AWN Holdings Limited and its Controlled Entities

ACN 103 472 751

Annual Report for the year ended 30 June 2022

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Contents

Chair’s & CEO’s Letter

Dear Fellow Shareholders,

The Company delivered a solid underlying performance in FY2022 with significant progress on multiple strategic fronts. However, it was another year where COVID-19 lockdown and regulatory policy related disruptions affected financial results. Key financial highlights as follows:

- Consolidated statutory revenues of $63.0m versus $110.5m in the prior year;
- Statutory EBITDA loss of $7.9m versus profit of $75.7m in the prior year;
- Underlying EBITDA profit of $0.7m versus prior year profit of $6.2m;

FY2022 in Review

For FY2022, we 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
- Enterprise Office – further rationalise cost base through delisting

We delivered on 4.5 out of the 6 enterprise objectives above during FY2022 despite another year in which COVID-19 related lockdowns and policies resulted in significant disruption to all of our businesses and investments. We do note that the B Corp governance objective was technically met post balance date, although the work was completed during the fiscal year. Further commentary in relation to the above is set out in the Annual Report below.

Post Balance Date Developments

There have been a number of key development post balance date as follows:

- B Corp recertification achieved with a score of 138.8, ranking Arowana (encompassing AWN) at the upper end of the top quartile of B Corps globally;
- EdventureCo completed the acquisition of Plain English Foundation, funded by debt; and
- VivoPower completed a registered direct offering in July 2022, resulting in the dilution of AWN’s shareholding to 42.8% from 47.5%.

FY2023 Enterprise Objectives

For FY2023, we will be marking the 10 year anniversary of the establishment of AWN as a public company. We have set our annual enterprise objectives for the fiscal year to be as follows:

- VivoPower – crystallise value through debt and/or equity shareholdings
- EdventureCo Group – continue to execute "buy and build" program and crystallise value
- Arowana Funds Management – progress monetisation of AASSF investments fund
- ESG and Impact – review and introduce impact reporting
- Corporate – review capital management options
- Enterprise Office – continue to optimise cost base

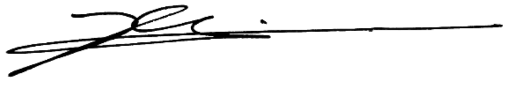
Final Remarks

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 during yet another year marked by COVID-19 disruptions.

I would also again like to thank our fellow shareholders for their investment in AWN and we very much appreciate the near unanimous support for the voluntary delisting proposal in November 2021. Despite having delisted, we strive for continuous improvement across all aspects of the company, including governance and reporting. In this regard, we are not only reporting on a half year basis, but are doing so on a quarterly basis with the addition of new quarterly reports. We are proud to yet again be part of a broader Arowana group that has not only ranked amongst the top impact companies globally for a 3rd year in a row (as selected in the prestigious Real Leaders Impact Awards) but also successfully re-certified as a B Corp with an assessment score that ranks at the upper bound of the top quartile globally.

We continue to work hard as a team to deliver impact in all aspects of what we do in order to deliver on our triple bottom line objectives for people, planet and profit.

Yours sincerely



Kevin Chin
Executive Chair and Chief Executive Officer

Directors' Report for the year ended 30 June 2022

The Directors of AWN Holdings Limited ("the Company"), present their report together with the financial statements of the Group comprising the Company and its controlled entities, for the year ended 30 June 2022 ("the reporting period").

AWN Holdings Limited is a public company limited by shares and is incorporated in Australia.

Directors and Company Secretaries

The following persons were directors of the Company during the financial year and up to the date of this report:

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

The Company Secretary for the duration of the financial year was Mr. Cameron Fellows. Mr. Tom McDonald was appointed as Joint Company Secretary on 1 July 2022.

Principal activities

During the reporting period, the principal activities of the Group related to the operation of three divisions – Operating Companies Division (incorporating an interest in education); Funds Management Division and the Enterprise Office. The Group also maintains a 47.5% interest in the Nasdaq-listed VivoPower International PLC ("VivoPower"). The Company participates in the financial and operating policy decisions of VivoPower but does not exert control over those policies so accounts for its investment as an equity accounted associate.

There were no other significant changes in the nature of the activities of the Group during the year.

Operating results

The consolidated statutory loss of the Group from overall operations for the reporting period, after tax, was $57,549,510 (2021: profit of $50,067,900).

Review and results of operations

Statutory financial highlights

Statutory operating revenue for the year ended 30 June 2022 decreased by 43% to $63.0 million (2021: $110.5 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 $56.0 million and an EBITDA loss of $3.3 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 21% to $61.7 million (2021: $51.2 million).

The statutory EBITDA and loss after tax from continuing operations for the year ended 30 June 2022 were an EBITDA loss of $7.9 million (2021: profit of $75.7 million) and a net loss after tax of $57.6 million (2021: profit of $50.1 million) respectively. Key contributors to the result for the year were:

- A non-cash provision for impairment of $67.6 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$1.39 at 30 June 2022;
- Significant organic growth generated by the EdventureCo Group resulting in revenue growth of 21%, 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 impact of COVID-19;
- Unrealised foreign currency gain ($2.6 million) recognised by AWN related to the revaluation of its US Dollar shareholder loans to Aevitas O Holdings Pty Ltd ("Aevitas"); and
- A $13.4 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 $4.2 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;
  - Other restructuring and non-recurring costs of $3.2 million related to COVID-19 related losses on solar projects, remediation requirements on Electric Vehicle kits and corporate restructuring; and
  - An unrealised foreign exchange loss of $4.7 million.

The table below sets out the statutory financial results for the year ended 30 June 2022:

All figures in A$ thousands	Year ended 30 June 2022 – statutory (audited)	Year ended 30 June 2021 – statutory (audited)	% change
Operating revenue	63,033	110,491	*(43)*
Interest income	4,980	1,316	*278*
Total income	68,013	111,807	*(39)*
Gain on deconsolidation	-	86,759	*nmf*
Other income	2,612	3,609	*(28)*
Earnings before interest, tax, depreciation, amortisation & impairment (EBITDA) from continuing operations	(7,860)	75,653	*nmf*
Earnings before interest and tax (EBIT) from continuing operations	(79,501)	66,138	*nmf*
Profit / (loss) before tax (PBT) from continuing operations	(76,142)	65,777	*nmf*
Tax expense	(18,592)	15,536	*nmf*
Net profit / (loss) after tax (NPAT) from continuing operations	(57,550)	50,241	*nmf*
Earnings per share (EPS)	(157.7)	141.8	*nmf*
Dividend per share (DPS)	-	-	-
Net tangible assets (NTA) per share (cents)	83.8	315.1	*(73)*

[1] *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 Chair'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 2022 versus the year ended 30 June 2021, together with a reconciliation of statutory to underlying results. The table is 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, $67.6 million (2021: 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, $13.4 million (2021: NIL);

- Including AWN's proportional 47.5% share of VivoPower's underlying results for the period, being EBIT and EBITDA losses of $8.1 million and $6.8 million respectively (2021: NIL);
- Excluding the impact of non-recurring employee costs in EdventureCo, in relation to recognition of provision for long-term incentive plan and redundancy costs, $3.4 million (2021: $4.2 million);
- Excluding any unrealised foreign exchange gains from foreign currency holdings, $2.6 million (2021: $0.7 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), purchase price allocation ("PPA") restatement in relation to the ENS acquisition and due diligence costs associated with potential acquisitions, $1.2 million (2021: $0.5 million);
- 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, $0.0 million (2021: $0.7 million);
- 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, NIL (2021: $86.8 million);
- Excluding the impact of a non-recurring, unrealised negative fair value adjustment incurred by the Arowana Australasian Special Situations Fund ("AASSF") following the maturity of its investment in Aevitas' convertible preference shares and convertible loan notes, NIL (2021: $7.6 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 (2021: $4.4 million);
- 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, NIL (2021: $3.3 million);
- Excluding the non-cash employee share-based compensation expense incurred by VivoPower, NIL (2021: $1.7 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 (2021: $1.1 million);
- 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, NIL (2021: $0.2 million).

Reconciliation of Statutory to Underlying Results

	Year ended 30 June 2022		Year ended 30 June 2021	
All figures in A$ thousands	**EBIT**	**EBITDA**	**EBIT**	**EBITDA**
Statutory reporting basis from continuing operations	**(79,501)**	**(7,860)**	**66,138**	**75,653**
VivoPower International				
Reverse unrealised FX gains	-	-	(3,368)	(3,368)
Normalisation of non-cash employee share-based compensation	-	-	1,726	1,726
Normalisation of non-recurring expenses	-	-	4,448	4,448
Include AWN share of VivoPower's underlying losses incurred	(8,055)	(6,783)	-	-
EdventureCo Group				
Reverse unrealised FX losses / (gains)	(3)	(3)	(25)	(25)
Impairment of goodwill	-	-	3,310	-
Normalisation of project costs	1,160	1,160	541	541
Normalisation of non-recurring income and expenses	3,359	3,359	4,240	4,240
Funds Management				
Reverse unrealised FX losses / (gains)	(2)	(2)	-	-
Normalisation of non-recurring income	-	-	(1,100)	(1,100)
Add back from discontinued operations	-	-	(173)	(173)
Normalisation of unrealised fair value adj. on maturity of Aevitas Hybrids	-	-	7,586	7,586
Intercompany allocation of direct expenses and corporate overhead	(367)	(367)	(805)	(805)
Enterprise Office				
Reverse unrealised FX losses / (gains)	(2,622)	(2,622)	2,738	2,738
Normalisation of project costs and non-recurring expenses	46	46	683	683
Normalisation of gain on deconsolidation of VivoPower	-	-	(86,759)	(86,759)
Intercompany allocation of direct expenses and corporate overhead	367	367	805	805
Unallocated				
Reversal of equity accounted investment impairment provision	67,629	-	-	-
Reversal of AWN's equity accounted share of VivoPower losses	13,395	13,395	-	-
Realised foreign exchange (gains) / losses not allocated to business units	14	14	(33)	(33)
Underlying reporting basis	**(4,580)**	**704**	**(48)**	**6,157**

Key comments in relation to underlying results for the year:

VivoPower International

- 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 Annual Report.
- VivoPower's underlying revenue decreased 7% in comparison to the previous corresponding period ("PcP") to $51.8 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.
- Gross profit decreased by $5.5 million to $0.3 million for the period, primarily due to a COVID-19 driven decline in revenue and a $2.6 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 $14.2 million (2021: $0.5 million), with operating losses increasing to $19.8 million (2021: loss of $7.2 million). The losses are primarily due to the aforementioned COVID-19 issues in addition to budgeted increases in corporate costs and growth in operating expenditure to support the hyperscaling of the Tembo business.
- VivoPower's Netherlands-based specialist battery-electric and off-road e-LV business, Tembo, continued to focus 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 was hampered by delays in the assembly and delivery of vehicle kit orders due to COVID-19 lockdowns and energy cost and supply chain interruptions as a result of the Russia-Ukraine conflict. Notwithstanding these operational disruptions, Tembo managed to execute a Design Services Agreement with Toyota Motor Corporation Australia ("TMCA") and was commercially engaged in relation to the next stage of design of electrification solutions for the Toyota LandCruiser 70 for off-road applications in Australia. Tembo also began design work on the next generation 72kWh battery platform, which is a significant upgrade on the previous generation 28kWh kit. Tembo expanded its distribution network to 6 continents and over 50 countries during the period, signing further distribution agreements and bringing the total number of kits planned for delivery in the coming years to over 8,000 units. Additional orders over the next six months are expected. Tembo has expanded its operation and production capabilities internationally with the opening of operating entities in the Philippines, the UK, Australia and United Arab Emirates.
- VivoPower's Critical Power Services business unit, Aevitas, continued 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 4% decline in revenue generated by Aevitas in comparison with the previous corresponding period. Post-balance date, VivoPower announced the sale of two non-core business units in Aevitas, J.A. Martin Electrical and NDT Services, which is consistent with VivoPower's strategy to focus on its core electric vehicle, renewable critical power and sustainable energy solutions businesses. Aevitas was awarded its largest ever solar contract for electrical services at the 204MWdc Edenvale Solar Farm in Queensland, bringing the total of completed and contracted solar contracts to 650MWdc across seven different projects. Aevitas is well positioned to continue to benefit from ongoing tailwinds in sectors driven by structural change such as renewable energy, cloud infrastructure and health and has invested in its operational capacity with a new headquarters and an expanded workshop for its Kenshaw business unit. In addition to the 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. During the current period, the SES division completed feasibility studies for 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. The division also signed a Memorandum of Understanding with Relectrify, a leading supplier of battery energy storage systems utilising second-life EV batteries, to explore further redeployment of Tembo batteries. 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 to see a significant number of SES opportunities going forward as more customers seek fleet electrification solutions. 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"). During the current period, VivoPower completed several key initiatives aimed at enhancing the economic value of the active Caret projects, including improving lease terms for eight sites, execution of property tax abatement agreements for three Electrical Reliability Council of Texas projects and advancement of interconnection processes. 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, high-performance computing and green hydrogen production. The Power-to-X strategy continues to receive interest from digital asset miners and data centre developers. The recent ratification of the Inflation Reduction Act in the US is also expected to bring renewed certainty to investors and developers in the region and underpin further investment going forward.

