with the successful consummation of a US\$28.75m equity raising in October 2020 (including overallotment). Cash balance improved from \$5.6m in June 2020, to \$24.9m as at December 2020. VivoPower also refinanced its loan from AWN Holdings Limited with a longer maturity and lower interest rate to reflect the Company's improved credit profile.
- Following the August 2020 announcement of a strategic pivot to enter the commercial electric vehicle ("EV") market, VivoPower completed the acquisition of 51% of Tembo e-LV B.V. ("Tembo") in November 2020, and acquired the remaining 49% in February 2021, with plans for additional investment to scale up assembly, manufacturing and distribution.
 - The Tembo acquisition has transformed the Company's growth trajectory and generated significant investor interest.
 - VivoPower and Tembo also established a major partnership deal with GB Auto in Australia worth an estimated US\$250m in revenue over 4 years.
- VivoPower's mission is to help its customers decarbonise by providing turnkey, enterprise sustainable energy solutions ("SES"). The Company's first SES order has been secured with Tottenham Hotspur FC (UK), with VivoPower also becoming their Global Battery Partner. Further orders are expected in 2H from mining sector customers in particular.

NOTES

1. Includes adjustments to exclude the impact of non-recurring items.

2. Includes proceeds of \$1,801k received in connection with the Australian Federal Government's JobKeeper Assistance Program.

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EdventureCo

DDLS

Australasia's largest provider of
ICT & Cybersecurity certified
training to industry professionals

AIICT

Online ICT training for industry
entrants in both accredited &
bootcamp formats

Everthought Education

Vocational training in building &
construction skills to domestic
& international students

ENS International

Global leader in negotiation advice,
support & training
AWN controls with 100%
shareholding



EdventureCo is a leading vocational and professional education and training (VPET) group expanding across the ASEAN region

	Statutory half-year ended 31 Dec 2020	Underlying half-year ended 31 Dec 2020	Underlying half-year ended 31 Dec 2019	Underlying % change 1H, FY2021 vs 1H, FY2020
<i>All figures in A\$000's</i>				
Revenue	24,198 ²	24,198 ²	20,849	16
EBITDA ³	4,436 ²	5,215 ^{1,2}	1,723 ¹	203

- Despite the ongoing disruptive impact upon operations caused by the COVID-19 pandemic, EdventureCo revenues were 16% up compared to PcP driven by growth in all businesses, as the long-term rising demand for upskilling and reskilling in digital skills and cybersecurity was accelerated by remote working practices.
- DDLS revenues were up by 8%, driven primarily by heightened demand from new career entrants for AIICT's online bootcamp and accredited qualification model, and new contract wins for DDLS People, DDLS's government focused solutions provider.
- Everthought delivered 19% revenue growth as digital marketing efficacies drove strong sales in its recognition of prior learning division, and strong onshore demand from international students offset deferred and cancelled enrolments caused by COVID-19 international border closures.
- As foreshadowed, EdventureCo's agile reaction to COVID-19 and deliberate market positioning has it well placed to take advantage of the post-pandemic environment. In continuation of this strategy, DDLS launched DDLS Plus, a new online learning platform designed for continuous learning after a student has completed a DDLS course, and EdventureCo acquired ENS International, a global leader in the virtual and face-to-face delivery of advice, support and training in the key soft skill areas of negotiation and influencing.
- Underlying EBITDA for the year was up by 203% compared to PcP, reflecting significant margin expansion as lower cost online and virtual delivery models were embraced by the market, and management maintained strong cost discipline given the volatile and uncertain operating environment.
- Despite challenging conditions, ASEAN expansion continues to remain a key focus. DDLS Philippines has seen improving conditions as the country exits stringent lockdown measures and discussions continue to be held with potential partners in several countries.

NOTES

1. Includes adjustments to exclude the impact of non-recurring items




2. Includes proceeds of \$1,277k received in connection with the Australian Federal Government's JobKeeper Assistance Program.

3. EBITDA also excludes impairment of goodwill

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Arowana Funds Management

Vehicle	FUM	Comments
	A\$23.0m at 31 Dec 2020 ¹	<ul style="list-style-type: none"> ACVF was a long-biased equities fund that deployed data-driven research techniques to uncover unpopular and misunderstood stocks that offer contrarian value On 15 December 2020, ACVF Shareholders voted for the liquidation and return of the Company's assets, the Manager was terminated and received a termination fee Over the lifetime of the Fund, ACVF delivered annualised net returns of 12.8% vs the ASX accumulation index's annualised return of 9.3% over the same period
	A\$45.7m at 31 Dec 2020	<ul style="list-style-type: none"> AASSF 1 was focussed on special situations and invested across different types of securities (including convertible notes, hybrid securities, ASX shells and NASDAQ SPAC entities) Fund currently in harvest mode
	A\$17.8m at 31 Dec 2020	<ul style="list-style-type: none"> ASIOF focuses on direct lending to lower-middle market businesses, leveraging the capability and pipeline of the broader Arowana platform and investment team Fund is now closed to further subscription

NOTE

1. Unaudited Net Tangible Asset Release as at 31 December 2020, lodged by Contrarian Value Fund Limited (ASX: CVF) on 19 January 2021. The majority of this capital has since been returned to Shareholders following the approval of the Sale and Distribution Proposal at the Company's General Meeting held on 15 December 2020.

