AWN Holdings Limited and its Controlled Entities

(ABN 83 103 472 751)

Interim Financial Report

For the half-year ended 31 December 2021

(Previous corresponding half-year ended 31 December 2020)

Contents

Directors' Report for the half-year ended 31 December 2021

Your directors submit the financial report of AWN Holdings Limited ("the Company" or "AWN") and its controlled entities ("the Group") for the half-year ended 31 December 2021.

Directors

The names of directors in office at any time during the half-year or since the end of the half-year are:

Name	Position
Kevin Tser Fah Chin	Executive Chairman and Chief Executive Officer
Robert John McKelvey	Non-Executive Director
Eduardo Fernandez	Non-Executive Director
Claire Bibby	Non-Executive Director

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

Review of Operations

Statutory Financial Highlights

Statutory operating revenue for the half-year ended 31 December 2021 decreased by 46% to $31.1 million (2020: $57.9 million). The decrease in revenue reflects the deconsolidation of Nasdaq-listed VivoPower International PLC ("VivoPower"). Following an equity capital raising completed on 19 October 2020 and subsequent smaller equity issuances, the Company's ownership interest in VivoPower had decreased below 50% as at 30 June 2021. As a result of the dilution in its holding, the Company determined that, with effect from 30 June 2021, it no longer had the practical ability to direct VivoPower's relevant activities unilaterally and so ceased to consolidate its financial statements from that date. The Company continues to participate in the financial and operating policy decisions of VivoPower but not exert control over those policies, and so now accounts for its investment as an equity accounted associate.

In the previous corresponding period, VivoPower contributed revenues of $31.2 million and EBITDA of $2.9 million to the consolidated results of the Group.

The resultant revenue decrease due to the deconsolidation of VivoPower was offset during the period by a significant increase in statutory revenue generated by the EdventureCo Group, which grew revenue by 24% to $30.1 million (2020: $24.2 million).

The statutory EBIT and loss after tax from continuing operations for the half-year ended 31 December 2021 were a loss of $54.8 million (2020: loss of $3.6 million) and a loss of $35.7 million (2020: loss of $4.0 million) respectively. Key contributors to the loss for the period were:

- A non-cash provision for impairment of $51.5 million recognised in respect of the Group's equity accounted investment in VivoPower, which reflects a decrease in VivoPower's share price from US$7.29 at 30 June 2021 to US$3.05 at 31 December 2021;
- Significant organic growth generated by the EdventureCo Group resulting in revenue growth of 24%, primarily driven by the performance of its DDLS business unit which

continues to deliver strong revenue growth and also significant and sustained margin improvements despite the continued impact of COVID-19;

- Unrealised foreign currency gain ($1.4 million) recognised by AWN related to the revaluation of its US Dollar shareholder loan to Aevitas O Holdings Pty Ltd ("Aevitas"); and
- A $6.3 million share of net loss of associates accounted for using the equity method, representing AWN's proportionate share of losses in VivoPower during the period due to:
  - A reduction in VivoPower's revenue of $5.3 million due to impacts of COVID-19 on business activity;
  - An increase in VivoPower's overhead cost base to support the hyperscaling of the Tembo e-LV B.V. ("Tembo") business; and
  - Other restructuring and non-recurring costs of $1.5 million related to COVID-19 related losses on solar projects, remediation requirements on Electric Vehicle kits and corporate restructuring.

The following table sets out the statutory financial results for the half-year ended 31 December 2021:

All figures in A$ thousands	Half-year ended 31 December 2021 – Statutory (reviewed)	Half-year ended 31 December 2020 – Statutory (reviewed)	% change
Operating revenue	31,061	57,856	*(46)*
Interest income	1,316	1,315	*nmf*
Total income	32,377	59,171	*(45)*
Other income	1,553	1,165	*33*
Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA)	(1,379)	2,485	*nmf*
Earnings before interest and tax (EBIT)	(54,815)	(3,618)	*nmf*
Loss before tax (PBT)	(54,106)	(3,202)	*nmf*
Tax (benefit) / expense	(18,431)	763	*nmf*
Loss after tax (NPAT) from continuing operations	(35,675)	(3,966)	*nmf*
Dividend per share (DPS)	-	-	-
Net tangible assets (NTA) per share [1]	144.8	315.1	*(54)*

NOTE: Numbers may not compute exactly due to rounding

[1] In order to provide consistency with the current presentation, comparative net tangible assets (NTA) per share represents NTA per share as at 30 June 2021 rather than 31 December 2020. The Board believes this comparison is more appropriate given the materiality of the impact of the deconsolidation of VivoPower effective 30 June 2021.

Impact of COVID-19 on financial results

The impacts arising from the COVID-19 pandemic on the financial results of the Group are discussed in the following commentary on underlying results by business unit and in note 2 of the financial statements.

Underlying Financial Performance

In order to enable a more meaningful comparison of underlying financial performance, the following tables outline AWN's financial performance for the half-year ended 31 December 2021 versus the half-year ended 31 December 2020, together with a reconciliation of statutory to underlying results. The tables are presented on the following basis:

- Excluding the impact of a non-cash, non-recurring provision for impairment of the Company's equity accounted investment in VivoPower due to the decline in its market value since 30 June 2021, $51.5 million (2020: NIL);
- Excluding the impact of AWN's share of VivoPower's losses recognised in the share of net loss of associates accounted for using the equity method, $6.3 million (2020: NIL);
- Including AWN's proportional 48.5% share of VivoPower's underlying results for the period, being EBIT and EBITDA losses of $4.0 million and $3.2 million respectively (2020: NIL);
- Excluding any unrealised foreign exchange gains from foreign currency holdings, $1.6 million (2020: gains of $1.0 million);
- Excluding the impact of non-recurring 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, $0.6 million (2020: $0.4 million);
- Excluding the impact of non-recurring expense reimbursements related to the acquisition of Auldhouse Computer Training Limited (Auldhouse) received by the Enterprise Office, $0.3 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, $0.1 million (2020: $0.1 million);
- Excluding the non-cash impairment write down on the Group's investment in EdventureCo Trades due to the ongoing impact of COVID-19 on international student enrolments, NIL (2020: $3.3 million);
- 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, NIL (2020: $2.6 million);
- Excluding the impact of non-recurring income received in connection with the early termination of the Contrarian Value Fund Limited investment management agreement, NIL (2020: $1.1 million);
- Excluding the non-cash employee share-based compensation expense incurred by VivoPower, NIL (2020: $1.0 million);
- Excluding the impact of other individually immaterial, non-recurring transactions, NIL (2020: $0.5 million); and
- Reinstating the results of Arowana International UK Limited 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, NIL (2020: $0.2 million).