EdventureCo Group

- Underlying revenue, EBITDA and EBIT for the year ended 30 June 2022 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.
- EdventureCo saw underlying revenue grow 21% (24% excluding JobKeeper) compared to PcP, driven by strong growth across the digital skills division and at ENS. Gross margin gains were sustained despite the return of higher levels of face-to-face training. The successful acquisition and integration of Auldhouse produced strong synergies and expanded the group's operations to New Zealand for the first time. Underlying EBITDA was up 13%(31% excluding JobKeeper), reflecting continued cost discipline.
- In September 2021, 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 realised in the second half of the financial year as the expansion of course offerings and rollout of common systems and schedules took effect, resulting in record revenue.
- Digital skills revenue was up 37% compared to PcP. Despite continued COVID-19 related disruptions, DDLS Australia also achieved record revenue and expanded its world class virtual instructor led training offering to over 50 classrooms across Australia, New Zealand and the Philippines. Building on digital initiatives previously undertaken, new digital products, DDLS Plus and MyDDLS, were launched to drive client retention and an enhanced student experience.
- Despite challenging conditions brought about by COVID-19, including the closure of its campus for the entire financial year, DDLS Philippines managed to increase its revenue by 15% compared to PcP and delivered training to a record number of students via virtual delivery.
- AIICT experienced its most successful year with revenue up 79% compared to PcP. The growth in revenue was supported by an expansion of its operating team and further development of its product offering. With the digital skills shortage receiving significant focus in the media and by government, AIICT was able to broaden its reach by developing partnerships with government and industry including the Victorian Government Digital Jobs Program, and Microsoft Software and Systems Academy which provides military service veterans with 17 weeks of full-time training in digital skills.
- International border restrictions and slow visa processing times weighed on the international student market, adversely impacting Everthought Education, which saw revenue decline 18% compared to PcP. A focus on the domestic market amid strong tailwind drivers in the building and construction sector saw apprenticeship enrolments grow by 133% in the reporting period and the establishment of several successful partnerships with government and national construction companies for training delivery. Diversity of revenue source remains a key strength with only 15% of revenue derived from government funding.

- ENS revenue increased by 29% during FY2022, despite the impact of geopolitical events in Europe and ongoing uncertainty caused by COVID-19. Market share was geographically balanced, with 40% of revenue generated in Australia and New Zealand, and 31% from Europe. Development of the ENS digital learning platform was received positively by clients, increasing their ongoing engagement and generating strong new client interest.
- EdventureCo's underlying EBITDA increased 12% to $11.6 million for the year ended 30 June 2022 versus $10.4 million in the PcP, reflecting higher revenues, sustained higher gross margins and continued investment for future growth in businesses such as AIICT and ENS.
- EdventureCo continues to execute on its 'Buy and Build' strategy, focused on training providers in digital, soft and future skills in Australia and international markets. Amid widespread skills shortages and significant political and media attention on the need for reskilling and upskilling, the business sees continued growth in demand for services from high quality training providers in its chosen verticals.

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 30 June 2022 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 $0.1 million for the year ended 30 June 2022 versus a loss of $0.7 million in the PcP. 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 year ended 30 June 2022 was a loss of $4.3 million in comparison with a loss of $3.0 million in the comparative period. The increase in the loss for the period primarily reflects a reduction in JobKeeper income ($0.4 million) and a decrease in management fees charged to Arowana Funds Management ($0.4 million) following the wind-up of the Australia Special Income Opportunities Fund ("ASIOF").

- The Company continues to rationalise its Enterprise Office cost base whilst balancing that with assisting EdventureCo execute its strategic growth plans. Since delisting the Company has significantly reduced/removed costs in relation to ASX listing fees, share registry fees and legal and professional fees, however these savings have been offset by increases in employee and supplier costs due to broader inflationary pressures.

Dividends paid or recommended

The Directors did not declare a final dividend in respect of the year ended 30 June 2021. The Directors have not declared a final dividend in respect of the year ended 30 June 2022.

Significant changes in state of affairs

Voluntary delisting from official list

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 a general meeting. The application followed the receipt of in-principle approval from ASX in relation to the delisting. The Directors proposed the delisting to AWN's shareholders in the form of a special resolution at an Extraordinary General Meeting ("EGM") which was held on 15 October 2021. Shareholders ultimately approved the delisting and AWN was removed from the official list of the ASX on 16 November 2021.

There were no other significant changes in the state of affairs of the Group during the year ended 30 June 2022.

Events occurring after the reporting period

Acquisition of Plain English Foundation Pty Ltd

On 3 August 2022, the Company , through its newly established wholly owned subsidiary, Plain English Holdings Pty Limited, acquired 100% of the issued capital in Plain English Foundation Pty Ltd ("PEF"), Australia's leading provider of clear communication training and editing services. The acquisition of PEF is complimentary to EdventureCo's existing ENS business unit and will assist in the scaling of the soft-skills vertical. Significant cost synergies are expected to be realised due to the ability to utilise resources and infrastructure across the EdventureCo Group.

Total consideration is $14.0m, equivalent to 5.6x LTM EBITDA. The acquisition was paid in cash (subject to a 10% retention) and funded through a combination of debt and existing cash reserves.

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.

Business strategies, prospects and likely developments

Please refer to the Chair's & CEO's Letter within this Annual Report.

Environmental regulations

The operations of the Company are not subject to any particular environmental regulations under a Commonwealth, State or Territory Law.

Information on directors and company secretaries

The following information is current as at the date of this report:

Kevin Chin – Executive Chair and Chief Executive Officer

Kevin is the founder and Executive Chair and Chief Executive Officer of AWN, a B Corp certified group with operating businesses and investments globally. Arowana created and listed AWN Holdings Limited on the ASX in April 2013 (voluntarily delisted in November 2021).

He has over 25 years’ experience as a “hands on” strategic and operational leader in CEO, CFO and COO roles for listed and unlisted companies where he has taken a significant shareholding position or been a founder / co-founder. Kevin specialises in both complex turnarounds and accelerated scaling-up growth situations. He is the author of the book “Hyperturnaround!” and has been recognised for his leadership with global awards including Chairman of the Year from the International Business Awards.

He has also had significant funds management experience encompassing private equity, listed equities, fund of funds and venture capital.

Kevin has founded or co-founded both operating companies such as AWN Holdings Limited, EdventureCo Group, VivoPower International PLC and Intueri Education Group as well as funds such as the Arowana Special Income Opportunities Fund, the Arowana Contrarian Value Fund, Arowana Australasian Special Situations Fund I, the Arowana Microcap Australasian Private Equity Fund I and the Asian Masters Fund.

Prior to founding Arowana, Kevin led the $12m privatisation and management buyout of ASX listed software company, SoftLaw Corporation Limited (which was renamed to RuleBurst Limited) in November 2004 and became its hands-on CFOO. Together with the rest of the management team, they executed a rapid turnaround in the business and subsequently scaled it up globally. RuleBurst was acquired by Oracle Corporation in November 2008 for $150m.

His prior professional experience includes working for the LFG family office, J.P.Morgan, Price Waterhouse and Deloitte. Kevin holds a Bachelor of Commerce degree from the University of New South Wales where he was one of the inaugural University Co- Op Scholars with the School of Banking and Finance. Kevin is a Fellow of FINSIA (Financial Services Institute of Australasia) where he also lectured and wrote curriculum for the FINSIA Master’s Degree courses, Advanced Industrial Equity Analysis and Applied Corporate Finance. He also qualified as a Chartered Accountant.

Kevin assumed the role of Executive Chair in February 2015.

Special responsibilities

Kevin is the Chair of the Company and also participates in all key decisions.

Interest in shares and options of the Company

Details of Kevin’s interests in the Company are included later in this report.

Robert McKelvey – Independent Non-Executive Director

Rob was appointed in February 2015 and was previously Managing Director of the U.S. technology research firm, Gartner Inc. for the Asia Pacific. He has extensive knowledge and experience of technology trends and developments and is also a certified master coach and is a strong advocate of building the right culture and coaching processes within organisations.

Special responsibilities

Rob is a member of the Audit and Risk Committee and of the Remuneration and Nomination Committee.

Interest in shares and options of the Company

Details of Rob’s interests in the Company are included later in this report.

Ed Fernandez – Independent Non-Executive Director

Appointed in April 2018, Ed has over 26 years’ experience and is an accomplished business leader, experienced Silicon Valley venture capitalist and a technology entrepreneur with a particular focus on machine learning and artificial intelligence.

Based in Palo Alto, Ed is an electrical and electronics engineer by training and has completed the Global Senior Management Programme (GSMP) post-graduate qualifications at the University of Chicago Booth School of Business and IE Business School (Madrid) as well as the Engineering Leadership Professional Programme (ELPP) from the University of California Berkeley.

Ed is a mentor and advisor at Singularity University Ventures and Berkeley’s Centre for Technology and Entrepreneurship. Ed also serves as a Director at BigML Inc, a ‘Machine Learning as a Service’ platform company headquartered in the U.S.

Ed founded Naiss.io, a venture capital and advisory boutique in Palo Alto, focusing on technology start-ups and early stage companies. He is also an investor and advisor in several U.S. technology start-ups, including Optimizing Mind, a Palo Alto start-up working on neuroscience-based Deep Learning for xAI (Explainable AI) and MyPark Inc, an IoT smart parking platform.

Special responsibilities

Ed is Chair of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.

Interest in shares and options of the Company

Details of Ed’s interests in the Company are included later in this report.

Claire Bibby – Independent Non-Executive Director

Appointed in February 2021, Claire is a highly experienced lawyer and professional coach with over 25 years’ experience in Executive and Non-Executive Director roles with ASX, multinational, private and not-for-profit (NFP) organisations.

Her career has included senior management appointments with some of the world’s largest companies and top-tier law firms, where she has provided her clients with a range of strategic, governance, innovative, individual and team leadership services. Claire is a nationally accredited mediator and qualified arbitrator, as well as an Industry/Professional Fellow within the Faculty of Law at the University of Technology, Sydney.

