ANNUAL REPORT

For the fiscal year 30 June 2023

VivoPower International PLC

Certified
Corporation

VivoPower International PLC

VivoPower is an award-winning global sustainable energy solutions B Corporation company focused on electric solutions for customised and ruggedised fleet applications, battery and microgrids, solar and critical power technology and services. The Company's core purpose is to provide its customers with turnkey decarbonisation solutions that enable them to move toward net-zero carbon status. VivoPower has operations and personnel in Australia, Canada, the Netherlands, the United Kingdom, the United States, the Philippines, and the United Arab Emirates.

Nasdaq: VVPR

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Highlights

Results for the Year ended 30 June 2023

- ✓ Total Revenues^ declined to $15.1 million primarily due to the disposal of the J.A. Martin business and a reduction in the number of Aevitas Solar projects completed in the year. Continuing Operations revenue declined 28% on a year-on-year constant AUD/USD FX basis.

- ✓ Gross profit^ declined to a ($2.3) million loss reflecting the impact of severe one-off weather events on the Edenvale project, which incurred a $3.9 million loss. Excluding one off cost overruns, Gross Profit was $1.6 million.

- ✓ Adjusted EBITDA^ declined to a ($9.9) million loss due to the reduction in gross profit and loss on sale of J.A. Martin business only partially offset by reductions in General and Administrative expenses. Adjusted EBITDA for continuing operations was ($5.7) million, a significantly narrower loss from ($9.1) million in the prior fiscal year.

- ✓ Statutory net after-tax loss^ of ($24.4) million for FY23 and loss per share ("EPS") of ($0.99) per share, as compared to a ($22.1) million loss and ($1.06) per share in FY22. Annual adjusted net after-tax loss^^ of ($14.2) million and adjusted EPS1 of ($0.58) per share narrowed from a ($19.1) million loss and ($0.92) per share respectively for FY22.

- ✓ Cash balance decreased from $1.3 million as of June 30, 2022 to $0.6 million as of June 30, 2023. Post balance date the Company received an aggregate of $2.2 million of cash from earnout proceeds from the J.A. Martin ex-solar sale, initial cash investment received from UAE private investment office and loans from AWN Holdings.

- ✓ Tembo increased order and commitment book by 160% from 5,000 kits to 13,000 kits (excluding MOUs) during FY2023 and upscaled engineering team in the Netherlands, UK and Australia, doubling cumulative direct EV experience to over 100 years.

- ✓ Strategic direct investment into Tembo secured reflecting a $120 million pre money valuation.

- ✓ Post balance date, Tembo has entered into a definitive JV agreement with E-Francisco Motors (Francisco) to electrify the iconic jeepneys of the Philippines. Francisco has a pipeline of 37,000 jeepneys for which Tembo will provide the EV drivetrains.

*All references to $ are references to USD unless otherwise noted.

^ Amounts include discontinued operations

^^ Amounts relate to continuing operations, adjusted for restructuring and other non-recurring items

VivoPower International PLC for the year ended 30 June 2023

(US dollars in thousands, except per share data)	Year Ended 30 June 2023	2022 (restated)	2021
Revenue ^	15,060	37,616	40.411
Gross (loss)/profit ^	(2,262)	1,585	6,327
Operating loss ^	(15,521)	(15,125)	(4,781)
Adjusted EBITDA ^ (1)	(9,942)	(8,956)	(1,448)
Basic loss per share (dollars) ^	(0.99)	(1.06)	(0.49)
Adjusted loss per share (dollars)(2)	(0.58)	(0.92)	(0.32)

1. Adjusted EBITDA is a non-IFRS financial measure. We define Adjusted EBITDA as earnings before interest, taxes, depreciation and amortisation, impairment of assets, impairment of goodwill, one-off non-recurring costs including restructuring expenses and non-cash equity remuneration. We believe that Adjusted EBITDA and Adjusted earnings per share provides investors and other users of our financial information consistency and comparability with our past financial performance, facilitates period-to-period comparisons of operations and facilitates comparisons with our peer companies, many of which use similar non-IFRS or generally accepted accounting principles in the United States ("GAAP") financial measure to supplement their IFRS or GAAP results, as applicable.

2. Adjusted earnings per share (EPS) is a non-IFRS financial measure. We define Adjusted EPS as net earnings less restructuring and non-recurring costs, divided by the weighted average number of shares on issue during the period.

Chairman and Chief Executive's Statement and Review

The financial year ended June 30, 2023 ("FY23") was challenging. We delivered considerable progress on Tembo operationally and commercially but at a group level we were adversely impacted by the negative consequences of unexpected and prolonged adverse weather conditions and skills shortages in Australia, where the majority of our revenue, gross profit and earnings are currently generated. Both have now abated and we are looking at a much more promising Fiscal Year 2024 ("FY24") with a resumption of growth expected across all of our business units.