Reconciliation of Statutory to Underlying Results

	Half-year ended 31 December 2021		Half-year ended 31 December 2020	
All figures in A$ thousands	**EBIT**	**EBITDA**	**EBIT**	**EBITDA**
Statutory reporting basis	**(54,815)**	**(1,379)**	**(3,618)**	**2,485**
VivoPower International				
Reverse unrealised FX losses / (gains)	-	-	(4,881)	(4,881)
Normalisation of non-cash employee share-based compensation	-	-	975	975
Normalisation of non-recurring expenses	-	-	2,632	2,632
Include AWN share of VivoPower's underlying earnings	(3,993)	(3,215)	-	-
EdventureCo Group				
Impairment of goodwill	-	-	3,310	-
Normalisation of project costs	-	-	384	384
Reverse unrealised FX losses	5	5	-	-
Normalisation of non-recurring income and expenses	638	638	396	396
Arowana Funds Management				
Reverse unrealised FX (gains) / losses	(1)	(1)	2	2
Add back from discontinued operations	-	-	(173)	(173)
Normalisation of non-recurring income	-	-	(1,100)	(1,100)
Intercompany allocation of direct expenses and corporate overhead	(247)	(247)	-	-
Enterprise Office				
Reverse unrealised FX (gains) / losses	(1,558)	(1,558)	3,887	3,887
Normalisation of project costs	-	-	61	61
Normalisation of non-recurring expenses	112	112	113	113
Normalisation of prior year expense reimbursement	(300)	(300)	-	-
Intercompany allocation of direct expenses and corporate overhead	247	247	-	-
Unallocated				
Reversal of equity accounted investment impairment provision	51,475	-	-	-
Reversal of AWN's equity accounted share of VivoPower losses	6,339	6,339	-	-
Realised foreign exchange gains not allocated to business units	-	-	(173)	(173)
Underlying reporting basis	**(2,098)**	**641**	**1,815**	**4,608**

Underlying Results

All figures in A$ thousands	Half-year ended 31 December 2021 – underlying (unaudited)	Half-year ended 31 December 2020 – underlying (unaudited)	% change
VivoPower International [1]	-	31,225	*(100)*
EdventureCo Group	30,118	24,198	*24*
Arowana Funds Management	595	704	*(15)*
Enterprise Office	348	797	*(56)*
Total underlying revenue	**31,061**	**56,924**	***(45)***
VivoPower International [1, 2]	(3,215)	1,496	*nmf*
EdventureCo Group	5,818	5,215	*12*
Arowana Funds Management	262	(622)	*nmf*
Enterprise Office	(2,224)	(1,481)	*(50)*
Total underlying EBITDA	**641**	**4,608**	***(86)***
Total underlying EBIT	(2,098)	1,815	*nmf*
Realised FX gains / (losses)	-	173	*(100)*
Interest income	1,316	1	*nmf*
Interest expense	(607)	(899)	*32*
Net interest income/(expense)	709	(898)	*nmf*
Total underlying PBT	**(1,389)**	**1,090**	***nmf***
Tax (benefit) / expense	(219)	763	*nmf*
Underlying Group NPAT	**(1,170)**	**327**	***nmf***

nmf – no meaningful comparison

1 Effective 30 June 2021, as a result of the dilution in its holding below 50% following a number of capital raises, the Group determined that it no longer had the practical ability to direct VivoPower's relevant activities unilaterally and so ceased to consolidate its financial statements. The Group has accounted for its investment in VivoPower during the current period as an equity accounted associate, such that its share of VivoPower's profits or losses are recognised within one line item in the Statement of Profit or Loss.

2 For the purposes of presentation of the Group's underlying earnings in the current period, VivoPower's contribution has been presented as the Group's proportional 48.5% share of VivoPower's underlying EBITDA after adjusting for restructuring and other non-recurring costs.

NOTE: Numbers may not compute exactly due to rounding

Key comments in relation to the preceding table:

VivoPower International

- Effective 30 June 2021, the Group no longer consolidates the financial statements of VivoPower and instead accounts for its investment as an equity accounted associate such that its share of VivoPower's profits or losses are recognised within one line item in the Statement of Profit or Loss. The Group retains a significant influence in VivoPower and so remains highly leveraged to its performance. The following commentary relates to VivoPower's performance for the period (rather than AWN's share of its results) which the Board considers to be highly relevant information to AWN shareholders and other users of the Interim Financial Report.
- VivoPower's underlying revenue decreased 17% in comparison to the previous corresponding period to $25.9 million as Australia's strict COVID-19 lockdowns

extended through the majority of the period, causing delays to scheduled works for the Aevitas business units as well as significantly curtailing electric light vehicle ("e-LV") kit deliveries;

- Underlying gross profit decreased by $3.9 million to $0.7 million (excluding other income) for the period, primarily due to a COVID-19 driven decline in revenue and a $1.5 million non-recurring COVID-19 driven cost overrun on Aevitas' Bluegrass project due to the impact of state border closures;
- Underlying EBITDA declined to a loss of $6.6 million (2020: profit of $1.5 million), with operating losses increasing to $10.0 million (2020: loss of $0.5 million). The losses are primarily due to the aforementioned COVID-19 issues in addition to budgeted increases in corporate costs and growth operating expenditure to support the hyperscaling of the Tembo business;
- VivoPower's Netherlands-based specialist battery-electric and off-road e-LV business, Tembo, focused its attention during the period on the further development of a conversion kit to enable the conversion of the Toyota Landcruiser to a fully electric vehicle. Tembo also expanded its distribution network during the period, signing a further two distribution agreements and bringing the total number of kits planned for delivery in the coming years to over 7,800 units. Further growth in the next six months is expected. Tembo has also received orders for the delivery of both 100% electric and fuel powered Toyota Landcruisers for the mining industry, further confirming its strong relationships with its partners as well as end users in the mining industry;
- VivoPower's Critical Power Services business unit, Aevitas, continues to be negatively impacted by the COVID-19 pandemic due to the effects of lockdowns, border closures and other restrictions on operational efficiency, business activity and wider business confidence. The resultant disruption to supply chains, increasing skill shortages, operational efficiencies, and ongoing delays in the commencement of projects has driven a 13% decline in revenue generated by Aevitas in comparison with the previous corresponding period. This has been offset to some degree by continued strong activity in the solar and infrastructure sectors. In the longer term, it is expected that Aevitas will benefit from ongoing tailwinds in sectors driven by structural change such as renewable energy, cloud infrastructure and health. In addition to those solutions already provided by Aevitas, it is developing partnerships, sourcing suppliers and skilling its workforce in anticipation of being responsible for delivering electrical services and infrastructure to support VivoPower's e-LV and Sustainable Energy Solutions offerings, including on-site renewable generation, batteries and microgrids, EV charging stations and emergency backup power solutions;
- VivoPower's Sustainable Energy Solutions ("SES") segment comprises its customer-focused, holistic SES business announced at the time of its strategic pivot in August 2020. During the current period, the SES division continued to progress development of its first full-suite SES project with English Premier League Football Club Tottenham Hotspur F.C. ("THFC"), evaluating solar, battery and microgrid solutions for THFC's stadium and training ground in the United Kingdom. VivoPower and THFC are now discussing plans to move forward with the implementation of one or more SES projects. Given that the SES division is only newly established, it has generated immaterial revenues and has not incurred any significant costs to date. VivoPower expects there to be significant growth going forward, which will also require further investment in people and technology. The SES division is actively working to originate new SES

projects for both new and existing (through Aevitas) customers of the VivoPower Group, with significant projects already proposed to major Australian mining companies;

- VivoPower's key objective with respect to its historic solar development business continues to be the monetisation of its portfolio of US solar projects, with a view to using the proceeds to support execution of its strategic pivot and growth of new products and services related to EV and SES offerings. VivoPower's portfolio of US solar projects is held by Caret LLC ("Caret") which was previously a joint venture with an affiliate of Innovative Solar Systems LLC ("ISS"). During the current period, VivoPower completed several key initiatives aimed at enhancing the economic value of the active Caret projects. In August 2021, alongside the rebranding of Caret, VivoPower announced a new Power-to-X strategy for the business unit in order to maximise value with a view to a future potential exit. Power-to-X refers to use of excess renewable energy over and above base load to power energy intensive applications, such as the mining of cryptocurrencies and green hydrogen production. Consistent with this Power-to-X strategy, in December 2021 VivoPower announced that Caret had signed a letter of intent with an experienced digital asset mining team to launch Caret Decimal, a renewable powered digital asset mining business. In connection with the transaction, Caret will be contributing an initial 206 megawatt-direct current (MW-DC) of its projects to Caret Decimal. Valued at $28 million, the sites will be built and commissioned for 100% renewable powered digital asset mining in exchange for equity in Caret Decimal. Once fully operational, these sites are expected to have 4,398 petahash capacity, a fleet of 33,000 mining rigs and revenue potential of approximately $369 million per annum with an EBITDA margin of approximately 87% based on forecast Bitcoin prices.