Claire founded her own consultancy business in 2014 and brings strong legal, commercial finance, leadership, risk management and board governance skills, experience, and expertise to the Company.

Claire has been recognised as one of Australia's best lawyers, mentors and female executives and is passionate about mentoring the next generation of female leaders and is a mentor for Layne Beachley's Aim for the Stars Foundation.

Special responsibilities

Claire is a member of the Audit and Risk Committee and is Chair of the Remuneration and Nomination Committee.

Interest in shares and options of the Company

Details of Claire's interests in the Company are included later in this report.

Cameron Fellows – Joint Company Secretary

Cameron was appointed to the position of Company Secretary on 3 January 2018. With over 25 years of professional experience, Cameron is a qualified Chartered Accountant, Chartered Company Secretary and a Fellow of the Financial Services Institute of Australasia. Following over 8 years' experience in the audit practice of PricewaterhouseCoopers, Cameron has held senior finance roles in publicly listed and private businesses in Melbourne, Sydney and London.

Tom McDonald – Joint Company Secretary

Tom was appointed to the position of Company Secretary on 1 July 2022. With over 10 years' professional experience, Tom is a qualified Chartered Accountant and a Fellow of the Governance Institute of Australia. Tom undertook a cadetship with KPMG during university and has held finance roles in both publicly listed and private businesses in Brisbane and Sydney.

Meetings of Directors

The number of meetings of the Company's Board of Directors held during the reporting period and the numbers of meetings attended by each director were:

Director	Board Meetings		Audit and Risk Committee		Remuneration and Nomination Committee	
	A	**B**	**A**	**B**	**A**	**B**
Kevin Chin	7	7	N/A	N/A	N/A	N/A
Robert McKelvey	7	7	2	2	1	1
Ed Fernandez	7	7	2	2	1	1
Claire Bibby	7	7	2	2	1	1

A = number of meetings attended
B = number of meetings eligible to attend during the time the director held office during the reporting period

Indemnification and insurance of officers and auditors

The Company has paid premiums to insure all directors of the Company and officers of the Group against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The amount of the premium was $179,961 (inclusive of GST). No amounts were paid to indemnify the auditors.

Proceedings on behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Options

There were no options outstanding as at the date of this report in respect of any securities of the Company.

Non-audit services

During the year network firms of PKF Brisbane Audit, the Group's Lead Auditor, have performed certain other services in addition to the audit and review of the financial statements.

The Board has considered the non-audit services provided during the year by the auditor and its network firms and is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards).

Details of the amounts paid and payable to the auditors of the Group, PKF Brisbane Audit, and its network firms for audit and non-audit services provided during the year are set out in Note 30 of the attached Consolidated Financial Statements.

Interests in the Company

The relevant interest of each director in shares issued by the companies within the Group and other related bodies corporate, as at 30 June 2022 is as follows:

Directors	Ordinary shares held in VivoPower International PLC	Ordinary shares held in AWN Holdings Limited
Kevin Chin	2,043,829	3,791,491
Ed Fernandez	-	38,168
Robert McKelvey	-	38,168
Claire Bibby	-	-

All the above shares are held by either the directors themselves or their related entities.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 21.

The Directors' Report is signed in accordance with a resolution of the Board of Directors.

Kevin Chin, Executive Chair and Chief Executive Officer

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 year ended 30 June 2022, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

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

PKF

PKF BRISBANE AUDIT

SHAUN LINDEMANN
PARTNER

BRISBANE
20 SEPTEMBER 2022

PKF Brisbane Audit ABN 33 873 151 348
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AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2022

Consolidated Statement of Profit or Loss

For the reporting period ended 30 June	Note	2022 $	2021[1] $
Revenue from continuing operations			
Revenue	3(a)	63,032,770	110,491,008
Interest income		4,980,419	1,315,716
Total income		**68,013,189**	**111,806,724**
Other income	3(b)	2,612,165	3,608,540
Gain on deconsolidation of VivoPower	34	-	86,759,124
Expenses			
Cost of sales	4(a)	(28,701,207)	(69,502,366)
Employee costs		(21,710,216)	(27,490,455)
Administration costs	4(b)	(4,119,820)	(9,834,974)
Share-based payment expense		-	(1,726,048)
Occupancy costs		(728,443)	(980,398)
Director fees		(205,790)	(144,268)
Marketing costs		(2,714,945)	(2,836,751)
Insurance costs		(627,317)	(1,276,917)
IT and communication costs		(1,181,080)	(1,852,155)
Travel costs		(121,237)	(203,394)
Interest expense		(1,621,278)	(1,676,420)
Depreciation	12	(3,459,363)	(4,591,195)
Amortisation	14	(552,809)	(1,545,079)
Provision for impairment	10(a)	(67,629,065)	(3,379,284)
Share of net loss of associates accounted for using the equity method	10(a)	(13,394,668)	(9,357,448)
Total expenses		**146,767,238)**	**(136,397,152)**
Profit / (Loss) before income tax		**(76,141,884)**	**65,777,236**
Income tax benefit / (expense)	6(b)	18,592,374	(15,536,336)
Profit / (Loss) after income tax from continuing operations		**(57,549,510)**	**50,240,900**
Discontinued operations			
Profit / (Loss) after income tax from discontinued operations	5(a)	-	(173,000)
Profit / (Loss) for the period		**(57,549,510)**	**50,067,900**
Profit / (Loss) attributable to:			
Owners of AWN Holdings Limited		(57,474,118)	56,091,723
Non-controlling interest		(75,392)	(6,023,823)

[1] The prior year Consolidated Statement of Profit or Loss includes the results of VivoPower International PLC which was deconsolidated as of 30 June 2021 and is now accounted for as an equity accounted associate. The Company's share of VivoPower's losses are recognised through "Share of net loss of associates accounted for using the equity method". For further information on the deconsolidation refer to Note 34.

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 year ended 30 June 2022

Consolidated Statement of Comprehensive Income

For the reporting period ended 30 June	2022	2021
	$	$
Profit / (Loss) for the year	(57,549,510)	50,067,900
Other comprehensive income for the year		
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	1,095,605	(4,342,470)
Other comprehensive income for the year, net of tax	1,095,605	(4,342,470)
Total comprehensive income for the period, net of tax	**(56,453,905)**	**45,725,430**
Total comprehensive income attributable to		
Parent interest (AWN Holdings Limited)	(56,378,513)	54,376,398
Non-controlling interests	(75,392)	(8,650,968)
	(56,453,905)	**45,725,430**

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 30 June 2022

Consolidated Statement of Financial Position

As at 30 June		2022	2021
	Note	$	$
Current assets			
Cash and cash equivalents	7	7,890,586	16,827,303
Trade and other receivables	8	13,761,365	9,790,774
Inventory	9	103,408	244,596
Other current assets	11(a)	1,424,400	933,756
Total current assets		**23,179,759**	**27,796,429**
Non-current assets			
Investments accounted for using the equity method	10(a)	20,451,795	79,388,013
Other financial assets	10(b)	1,619,372	19,218,559
Financial assets at amortised cost	10(c)	36,508,836	28,394,207
Financial assets at fair value through profit or loss	10(d)	99,605	-
Other non-current assets	11(b)	304,873	204,872
Property, plant and equipment	12	12,439,051	10,143,809
Deferred tax asset	13(a)	9,227,141	8,545,878
Intangible assets	14	24,637,810	6,187,026
Total non-current assets		**105,288,483**	**152,082,364**
Total assets		**128,468,242**	**179,878,793**
Current liabilities			
Trade and other payables	15	21,648,071	20,827,636
Current tax liabilities	16	144,549	59,043
Current provisions	17(a)	9,173,790	5,241,989
Interest bearing liabilities	18	11,387,819	5,614,125
Total current liabilities		**42,354,229**	**31,742,793**
Non-current liabilities			
Non-current provisions	17(b)	1,792,288	1,782,851
Deferred tax liabilities	13(b)	2,191,238	19,616,604
Interest bearing liabilities	18	19,920,290	6,839,369
Total non-current liabilities		**23,903,816**	**28,238,824**
Total liabilities		**66,258,045**	**59,981,617**
Net assets		**62,210,197**	**119,897,176**
Equity			
Issued capital	20	56,534,709	59,581,366
Reserves	21	(16,685,145)	(19,594,333)
Retained earnings	22	20,521,221	77,995,339
Equity attributable to Parent interest		**60,370,785**	**117,982,372**
Equity attributable to non-controlling interest		1,839,412	1,914,804
Total equity		**62,210,197**	**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 year ended 30 June 2022

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
	$	$	$	$	$	$	$	$	$
As at 30 June 2020	**59,496,954**	**(29,388,369)**	**(2,600,374)**	**3,095,100**	**(3,937,931)**	**21,903,616**	**48,568,996**	**5,875,442**	**54,444,438**
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)
Total comprehensive income	**-**	**-**	**-**	**-**	**(1,715,325)**	**56,091,723**	**54,376,398**	**(8,650,968)**	**45,725,430**
Transactions with owners in their capacity as owners (net of transaction costs and taxes)									
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)
As at 30 June 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**
Profit / (Loss) for the year	-		-	-	-	(57,474,118)	(57,474,118)	(75,392)	(57,549,510)
Other comprehensive income	-	1,374,350	-	-	(278,745)	-	1,095,605	-	1,095,605
Total comprehensive income	**-**	**1,374,350**	**-**	**-**	**(278,745)**	**(57,474,118)**	**(56,378,513)**	**(75,392)**	**(56,453,905)**
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	-	1,813,583	-	-	-	-	1,813,583	-	1,813,583
Shares bought back via on-market buyback	(3,046,657)	-	-	-	-	-	(3,046,657)	-	(3,046,657)
As at 30 June 2022	56,534,709	(10,695,520)	(2,600,374)	2,542,750	(5,932,001)	20,521,221	60,370,785	1,839,412	62,210,197

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 year ended 30 June 2022

Consolidated Statement of Cash Flows

For the reporting period ended 30 June		2022	2021
Cash flows from operating activities	**Note**	**$**	**$**
Receipts from customers		66,235,449	101,392,581
Payments to suppliers and employees		(59,162,729)	(116,940,018)
Interest received		831,967	7,353
Interest paid		(1,104,983)	(1,140,352)
Government subsidies received		-	3,660,818
Income tax paid		(413,840)	(148,740)
Net cash inflow/(outflow) from operating activities	23(b)	**6,385,864**	**(13,168,358)**
Cash flows from investing activities			
Net cash inflow from disposal of solar assets		-	230,000
Net cash outflow for Joint Venture contributions		-	(208,601)
Net cash (outflow)/inflow for acquisition of ENS		(241,456)	142,926
Net cash outflow for acquisition of Auldhouse	33	(16,940,034)	-
Net cash outflow for acquisition of Tembo		-	(2,800,027)
Net cash outflow for Aevitas loan facilities	10(c)	(5,725,353)	
Net cash derecognised on deconsolidation of VivoPower		-	(12,957,131)
Purchase of property, plant & equipment		(1,267,370)	(1,293,799)
Net cash inflow from disposal of other non-current assets		-	152,015
Net cash outflow for security deposits	11(b)	(100,000)	-
Net cash outflow for cash-backed bank guarantees	10(b)	(1,400,000)	-
Net cash outflow for intangible assets		(501,865)	(779,924)
Net cash outflow from investing activities		**(26,176,078)**	**(17,514,541)**
Cash flows from financing activities			
Shares bought back via on-market buyback		(3,046,657)	-
ROU lease payments		(2,958,369)	(3,161,081)
Proceeds from borrowings	18	12,000,000	243,694
Proceeds from issue of convertible notes	18	5,250,000	-
Proceeds from issue of equity securities in subsidiaries		-	42,997,137
Repayment of borrowings		(400,200)	(4,683,106)
Dividends and distributions paid		-	(404,087)
Net cash inflow from financing activities		**10,844,774**	**34,992,557**
Net (decrease)/increase in cash and cash equivalents		(8,945,440)	4,309,658
Effect of foreign currency translation		8,723	(130,761)
Cash and cash equivalents at the beginning of the year		16,827,303	12,648,406
Cash and cash equivalents at the end of the year	7, 23(a)	**7,890,586**	**16,827,303**

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

Contents

1. Reporting entity

AWN Holdings 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 32.

