

# AWN HOLDINGS LIMITED

ACN 103 472 751

## Chairman's & CEO's Letter

Dear Fellow Shareholders,

31 August 2021: The Company has delivered a solid performance in FY2021 despite COVID-19 lockdown related disruptions. Key financial highlights as follows:

- Consolidated statutory revenues of \$110.5m;
- Statutory EBITDA profit of \$75.7m versus a loss of \$4.6m in the prior year;
- Underlying EBITDA prior year profit \$4.8m improving to a current year profit of \$6.2m;

The following key strategic initiatives were executed upon during FY2021:

- VivoPower – successfully completed award winning hyperturnaround and strategic pivot into sustainable energy solutions (SES) with the acquisition of Tembo e-LV and subsequent capital raising;
- EdventureCo - successfully completed digital transformation and achieved a return to strong revenue and profit growth;
- EdventureCo – completed cash accretive bolt on acquisition of ENS, to augment current product offering;
- Arowana Funds Management - completed strategic review, with profitable exit of Contrarian Value Fund with return of monies to investors (delivering annualised return of 8.6%), the exit of new funds management vehicles, including Arowana Impact Capital and Alicorn Global Ventures and the imminent profitable exit of Australian Special Income Opportunities Fund (ASIOF), with return of monies to investors in progress (delivering an estimated annualised net return of approximately 20%); and
- Enterprise Office and ArowanaU – completed move of the majority of the cost base out of AWN Holdings Limited (AWN) (without compromising ability to govern and operate effectively as a listed company).

### FY2021 in Review

For FY2021, we set our annual enterprise objectives to be as follows:

- VivoPower – complete hyperturnaround and execute on strategic pivot;
- EdventureCo Group – drive digital transformation and a return to revenue and profit growth;
- Arowana Funds Management – complete strategic review and execute on decision;
- ArowanaU – move cost base out of AWN;
- Enterprise Office – move cost base out of AWN.
- B Corp Governance – improve our B Corp impact score to above 100.

We delivered on 5 out of the 6 enterprise objectives above during FY2021 despite a year in which COVID-19 related lockdowns resulted in significant disruption to all of our businesses and investments. We were not able to deliver on the last objective due to the extended lead time (partly due to COVID disruptions) of having our impact score assessed by the B Corporation governing body.

# AWN HOLDINGS LIMITED

ACN 103 472 751

## *VivoPower International PLC*

This time last year, VivoPower was half-way through executing upon a hyperturnaround and had just announced a new strategy, christened Sustainable Energy Solutions (“SES”) with a stated plan to add an electric vehicle capability. Fast forward a year and it is pleasing to report that whilst COVID-19 lockdowns in Australia adversely affected revenue and profitability over the course of FY2021, the VivoPower team delivered on key results well ahead of schedule and targets. Key results delivered included:

- Successful completion of an award winning hyperturnaround, without compromising creditors and without job losses that were not attributable to performance;
- Completed acquisition, onboarding and integration of electric vehicle business, Tembo e-LV (“Tembo”);
- Completed equity raisings in excess of US\$32m in total net proceeds;
- Reduced net debt from \$23m to \$14m, remedied net current asset deficiency and significantly increased cash reserves;
- Secured exclusive distribution deals for Tembo EV conversion kits in Australia, Canada and the Nordics, with potential orders of 4,475 electric vehicle conversion kits;
- Executed binding letter of intent with Toyota Motor Corporation Australia (“TMCA”) in relation to electrification of the Toyota Landcruiser (and as a pre-cursor to a potential Master Services Agreement);
- Secured first holistic end-to-end SES project with Tottenham Hotspur Football Club in the UK, with feasibility studies completed by 30 June 2021;
- Secured full management and economic control of US solar joint venture; and
- Debuted in the Real Leaders Impact Awards as one of the Top 50 impact companies globally.

## *EdventureCo Group*

At the onset of COVID-19 lockdowns, EdventureCo was the most badly affected of our operating businesses with campuses needing to be shut down across Australia for many months and international student arrivals curtailed. However, we were able to rapidly execute upon a digital transformation strategy, thanks to the efforts of the EdventureCo leadership team and ended the fiscal year delivering record revenue and profits.

## *Arowana Funds Management*

In our last annual report, we advised that we were finalising a strategic review of this business unit in Australia and whether it was an appropriate fit within AWN. The decision was subsequently made for AWN to exit funds management, including in relation to long/short listed equities as well as to cease any further funds management development within AWN. This culminated in the exit via a return of capital and delisting of the Arowana Contrarian Value Fund (CVF.AX). Furthermore, we also exited newer funds management activities, namely Arowana Impact Capital and Alicorn Global Ventures (as part of the UK operations); both were transferred out of AWN (albeit with AWN with retention of a share of performance carry). Post balance date, it has also been announced that the ASIOF will be realising its investments ahead of schedule with investment returns materially ahead of target. This will enable ASIOF to ultimately be exited as well. The last remaining fund

# AWN HOLDINGS LIMITED

ACN 103 472 751

vehicle will then be the Arowana Australian Special Situations Fund (AASSF), which is also in harvest mode.

## *Enterprise Office*

We were able to deliver a net reduction of costs within the Enterprise Office over the fiscal year. Further reductions can be achieved from a delisting of AWN and is one of the reasons we are putting forward a proposal to delist AWN.

## *Other Corporate Developments*

During November 2020, the application for summary judgment in relation to Intueri Education Group (“Intueri”) was heard in a three day hearing before the High Court of New Zealand (“High Court”). In a judgment released in April 2021, Justice Fitzgerald dismissed the application, accepting the defendants’ arguments that the matter was unsuited to summary judgment, that there were multiple factual issues to be resolved at trial and that much of the evidence relied upon by the first plaintiff to obtain summary judgment was inadmissible hearsay. The High Court did grant orders enabling the plaintiffs to sue on a representative basis, in other words, on behalf of other persons who also acquired shares in Intueri. Should this matter proceed to trial, it is likely it will be heard in two stages over several months. We will continue to keep its shareholders informed of any material developments in relation to this matter.

There have been a number of post balance date developments in relation to the Company including:

- Announcement of a proposal for a voluntary delisting from the ASX, to be voted on by shareholders;
- Announcement of an on-market share buyback to provide liquidity, especially ahead of any delisting;
- Announcement of intention to consider launching a share sale facility to provide additional liquidity to shareholders, subject to ASIC approval; and
- Announcement of the proposed acquisition of Auldhouse Computer Training Limited (NZ), the largest private fee for service provider of Information and Communication Technology (“ICT”) and Cybersecurity certified training in New Zealand. Total estimated consideration of \$16.6m is to be funded from a debt facility of \$12m and the balance from cash reserves.

## **FY2022 Enterprise Objectives**

For FY2022, we have set our annual enterprise objectives to be as follows:

- VivoPower – continue to provide support so as to maximise value of shareholding
- EdventureCo Group – expand globally to accelerate growth trajectory, organically and via mergers and acquisitions
- Arowana Funds Management – complete monetisation of ASIOF and AASSF investments funds.
- B Corp Governance – improve B Corp impact score to above 100
- Corporate – provide liquidity to shareholders through an on-market buyback and share sale facility as part of ASX delisting proposal

# AWN HOLDINGS LIMITED

ACN 103 472 751

- Enterprise Office – further rationalise cost base through delisting

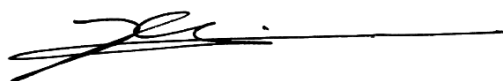
## Final Remarks

In closing, I would like to take this opportunity to thank our team, board, advisory board, suppliers, customers and financiers across all of our companies, more so than in any other year of AWN's existence given the widespread disruption and dislocation caused by the COVID-19 pandemic and associated lockdowns.

Across AWN, the extent of government funding support that we were eligible for was minimal and hence this really heightened the need to be resilient, innovative and agile in order to not only survive but to turn defence into offence and execute decisively. I am very pleased and proud to have experienced our culture really come to the fore over the last 12 months with multiple team members fully embracing the challenges manifesting from this once in a century level pandemic to deliver results and outcomes. In particular, I am appreciative of my fellow board members who joined me in foregoing receipt of their compensation for an extended period of time.

I would also again like to thank our fellow shareholders for their investment in AWN. One of the challenges of AWN's ASX listing has been the lack of liquidity, since our listing in April 2013. Given the increasing internationalisation of our operating businesses with more compatible capital platforms in other jurisdictions, we have no future intention to raise capital via the ASX. Combined with a desire to further decrease our operating costs, this forms the rationale as to why we are presenting the delisting proposal to shareholders for consideration. However, we are very mindful of providing liquidity so as to enable shareholders who do not wish to hold shares in an unlisted public company to exit their shareholding in an orderly manner and hence the accompanying on-market share buyback. If required, we may also seek approval from ASIC to launch a share sale facility so as to provide even more liquidity ahead of any delisting of AWN. We have been grateful for the opportunity to undertake an IPO and subsequently run a conglomerate on the ASX. We will respectfully proceed in accordance with the voting wishes of our shareholder base.

Yours sincerely



Kevin Chin  
Executive Chairman and Chief Executive Officer

# AWN Holdings Limited and its Controlled Entities

ACN 103 472 751

Appendix 4E Preliminary Final Report (Unaudited)  
for the year ended 30 June 2021

AWN Holdings Limited and its Controlled Entities

**AWN Holdings Limited and its Controlled Entities (AWN)**

ACN 103 472 751

## Appendix 4E - Preliminary Final Report for the year ended 30 June 2021

(Previous corresponding period: year ended 30 June 2020)

**1.1.1. Results for Announcement to the Market**

				2021 A\$	2020* A\$
Revenue from continuing operations	down	5%	to	110,491,008	116,509,443
Profit / (loss) after tax from continuing operations attributable to members	up	<i>nmf</i>	to	56,264,723	(8,719,961)
(Loss) / profit after tax from discontinued operations attributable to members	down	<i>nmf</i>	to	(173,000)	1,203
Net profit / (loss) for the year attributable to members	up	<i>nmf</i>	to	56,091,723	(8,718,758)

\* Amounts classified in the current period as relating to discontinued operations have been reclassified in the prior year to provide consistency with the current presentation

"*nmf*" represents - no meaningful comparison

The Directors have not declared a final dividend in respect of the year ended 30 June 2021 (30 June 2020: NIL).

**1.1.2. Brief explanation necessary to enable the figures to be understood:**

Please refer to attached Results Commentary and Financial Report for the year ended 30 June 2021.

<b>Earnings per ordinary fully paid share</b>	<b>Current Period</b>	<b>Previous Corresponding Period</b>
<b>From continuing and discontinued operations combined</b>		
Basic EPS	141.78 cents	(22.05) cents
Diluted EPS <sup>1</sup>	123.91 cents	(22.05) cents

<sup>1</sup> AWN currently has 1,481,250 convertible notes on issue which, if exercised, would each convert into four ordinary shares. The underlying strike price of each note is \$2.40 (\$0.60 per share on a post share consolidation basis). The average AWN share price for the year ended 30 June 2021 was above the strike price of \$0.60, and as such in accordance with AASB 133 Earnings Per Share it has been assumed that all convertible notes were exercised during the period resulting in an additional 5,925,000 shares on issue. For purposes of calculating diluted earnings per share the associated interest payable on the notes has been added back to the Group's profit on the basis that if the notes were converted into shares the interest expense would not have otherwise been incurred.

AWN Holdings Limited and its Controlled Entities

<b>NTA backing</b>	<b>Current Period</b>	<b>Previous Corresponding Period</b>
Net tangible asset backing per ordinary security	315.1 cents	13.1 cents

**Control gained or lost over entities during the year**

**1) Acquisition of Tembo e-LV B.V.**

On 5 November 2020, AWN Holdings Limited, through its subsidiary VivoPower International PLC, acquired a 51% shareholding in Tembo e-LV B.V. ("Tembo"), a Netherlands-based specialist battery-electric and off-road vehicle company with global sales and distribution channels across four continents. Tembo services a diverse range of sectors - from mining, infrastructure and utilities to government services, game safaris and humanitarian aid - by providing customised light electric vehicles, often for ruggedised applications.

Subsequent to balance date, in February 2021, AWN Holdings Limited completed the acquisition of the remaining 49% of Tembo.

The acquisition of Tembo contributed \$1,788,071 towards total Group revenue. Had the acquisition occurred on 1 July 2020, the total revenue contribution to the Group would have been \$2,723,343.

**2) Acquisition of ENSI International Pty Ltd**

On 16 December 2020, AWN Holdings Limited, through its newly established wholly owned subsidiary, ENSI Holdings Pty Ltd, acquired ENSI International Pty Ltd ("ENSI"), a global leader in virtual and face-to-face negotiation advice, support and training.

The acquisition of ENSI will further EdventureCo's goal of equipping students with relevant skills in a fast-changing world. It will be highly complementary to DDLS and the Australian Institute of ICT, EdventureCo's two market leading IT training providers, that address the skills shortages in the digital sector.

The acquisition of ENSI contributed \$1,759,117 towards total Group revenue. Had the acquisition occurred on 1 July 2020, the total revenue contribution to the Group would have been \$3,088,905.

**3) Disposal of Arowana International UK Limited**

During October 2020, in accordance with AWN Holdings Limited's stated objective of shifting its cost base out of Enterprise Office, control was relinquished over Arowana International UK Limited following disposal of the entity for £1, with a resultant loss on disposal of \$11,028.



AWN Holdings Limited and its Controlled Entities

**4) Loss of control of VivoPower International PLC (VivoPower) and its subsidiaries**

During the year ended 30 June 2021, AWN's ownership in the Nasdaq-listed VivoPower decreased to 44.2% following an equity capital raising completed on 19 October 2020 and subsequent smaller equity issuance. As a result of the dilution in its holding, the Company has determined that, with effect from 30 June 2021, it no longer has the practical ability to direct VivoPower's relevant activities and has therefore ceased to consolidate VivoPower's financial statements.

The loss of control of VivoPower and its subsidiaries during the reporting period has resulted in a gain on deconsolidation of \$86.8 million, representing the difference between the fair value of the Company's retained interest in VivoPower at 30 June 2021 and the carrying amount of its net assets at that date (net of non-controlling interests). Please refer to the attached Financial Report for the year ended 30 June 2021 for further details.

Associates and Joint Venture Entities	Ownership Interest		Contribution to Net Profit	
	Current Period %	Previous Corresponding Period %	Current Period	Previous Corresponding Period
VivoPower International PLC	44.2	60.3	(9,648,276)	(9,645,651)
Innovative Solar Ventures I, LLC	100.0	50.0	(9,306,845)	-
Viento Group Limited	31.8	31.8	(50,603)	(166,191)

**1.1.3. Additional information:**

For additional information required under listing rule 4.3A, please refer to the attached Results Commentary and Financial Report for the year ended 30 June 2021.

**1.1.4. Commentary on the Results for the Period:**

For commentary on the results of AWN for the year ended 30 June 2021, please refer to the preceding Chairman's & CEO's Letter and the attached Results Commentary.

**1.1.5. Audit/Review Status**

The Annual Report, consisting of the Directors' Report and Financial Statements is in the process of being audited. The audited Annual Report will be lodged with ASIC and the ASX prior to 30<sup>th</sup> September 2021.



AWN Holdings Limited and its Controlled Entities

**1.1.6. Attachments Forming Part of Appendix 4E**

<b>Attachment #</b>	<b>Details</b>
1	Results Commentary
2	Financial Report for the year ended 30 June 2021

---



Cameron Fellows  
Company Secretary  
31 August 2021

## Results Commentary for the year ended 30 June 2021

### Review and results of operations

#### *Statutory financial highlights*

Statutory operating revenue for the year ended 30 June 2021 decreased by 5% to \$110.5 million (2020: \$116.5 million) due primarily to operational disruptions and delays in the commencement of projects within VivoPower's Aevitas business unit due to COVID-19, offset by strong growth in revenue generated by EdventureCo's DDLS business unit.

The statutory EBITDA and net profit after tax ("NPAT") from continuing operations for the year ended 30 June 2021 were an EBITDA profit of \$75.7 million (2020: loss of \$4.6 million) and an NPAT of \$50.1 million (2020: loss of \$13.1 million) respectively. Key contributors to the result for the year were:

- Non-recurring gain on deconsolidation of VivoPower (\$86.8 million);
- Organic revenue growth (22%) generated by the EdventureCo Group, primarily driven by the performance of its DDLS business unit which continued to deliver revenue growth and also margin improvements despite the impact of COVID-19 on its client base;
- A decrease in revenues (27%) generated by VivoPower's Aevitas business unit in Australia, caused primarily by operational disruptions and delays in the commencement of projects due to COVID-19 lockdowns;
- Non-recurring, unrealised negative fair value mark to market adjustment of \$7.6 million incurred by the Arowana Australasian Special Situations Fund ("AASSF") following the maturity of its investment in Aevitas' convertible preference shares and convertible loan notes, which were exchanged into VivoPower shares;
- Non-recurring restructuring and professional fees (\$4.4 million) incurred by VivoPower primarily in connection with the acquisition of Tembo and legal fees incurred in relation to litigation involving the former CEO, Mr. Philip Comberg;
- A \$3.3 million non-cash impairment provision relating to goodwill in the EdventureCo Group's Trades business unit reflecting the significant ongoing impact of COVID-19 in Australia on the international student education sector;
- Non-recurring gain (\$1.3 million) recognised by Aevitas in respect of the loss of rights to accrued dividends and interest to December 2016 on Aevitas' convertible preference shares and convertible loan notes for instrument holders agreeing to reconstitute those instruments into Aevitas Preference Shares;
- Non-cash employee share-based compensation expense (\$1.7 million) incurred by VivoPower;
- Non-recurring income (\$1.1m) received in connection with the early termination of the Contrarian Value Fund Limited investment management agreement; and
- Non-cash amortisation of identifiable intangibles (\$1.5 million) arising from acquisition of DDLS and Aevitas (supply contracts, customer relationships, course development).

## Results Commentary (continued)

### AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

The table below sets out the statutory financial results for the year ended 30 June 2021:

All figures in A\$ thousands	Year ended 30 June 2021 – statutory	Year ended 30 June 2020 – statutory <sup>1</sup>	% change
Operating revenue	110,491	116,509	(5)
Interest income	1,316	50	<i>nmf</i>
Total income	111,807	116,560	(4)
Other income	90,368	1,076	<i>nmf</i>
Earnings before interest, tax, depreciation & amortisation (EBITDA)	75,653	(4,610)	<i>nmf</i>
Earnings before interest and tax (EBIT)	66,138	(11,201)	<i>nmf</i>
Profit / (loss) before tax (PBT)	65,777	(12,759)	<i>nmf</i>
Tax expense	15,536	341	<i>nmf</i>
Net profit / (loss) after tax (NPAT) from continuing operations	50,241	(13,101)	<i>nmf</i>
Earnings per share (EPS)	141.8	(22.05)	<i>nmf</i>
Dividend per share (DPS)	-	-	
Net tangible assets (NTA) per Share	315.1	13.1	<i>nmf</i>

<sup>1</sup> In order to provide consistency with the current presentation, comparative underlying results for the year ended 30 June 2020 have been restated to remove the results of AWN International UK Limited following its disposal during H1 FY2021. “*nmf*” represents – no meaningful comparison

### ***Impact of COVID-19 on financial results***

The impacts arising from the COVID-19 pandemic on the financial results of the Group are discussed within the Chairman’s & CEO’s letter, in the following commentary on underlying results by business unit, and in Note 2(aa) of the financial statements.