EdventureCo Group

- Underlying revenue, EBITDA and EBIT for the half-year ended 31 December 2021 includes the consolidated results of EdventureCo Group, which is a wholly-owned subsidiary of the Company and comprises the DDLS, Auldhouse, AIICT, ENS and Everthought Education business units.
- Despite the ongoing disruptive impact upon operations caused by COVID-19, statutory EdventureCo revenues were up 24% compared to the prior corresponding period, driven by growth in DDLS, AIICT and ENS, and the bolt on acquisition of Auldhouse in September 2021.
- During the period, EdventureCo acquired Auldhouse, New Zealand's leading provider of digital skills training with an extensive portfolio of end user and ICT professional courses. Following the successful completion of a 100-day onboarding and integration program, higher than expected revenue and cost synergies were identified and are expected to begin to be realised in the second half of the financial year as the expansion of course offerings and rollout of common systems take effect.
- The digital skills vertical, comprising DDLS, Auldhouse and AIICT, saw continued strong growth with revenue up 29% compared to the prior corresponding period as the ongoing COVID-19 driven acceleration of digital transformation within the industry saw strong demand for its core training offering as clients increased the speed and scope of their IT spending.
- AIICT continued its strong performance with course sales up 91% against the prior corresponding period as new government and industry contracts to reskill career changers and military veterans were complemented by ongoing high consumer demand for online bootcamp style courses in digital skills.

- Having endured highly restrictive public health measures for an extended period, DDLS Philippines experienced a strong rebound as those measures were largely relaxed and the clients continued to increase their appetite for virtual instructor led training. Revenue was up 76% compared to the prior corresponding period.
- Uncertainty on border reopening and restrictive COVID-19 public health measures in Queensland and Western Australia adversely affected Everthought Education, which saw revenue decline 16% compared to the prior corresponding period. The ongoing weakness in the international student market was partially offset by strength in the domestic market which saw record apprenticeship enrolments as the business focused on local opportunities amid buoyant building and construction conditions. Despite these difficult operating conditions, Everthought's revenue sources remain diversified with only 10% sourced from government funding in the half-year.
- ENS continued its strong growth under EdventureCo ownership with revenue up 11% compared to the prior corresponding period as sales and marketing initiatives generated strong client interest.
- EdventureCo's Underlying EBITDA increased 12% to $5.8 million for the half-year ended 31 December 2021 versus $5.2 million in the comparative period, reflecting higher gross margins due to higher trainer utilisation and improved efficiencies enabled by the further rollout of digital initiatives upgrading both internal and external facing systems within the businesses.
- EdventureCo continues to execute on its 'buy and build' strategy, focused on skills training providers in the digital and soft skills markets in both Australia and overseas. The significant transformation the business has undertaken in the past 18 months has seen a digitally focused platform developed that now enables over 75% of EdventureCo's revenue to be derived from online delivery.

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 Australasian Special Situations Fund ("AASSF I") and the Australian Special Income Opportunities Fund ("ASIOF").
- Total funds under management ("FUM") as at 31 December 2021 was $35.5 million, versus $53 million as at 30 June 2021. The decrease during the period reflects the full return of capital in ASIOF following the realisation of its private credit investment. Over its life, ASIOF achieved an unlevered net internal rate of return ("IRR") of 19.9% (gross IRR of 28.9%).
- Underlying EBITDA and EBIT profit was $0.3 million for the half-year ended 31 December 2021 versus a loss of $0.6 million in the comparative period. The turnaround in earnings for the period primarily reflects further rationalisation of ASIOF's cost base over the preceding 12 months, supported in part by contractual carried interest income earned as a result of the outperformance of ASIOF.

Enterprise Office

- The Enterprise Office results primarily reflect management fee income charged to Arowana Funds Management, other external consulting fee revenue and costs associated with providing strategic, operational, financial and human resources support to the Company and its operating entities.
- Underlying EBITDA for the half-year ended 31 December 2021 was a loss of $2.2 million in comparison with a loss of $1.5 million in the comparative period. The increase in the loss for the period primarily reflects a reduction in JobKeeper income ($0.2 million) and a decrease in management fees charged to Arowana Funds Management ($0.3 million) following the wind-up of the Arowana Contrarian Value Fund ("ACVF").
- Following the voluntary delisting of the Company approved by shareholders at a General Meeting held in October 2021, further cost savings are expected to be generated in future reporting periods in connection with the removal or reduction of ASX listing fees, share registry fees, legal and professional fees and audit and compliance fees.

Dividends paid or recommended

No dividends were paid during the half-year ended 31 December 2021. The Directors have not declared an interim dividend in respect of the half-year ended 31 December 2021.

Events occurring after the reporting period

On 1 February 2022, the Company announced the successful completion of a redeemable convertible note issue, raising gross proceeds of $5.25 million from family offices and other professional and sophisticated investors. Key terms of the convertible notes are as follows:

- **Number issued** – 1,750,000 redeemable convertible notes with a face value of $3.00 each;
- **Coupon** – 7.50% per annum, payable semi-annually;
- **Repayment date** – 24 months from date of issue if not redeemed prior;
- **Conversion** – Convertible into ordinary shares on a ratio of 1:4 at election of holder;
- **Redemption (Holder)** – May redeem face value in cash after 31 December 2022 within specified, bi-annual redemption windows; and
- **Redemption (Issuer)** – May redeem face value in cash, at a 10% premium, after 31 December 2022 within specified, bi-annual redemption windows.

AWN is currently undertaking due diligence on several opportunities that are relevant to growing its operating companies. Proceeds from the redeemable convertible note issue will be applied by the Company towards potential accretive bolt on acquisitions and general working capital, if needed.

Additionally, on 5 January 2022, Viento Group Limited ("Viento"), which was recognised as an equity accounted associate at 31 December 2021 due to AASSF I's pre-merger ownership of 31.8%, completed the acquisition of AtlasTrend Pty Ltd ("AtlasTrend"). AWN employees will continue to be involved in supporting the merged Company to execute on growth targets and will retain two board seats.

No other matters or circumstances have arisen since the end of the period 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 periods.

Director's Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* for the half-year ended 31 December 2021 is set out on page 13.

Signed for, and on behalf of, the Board in accordance with a resolution of the Directors made pursuant to s. 306(3) of the Corporations Act 2001.