Key achievements during the financial year included:

- Tembo's first version of the EUV23 conversion kit was available since December (material upgrade on previous generation 28 kWh battery platform) and tested extensively.
- Tembo increased order and commitment book by 160% from 5,000 kits to 13,000 kits (excluding MOUs) during FY23:
    - In November 2022, the Company signed a definitive agreement with ETC Mauritius in Kenya for the distribution of 4,000 conversion kits, which marked Tembo's largest agreement to date and its entry into the second hand light utility vehicle market.
    - In that same month, it signed a supply agreement with Evolution Group Holdings to convert their fleet of Toyota Hilux ICE vehicles in Australia and New Zealand to battery-electric, making Evolution the first traffic management company to commit to the conversion of its fleet to EVs.
    - In February, it signed a definitive agreement with Ulti-Mech in Australia to distribute 1,000 conversion kits, adding to its geographic coverage the important Western Australia mining region, a leading destination in the world for mining investment.
    - In June, it signed a definitive agreement with Fourche Maline, an engineering and technical services company in Ghana, one of the largest mining countries in the world and the number one gold mining country in Africa, for 2,500 conversion kits.
- An MOU was signed with Al Taif, the UAE's leading provider of maintenance, repair, and overhaul (MRO) services for military equipment and a subsidiary of EDGE Group, with the agreement spanning distribution of conversion kits, R&D, training in electric mobility and high voltage, local assembly in the UAE.
- Tembo upscaled its engineering team in the Netherlands, UK and Australia, doubling cumulative direct EV experience to over 100 years.
- Strategic direct investment into Tembo was secured reflecting a $120m pre-money valuation.
- Kenshaw's focus on higher quality revenue through contracted maintenance services delivered good results with multiyear contracts entered into with key data centre, mining and mining services clients.
- Newly acquired AS/NZS3800 (Electrical equipment for explosive atmospheres) certification opened new line of business for Kenshaw with strong pipeline of work expected to materially impact FY24 results.

Post balance date, we were able to execute on the following:

- Tembo entered into a definitive JV agreement with E-Francisco Motors (Francisco) to electrify the iconic jeepneys of the Philippines. Francisco has a pipeline of 37,000 jeepneys for which Tembo will provide the EV drivetrains.
- On the Caret front, we have signed a term sheet with Backbone Digital, contributing 2 of our Texas solar projects (totalling 96.5MW-DC) at a valuation of US$7.7m.

As mentioned before and notwithstanding the above achievements, VivoPower's revenue and profits declined versus the prior financial year. Key financial results and metrics for the fiscal year ended 30 June 2023 were as follows:

- Annual group revenue from continuing operations declined 33% year-on-year ("y-o-y") to $15.1 million, primarily due to fewer solar projects being executed at Aevitas Solar, with ongoing skills shortages in the Australian electrical and building & construction industry causing difficulties in resourcing projects to meet demand, as well as a further decline in the Australian dollar versus the US dollar. Excluding the effect of movements in the AUD/USD exchange rate, annual group revenue from continuing operations declined by 28%.
- Annual group gross loss from continuing operations decreased y-o-y to ($2.3) million from $0.3 million gross profit in Fiscal Year 2022 ("FY22") due to unseasonal wet weather conditions in Australia (as a result of the La Niña weather phenomenon) which delayed works. The loss recognized during the period for the Edenvale solar farm in Aevitas Solar amounted to $3.9 million. Excluding this one-off loss, group gross profit was $1.6 million.
- Annual net after-tax loss from continuing operations of ($20.1) million and earnings per share ("EPS") of ($0.82) per share, improved from a ($21.4) million loss and ($1.03) per share for FY22. Annual adjusted net after-tax loss of ($14.2) million and adjusted EPS of ($0.58) per share narrowed from a ($19.1) million loss and ($0.92) per share respectively for FY22.
- Annual underlying group adjusted EBITDA loss from continuing operations was ($5.7) million, representing an improvement versus ($9.1) million EBITDA loss from continuing operations for FY22, reflecting lean management modus operandi.

Notwithstanding the above, given the strong pipeline of contracted opportunities we have for both our Electric Vehicle and Critical Power Services business units, we are confident of the medium to long term outlook.

For the financial year ending 30 June 2024, we have set the following company objectives:

- Deliver Tembo EV kits commitments on schedule and budget.
- Continue R&D programme for Tembo and secure funding.
- Expand Tembo addressable market & partnership base.
- Grow Critical Power, expand capabilities & diversify customer base.
- Grow SES business with new capabilities and partnerships.
- Execute on corporate initiatives to enable sustainable growth.

On behalf of the rest of the Board, I would like to take this opportunity to thank all of our stakeholders for their continued support and engagement. I would also like to thank colleagues at VivoPower for their relentless commitment to execution excellence. As a company, the VivoPower team remains focused on achieving its medium to long term strategic, financial and impact goals.

Kevin Chin

Chairman and Chief Executive Officer
27 November 2023

Strategic Report

Principal Activities

VivoPower is an award-winning global sustainable energy solutions B Corporation company focused on electric solutions for customised and ruggedised fleet applications, battery and microgrids, solar and critical power technology and services. The Company's core purpose is to provide its customers with turnkey decarbonisation solutions that enable them to move toward net-zero carbon status. VivoPower has operations and personnel in Australia, Canada, the Netherlands, the United Kingdom, the United States, the Philippines, and the United Arab Emirates.

Management analyzes our business in five reportable segments: Critical Power Services, Electric Vehicles, Sustainable Energy Solutions, Solar Development and Corporate Office.

Critical Power Services is represented by VivoPower's wholly owned-subsidiary Aevitas. In turn, Aevitas wholly owns Kenshaw Electrical Pty Limited ("Kenshaw") and Kenshaw Solar Pty Ltd (previously J.A. Martin) ("Aevitas Solar"), both of which operate in Australia with a focus on the design, supply, installation and maintenance of critical power, control and distribution systems, including for solar farms.