### ***Underlying financial performance***

In order to enable a more meaningful comparison of underlying financial performance, the following table outlines AWN’s financial performance for the year ended 30 June 2021 versus the year ended 30 June 2020, together with a reconciliation of statutory to underlying results. The table is presented on the following basis:

- Excluding the impact of non-recurring gain on deconsolidation of VivoPower following the Board’s assessment that, following the Company’s ownership interest decreasing to 44.2% at 30 June 2021, it no longer has the practical ability to direct VivoPower’s relevant activities unilaterally, \$86.8 million (2020: NIL);
- Excluding the impact of a non-recurring, unrealised negative fair value adjustment of \$7.6 million incurred by the Arowana Australasian Special Situations Fund (“AASSF”) following the maturity of its investment in Aevitas’ convertible preference shares and convertible loan notes;

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

- Excluding the impact of non-recurring restructuring and other one-off costs incurred by VivoPower, primarily in connection with the acquisition of Tembo and legal fees incurred in relation to a matter involving the former CEO, Mr. Philip Comberg, \$4.4 million (2020: \$5.1 million);
- Excluding the non-cash employee share-based compensation expense incurred by VivoPower, \$1.7 million (2020: NIL);
- Excluding the non-cash impairment provision relating to goodwill in the EdventureCo Group's Trades business unit due to the ongoing impact of COVID-19 on international student enrolments, \$3.3 million (2020: NIL);
- Excluding the impact of non-recurring project costs incurred by the Enterprise Office, principally related to due diligence costs associated with potential acquisitions and one-off non-recurring expenses, \$0.7 million (2020: \$0.5 million);
- Excluding any unrealised foreign exchange gains from foreign currency holdings, \$0.7 million (2020: \$1.1 million);
- Excluding the impact of operational expenditure associated with the launch of DDLS Philippines, a joint venture between DDLS Australia Pty Ltd and Aboitiz Equity Ventures, NIL (2020: \$0.8 million);
- Excluding the impact of non-recurring project costs incurred by EdventureCo, primarily in relation to the implementation of a new enterprise resource planning system (ERP) and due diligence costs associated with potential acquisitions, \$0.5 million (2020: \$1.1 million);
- Excluding the impact of non-recurring employee costs in EdventureCo, in relation to recognition of provision for long-term incentive plan and redundancy costs, \$4.2 million (2020: NIL);
- Excluding the impact of non-recurring income received in connection with the early termination of the Contrarian Value Fund Limited investment management agreement, \$1.1 million (2020: NIL);
- Reinstating the results of Arowana International UK Limited (Arowana Funds Management) for the period of ownership from 1 July 2020 through to 31 October 2020, which has been treated as a discontinued operation for statutory reporting purposes, \$0.2 million (2020: \$0.0 million);
- Recognising the reversal of the VivoRex onerous contract provision expense on disposal of VivoRex LLC on 2 July 2019, NIL (2020: \$2.8 million);
- Reinstating the results of Sun Connect for the period of ownership from 1 July 2019 through to 23 October 2019, which has been treated as a discontinued operation for statutory reporting purposes, NIL (2020: \$0.1m); and
- Excluding the impact of other individually immaterial, non-recurring transactions, NIL (2020: \$0.2 million).

## Results Commentary (continued)

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

### Reconciliation of Statutory to Underlying Results

<b>All figures in A\$ thousands</b>	<b>Year ended 30 June 2021</b>		<b>Year ended 30 June 2020 <sup>1</sup></b>	
	<b>EBIT</b>	<b>EBITDA</b>	<b>EBIT</b>	<b>EBITDA</b>
<b>Statutory reporting basis</b>	<b>66,138</b>	<b>75,653</b>	<b>(11,202)</b>	<b>(4,611)</b>
<b>VivoPower International</b>				
Reverse unrealised FX gains	(3,368)	(3,368)	(354)	(354)
Add back from discontinued operations	-	-	62	62
Normalisation of non-cash employee share-based compensation	1,726	1,726	-	-
Reverse onerous contract provision on disposal of VivoRex LLC	-	-	2,833	2,833
Normalisation of non-recurring expenses	4,448	4,448	5,073	5,073
<b>EdventureCo Group</b>				
Impairment of goodwill	3,310	-	-	-
Normalisation of project costs	541	541	1,066	1,066
Start-up costs – DDLS Philippines	-	-	774	774
Normalisation of non-recurring income and expenses	4,215	4,215	(48)	(48)
<b>Arowana Funds Management</b>				
Normalisation of non-recurring income	(1,100)	(1,100)	(150)	(150)
Add back from discontinued operations	(173)	(173)	(36)	(36)
Normalisation of unrealised fair value adj. on maturity of Aevitas Hybrids	7,586	7,586	-	-
Intercompany allocation of direct expenses and corporate overhead	(805)	(805)	-	-
<b>Enterprise Office</b>				
Reverse unrealised FX losses / (gains)	2,738	2,738	(734)	(734)
Normalisation of project costs	683	683	538	538
Normalisation of non-recurring expenses	-	-	351	351
Normalisation of gain on deconsolidation of VivoPower	(86,759)	(86,759)	-	-
Intercompany allocation of direct expenses and corporate overhead	805	805	-	-
<b>Unallocated</b>				
Realised foreign exchange (gains) / losses not allocated to business units	(33)	(33)	13	13
<b>Underlying reporting basis</b>	<b>(48)</b>	<b>6,157</b>	<b>(1,814)</b>	<b>4,777</b>

<sup>1</sup> In order to provide consistency with the current presentation, comparative underlying results for the year ended 30 June 2020 have been restated to remove the results of AWN International UK Limited following its disposal during H1, FY2021.

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

Key comments in relation to underlying results for the year:

*VivoPower International*

- Underlying revenue, EBITDA and EBIT for the year ended 30 June 2021 includes the consolidated results of VivoPower International PLC (“VivoPower”), of which the Company holds 44.2%, for the period from 1 July 2020 until the date of deconsolidation on 30 June 2021.
- VivoPower’s underlying revenue decreased by 24% to \$56.0 million in comparison with the previous year, due primarily to strict COVID-19 lockdowns in Australia causing delays to scheduled works and operational disruption within the Aevitas business unit. Several projects delayed due to COVID-19 related disruptions in Australia are expected to be completed in FY2022;
- VivoPower’s underlying EBITDA decreased by \$6.4 million year-on-year to a loss of \$0.5 million, primarily reflecting an increase in investment in operational expenses to support hyperscaling of Tembo and its Sustainable Energy Solutions (SES) divisions;
- The impact of the decline in Aevitas revenue has been partially offset by an improvement in gross margins due to a strong focus on operational efficiencies;
- General overhead for the VivoPower group has increased by 103% in comparison with the previous corresponding period due primarily to the increase in headcount in corporate functions to support the hyperscaling of the business. This increase also reflects in a lean cost base in the previous period following a focus on rationalising overheads in VivoPower’s Solar Development and Corporate Office segments. Overheads in the current period were also impacted by the predominantly non-cash expense of share incentive awards granted to key employees;
- During October 2020, VivoPower successfully completed a share capital raise on Nasdaq which raised gross proceeds of US\$28.75 million. This initiative facilitated the subsequent acquisition of Tembo, a specialist battery-electric and off-road vehicle company. The Tembo acquisition has transformed the Company’s growth trajectory and generated significant customer interest. Since acquiring Tembo, VivoPower has made significant investments to scale-up with the business with a focus on critical engineering, manufacturing, distribution, and quality projects. Tembo has secured substantial long-term revenue opportunities underpinned by a global distribution network, with commitments for 4,475 EV conversion kit units through partners on four continents;
- VivoPower’s mission is to help its customers decarbonise by providing turnkey, enterprise sustainable energy solutions. The Company’s first SES project was secured with Tottenham Hotspur Football Club (UK), with VivoPower also becoming their Global Battery Partner. VivoPower SES is also actively developing new projects for both new and existing (through Aevitas) mining and industrial customers; and

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

- VivoPower's key objective in the United States ("U.S.") continues to be the monetisation of its portfolio of U.S. solar projects, with a view to applying the proceeds to support execution of the Company's strategic pivot and growth of new products and services related to electric vehicle and sustainable energy solutions offerings. During the year VivoPower sought remediation from its U.S. joint venture partner in relation to breaches of the joint venture agreement, either by way of legal judgment or settlement. VivoPower subsequently announced that it secured a settlement resulting in gaining full ownership of the remaining 50% of the equity interest in the ISS JV for only nominal consideration.

*EdventureCo Group*

- Underlying revenue, EBITDA and EBIT for the year ended 30 June 2021 includes the consolidated results of EdventureCo, which is a wholly-owned subsidiary of the Company and comprises the DDLS, Everthought Education and ENS International business units.
- Despite the ongoing disruptive impact upon operations caused by COVID-19, EdventureCo's underlying revenues were up 22% to \$50.5 million compared to the previous corresponding period, driven by growth in all business units as the long-term rising demand for upskilling and reskilling in digital skills and cybersecurity was accelerated by remote working practices and digital transformation to enable remote learning.
- EdventureCo's underlying EBITDA increased to \$10.4 million (\$8.9m excluding JobKeeper) for the year ended 30 June 2021 versus \$4.2 million in the prior year, reflecting 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.
- The onboarding and integration of ENS International - a global leader in the virtual and face-to-face delivery of advice, supporting and training in the key soft skill areas of negotiating and influencing - was successfully completed following its acquisition in December 2020. The launch of online knowledge hubs, refreshed branding and a new engagement model with the business' global network of facilitators underpinned H2 revenue growth of 29% in comparison with the previous half.
- DDLS revenues were up 20% compared to the prior year, with strong results recorded across all three divisions of the business. DDLS Training's virtual instructor led delivery modality was well received by clients, while new branding for DDLS People converted into further contract wins. Capitalising on the trends of career change and demand for digital skills, AIICT launched 10 new online courses and grew revenue by 579% off a small base in the previous year.
- EdventureCo's agile reaction to COVID-19, execution of digital transformation initiatives 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.
- In ASEAN, DDLS Philippines had a difficult year due to COVID-19 disruptions but was able to complete the financial year on a positive note with clients embracing virtual



AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

delivery. New markets were opened as a borderless approach to training delivery was adopted, with this approach forming the basis of planned geographic expansion across the region in FY2022.

- Everthought delivered revenue growth of 10% compared to the prior year as digital marketing efficacies drove record sales in its recognition of prior learning (“RPL”) division, and strong onshore demand from international students helped to offset deferred and cancelled enrolments caused by COVID-19 international border closures.
- Notwithstanding the overall revenue growth in Everthought during the period, the performance of the international student business against budget has been significantly impacted by COVID-19 – specifically, the delayed reopening of international borders which has negatively affected student intake numbers. The Board expects this impact to continue significantly longer than was envisaged at 30 June 2020, such that these circumstances were considered to be indicators of impairment. During the impairment testing process, the Group considered the additional impacts of COVID-19 on the operating environment, the risk of delays in economic recovery and the subsequent impact on performance in the event of sustained border restrictions. As a result of this impairment review, the Board resolved to write-down the value of its goodwill in Everthought by \$3.3 million during the period.

*Arowana Funds Management*

- Arowana Funds Management’s result primarily reflects fee revenue generated in respect of its management of the investment portfolios of the Arowana Contrarian Value Fund (“ACVF”), the Arowana Australasian Special Situations Fund (“AASSF I”) and the net operating loss associated with its private credit arm, the Australian Special Income Opportunities Fund (“ASIOF”).
- Total funds under management (“FUM”) as at 30 June 2021 was \$53 million, versus \$130 million as at 30 June 2020. The decrease during the year reflects the decision by the AWN board to exit funds management cumulating in the voluntary winding up of ACVF following its shareholders’ vote to approve a Sale and Distribution Proposal at a general meeting held on 15 December 2020. Approval of the Sale and Distribution Proposal resulted in the sale of the ACVF’s portfolio, a return of capital and resultant termination of the management agreement with ACVF Management Pty Ltd (a wholly-owned subsidiary of AWN Holdings Limited). ACVF Management Pty Ltd received Termination Fee proceeds of \$1.1 million in connection with the early termination of the management agreement. Following shareholder approval to appoint liquidators and voluntarily wind up the company at a subsequent meeting on 25 February 2021, ACVF was delisted from the Australian Securities Exchange (“ASX”) on 26 February 2021.
- Underlying EBITDA and EBIT loss was \$0.8 million for the year ended 30 June 2021 versus a loss of \$2.1 million in the prior year. The significant decrease in the loss for the period primarily reflects the net effect of the reduction in management fees due to the exit of ACVF and rationalisation of ASIOF’s cost base over the previous 12 months.

For additional information please refer to the Chairman’s & CEO’s Letter.

# AWN Holdings Limited and its Controlled Entities

ACN 103 472 751

Financial Report for the year ended 30 June 2021

## Consolidated Statement of Profit or Loss

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

## Consolidated Statement of Profit or Loss

		2021	2020
<i>For the reporting period ended 30 June</i>		2021	Restated*
	Note	\$	\$
<i>Revenue from continuing operations</i>			
Revenue	3(a)	110,491,008	116,509,443
Interest income		1,315,716	50,189
<b>Total income</b>		<b>111,806,724</b>	<b>116,559,632</b>
Other income	3(b)	3,608,540	1,075,800
Gain on deconsolidation of VivoPower	36	86,759,124	-
<i>Expenses</i>			
Cost of sales	4(a)	(69,502,366)	(82,248,190)
Employee costs		(27,490,455)	(20,666,483)
Administration costs	4(b)	(9,834,974)	(10,829,660)
Share-based payment expense		(1,726,048)	(520,781)
Occupancy costs		(980,398)	(329,792)
Director fees		(144,268)	(121,240)
Marketing costs		(2,836,751)	(1,517,989)
Insurance costs		(1,276,917)	(1,388,680)
IT and communication costs		(1,852,155)	(1,885,513)
Travel costs		(203,394)	(689,740)
Interest expense		(1,676,420)	(1,608,620)
Depreciation	13	(4,591,195)	(4,994,713)
Amortisation	15	(1,545,079)	(1,602,701)
Provision for impairment	15	(3,379,284)	-
Share of net loss of associates accounted for using the equity method	11(a)	(9,357,448)	(1,990,806)
<b>Total expenses</b>		<b>(136,397,152)</b>	<b>(130,394,908)</b>
<b>Profit / (Loss) before income tax</b>		<b>65,777,236</b>	<b>(12,759,476)</b>
Income tax expense	7(b)	(15,536,336)	(341,234)
<b>Profit / (Loss) after income tax from continuing operations</b>		<b>50,240,900</b>	<b>(13,100,710)</b>
<i>Discontinued operations</i>			
Profit / (Loss) after income tax from discontinued operations	5(a)	(173,000)	26,095
<b>Profit / (Loss) for the period</b>		<b>50,067,900</b>	<b>(13,074,615)</b>
<i>Profit / (Loss) attributable to:</i>			
Owners of AWN Holdings Limited		56,091,723	(8,718,758)
Non-controlling interest		(6,023,823)	(4,355,857)

## Consolidated Statement of Profit or Loss (continued)

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

		2021	2020
			Restated*
<b>For the reporting period ended 30 June</b>	<b>Note</b>	<b>\$</b>	<b>\$</b>
<i>Earnings per share</i>			
<i>From continuing and discontinued operations:</i>			
Basic earnings per share (cents)	27	141.78	(22.05)
Diluted earnings per share (cents)	27	123.91	(22.05)

\* Amounts classified in the current period as relating to discontinued operations have been reclassified in the prior year to provide consistency with the current presentation

The above Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying notes.

## Consolidated Statement of Comprehensive Income

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

## Consolidated Statement of Comprehensive Income

<b>For the reporting period ended 30 June</b>		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
Profit / (Loss) for the year		50,067,900	(13,074,615)
Other comprehensive income for the year			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translating foreign operations		(4,342,470)	33,445
Other comprehensive income for the year, net of tax		(4,342,470)	33,445
<b>Total comprehensive income for the period, net of tax</b>		<b>45,725,430</b>	<b>(13,041,170)</b>
<i>Total comprehensive income attributable to</i>			
Parent interest (AWN Holdings Limited)		54,376,398	(8,699,613)
Non-controlling interests		(8,650,968)	(4,341,557)
		<b>45,725,430</b>	<b>(13,041,170)</b>

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## Consolidated Statement of Financial Position

AWN Holdings Limited and its Controlled Entities

As at 30 June 2021

## Consolidated Statement of Financial Position

<b>As at 30 June</b>		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Current assets</b>			
Cash and cash equivalents	8	16,827,303	12,648,406
Trade and other receivables	9	9,790,774	18,815,381
Inventory	10	244,596	5,118,778
Other current assets	12(a)	933,756	1,357,804
Assets classified as held-for-sale	5(b)	-	5,944,764
<b>Total current assets</b>		<b>27,796,429</b>	<b>43,885,133</b>
<b>Non-current assets</b>			
Investments accounted for using the equity method	11(a)	79,388,013	12,134,486
Other financial assets	11(b)	19,218,559	219,372
Other non-current assets	12(b)	204,872	201,494
Property, plant and equipment	13	10,143,809	14,832,372
Deferred tax asset	14(a)	8,545,878	9,304,342
Financial assets at amortised cost	11(c)	28,394,207	-
Intangible assets	15	6,187,026	45,298,129
<b>Total non-current assets</b>		<b>152,082,364</b>	<b>81,990,195</b>
<b>Total assets</b>		<b>179,878,793</b>	<b>125,875,328</b>
<b>Current liabilities</b>			
Trade and other payables	16	20,827,636	39,154,123
Current tax liabilities	17	59,043	271,739
Current provisions	18(a)	5,241,989	6,118,647
Interest bearing liabilities	19	5,614,125	10,543,636
<b>Total current liabilities</b>		<b>31,742,793</b>	<b>56,088,145</b>
<b>Non-current liabilities</b>			
Non-current provisions	18(b)	1,782,851	1,348,783
Deferred tax liabilities	14(b)	19,616,604	5,330,149
Interest bearing liabilities	19	6,839,369	8,663,813
<b>Total non-current liabilities</b>		<b>28,238,824</b>	<b>15,342,745</b>
<b>Total liabilities</b>		<b>59,981,617</b>	<b>71,430,890</b>
<b>Net assets</b>		<b>119,897,176</b>	<b>54,444,438</b>
<b>Equity</b>			
Issued capital	21	59,581,366	59,496,954
Reserves	22	(19,594,333)	(32,831,574)
Retained earnings	23	77,995,339	21,903,616
<b>Equity attributable to Parent interest</b>		<b>117,982,372</b>	<b>48,568,996</b>
<b>Equity attributable to non-controlling interest</b>		<b>1,914,804</b>	<b>5,875,442</b>
<b>Total equity</b>		<b>119,897,176</b>	<b>54,444,438</b>

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

## Consolidated Statement of Changes in Equity

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

### Consolidated Statement of Changes in Equity

	Issued capital	General reserves	Share buyback reserve	Option reserve	Foreign currency translation reserve	Retained earnings	Attributable to Parent interest	Non-controlling interest	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>As at 30 June 2019</b>	<b>59,775,954</b>	<b>(29,415,614)</b>	<b>(2,600,374)</b>	<b>3,095,100</b>	<b>(3,957,076)</b>	<b>30,622,374</b>	<b>57,520,364</b>	<b>8,537,689</b>	<b>66,058,053</b>
Loss for the year	-	-	-	-	-	(8,718,758)	(8,718,758)	(4,355,857)	(13,074,615)
Other comprehensive income	-	-	-	-	19,145	-	19,145	14,300	33,445
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,145</b>	<b>(8,718,758)</b>	<b>(8,699,613)</b>	<b>(4,341,557)</b>	<b>(13,041,170)</b>
<i>Transactions with owners in their capacity as owners (net of transaction costs and taxes)</i>									
Issue of shares net of transaction costs	-	-	-	-	-	-	-	1,218,559	1,218,559
Cancellation of LTVCP shares	(279,000)	-	-	-	-	-	(279,000)	-	(279,000)
Issue of treasury shares	-	-	-	-	-	-	-	493,536	493,536
LTVCP reserve	-	27,245	-	-	-	-	27,245	-	27,245
Dividend/distribution paid	-	-	-	-	-	-	-	(32,785)	(32,785)
<b>As at 30 June 2020</b>	<b>59,496,954</b>	<b>(29,388,369)</b>	<b>(2,600,374)</b>	<b>3,095,100</b>	<b>(3,937,931)</b>	<b>21,903,616</b>	<b>48,568,996</b>	<b>5,875,442</b>	<b>54,444,438</b>
Profit / (Loss) for the year	-	-	-	-	-	56,091,723	56,091,723	(6,023,823)	50,067,900
Other comprehensive income	-	-	-	-	(1,715,325)	-	(1,715,325)	(2,627,145)	(4,342,470)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,715,325)</b>	<b>56,091,723</b>	<b>54,376,398</b>	<b>(8,650,968)</b>	<b>45,725,430</b>
<i>Transactions with owners in their capacity as owners (net of transaction costs and taxes)</i>									
Issue of shares net of transaction costs	100,000	-	-	-	-	-	100,000	44,916,634	45,016,634
Cancellation of unmarketable parcels	(15,588)	-	-	-	-	-	(15,588)	-	(15,588)
Employee share awards	-	-	-	-	-	-	-	147,331	147,331
Maturity of convertible equity instruments	-	3,617,393	-	-	-	-	3,617,393	4,569,623	8,187,016
Non-controlling interest recognised through business combination	-	-	-	-	-	-	-	1,750,960	1,750,960
Non-controlling interest acquired	-	-	-	-	-	-	-	(2,286,703)	(2,286,703)
Transactions with non-controlling interests without loss of control	-	11,887,523	-	(552,350)	-	-	11,335,173	(13,451,751)	(2,116,578)
Derecognition on deconsolidation of subsidiaries	-	-	-	-	-	-	-	(30,604,423)	(30,604,423)
Dividend/distribution paid	-	-	-	-	-	-	-	(351,341)	(351,341)
<b>As at 30 June 2021</b>	<b>59,581,366</b>	<b>(13,883,453)</b>	<b>(2,600,374)</b>	<b>2,542,750</b>	<b>(5,653,256)</b>	<b>77,995,339</b>	<b>117,982,372</b>	<b>1,914,804</b>	<b>119,897,176</b>