Kevin Chin

Executive Chairman and Chief Executive Officer

Brisbane, 8 March 2022

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF AWN HOLDINGS LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2021, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of AWN Holdings Limited and the entities it controlled during the half year.

PKF

PKF BRISBANE AUDIT

SHAUN LINDEMANN
PARTNER

8 MARCH 2022
BRISBANE

AWN Holdings Limited
and its Controlled Entities
ABN 83 103 472 751

Interim Financial Statements

For the half-year ended 31 December 2021

AWN Holdings Limited and its Controlled Entities

For the half-year ended 31 December 2021

Consolidated Statement of Profit or Loss

For the reporting period ended 31 December	Note	2021	2020
		$	$
Revenue from continuing operations			
Revenue	3(a)	31,061,369	57,855,546
Interest income		1,316,454	1,314,541
Total income		**32,377,823**	**59,170,087**
Other income	3(b)	1,552,706	1,165,269
Expenses			
Cost of sales	4(a)	(13,945,262)	(36,067,552)
Employee costs		(9,286,331)	(11,640,021)
Occupancy costs		(310,898)	(584,562)
Director fees		(102,895)	(47,047)
Marketing costs		(1,338,541)	(890,022)
Insurance costs		(249,785)	(715,482)
IT and communication costs		(643,272)	(872,936)
Travel costs		(22,088)	(93,649)
Interest expense		(607,113)	(899,073)
Depreciation		(1,729,434)	(2,200,809)
Amortisation	9	(230,721)	(592,597)
Administration costs	4(b)	(1,755,388)	(4,993,573)
Provision for impairment	7(a)	(51,475,403)	(3,309,557)
Total expenses		**(81,697,131)**	**(62,906,880)**
Share of net loss of associates accounted for using the equity method		(6,339,051)	(630,904)
Loss before income tax		**(54,105,653)**	**(3,202,428)**
Income tax (benefit) / expense	7(a)	(18,430,676)	763,341
Loss after income tax from continuing operations		**(35,674,977)**	**(3,965,769)**
Discontinued operations			
Loss after income tax from discontinued operations	6	-	(173,000)
Loss for the period		**(35,674,977)**	**(4,138,769)**
Profit / (loss) attributable to:			
Owners of AWN Holdings Limited		(35,681,471)	(4,040,902)
Non-controlling interest		6,494	(97,867)

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

AWN Holdings Limited and its Controlled Entities

For the half-year ended 31 December 2021

Consolidated Statement of Comprehensive Income

For the reporting period ended 31 December	2021	2020
	$	$
Loss for the period	(35,674,977)	(4,138,769)
Other comprehensive income for the period		
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	1,296,244	(4,553,309)
Other comprehensive income for the period, net of tax	1,296,244	(4,553,309)
Total comprehensive income for the period, net of tax	**(34,378,733)**	**(8,692,078)**
Total comprehensive income attributable to		
Owners of AWN Holdings Limited	(34,385,227)	(6,138,408)
Non-controlling interests	6,494	(2,553,670)
	(34,378,733)	**(8,692,078)**

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

AWN Holdings Limited and its Controlled Entities

As at 31 December 2021

Consolidated Statement of Financial Position

As at	Note	31 Dec 2021	30 Jun 2021
		$	$
Current assets			
Cash and cash equivalents		9,766,441	16,827,303
Trade and other receivables	5	6,740,164	9,790,774
Inventory		208,252	244,596
Other current assets	8	1,139,744	933,756
Financial assets at amortised cost	7(b)	1,500,000	-
Total current assets		**19,354,601**	**27,796,429**
Non-current assets			
Investments accounted for using equity method	7(a)	42,706,058	79,388,013
Other financial assets		219,372	19,218,559
Other non-current assets	8	204,872	204,872
Property, plant and equipment		11,328,895	10,143,809
Deferred tax assets		10,899,033	8,545,878
Financial assets at amortised cost	7(b)	29,830,400	28,394,207
Intangible assets	9	24,690,912	6,187,026
Total non-current assets		**119,879,542**	**152,082,364**
Total assets		**139,234,143**	**179,878,793**
Current liabilities			
Trade and other payables	10	18,552,865	20,827,636
Current tax liabilities		214,178	59,043
Current provisions		5,835,044	5,241,989
Interest bearing liabilities	11	5,884,984	5,614,125
Total current liabilities		**30,487,071**	**31,742,793**
Non-current liabilities			
Non-current provisions		2,104,655	1,782,851
Deferred tax liabilities		4,302,996	19,616,604
Interest bearing liabilities	11	18,484,971	6,839,369
Total non-current liabilities		**24,892,622**	**28,238,824**
Total liabilities		**55,379,693**	**59,981,617**
Net assets		**83,854,450**	**119,897,176**
Equity			
Issued capital		56,534,709	59,581,366
Reserves		(16,915,425)	(19,594,333)
Retained earnings		42,313,868	77,995,339
Equity attributable to Parent interest		**81,933,152**	**117,982,372**
Equity attributable to non-controlling interest		**1,921,298**	**1,914,804**
Total equity		**83,854,450**	**119,897,176**

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

AWN Holdings Limited and its Controlled Entities

For the half-year ended 31 December 2021

Consolidated Statement of Changes in Equity

	Issued capital	General reserve	Share buyback reserve	Option reserve	Foreign currency translation reserve	Retained earnings	Attributable to Parent interest	Non-controlling interest	Total equity
	$	$	$	$	$	$	$	$	$
As at 1 July 2020	**59,496,954**	**(29,388,369)**	**(2,600,374)**	**3,095,100**	**(3,937,931)**	**21,903,616**	**48,568,996**	**5,875,443**	**54,444,439**
Loss for the half-year	-	-	-	-	-	(4,040,902)	(4,040,902)	(97,867)	(4,138,769)
Other comprehensive income for the half-year	-	-	-	-	(2,097,506)	-	(2,097,506)	(2,455,803)	(4,553,309)
Total comprehensive income	**-**	**-**	**-**	**-**	**(2,097,506)**	**(4,040,902)**	**(6,138,408)**	**(2,553,670)**	**(8,692,078)**
Transactions with owners in their capacity as owners (net of transaction costs and taxes)									
Issue of shares net of transaction costs	-	-	-	-	-	-	-	35,227,321	35,227,321
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	-	2,166,913	2,166,913
Issue of treasury shares	-	-	-	-	-	-	-	631,010	631,010
Unmarketable parcels buyback	(15,587)	-	-	-	-	-	(15,587)	-	(15,587)
Dividends/distributions paid	-	-	-	-	-	-	-	(237,090)	(237,090)
As at 31 December 2020	**59,481,367**	**(29,388,369)**	**(2,600,374)**	**3,095,100**	**(6,035,437)**	**17,862,714**	**42,415,001**	**41,109,927**	**83,524,928**
As at 1 July 2021	**59,581,366**	**(13,883,453)**	**(2,600,374)**	**2,542,750**	**(5,653,256)**	**77,995,339**	**117,982,372**	**1,914,804**	**119,897,176**
(Loss) / profit for the half-year	-	-	-	-	-	(35,681,471)	(35,681,471)	6,494	(35,674,977)
Other comprehensive income for the half-year	-	750,648	-	-	545,596	-	1,296,244	-	1,296,244
Total comprehensive income	**-**	**750,648**	**-**	**-**	**545,596**	**(35,681,471)**	**(34,385,227)**	**6,494**	**(34,378,733)**
Transactions with owners in their capacity as owners (net of transaction costs and taxes)									
AWN share of movements in VivoPower's issued capital and reserves	-	1,382,664	-	-	-	-	1,382,664	-	1,382,664
Shares bought back via on-market buyback	(3,046,657)	-	-	-	-	-	(3,046,657)	-	(3,046,657)
As at 31 December 2021	**56,534,709**	**(11,750,141)**	**(2,600,374)**	**2,542,750**	**(5,107,660)**	**42,313,868**	**81,933,152**	**1,921,298**	**83,854,450**