Electric Vehicles is represented by Tembo e-LV B.V. ("Tembo Netherlands") and Tembo EV Australia Pty Ltd ("Tembo Australia"), (in combination "Tembo") a specialist battery-electric and off-road vehicle company delivering electric vehicles ("EV") for mining and other industrial customers globally.

Sustainable Energy Solutions ("SES") is the design, evaluation, sale and implementation of renewable energy infrastructure to customers, both on a standalone basis and in support of Tembo EVs.

Solar Development is represented by Caret and comprises seven active utility-scale solar projects under development in the United States.

Corporate Office is the Company's corporate functions, including costs to maintain the Nasdaq public company listing, comply with applicable SEC reporting requirements, and related investor relations and is located in the U.K.

See Note 4.2 to our consolidated financial statements included herein for a breakdown of our financial results by reportable segment while our key performance indicators are reported within the highlights at the start of this report.

Critical Power Services

VivoPower, by way of a holding entity known as Aevitas, which was established in 2013 and subsequently acquired in December 2016, wholly owns two Australian subsidiaries: Kenshaw and Aevitas Solar. Aevitas is a key player in the manufacture, distribution, installation and servicing of essential energy infrastructure solutions. Its portfolio spans the design, procurement, installation, and upkeep of power and control systems, including those catering to utility and industrial scale solar farms.

Aevitas' reputation as reliable power consultants enables it to serve a diverse range of clients, spanning governmental, commercial, and industrial sectors. From their headquarters located in Newcastle, within New South Wales' Hunter Valley region, these businesses extend their operations across Australia's Eastern seaboard with additional locations in Canberra and Sydney. Owing to their strategic positioning, they are well-equipped to capitalize on the robust growth from public and private sector investments within the infrastructure, renewable energy, mining, and data center industries.

The Hunter Valley region is Australia's foremost regional economy, larger than Tasmania, the Northern Territory, and the Australian Capital Territory. With an estimated 322,000 jobs and a GDP valued at $28 billion, the region has a diverse economic landscape and skilled workforce. Traditional strengths in mining and advanced manufacturing, are being supplemented by rapidly expanding sectors such as defense, food and agribusiness, and renewables.

The region holds a favorable position to reap the benefits from overarching trends influencing the Australian economy. Factors such as an aging population and increased integration into the global economy present significant opportunities for economic advancement and growth in the Hunter Valley.

The Critical Power Services businesses have several core competencies, encompassing a range of electrical and mechanical services. In addition, the businesses are responsible for delivering electrical services and infrastructure to support VivoPower's EV and SES offerings, including on-site renewable generation, batteries and microgrids, EV charging stations, and emergency backup power solutions.

Kenshaw Electrical Pty Limited

Established in 1981, Kenshaw is a specialist in the provision of essential electrical and mechanical power services, with its headquarters situated in Newcastle, within Australia's Hunter Valley region.

Kenshaw operates out of three locations across New South Wales and the Australian Capital Territory, with its head office in Newcastle and additional branches in Canberra and Sydney. The business's longstanding history of quality is attributed to its highly skilled personnel, whose abilities span a comprehensive array of critical power generation solutions, products, and services. Their expertise covers the entire life cycle of electric motors, power generators, and mechanical equipment.

Kenshaw holds ISO9001 (Quality Management), ISO45001 (Occupational Health and Safety) and the newly acquired AS/NZS3800 (Electrical equipment for explosive atmospheres) certification as evidence of its commitment to quality and safety. With a proactive and responsive approach, the business delivers programmed and as-needed services to a dedicated clientele that exceeds 500 in number. This diverse client base spans local, national, and multinational entities, incorporating sectors from data centers and health infrastructure to mine operators and agriculture. Furthermore, it serves aged care facilities, transport providers, and utility services. Offering both contract-based and ad-hoc services, Kenshaw has built a strong reputation for reliable and timely service among its wide-ranging clientele.

Kenshaw's core competencies include: generator design, turn-key sales and installation; generator servicing and emergency breakdown services; customized motor modifications; wheel cartridge motor electric repair and refurbishment; and industrial electrical services.

The data center sector remains an important market for Kenshaw. Propelled by the ongoing trend of digital transformation, the rise and persistence of remote work, online education, and virtual entertainment amid and subsequent to the COVID-19 pandemic, demand for Kenshaw's services has seen significant growth. This surge is further amplified by the burgeoning influence, processing and storage needs of artificial intelligence.

VivoPower believes Kenshaw will continue to benefit from the growth in the data center market through its long-term relationship with data center and facility management service providers. While Kenshaw has traditionally been focused on new data center builds, this stage of the market is increasingly being dominated by original equipment manufacturers (OEMs) such as Cummins and Penske, increasing competition and making margins unattractive. As a consequence, Kenshaw has pivoted to focus more heavily on data center maintenance services, both ad-hoc and scheduled. The nature of this revenue is of a higher quality given it is at a higher margin, more predictable and in some cases, multiyear contracted.

The growing base of both Kenshaw and third party completed installation projects provides a fertile environment for the business to provide the ongoing monitoring and maintenance of these critical Uninterruptible Power Supply ("UPS") assets, through its Generator Service division. The Canberra and Sydney branches, form an integral part of this offering by allowing for locally stored equipment and locally available personnel with an aim for Kenshaw to become entrenched at its clients' sites for the entire lifecycle of these assets.