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



## Consolidated Statement of Cash Flows

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

## Consolidated Statement of Cash Flows

<b>For the reporting period ended 30 June</b>		<b>2021</b>	<b>2020</b>
<i>Cash flows from operating activities</i>	<b>Note</b>	<b>\$</b>	<b>\$</b>
Receipts from customers		101,392,581	107,927,086
Payments to suppliers and employees		(116,940,018)	(117,561,685)
Interest received		7,353	50,177
Interest paid		(1,140,352)	(1,249,428)
Government subsidies received		3,660,818	1,135,500
Income tax paid		(148,740)	(634,157)
<b>Net cash outflow from operating activities</b>	<b>24(b)</b>	<b>(13,168,358)</b>	<b>(10,332,507)</b>
<i>Cash flows from investing activities</i>			
Net cash inflow from disposal of solar assets		230,000	1,475,831
Net cash outflow for Joint Venture contributions		(208,601)	(16,713)
Net cash inflow for acquisition of ENS		142,926	-
Net cash outflow for acquisition of Tembo		(2,800,027)	-
Net cash derecognised on deconsolidation of VivoPower		(12,957,131)	-
Purchase of property, plant & equipment		(1,293,799)	(2,167,802)
Net cash inflow from disposal of other non-current assets		152,015	1,478,170
Net cash outflow for intangible assets		(779,924)	(430,021)
<b>Net cash (outflow) / inflow from investing activities</b>		<b>(17,514,541)</b>	<b>339,465</b>
<i>Cash flows from financing activities</i>			
ROU lease payments		(3,161,081)	(3,174,594)
Proceeds from borrowings		243,694	4,422,547
Proceeds from issue of convertible notes		-	3,278,634
Proceeds from issue of equity securities in subsidiaries		42,997,137	940,398
Repayment of borrowings		(4,683,106)	(311,154)
Dividends and distributions paid		(404,087)	(32,785)
<b>Net cash inflow from financing activities</b>		<b>34,992,557</b>	<b>5,123,046</b>
<i>Net increase / (decrease) in cash and cash equivalents</i>		4,309,658	(4,869,996)
Effect of foreign currency translation		(130,761)	(55,089)
Cash and cash equivalents at the beginning of the year		12,648,406	17,573,491
<b>Cash and cash equivalents at the end of the year</b>	<b>8, 24(a)</b>	<b>16,827,303</b>	<b>12,648,406</b>

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

**Contents**

1.	Reporting entity .....	25
2.	Basis of preparation and significant accounting policies .....	25
3.	(a) Revenue .....	46
3.	(b) Other income .....	46
4.	Expenses .....	47
5.	Assets held-for-sale and discontinued operations .....	47
6.	Segment reporting .....	51
7.	Income tax expense .....	54
8.	Cash and cash equivalents .....	55
9.	Trade and other receivables .....	56
10.	Inventory .....	56
11.	Investments .....	56
12.	Other assets .....	59
13.	Property, plant and equipment .....	60
14.	Deferred tax assets and liabilities .....	62
15.	Intangible assets .....	63
16.	Trade and other payables .....	67
17.	Current tax liabilities .....	67
18.	Provisions .....	68
19.	Interest-bearing liabilities .....	69
20.	Financial instruments .....	69
21.	Issued capital .....	74
22.	Reserves .....	75
23.	Retained earnings .....	75
24.	Cash flow information .....	75
25.	Commitments .....	77
26.	Capital commitments .....	77
27.	Earnings per share .....	78
28.	Contingent assets and liabilities .....	79
29.	Related party transactions .....	80
30.	Controlled entities .....	83
31.	Events subsequent to reporting date .....	85
32.	Auditor's remuneration .....	86
33.	Deed of Cross Guarantee .....	86
34.	Parent entity information .....	88
35.	Business combinations .....	89
36.	Deconsolidation of VivoPower International PLC ("VivoPower") .....	92

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

## 1. Reporting entity

AWN Holdings Limited (*formerly Arowana International Limited*) (the “**Company**” or “**AWN**”) is a company incorporated and domiciled in Australia. The address of the Company’s registered office is Level 11, 153 Walker Street, North Sydney NSW 2060. The financial report includes financial statements for AWN Holdings Limited as a consolidated entity consisting of AWN Holdings Limited and its controlled entities (together referred to as “**Group**”). The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The separate financial statements of the parent entity, AWN Holdings Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*. Supplementary information about the parent entity is disclosed in Note 34.

## 2. Basis of preparation and significant accounting policies

### (a) Statement of compliance

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report of AWN Holdings Limited also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets, and financial liabilities.

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

The financial statements have been prepared on a going concern basis, as the Directors believe the Group will be able to meet its liabilities as they fall due.

During the year the group recorded cash outflows from operations of \$13,168,358 (2020: cash outflows from operations of \$10,332,507). As at 30 June 2021, current liabilities of the Group exceed current assets by \$3,946,364 (2020: current asset deficiency of \$12,203,012).

The Group manages its short-term cash flow requirements by maintaining adequate working capital finance facilities, including trade debtor finance and other debt facilities, and through the normally cyclical nature of receipts and payments. From time to time the group will also sell off surplus assets in order to release and re-deploy capital.

## 2. Basis of preparation and significant accounting policies (continued)

The Board has approved FY2022 budgets and five-year strategy and execution plans for the underlying operating businesses which indicate that the Group can manage its working capital requirements without being reliant on events which are subject to material uncertainty.

In consideration of the above, the Directors have a reasonable expectation that the Group will be able to meet its debts as and when they fall due and have adopted the going concern basis in the preparation of these financial statements. In support of this assessment, the Directors note the following:

- The Group's net cash position has improved significantly during the year, from net debt of \$6.6m at 30 June 2020 to net cash of \$4.4m at 30 June 2021;
- The Group's operating cash flows have improved since 30 June 2021 and up to the date of this report;
- Base case cash flow projects adequately support working capital requirements for the next 12 months without reliance on significant at-risk transactions; and
- In a low case scenario where cash flow from operations is insufficient to meet working capital requirements, the Group has the ability to sell down liquid surplus assets in order to release capital and meet its debts as and when they become due and payable.

The Appendix 4E Preliminary Final Report was authorised for issue by the Board of Directors on 31 August 2021.

### Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and

## 2. Basis of preparation and significant accounting policies (continued)

- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the

Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 or, when applicable, as the cost on initial recognition of an investment in an associate or a joint venture.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 30 to the financial statements.

### (b) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its

## 2. Basis of preparation and significant accounting policies (continued)

subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are expensed to the Consolidated Statement of Profit or Loss.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

### (c) Foreign currency transactions and balances

#### (i) *Functional and presentation currency*

The functional currency of the controlled entities is measured using the currency of the primary economic environment in which that entity operates. The Consolidated Financial Statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

#### (ii) *Transactions and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Consolidated Statement of Comprehensive Income.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the Consolidated Statement of Comprehensive Income.

#### (iii) *Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of the balance sheet;



## 2. Basis of preparation and significant accounting policies (continued)

- income and expenses for each Income Statement and Statement of Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange difference are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

### (d) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision, if necessary.

### (e) Tax balances

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of those differences and it is probable that the differences will not reverse in the foreseeable future.



## 2. Basis of preparation and significant accounting policies (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

### *Tax consolidation legislation*

AWN Holdings Limited and its wholly owned Australian controlled entities have implemented tax consolidation legislation as of 1 July 2015.

Each entity in the Group recognises its own current and deferred tax assets and liabilities, except for any amounts resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each entity within the Group is then assumed by the parent entity.

The tax consolidated group has entered into tax sharing and funding agreements. Under the terms of these agreements, the wholly-owned entities reimburse the head company for any current income tax payable by the head company arising in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due and therefore amounts receivable or payable under an accounting tax sharing agreement with the tax consolidated entities are recognised separately as tax-related amounts receivable or payable. In the opinion of the Directors, the tax sharing agreement is also a valid agreement under the tax consolidated legislation and limits the joint and several liability of the wholly-owned entities in the case of a default by AWN Holdings Limited.

Expenses and revenues arising under the tax sharing agreement are recorded as a component of income tax expense (revenue).

### **(f) Intangible assets**

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the de-recognition 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 intangibles are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Intangible assets held within Group entities, their useful lives and basis of amortisation (subject to annual review) are as follows:

**2. Basis of preparation and significant accounting policies (continued)**

<b>Intangible asset type</b>	<b>Useful life</b>	<b>Method</b>
Key customer relationships	10 years	Straight Line
Trade names	15-25 years	Straight Line
Favourable supplier contracts	15 years	Straight Line
Course development materials	3 years	Straight Line
Solar contracts	20 years	Straight Line
RTO license	5 years	Straight Line

Details of intangible assets held in the Group at 30 June 2021 and the assessments made for impairment are included in Note 15.

*Goodwill*

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred;
- (ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
- (iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (*full goodwill method*) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (*proportionate interest method*). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interest is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

## **2. Basis of preparation and significant accounting policies (continued)**

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

Details of goodwill held in the Group at 30 June 2021 and the assessments made for impairment are included in Note 15.

### **(g) Impairment of non-financial assets**

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a post-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### **(h) Cash and cash equivalents**

For Consolidated Statement of Cash Flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities 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, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities on the Consolidated Statement of Financial Position.

### **(i) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the Consolidated Statement of Profit or Loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the

## 2. Basis of preparation and significant accounting policies (continued)

allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Consolidated Statement of Profit or Loss.

### (j) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. In addition, the Group's share of the profit or loss of the associate is included in the Group's profit or loss.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within '*Share of net profit of associates accounted for using the equity method*' in the Statement of Profit or Loss.

### (k) Interests in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest in net assets are classified as a "joint venture" and accounted for using the equity method.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue, and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint venture are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

## 2. Basis of preparation and significant accounting policies (continued)

Details of the Group's interests in joint arrangements are provided in Note 11 to the Consolidated Financial Statements.

### (1) Property, plant and equipment

#### *Recognition and measurement*

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the items. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Consolidated Statement of Profit or Loss during the reporting period in which they are incurred.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the Consolidated Statement of Profit or Loss.

#### *Subsequent costs*

Subsequent costs are capitalised only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably.

#### *Depreciation*

Items of property, plant and equipment are depreciated from the date that they are installed and ready for use. Depreciation is calculated using the straight-line method to allocate their cost or re-valued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- Leasehold improvements            8 - 10 years
- Plant and equipment                4 - 7 years
- Computer equipment                3 - 5 years
- Motor vehicles                        5 years
- Furniture and fixtures               8 - 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the Consolidated Statement of Profit or Loss.

## **2. Basis of preparation and significant accounting policies (continued)**

### **(m) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### **(n) Interest-bearing liabilities**

Interest-bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Interest-bearing liabilities are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Statement of Profit or Loss over the period of the interest-bearing liabilities using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Interest-bearing liabilities are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance costs.

Interest-bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

### **(o) Borrowing costs**

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

### **(p) Provisions**

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A



## **2. Basis of preparation and significant accounting policies (continued)**

provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### **(q) Employee benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs are measured at the amounts expected to be paid when the liabilities are settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

#### *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

### **(r) Issued capital**

Ordinary shares are classified as issued capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as the result of a share buy-back, those instruments are deducted from issued capital and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

### **(s) Earnings per share**

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing:

- The profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares;



## 2. Basis of preparation and significant accounting policies (continued)

- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for:
  - bonus elements in ordinary shares issued during the year; and
  - share consolidations during the year

### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### (t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

### (u) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### (v) Non-current assets held-for-sale and discontinued operations

Non-current assets and disposal groups are classified as held-for-sale and measured at the lower of carrying amount and fair value less costs to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held-for-sale.

Classification as “held-for-sale” occurs when: management has committed to a plan for immediate sale; the sale is expected to occur within one year from the date of classification; and active marketing of the asset has commenced. Such assets are classified as current assets.

A discontinued operation is a component of an entity, being a cash-generating unit (or a group of cash-generating units), that either has been disposed of, or is classified as held-for-sale, and: represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with the view to resale.

## 2. Basis of preparation and significant accounting policies (continued)

Impairment losses are recognised for any initial or subsequent write-down of an asset (or disposal group) classified as held-for-sale to fair value less costs to sell. Any reversal of impairment recognised on classification as held-for-sale or prior to such classification is recognised as a gain in profit or loss in the period in which it occurs.

### (w) Leases

AASB 16 *Leases* was early adopted by the Group with effect from 1 July 2018.

#### *Group as a lessee*

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract would be considered to contain a lease if it allows the Group the right to control the use of an identified asset over the contracted lease period and receive the economic benefit. The lease contract would also require the Group to acquire this right in exchange for consideration.

#### *Right-of-use assets*

A right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. In addition, the right-of-use assets may be periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The Group does not recognise right-of-use assets and lease liabilities for short-term leases, which have a lease term of 12 months or less, and leases of low-value assets. The low-value threshold has been set at \$5,000.

#### *Lease liabilities*

A lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date discounted using the Group's incremental borrowing rate. The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option.

### (x) Revenue from contracts with customers

The Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for the goods or services.

To achieve this objective, the Group applies the following five-step process:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract(s);
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract(s); and
- Recognise revenue when (or as) the performance obligations are satisfied.

## 2. Basis of preparation and significant accounting policies (continued)

The Group exercises judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with its customers. The Group also accounts for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group derives revenue from the following four separate and distinct segments:

- **Enterprise Office** – Provides strategic and operational support services to its various business units and funds and is also the Group’s designated investment entity. Revenue represents management fees charged to Arowana’s operating businesses and funds, contracting fees in connection with external mandates and interest, dividend and distribution income derived from the Group’s investments;
- **Renewable Energy** – VivoPower is a sustainable energy solutions company focused on battery storage, electric solutions for customised and ruggedised fleet applications, solar and critical power technology and services. The division derives revenue from three operating segments: (i) Critical Power Services provided by J.A. Martin Electrical Pty Ltd and Kenshaw Electrical Pty Ltd in Australia; (ii) Electric Vehicles, represented by Tembo e-LV B.V. (Tembo), a Netherlands-based specialist battery-electric and off-road vehicle company delivering electric vehicles (EV) for mining and other rugged industrial customers globally; and (iii) Sustainable Energy Solutions, supplying the design, evaluation, sale and implementation of renewable energy infrastructure to customers, both on a standalone basis and in support of Tembo EVs. As discussed in further detail in note 2(a), VivoPower has been deconsolidated with effect from 30 June 2021. With effect from that date, the Company will account for its investment in VivoPower as an equity accounted associate. As such, whilst VivoPower will continue to derive revenue from the renewable energy segment, these revenues will no longer be included within the Group’s Consolidated Statement of Profit or Loss. The Group will instead account for its share of VivoPower’s net profit or loss through the ‘*Share of net profit of associates accounted for using the equity method*’ line item in the Statement of Profit or Loss;
- **Education** – operates the Group’s education platform, EdventureCo, delivering building, construction, IT and communication and negotiation training programmes to students throughout Australia and the Philippines; and
- **Funds Management** – manages unlisted funds.

### (i) Sale of goods

The Group’s contracts with customers for the sale of equipment generally include one performance obligation. Revenue from sale of equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment.

### (ii) Warranty obligations

The Group generally provides warranties for general repairs of defects that existed at the time of sale, as required by law. As such, most warranties are assurance-type warranties under AASB 15, which the Group accounts for under AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

## 2. Basis of preparation and significant accounting policies (continued)

### (iii) Rendering of services

The Group's Renewable Energy, Education and Funds Management segments provide development/installation/servicing/repairs servicing, training/tuition and asset management services.

#### *Renewable Energy Segment – Development Revenue*

Development revenue, which is revenue generated from development services relating to the building and construction of renewable energy infrastructure, is recognised over time, using an input method to measure progress towards complete satisfaction of the performance obligation, because the customer simultaneously receives and consumes the benefits provided by the Group.

Installation services of the Renewable Energy segment are sold either separately or bundled together with the sale of equipment to a customer. Whilst the installation services can be obtained from other providers, the provision of the installation services is considered part of one contracted performance obligation to the customer. The procurement and installation services tend to be highly interrelated, and the Group provides a significant service of integration for these assets under contract.

#### *Renewable Energy Segment – Equipment and Installation Services*

The Group has determined there is one performance obligation in a contract for bundled sales of equipment and installation services, because the transfer of equipment and provision of installation services are considered not to be distinct and separately identifiable.

Revenue from sale of equipment and installation services is recognised over time, using an input method to measure progress towards complete satisfaction of the performance obligation, because the customer simultaneously receives and consumes the benefits provided by the Group. Moreover, any earned consideration that is conditional is recognised as a contract asset rather than receivable.

#### *Renewable Energy Segment – Servicing and Repairs*

Revenue from servicing and repair revenue, generated on a time and materials basis, is recognised over time using an input method to measure progress towards complete satisfaction of the performance obligation, because the customer simultaneously receives and consumes the benefits provided by the Group. Revenue for small jobs and those completed in a limited timeframe is recognised when the job is complete and the performance obligation satisfied.

#### *Education Segment*

The Group's contracts with customers for the provision of education services can include multiple performance obligations. The Group assesses each performance obligation to determine if those performance obligations are distinct from other obligations in the contract. Performance obligations that are not assessed as being distinct from other obligations are grouped together as a bundle of performance obligations. Bundles of performance obligations are determined where the various performance obligations represent the combined outcome for which the customer has contracted, or a service is highly dependent on another entity specific good or service promised in the contract.

## 2. Basis of preparation and significant accounting policies (continued)

For each distinct performance obligation, or bundle of performance obligations, the Group allocates the price, as determined by the terms of the contract with the customer, based on the stand-alone selling price of the performance obligation, or bundle of performance obligations. The Group's primary performance obligations is the delivery of training, tuition and consulting services.

The Group recognises revenue from the delivery of these services over time based on the stage of completion of the service being delivered to the customer. The stage of completion is measured by reference to the number of contact days held as a percentage of the total number of contact days in the course.

The Group's other performance obligations are recognised either over time, on a stage of completion basis, or at the point in time the service, or good, is sold. This determination is made on a case-by-case basis for each performance obligation based on the point at which control of the good or service completely passes to the customer. Where income is recorded in advance of the provision of service the full amount is recognised as Contract liabilities in the Statement of Financial Position.

Refunds of tuition or course fees are provided in some instances where appropriate notice is provided in accord with terms and conditions of the contract with the customer. Refund assets and liabilities are not separately recognised in the Statement of Financial Position due to the infrequency of refunds.

### *Funds Management Segment*

Revenue from asset management services provided by the Group includes a base management fee and a performance fee or variable component.