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

AWN Holdings Limited and its Controlled Entities

For the half-year ended 31 December 2021

Consolidated Statement of Cash Flows

For the reporting period ended 31 December	2021	2020
	$	$
Cash flows from operating activities		
Receipts from customers	35,503,142	53,275,463
Payments to suppliers and employees	(30,857,245)	(61,924,745)
Interest received	890,961	808
Interest paid	(374,479)	(794,951)
Government subsidies received	-	3,660,818
Income tax paid	(53,252)	(6,578)
Net cash inflow / (outflow) from operating activities	**5,109,127**	**(5,789,185)**
Cash flows from investing activities		
Net cash inflow from disposal of Daisy Hill Solar Farm	-	90,581
Net cash outflow for acquisition of Auldhouse	(16,248,636)	-
Net cash inflow for acquisition of ENS	-	676,317
Net cash outflow for acquisition of ENS – deferred consideration	(93,640)	-
Net cash inflow from acquisition of Tembo	-	53,790
Net cash outflow for Aevitas short-term bridge facility	(1,500,000)	-
Net cash outflow from purchase of intangible assets	(445,999)	(20,443)
Net cash inflow for other current assets	231,989	-
Net cash outflow for other non-current assets	-	(34,468)
Purchase of property, plant & equipment	(1,419,239)	(46,217)
Proceeds from sale of property, plant & equipment	11,438	-
Net cash (outflow) / inflow from investing activities	**(19,464,087)**	**719,560**
Cash flows from financing activities		
Shares bought back via on-market buyback	(3,046,657)	-
Proceeds from issue of equity securities	-	36,475,432
Net proceeds from / (repayments of) borrowings	11,599,800	(4,643,608)
ROU lease payments	(1,271,762)	(1,278,496)
Dividends and distributions paid	-	(137,006)
Net cash inflow from financing activities	**7,281,381**	**30,416,322**
Net (decrease) / increase in cash and cash equivalents	(7,073,579)	25,346,697
Effect of foreign currency translation	12,717	(2,714,419)
Cash and cash equivalents at the beginning of the period	16,827,303	12,648,406
Cash and cash equivalents at the end of the period	**9,766,441**	**35,280,684**

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

1. Reporting entity

AWN Holdings Limited (the "Company") 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").

2. Summary of significant accounting policies

Basis of preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2021 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of AWN Holdings Limited and its controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2021, together with any public announcements made during the following half-year.

During the half-year ended 31 December 2021, the Group recorded a loss after tax from continuing operations of $35,674,977 (2020: loss of $3,965,769) and cash inflows from operations of $5,109,127 (2020: cash outflows from operations of $5,789,185). As at 31 December 2021, current liabilities of the Group exceed current assets by $11,132,470 (30 June 2021: deficit of $3,946,364).

Key contributors to the loss for the period include the following:

- A non-cash provision for impairment of $51.5 million recognised in respect of the Group's equity accounted investment in VivoPower, which reflects a decrease in VivoPower's share price from US$7.29 at 30 June 2021 to US$3.05 at 31 December 2021;
- Significant organic growth generated by the EdventureCo Group resulting in revenue growth of 24%, primarily driven by the performance of its DDLS business unit which continues to deliver strong revenue growth and also significant and sustained margin improvements despite the continued impact of COVID-19;
- Unrealised foreign currency gain ($1.4 million) recognised by AWN related to the revaluation of its US Dollar shareholder loan to Aevitas O Holdings Pty Ltd ("Aevitas"); and
- A $6.3 million share of net loss of associates accounted for using the equity method, representing AWN's proportionate share of losses in VivoPower during the period due to:
  - A reduction in VivoPower's revenue of $5.3 million due to impacts of COVID-19 on business activity;

2. Summary of significant accounting policies (continued)

- An increase in VivoPower's overhead cost base to support the hyperscaling of the Tembo e-LV B.V. ("Tembo") business; and
- Other restructuring and non-recurring costs of $1.5 million related to COVID-19 related losses on solar projects, requirements on Electric Vehicle kits and corporate restructuring.

Notwithstanding the above, the Group is forecasting a return to profitability in the short to medium term due to the following:

- VivoPower's Critical Power Services group, Aevitas, has been significantly impacted by on-going COVID-19 related disruptions including supply chain issues and delays in the commencement and operational execution of projects. Notwithstanding the difficult trading conditions, Aevitas has been able to build a record head of works and with Australia having reopened its borders from 21 February, is expecting to be able to deliver on outstanding works as supply chain issues abate. Over the short to medium term, it is expected that COVID-19 related headwinds will continue to subside and Aevitas will return to profitability;
- VivoPower has continued to invest in its overhead cost base to support the hyperscaling of its Electric Vehicle business, Tembo. A significant portion of these costs are one-off or non-recurring and are expected to reduce in the medium term. Additionally, Tembo has continued to see increasing demand for its Electric Vehicle conversion kits and has signed a number of key contracts to supply globally;
- EdventureCo, the Group's education platform, has continued to invest for growth during the half-year ended 31 December 2021. It's largest business unit, DDLS, continues to perform strongly and continues to realise significant organic revenue growth and margin improvement. Additionally, following the successful acquisition of Auldhouse, and the completion of a 100-day onboarding and integration program, higher than expected revenue and cost synergies were identified and are expected to begin to be realised in the second half of the financial year; and
- The Company has continued to execute on the rationalisation of its cost base and exit non-core business units. Arowana Funds Management ("AFM") has now largely been exited with only one low-cost, legacy vehicle still active. AFM has historically had a negative impact on the Group's financial performance with a high-cost base and inconsistent operational cashflows.

With regard to liquidity, the Group manages its short-term cash flow requirements by maintaining adequate working capital finance facilities, other debt facilities and through the normal 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.

During the period, the Group executed on two significant value accretive, yet capital intensive projects with a view to solidifying medium and long-term shareholder returns. In the short-term, these projects have impacted the net current asset deficiency but are in line with the Group's longer-term investment horizon. These projects included:

2. Summary of significant accounting policies (continued)

- The acquisition of Auldhouse, New Zealand's leading provider of digital skills training with an extensive portfolio of end user and ICT professional courses. Following the successful completion of a 100-day onboarding and integration program, higher than expected revenue and cost synergies were identified and are expected to begin to be realised in the second half of the financial year as the expansion of course offerings and rollout of common systems take effect. The Board believes that this acquisition will have a material positive impact on the net current asset level of the Group in the short-to medium-term; and
- An on-market share buyback resulting in the purchase of 3.2 million shares at a material discount to the Group's statutory NTA. The average purchase price was $0.95 per share, representing a 34% discount to the Group's statutory NTA of $1.45 per share (as at 31 December 2021).