In addition to the data center sector, the infrastructure sector continues to be a growing contributor for Kenshaw. In the 2022-23 budget season, a record $168 billion in general government expenditure was allocated to infrastructure over the four years to FY2025-26. This is $4.5 billion higher than the 2021-22 budget season. Of particular relevance to Kenshaw, the New South Wales state government allocated $58 billion to infrastructure, an increase of $1.8 billion over the prior year, and equivalent to 17.9% of general government expenditure.

A key part of the infrastructure sector and where Kenshaw has enjoyed good growth is the rail sector. Australian railways activity across construction and maintenance rose to a record $8.5 billion in 2021-22, with activity forecast to average $9.5 billion over the next five years as a swathe of large and predominantly publicly funded projects ramp up across Australia. Railway construction work increased in real terms by 2.9% to $7 billion in 2021-22, a record level of activity. This represents the sixth consecutive year of growth in rail construction driven predominantly by publicly funded projects, which have increased by 287% since 2014-15. Overall, $85 billion in rail civil construction and maintenance is forecast for the coming decade to 2031-32, compared to $63 billion over the last decade. Over the next 15 years, $101 billion in rail construction work is expected.

Kenshaw benefits from the continued increase in public sector spending on infrastructure, and in particular rail projects, through the provision of custom critical power backup solutions and generator maintenance to clients such as civil construction contractors, government agencies and government departments.

Kenshaw's traditional clientele also extends to entities operating within or servicing Australia's mining sector—the nation's predominant industry as gauged by GDP contribution. Over the past year, the Australian mining sector has maintained strong performance, fortifying Kenshaw's position in the industry.

Furthermore, with the mining sector's increasing commitment towards sustainability and acceleration towards achieving net-zero objectives, mine site electrification, particularly with renewable energy, emerges as a significant growth opportunity for both Kenshaw and VivoPower. Given Kenshaw's established track record in the sector, it is optimally poised to capitalize on future expansion in the Australian mining industry, particularly in its pursuit of decarbonization.

Revenue earned within Australia is comprised of the following activities:

	Year Ended 30 June		
(US dollars in thousands)	**2023**	**2022**	**2021**
Generator sales and installation	2,159	5,206	11,479
Generator service and non-destructive testing	2,372	1,767	1,761
Motor sales and overhaul	6,474	5,315	5,169
Total revenue	**11,005**	**12,288**	**18,409**

There is no material seasonality which impacts Kenshaw, however in FY2023, the business continued to be adversely impacted by supply chain challenges, with most electrical equipment manufactured outside of Australia. The business has had to adapt to longer lead times from suppliers caused by the COVID-19 induced disruption to supply chains and crisis in Ukraine. In addition, inflationary impact has seen an increase in cost of goods sold, the majority of which has been passed on to clients.

Relationships with its primary suppliers enables Kenshaw to sell and service their equipment as a dealer or agent. The business is a primary supplier and service agent for Cummins, Deutz and CAT generators, and WEG electric motors, and maintains long-term relationships with other equipment manufacturers such as Siemens, Toshiba and Teco. This allows Kenshaw to offer a complete solution to its clients with flexibility of product choice.

With almost 500 active customers for the year ended June 30, 2023, the business is not solely reliant on one customer, nor is the business reliant on any one patent, license, material contract, or process. Further, there are no government regulations which are material to the business, beyond those generally applicable to all businesses within the same statutory regime.

VivoPower continues to believe that Kenshaw, through its experience, capability, and track record, is well positioned competitively to benefit from the strong growth outlook for Australian data centers, aged and health care infrastructure as well as the continued strength of the Australian mining sector, particularly as it transitions towards decarbonization.

Aevitas Solar

Aligning with VivoPower's strategic vision to concentrate on its primary businesses - electrical vehicle, renewable critical power, and sustainable energy solutions - the non-solar segment of J.A. Martin was identified as non-essential. As a result, it was divested to ARA on July 1, 2022. Subsequently, the solar-focused division of J.A. Martin has been rebranded as Aevitas Solar and is now overseen by the Kenshaw leadership team.

Aevitas Solar remains committed to fulfilling existing contracts established prior to the divestiture, such as those related to the Blue Grass and Edenvale Solar Farms. Concurrently, the company actively explores new ventures in the solar sector as part of the Aevitas Solar expansion strategy. However, it maintains a prudent approach, being keenly aware of the inherent risks tied to such projects.

Results of J.A. Martin's non-solar activities have been classified under discontinued operations. Included in the net assets divested to ARA of the discontinued operation is a Newcastle-based facility, which specializes in manufacturing industrial switchboards and motor control centers. Additionally, this facility oversees end-to-end project installations, provides maintenance services, and offers both design and engineering expertise. Complementing this is an office and workshop facility situated in the Hunter Valley, dedicated to serving the mining and industrial sectors.

Despite its longstanding history and focus on the industrial, manufacturing, and mining sectors, Aevitas Solar has, in the past four years, carved out a commendable reputation and standing within the Australian solar market. In the recent fiscal year, Aevitas Solar marked significant milestones by finalizing the electrical installations and services for both its ninth and tenth solar farms, the 200MWdc Blue Grass Solar Farm and the 204MWdc Edenvale Solar Farm.