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 inflows from operations of $6,385,864 (2021: cash outflows from operations of $13,168,358). As at 30 June 2022, current liabilities of the Group exceed current assets by $19,174,470 (2021: current asset deficiency of $3,946,364).

Key factors contributing to the increase in net current asset deficiency during the year include:

- Net cash outflow of $4.9m (net of debt raised) to fund the acquisition of Auldhouse Computer Training Limited ("Auldhouse") in September 2021;
- Loan funding of $5.7m provided to Aevitas O Holdings Pty Ltd ("Aevitas"), a wholly owned subsidiary of VivoPower;

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

- Investment in capital expenditure and intangible assets of \$1.9m to support future growth; and
- Impact of reallocating \$1.5m of cash term deposits in support of bank guarantees from current assets to non-current assets.

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. The Board has approved FY2023 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 operating cashflow remains strong and is expected to strengthen in FY2023 and beyond due to the full-year impact of recent acquisitions including Auldhouse and Plain English Foundation Pty Ltd (refer Notes 33 and 29 respectively);
- Negotiations continue to progress on a number of potential transactions, expected to be funded through a combination of debt and free cash flow, which could result in material unbudgeted earnings and operating cash flows for the Group within the coming financial year;
- Investing and financing outflows which have contributed to the net current asset deficiency, such as investment in capital expenditure and acquisitions of subsidiaries, are discretionary in nature and can be reduced or eliminated where required;
- Base case cash flow projections adequately support working capital requirements for the next 12 months without reliance on significant at-risk transactions;
- Based on the strength of its operating cash flows, Directors believe the Group has the capacity to access additional debt facilities to support working capital requirements going forward; and
- In a low case scenario where cash flow from operations is insufficient to meet working capital requirements, the Group has the ability to flex aspects of its variable cost base and also sell down liquid surplus assets in order to release capital and meet its debts as and when they become due and payable.

The Annual Report was authorised for issue by the Board of Directors on 20 September 2022.

b) 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;

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

- 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
- 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

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

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 28 to the financial statements.

c) 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

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.

d) Foreign currency transactions and balances

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.

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

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

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.

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;
- 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.

e) 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.

f) 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

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

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.

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).

g) 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

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

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:

Intangible asset type	Useful life	Method
Key customer relationships	10 years	Straight Line
Trade names	15-25 years	Straight Line
Course development materials	3 years	Straight Line
RTO license	5 years	Straight Line

Details of intangible assets held in the Group at 30 June 2022 and the assessments made for impairment are included in Note 14.

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.

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

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.

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 2022 and the assessments made for impairment are included in Note 14.

h) 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.

i) 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. Long-term deposits, if any, are presented within other financial assets on the Consolidated Statement of Financial Position.

j) 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

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

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

k) 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 the Statement of Profit or Loss.

l) 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

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

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.

Details of the Group's interests in joint arrangements are provided in Note 10 to the Consolidated Financial Statements.

m) 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.

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

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.

n) 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.

o) 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.

p) 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.

q) 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

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

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 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.

r) 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.

s) 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 buyback, 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.

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

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.

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.

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

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:

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

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 three 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;

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

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*.

(iii) Rendering of services

The Group's Education and Funds Management segments provide training/tuition and asset management services.

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.

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.

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

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.

Consolidated Statement of Financial Position

Contract assets include project revenues earned by the Sustainable 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 Sustainable 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.

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

(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.

(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.

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

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 2022 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 other 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.

Impairment assessment – financial assets at amortised cost

The Group has material assets measured at amortised cost that it tests at each balance date for expected credit losses. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the credit risk on the financial instrument has increased significantly since initial recognition, based upon reasonable and supportable information that is available, without undue cost or effort.

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

Where there has not been a significant increase in credit risk since initial recognition, the Group will make no allowance for expected credit losses. In circumstances where there has been a significant increase in credit risk on the financial instrument, the Group will make an allowance for expected credit losses that will be recognised in the Statement of Profit or Loss.

Given the counterparty of the Group's financial assets at amortised cost is Aevitas (a wholly owned subsidiary of VivoPower), the Group has been able to leverage its extensive corporate knowledge of the VivoPower Group to undertake a thorough review of historical financial results, forward-looking analysis against forecasts and available information regarding strategic processes for Aevitas and VivoPower more broadly. Based on the outcome of these assessments undertaken at balance date, the Directors have determined that there is no requirement for the Company to provide for expected credit losses on the basis that there has not been a significant increase in the credit risk for the underlying financial assets at amortised cost since their original recognition. In support of this assessment, the Directors note the following:

- VivoPower Group forecasts suggest that VivoPower and its related entities will have sufficient capital to meet contractual repayments on the loans in accordance with the underlying terms; and
- Since balance date, VivoPower has successfully executed on an asset sale and a significant capital raise both of which have assisted in strengthening VivoPower's balance sheet and positioning VivoPower favourably to execute on growth initiatives.

Revenue recognition

Group entities recognise revenue from longer term contracts, on a percentage completion basis as the value is accrued by the end user over the life of the contract.

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 $9,227,141 (2021: $8,545,878) and a deferred tax liability of $2,191,238 (2021: $19,616,604). 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.

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

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 its assets, liabilities and disclosures for the year-ended 30 June 2022.

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.

As discussed in Note 14, the potential impacts of COVID-19 on future financial performance were taken into consideration for the purposes of annual impairment testing, including 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, in the previous financial year the Directors formed the view that an impairment write-down of $3,309,557 of goodwill related to the EdventureCo Future Skills business was required.

In the current financial year, other than the provision for impairment recognised in relation to the Company's equity accounted investment in VivoPower – a function of the decline in its share price during the current period - 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.

During the previous financial year ended 30 June 2021, the Group was 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 during this period is set out in Note 3(a).

3. (a) Revenue

For the reporting period ended 30 June	2022	2021
	$	$
Sustainable energy solutions [1]	-	56,036,068
Education services [2]	61,702,365	51,167,448
Funds management revenue	594,752	2,083,664
Other revenue	735,653	1,203,828
Total revenue	**63,032,770**	**110,491,008**

[1] Includes proceeds of nil received during the year ended 30 June 2022 (30 June 2021: $2,066,000) in connection with the Australian Federal Government's JobKeeper Assistance Program.

[2] Includes proceeds of nil received during the year ended 30 June 2022 (30 June 2021: $1,449,500) in connection with the Australian Federal Government's JobKeeper Assistance Program.

(b) Other income

For the reporting period ended 30 June	2022	2021
	$	$
Other income		
Foreign exchange gains	2,612,165	686,223
Gain on bargain purchase of Innovative Solar Ventures I, LLC	-	10,507,896
Unrealised fair value adjustment on maturity of Aevitas hybrids [1]	-	(7,585,579)
Total other income	**2,612,165**	**3,608,540**

[1] 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 10(b) for further detail.

4. Expenses

(a) Cost of sales	2022	2021
	$	$
Commission	458,344	561,775
Contractors	5,758,704	7,180,077
Employee expenses	12,737,391	21,121,802
Equipment	-	49,432
Materials	6,844,003	36,925,666
Motor vehicle	5,250	576,799
Occupancy	-	205,709
Travel	-	126,626
Others	2,897,515	2,754,480
	28,701,207	**69,502,366**

4. Expenses (continued)

(b) Administration costs	2022	2021
	$	$
Due diligence fees [1]	(272,097)	141,174
Legal and professional	1,690,460	6,001,559
Compliance and governance	403,760	681,979
Research expenses	332,444	198,296
(Gain) / loss on disposal of fixed assets	-	(38,297)
Restatement of purchase price allocation (ENS acquisition)	136,587	-
Others	1,828,666	2,850,263
	4,119,820	**9,834,974**

[1] Due diligence fees during the year ended 30 June 2022 reflect the impact of writing back non-refundable deposits in relation to the acquisition of Auldhouse Computer Training Limited ("Auldhouse") which had been expensed in previous periods but were able to be applied against the purchase price on completion.

5. 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 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 was therefore 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 / (loss) from discontinued operations per the Consolidated Statement of Profit or Loss, is as follows:

Discontinued operation – Arowana UK	2022	2021
	$	$
Revenue	-	-
Expenses	-	(173,000)
Profit / (loss) before income tax	**-**	**(173,000)**
Income tax expense	-	-
Profit / (loss) after tax attributable to the discontinued operation	**-**	**(173,000)**

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

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	2022	2021
	$	$
Net cash inflow from operating activities	-	(383,555)
Net cash outflow from investing activities	-	(8,009)
Net cash outflow from financing activities	-	395,861
Net increase / (decrease) in cash generated by the discontinued operation	**-**	**4,297**

6. Income tax expense

For the reporting period ended 30 June	2022	2021
	$	$
(a) Income tax (benefit) / expense		
Current tax	486,555	491,417
Deferred tax	(18,745,812)	15,221,370
Under provision in respect of prior years	(333,117)	(176,451)
	(18,592,374)	15,536,336
(b) Income tax expense is attributable to:		
Profit / (loss) from continuing operations	(18,592,374)	15,536,336
(c) Deferred income tax (benefit) / expense included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	(307,405)	(2,673,683)
Increase/(decrease) in deferred tax liabilities	(18,438,407)	17,895,053
	(18,745,812)	15,221,370
(d) Numerical reconciliation of income tax expense to prima facie tax payable:		
Profit / (loss) from continuing operations before income tax	(76,141,884)	65,777,236
(Loss) / profit from discontinued operations before income tax	-	(173,000)
	(76,141,884)	65,604,236
Income tax benefit calculated at statutory rate of 30%	(22,842,565)	19,681,271

6. Income tax expense (continued)

For the reporting period ended 30 June	2022	2021
Add tax effect of:	$	$
Non-deductible expenses	207,287	2,514,537
Less:		
Franking credit	-	(126,000)
Under/(over) provision for income tax in prior year	(333,117)	(176,451)
Tax effect of tax rates in other jurisdictions	(28,371)	550,795
Other allowable items	-	(6,068,945)
Prior year deferred tax assets brought to account	-	(4,699,328)
Deferred tax assets not brought to account	4,404,392	3,860,457
Income tax expense	(18,592,374)	15,536,336
Effective tax rate	(24.4%)	23.7%
Franking credit balance at the end of the year	**1,225,729**	**1,225,729**

7. Cash and cash equivalents

As at 30 June	2022	2021
	$	$
Cash at bank and on hand	7,890,586	16,827,303
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	7,890,586	16,827,303
Cash and cash equivalents – Consolidated Statement of Cash Flows	**7,890,586**	**16,827,303**

8. Trade and other receivables

As at 30 June	2022	2021
	$	$
Trade debtors [1]	7,222,125	8,213,003
Accrued interest	4,353,858	-
Sundry debtors	549,357	281,491
Other accrued income	1,636,025	1,296,280
	13,761,365	**9,790,774**

[1] As at 30 June 2022, 88% ($6,355,470) of the Group's trade debtors balance has been outstanding for less than 60 days, with the remaining 12% ($866,655) outstanding between 60 to 365 days and deemed past due but not impaired.