The Group recognises revenue from base management services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from performance fees is deemed a variable component of the same asset management services that is constrained and is recognised only when it is highly probable that the performance hurdles are met and a reversal will not occur. Determining the amount and timing of performance fees to be recognised involves judgement and the use of estimates. Factors taken into consideration include the:

- nature of underlying fund assets and potential for volatility of investment returns;
- returns on assets realised to-date;
- time remaining until realisation of fund assets or crystallisation date;
- the proportion of assets already realised; and
- downside valuation on remaining unrealised assets and reliability of those estimates.

### **Consolidated Statement of Comprehensive Income**

The Group disaggregates revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group also discloses information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to Note 6 for the disclosure on disaggregated revenue.

## **2. Basis of preparation and significant accounting policies (continued)**

### **Consolidated Statement of Financial Position**

Contract assets include project revenues earned by the Renewable Energy division related to performance obligations which have been met and the Group has the right to consideration in exchange for goods or services that have transferred to a customer which do not form part of the trade receivables balance.

Contract liabilities include prepaid tuition fees and training credits from the Education business and deferred revenues from the Renewable Energy division. These liabilities represent the obligation to transfer goods and services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

### **(y) Financial instruments**

Financial assets and liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

#### **(i) Classification**

The Group classifies its financial assets and liabilities in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and liabilities and the contractual terms of the cash flows.

For assets and liabilities measured at fair value, gains and losses will either be recorded through profit or loss or through other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the entity has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

#### **(ii) Recognition and de-recognition**

Generally, purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### **(iii) Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gains/(losses) in the Statement of Profit or Loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.



## **2. Basis of preparation and significant accounting policies (continued)**

### **(iv) Impairment**

The Group assesses, on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contracts assets, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from the date of initial recognition.

Individual debts that are known to be uncollectible are written off when identified.

### **(z) New accounting standards for application in future periods**

The AASB has issued certain new and amended Accounting Standards and Interpretations that are not mandatory for the 30 June 2021 reporting period and which have not been early-adopted by the Group. These Standards and Interpretations are not expected to have a material impact on the Group in future reporting periods.

### **(aa) Critical accounting estimates, and judgements**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and various other factors, including expectations of future events, which are believed to be reasonable under the circumstances.

The following estimates, assumptions and judgements have an inherent significant risk of potentially causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

#### *Impairment of goodwill and intangible assets*

The Group tests whether intangible assets have suffered any impairment, in case of triggering events and at least annually. Goodwill and intangible assets are identified across the cash-generating unit to which they relate. The recoverable amount of each cash-generating unit is determined using a value-in-use calculation, which requires the use of estimates. Based on this impairment test, impairment losses, if any, are identified. However, should the actual performance of a cash-generating unit become materially worse compared to the performance based on the estimates, possible impairment losses could arise, or could deviate from the detected impairment losses. This impairment loss or deviation could have a material effect on the carrying amount of the intangible asset.

#### *Impairment assessment – investments and other financial assets*

The Group has a number of investments and financial assets initially recorded at cost or under the equity method. Investment assets are monitored for any indicators of impairment and where indicators are present impairment assessment is undertaken, which requires the use of estimates. In determining the amount of impairment for equity accounted investees that are listed, management has made judgements in identifying financial assets that are impaired due to industry factors or whose decline in fair value below original cost is considered significant or prolonged.

## 2. Basis of preparation and significant accounting policies (continued)

A significant decline is assessed based on the percentage decline from acquisition cost of the share, while a prolonged decline is based on the length of time over which the share price has been depressed below cost. Management considers a decline of 30 per cent to be significant and a period of 12 months to be prolonged.

### *Revenue recognition*

Group entities recognise revenue from longer term projects and from development services relating to the development and construction of renewable energy infrastructure, on a percentage completion basis as the value is accrued by the end user over the life of the contract. Other revenue is recognised when jobs are completed.

### *Provisions*

Due to the nature of provisions, a considerable part of their determination is based on estimates and/or judgments, including assumptions concerning the future. The actual outcome of these uncertain factors may be materially different from the estimates, causing differences with the estimated provisions. Hence, the differences between actual outcomes and the recorded provisions can impact results over the periods involved. The timing of outflow of resources to settle these obligations is subject to the same uncertain factors.

### *Income taxes*

The Group has recorded a deferred tax asset of \$8,545,878 (2020: \$9,304,342) and a deferred tax liability of \$19,616,604 (2020: \$5,330,149). The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the deferred tax asset on, amongst other items, tax losses carried-forward. There are many uncertain factors that influence the amount of the tax losses carried-forward. The Group recognises deferred tax assets on tax losses carried-forward based on their best estimates. When the actual results are different from the amounts that were initially estimated, such differences will impact the income tax in the Consolidated Statement of Profit or Loss and the deferred tax assets and/or deferred tax liabilities in the period in which these deviations occur. The Group has also identified a number of uncertain tax positions, which could lead to positive and/or negative differences as well.

Based on the Group's Board-approved strategy execution plans and budgets, the Directors believe it is probable that the Group will generate sufficient future taxable profits to utilise the tax losses brought to account. These losses can be carried forward indefinitely and have no expiry date.

### *Critical judgements in determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

### *Impacts of COVID-19*

In preparing these financial statements, the Group has considered the impacts of COVID-19 on the Group's assets, liabilities and disclosures for the year ended 30 June 2021.



## **2. Basis of preparation and significant accounting policies (continued)**

The COVID-19 pandemic has negatively impacted each of the Group's operating segments. Aevitas faced operational disruption resulting in an adverse effect on profitability margins and delays to completion of scheduled works and associated revenue recognition. VivoPower's Australian solar division experienced regulatory and COVID-19 lockdown delays to development approvals for two of its major projects. EdventureCo experienced disruption as campuses were closed and course delivery shifted to online and virtual instructor led training modalities. Certain underlying assets within Arowana Funds Management's portfolio were significantly impacted by COVID-19 during the period which has negatively affected returns to investors (albeit unrealised).

The impact of COVID-19 on the Group's operations is discussed in further detail in the Chairman's & CEO's letter.

Notwithstanding the impact on operations and financial results, the Group has experienced few other financial reporting impacts arising from COVID-19.

As discussed in Note 15, the potential impacts of COVID-19 on future financial performance were taken into consideration for the purposes of annual impairment testing. In relation to the EdventureCo Group, the Group considered the additional impacts of COVID-19 on the operating environment, the risk of delays in economic recovery and the subsequent impact on performance in the event of sustained international border restrictions. As a result of this review, the Directors formed the view that an impairment write-down of \$3,309,557 of goodwill related to the EdventureCo Trades business was required.

No other asset impairments were recorded due to the material headroom of value-in-use over carrying value for each of the Group's other cash-generating units.

In relation to trade receivables, to date the Group has not suffered any significant adverse change in the timeliness or collection of receipts for its services.

During the year ended 30 June 2021, certain operating segments within the Group were eligible for and accessed wage subsidy support in connection with the Australian Federal Government's JobKeeper Assistance Program. Further detail on the quantum of support provided to each operating segment is set out in Note 3(a).

## Notes to Financial Report (continued)

### AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

#### 3. (a) Revenue

<b>For the reporting period ended 30 June</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Renewable energy services <sup>1</sup>	56,036,068	72,462,428
Education services <sup>2</sup>	51,167,448	41,538,105
Funds management revenue	2,083,664	1,041,482
Gain on disposal of Sun Connect <sup>3</sup>	-	589,760
Gain on disposal of Vivo Rex <sup>4</sup>	-	619,752
Other revenue	1,203,828	257,916
<b>Total revenue</b>	<b>110,491,008</b>	<b>116,509,443</b>

<sup>1</sup> Includes proceeds of \$2,066,000 received during the year ended 30 June 2021 (30 June 2020: \$1,048,500) in connection with the Australian Federal Government's JobKeeper Assistance Program.

<sup>2</sup> Includes proceeds of \$1,449,500 received during the year ended 30 June 2021 (30 June 2020: \$1,009,500) in connection with the Australian Federal Government's JobKeeper Assistance Program.

<sup>3</sup> Representing gain on disposal of Sun Connect. Refer to Note 5(a) for further details.

<sup>4</sup> Representing gain on disposal of VivoRex LLC, primarily representing the reversal of onerous contract obligations.

#### 3. (b) Other income

<b>For the reporting period ended 30 June</b>	<b>2021</b>	<b>2020*</b>
	\$	\$
<b>Other income</b>		
Foreign exchange gains	686,223	1,075,800
Gain on bargain purchase of Innovative Solar Ventures I, LLC	10,507,896	-
Unrealised fair value adjustment on maturity of Aevitas hybrids <sup>1</sup>	(7,585,579)	
<b>Total other income</b>	<b>3,608,540</b>	<b>1,075,800</b>

\* Amounts classified in the current period as relating to discontinued operations have been reclassified in the prior year to provide consistency with the current presentation

<sup>1</sup> Unrealised negative fair value adjustment incurred by the Arowana Australasian Special Situations Fund ("AASSF") following the maturity of its investment in Aevitas Group Limited's convertible preference shares and convertible loan notes on 30 June 2021. Refer note 11(b) for further detail.

**4. Expenses**

<b>(a) Cost of sales</b>	<b>2021</b>	<b>2020 Restated*</b>
	\$	\$
Commission	561,775	533,524
Contractors	7,180,077	6,111,863
Depreciation	-	-
Employee expenses	21,121,802	29,581,613
Equipment	49,432	66,144
Materials	36,925,666	44,376,340
Motor vehicle	576,799	527,136
Occupancy	205,709	152,707
Travel	126,626	5,576
Others	2,754,480	893,287
	<b>69,502,366</b>	<b>82,248,190</b>
<b>(b) Administration costs</b>		
Due diligence fees	141,174	215,673
Legal and professional	6,001,559	7,810,134
Compliance and governance	681,979	706,292
Research expenses	198,296	378,590
(Gain) / loss on disposal of fixed assets	(38,297)	(17,938)
Others	2,850,263	1,736,909
	<b>9,834,974</b>	<b>10,829,660</b>

\* Amounts classified in the current period as relating to discontinued operations have been reclassified in the prior year to provide consistency with the current presentation

**5. Assets held-for-sale and discontinued operations****(a) Discontinued operations***Arowana International UK Limited ("Arowana UK")*

In consideration of the current environment, to materially reduce the Group's overhead base, and to simplify and focus the business model, the Company had previously stated its intention to transition the Enterprise Office cost base out of the Company.

Furthermore, given the losses generated during the full years ended 30 June 2019 and 2020, the current economic climate, increasing costs of compliance, fee compression in the Australian funds management industry and the capital required to scale up the business, the Company initiated a strategic review of Arowana Funds Management.

As part of the first phase of this transition, on 31 October 2020 the Company disposed of its wholly-owned subsidiary Arowana UK for proceeds of £1. This transaction represented both the disposal of a cost centre and also an exit from the Company's Alicorn fund strategy.

**5. Assets held-for-sale and discontinued operations (continued)**

Arowana UK has therefore been treated as a discontinued operation for the period from 1 July 2020 through to 31 October 2020, and also for the duration of the previous corresponding period, for the purposes of the Group's financial statements.

The financial performance of the discontinued operation, which is included in profit from discontinued operations per the Consolidated Statement of Profit or Loss, is as follows:

<b>Discontinued operation - Arowana UK</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Revenue	-	-
Expenses	(173,000)	(36,648)
<b>Profit before income tax</b>	<b>(173,000)</b>	<b>(36,648)</b>
Income tax expense	-	-
<b>Profit after tax attributable to the discontinued operation</b>	<b>(173,000)</b>	<b>(36,648)</b>

The net cash flows of the discontinued operation, which have been incorporated into the Consolidated Statement of Cash Flows, are as follows:

<b>Discontinued operation - Arowana UK</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Net cash inflow from operating activities	(383,555)	(702,300)
Net cash outflow from investing activities	(8,009)	(1,488)
Net cash outflow from financing activities	395,861	552,358
<b>Net increase / (decrease) in cash generated by the discontinued operation</b>	<b>4,297</b>	<b>(151,430)</b>

The amounts of the assets and liabilities in Arowana UK at the date of disposal, summarised in AUD by each major category, are as follows:

<b>Assets and liabilities</b>	<b>2021</b>
	\$
Cash and cash equivalents	6,328
Trade and other receivables	204,768
Property, plant and equipment	11,029
Trade and other payables	(211,096)
<b>Fair value of identifiable net assets sold</b>	<b>11,029</b>
Consideration:	
Cash consideration received	1
Net loss on disposal	<b>(11,028)</b>

*Sun Connect solar portfolio assets ("Sun Connect")*

**5. Assets held-for-sale and discontinued operations (continued)**

Further to a strategic review conducted by VivoPower during the year ended 30 June 2018, a decision was made to realise certain non-core assets within its Australian solar project portfolio in order to release capital. In this context, the Sun Connect solar portfolio was classified as held-for-sale in the Group's Statement of Financial Position at 30 June 2018 and 30 June 2019.

On 23 October 2019, VivoPower sold its 100% interest in SC OCo Pty Limited, the entity which owned the Sun Connect solar portfolio, for gross proceeds of \$1.5 million. Sun Connect has therefore been treated as a discontinued operation for the period from 1 July 2019 through to 23 October 2019 for the purposes of the Group's financial statements in the current year.

The financial performance of the discontinued operation, which is included in profit after income tax from discontinued operations per the Consolidated Statement of Profit or Loss, is as follows:

<b>Discontinued operation - Sun Connect</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Revenue	-	121,236
Expenses	-	(58,493)
<b>Profit before income tax</b>	<b>-</b>	<b>62,743</b>
Income tax expense	-	-
<b>Profit after income tax attributable to the discontinued operation</b>	<b>-</b>	<b>62,743</b>

The net cash flows of the discontinued operation, which have been incorporated into the Consolidated Statement of Cash Flows, are as follows:

<b>Discontinued operation - Sun Connect</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Net cash inflow from operating activities	-	112,096
Net cash inflow from investing activities	-	53,355
<b>Net increase in cash generated by the discontinued operation</b>	<b>-</b>	<b>165,451</b>

Cash proceeds of \$1,477,000, were received from the disposal of Sun Connect. All cash proceeds were received by 11 November 2019 and there is no deferred consideration receivable. The resultant net profit on disposal of \$589,760 has been incorporated within revenue in the Consolidated Statement of Profit or Loss for the year ended 30 June 2020.

The amounts of the assets and liabilities in Sun Connect at the date of disposal, summarised by each major category, were as follows:

**5. Assets held-for-sale and discontinued operations (continued)**

<b>Assets and liabilities</b>	<b>2020</b>
	\$
Trade and other receivables	2,393
Identifiable intangible assets	1,034,156
Deferred revenue	(90,515)
Borrowings	(58,794)
<b>Fair value of identifiable net assets sold</b>	<b>887,240</b>
Consideration:	
Cash consideration received	1,477,000
Net gain on disposal	<b>589,760</b>

**(b) Assets held-for-sale***VivoPower ISS JV – Assets held-for-sale*

VivoPower's portfolio of U.S. solar projects was held through 50% ownership in the ISS Joint Venture until 29 June 2021. VivoPower was focused on executing on the disposal of a portion of the portfolio during the year ended 30 June 2021 for the projects that were closest to completion, and to seek a new partner for development of the remainder of the portfolio. Accordingly, the portion of the portfolio that was identified as being actively marketed for sale was accounted for under assets held-for-sale as at 30 June 2020.

On 30 June 2021, the Company acquired the remaining 50% of the ISS Joint Venture from Innovative Solar Systems LLC for consideration of US\$1. From that date, the fair value of 100% of the capitalised project development costs have been recorded as an intangible asset on acquisition. In accordance with the Company's deconsolidation of VivoPower with effect from 30 June 2021, VivoPower's investment in this asset has been derecognised from the consolidated Statement of Financial Position.

A summary of the assets and liabilities directly related to the VivoPower ISS JV, classified as assets held-for-sale, is set out below.

<b>Assets held-for-sale and directly associated liabilities</b>	<b>2021</b>	<b>2020</b>
	\$	\$
<i>Non-current assets</i>		
Investments accounted for using the equity method	-	5,944,764
<i>Total assets</i>	-	<b>5,944,764</b>
<i>Net assets</i>	-	<b>5,944,764</b>

## 6. Segment reporting

### *Identification of reportable operating segments*

The Group is currently organised into four Divisions - the Enterprise Office, Renewable Energy, Education and Funds Management Divisions as defined below.

### *Types of services*

The principal products and services of each of these operating segments are as follows:

- **Enterprise Office** - is the designated investment entity and provides strategic, operational, financial, human resources and governance support to the operating entities within the group;
- **Renewable Energy** - VivoPower is a sustainable energy solutions company focused on battery storage, electric solutions for customised and ruggedised fleet applications, solar and critical power technology and services;
- **Education** - EdventureCo is the Group's education business, delivering building, construction, IT & communication training programmes to students throughout Australia and in the Philippines; and
- **Funds Management** - manages unlisted funds.

### *Other Segment information*

*Segment revenue* - Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the Consolidated Statement of Profit or Loss. The revenue from external customers is derived from provision of services through the operating companies associated with education, solar project development, critical power services, funds management and training and events.

*Segment assets* - The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the Consolidated Statement of Financial Position. These assets are allocated based on the operations of the segment and its holding entities, and the physical location of the asset.

*Segment liabilities* - The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the Consolidated Statement of Financial Position. These liabilities are allocated based on the operations of the segment.