Revenue earned within Australia of continuing operations is comprised of the following activities:

	Year Ended 30 June		
(US dollars in thousands)	**2023**	**2022**	**2021**
Electrical installation projects	2,591	8,671	4,172
Total revenue	2,591	**8,671**	**4,172**

Aevitas Solar's solar division continued to be materially affected by high levels of rainfall along the east coast of Australia in the second half of 2022, continuing into 2023. Nationally-averaged rainfall was 26% above the 1961–1990 average at 587.8 mm, which made 2022 the ninth-wettest year on record for Australia. In eastern Australia in particular, persistent rain saw significant flooding affecting large areas multiple times during the year, including Aevitas Solar project locations. As a consequence, the occurrence of delays attributable to adverse weather have risen, resulting in delayed project completions and higher costs due to the fixed price, low margin nature, and disproportionate and unfavorable risk allocation contained within contracts in the industry.

Given the structural nature of these risks and the likely ongoing effects of climate change, Aevitas Solar is targeting opportunities with more favorable risk allocation and higher margins. These tend to be smaller, industrial projects that are behind-the-meter but where Aevitas Solar can leverage its experience and skills, without taking on burdensome contractual terms and working capital requirements.

Aevitas Solar selects its materials from an expansive network of both domestic and international suppliers. The criteria for this selection hinge on competitive pricing, timely delivery, product efficacy, and established business relations. These supplier relationships stand central to Aevitas Solar's ability to achieve its commercial objectives and its capacity to satisfy customer demands in a competitive environment.

Given that a majority of electrical equipment is manufactured overseas, the company has adjusted to extended supplier lead times. This is primarily a result of supply chain disruptions instigated by the COVID-19 pandemic and, more recently, the conflict in Ukraine. Despite these adaptations, the challenges in the supply chain have not been entirely alleviated and continue to present operational hurdles.

With the sale of the non-solar J.A. Martin operations, Aevitas Solar will need to diversify its customer-base in order to reduce its reliance on its key solar partner, Grupo Gransolar, S.L. The business is not dependent on any one patent, license, material contract, or process. Further, there are no government regulations which are material to the business, beyond those generally applicable to all businesses within the same statutory regime.

Electric Vehicles

Tembo e-LV B.V. ("Tembo"), with subsidiaries Tembo 4x4 e-LV B.V. and FD 4x4 Centre B.V. (“Tembo Netherlands”), as well as Tembo Technologies Pty Ltd (“Tembo Australia”) are specialist battery-electric and off-road vehicle companies that design and build electric battery conversion kits to replace internal combustion engines (“ICE”) in light utility vehicle fleets. Tembo customers are located across the globe and are mainly in the mining, infrastructure, government services, humanitarian, tourism, agriculture and utilities sectors. At present, Tembo is focused on completing the testing of its new generation LandCruiser LC70 EUV conversion kits ("EUV23") and preparing to commence production later in the year. It is anticipated that Tembo will start shipping these new generation LandCruiser conversion kits late in the second half of calendar year 2023.

With a secular trend of increasing Electric Vehicle ("EV") adoption globally by consumers and continuing pressure from governments and investors for companies to implement concrete decarbonization measures, VivoPower believes that Tembo is well placed to satisfy fleet owners' demand for its conversion kits, which are aimed at sectors with stringent requirements on reliability and safety.

Order book pipeline, deliveries and key agreements

During FY2023, Tembo successfully negotiated several large distribution agreements with partners around the globe. In August 2022, VivoPower entered into memorandum of understanding with a State-Owned Enterprise for 1,000 conversion kits in Jordan, which aligns with Tembo’s strategy to expand its commercial activities and operations in the Middle East, one of the largest market for LandCruisers in the world. In November 2022, the Company signed a definitive agreement with ETC Mauritius in Kenya for the distribution of 4,000 conversion kits, which marked Tembo’s largest agreement to date and its entry into the second-hand light utility vehicle market. In that same month, it signed a supply agreement with Evolution Group Holdings to convert their fleet of Toyota Hilux ICE vehicles in Australia and New Zealand to battery-electric, making Evolution the first traffic management company to commit to the conversion of its fleet to EVs. In February, it signed a definitive agreement with Ulti-Mech in Australia to distribute 1,000 conversion kits, adding to its geographic coverage the important Western Australia mining region, a leading destination in the world for mining investment. In March, it signed a memorandum of understanding with Petrosea, a key supplier to the mining and oil & gas sectors in Indonesia, to distribute 2,000 conversion kits. In June, it signed a definitive agreement with Fourche Maline, an engineering and technical services company in Ghana, one of the largest mining countries in the world and the number one gold mining country in Africa, for 2,500 conversion kits.

Also in June, Tembo signed a memorandum of understanding with Al Taif to form a partnership spanning distribution of Tembo EUV conversion kits, research & development, training in electric mobility and high voltage, as well as local assembly operations in the UAE. AL TAIF is a subsidiary of the EDGE Group, one of the world's leading advanced technology groups, established to develop disruptive solutions for defence and beyond. Its customers include defence and police organizations in the UAE, the Middle East and Northern Africa ("MENA") region and extending to other regions.

With regard to orders, in January, Tembo hosted Acces, its distribution partner in Canada, to test drive the newest version of Tembo's converted LandCruiser 70 Series pickup truck in Italy. Acces subsequently placed an initial order for a large proportion of Tembo's scheduled 2023 production, which are scheduled for delivery in the final quarter of 2023. Customer deliveries of ruggedised electric vehicles were executed for existing partners, including for GHH in South Africa and Jankel in the U.K in March.