9. Inventory

As at 30 June	2022	2021
	$	$
Stock on hand	103,408	244,596
	103,408	**244,596**

10. Investments

(a) Investments accounted for using equity method:

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

As at 30 June	2022	2021
	$	$
Elevate Money Limited *(formerly Viento Group Limited)* [1]	-	99,760
VivoPower International PLC	20,451,795	79,288,253
	20,451,795	**79,388,013**

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

		Percentage interest	
		30 June 2022	30 June 2021
Associate / Joint venture	Principal activities	%	%
Elevate Money Limited [1]	FinTech company	6.8	31.8
VivoPower International PLC	Sustainable energy solutions company	47.5	44.2

[1] During the financial year, Elevate Money Limited *(formerly Viento Group Limited)* acquired AtlasTrend Pty Ltd via a reverse merger. As a result of the transaction, the Company's holding in Elevate Money Limited decreased to 6.8%. Given the reduction in ownership interest the Company no longer has significant influence over Elevate Money Limited and accounts for its investment at fair value through profit or loss.

10. Investments (continued)

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

	VivoPower International PLC	Innovative Solar Ventures I, LLC (USA)	Elevate Money Limited	Total
	$	$	$	$
Opening balance, 1 July 2020	**-**	**11,984,123**	**150,363**	**12,134,486**
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
Ending balance at 30 June 2021	**79,288,253**	**-**	**99,760**	**79,388,013**
Opening balance, 1 July 2021	**79,288,253**	**-**	**99,760**	**79,388,013**
Share of profit / (loss) of associated entities	(13,394,513)	-	(155)	(13,394,668)
Impact of foreign exchange translation	1,374,350	-	-	1,374,350
Reclassified to fair value through profit or loss (Note 10(d))	-	-	(99,605)	(99,605)
Share of movements in VivoPower's issued capital and reserves	1,813,583	-	-	1,813,583
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]	(67,629,065)	-	-	(67,629,065)
Ending balance at 30 June 2022	**20,451,795**	**-**	**-**	**20,451,795**

[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 30 June 2022 was US$1.39 per share in comparison with its implied carrying value per share of US$5.99 (based on the Group's equity accounted carrying value of its investment in VivoPower prior to any impairment provision). 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 30 June 2022. 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 $67,629,065 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 30 June 2022 has therefore resulted in a $19,958,792 reduction in the deferred tax liability and corresponding income tax benefit.

10. Investments (continued)

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

For the reporting period ended 30 June 2022	VivoPower International PLC	Innovative Solar Ventures I, LLC	Elevate Money Limited
	$	$	$
Share of assets and liabilities:			
Current assets	14,567,003	-	-
Non-current assets	34,245,032	-	-
Total assets	**48,812,035**		
Current liabilities	16,408,985	-	-
Non-current liabilities	16,506,161	-	-
Total liabilities	**32,915,146**		
Net assets	**15,896,889**	**-**	**-**
Share of profit / (loss) and other comprehensive income			
Revenue	25,288,348	-	-
Expenses	(38,682,861)	-	-
Net profit / (loss)	(13,394,513)	-	-
Other comprehensive income	1,374,350	-	-
Total comprehensive income	**(12,030,163)**	**-**	**-**

For the reporting period ended 30 June 2021	VivoPower International PLC	Innovative Solar Ventures I, LLC	Elevate Money Limited
	$	$	$
Share of assets and liabilities:			
Current assets	13,833,838	-	52,109
Non-current assets	33,128,895	-	63,588
Total assets	**46,962,733**	**-**	**115,697**
Current liabilities	10,480,882	-	20,949
Non-current liabilities	12,469,547	-	-
Total liabilities	**22,950,429**	**-**	**20,949**
Net assets	**24,012,304**	**-**	**94,748**
Share of profit / (loss) and other comprehensive income			
Expenses	-	9,306,845	50,603
Net profit / (loss)	-	(9,306,845)	(50,603)
Other comprehensive income	-	-	-
Total comprehensive income	**-**	**(9,306,845)**	**(50,603)**

10. Investments (continued)

(b) Other non-current financial assets

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

As at 30 June	2022	2021
	$	$
Other receivables	219,372	219,372
Bank term deposit [1]	1,400,000	-
VivoPower International PLC shares receivable [2]	-	18,999,187
	1,619,372	**19,218,559**

[1] The bank term deposit is held as security for bank guarantees provided to lessors in connection with rental property leases. Cash held in the term deposit cannot be withdrawn until such time as the outstanding bank guarantees are returned following expiry of the underlying leases.

[2] 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 ("VivoPower") ordinary shares at US$10.20 per instrument. As such, the AASSF recognised 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. These shares now form part of the equity accounted investment in VivoPower.

(c) Financial assets held at amortised cost

In accordance with AASB 9 *Financial Instruments*, at each reporting date AWN assesses whether the credit risk on any of the financial instruments has increased significantly since its original recognition, and if so, shall measure and recognise a loss allowance equal to the lifetime expected credit losses.

As at 30 June 2022, AWN management has conducted qualitative and quantitative analysis on Aevitas O Holdings Pty Ltd ("Aevitas") and the broader VivoPower Group in order to assess the overall credit risk of the loans. This has been undertaken via retrospective assessment of the financial results, forward-looking analysis against forecasts and available information regarding strategic processes.

Based on the outcome of these assessments, management has determined that there is no requirement to provide for expected credit losses on the basis that there has not been a significant increase in the credit risk for any of the loans since their original recognition.

10. Investments (continued)

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

As at 30 June	2022	2021
	$	$
Non-current		
Secured related party bridge loan #1- Aevitas O Holdings Pty Ltd [1]	1,500,000	-
Secured related party bridge loan #2 - Aevitas O Holdings Pty Ltd [2]	4,354,768	-
Secured related party loan - Aevitas O Holdings Pty Ltd [3]	30,654,068	28,394,207
	36,508,836	**28,394,207**

[1] The first bridge loan is on arms-length terms, has a maturity date of 1 October 2023 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 Limited and Kenshaw Electrical Pty Limited. The loan is denominated in AUD.

[2] The second bridge loan is on arms-length terms, has a maturity date of 1 October 2023 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 Limited and Kenshaw Electrical Pty Limited. The loan is denominated in USD.

[3] The long-term loan is on arms-length terms and attracts an 10.0% p.a. interest rate and a line fee of 2.0% p.a. payable monthly in arrears from 1 October 2022. Contractually, Aevitas is required to begin repayment of the loan in 60 equal monthly instalments beginning 1 October 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 Limited and Kenshaw Electrical Pty Limited. The loan is denominated in USD.

(d) Financial assets held at fair value through profit or loss

The Group had the following financial assets held at fair value through profit or loss:

As at 30 June	2022	2021
	$	$
Elevate Money Limited [1]	99,605	-
	99,605	-

[1] During the financial year, the Company's ownership interest in Elevate Money Limited *(formerly Viento Group Limited)* decreased to 6.8% due to a reverse merger transaction. Given the reduction in ownership interest, the Company no longer has significant influence over Elevate Money Limited and now accounts for its investment at fair value through profit or loss. In accordance with AASB 128 *Investments in Associates and Joint Ventures* management have determined that at the date that the entity ceased to be an equity accounted associate (5 January 2022) the carrying value of Elevate Money Limited was an accurate representation of its fair value based on relevant observable inputs as defined by AASB 13 *Fair Value Measurement*.

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2022

11. Other assets

(a) Other current assets

The Group had the following other current assets:

As at 30 June	2022	2021
	$	$
Prepayments	1,342,326	846,232
Short-term deposits	82,074	87,524
	1,424,400	**933,756**

(b) Other non-current assets

The Group had the following other non-current assets:

As at 30 June	2022	2021
	$	$
Security deposit	304,873	204,872
	304,873	**204,872**

12. Property, plant and equipment

For the reporting period ended 30 June	2022	2021
	$	$
Leasehold improvements		
Cost	4,038,590	3,578,735
Less: Accumulated depreciation	(1,925,932)	(1,524,119)
WDV	**2,112,658**	**2,054,616**
Plant & equipment		
Cost	2,068,471	1,886,017
Less: Accumulated depreciation	(1,927,985)	(1,846,512)
WDV	**140,486**	**39,505**
Computer equipment		
Cost	2,710,432	2,830,365
Less: Accumulated depreciation	(2,351,465)	(2,158,882)
WDV	**358,967**	**671,483**
Furniture & fixtures		
Cost	855,381	548,390
Less: Accumulated depreciation	(490,155)	(478,241)
WDV	**365,226**	**70,149**
Motor vehicles		
Cost	839,288	839,288
Less: Accumulated depreciation	(839,288)	(839,288)
WDV	-	-
Right-of-use assets		
Cost	22,237,375	17,312,137
Less: Accumulated depreciation	(12,775,661)	(10,004,081)
WDV	**9,461,714**	**7,308,056**
Total		
Cost	32,749,537	26,994,932
Less: Accumulated depreciation	(20,310,486)	(16,851,123)
WDV	**12,439,051**	**10,143,809**

	Leasehold improvement	Plant & equipment	Computer equipment	Furniture & fixtures	Motor vehicles	Right-of-use assets	Total
	$	$	$	$	$	$	$
Year ended 30 June 2021							
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 (Note 34)	-	(954,739)	(215,418)	(86,484)	(775,480)	(1,397,023)	(3,429,144)
As at 30 June 2021	**2,054,616**	**39,505**	**671,483**	**70,149**	**-**	**7,308,056**	**10,143,809**
Year ended 30 June 2022							
As at 1 July 2021	2,054,616	39,505	671,483	70,149	-	7,308,056	10,143,809
Additions	378,723	182,454	119,993	257,084	-	4,925,238	5,863,492
Depreciation charge	(401,813)	(81,473)	(192,583)	(11,914)	-	(2,771,580)	(3,459,363)
Disposals	-	-	(261,301)	-	-	-	(261,301)
Additions from business combinations (Note 33)	81,132	-	21,375	49,907	-	-	152,414
As at 30 June 2022	**2,112,658**	**140,486**	**358,967**	**365,226**	**-**	**9,461,714**	**12,439,051**

13. Deferred tax assets and liabilities

(a) Deferred tax assets

As at 30 June	2022	2021
	$	$
Deferred tax asset	9,227,141	8,545,878
Deferred tax assets comprise the following:		
Tax losses	3,930,971	4,349,735
Other temporary differences on expenses	5,296,170	4,196,143
	9,227,141	**8,545,878**
Movement in deferred tax assets are as follows:		
Balance at beginning of the year	8,545,878	9,304,342
Charged to profit & loss	307,405	2,673,683
Under/(Over) provision in respect of prior year	373,858	176,451
Acquisition of subsidiary	-	338,608
Derecognition on deconsolidation of subsidiary	-	(3,947,206)
Balance at end of the year	**9,227,141**	**8,545,878**

(b) Deferred tax liabilities

As at 30 June	2022	2021
	$	$
Deferred tax liability	2,191,238	19,616,604
Deferred tax liabilities comprise the following:		
Intangible assets acquired via business combination	868,800	-
Investments in associates	-	19,958,792
Other temporary differences	1,322,438	(342,188)
	2,191,238	**19,616,604**
Movement in deferred tax liabilities is as follows:		
Balance at beginning of the year	19,616,604	5,330,149
Charged to profit & loss	(18,438,407)	17,895,053
Under/(Over) provision in respect of prior year	40,741	-
Acquisition of subsidiary	972,300	618,460
Derecognition on deconsolidation of subsidiary	-	(4,227,058)
Balance at end of the year	**2,191,238**	**19,616,604**