Notes to Financial Report (continued)

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

For the year ended 30 June 2021	Enterprise Office (Australia)	Renewable Energy (Australia/Asia/ USA/UK)	Education (Australia/Asia)	Funds Management (Australia/UK)	Total	Intersegment Eliminations	Consolidated
Segment reporting	\$	\$	\$	\$	\$	\$	\$
<i>Revenue</i>							
Goods and services transferred at a point in time	-	-	306,243	-	306,243	-	306,243
Services transferred over time	707,941	53,939,340	46,797,790	650,315	102,095,386	-	102,095,386
Sales to external customers	707,941	53,939,340	47,104,033	650,315	102,401,629	-	102,401,629
Intersegment sales	2,411,384	-	-	-	2,411,384	(2,411,384)	-
Total sales revenue	3,119,325	53,939,340	47,104,033	650,315	104,813,013	(2,411,384)	102,401,629
Interest revenue	2,716,394	1,319,806	1,276	980,003	5,017,479	(3,701,763)	1,315,716
Other income	555,701	9,648,781	4,063,415	(5,732,232)	8,535,665	(446,286)	8,089,379
<b>Total revenue</b>	<b>6,391,420</b>	<b>64,907,927</b>	<b>51,168,724</b>	<b>(4,101,914)</b>	<b>118,366,157</b>	<b>(6,559,433)</b>	<b>111,806,724</b>
Gain on deconsolidation of VivoPower	81,739,697	-	-	5,019,427	86,759,124	-	86,759,124
<i>Segment result</i>	79,754,405	(2,538,564)	4,490,558	(639,579)	81,066,820	(4,097,606)	76,969,214
Depreciation and amortisation	343,317	3,011,337	6,160,904	-	9,515,558	-	9,515,558
Finance costs	562,023	4,650,003	542,844	19,156	5,774,026	(4,097,606)	1,676,420
Profit / (Loss) before income tax – continuing operations	78,849,065	(10,199,904)	(2,213,190)	(658,735)	65,777,236	-	65,777,236
Income tax expense / (benefit)	16,949,541	(551,628)	(663,957)	(197,620)	15,536,336	-	15,536,336
<b>Profit / (Loss) after income tax – continuing operations</b>	<b>61,899,524</b>	<b>(9,648,276)</b>	<b>(1,549,233)</b>	<b>(461,115)</b>	<b>50,240,900</b>	<b>-</b>	<b>50,240,900</b>
<i>Segment assets</i>							
Operating assets	118,374,505	-	93,765,007	95,537,423	307,676,935	-	-
Elimination within segment	-	-	(31,257,963)	(52,526,652)	(83,784,615)	-	-
<b>Reportable segment assets</b>	<b>118,374,505</b>	<b>-</b>	<b>62,507,044</b>	<b>43,010,771</b>	<b>223,892,320</b>	<b>(44,013,527)</b>	<b>179,878,793</b>
<i>Segment liabilities</i>							
Operating liabilities	20,822,141	-	42,854,892	3,385,817	67,062,850	-	-
Elimination within segment	-	-	-	-	-	-	-
<b>Reportable segment liabilities</b>	<b>20,822,141</b>	<b>-</b>	<b>42,854,892</b>	<b>3,385,817</b>	<b>67,062,850</b>	<b>(7,081,233)</b>	<b>59,981,617</b>



Notes to Financial Report (continued)

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

For the year ended 30 June 2020	Enterprise Office (Australia)	Renewable Energy (Australia/Asia/ USA/UK)	Education (Australia/Asia)	Funds Management (Australia/UK)	Total	Intersegment Eliminations	Consolidated
	\$	\$	\$	\$	\$	\$	\$
<b>Segment reporting</b>							
<i>Revenue</i>							
Goods and services transferred at a point in time	-	-	639,279	-	639,279	-	639,279
Services transferred over time	94,546	71,091,815	39,447,104	841,482	111,474,947	-	111,474,947
Sales to external customers	94,546	71,091,815	40,086,383	841,482	112,114,226	-	112,114,226
Intersegment sales	2,660,625	-	-	-	2,660,625	(2,660,625)	-
Total sales revenue	2,755,171	71,091,815	40,086,383	841,482	114,774,851	(2,660,625)	112,114,226
Interest revenue	2,473,610	11,876	29,998	985,452	3,500,936	(3,450,747)	50,189
Other income	984,302	2,580,125	1,451,722	620,000	5,636,149	(1,240,932)	4,395,217
<b>Total revenue</b>	<b>6,213,083</b>	<b>73,683,816</b>	<b>41,568,103</b>	<b>2,446,934</b>	<b>123,911,936</b>	<b>(7,352,304)</b>	<b>116,559,632</b>
<i>Segment result</i>	(209,061)	(1,740,123)	1,736,893	(509,700)	(721,991)	(3,868,099)	(4,590,090)
Depreciation and amortisation	403,971	2,530,614	3,662,829	-	6,597,414	-	6,597,414
Finance costs	406,351	4,748,442	308,226	13,700	5,476,719	(3,868,099)	1,608,620
(Loss) / profit before income tax – continuing operations	(1,019,383)	(9,019,179)	(2,234,162)	(523,400)	(12,796,124)	-	(12,796,124)
Income tax expense/(benefit)	479,290	689,213	(670,249)	(157,020)	341,234	-	341,234
<b>(Loss) / profit after income tax – continuing operations</b>	<b>(1,498,673)</b>	<b>(9,708,392)</b>	<b>(1,563,913)</b>	<b>(366,380)</b>	<b>(13,137,358)</b>	<b>-</b>	<b>(13,137,358)</b>
<i>Segment assets</i>							
Operating assets	118,374,505	-	93,765,007	95,537,421	307,676,934		
Elimination within segment			(31,257,963)	(52,526,652)	(83,784,615)		
<b>Reportable segment assets</b>	<b>120,037,154</b>	<b>95,560,714</b>	<b>57,519,540</b>	<b>54,354,571</b>	<b>327,471,979</b>	<b>(201,596,651)</b>	<b>125,875,328</b>
<i>Segment liabilities</i>							
Operating liabilities	23,680,761	97,573,926	39,579,487	3,880,569	164,714,743		
Elimination within segment			-	(383,596)	(383,596)		
<b>Reportable segment liabilities</b>	<b>23,680,761</b>	<b>97,573,926</b>	<b>39,579,487</b>	<b>3,496,973</b>	<b>164,331,147</b>	<b>(92,900,257)</b>	<b>71,430,890</b>

Notes to Financial Report (continued)

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

**7. Income tax expense**

<b>For the reporting period ended 30 June</b>	<b>2021</b>	<b>2020*</b>
	\$	\$
<b>(a) Income tax expense</b>		
Current tax	491,417	389,147
Deferred tax	15,221,370	(77,145)
Under provision in respect of prior years	(176,451)	29,232
	<u>15,536,336</u>	<u>341,234</u>
<b>(b) Income tax expense is attributable to:</b>		
Profit / Loss from continuing operations	<u>15,536,336</u>	<u>341,234</u>
<b>(c) Deferred income tax (benefit) / expense included in income tax expense comprises:</b>		
(Increase)/ decrease in deferred tax assets	(2,673,683)	385,017
Increase/(decrease) in deferred tax liabilities	17,895,053	(462,162)
	<u>15,221,370</u>	<u>(77,145)</u>
<b>(d) Numerical reconciliation of income tax expense to prima facie tax payable:</b>		
Profit / (loss) from continuing operations before income tax	65,777,236	(12,796,124)
(Loss) / profit from discontinued operations before income tax	(173,000)	26,095
	<u>65,604,236</u>	<u>(12,770,029)</u>
Income tax benefit calculated at statutory rate of 30%	19,681,271	(3,831,009)

\* Amounts classified in the current period as relating to discontinued operations have been reclassified in the prior year to provide consistency with the current presentation

Notes to Financial Report (continued)

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

**7. Income tax expense (continued)**

For the reporting period ended 30 June	2021	2020
Add tax effect of:	\$	\$
- Non-deductible expenses	2,514,537	139,473
Less:		
- Franking credit	(126,000)	(92,661)
- Under/(over) provision for income tax in prior year	(176,451)	29,232
- Tax effect of tax rates in other jurisdictions	550,795	739,573
- Other allowable items	(6,068,945)	-
- Prior year deferred tax assets brought to account	(4,699,328)	-
- Deferred tax assets not brought to account	3,860,457	3,345,631
Income tax expense	15,536,336	341,234
Effective tax rate	23.7%	2.7%
<b>Franking credit balance at the end of the year</b>	<b>1,225,729</b>	<b>1,057,951</b>

**8. Cash and cash equivalents**

As at 30 June	2021	2020
	\$	\$
Cash at bank and on hand	16,827,303	12,648,406
Cash at the end of the financial year as shown in the Consolidated Statement of Cash Flows is reconciled to the Consolidated Statement of Financial Position as follows:		
Cash and cash equivalents - Consolidated Statement of Financial Position	16,827,303	12,648,406
<b>Cash and cash equivalents - Consolidated Statement of Cash Flows</b>	<b>16,827,303</b>	<b>12,648,406</b>

## Notes to Financial Report (continued)

### AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

#### 9. Trade and other receivables

<b>As at 30 June</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Trade debtors <sup>1</sup>	8,213,003	4,700,609
Contract assets	-	11,720,305
Accrued interest	-	-
Sundry debtors	281,491	1,149,086
Other accrued income	1,296,280	1,245,381
	<b>9,790,774</b>	<b>18,815,381</b>

<sup>1</sup> As at 30 June 2021, 65% (\$5,379,229) of the Group's trade debtors balance has been outstanding for less than 60 days, with the remaining 35% (\$2,833,774) outstanding between 60 to 365 days and deemed past due but not impaired.

#### 10. Inventory

<b>As at 30 June</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Stock on hand	244,596	5,118,778
	<b>244,596</b>	<b>5,118,778</b>

#### 11. Investments

##### (a) Investments accounted for using equity method:

As at 30 June, the Group had the following investments using the equity method:

<b>As at 30 June</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Innovative Solar Ventures I, LLC	- <sup>1</sup>	11,984,123
Viento Group Limited	99,760	150,363
VivoPower International PLC	79,288,253 <sup>1</sup>	-
	<b>79,388,013</b>	<b>12,134,486</b>

<sup>1</sup> During the year ended 30 June 2021, AWN's ownership in the Nasdaq-listed VivoPower decreased to 44.2%, following an equity capital raising completed on 19 October 2020 and subsequent smaller equity issuance. As a result of the dilution in its holding, the Company has determined that, with effect from 30 June 2021 it no longer has the practical ability to direct VivoPower's relevant activities and has therefore ceased to consolidate VivoPower's financial statements. AWN retains significant influence over VivoPower and as such its investment is account for using the equity method. Further details of the deconsolidation and the resultant gain can be found in Note 36.

**11. Investments (continued)**

Ownership details for investments using the equity method are outlined below:

<b>Associate / Joint venture</b>	<b>Principal activities</b>	<b>Percentage interest</b>	
		<b>30 June 2021</b>	<b>30 June 2020</b>
		<b>%</b>	<b>%</b>
Innovative Solar Ventures I, LLC	Solar power developer	- <sup>1</sup>	50.0
Viento Group Limited	Investment holding company	31.8	31.8
VivoPower International PLC	Sustainable energy solutions company	44.2	60.3

<sup>1</sup> Refer footnote <sup>1</sup> in note 11(a) on previous page for further detail regarding the deconsolidation of VivoPower.

Movements for investments using the equity method during the year are outlined below:

	<b>VivoPower International PLC</b>	<b>Innovative Solar Ventures I, LLC (USA)</b>	<b>Viento Group Limited</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Opening balance, 1 July 2019</b>	-	-	316,554	316,554
Share of profit / (loss) of associated entities	-	19,292,108	-	19,292,108
Share of commission credit	-	(1,824,615)	(166,191)	(1,990,806)
Impact of foreign exchange translation	-	461,394	-	461,394
Reclassified as assets held-for-sale	-	(5,944,764)	-	(5,944,764)
<b>Ending balance at 30 June 2020</b>	-	<b>11,984,123</b>	<b>150,363</b>	<b>12,134,486</b>
<b>Opening balance, 1 July 2020</b>	-	<b>11,984,123</b>	<b>150,363</b>	<b>12,134,486</b>
Share of profit / (loss) of associated entities	-	(9,306,845)	(50,603)	(9,357,448)
Impact of foreign exchange translation	-	(1,449,308)	-	(1,449,308)
Reclassified from assets held-for-sale	-	5,944,764	-	5,944,764
Derecognition due to acquisition of remaining 50% of JV	-	(7,172,734)	-	(7,172,734)
Opening fair value of residual interest on deconsolidation of VivoPower	79,288,253	-	-	79,288,253
<b>Ending balance at 30 June 2021</b>	<b>79,288,253</b>	-	<b>99,760</b>	<b>79,388,013</b>

**11. Investments (continued)**

Financial information of the investments using the equity method as at 30 June and for the year then ended is outlined below:

<b>For the reporting period ended 30 June 2021</b>	<b>VivoPower International PLC</b>	<b>Innovative Solar Ventures I, LLC</b>	<b>Viento Group Limited</b>
	\$	\$	\$
<i>Share of assets and liabilities:</i>			
Current assets	13,833,838	-	52,109
Non-current assets	33,128,895	-	63,588
<b>Total assets</b>	<b>46,962,733</b>	<b>-</b>	<b>115,697</b>
Current liabilities	10,480,882	-	20,949
Non-current liabilities	12,469,547	-	-
<b>Total liabilities</b>	<b>22,950,429</b>	<b>-</b>	<b>20,949</b>
<b>Net assets</b>	<b>24,012,304</b>	<b>-</b>	<b>94,748</b>
<i>Share of profit / (loss) and other comprehensive income</i>			
Expenses	-	9,306,845	50,603
Net profit / (loss)	-	(9,306,845)	(50,603)
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>(9,306,845)</b>	<b>(50,603)</b>
<i>Share of assets and liabilities:</i>			
Current assets	-	1,148	179,515
Non-current assets	-	11,982,975	-
<b>Total assets</b>	<b>-</b>	<b>11,984,123</b>	<b>179,515</b>
Current liabilities	-	-	29,152
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>29,152</b>
<b>Net assets</b>	<b>-</b>	<b>11,984,123</b>	<b>150,363</b>
<i>Share of profit / (loss) and other comprehensive income</i>			
Revenue	-	-	9,897
Expenses	-	1,824,615	176,088
Net profit / (loss)	-	(1,824,615)	(166,191)
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>(1,824,615)</b>	<b>(166,191)</b>

**11. Investments (continued)****(b) Other non-current financial assets**

The Group had the following other non-current financial assets:

<b>As at 30 June</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Other receivables	219,372	219,372
VivoPower International PLC shares receivable <sup>1</sup>	18,999,187	-
	<b>19,218,559</b>	<b>219,372</b>

<sup>1</sup> On 30 June 2021 the Aevitas Convertible Notes and Preference Shares (collectively, the Aevitas Hybrids) held by the Arowana Australasian Special Situations Fund ("AASSF"), a subsidiary of AWN Holdings Limited ("AWN"), matured and converted into rights to receive 1,959,340 VivoPower International PLC ordinary shares at US\$10.20 per instrument. As such, the AASSF recognises the market value of the shares receivable based on a 30 June 2021 market value of \$7.29 and an FX rate of 1 AUD : 0.7518 USD.

**(c) Financial assets held at amortised cost**

The Group had the following financial assets held at amortised cost:

<b>As at 30 June</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Secured related party loan - Aevitas O Holdings Pty Ltd <sup>1</sup>	28,394,207	-
	<b>28,394,207</b>	<b>-</b>

<sup>1</sup> Aevitas O Holdings ("Aevitas") is a wholly owned subsidiary of VivoPower International PLC ("VivoPower"). The loan between AWN Holdings Limited ("AWN") and Aevitas is on arms-length terms and attracts an 8% p.a. interest rate and a line fee of 0.8% p.a. payable monthly in arrears. Contractually, Aevitas is required to begin repayment of the loan in 60 equal monthly instalments beginning 1 January 2023. The loan is secured via a charge over the issued capital of Aevitas which ultimately owns the issued capital of both J.A. Martin Electrical Pty Ltd and Kenshaw Electrical Pty Ltd. In prior periods when AWN held effective control of VivoPower the loan was eliminated on consolidation. Given the loss of control and the subsequent deconsolidation of VivoPower the loan now forms part of AWN's investment in VivoPower and is measured at amortised cost as defined by AASB 9 *Financial Instruments* (for further detail on the deconsolidation please refer to Note 36).

**12. Other assets****(a) Other current assets**

The Group had the following other current assets:

<b>As at 30 June</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Prepayments	846,232	1,201,377
Short term deposits	87,524	156,427
	<b>933,756</b>	<b>1,357,804</b>

**12. Other assets (continued)****(b) Other non-current assets**

The Group had the following other non-current assets:

<b>As at 30 June</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Security deposit	204,872	201,494
	<b>204,872</b>	<b>201,494</b>

**13. Property, plant and equipment**

<b>For the reporting period ended 30 June</b>	<b>2021</b>	<b>2020</b>
	\$	\$
<i>Leasehold improvements</i>		
Cost	3,578,735	3,341,556
Less: Accumulated depreciation	(1,524,119)	(1,070,880)
<b>WDV</b>	<b>2,054,616</b>	<b>2,270,676</b>
<i>Plant &amp; equipment</i>		
Cost	1,886,017	2,272,085
Less: Accumulated depreciation	(1,846,512)	(1,514,058)
<b>WDV</b>	<b>39,505</b>	<b>758,027</b>
<i>Computer equipment</i>		
Cost	2,830,365	2,249,986
Less: Accumulated depreciation	(2,158,882)	(1,619,507)
<b>WDV</b>	<b>671,483</b>	<b>630,479</b>
<i>Furniture &amp; fixtures</i>		
Cost	548,390	475,495
Less: Accumulated depreciation	(478,241)	(334,071)
<b>WDV</b>	<b>70,149</b>	<b>141,424</b>
<i>Motor vehicle</i>		
Cost	839,288	1,310,700
Less: Accumulated depreciation	(839,288)	(557,120)
<b>WDV</b>	<b>-</b>	<b>753,580</b>
<i>Right-of-use assets</i>		
Cost	17,312,137	17,442,478
Less: Accumulated depreciation	(10,004,081)	(7,164,292)
<b>WDV</b>	<b>7,308,056</b>	<b>10,278,186</b>
<i>Total</i>		
Cost	26,994,932	27,092,300
Less: Accumulated depreciation	(16,851,123)	(12,259,928)
<b>WDV</b>	<b>10,143,809</b>	<b>14,832,372</b>



Notes to Financial Report (continued)

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

	Leasehold improvement	Plant & equipment	Computer equipment	Furniture & fixtures	Motor vehicle	Right-of-use assets	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Year ended 30 June 2020</b>							
As at 1 July 2019	2,298,621	448,726	460,859	201,264	453,872	8,204,883	12,068,225
Additions	301,207	729,560	519,375	28,276	528,586	6,116,724	8,223,728
Depreciation charge	(329,152)	(175,711)	(327,387)	(88,116)	(254,531)	(3,819,816)	(4,994,713)
Disposals	-	(244,548)	(22,694)	-	-	(274,992)	(542,234)
Foreign exchange movement	-	-	326	-	25,653	51,387	77,366
<b>As at 30 June 2020</b>	<b>2,270,676</b>	<b>758,027</b>	<b>630,479</b>	<b>141,424</b>	<b>753,580</b>	<b>10,278,186</b>	<b>14,832,372</b>
<b>Year ended 30 June 2021</b>							
As at 1 July 2020	2,270,676	758,027	630,479	141,424	753,580	10,278,186	14,832,372
Additions	386,386	654,815	814,217	81,199	345,987	1,306,960	3,589,564
Reclassified	(149,207)	-	-	149,207	-	-	-
Depreciation charge	(453,239)	(332,454)	(539,375)	(144,170)	(282,168)	(2,839,789)	(4,591,195)
Disposals	-	(58,014)	(12,733)	(67,534)	(22,794)	-	(161,075)
Foreign exchange movement	-	(28,130)	(5,687)	(3,493)	(19,125)	(40,278)	(96,713)
Derecognition on deconsolidation of subsidiary (refer Note 36)	-	(954,739)	(215,418)	(86,484)	(775,480)	(1,397,023)	(3,429,144)
<b>As at 30 June 2021</b>	<b>2,054,616</b>	<b>39,505</b>	<b>671,483</b>	<b>70,149</b>	<b>-</b>	<b>7,308,056</b>	<b>10,143,809</b>

**14. Deferred tax assets and liabilities****(a) Deferred tax assets**

<b>As at 30 June</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Deferred tax asset	8,545,878	9,304,342
Deferred tax assets comprise the following:		
Tax losses	4,349,735	5,388,596
Other temporary differences on expenses	4,196,143	3,915,746
	<b>8,545,878</b>	<b>9,304,342</b>
Movement in deferred tax assets are as follows:		
Balance at beginning of the year	9,304,342	9,726,362
Charged to profit & loss	2,673,683	(385,017)
Under/(Over) provision in respect of prior year	176,451	(37,003)
Acquisition of subsidiary	338,608	-
Derecognition on deconsolidation of subsidiary	(3,947,206)	-
<b>Balance at end of the year</b>	<b>8,545,878</b>	<b>9,304,342</b>

**(b) Deferred tax liabilities**

<b>As at 30 June</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Deferred tax liability	19,616,604	5,330,149
Deferred tax liabilities comprise the following:		
Intangible assets acquired via business combination	-	4,319,188
Investments in associates	19,958,792	-
Other temporary differences	(342,188)	1,010,961
	<b>19,616,604</b>	<b>5,330,149</b>
Movement in deferred tax liabilities is as follows:		
Balance at beginning of the year	5,330,149	5,800,082
Charged to profit & loss	17,895,053	(462,162)
Under/(Over) provision in respect of prior year	-	(7,771)
Acquisition of subsidiary	618,460	-
Derecognition on deconsolidation of subsidiary	(4,227,058)	-
<b>Balance at end of the year</b>	<b>19,616,604</b>	<b>5,330,149</b>