In order to provide short-term capital to support further value accretive initiatives, on 1 February 2022 AWN successfully completed a redeemable convertible note issue, raising gross proceeds of $5.25 million.

The Board has approved budgets and five-year strategy 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.

These interim financial statements were authorised for issue on 8 March 2022.

Significant accounting policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except for the impact of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant and effective for the current half-year.

There have been no new and revised standards that have had a significant impact on the measurement or disclosure requirements of the Group.

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 reporting period.

2. Summary of significant accounting policies (continued)

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.

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.

The share price of the Nasdaq-listed VivoPower as at 31 December was US$3.05 per share in comparison with its implied carrying value per share of US$6.73 (based on the Group's equity accounted carrying value of its investment in VivoPower prior to any revaluation). Given this represented a decline in market value of greater than 30 per cent during the period, the Board considered this to be an indicator of impairment for the purposes of its impairment assessment as at 31 December 2021. Due to the materiality of the decline in VivoPower's share price, the Board decided to impair the Company's investment such that its carrying value reflects its fair value in an active market. As a result of this determination a provision for impairment of $51,475,403 was recognised.

Provisions

Due to the nature of provisions, a considerable part of their determination is based on estimates and/or judgements, 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.

2. Summary of significant accounting policies (continued)

Income taxes

The Group has recorded a deferred tax asset of $10,899,033 (30 June 2021: $8,545,878) and a deferred tax liability of $4,302,996 (30 June 2021: $19,616,604). The Group is subject to income taxes in numerous jurisdictions. Significant judgement 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. Subject to meeting the requisite continuity of ownership and business tests, these losses can be carried forward indefinitely and have no expiry date.

Impact of COVID-19

In preparing these financial statements, the Group has considered the impacts of COVID-19 on its assets, liabilities and disclosures for the half-year ended 31 December 2021.

The COVID-19 pandemic has continued to negatively impact the Group and its investments. The Group's equity accounted investment, VivoPower, via its wholly-owned subsidiary business Aevitas, faced operational disruption resulting in an adverse effect on revenue, profitability margins and delays to completion of scheduled works. EdventureCo Group continued to experience disruption as international student arrivals were heavily restricted and course delivery shifted to virtual instructor-led training modalities.

The impact of COVID-19 on the Group's operations is discussed in further detail in the Directors' Report.

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

Other than the provision for impairment recognised in relation to the Company's equity accounted investment in VivoPower, no further asset impairments were recorded due to the headroom of value-in-use over carrying value for each of the Group's 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.

3. (a) Revenue

For the reporting period ended 31 December	2021	2020
	$	$
Renewable energy services [1, 2]	-	31,143,597
Education services [3]	30,118,129	24,197,700
Funds management revenue	594,752	1,803,890
Gain on disposal of Daisy Hill	-	114,727
Other revenue	348,488	595,632
Total revenue	**31,061,369**	**57,855,546**

[1] In the previous corresponding period, renewable energy services revenue was generated by the Group's subsidiary, VivoPower. Effective 30 June 2021, as a result of the dilution in its holding below 50% following a number of capital raises, the Group determined that it no longer had the practical ability to direct VivoPower's relevant activities unilaterally and so ceased to consolidate its financial statements. The Group has accounted for its investment in VivoPower during the current period as an equity accounted associate, such that its share of VivoPower's profits or losses are recognised within one line item in the Statement of Profit or Loss.

[2] Includes proceeds of NIL (2020: $1,800,668) received during the period in connection with the Australian Federal Government's JobKeeper Assistance Program.

[3] Includes proceeds of NIL (2020: $1,276,500) received during the period in connection with the Australian Federal Government's JobKeeper Assistance Program.

3. (b) Other income

For the reporting period ended 31 December	2021	2020
	$	$
Other income		
Foreign exchange gains	1,552,706	1,165,269
Total other income	**1,552,706**	**1,165,269**

4. Expenses

(a) Cost of sales

For the reporting period ended 31 December	2021	2020
	$	$
Commission	235,153	286,062
Contractors	3,051,913	3,186,173
Employee expenses	2,530,682	10,556,729
Equipment	-	25,533
Materials	7,526,776	20,629,499
Motor vehicle	885	300,138
Occupancy	-	110,684
Travelling	-	61,122
Others	599,853	911,612
	13,945,262	**36,067,552**

(b) Administration costs

For the reporting period ended 31 December	2021	2020
	$	$
Due diligence fees	(276,454)	303,111
Legal and professional	830,678	3,334,431
Compliance and governance	232,603	422,637
Research expenses	159,734	158,956
Profit on disposal of fixed assets	(11,438)	(22,715)
Loss on disposal of investments	2,990	424
Others	817,275	796,729
	1,755,388	**4,993,573**

5. Trade and other receivables

As at	31 Dec 2021	30 Jun 2021
	$	$
Trade debtors [1]	4,763,429	8,213,003
Accrued interest	630,900	-
Sundry debtors	165,255	281,491
Other accrued income	1,180,580	1,296,280
	6,740,164	**9,790,774**

[1] As at 31 December 2021, 71% ($3,365,599) of the Group's trade debtors balance has been outstanding for less than 60 days, with the remaining 29% ($1,397,830) outstanding between 60 to 365 days and deemed past due but not impaired.

6. Assets held-for-sale and discontinued operations

(a) Discontinued operations

Arowana International UK Limited ("Arowana UK")

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 an exit from the Company's Alicorn fund strategy.

Arowana UK has therefore been treated as a discontinued operation for the period from 1 July 2020 through to 31 October 2020 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:

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

Discontinued operation – Arowana UK	31 Dec 2021	31 Dec 2020
	$	$
Revenue	-	-
Expenses	-	(173,000)
Loss before income tax	**-**	**(173,000)**
Income tax expense	-	-
Loss after tax attributable to the discontinued operation	**-**	**(173,000)**

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

Discontinued operation – Arowana UK	31 Dec 2021	31 Dec 2020
	$	$
Net cash inflow from operating activities	-	183,543
Net cash outflow from investing activities	-	(7,998)
Net cash outflow from financing activities	-	(171,254)
Net increase in cash generated by the discontinued operation	**-**	**4,291**

7. Investments

(a) Investments accounted for using the equity method

The Group has the following investments accounted for using the equity method:

As at	31 Dec 2021	30 Jun 2021
	$	$
Viento Group Limited	99,605	99,760
VivoPower International PLC	42,606,453	79,288,253
	42,706,058	**79,388,013**

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

		Percentage interest	
Associate / Joint venture	Principal activities	31 Dec 2021	30 Jun 2021
		%	%
Viento Group Limited	Investment holding company	31.8	31.8
VivoPower International PLC	Sustainable energy solutions company	48.5	44.2

7. Investments (continued)

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

	VivoPower International PLC	Viento Group Limited	Total
		$	$
Opening balance, 1 July 2021	**79,288,253**	**99,760**	**79,388,013**
Impact of foreign exchange translation	750,648	-	750,648
Share of net loss of associates accounted for using the equity method	(6,338,896)	(155)	(6,339,051)
Value of shares in VivoPower received on conversion of Aevitas Hybrids [1]	18,999,187	-	18,999,187
Provision for impairment of equity accounted associates [2]	(51,475,403)	-	(51,475,403)
Share of movements in VivoPower's issued capital and reserves	1,382,664	-	1,382,664
Ending balance, 31 December 2021	**42,606,453**	**99,605**	**42,706,058**

[1] 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 the Company, matured and converted into rights to receive 1,959,340 VivoPower International PLC ordinary shares at US$10.20 per instrument. Upon issue during July 2021, the AASSF recognised the market value of the shares received on conversion based on a 30 June 2021 market value of US$7.29 per share and an FX rate of 1 AUD : 0.7518 USD.