Tembo continued to invest in marketing for its EUV23 kit, organizing drive days in the UAE and in Brisbane to showcase its electric LandCruiser to potential customers and partners, which resulted in new business opportunities actively pursued by Tembo's management. Tembo was also selected to showcase its technology and know-how by large companies in the mining and utilities sectors, for example in the case of the Future Forum organized by Endeavour Energy, the operator of the electrical distribution network for Greater Western Sydney, the Blue Mountains, the Southern Highlands and the Illawarra region of New South Wales.

Non EV operations in FD 4x4 for vehicle spec conversion including ruggedization of ICE vehicles comprised primarily an order to ruggedize 15 vehicles from Boliden in Ireland, delivered in December 2022. The order was not completely fulfilled due to the lack of availability of certain parts.

Post June 30 2023, Tembo signed a landmark joint venture agreement with Francisco Motors, the pioneering manufacturer of jeepneys in the Philippines. Under the agreement, Tembo will develop and supply EUV electrification kits for a new generation of electric jeepneys. One of the country's cultural icons, jeepneys are the most common utility vehicle in the Philippines and the main mode of public transportation, accounting for just over 40% of public transportation in the country. There are more than 200,000 jeepneys on the road in the Philippines, of which more than 90% are at least 15 years old and running on second-hand diesel engines. Under the Public Utility Vehicle Modernization Program, the Philippine Government requires that all jeepneys and other public utility vehicles with at least 15 years of service be replaced with Euro 4-compliant or electric-powered vehicles. This creates a US$10bn+ addressable market for the replacement of the old jeepneys. Francisco Motors and Tembo have already secured their first orders and have commenced work to deliver on those orders. The agreement will also give Tembo access to low-cost assembly in the Philippines.

Investment

In June, VivoPower announced a strategic direct equity investment into Tembo at a pre-money valuation of $120 million. Tembo secured an initial investment commitment of $2.5 million from a private investment office backed by a member of the ruling Al Maktoum family of Dubai. The investor, under the agreement terms, retains the option to increase its cumulative investment in subsequent closings, up to $10 million. This investment underscores Tembo's progress and commitment to the UAE and surrounding markets.

Vehicle quality, reliability, certification and safety

In mid-December 2022, Tembo released the first version of its new generation EUV conversion kit fully integrated into a vehicle, the EUV23. This vehicle was undergoing extensive testing and validation throughout the second half of FY2023. Additional pilot vehicles in various configurations, i.e. 2-door and 4-door plus left hand and right-hand were also being built and readied for testing in this period. The EUV23 has a 250 newton-meter torque electric drive train, providing up to 200 kilometres of range and is managed by Tembo's purpose-built software control systems. In January, Tembo and Toyota Motor Corporation Australia Limited concluded the Design Services Agreement with Toyota Australia for the electrified LandCruiser 70 Series.

In planning for its next stage of growth, Tembo has implemented systems, procedures, and policies to underpin a smooth and seamless execution from the time it engages with a prospect through to the on-going support as required by customers as they replace ICE vehicles in their fleets. As part of this, industry-grade, scalable, cloud-based software was implemented in various processes to ensure reliability and continuity of service.

In the third quarter of FY2023, Tembo underwent an annual ISO recertification audit for its ISO9001 (Quality Management System) and ISO14001 (Environmental Management System) certifications. Both audits were successfully passed. Additionally, Tembo started two new ISO certification journeys: ISO45001 for Occupational Health & Safety and ISO27001 for Information Security. These additional certifications will add significantly to the overall safety and security of its staff as well as the data held on staff, customers and suppliers. Tembo has also completed its internal assessment in support of its B Corp Certification application and is continuing work on reducing its greenhouse gas (GHG) emissions, for example by optimising its supply chain for proximity to assembly and packing facilities. Tembo expects to obtain its B Corp Certification in the second half of FY2024 if B Lab's independent audit is successfully passed.

Tembo's electric vehicles achieved a significant quality and reliability milestone with its longest-serving electric LandCruiser, which crossed the 5-year mark of active service with an uninterrupted safety record at an operating mine site owned by Boliden in the first quarter of calendar year 2023. Tembo believes this to be the longest actively serving electrified light utility vehicle in the mining industry globally.

In preparation for the official production launch of its battery electric EUV23 conversion kits, Tembo launched Tembo Academy which is aimed at ensuring that its partners and customers are adequately trained on all aspects of onboarding an electric battery vehicle fleets, covering operation, maintenance as well as Health & Safety. Tembo set up a cross-functional project team, combining members of its engineering and safety teams and advisory council, in order to deliver carefully structured and practical course materials. An introductory training course was held in Eindhoven in October 2022 with its global partner GHH, who sent technical staff from India and Germany with positive feedback from course attendees.

Talent pool and hiring

Throughout FY2023, Tembo continued to hire despite retrenchments in other parts of the industry, taking advantage of experienced talent available on the market. Tembo selectively recruited high-quality talent in the Netherlands and the United Kingdom and invested in Engineering, Procurement, Quality and Testing. It continued to be open to hiring experienced talent in its key markets.

Tembo assembled a team of EV and OEM industry leaders, several of them pioneers in their field, to advise on various aspects of its scale-up journey. Their input has already proven tactically invaluable for Tembo and will be leveraged tangibly in FY2024 for the production scale-up phase.