## Notes to Financial Report (continued)

### AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

## 15. Intangible assets

### (a) Reconciliation of movement in intangible assets

	Goodwill	Trade names	Supply contract	Customer relationship	Solar contract	Course development	Student contracts	RTO licence	Incorporation costs	Patent and trademark	Total
<b>As at 30 June 2021</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost	8,927,253	1,984,754	3,974,827	2,834,034	111,111	1,143,998	2,246,383	85,697	235,558	-	21,543,615
Accumulated amortisation/impairment	(3,859,557)	(1,177,754)	(3,974,827)	(2,834,034)	(111,111)	(1,059,184)	(2,246,383)	(74,402)	(19,337)	-	(15,356,589)
Carrying value	5,067,696	807,000	-	-	-	84,814	-	11,295	216,221	-	6,187,026
<b>Movement for the year ended 30 June 2021</b>											
Opening balance - carrying value	32,546,390	3,670,452	4,567,033	3,705,000	653,552	94,796	-	28,434	6,219	26,253	45,298,129
Other additions	2,716,993	558,555	-	2,064,903	-	36,262	-	-	212,544	-	5,589,257
Reclassified	-	-	-	-	-	(23,014)	-	-	23,014	-	-
Disposals	-	-	-	-	(653,552)	-	-	-	(5,756)	(12,609)	(671,917)
Amortisation provision during the period	-	(251,206)	(397,133)	(837,034)	-	(23,230)	-	(17,139)	(19,337)	-	(1,545,079)
Provision for impairment	(3,309,557)	-	(69,727)	-	-	-	-	-	-	-	(3,379,284)
Foreign exchange movement	71,468	19,557	28,820	24,578	-	-	-	-	-	-	144,423
Derecognition on deconsolidation of subsidiary	(26,957,598)	(3,190,358)	(4,128,993)	(4,957,447)	-	-	-	-	(463)	(13,644)	(39,248,503)
<b>Net book amount 30 June 2021</b>	5,067,696	807,000	-	-	-	84,814	-	11,295	216,221	-	6,187,026

Notes to Financial Report (continued)

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

	Goodwill	Trade name	Supply contract	Customer relationship	Solar contract	Course development	Student contracts	RTO licence	Incorporation costs	Patent and trademark	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>As at 30 June 2020</b>											
Cost	33,096,390	4,597,000	8,075,000	5,702,000	764,663	1,130,750	2,246,383	85,697	6,219	26,253	55,730,355
Accumulated amortisation/impairment	(550,000)	(926,548)	(3,507,967)	(1,997,000)	(111,111)	(1,035,954)	(2,246,383)	(57,263)	-	-	(10,432,226)
Carrying value	<b>32,546,390</b>	<b>3,670,452</b>	<b>4,567,033</b>	<b>3,705,000</b>	<b>653,552</b>	<b>94,796</b>	<b>-</b>	<b>28,434</b>	<b>6,219</b>	<b>26,253</b>	<b>45,298,129</b>
<b>Movement for the year ended 30 June 2020</b>											
Opening balance - carrying value	32,546,390	3,904,221	5,153,332	4,275,000	296,740	181,958	-	45,574	6,219	26,253	46,435,687
Other additions	-	-	-	-	401,256	63,887	-	-	-	-	465,143
Disposals	-	-	-	-	-	-	-	-	-	-	-
Amortisation provision during the period	-	(233,769)	(586,299)	(570,000)	(44,444)	(151,049)	-	(17,140)	-	-	(1,602,701)
<b>Net book amount 30 June 2020</b>	<b>32,546,390</b>	<b>3,670,452</b>	<b>4,567,033</b>	<b>3,705,000</b>	<b>653,552</b>	<b>94,796</b>	<b>-</b>	<b>28,434</b>	<b>6,219</b>	<b>26,253</b>	<b>45,298,129</b>

## AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

**15. Intangible assets (continued)****(b) Allocation of goodwill**

Goodwill as at 30 June 2021 can be allocated to the various cash generating units ("CGUs") as follows:

<b>Cash generating unit</b>	<b>\$</b>
Education division - EdventureCo Trades	3,543,009
Education division - DDLS Pty Ltd	1,164,779
Education division - ENS International	359,908
Renewable energy division - VivoPower Pty Ltd <sup>1</sup>	-
Renewable energy division - Aevitas Group Ltd <sup>1</sup>	-
<b>Total goodwill</b>	<b>5,067,696</b>

<sup>1</sup> During the year ended 30 June 2021, AWN's ownership in the Nasdaq-listed VivoPower decreased to 44.2%, following an equity capital raising completed on 19 October 2020 and subsequent smaller equity issuance. As a result of the dilution in its holding, the Company has determined that, with effect from 30 June 2021 it no longer has the practical ability to direct VivoPower's relevant activities and has therefore ceased to consolidate VivoPower's financial statements. AWN retains significant influence over VivoPower and as such its investment is account for using the equity method. Further details of the deconsolidation and the resultant gain can be found in Note 36.

Goodwill as at 30 June 2020 was allocated to the various CGUs as follows:

<b>Cash generating unit</b>	<b>\$</b>
Education division - EdventureCo Trades	6,852,566
Education division - DDLS Pty Ltd	1,164,779
Renewable energy division - VivoPower Pty Ltd	1,911,268
Renewable energy division - Aevitas Group Ltd	22,617,777
<b>Total goodwill</b>	<b>32,546,390</b>

**(c) Impairment testing***Methodology*

The recoverable amount of goodwill allocated to CGUs is determined based on value-in-use. For the purposes of impairment testing, the following methodology was consistently applied across each CGU:

- Value-in-use is estimated based on the discounted value of future cash flow projections over the five-year period from FY2022 to FY2026;
- Future cash flow projections are based on FY2022's detailed financial budgets and associated strategy execution plans as approved by the Board, together with forecasts for a further four years which are extrapolated using estimates of longer-term growth rates and having regard to each CGU's strategy;

## AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

**15. Intangible assets (continued)**

- In order to discount projected cash flows to net present value, discount rates are applied to reflect the Group's estimates of market risk and specific risk factors for each CGU not otherwise incorporated in cash flow projections; and
- The value-in-use estimates above are adjusted to include an assessment of terminal value, representing the discounted cash flows beyond the five-year forecast period.

*Key assumptions*

In determining the value-in-use calculations for each CGU, management has applied the following key assumptions:

<b>As at 30 June</b>	<b>2021</b>	<b>2020</b>
	%	%
Short-term revenue CAGR * (1-5 years)	10.5% - 11.1%	(9.6%) - 32.4%
Long-term revenue CAGR * (terminal value)	2.0%	2.0% - 3.0%
Post-tax discount rates applied <sup>1</sup>	19.1% - 20.7%	10.6% - 14.3%

\* Compound Annual Growth Rate ("CAGR")

<sup>1</sup> The Group engaged an independent external corporate advisor to provide specialist, industry-specific input into the appropriate assumptions to adopt for the purposes of calculating post-tax discount rates for its value-in-use calculations as at 30 June 2021 and 30 June 2020.

Cash flow projections adopted in measuring value-in-use recoverable amounts exclude any estimated future cash inflows or outflows expected to arise from future restructurings or from improving or enhancing the asset's performance.

During the impairment testing process the Group considered current economic conditions and the potential impact of COVID-19 on future financial performance for the purposes of impairment testing. In particular, the Group considered the additional impacts of COVID-19 on the operating environment, the risk of delays in economic recovery and subsequent impact on performance in the event of sustained international border restrictions. The Group's assessment of these additional risks was factored into reforecast and cash flow projections, and the post-tax discount rate applied to the value-in-use model continues to incorporate an additional alpha adjustment to reflect the uncertain economic environment.

*Results*

The recoverable amounts derived from the appropriate measures described above are compared to the carrying value for each CGU, and if the carrying value exceeds the recoverable amount, an impairment loss is recognised.

With regard to EdventureCo Trades, the recoverable amount derived from the appropriate measures described above was compared to the carrying value, and it was determined that the CGU's carrying value exceeded its recoverable amount by \$3,309,557. As such, based on the results of the Group's impairment testing, this amount has been recognised as an impairment loss in the Consolidated Statement of Profit or Loss.

**15. Intangible assets (continued)**

Management has identified that a reasonably possible change in two key assumptions could cause the goodwill allocated to the EdventureCo Trades CGU to exceed its recoverable amount. The following table illustrates the sensitivity of the recoverable amount of goodwill to adverse changes in underlying assumptions:

<b>As at 30 June 2021</b>	<b>Change required individually for carrying amount to equal recoverable amount</b>	
	<b>Short-term revenue CAGR</b>	<b>Post-tax discount rate</b>
	%	%
Education division – EdventureCo Trades	3.3	3.4

In relation to goodwill for the remaining CGUs, management has determined that, given the significant excess of future cash flows over their carrying value, there are no reasonable possible changes in key assumptions which could occur to cause the carrying amount of these CGU's to exceed their recoverable amounts.

**16. Trade and other payables**

<b>As at 30 June</b>	<b>2021</b>	<b>2020</b>
	\$	\$
<b>Current</b>		
Trade creditors	3,128,159	9,533,071
Accrued expenses	5,450,212	5,799,230
Deferred income	1,477,249	1,309,035
Contract liabilities	7,971,544	16,177,585
Payroll liabilities	935,180	2,185,278
GST payable	973,284	1,133,180
Other payables	892,008	3,016,744
	<b>20,827,636</b>	<b>39,154,123</b>

**17. Current tax liabilities**

<b>As at 30 June</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Income tax payable	59,043	271,739
	<b>59,043</b>	<b>271,739</b>



## Notes to Financial Report (continued)

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

### 18. Provisions

#### a) The Group had the following current provisions:

<b>As at 30 June</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Employee entitlements <sup>1</sup>	5,213,950	4,509,451
Litigation <sup>2</sup>	-	1,609,196 <sup>2</sup>
Deferred consideration <sup>3</sup>	28,039	-
	<b>5,241,989</b>	<b>6,118,647</b>

<sup>1</sup> Employee entitlements relate to annual leave, long service leave, and provision for EdventureCo long-term incentive plan.

<sup>2</sup> Representing provision for expected outcome of litigation related to disputes with a former CEO of VivoPower, Mr. Philip Comberg.

<sup>3</sup> Representing provision for deferred consideration payable in respect of acquisition of ENS International Pty Ltd. Please refer to Note 35 for further information in relation to this matter.

#### b) The Group had the following non-current provisions:

<b>As at 30 June</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Employee entitlements <sup>1</sup>	385,742	1,348,783
Lease make good provision <sup>2</sup>	764,349	-
Deferred consideration <sup>3</sup>	632,760	-
	<b>1,782,851</b>	<b>1,348,783</b>

<sup>1</sup> Employee entitlements relate to annual leave and long service leave accruals for employees.

<sup>2</sup> Representing provision for estimated costs to make good premises leased by the Group.

<sup>3</sup> Representing provision for deferred consideration payable in respect of acquisition of ENS International Pty Ltd. Please refer to Note 35 for further information in relation to this matter.

## Notes to Financial Report (continued)

### AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

## 19. Interest-bearing liabilities

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

<b>For the reporting period ended 30 June</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Lease liabilities – right-of-use assets <sup>1</sup>	2,059,125	3,355,868
Trade debtor financing	-	739,217
Term loans	-	2,898,551
Convertible notes <sup>2</sup>	3,555,000	3,550,000
	<b>5,614,125</b>	<b>10,543,636</b>
<b>Non-Current</b>		
Lease liabilities – right-of-use assets <sup>1</sup>	6,189,169	7,146,561
Government loans <sup>3</sup>	650,200	250,000
Term loans <sup>4</sup>	-	1,267,252
	<b>6,839,369</b>	<b>8,663,813</b>
<b>Total interest-bearing liabilities</b>	<b>12,453,494</b>	<b>19,207,449</b>

<sup>1</sup> Lease liabilities are leases secured against lease agreements and, where applicable, underlying assets financed.

<sup>2</sup> On 10 February 2020, AWN successfully completed a convertible note issue, raising gross proceeds of \$3.55m at 8% per annum. The maturity date on the convertible notes is 36 months from the date of issue. Noteholders may elect to redeem their notes in cash during bi-annual redemption windows. As such, proceeds raised from the convertible note issue have been treated as a current liability as at 30 June 2021.

<sup>3</sup> Representing unsecured loans received in AWN, Everthought Education and Everthought College of Construction from the QLD Government as part of COVID-19 relief support. The loan is repayable over a period of 9 years with interest payments commencing in June 2021.

<sup>4</sup> Balance at 30 June 2020 represented the non-current portion of unsecured low interest rate COVID-19 NAB loans and chattel mortgages over 14 vehicles in Aevitas. These balances were derecognised at 30 June 2021 following the deconsolidation of VivoPower – refer Note 36 for further detail. Balance at 30 June 2020 also includes an unsecured working capital loan from Contrarian Value Fund Limited (CVF) at 5.5% per annum, with interest payable bi-annually and the loan repayable on the fifth anniversary of the initial drawdown date of 18 December 2019. The loan was provided for the purposes of assisting with the strategic review of CVF and was repaid during the year ended 30 June 2021.

## 20. Financial instruments

### (a) Financial risk management

The Group has exposure to the following risks arising from financial instruments

- Credit risk
- Liquidity risk
- Market risk

**20. Financial Instruments (continued)**

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital.

*Risk management framework*

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group, through its training and management standards aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

**(b) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows (including assets classified as held-for-sale):

		Carrying amount	
<b>For the reporting period ended 30 June</b>		<b>2021</b>	<b>2020</b>
	Note		\$
Cash and cash equivalents	8	16,827,303	12,648,406
Trade and other receivables	9	9,790,774	18,815,381
Other financial assets	11(b)	19,218,559	219,372
Financial assets at amortised cost	11(c)	28,394,207	-
<b>Total</b>		<b>74,230,843</b>	<b>31,683,159</b>

*Cash and cash equivalents*

Cash and cash equivalents are held with bank and financial institution counterparties which are rated AA- by Fitch Ratings and Standard and Poor's.

*Trade and other receivables*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The customer debts are monitored closely and proper processes are in place to ensure recoverability of receivables. The Group establishes an allowance for impairment that represents an estimate of incurred losses in respect of trade and other receivables.

*Financial assets at amortised cost*

The Group's financial assets at amortised cost represent a fully secured loan to Aevitas O Holdings Pty Ltd (a wholly-owned subsidiary of VivoPower International PLC). The Group assesses, on a forward-looking basis, the expected credit losses associated with the loan receivable. The impairment methodology applied depends on whether there has been a significant increase in credit risk. At 30 June 2021 the Group has determined there are no credit losses applicable to this asset.

**20. Financial instruments (continued)****(c) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the succeeding 60 days. The Group also monitors the level of expected cash inflows on trade debtors together with expected cash outflows on trade payables.

The following are the remaining contractual maturities at the end of the reporting period:

	2 months or less	2 - 12 months	1 - 3 years	More than 3 years	Total
<b>As at 30 June 2021</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade creditors	(2,177,456)	(950,703)	-	-	(3,128,159)
Lease liabilities	(372,425)	(1,686,700)	(2,833,599)	(3,355,570)	(8,248,294)
Term loans	-	-	-	(650,200)	(650,200)
Trade debtor financing	-	-	-	-	-
Accrued expenses	-	(5,450,212)	-	-	(5,450,212)
Payroll liabilities	-	(935,180)	-	-	(935,180)
Convertible notes	-	(3,555,000)	-	-	(3,555,000)
Other payables	(827,562)	(64,446)	-	-	(892,008)
	<b>(3,377,443)</b>	<b>(12,642,241)</b>	<b>(2,833,599)</b>	<b>(4,005,770)</b>	<b>(22,859,053)</b>
<b>As at 30 June 2020</b>					
Trade creditors	(7,334,553)	(2,198,518)	-	-	(9,533,071)
Lease liability	(872,830)	(2,697,269)	(4,293,144)	(2,639,186)	(10,502,429)
Term loans	-	(2,898,551)	(767,251)	(750,000)	(4,415,802)
Trade debtor financing	-	(739,217)	-	-	(739,217)
Accrued expenses	-	(5,799,230)	-	-	(5,799,230)
Payroll liabilities	(598,778)	(1,586,500)	-	-	(2,185,278)
Convertible notes	-	(3,550,000)	-	-	(3,550,000)
Other payables	(418,322)	(2,598,422)	-	-	(3,016,744)
	<b>(9,224,483)</b>	<b>(22,067,707)</b>	<b>(5,060,395)</b>	<b>(3,389,186)</b>	<b>(39,741,771)</b>

**20. Financial instruments (continued)****(d) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

*Currency risk*

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the presentation currency of the Company. The borrowings are denominated in the functional currency of the operating entity. This provides an economic hedge without derivatives being entered into. On the basis of a cost benefit analysis no currency risks are currently hedged.

The summary of quantitative data about the Group's exposure to currency risk as at 30 June 2021 is set out in the table below:

	<b>Philippines Peso (PHP)</b>	<b>British Pound (GBP)</b>	<b>U.S. Dollar (USD)</b>
Assets	53,740,805	-	24,223,625
Liabilities	34,537,270	2,609	14,613
Net Assets	19,203,535	(2,609)	24,209,012
NPAT	(18,356,809)	-	-

The Group has GBP, USD and PHP bank accounts. The GBP bank accounts currently have nil balances.

The following significant exchange rates applied during the current reporting period:

	<b>Average rate</b>	<b>Reporting date spot rate</b>
PHP / AUD	35.4547	36.5554
GBP / AUD	0.5528	0.5429
USD / AUD	0.7468	0.7518

*Sensitivity analysis*

Any change in the AUD against PHP, GBP and USD at 30 June 2021 would have affected the measurement of financial instruments denominated in a foreign currency and increased or decreased equity and profit or loss by the amounts shown below. The analysis is based on foreign exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and expenses.

**20. Financial instruments (continued)**

<b>30 June 2021</b>	<b>Equity</b>		<b>Profit or Loss</b>	
	<b>Strengthening</b>	<b>Weakening</b>	<b>Strengthening</b>	<b>Weakening</b>
AUD (5% movement)	(1,037,665)	2,242,728	42,833	(9,072)
AUD (10% movement)	(2,454,198)	4,156,291	65,247	(39,350)

*Interest risk*

All of the Group's related party loans receivable and interest-bearing liabilities at the end of the reporting period are subject to fixed interest rates for the duration of their term. The Group's cash and cash equivalents earn interest at a variable interest rate. Depending on market trends the Group may consider a policy to fix a portion of its variable interest rate via an interest rate swap.

*Profile*

At the end of the reporting period the interest rate profile of the Group's interest-bearing financial instruments (including those in the disposal group and classified as held-for-sale) as reported to the management of the Group was as follows:

<b>For the reporting period ended 30 June</b>	<b>Nominal amount</b>	
	<b>2021</b>	<b>2020</b>
<i>Fixed rate instruments</i>		\$
Financial assets	28,613,579	219,372
Financial liabilities	(12,453,494)	(19,207,449)
<i>Variable rate instruments</i>		
Financial assets	16,827,303	12,648,406
Financial liabilities	-	-
<b>Net financial assets/(liabilities)</b>	<b>32,987,388</b>	<b>(6,339,671)</b>

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points interest rates at the end of the reporting period would have increased / (decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

<b>For the reporting period ended 30 June</b>	<b>Profit or loss</b>	
	<b>2021</b>	<b>2020</b>
<i>Interest rate</i>		\$
Increase by 100 basis points	168,273	126,484
Decrease by 100 basis points	(168,273)	(126,484)

## AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

**20. Financial instruments (continued)****(e) Capital management**

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

**21. Issued capital**

<b>For the reporting period ended 30 June</b>	<b>2021</b>	<b>2021</b>
<i>Ordinary shares</i>	<b>No. of shares</b>	<b>\$</b>
Balance at beginning of the year	39,542,873	59,496,954
Shares cancelled during the year as part of unmarketable parcels buy-back	(19,009)	(15,588)
Shares issues during the year in accordance with Directors' FSSP plan <sup>1</sup>	76,336	100,000
<b>Total issued capital</b>	<b>39,600,200</b>	<b>59,581,366</b>

<b>For the reporting period ended 30 June</b>	<b>2020</b>	<b>2020</b>
<i>Ordinary shares</i>	<b>No. of shares</b>	<b>\$</b>
Balance at beginning of the year	158,170,799	59,775,954
LTVCP shares cancelled during the year	-	(279,000)
Share consolidation <sup>2</sup>	(118,627,926) <sup>2</sup>	-
<b>Total issued capital</b>	<b>39,542,873</b>	<b>59,496,954</b>

<sup>1</sup> From 1 July 2020, two Non-Executive Directors, Messrs McKelvey and Fernandez, agreed to receive one third of their annual fees in the form of shares. On 28 January 2021, AWN shareholders voted to approve the issue of shares to Messrs McKelvey and Fernandez in connection with the Company's Non-Executive Director Fee Sacrifice Share Plan (FSSP). Following approval, 38,168 shares with an aggregate issue price of \$50,000 were issued to each of Messrs McKelvey and Fernandez, representing the non-cash component of the directors' fees to which they would be entitled for the three-year period ending 30 June 2023, with one third of these shares vesting on each of the first, second and third anniversaries of issue. In circumstances where a Non-Executive Director ceases to be a Director of the Company the unvested Plan Shares held by the Director will be forfeited.