[2] The share price of the Nasdaq-listed VivoPower as at 31 December was US$3.05 per share in comparison with its implied carrying value per share of US$6.73 (based on the Group's equity accounted carrying value of its investment in VivoPower prior to any revaluation). Given this represented a decline in market value of greater than 30 per cent during the period, the Board considered this to be an indicator of impairment for the purposes of its impairment assessment as at 31 December 2021. Due to the materiality of the decline in VivoPower's share price, the Board decided to impair the Company's investment such that its carrying value reflects its fair value in an active market. As a result of this determination a provision for impairment of $51,475,403 was recognised. With effect from 30 June 2021, AWN recognised its investment in VivoPower as an equity accounted associate which gave rise to a material gain on deconsolidation and an associated deferred tax liability of $19,958,792. The impairment provision recognised at 31 December 2021 has therefore resulted in a $15,542,621 reduction in the deferred tax liability and corresponding income tax benefit, representing the tax effect of the impairment provision.

(b) Financial assets held at amortised cost

The Group's financial assets at amortised cost represent fully secured loans to Aevitas O Holdings Pty Ltd ("Aevitas"), a wholly-owned subsidiary of VivoPower International PLC. The Group assesses, on a forward-looking basis, the expected credit losses associated with the loans receivable. The impairment methodology applied depends on whether there has been a significant increase in credit risk. At 31 December 2021 the Group has determined there are no credit losses applicable to these assets.

7. Investments (continued)

As at	31 Dec 2021	30 Jun 2021
	$	$
Current		
Secured short-term bridge loan – Aevitas O Holdings Pty Ltd [1]	1,500,000	-
	1,500,000	**-**
Non-current		
Secured long-term loan - Aevitas O Holdings Pty Ltd [2]	29,830,400	28,394,207
	29,830,400	**28,394,207**

[1] The short-term bridge loan is on arms-length terms, has a maturity date of 13 May 2022 and attracts a 12.5% p.a. interest rate payable on maturity. 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.

[2] The long-term loan is on arms-length terms and attracts an 8.0% 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.

Movements of financial assets held at amortised cost during the period are outlined below:

	Aevitas O Holdings Pty Ltd	
	Current	Non-current
Opening balance, 1 July 2021	**-**	**28,394,207**
Drawdown	1,500,000	-
Impact of foreign exchange translation	-	1,436,193
Ending balance, 31 December 2021	**1,500,000**	**29,830,400**

8. Other assets

The Group has the following other current assets:

As at	31 Dec 2021	30 Jun 2021
	$	$
Prepayments	986,420	846,232
Short-term deposits	153,324	87,524
	1,139,744	**933,756**

The Group has the following other non-current assets:

As at	31 Dec 2021	30 Jun 2021
	$	$
Security deposit	204,872	204,872
	204,872	**204,872**

9. Intangible assets

(a) Reconciliation of movement in intangible assets

	Goodwill	Trade name	Supply contract	Customer relationships	Course development	Student contracts	RTO licence	Incorporation costs	Total
As at 31 December 2021	$	$	$	$	$	$	$	$	$
Cost	13,708,440	12,255,754	3,974,827	6,075,034	1,820,977	2,246,383	85,696	-	40,167,111
Accumulated amortisation/impairment	(3,859,557)	(1,177,754)	(3,974,827)	(2,972,034)	(1,163,267)	(2,246,383)	(82,377)	-	(15,476,199)
Carrying value	**9,848,883**	**11,078,000**	**-**	**3,103,000**	**657,710**	**-**	**3,319**	**-**	**24,690,912**
Opening balance – carrying value – 1 July 2021	**5,067,696**	**807,000**	**-**	**-**	**84,814**	**-**	**11,294**	**216,221**	**6,187,025**
Additions – business combinations	4,781,187	10,271,000	-	3,241,000	441,421	-	-	-	18,734,608
Reclassified	-	-	-	-	216,221	-	-	(216,221)	-
Amortisation provision during the period	-	-	-	(138,000)	(84,746)	-	(7,975)	-	(230,721)
Net book amount 31 December 2021	**9,848,883**	**11,078,000**	**-**	**3,103,000**	**657,710**	**-**	**3,319**	**-**	**24,690,912**

9. Intangible assets (continued)

(b) Allocation of goodwill

Goodwill as at 31 December 2021 can be allocated to the various cash-generating units ("CGUs") as follows:

Cash-generating unit	$
Education division – EdventureCo Trades	3,543,009
Education division – DDLS Pty Ltd	1,164,779
Education division – ENS International Pty Ltd [1]	594,164
Education division – Auldhouse Computer Training Limited	4,546,931
Total goodwill	**9,848,883**

[1] Consistent with the requirements of AASB 3 *Business Combinations* the contingent consideration payable for ENS has been adjusted to its net present value as at 31 December 2021. As a result of the revaluation, goodwill has increased by $234,256 to $594,164.

10. Trade and other payables

As at	31 Dec 2021	30 Jun 2021
	$	$
Current		
Trade creditors	2,071,422	3,128,159
Accrued expenses	4,785,622	5,450,212
Deferred income	1,183,323	1,477,249
Contract liabilities	7,429,896	7,971,544
Payroll liabilities	1,003,240	935,180
GST payable	730,525	973,284
Other payables	1,348,837	892,008
	18,552,865	**20,827,636**

11. Interest bearing liabilities

As at	31 Dec 2021	30 Jun 2021
	$	$
Current		
Lease liabilities – right-of-use assets [1]	2,329,984	2,059,125
Convertible notes [2]	3,555,000	3,555,000
	5,884,984	**5,614,125**
Non-current		
Lease liabilities – right-of-use assets [1]	6,234,971	6,189,169
Government loans [3]	250,000	650,200
Term loans [4]	12,000,000	-
	18,484,971	**6,839,369**
Total interest-bearing liabilities	**24,369,955**	**12,453,494**

[1] Lease liabilities are leases secured against lease agreements and, where applicable, underlying assets financed.

[2] 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, the first of which was due post the release of AWN's half-year results for the period ended 31 December 2020. As such, proceeds raised from the convertible note issue have been treated as a current liability. At the date of this report, no convertible notes have been redeemed.

[3] Representing unsecured loan received in AWN Holdings Limited (prior period also includes Everthought Education Pty Ltd and Everthought College of Construction Pty Ltd) from the Queensland Government as part of COVID-19 relief support. The remaining loan is repayable over 9 years with principal repayments commencing in June 2023.