14. Intangible assets

Reconciliation of movement in intangible assets

	Goodwill	Trade names	Customer relationship	Course development	RTO licence	Incorporation costs	Total
As at 30 June 2022	$	$	$	$	$	$	$
Cost	13,812,818	12,255,754	6,075,033	1,449,462	85,697	536,122	34,214,886
Accumulated amortisation/impairment	(3,859,557)	(1,177,754)	(3,179,033)	(1,157,772)	(85,697)	(117,263)	(9,577,076)
Carrying value	**9,953,261**	**11,078,000**	**2,896,000**	**291,690**	**-**	**418,859**	**24,637,810**
Movement for the year ended 30 June 2022							
Opening balance – carrying value	5,067,696	807,000	-	84,817	11,295	216,221	6,187,029
Other additions	-	-	-	305,461	-	300,564	606,025
Reclassified	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Amortisation provision during the period		-	(345,000)	(98,588)	(11,295)	(97,926)	(552,809)
Provision for impairment	-	-	-	-	-	-	-
Foreign exchange movement	(312,475)	-	-	-	-	-	(312,475)
Additions from business combinations (Note 33)	5,198,040	10,271,000	3,241,000	-	-	-	18,710,040
Net book amount 30 June 2022	**9,953,261**	**11,078,000**	**2,896,000**	**291,690**	**-**	**418,859**	**24,637,810**

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2022

	Goodwill	Trade name	Supply contract	Customer relationship	Solar contract	Course development	Student contracts	RTO licence	Incorporation costs	Patent and trademark	Total
As at 30 June 2021	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
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**
Movement for the year ended 30 June 2021											
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	-	-	-	-	-	36,262	-	-	212,544	-	248,806
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
Additions from business combinations	2,716,993	558,555	-	2,064,903	-	-	-	-	-	-	5,340,451
Derecognition on deconsolidation of subsidiary (Note 34)	(26,957,598)	(3,190,358)	(4,128,993)	(4,957,447)	-				(463)	(13,644)	(39,248,503)
Net book amount 30 June 2021	**5,067,696**	**807,000**	**-**	**-**	**-**	**84,814**	**-**	**11,295**	**216,221**	**-**	**6,187,026**

14. Intangible assets (continued)

Allocation of goodwill

Goodwill as at 30 June 2022 can be allocated to the various cash generating units ("CGUs") as follows:

Cash generating unit [1]	$
Education division – Future Skills	3,543,009
Education division – Digital Skills [2]	5,816,087
Education division – Soft Skills [3]	594,165
Total goodwill	**9,953,261**

[1] The CGUs of the Group have been reorganised to reflect the smallest identifiable group of assets that generates cash inflows independently. In this instance, the goodwill balances of DDLS Australia Pty Ltd ("DDLS") and Auldhouse Computer Training Limited ("Auldhouse") have been combined given the reliance of Auldhouse on DDLS's systems, processes and relationships since its acquisition.

[2] Includes goodwill attributable to Auldhouse which is denominated in NZD and therefore subject to foreign exchange movement on conversion into AUD.

[3] The consideration payable for ENS International Pty Ltd ("ENS"), a member of the Group's Soft Skills education division, is subject to an earn out based on audited business results. As a result of improved business performance, the earn out amounts have increased since initial estimates. Goodwill attributable to ENS was therefore restated within the 12-month period post-acquisition to account for the additional payments required under the Share Sale Agreement. Note 33 includes additional details of the increase.

Goodwill as at 30 June 2021 was allocated to the various CGUs as follows:

Cash generating unit	$
Education division – Future Skills	3,543,009
Education division – Digital Skills	1,164,779
Education division – Soft Skills	359,908
Total goodwill	**5,067,696**

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 FY2023 to FY2027;
- Future cash flow projections are based on FY2023'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;

14. 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:

As at 30 June	2022	2021
	%	%
Short-term revenue CAGR * (1-5 years)	11.3% - 16.5%	10.5% - 11.1%
Long-term revenue CAGR * (terminal value)	4.0%	2.0%
Post-tax discount rate applied [1]	18.5%	19.1% - 20.7%

* Compound Annual Growth Rate ("CAGR")

[1] 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 2022 and 30 June 2021.

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 considerations were factored into the forecast 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. Additionally, the Group reassessed the long-term revenue CAGR from 2.0% to 4.0% as a reflection on the inflationary economic environment and positive updated construction industry employment predictions undertaken by Australian government agencies.

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.

In the previous financial year, with regard to the Group's Future Skills division, 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

14. Intangible assets (continued)

recoverable amount by $3,309,557. As such, based on the results of the Group's impairment testing, this amount was recognised as an impairment loss in the Consolidated Statement of Profit or Loss.

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

	Change required individually for carrying amount to equal recoverable amount		
As at 30 June 2022	**Short-term revenue CAGR decrease required**	**Post-tax discount rate increase required**	**Terminal value decrease required**
	%	%	%
Education division – Future Skills	3.2	3.9	41.8

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 CGUs to exceed their recoverable amounts.

15. Trade and other payables

As at 30 June	**2022**	**2021**
	$	**$**
Current		
Trade creditors	3,365,256	3,128,159
Accrued expenses	4,811,043	5,450,212
Deferred income	2,011,352	1,477,249
Contract liabilities	8,497,239	7,971,544
Payroll liabilities	1,328,100	935,180
GST payable	670,545	973,284
Other payables	964,536	892,008
	21,648,071	**20,827,636**

16. Current tax liabilities

As at 30 June	**2022**	**2021**
	$	**$**
Income tax payable	144,549	59,043
	144,549	**59,043**

17. Provisions

a) The Group had the following current provisions:

As at 30 June	2022	2021
	$	$
Employee entitlements [1]	9,064,592	5,213,950
Deferred consideration [2]	109,198	28,039
	9,173,790	**5,241,989**

[1] Employee entitlements relate to annual leave, long service leave, and provision for EdventureCo long-term incentive plan.

[2] Representing provision for deferred consideration payable in respect of acquisition of ENS International Pty Ltd.

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

As at 30 June	2022	2021
	$	$
Employee entitlements [1]	348,130	385,742
Lease make good provision [2]	764,349	764,349
Deferred consideration [3]	679,809	632,760
	1,792,288	**1,782,851**

[1] Employee entitlements relate to annual leave and long service leave accruals for employees.

[2] Representing provision for estimated costs to make good premises leased by the Group.

[3] Representing provision for deferred consideration payable in respect of acquisition of ENS International Pty Ltd.

18. 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.

For the reporting period ended 30 June	2022	2021
	$	$
Current		
Lease liabilities – right-of-use assets [1]	2,582,819	2,059,125
Convertible notes – issued February 2020 [2]	3,555,000	3,555,000
Convertible notes – issued February 2022 [3]	5,250,000	-
	11,387,819	**5,614,125**
Non-Current		
Lease liabilities – right-of-use assets [1]	7,670,290	6,189,169
Government loans [4]	250,000	650,200
Term loans [5]	12,000,000	-
	19,920,290	**6,839,369**
Total interest-bearing liabilities	**31,308,109**	**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. As such, proceeds raised from the convertible note issue have been treated as a current liability as at 30 June 2022.

[3] On 1 February 2022, AWN successfully completed a convertible note issue, raising gross proceeds of $5.25m at 7.5% per annum. The maturity date on the convertible notes is 24 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 2022.

[4] Representing an unsecured loan received in AWN 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. The Everthought Education and Everthought College of Construction QRIDA loans were repaid during the year ended 30 June 2022.

[5] 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 (forming part of the Group's Digital Skills education division). 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. The loan is repayable in tranches of $250,000 in circumstances where the leverage ratio exceeds 2.5x in the preceding quarter, with any residual principal payable in full on the third anniversary of drawdown. The loan is secured against the share capital of the entities within the EdventureCo Group.

19. Financial instruments

Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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.

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 and loans to related parties.

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	
For the reporting period ended 30 June		**2022**	**2021**
	Note		**$**
Cash and cash equivalents	7	7,890,586	16,827,303
Trade and other receivables	8	13,761,365	9,790,774
Other financial assets	10(b)	1,619,372	19,218,559
Financial assets at amortised cost	10(c)	36,508,836	28,394,207
Total		**59,780,159**	**74,230,843**

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.

19. Financial instruments (continued)

Financial assets at amortised cost

The Group's financial assets at amortised cost represents fully secured loans 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 loans receivable. The impairment methodology applied depends on whether there has been a significant increase in credit risk. At 30 June 2022 the Group has determined there are no credit losses applicable to this financial asset.

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
As at 30 June 2022	**$**	**$**	**$**	**$**	**$**
Trade creditors	(2,386,370)	(978,886)	-	-	(3,365,256)
Lease liabilities	(393,512)	(2,189,307)	(4,745,869)	(2,924,421)	(10,253,109)
Term loans	-	-	(12,000,000)	(250,000)	(12,250,000)
Accrued expenses	-	(4,811,043)	-	-	(4,811,043)
Payroll liabilities	-	(1,328,100)	-	-	(1,328,100)
Convertible notes	-	(8,805,000)	-	-	(8,805,000)
Other payables	(670,544)	(964,536)	-	-	(1,635,080)
	(3,450,426)	**(19,076,873)**	**(16,745,869)**	**(3,174,421)**	**(42,447,589)**
As at 30 June 2021					
Trade creditors	(2,177,456)	(950,703)	-	-	(3,128,159)
Lease liability	(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)
	(3,377,443)	**(12,642,241)**	**(2,833,599)**	**(4,005,770)**	**(22,859,053)**

19. Financial instruments (continued)

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 2022 is set out in the table below:

	Philippines Peso (PHP)	British Pound (GBP)	U.S. Dollar (USD)
Assets	50,390,204	22,103	40,864,088
Liabilities	70,437,177	4,952	39,268
Net Assets	(20,046,973)	17,151	40,824,820
NPAT	(7,075,765)	-	-

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:

	Average rate	Reporting date spot rate
PHP / AUD	37.8314	37.8314
GBP / AUD	0.5455	0.5671
USD / AUD	0.7258	0.6889

Sensitivity analysis

Any change in the AUD against PHP, GBP and USD at 30 June 2022 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.

19. Financial instruments (continued)

30 June 2021	Equity		Profit or Loss	
	Strengthening	Weakening	Strengthening	Weakening
AUD (5% movement)	(2,798,153)	3,092,696	357,804	339,054
AUD (10% movement)	(5,341,929)	6,529,024	365,901	328,116

Interest risk

All of the Group's related party loans receivable, term deposits 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:

	Nominal amount	
For the reporting period ended 30 June	**2022**	**2021**
Fixed rate instruments		$
Financial assets	37,908,836	28,613,579
Financial liabilities	(31,308,109)	(12,453,494)
Variable rate instruments		
Financial assets	7,890,586	16,827,303
Financial liabilities	-	-
Net financial assets/(liabilities)	**14,491,313**	**32,987,388**

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.

	Profit or loss	
For the reporting period ended 30 June	**2022**	**2021**
Interest rate		$
Increase by 100 basis points	78,906	168,273
Decrease by 100 basis points	(78,906)	(168,273)

19. Financial instruments (continued)

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.