<sup>2</sup> 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. Where the consolidation resulted in a fractional holding the Company rounded up to the nearest one (1) whole share.

All ordinary shares are fully paid and rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

## Notes to Financial Report (continued)

### AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

#### 22. Reserves

<b>As at 30 June</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Equity reserve <sup>(a)</sup>	(11,754,685)	(11,754,685)
General reserve <sup>(b)</sup>	(2,484,626)	(17,989,542)
LTVCP reserve <sup>(c)</sup>	355,858	355,858
<b>General reserves</b>	<b>(13,883,453)</b>	<b>(29,388,369)</b>
Option reserve <sup>(d)</sup>	2,542,750	3,095,100
Share buyback reserve <sup>(e)</sup>	(2,600,374)	(2,600,374)
Foreign currency translation reserve <sup>(f)</sup>	(5,653,256)	(3,937,931)
	<b>(19,594,333)</b>	<b>(32,831,574)</b>

(a) Equity reserve represents fair value adjustments of shares issued upon acquisition of Arowana International Holdings Limited on 4 April 2013

(b) General reserve represents transactions with non-controlling interests

(c) LTVCP or employee incentive plan reserve represents the amortisation of the estimated cost attributable over the life of the plan of shares issued under the employee long term value creation plan in 2015

(d) Option reserve represents VivoPower International PLC UPO Options which lapsed in April 2020

(e) Share buyback reserve represents fair value adjustments of shares bought back on 29 July and 27 October 2014

(f) Foreign currency translation reserve represents exchange differences arising on translation of foreign controlled entities.

#### 23. Retained earnings

<b>For the reporting period ended 30 June</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Opening retained earnings	21,903,616	30,622,374
Net profit / (loss) for the year	56,091,723	(8,718,758)
Dividend paid	-	-
<b>Closing retained earnings</b>	<b>77,995,339</b>	<b>21,903,616</b>

#### 24. Cash flow information

(a) Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

<b>For the reporting period ended 30 June</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Cash and cash equivalents – Consolidated Statement of Financial Position	16,827,303	12,648,406
Cash and cash equivalents – Consolidated Statement of Cash Flows	<b>16,827,303</b>	<b>12,648,406</b>



**24. Cash flow information (continued)****(b) Reconciliation of operating profit / (loss) after income tax to net cash used in operating activities**

<b>Reconciliation of the operating profit / (loss) after tax to the net cash flows from operations:</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Operating profit / (loss) from ordinary activities after income tax	50,067,900	(13,074,615)
<i>Cash flows excluded from profit attributable to operating activities</i>		
Add/(subtract) non-cash items:		
Amortisation	1,545,079	1,602,701
Depreciation	4,591,195	4,994,713
Share based payments expense	1,726,048	520,841
Gain on deconsolidation of VivoPower	(86,759,124)	-
Gain on bargain purchase of ISS JV	(10,507,896)	-
Unrealised fair value adjustment on maturity of Aevitas hybrids	7,585,579	-
Loss on disposal of solar assets	175,354	-
Profit on disposal of Sun Connect and Vivo Rex	-	(1,209,512)
Loss / (gain) on disposal of fixed assets	(38,297)	(17,938)
Share of net losses of associates accounted for using the equity method	9,357,448	1,990,806
Provision for impairment	3,379,284	-
Foreign currency (gains) / losses	222,497	(252,359)
<i>Changes in assets and liabilities, net of the effects of purchase and disposal of controlled entities:</i>		
<i>Assets</i>		
(Increase) / decrease in trade and other receivables	(1,384,480)	2,494,957
Increase in other current assets	(512,250)	(1,394,980)
(Increase) / decrease in deferred tax assets	(2,916,848)	760,190
<i>Liabilities</i>		
Decrease in trade and other payables	(12,084,592)	(3,632,135)
Increase / (decrease) in deferred tax liabilities	17,882,819	(345,475)
Increase / (decrease) in income tax payable	825,067	(709,256)
Increase in provisions	2,864,022	1,690,329
Increase / (decrease) in other payables	812,837	(3,750,774)
<b>Net cash used in operating activities</b>	<b>(13,168,358)</b>	<b>(10,332,507)</b>

**24. Cash flow information (continued)****(c) Changes in liabilities arising from financing activities:**

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's Consolidated Statement of Cash Flows as cash flows from financing activities.

For the year ended 30 June 2021	30 June 2020	Cash flows	Foreign exchange	Non-cash change		30 June 2021
				New leases recognised	Derecognised on deconsolidation of VivoPower	
<i>Current</i>						
Lease liabilities – right of use assets	3,355,868	(1,010,068)	-	-	(286,675)	2,059,125
Trade debtor financing	739,217	(739,217)	-	-	-	-
Term loans	2,898,551	(2,728,097)	(170,454)	-	-	-
Convertible notes	3,550,000	5,000	-	-	-	3,555,000
<i>Non-current</i>						
Lease liabilities – right of use assets	7,146,561	(2,151,013)	-	1,475,111	(281,490)	6,189,169
Government loans	250,000	400,200	-	-	-	650,200
Term loans	1,267,252	-	-	-	(1,267,252)	-
	<b>19,207,449</b>	<b>(6,223,195)</b>	<b>(170,454)</b>	<b>1,475,111</b>	<b>(1,835,417)</b>	<b>12,453,494</b>

**25. Commitments**

There were no low-value or short-term leases at balance date.

**26. Capital commitments**

There were no capital commitments as at balance date.

Notes to Financial Report (continued)

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

## 27. Earnings per share

<b>For the reporting period ended 30 June</b>	<b>2021</b>	<b>2020*</b>
	<b>Cents</b>	<b>Cents</b>
<b>(a) Basic earnings per share</b>		
From continuing operations attributable to the ordinary equity holders of the Company	142.22	(22.11)
From discontinued operations attributable to the ordinary equity holders of the Company	(0.44)	0.06
<b>Total basic earnings per share attributable to the ordinary equity holders of the Company</b>	<b>141.78</b>	<b>(22.05)</b>
<b>(b) Diluted earnings per share</b>		
From continuing operations attributable to the ordinary equity holders of the Company	124.29	(22.11)
From discontinued operations attributable to the ordinary equity holders of the Company	(0.38)	0.06
<b>Total diluted earnings per share attributable to the ordinary equity holders of the Company <sup>1</sup></b>	<b>123.91</b>	<b>(22.05)</b>
<b>(c) Reconciliation of earnings used in calculating earnings per share</b>		
	<b>\$</b>	<b>\$</b>
Profit / (loss) attributable to the ordinary equity holders of the Company from continuing operations	56,264,723	(8,744,853)
Profit from discontinued operations attributable to the ordinary equity holders of the Company	(173,000)	26,095
	<b>56,091,723</b>	<b>(8,718,758)</b>

\* Amounts classified in the current period as relating to discontinued operations have been reclassified in the prior year to provide consistency with the current presentation

<b>For the reporting period ended 30 June</b>	<b>2021</b>	<b>2020</b>
	<b>Numbers</b>	<b>Numbers</b>
Weighted average number of ordinary shares used as a denominator in calculating basic earnings per share	39,562,361	39,542,873
Weighted average number of ordinary shares used as a denominator in calculating diluted earnings per share <sup>1</sup>	45,487,361	39,542,873

<sup>1</sup>AWN currently has 1,481,250 convertible notes on issue which, if exercised, would each convert into four ordinary shares. The underlying strike price of each note is \$2.40 (\$0.60 per share on a post share consolidation basis). The average AWN share price for the year ended 30 June 2021 was above the strike price of \$0.60, and as such in accordance with AASB 133 Earnings Per Share it has been assumed that all convertible notes were exercised during the period resulting in an additional 5,925,000 shares on issue. For purposes of calculating diluted earnings per share the associated interest payable on the notes has been added back to the Group's profit on the basis that if the notes were converted into shares the interest expense would not have otherwise been incurred.

## 28. Contingent assets and liabilities

There were no contingent assets as at 30 June 2021.

The following is an update to those contingent liabilities identified as at 30 June 2020 (no additional contingent liabilities were identified during the year):

### (a) Litigation – VivoPower International PLC

On 26 February 2018, VivoPower's former Chief Executive Officer, Mr. Phillip Comberg, filed a legal claim alleging the Company committed a repudiatory breach of his service agreement in connection with the termination of his employment on 4 October 2017. Mr. Comberg claimed damages of £615,000 related to the notice period in his service agreement, £540,000 related to shares in VivoPower he alleges were due to him, and other unquantified amounts related to bonuses and past services fees alleged to be due. Mr. Comberg's total claim exceeded £3 million.

On 11 September 2020, the High Court of England and Wales ("Court") handed down its judgment in relation to this matter. The Court found in favour of Mr. Comberg in relation to payment of deferred remuneration, but dismissed the other claims. Mr. Comberg was awarded approximately £680,000, (representing approximately 23% of his total claim) plus interest and costs. Whilst this amount was in line with the US\$1.1m provision included in the Group's accounts as at 30 June 2020, the costs exceeded the original provision and hence an additional restructuring charge of US\$1.5 million for the half-year ended 31 December 2020 was incurred.

### (b) Litigation – Intueri Education Group Ltd ("Intueri")

On 3 April 2020, the Company was notified that legal proceedings had been filed in the High Court of New Zealand ("Court") in relation to Intueri.

The proceeding has been filed by Adina Thorn Lawyers, on behalf of certain persons who acquired an interest in Intueri shares during the course of its initial public offering ("IPO") which commenced on 15 April 2014, and on the open market thereafter during the period from 23 May 2014 and prior to 1 June 2017.

The Statement of Claim includes allegations of misleading or deceptive conduct in relation to statements made in the Intueri Prospectus and associated Investment Statement (collectively, "Offer Documents"). The allegations of untrue statements primarily concern enrolment numbers and completion rates pertaining to the proposed acquisition of Quantum Education Group ("Quantum") by Intueri upon IPO. The proceeding asserts the Company, among other parties, is liable for any resultant loss to the plaintiffs in its capacity as promoter of the IPO.

The claimant sought an application for summary judgment (an application for streamlined determination of the claim on the basis that the claimant believes the defendants have no defence).

## AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

**28. Contingent assets and liabilities (continued)**

The first plaintiff's application for summary judgment was heard in a three day hearing before the Court in November 2020. In a judgment released in April 2021, Justice Fitzgerald dismissed the application, accepting the defendants' arguments that the matter was unsuited to summary judgment, that there were multiple factual issues to be resolved at trial and that much of the evidence relied upon by the first plaintiff to seek summary judgment was inadmissible hearsay. The Court did grant orders enabling the plaintiffs to sue on a representative basis, in other words, on behalf of other persons who also acquired shares in Intueri. Shareholders have until 29 October 2021 to opt into the class action. Should this matter proceed to trial, it is likely it will be heard in two stages over several months. AWN and its stakeholders will continue to steadfastly defend the proceedings. Given the above, the Group's financial statements as at 30 June 2021 do not include a provision for any potential settlement in relation to this matter.

**29. Related party transactions***Key management personnel compensation*

<b>For the reporting period ended 30 June</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Short-term employee benefits	2,721,135	1,957,257
Post-employment benefits	98,963	99,828
Other long-term benefits	284,132	56,148
	<b>3,104,230</b>	<b>2,113,233</b>

*Individual directors and executive compensation disclosures*

Information regarding individual directors and executives' compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 will be provided in the remuneration report section of the Directors' Report, to be incorporated within the audited Annual Report to be released in September 2021. Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

*Key management personnel transactions*

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or joint control over the financial and operating policies of those entities.

A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions relating to key management personnel and entities over which they have control or joint control were as follows:

Notes to Financial Report (continued)

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

**29. Related party transactions (continued)**

<i>Expense transactions</i>	<i>Transaction</i>	<b>2021</b>	<b>2020</b>
		\$	\$
<b>Director</b>			
Robert McKelvey	Director fees	33,333	45,875
Robert McKelvey	Reimbursement of expenses	1,295	236
Ed Fernandez	Director fees	33,333	45,875
Claire Bibby	Director fees	17,708	-
<b>Key management personnel</b>			
Cameron Fellows	Reimbursement of expenses	3,718	4,738
Benn Lim	Reimbursement of expenses	6,140	-
Kevin Chin	Reimbursement of expenses	561	24,562
Jon Lang	Reimbursement of expenses	5,864	-
Michael Hui	Reimbursement of expenses	2,488	-
Dustin Cappelletto	Reimbursement of expenses	-	79,539
Sean Steele	Reimbursement of expenses	-	6,802
<b>Other related parties</b>			
Arowana Partners Group Pty Ltd <sup>(a)</sup>	Director fees	37,500	27,500
Arowana Partners Group Pty Ltd <sup>(a)</sup>	Consulting fees	24,000	-
Arowana Partners Group Pty Ltd <sup>(a)</sup>	Research fees	65,625	150,000
Arowana Partners Group Pty Ltd <sup>(a)</sup>	Reimbursement of expenses	256,989	285,459
Arowana Capital Pty Ltd <sup>(a)</sup>	Reimbursement of expenses	15,814	-
Arowana Capital Pty Ltd <sup>(a)</sup>	AFSL licence sub-authorisation	116,163	-
Chin Family Superannuation Fund <sup>(a)</sup>	Rent (QLD)	99,500	-
Chin Family Superannuation Fund <sup>(a)</sup>	Reimbursement of expenses	1,040	-
Borneo Capital Pty Ltd <sup>(a)</sup>	Rent (NSW)	170,888	359,654
Borneo Capital Pty Ltd <sup>(a)</sup>	Reimbursement of expenses	80,179	-
<b>Revenue transactions</b>			
	<b>Transaction</b>	<b>2021</b>	<b>2020</b>
		\$	\$
<b>Other related parties</b>			
Arowana Partners Group Pty Ltd <sup>(a)</sup>	Reimbursement of expenses	6,020	5,916
Arowana Partners Group Pty Ltd <sup>(a)</sup>	IT support	2,500	-
Arowana Group (Asia) Pte Ltd	Reimbursement of expenses	-	2,506
Viento Group Limited <sup>(c)</sup>	Reimbursement of expenses	3,680	33,774

## AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

**29. Related party transactions (continued)***Payables balance at balance date*

The aggregate value of payables balance at balance date relating to key management personnel and entities over which they have control or joint control were as follows:

	2021	2020
	\$	\$
Arowana Partners Group Pty Ltd <sup>(a)</sup>	-	165,503
Borneo Capital Pty Ltd <sup>(a)</sup>	33,293	76,122

*Receivables balance at balance date*

The aggregate value of receivables balance at balance date relating to key management personnel and entities over which they have control or joint control were as follows:

	2021	2020
	\$	\$
Arowana Partners Group Pty Ltd <sup>(a)</sup>	1,209	-
Aevitas Group Limited <sup>(d)</sup>	641	-
Aevitas O Holdings <sup>(d)</sup>	28,394,492	-
FX2School Pty Ltd <sup>(a)</sup>	12,845	12,845
Evolution Group Holdings Ltd <sup>(a)</sup>	68,076	128,846
A.C.N. 109 656 233 Pty Ltd <sup>(a)</sup>	-	71,000
V.V.P. Holdings, Inc. <sup>(b)</sup>	251	-
VivoPower International PLC <sup>(e)</sup>	5,750	-
VivoPower International Services Ltd <sup>(e)</sup>	541,524	-
VivoPower Pty Ltd <sup>(e)</sup>	8,511	-
Viento Group Limited <sup>(c)</sup>	544	33,000

(a) entity related to Kevin Chin

(b) entity related to VivoPower Pty Ltd (V.V.P Holdings, Inc)

(c) entity AWN has investment in (Viento Group Limited)

(d) entity related to VivoPower International PLC (VivoPower), see Note 11(c) for details on material balance

(e) entity of which AWN has significant influence over

(f) all reimbursement of expenses relates to occupancy costs, salaries on charged, travel expenses, etc. The expenses have been incurred by the supplier on behalf of the Company.

## AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

**30. Controlled entities**

<b>Name of Entity</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Percentage of ordinary shares held</b>	
			<b>2021</b>	<b>2020</b>
<i>Parent entity</i>				
AWN Holdings Limited				
<i>Controlled entities of AWN Holdings Limited</i>				
Arowana Australasian Holdings Limited	Australia	Ordinary	100	100
Arowana Education Holdings Pty Ltd	Australia	Ordinary	100	100
Thermoscan Holdings Pty Ltd	Australia	Ordinary	100	100
AWN Funds Management Pty Limited	Australia	Ordinary	100	100
AWN Special Situations Fund 1 Holdings Pty Limited	Australia	Ordinary	100	100
Arowana Australasian Special Situations Fund 1 Pty Limited	Australia	Ordinary	100	100
Arowana Australasian Special Situations Carry 1 Pty Limited	Australia	Ordinary	100	100
Arowana Australasian Special Situations 1A Pty Limited	Australia	Ordinary	100	100
Arowana Australasian Special Situations 1B Pty Limited	Australia	Ordinary	100	100
Arowana Australasian Special Situations 1C Pty Limited	Australia	Ordinary	100	100
AWN Value Opportunities Fund Pty Limited	Australia	Ordinary	100	100
ACVF Management Pty Limited	Australia	Ordinary	100	100
Arowana Energy Holdings Pty Limited	Australia	Ordinary	100	100
EdventureCo Holdings Pty Ltd	Australia	Ordinary	100	100
EdventureCo Pty Ltd	Australia	Ordinary	100	100
Everthought Education Holdings Pty Ltd	Australia	Ordinary	100	100
Everthought Education Pty Ltd	Australia	Ordinary	100	100
Everthought College of Construction Holdings Pty Ltd	Australia	Ordinary	100	100
Everthought College of Construction Pty Ltd	Australia	Ordinary	100	100
DDLS Australia Holdings Pty Limited	Australia	Ordinary	100	100
DDLS Australia Pty Limited	Australia	Ordinary	100	100
DDLS Aboitiz Inc	Philippines	Ordinary	60	60
ENSI Holdings Pty Ltd	Australia	Ordinary	100	-
ENS International Pty Ltd	Australia	Ordinary	100	-
Courseware Market Holdings Pty Ltd	Australia	Ordinary	100	100
Courseware Market Pty Ltd	Australia	Ordinary	100	100
Organisational Plasticity Institute Pty Ltd	Australia	Ordinary	90	90
AlicornCo Pty Limited	Australia	Ordinary	100	100



Notes to Financial Report (continued)

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

Name of Entity	Country of incorporation	Class of shares	Percentage of ordinary shares held	
			2021	2020
Alicorn CoInvest Pty Ltd	Australia	Ordinary	100	100
Arowana Impact Capital Group Pte Ltd	Singapore	Ordinary	-	100
ASIOF Fund Pty Limited	Australia	Ordinary	100	100
ASIOF Investments 1 Pty Limited	Australia	Ordinary	100	100
ASIOF Management Pty Limited	Australia	Ordinary	100	100
Arowana International USA LLC	USA	Ordinary	100	100
Arowana International UK Limited	UK	Ordinary	-	100
ACN 637 154 940 Pty Ltd	Australia	Ordinary	95	95
VivoPower Pty Limited <sup>2</sup>	Australia	Ordinary	44	60
VivoPower WA Pty Limited <sup>2</sup>	Australia	Ordinary	44	60
VVP Project 1 Pty Limited <sup>2</sup>	Australia	Ordinary	44	60
Amaroo Solar Pty Limited <sup>2</sup>	Australia	Ordinary	44	60
SC TCo Pty Limited <sup>1</sup>	Australia	Ordinary	-	60
SC HCo Pty Limited <sup>1</sup>	Australia	Ordinary	-	60
SC FCo Pty Limited <sup>1</sup>	Australia	Ordinary	-	60
Aevitas O Holdings Pty Limited <sup>2</sup>	Australia	Ordinary	44	60
Aevitas Group Limited <sup>2</sup>	Australia	Ordinary	44	60
Aevitas Holdings Pty Limited <sup>2</sup>	Australia	Ordinary	44	60
Electrical Engineering Group Pty Limited <sup>2</sup>	Australia	Ordinary	44	60
J.A. Martin Electrical Pty Limited <sup>2</sup>	Australia	Ordinary	44	60
Kenshaw Electrical Pty Limited <sup>2</sup>	Australia	Ordinary	44	60
Yoogali Solar Farm Pty Ltd *	Australia	Ordinary	-	36
Daisy Hill Solar Farm Pty Ltd *	Australia	Ordinary	-	36
VivoPower International PLC <sup>2</sup>	UK	Ordinary	44	60
VivoPower International Holdings Limited <sup>2</sup>	UK	Ordinary	44	60
VivoPower International Services Limited <sup>2</sup>	Jersey	Ordinary	44	60
VivoPower USA LLC <sup>2</sup>	USA	Ordinary	44	60
VivoPower US-NC-31, LLC <sup>2</sup>	USA	Ordinary	44	60
VivoPower US-NC-47, LLC <sup>2</sup>	USA	Ordinary	44	60
VivoPower (USA) Development, LLC <sup>2</sup>	USA	Ordinary	44	60
V.V.P. Holdings Inc * <sup>2</sup>	Philippines	Ordinary	18	24
VivoPower Philippines Inc * <sup>2</sup>	Philippines	Ordinary	28	39
VivoPower RE Solutions Inc * <sup>2</sup>	Philippines	Ordinary	28	39

\* These entities are under the control of wholly-owned subsidiaries of VivoPower International PLC and are therefore treated as subsidiaries for the purposes of the consolidated financials of AWN Holdings Limited.