VivoPower appointed Eduardo Nebot as a new member of the VivoPower Advisory Council. Based in Sydney, Eduardo is currently an Emeritus Professor at the University of Sydney and a consultant on autonomous systems for various industries, including transport and mining automation. He is a pioneer in the research, development, and deployment of autonomous systems and safety and has worked with both private companies and government organizations in Australia and internationally. Another key recruitment was Choon Lim as Senior Engineering Director. Having worked for Bosch, Tesla and Rivian, he has considerable experience in developing safety critical control systems, self-driving cars and electric cars. In his most recent role as a Senior Director he has been responsible for a significant portion of the firmware at Rivian. He led teams for System Engineering, Software Functional Safety, System Architecture, Integration Testing and Controls Algorithms for the domains of Propulsion, Chassis Controls, Suspension Controls, Body Controls and Over The Air Updating.

Revenue earned within the Netherlands is comprised of the following activities:

	Year Ended 30 June		
(US dollars in thousands)	**2023**	**2022**	**2021**
Conversion kits	-	789	137
Vehicle spec conversion	1,394	301	1,219
Accessories	70	400	38
Total revenue	1,464	**1.490**	**1,394**

No EUV conversion kits were sold in FY2023, although orders were received (reflected in deferred revenue), whilst the development programme testing continued, nevertheless, vehicle spec conversions for non EV variants increased from $0.3 million in the prior year to $1.4 million in FY2023, primarily as a result of Boliden orders.

Sustainable Energy Solutions ("SES")

Augmenting its Electric Vehicle business, which deploys EUV conversion products and services to fleet owners, VivoPower is also focused on an SES strategy with its core mission being to help corporate customers achieve their decarbonization goals. The SES business delivers full-suite, holistic SES to industrial customers and other large energy users and is comprised of four key elements:

- Critical power "electric-retrofit" of customer's sites to enable optimised EV battery charging, encompassing charging stations, renewables, battery storage and microgrids;
- EV and battery leasing;
- EV battery reuse and recycling; and
- Change management services

In Australia, the SES business draws on the experience and capabilities of VivoPower's Australian Critical Power Services businesses (Kenshaw Electrical and Aevitas Solar) to deliver solutions to customers directly, whilst in other markets, it partners with experienced local critical power services and charging infrastructure companies.

Since its establishment in FY2021, the SES business has signed several key agreements to complete its offering. In December 2021, VivoPower executed a Memorandum of Understanding signed with Relectrify, a leading supplier of battery energy storage systems utilizing second-life EV batteries, with the collaboration extended to explore future redeployment of Tembo batteries. In August 2022 the Company invested in Green Gravity Energy Pty Ltd, an Australian company specializing in energy storage solutions in former mining locations. In May 2023, VivoPower signed a definitive partnership agreement for VivoPower to market and distribute Vital EV Solutions ("Vital EV") fleet charging solutions globally. Vital EV is a specialist U.K-headquartered company, offering a comprehensive range of electric vehicle charging solutions for fleet owners and is the official re-seller of Kempower charging stations and service solutions in the U.K and across Africa. Kempower, headquartered in Finland, has high-speed EV fleet charging solutions including for offhighway working environment applications. Under the Agreement, VivoPower will be able to offer to its customers and partners a wide range of EV fleet charging products and services from Vital EV and Kempower for an initial term of 3 years. These products include multi-voltage lightweight movable rapid chargers, hub-and-spoke rapid and ultra-rapid charging systems, satellite dispensers as well as conventional station chargers.

Given that the SES business segment was established in FY2021, it has generated minimal revenues to date. VivoPower is actively working to originate new SES projects for both new and existing customers of the VivoPower group of companies, with significant projects already proposed to major mining and utilities companies. The impending release of Tembo's EUV23 conversion kits later in the 2023 calendar year provides a strong impetus for customers to proceed with the electrification of their light vehicle fleet and, in tandem, implement the correct charging infrastructure, which will require the whole suite of SES offerings depending on customer site infrastructure readiness. The Company therefore expects significant growth from this segment going forward.

Solar Development

Historic Solar Development Business

As a consequence of the Company's strategic pivot to an SES strategy in FY2021, VivoPower no longer intends to engage in solar project development activities in isolation, unless it is a component of a sustainable energy solution for a corporate customer that is helping it to achieve decarbonization goals. This segment has historically been characterized as the Solar Development segment and encompassed the Company's solar development activities in the U.S. and Australia. The Company no longer has solar development activities in Australia following the sale of its interests in solar farm projects in the country in FY2021.

VivoPower's historic strategy in relation to solar development has been to minimize capital intensity and maximize return on invested capital by pursuing a business model predicated on developing and selling projects prior to construction and continually recycling capital rather than owning assets. The stages of solar development can be broadly characterized as: (i) early stage; (ii) mid-stage; (iii) advanced stage; (iv) construction; and (v) operation. Our business model has been to work through the development process from early stage through to advanced stage, and then sell those projects that have completed the advanced stage of development, also known as "shovel-ready" projects, to investors who will finance construction and ultimately own and operate the project.

Successful solar development requires an experienced team that can manage multiple work streams on a parallel path, from initially identifying attractive locations, to land control, permitting, interconnection, power marketing, and project sale to investors. Rather than build a substantial team internally to accomplish all of these activities, our business model has been to joint venture on a non-exclusive basis with existing experienced project development teams so that multiple projects can be advanced simultaneously and allow us to focus on provision of capital, project management, and marketing and sale of projects. In Australia we partnered with ITP Renewables ("ITP"), a global leader in renewable energy engineering, strategy and construction, and energy sector analytics. In the U.S., we entered into a development joint venture with ISS in April 2017 and in June 2021, VivoPower announced that it had secured full ownership of the remaining 50% of the equity interest in the portfolio from ISS for a nominal consideration of $1.