	Statutory half-year ended 31 Dec 2020	Underlying half-year ended 31 Dec 2020	Underlying half-year ended 31 Dec 2019	Underlying % change 1H, FY2021 vs 1H, FY2020
<i>All figures in A\$000's</i>				
Revenue	1,804	704	498	41
EBITDA	1,231	(622) ^{1,2}	(1,449) ^{1,2}	57

- The variance between statutory and underlying revenue represents the normalisation of a \$1.1m Termination Fee in ACVF Management Pty Ltd due to the termination of its Investment Management Agreement (IMA) with Arowana Contrarian Value Fund.
- Underlying EBITDA for the year reflects the removal of the Termination Fee revenue and the allocation of an activity-based overhead charge from the Enterprise Office commensurate with the direct and indirect cost of support provided to Arowana Funds Management.
- In accordance with the Board's review of the strategic options for the Funds Management business, the Group disposed of the loss making Arowana UK business during the period which also represented an exit from the Alicorn strategy for AWN.
- Given the termination of its IMA, ACVF Management Pty Ltd will have minimal impact on the future performance of AFM.
- The remaining vehicles, AASSF and ASIOF, have limited direct costs and will ultimately cease once their respective investments have been fully realised.

NOTES

1. Includes allocation of activity-based overhead from Enterprise Office

2. Includes adjustments to exclude the impact of non-recurring items

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Appendices

Underlying financial information

Explanation of underlying financial performance and position

Underlying financial information represents profit and loss information derived from the unaudited management accounts for the relevant operating entities in respect of the half-year ended 31 December 2020 and 31 December 2019 respectively adjusted as follows:

- To exclude non-recurring revenue and cost items

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1H, FY2021 Reconciliation of statutory to underlying results

Half Year Ended 31 December 2020	EBIT	EBITDA
<i>All figures in A\$000s</i>		
Statutory reporting basis	(3,618)	2,485
VivoPower International		
Reverse unrealised FX gains	(4,881)	(4,881)
Normalisation of non-recurring expenses	2,632	2,632
Normalisation of non-cash employee share-based compensation	975	975
EdventureCo		
Normalisation of non-recurring project costs	384	384
Impairment of goodwill (Everthought Trades)	3,310	-
Normalisation of non-recurring income and expenses	396	396
Arowana Funds Management		
Reverse unrealised FX losses	2	2
Add back from discontinued operations	(173)	(173)
Normalisation of non-recurring income	(1,100)	(1,100)
Enterprise Office		
Reverse unrealised FX losses	3,887	3,887
Normalisation of project costs	61	61
Normalisation of non-recurring expenses	113	113
Unallocated		
Realised foreign exchange losses not allocated to business units	(173)	(173)
Underlying reporting basis	1,815	4,608

NOTES

1. Numbers may not compute exactly due to rounding

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Cash Movement Breakdown

AWN Cash reconciliation	A\$	Comments
Cash @ 30 June 2020	12,648,406	As per audited balance sheet at 30 June 2020
Cash @ 31 December 2020	35,280,684	As per reviewed balance sheet at 31 December 2020
Total Cash movement	22,632,278	
Employment expenses	(20,805,957)	Group employee expenses for all consolidated entities
Other net operating cash flows	15,016,773	Includes net interest paid, non-recurring items and regular operating revenue and expenses
Solar projects	90,581	Proceeds from the sale of Daisy Hill solar farm
Other net investing activities	628,979	Net cash acquired on acquisitions of ENS International and Tembo offset by acquisition of fixed assets
Net proceeds from borrowings	(5,922,101)	Net repayment of borrowings and right-of-use lease liabilities
Proceeds from issue of equity	36,475,432	Capital raise in VivoPower completed during October 2020
Distribution paid	(137,007)	AASSF FY2020 distribution
FX movement	(2,714,422)	Foreign exchange movements on USD bank accounts
Total Cash movement	22,632,278	

NOTE

Breakdown above is unaudited and classifications are based on management accounts

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Questions and Answers