<sup>1</sup> These subsidiary companies were deregistered during the year ended 30 June 2021.

<sup>2</sup> Following the deconsolidation of VivoPower International PLC and its subsidiaries, these are no longer controlled entities with effect from 30 June 2021. They have been disclosed within this note given they were controlled entities in the previous corresponding period and also during the current financial year up to the date of deconsolidation.

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

### **31. Events subsequent to reporting date**

#### *Proposed voluntary delisting from official list and on-market buy-back*

On 31 August 2021, AWN formally applied to ASX Limited (“ASX”) requesting its removal from the official list of ASX pursuant to ASX Listing Rule 17.11 and subject to receipt of shareholder approval in general meeting. This application follows the receipt of in-principle approval from ASX in relation to the proposed delisting. The Directors intend to propose the delisting to AWN’s shareholders in the form of a special resolution at a forthcoming Extraordinary General Meeting (“EGM”) expected to be held on 25 October 2021.

To provide shareholders with liquidity to dispose of their shares prior to a potential delisting, the Directors intend to activate AWN’s on-market share buy-back scheme which was announced to shareholders on 10 August 2021. The buy-back will be conducted within the ‘10/12’ limit, such that 10% of total fully paid ordinary shares on issue can be bought back within a 12 month period without the requirement for shareholder approval. The buy-back will commence no earlier than 1 September 2021 and is expected to be fully funded from existing cash reserves.

#### *Acquisition of Auldhouse Computer Training Limited (NZ)*

On 31 August 2021, AWN announced that EdventureCo has agreed to acquire all of the issued share capital of Auldhouse Computer Training Limited (“Auldhouse”), New Zealand’s largest private fee for service provider of Information and Communication Technology (“ICT”) and Cybersecurity certified training. Total consideration is estimated to be NZ\$17.3m (A\$16.6m), equivalent to 5.1x LTM EBITDA. The acquisition will be paid in cash (subject to a 10% retention) and funded through a combination of debt (A\$12m) and existing cash reserves. The acquisition is expected to have an immediate positive impact on the Group’s operating cash flow. Target completion date is 1 September 2021.

#### *Decline in share price of VivoPower*

Following the deconsolidation of VivoPower with effect from 30 June 2021, the Company will account for its investment as an equity-accounted associate. In future reporting periods, a decline in the fair value of the Company’s investment in VivoPower will be considered an indicator of impairment where that decline is significant or prolonged. Management considers a decline of 30 per cent to be significant and a period of 12 months to be prolonged. As at 31 August 2021, the share price of VivoPower had decreased by 21% to US\$5.79 per share against its effective carrying value at 30 June 2021 of US\$7.29 per share. As at the date of this report, this decline is considered neither significant nor prolonged, however management will continue to monitor indicators of impairment by reference to these metrics in future reporting periods.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group and Company, the results of those operations, or the state of affairs of the Group and Company in future financial years.

**32. Auditor's remuneration**

<b>For the reporting period ended 30 June</b>	<b>2021</b>	<b>2020</b>
	\$	\$
<b>(a) PKF Brisbane Audit</b>		
Audit and review of financial statements of AWN Holdings Limited and its controlled entities	299,250	297,500
Other services	-	-
<b>(b) PKF Tax Pty Ltd (NSW)</b>		
Provision of taxation services	78,000	55,000
<b>(c) PKF Littlejohn LLP</b>		
Audit and review of financial statements of VivoPower International PLC	233,247	138,090
<b>Total paid to PKF Brisbane Audit and its network firms</b>	<b>610,497</b>	<b>490,590</b>

**33. Deed of Cross Guarantee**

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports, and directors' reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding-up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding-up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound-up.

By entering into the Deed, the wholly-owned entities have, where applicable, been relieved from the requirement to prepare financial statements and directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission. The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the Deed that are controlled by the Company, they also represent the 'Extended Closed Group'.

As at 30 June 2021, the subsidiaries subject to the Deed are:

- Arowana Australasian Holdings Limited;
- Arowana Education Holdings Pty Ltd;
- EdventureCo Holdings Pty Ltd;
- EdventureCo Pty Ltd;
- DDLS Australia Holdings Pty Ltd; and
- DDLS Australia Pty Ltd.

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

Notes to Financial Report (continued)

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

**33. Deed of Cross Guarantee (continued)**

<b>Statement of Financial Position</b>	<b>2021</b>	<b>2020</b>
<i>Current assets</i>	\$	\$
Cash and cash equivalents	15,556,464	6,383,994
Trade and other receivables	5,995,564	4,309,233
Other current assets	2,282,553	2,120,773
<b>Total current assets</b>	<b>23,834,581</b>	<b>12,814,000</b>
<i>Non-current assets</i>		
Investments accounted for using equity method	68,033,852	-
Related party loans - noncurrent assets	47,133,278	47,403,738
Intangible assets (including Goodwill)	8,055,569	2,049,100
Property, plant and equipment	9,603,874	10,745,580
Deferred tax assets	11,209,196	10,181,975
Other non-current assets	10,266,277	38,470,020
<b>Total non-current assets</b>	<b>154,302,046</b>	<b>108,850,413</b>
<b>Total assets</b>	<b>178,136,627</b>	<b>121,664,413</b>
<i>Current liabilities</i>		
Trade and other payables	3,608,330	4,686,272
Current provisions	1,020,523	1,792,875
Interest-bearing liabilities	1,729,818	4,829,027
Other current liabilities	14,504,764	10,211,156
<b>Total current liabilities</b>	<b>20,863,435</b>	<b>21,519,330</b>
<i>Non-current liabilities</i>		
Non-current provision	2,041,849	1,087,548
Interest bearing liabilities	9,934,269	10,049,957
Deferred tax liabilities	(536,893)	(536,893)
Other non-current liabilities	16,513,022	15,479,560
<b>Total non-current liabilities</b>	<b>27,952,247</b>	<b>26,080,172</b>
<b>Total liabilities</b>	<b>48,815,682</b>	<b>47,599,502</b>
<b>Net assets</b>	<b>129,320,945</b>	<b>74,064,911</b>
<i>Equity</i>		
Issued capital	60,751,773	60,667,360
Capital raising costs	(1,589,183)	(1,589,183)
Reserves	(16,105,632)	(16,105,632)
Retained earnings	86,263,987	31,092,366
<b>Total equity</b>	<b>129,320,945</b>	<b>74,064,911</b>

Notes to Financial Report (continued)

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

### 33. Deed of Cross Guarantee (continued)

<b>Statement of Profit or Loss</b>	<b>2021</b>	<b>2020</b>
	\$	\$
<i>Revenue from continuing operations</i>		
Revenue	48,591,690	39,263,462
Interest income	2,717,464	2,502,937
<b>Total income</b>	<b>51,309,154</b>	<b>41,766,399</b>
Other income	(255,600)	672,222
Gain on deconsolidation of VivoPower	49,582,344	-
<i>Expenses</i>		
Cost of sales	(20,027,419)	(19,121,758)
Employee expenses	(13,728,796)	(14,372,932)
Administration expenses	(1,409,226)	(1,370,200)
Other Expenses	(6,558,267)	(7,087,931)
Depreciation	(864,704)	(3,159,154)
Amortisation	(2,284,918)	(383,204)
Interest expense	(590,947)	(684,360)
<b>Total expenses</b>	<b>(45,464,277)</b>	<b>(46,179,539)</b>
<b>Profit / (Loss) before income tax</b>	<b>55,171,621</b>	<b>(3,740,918)</b>
Income tax expense	-	(348)
<b>Profit / (Loss) after income tax</b>	<b>55,171,621</b>	<b>(3,741,266)</b>

### 34. Parent entity information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

<b>Statement of Financial Position</b>	<b>2021</b>	<b>2020</b>
	\$	\$
<i>Assets</i>		
Current assets	6,076,792	2,916,621
Non-current assets	167,636,317	116,721,769
<b>Total assets</b>	<b>173,713,109</b>	<b>119,638,390</b>
<i>Liabilities</i>		
Current liabilities	5,010,353	4,879,674
Non-current liabilities	15,805,125	18,594,996
<b>Total liabilities</b>	<b>20,815,478</b>	<b>23,474,670</b>
<b>Net assets</b>	<b>152,897,631</b>	<b>96,163,720</b>

**34. Parent entity information (continued)**

<b>Statement of Equity</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Issued capital	60,079,482	59,995,071
Capital raising costs	(486,020)	(486,020)
Retained earnings	107,303,370	50,653,870
Reserves	(13,999,201)	(13,999,201)
<b>Total equity</b>	<b>152,897,631</b>	<b>96,163,720</b>

<b>Statement of Comprehensive Income</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Total profit/(loss)	56,649,500	(1,065,834)
Total comprehensive income	56,649,500	(1,065,834)

*Guarantees*

The Company has entered into a Deed of Cross Guarantee with a number of its wholly-owned subsidiaries. Please refer Note 33 for further details. The Company has provided no other guarantee.

*Contingent assets and liabilities*

The Company has no contingent assets or liabilities as at 30 June 2021. Refer to Note 28(b) for details regarding contingent liabilities of the Company as at 30 June 2021.

**35. Business combinations****(a) Acquisition of ENSI International Pty Ltd**

On 16 December 2020, the Company, through its newly established wholly-owned subsidiary, ENSI Holdings Pty Ltd, acquired ENSI International Pty Ltd ("ENSI"), a global leader in virtual and face-to-face negotiation advice, support and training.

The acquisition of ENSI will further EdventureCo's goal of equipping students with relevant skills in a fast-changing world. It will be highly complementary to DDLS and the Australian Institute of ICT, EdventureCo's two market leading IT training providers, that address the skills shortages in the digital sector.

The total consideration payable for ENSI is \$1,609,502 (net of working capital adjustment), representing up-front cash consideration of \$1, unconditional deferred consideration of \$1,157,502 and conditional deferred consideration of \$451,999. The deferred consideration has been recognised as current and non-current liabilities and is due to be settled over the next four years.

The acquisition of ENSI contributed \$1,759,117 towards total Group revenue. Had the acquisition occurred on 1 July 2020, the total revenue contribution to the Group would have been \$3,088,905.

**35. Business combinations (continued)****(b) Acquisition of Tembo e-LV B.V.**

On 5 November 2020, the Company, through its subsidiary, VivoPower International PLC, acquired a 51% shareholding in Tembo e-LV B.V. ("Tembo"), a Netherlands-based specialist battery-electric and off-road vehicle company with global sales and distribution channels across four continents. Tembo services a diverse range of sectors – from mining, infrastructure and utilities to government services, game safaris and humanitarian aid – by providing customised light electric vehicles, often for rugged applications.

In February 2021 the Company completed the acquisition of the remaining 49% of Tembo. In the period from acquisition by VivoPower, Tembo has been able to successfully sign a number of large distribution agreements with companies such as GB Auto Group Pty Limited, Acces Industriel Mining Inc and Artic Trucks Limited. In addition, it signed a binding letter of intent (LOI) with Toyota Motor Corporation Australia Limited (TMCA) in relation to electrification of the LandCruiser model

The total consideration payable for 100% of Tembo was A\$9.8 million in cash plus 15,793 shares in VivoPower International PLC. Of the total cash consideration, A\$6.8m million was retained as cash balances acquired, leaving A\$3.0m million paid out to the existing shareholders of Tembo.

The acquisition of Tembo contributed \$1,788,071 towards total Group revenue. Had the acquisition occurred on 1 July 2020, the total revenue contribution to the Group would have been \$2,723,343.

<b>Initial Business Combination</b>	<b>ENS International Pty Ltd</b> \$	<b>Tembo e-LV B.V. <sup>1</sup></b> \$
Cash and cash equivalents	1,092,809	6,838,124
Trade and other receivables	527,955	170,823
Inventory	184,952	1,009,575
Other current assets	50,615	-
Property, plant and equipment	106,012	284,833
Deferred tax asset	-	338,608
Trade and other payables	(674,961)	(3,159,745)
Other non-current liabilities	(37,788)	(307,124)
Deferred income	-	(983,247)
Deferred tax liability	-	(618,460)
<b>Fair value of identifiable net assets / (liabilities) acquired</b>	<b>1,249,594</b>	<b>3,573,387</b>
Less: Non-controlling interests (NCI)	-	(1,750,960)
<b>Net assets acquired</b>	<b>1,249,594</b>	<b>1,822,427</b>
<b>Consideration:</b>		
Cash consideration paid	1	6,802,970



Notes to Financial Report (continued)

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2021

<b>Initial Business Combination</b>	<b>ENS International Pty Ltd</b> \$	<b>Tembo e-LV B.V. <sup>1</sup></b> \$
Deferred consideration (unconditional), net of working capital adjustment	1,157,502	-
Deferred consideration (conditional)	451,999	-
<b>Total Consideration paid</b>	<b>1,609,502</b>	<b>6,802,970</b>
<b>Total surplus on acquisition</b>	<b>359,908</b>	<b>4,980,543</b>
<b>Allocation of surplus on acquisition:</b>		
Goodwill	359,908	2,357,085
Identifiable intangible assets	-	2,623,458
<b>Total surplus on acquisition</b>	<b>359,908</b>	<b>4,980,543</b>
Cash acquired	1,092,809	6,838,124
Less consideration paid	(75,001)	(6,802,970)
Less working capital adjustment	(874,882)	-
<b>Net cash acquired</b>	<b>142,926</b>	<b>35,154</b>

<sup>1</sup> Acquisition of 51% controlling shareholding on 5 November 2020

\* At the date of this report, the Purchase Price Allocation is not final and therefore the goodwill amounts stated are provisional, based on management's best estimate. Should the final amounts of the Purchase Price Allocation differ from the above amounts, the goodwill amounts will be adjusted accordingly.

<b>Acquisition of Non-Controlling Interest</b>	<b>Tembo e-LV B.V. <sup>1</sup></b>
Cash paid	3,006,790
Share-based compensation	328,279
<b>Total consideration for non-controlling interest</b>	<b>3,335,069</b>
<b>Non-controlling interest acquired:</b>	
At acquisition (5 November 2020)	(1,750,960)
Profit attributable to non-controlling interest since acquisition	(535,743)
<b>At date of acquisition of non-controlling interest</b>	<b>(2,286,703)</b>
<b>Surplus on acquisition of non-controlling interest <sup>2</sup></b>	<b>1,048,366</b>

<sup>1</sup> Acquisition of remaining 49% non-controlling interest on 2 February 2021

<sup>2</sup> The surplus on acquisition of non-controlling interest, representing the difference between total consideration paid and the fair value of the acquired non-controlling interest, was debited directly to equity.



**36. Deconsolidation of VivoPower International PLC (“VivoPower”)**

Following a significant capital raise completed on 19 October 2020 and further issues of equity during the year, the Company’s ownership interest in the Nasdaq-listed VivoPower decreased from 60.3% at 30 June 2020 to 44.2% at 30 June 2021. As a result of the dilution in its holding, the Company has determined that, with effect from 30 June 2021 (“Deconsolidation Date”), it no longer has the practical ability to direct VivoPower’s relevant activities unilaterally and so will cease to consolidate its financial statements from the Deconsolidation Date. The loss of control of VivoPower during the reporting period has resulted in a gain on deconsolidation of \$86.8 million, representing the difference between the fair value of the Company’s retained interest in VivoPower at the Deconsolidation Date and the carrying amount of its net assets at that date (net of non-controlling interests).

VivoPower has not been treated as a discontinuing operation for the purposes of these financial statements on the basis that the dilution in the Company’s ownership interest was due solely to the issue of additional shares by VivoPower to non-controlling interests.

Going forward the Company will continue to participate in the financial and operating policy decisions of VivoPower but not exert control over those policies, and so will account for its investment as an equity-accounted associate.

At the Deconsolidation Date, the Group held 8,176,805 fully paid ordinary shares in VivoPower, representing an ownership interest of 44.2%.

Up to the Deconsolidation Date, the results of VivoPower were included within the consolidated results of the consolidated entity. From the Deconsolidation Date, the Company’s share of VivoPower’s profits or losses will be recognised within one line item in the Statement of Profit or Loss, through “Share of net profit or loss of associates accounted for using the equity method”.

<b>Analysis of Assets, Liabilities and Equity over which the consolidated entity has lost control</b>	<b>VivoPower International PLC \$</b>
<b>Assets</b>	
Current assets	31,313,491
Non-current assets	62,481,031
<b>Total assets</b>	<b>93,794,522</b>
<b>Liabilities</b>	
Current liabilities	(23,705,471)
Non-current liabilities	(28,224,415)
<b>Total liabilities</b>	<b>(51,929,886)</b>
<b>Equity</b>	
Non-controlling interest	(30,336,320)
<b>Total equity</b>	<b>(30,336,320)</b>
<b>Net assets, liabilities and equity derecognised</b>	<b>11,528,316</b>

**36. Deconsolidation of VivoPower International PLC (“VivoPower”) (continued)**

	<b>VivoPower International PLC \$</b>
<b>Fair value of residual interest on deconsolidation</b>	
<b>Carrying amount of interest retained:</b>	
Fair value of 8,176,805 fully paid ordinary shares, based on closing VVPR share price of US\$7.29 on 30 June 2021 (FX rate 1 AUD: 0.7518 USD)	79,288,253
Fair value of 1,959,340 fully paid ordinary shares receivable, based on closing VVPR share price of US\$7.29 on 30 June 2021 (FX rate 1 AUD: 0.7518 USD)	18,999,187
<b>Carrying amount of interest retained</b>	<b>98,287,440</b>
<b>Gain on deconsolidation of subsidiary and its controlled entities</b>	
Total consideration received	-
Add: carrying amount of interest retained	98,287,440
Less: net assets, liabilities and equity derecognised	(11,528,316)
<b>Gain on deconsolidation of subsidiary</b>	<b>86,759,124</b>
<b>Minority interest at date of deconsolidation</b>	
<b>Minority interest at 30 June 2020</b>	<b>2,970,707</b>
Issue of shares net of transaction costs	44,916,634
Employee share awards	147,331
Maturity of convertible equity instruments	4,569,623
Non-controlling interest recognised through business combinations	1,750,960
Derecognition on deconsolidation of subsidiaries	(268,103)
Non-controlling interest acquired	(2,286,703)
Transactions with non-controlling interests without loss of control	(13,451,751)
Loss for the period attributable to non-controlling interests	(5,385,233)
Other comprehensive income	(2,627,145)
<b>Balance at date of deconsolidation</b>	<b>30,336,320</b>