20. Issued capital

For the reporting period ended 30 June	2022	2022
Ordinary shares	No. of shares	$
Balance at beginning of the year	39,600,200	59,581,366
Shares bought back via on-market buyback	(3,160,020)	(3,046,657)
Total issued capital	**36,440,180**	**56,534,709**

For the reporting period ended 30 June	2021	2021
Ordinary shares	No. of shares	$
Balance at beginning of the year	39,542,873	59,496,954
Shares cancelled during the year as part of unmarketable parcels buyback	(19,009)	(15,588)
Shares issued during the year in accordance with Directors' FSSP plan [1]	76,336	100,000
Total issued capital	**39,600,200**	**59,581,366**

[1] 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.

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.

21. Reserves

As at 30 June	2022	2021
	$	$
Fair value equity reserve [1]	(11,754,685)	(11,754,685)
Equity reserve [2]	3,187,933	-
General reserve [3]	(2,484,626)	(2,484,626)
LTVCP reserve [4]	355,858	355,858
General reserves	**(10,695,520)**	**(13,883,453)**
Option reserve [5]	2,542,750	2,542,750
Share buyback reserve [6]	(2,600,374)	(2,600,374)
Foreign currency translation reserve [7]	(5,932,001)	(5,653,256)
	(16,685,145)	**(19,594,333)**

[1] Fair value equity reserve represents fair value adjustments of shares issued upon acquisition of Arowana International Holdings Limited on 4 April 2013

[2] Equity reserve represents the movement in the equity accounts of the Company's equity accounted associate (VivoPower International PLC)

[3] General reserve represents transactions with non-controlling interests

[4] 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

[5] Option reserve represents VivoPower International PLC UPO Options which lapsed in April 2020

[6] Share buyback reserve represents fair value adjustments of shares bought back on 29 July and 27 October 2014

[7] Foreign currency translation reserve represents exchange differences arising on translation of foreign controlled entities

22. Retained earnings

For the reporting period ended 30 June	2022	2021
	$	$
Opening retained earnings	77,995,339	21,903,616
Net profit / (loss) for the year	(57,474,118)	56,091,723
Dividend paid	-	-
Closing retained earnings	**20,521,221**	**77,995,339**

23. 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:

For the reporting period ended 30 June	2022	2021
	$	$
Cash and cash equivalents – Consolidated Statement of Financial Position	7,890,586	16,827,303
Cash and cash equivalents – Consolidated Statement of Cash Flows	**7,890,586**	**16,827,303**

(b) Reconciliation of operating profit / (loss) after income tax to net cash used in operating activities

Reconciliation of the operating profit / (loss) after tax to the net cash flows from operations:	2022	2021
	$	$
Operating profit / (loss) from ordinary activities after income tax	(57,549,510)	50,067,900
Cash flows excluded from profit attributable to operating activities		
Add/(subtract) non-cash items:		
Amortisation	552,810	1,545,079
Depreciation	3,459,363	4,591,195
Share based payments expense	-	1,726,048
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
Loss / (gain) on disposal of fixed assets	-	(38,297)
Share of net losses of associates accounted for using the equity method	13,394,668	9,357,448
Provision for impairment	67,629,065	3,379,284
Foreign currency (gains) / losses	(2,428,548)	222,497
Changes in assets and liabilities, net of the effects of purchase and disposal of controlled entities:		

23. Cash flow information (continued)

Reconciliation of the operating profit / (loss) after tax to the net cash flows from operations:	2022	2021
Assets		
(Increase) / decrease in trade and other receivables	(3,098,883)	(1,384,480)
Increase in other current assets	(238,707)	(512,250)
(Increase) / decrease in deferred tax assets	(716,088)	(2,916,848)
Liabilities		
Decrease in trade and other payables	654,624	(12,084,592)
Increase / (decrease) in deferred tax liabilities	(18,362,841)	17,882,819
Increase / (decrease) in income tax payable	72,715	825,067
Increase in provisions	3,957,118	2,864,022
Increase / (decrease) in other payables	(939,922)	812,837
Net cash used in operating activities	**6,385,864**	**(13,168,358)**

(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.

			Non-cash change		
For the year ended 30 June 2022	30 June 2021	Cash flows	Foreign exchange	New leases recognised	30 June 2022
Current					
Lease liabilities – right-of-use assets	2,059,125	(660,573)	-	1,184,267	2,582,819
Convertible notes	3,555,000	5,250,000	-	-	8,805,000
Non-current					
Lease liabilities – right of use assets	6,189,169	(1,985,502)	-	3,466,623	7,670,290
Government loans	650,200	(400,200)	-	-	250,000
Term loans	-	12,000,000	-	-	12,000,000
	12,453,494	**14,203,725**	**-**	**4,650,890**	**31,308,109**

24. Commitments

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

25. Capital commitments

There were no capital commitments as at balance date.

26. Contingent assets and liabilities

There were no contingent assets as at 30 June 2022.

Contingent liabilities as at 30 June 2022 include the following:

(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 ("Court") in relation to Intueri.

The proceedings were filed by a group of investors 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 first plaintiff applied 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 has granted orders enabling the plaintiffs to sue the Company and others on a representative basis, in other words, to bring a class action on behalf of other persons who also acquired shares in Intueri. Shareholders had until 29 October 2021 to opt into the class action.

The parties are working through various procedural matters and a trial date has not yet been set down by the High Court. A trial is likely to be heard in two stages over several months. AWN and its stakeholders are continuing to steadfastly defend the proceedings. The Group's financial statements as at 30 June 2022 do not include a provision for any potential settlement in relation to this matter.

26. Contingent assets and liabilities (continued)

(b) Employee incentive scheme

During the year, the Group adopted an employee incentive scheme, being the EdventureCo Long Term Incentive Plan ("EDV LTIP"), for the purposes of incentivising certain key management personnel and other employees of the group. The EDV LTIP formalised a commitment that was approved by the independent members of the AWN Board in previous years and was authorised for adoption by the Remuneration Committee during the year ended 30 June 2022.

The EDV LTIP is designed to align executives to meeting or exceeding defined long-term objectives with respect to AWN's investment in the EdventureCo Group and to assist in retaining key personnel in a competitive environment, particularly given there have been no short-term incentive plan payments made since the financial year ended 30 June 2018.

Under the EDV LTIP, on completion of a Trigger Event participants as a group will receive compensation equal to 20% of sale proceeds less net capital contributions, adjusted for an 8% per annum hurdle rate. A Trigger Event means the completion of either a Trade Sale of the Company's wholly owned subsidiary, EdventureCo Pty Ltd (defined as a disposal of at least 70% of the shares in or assets of the entity), or an Initial Public Offering of shares in EdventureCo Pty Ltd on a stock exchange.

In accordance with these terms, any liability in connection with the EDV LTIP will only crystallise on completion of a Trigger Event. As at the date of this report, the prospects of achieving a Trigger Event and also the quantum of any resultant sale proceeds remain uncertain. As such, no provision has been recognised at balance date in relation to any potential future liability which may arise under the EDV LTIP.

27. Related party transactions

Key management personnel compensation

For the reporting period ended 30 June	2022	2021
	$	$
Short-term employee benefits [1]	1,587,966	2,721,135
Post-employment benefits	113,447	98,963
Other long-term benefits	33,334	284,132
	1,734,747	**3,104,230**

[1] Includes $241,042 paid by VivoPower International PLC during the year ended 30 June 2021 in respect of Interim Chief Financial Officer services provided by a management entity, Arowana International UK Limited.

Individual directors and executive compensation disclosures

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.

27. Related party transactions (continued)

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:

Expense transactions	Transaction	2022	2021
		$	$
Director			
Robert McKelvey	Director fees	33,500	33,333
Robert McKelvey	Reimbursement of expenses	-	1,295
Ed Fernandez	Director fees	33,500	33,333
Claire Bibby	Director fees	50,000	17,708
Key management personnel			
Cameron Fellows	Reimbursement of expenses	1,566	3,718
Benn Lim	Reimbursement of expenses	23,928	6,140
Kevin Chin	Reimbursement of expenses	-	561
Jon Lang	Reimbursement of expenses	-	5,864
Michael Hui	Reimbursement of expenses	2,745	2,488
Other related parties			
Arowana Partners Group Pty Ltd (a)	Director fees	60,000	37,500
Arowana Partners Group Pty Ltd (a)	Consulting fees	-	24,000
Arowana Partners Group Pty Ltd (a)	Research fees	180,000	65,625
Arowana Partners Group Pty Ltd (a)	Reimbursement of expenses	36,009	256,989
Arowana Capital Pty Ltd (a)	Reimbursement of expenses	24,728	15,814
Arowana Capital Pty Ltd (a)	AFSL licence sub-authorisation	32,188	116,163
Chin Family Superannuation Fund (a)	Rent (QLD)	99,500	99,500
Chin Family Superannuation Fund (a)	Reimbursement of expenses	-	1,040
Borneo Capital Pty Ltd (a)	Rent (NSW)	236,964	170,888
Borneo Capital Pty Ltd (a)	Reimbursement of expenses	65,217	80,179

27. Related party transactions (continued)

Revenue transactions	Transaction	2022	2021
		$	$
Other related parties			
Arowana Partners Group Pty Ltd [(a)]	Reimbursement of expenses	18,422	6,020
Arowana Partners Group Pty Ltd [(a)]	IT support	6,000	2,500
Elevate Money Limited [(c)]	Finance & Admin support	55,000	-
Elevate Money Limited [(c)]	Reimbursement of expenses	3,038	3,680
Evolution Group Holdings Ltd [(a)]	Reimbursement of expenses	2,225	-
Borneo Capital Pty Ltd [(a)]	Reimbursement of expenses	20	-

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:

	2022	2021
	$	$
Arowana Partners Group Pty Ltd [(a)]	1,126	-
Borneo Capital Pty Ltd [(a)]	16,647	33,293

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:

	2022	2021
	$	$
Arowana Partners Group Pty Ltd [(a)]	1,769	1,209
Aevitas Group Limited [(c)]	677	641
Aevitas O Holdings [(c)]	40,862,980	28,394,492
FX2School Pty Ltd [(a)]	12,845	12,845
Evolution Group Holdings Ltd [(a)]	3,261	68,076
V.V.P. Holdings, Inc. [(c)]	251	251
VivoPower International PLC [(d)]	45,543	5,750
VivoPower International Services Ltd [(d)]	401,000	541,524
VivoPower Pty Ltd [(d)]	8,511	8,511
Elevate Money Limited [(b)]	63,295	544

All reimbursement of expenses relate to occupancy costs, salaries on charged, travel expenses, etc. The expenses have been incurred by the supplier on behalf of the Company.