[4] On 27 August 2021, EdventureCo Pty Ltd (a wholly-owned subsidiary of the Company), entered into a three-year debt facility to part-finance the acquisition of Auldhouse. The interest rate applicable on the facility is the sum of the bank bill swap bid rate (BBSY) plus a margin of 6.5% in year one and a forecast margin of 4.5% in years two and three (forecast is based on the leverage ratio of the EdventureCo Group which is predicted to remain below 1.7x for the duration of the facility). The loan is repayable in tranches of $250,000 in circumstances where the leverage ratio exceeds 2.5x in the preceding quarter (the leverage ratio for the quarter ended 31 December 2021 was 1.3x, as such no principal repayment was made), any residual principal is payable in full on the third anniversary of drawdown. The loan is secured against the share capital of the entities within the EdventureCo Group.

12. Dividends paid

There were no dividends paid during the period.

13. Capital commitments

There were no capital commitments as at 31 December 2021.

14. Contingent assets

The Company has no contingent assets as at 31 December 2021.

15. Contingent liabilities

The following is an update to contingent liabilities identified as at 30 June 2021 (no additional contingent liabilities were identified during the period):

(a) 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 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 judgement (an application for streamlined determination of the claim on the basis that the claimant believes the defendants have no defence).

The first plaintiff's application for summary judgement was heard in a three-day hearing before the Court in November 2020. In a judgement released in April 2021, Justice Fitzgerald dismissed the application, accepting the defendants' arguments that the matter was unsuited to summary judgement, 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 judgement 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 had 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 31 December 2021 do not include a provision for any potential settlement in relation to this matter.

16. Events occurring after the reporting period

On 1 February 2022, the Company announced the successful completion of a redeemable convertible note issue, raising gross proceeds of $5.25 million from family offices and other professional and sophisticated investors. Key terms of the convertible notes are as follows:

- **Number issued** – 1,750,000 redeemable convertible notes with a face value of $3.00 each;
- **Coupon** – 7.50% per annum, payable semi-annually;
- **Repayment date** – 24 months from date of issue if not redeemed prior;
- **Conversion** – Convertible into ordinary shares on a ratio of 1:4 at election of holder;
- **Redemption (Holder)** – May redeem face value in cash after 31 December 2022 within specified, bi-annual redemption windows; and

- **Redemption (Issuer)** – May redeem face value in cash, at a 10% premium, after 31 December 2022 within specified, bi-annual redemption windows.

AWN is currently undertaking due diligence on several opportunities that are relevant to growing its operating companies. Proceeds from the redeemable convertible note issue will be applied by the Company towards potential accretive bolt on acquisitions and general working capital, if needed.

Additionally, on 5 January 2022, Viento Group Limited ("Viento"), which was recognised as an equity accounted associate at 31 December 2021 due to AASSF I's pre-merger ownership of 31.8%, completed the acquisition of AtlasTrend Pty Ltd ("AtlasTrend"). AWN employees will continue to be involved in supporting the merged Company to execute on growth targets and will retain two board seats.

No other matters or circumstances have arisen since the end of the period 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 periods.

17. Controlled entities

In addition to the controlled entities disclosed in the 30 June 2021 annual financial statements, below are the details of new entities that form part of the Group during the period.

Name of Entity	Country of incorporation	Class of shares	31 Dec 2021 %
Rori Holdings Limited	New Zealand	Ordinary	100
Auldhouse Computer Training Limited	New Zealand	Ordinary	100

18. Business combinations

Acquisition of Auldhouse Computer Training Limited

On 1 September 2021, the Company, through its newly established wholly-owned subsidiary, Rori Holdings Limited, acquired 100% of the issued capital in Auldhouse Computer Training Limited ("Auldhouse"), New Zealand's largest private fee for service provider of Information and Communication Technology ("ICT") and Cybersecurity certified training. The acquisition of Auldhouse is complimentary to EdventureCo's existing DDLS business and has made the EdventureCo Group the market leading ICT, digital skills and cybersecurity training provider in Australasia. Significant cost synergies are expected to be realised due to the ability to utilise trainers, digital learning content, vendor relationships and infrastructure across DDLS and Auldhouse.

Total consideration for Auldhouse was $17,864,134, equivalent to 5.1x long term maintainable ("LTM") EBITDA. The acquisition was paid in cash (subject to a 10% retention) and funded through a combination of debt ($12,000,000) and existing cash reserves.

The acquisition of Auldhouse contributed $2,537,186 towards total Group revenue for the half-year and $738,957 profit before-tax towards the Group loss. Had the acquisition occurred on 1 July 2021, the total revenue contribution would have been $4,124,934 and total before-tax profit contribution would have been $1,388,481.

18. Business combinations (continued)

Business combination details	Auldhouse Computer Training Limited
Cash and cash equivalents	898,644
Trade and other receivables	822,531
Other current assets	95,866
Property, plant and equipment	152,414
Identifiable intangible assets	13,512,000
Trade and other payables	(807,026)
Deferred income	(801,779)
Deferred tax liability	(972,300)
Fair value of identifiable net assets acquired	**12,900,350**
Consideration:	
Cash consideration paid	17,864,134
Total consideration paid	**17,864,134**
Total surplus on acquisition	**4,963,784**
Allocation of surplus on acquisition:	
Goodwill	4,963,784
Total surplus on acquisition	**4,963,784**
Cash acquired	898,644
Less consideration paid	(17,864,134)
Add: working capital adjustment	25,456
Net cash outflow	**(16,940,034)**

AWN Holdings Limited and its Controlled Entities

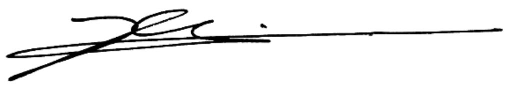
For the half-year ended 31 December 2021

Directors’ Declaration

The Directors of the Company declare that:

1. the Financial Statements comprising the Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and accompanying Notes to the Consolidated Financial Statements are in accordance with the Corporations Act 2001 and:
   (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   (b) give a true and fair view of the consolidated entity’s financial position as at 31 December 2021 and of its performance for the half-year ended on that date.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Kevin Chin

Executive Chairman and Chief Executive Officer

Brisbane, 8 March 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF AWN HOLDINGS LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of AWN Holdings Limited ("the company"), which comprises the consolidated statement of financial position as at 31 December 2021, and the consolidated statements of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of AWN Holdings Limited is not in accordance with the *Corporations Act 2001* including:-

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021, and of its financial performance for the half-year ended on that date; and

(b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Independence

In conducting our review, we have complied with the auditor independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the company a written Auditor's Independence Declaration.

Responsibility of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Regulations 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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PKF

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF

PKF BRISBANE AUDIT

SHAUN LINDEMANN
PARTNER

8 MARCH 2022
BRISBANE

AWN Holdings Limited and its Controlled Entities

For the half-year ended 31 December 2021

Corporate Directory

Corporate Directory

Directors	Mr Kevin Chin (Executive Chairman and CEO) Mr Robert McKelvey (Non-Executive Director) Mr Eduardo Fernandez (Non-Executive Director) Ms Claire Bibby (Non-Executive Director)
Company Secretary	Mr Cameron Fellows
Principal Registered Office in Australia	Level 11, 153 Walker Street North Sydney NSW 2060
Share Registry	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000
Auditor	PKF Brisbane Audit Level 6, 10 Eagle Street Brisbane QLD 4000
Legal Advisers	**OB Law Pty Ltd** 7 Nicholls Avenue Haberfield NSW 2045 **Corrs Chambers Westgarth** Level 17 8-12 Chifley Square Sydney NSW 2000
Website	www.arowanaco.com/shareholders