(a) entity related to Kevin Chin

(b) entity AWN has investment in (Elevate Money Limited)

(c) entity related to VivoPower International PLC (VivoPower), see Note 10(c) for details on material balance

(d) entity of which AWN has significant influence over

28. Controlled entities

Name of Entity	Country of incorporation	Class of shares	Percentage of ordinary shares held 2022	2021
Parent entity				
AWN Holdings Limited				
Controlled entities of AWN Holdings Limited				
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	100
ENS International Pty Ltd	Australia	Ordinary	100	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
Alicorn CoInvest Pty Ltd	Australia	Ordinary	100	100

28. Controlled entities (continued)

Name of Entity	Country of incorporation	Class of shares	Percentage of ordinary shares held 2022	2021
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
ACN 637 154 940 Pty Ltd	Australia	Ordinary	95	95
Rori Holdings Limited	New Zealand	Ordinary	100	-
Auldhouse Computer Training Limited	New Zealand	Ordinary	100	-
Lumify Learn Holdings Pty Ltd	Australia	Ordinary	100	-
Lumify Learn Pty Ltd	Australia	Ordinary	100	-
Lumify Learn Fee Protection Pty Ltd	Australia	Ordinary	100	-

29. Events subsequent to reporting date

Acquisition of Plain English Foundation Pty Ltd

On 3 August 2022, AWN announced that EdventureCo has agreed to acquire all of the issued share capital of Plain English Foundation Pty Ltd ("PEF"), Australia's leading provider of clear communication training and editing services. Total consideration is $14.0m, equivalent to 5.6x LTM EBITDA. The acquisition was paid in cash (subject to a 10% retention) and funded through a combination of debt and existing cash reserves. The acquisition is expected to have an immediate positive impact on the Group's operating cash flow. Completion was finalised on 3 August 2022. The provisionally determined fair values of the assets and liabilities of PEF as at the date of acquisition are as follows:

Initial Business Combination [1]	Plain English Foundation Pty Ltd $
Cash and cash equivalents	3,454,754
Trade and other receivables	373,171
Other current assets	54,918
Property, plant and equipment	215,764
Trade and other payables	(185,048)
Deferred income	(1,098,114)
Fair value of identifiable net assets acquired	**2,815,445**
Net assets acquired	**2,815,445**
Consideration:	
Cash consideration paid	13,701,410
Deferred consideration (unconditional), net of working capital adjustment	1,197,894

29. Events subsequent to reporting date (continued)

Initial Business Combination [1]	Plain English Foundation Pty Ltd $
Total Consideration paid	**14,899,304**
Total surplus on acquisition	**12,083,859**
Allocation of surplus on acquisition:	
Goodwill	12,083,859
Total surplus on acquisition	**12,083,859**
Cash acquired	3,454,754
Less: consideration paid and payable	14,899,304
Add: working capital adjustment	(324,485)
Net cash outflow	**(11,769,035)**

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

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.

30. Auditor's remuneration

For the reporting period ended 30 June	2022	2021
	$	$
PKF Brisbane Audit		
Audit and review of financial statements of AWN Holdings Limited and its controlled entities	212,763	299,250
Other services	-	-
PKF Tax Pty Ltd (NSW)		
Provision of taxation services	99,400	78,000
PKF Littlejohn LLP		
Audit and review of financial statements of VivoPower International PLC	-	233,247
Total paid to PKF Brisbane Audit and its network firms	**312,163**	**610,497**

31. 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 below 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 2022, the subsidiaries subject to the Deed are:

- Arowana Australasian Holdings Limited; and
- Arowana Education Holdings 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' at each of 30 June 2022 and 30 June 2021.

31. Deed of Cross Guarantee (continued)

Statement of Financial Position[1]	2022	2021
Current assets	$	$
Cash and cash equivalents	371,970	15,556,464
Trade and other receivables	636,725	5,995,564
Other current assets	10,814,686	2,282,553
Total current assets	**11,823,381**	**23,834,581**
Non-current assets		
Investments accounted for using equity method	5,024,282	68,033,852
Related party loans - noncurrent assets	42,766,599	47,133,278
Intangible assets (including Goodwill)	10,079,267	8,055,569
Property, plant and equipment	552,370	9,603,874
Deferred tax assets	10,181,975	11,209,196
Other non-current assets	25,462,674	10,266,277
Total non-current assets	94,067,166	**154,302,046**
Total assets	**105,890,547**	**178,136,627**
Current liabilities		
Trade and other payables	708,643	3,608,330
Current provisions	246,638	1,020,523
Interest-bearing liabilities	330,995	1,729,818
Other current liabilities	117,506	14,504,764
Total current liabilities	**1,403,782**	**20,863,435**
Non-current liabilities		
Non-current provision	69,608	2,041,849
Interest bearing liabilities	9,016,306	9,934,269
Deferred tax liabilities	(536,893)	(536,893)
Other non-current liabilities	15,515,009	16,513,022
Total non-current liabilities	**24,064,030**	**27,952,247**
Total liabilities	**25,467,812**	**48,815,682**
Net assets	**80,422,735**	**129,320,945**
Equity		
Issued capital	57,032,825	60,751,773
Capital raising costs	(1,589,183)	(1,589,183)
Reserves	(16,105,632)	(16,105,632)
Retained earnings	41,084,725	86,263,987
Total equity	**80,422,735**	**129,320,945**

[1] As at 30 June 2021 there were four additional entities which formed part of the Closed Group - EdventureCo Holdings Pty Ltd, EdventureCo Pty Ltd, DDLS Australia Holdings Pty Ltd and DDLS Australia Pty Ltd. During the year, these entities were removed from the Closed Group and formed their own group in order to obtain debt funding for purposes of value-accretive acquisitions.

31. Deed of Cross Guarantee (continued)

Statement of Profit or Loss	2022	2021
	$	$
Revenue from continuing operations		
Revenue	2,413,254	48,591,690
Interest income	4,975,647	2,717,464
Total income	**7,388,901**	**51,309,154**
Other income	2,617,495	(255,600)
Gain on deconsolidation of VivoPower	-	49,582,344
Expenses		
Cost of sales	-	(20,027,419)
Employee expenses	(3,327,004)	(13,728,796)
Administration expenses	(179,900)	(1,409,226)
Other Expenses	(1,957,484)	(6,558,267)
Depreciation	(321,911)	(864,704)
Amortisation	-	(2,284,918)
Interest expense	(406,704)	(590,947)
Total expenses	**(6,193,003)**	**(45,464,277)**
Profit / (Loss) before income tax	**3,813,393**	**55,171,621**
Income tax expense	-	-
Profit / (Loss) after income tax	**3,813,393**	**55,171,621**

32. 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.

Statement of Financial Position	2022	2021
Assets	$	$
Current assets	5,969,490	6,076,792
Non-current assets	71,649,010	167,636,317
Total assets	**77,618,500**	**173,713,109**
Liabilities		
Current liabilities	10,056,526	5,010,353
Non-current liabilities	15,530,120	15,805,125
Total liabilities	**25,586,646**	**20,815,478**
Net assets	**52,031,854**	**152,897,631**

32. Parent entity information (continued)

Statement of Equity	2022	2021
	$	$
Issued capital	57,032,825	60,079,482
Capital raising costs	(486,020)	(486,020)
Retained earnings	9,484,250	107,303,370
Reserves	(13,999,201)	(13,999,201)
Total equity	**52,031,854**	**152,897,631**

Statement of Comprehensive Income	2022	2021
	$	$
Total profit/(loss)	(42,364,734)	56,649,500
Total comprehensive income	(42,364,734)	56,649,500

Guarantees

The Company has entered into a Deed of Cross Guarantee with a number of its wholly owned subsidiaries. Please refer Note 31 for further details. The Company has provided no other guarantee.

Contingent assets and liabilities

The Company has no contingent assets as at 30 June 2022. Refer to Note 26 for details regarding contingent liabilities of the Company as at 30 June 2022.

33. Business combinations

(a) 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 complementary 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 $6,318,024 towards total Group revenue for the year and $1,716,421 profit before-tax towards the Group loss before tax. Had the acquisition occurred on 1 July 2021, the total revenue contribution would have been $7,861,864 and total before-tax profit contribution would have been $2,348,266.

33. 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
Customer contracts and relationships	3,241,000
Brand name	10,272,000
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)**

33. Business combinations (continued)

(b) Acquisition of ENS International Pty Ltd

On 16 December 2020, the Company, through its newly established wholly owned subsidiary, ENSI Holdings Pty Ltd, acquired ENS 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 (inclusive 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.

Initial Business Combination	ENS International Pty Ltd $
Cash and cash equivalents	1,092,809
Trade and other receivables	527,955
Inventory	184,952
Other current assets	50,615
Property, plant and equipment	106,012
Deferred tax asset	-
Trade and other payables	(674,961)
Other non-current liabilities	(37,788)
Deferred income	-
Deferred tax liability	-
Fair value of identifiable net assets / (liabilities) acquired	**1,249,594**
Less: Non-controlling interests (NCI)	-
Net assets acquired	**1,249,594**
Consideration:	
Cash consideration paid	1
Deferred consideration (unconditional), inclusive of working capital adjustment	1,157,502
Deferred consideration (conditional)	451,999
Additional deferred consideration	370,844
Total Consideration paid	**1,980,346**
Total surplus on acquisition	**730,752**
Allocation of surplus on acquisition:	

33. Business combinations (continued)

Initial Business Combination	ENS International Pty Ltd $
Goodwill	359,908
Restatement of purchase price allocation added to goodwill	234,257
Restatement of purchase price allocation recorded in Statement of Profit or Loss	136,587
Total surplus on acquisition	**730,752**
Cash acquired	1,092,809
Less consideration paid	(75,001)
Less working capital adjustment	(874,882)
Net cash acquired	**142,926**

34. 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%. As at 30 June 2022, the ownership interest had increased to 47.5% due to the receipt of shares on conversion of the Aevitas hybrids, offset by further capital raise dilution.

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”.

34. Deconsolidation of VivoPower International PLC ("VivoPower") (continued)

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

Fair value of residual interest on deconsolidation	VivoPower International PLC $
Carrying amount of interest retained:	
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
Carrying amount of interest retained	**98,287,440**

Gain on deconsolidation of subsidiary and its controlled entities	
Total consideration received	-
Add: carrying amount of interest retained	98,287,440
Less: net assets, liabilities and equity derecognised	(11,528,316)
Gain on deconsolidation of subsidiary	**86,759,124**

34. Deconsolidation of VivoPower International PLC ("VivoPower") (continued)

Minority interest at date of deconsolidation

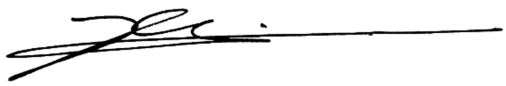
Minority interest at 30 June 2020	**2,970,707**
Issue of shares net of transaction costs	44,916,634
Employee share awards	147,331
Maturity of convertible equity instruments	4,569,623
Non-controlling interest recognised through business combinations	1,750,960
Derecognition on deconsolidation of subsidiaries	(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)
Balance at date of deconsolidation	**30,336,320**

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 30 June 2022 and of its performance for the year ended on that date.
2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards as are applicable to the Company being a non-listed public entity.
3. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable. At the date of this declaration, there are reasonable grounds to believe that the Company and the members of the extended closed group identified in Note 31 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

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 Tser Fah Chin

Executive Chair & Chief Executive Officer

20 September 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AWN HOLDINGS LIMITED

Opinion

We have audited the accompanying financial report of AWN Holdings Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2022 and the consolidated statements of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the financial report of AWN Holdings Limited is in accordance with the *Corporations Act 2001*, including:

a) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the year ended on that date; and

b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

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

Independence

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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the consolidated entity's Annual Report, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

PKF Brisbane Audit ABN 33 873 151 348
Level 6, 10 Eagle Street, Brisbane, QLD 4000 | GPO Box 1568, Brisbane, QLD 4001 | T: +61 7 3839 9733
Brisbane | Rockhampton www.pkf.com.au

Directors' Responsibilities for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/Home.aspx. This description forms part of our auditor's report.

PKF

PKF BRISBANE AUDIT

SHAUN LINDEMANN
PARTNER

20 SEPTEMBER 2022
BRISBANE

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2022

Corporate Directory

Corporate Directory

Directors	Mr. Kevin Chin (Executive Chair and CEO) Mr. Robert McKelvey (Non-Executive Director) Mr. Eduardo Fernandez (Non-Executive Director) Ms. Claire Bibby (Non-Executive Director)
Joint Company Secretaries	Mr. Cameron Fellows Mr. Tom McDonald
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 Adviser	Corrs Chambers Westgarth Level 17 8-12 Chifley Square Sydney NSW 2000
Website	www.arowanaco.com