United States Solar Development

Vivopower's focus for its solar business remains to monetise its portfolio of US solar projects, with the aim of using the funds generated to advance the Company's SES strategy.

In July 2021 VivoPower announced that it had gained full ownership of the equity interest in the solar portfolio which was previously owned by an affiliate of ISS. Shortly thereafter, the Company effected the name change of the subsidiary from Innovative Solar Ventures I, LLC to Caret LLC.

The Company's portfolio of U.S. solar projects is held by its wholly owned subsidiary, Caret. Caret owns a solar project portfolio comprising 38 projects in total, of which 7 projects totalling 365 MW-DC are being actively developed, and a further 31 projects totalling approximately 1,479 MW-DC, have either been previously discontinued or are not currently being developed.

The actively developed projects are dispersed throughout Texas and are strategically situated in regions with minimal solar power penetration. Each of these projects has reached an advanced phase of development, with substantial interconnection studies and environmental evaluations completed, and the required land secured for a duration of up to 40 years. Despite the strides made in executing our Power-to-X strategy and the passing of the Inflation Reduction Act in August 2022, which heightened investor confidence in the US solar power sector, all these projects are still carried at cost.

The Company is assessing the viability of Power-to-X development possibilities with both active and discontinued projects collaborating with data infrastructure developers who intend to place their data centres in proximity to solar farms integrated "behind-the-meter". Solar energy's power generation pattern aligns with ERCOT's spot electricity cost curve, which allows operators at the load site to curb peak hour rate surges.

The company envisages that any income generated from the monetization of its US solar projects, inclusive of those related to Power-to-X developments, will be channelled to bolster its primary SES strategy.

				Early Stage		Mid Stage			Advanced Stage	
Project	State	Capacity (MW)	Development Stage	Land Control	Interconnection Queue	Environmental Studies	Zoning / Use Permit	Interconnection Study	Interconnection Agreement	Power Purchase Agreement
Active Solar Projects										
TX 75	TX	55	Advanced	✔	✔	✔	✔	✔	*Eligible*	
NM 88	NM	87	On hold			✔	✔			
TX 144	TX	82	Advanced	✔	✔	✔	✔	✔	*Eligible*	
TX 145	TX	62	Advanced	✔	✔	✔	✔	✔	*Eligible*	
TX 165	TX	62	Advanced	✔	✔	✔	✔	✔	*Eligible*	
TX 177	TX	34	Advanced	✔	✔	✔	✔	✔		
TX 195	TX	41	Advanced		✔	✔	✔	✔		
TX 341	TX	28	Advanced	✔	✔	✔	✔	✔		
TX 107	TX	93	On hold			✔	✔	✔	-	
TX 137	TX	28	On hold			✔	✔	✔		
TX 276	TX	55	On hold			✔	✔	✔		
TX 307	TX	55	On hold	✔		✔	✔	✔		
Subtotal	12 Projects	682								

Project	State	Capacity (MW)	Development Stage
Discontinued Solar Projects			
SC 76	SC	21	Discontinued - FY21
FL 78	FL	75	Discontinued - FY20
GA 83	GA	27	Discontinued - FY21
SC 84	SC	30	Discontinued - FY19
GA 86	GA	27	Discontinued - FY21
GA 90	GA	27	Discontinued - FY21
SC 97	SC	28	Discontinued - FY19
GA 111	GA	27	Discontinued - FY21
GA 112	GA	20	Discontinued - FY19
SC 129	SC	28	Discontinued - FY21
SC 132	SC	28	Discontinued - FY21
FL 168	FL	43	Discontinued - FY20
TX 207	TX	83	Discontinued - FY21
WA 211	WA	56	Discontinued - FY21
KS 229	KS	69	Discontinued - FY21
CO 239	CO	55	Discontinued - FY21
KS 244	KS	34	Discontinued - FY21
OK 267	OK	41	Discontinued - FY21
CO 269	CO	55	Discontinued - FY21
KS 291	KS	34	Discontinued - FY21
TX 305	TX	41	Discontinued - FY21
CO 320	CO	41	Discontinued - FY21
FL 330	FL	41	Discontinued - FY20
OK 339	OK	69	Discontinued - FY21
WA 370	WA	74	Discontinued - FY21
CO 371	CO	86	Discontinued - FY21
Subtotal	26 Projects	1,160	
Original Portfolio	38 Projects	1,842	

The Company does not intend to acquire any additional utility-scale solar projects in the United States at this time and is focused on maximizing value from its current portfolio of projects.

JOBS Act

Based on the market capitalisation of the Company as at June 30, 2023, the Company meets the requirement for being a smaller reporting company and non-accelerated filer and is therefore exempt from an auditor attestation of internal control under SOX 404(b).

In previous reporting periods, the Company met the requirements under the JOBS Act as an "emerging growth company" to (i) not provide an auditor's attestation report on its system of internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act, (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act, (iii) comply with any requirement that may be adopted by the PCAOB regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (auditor discussion and analysis), or (iv) disclose certain executive compensation-related items such as the correlation between executive compensation and performance and comparisons of our chief executive officer's compensation to median employee compensation.

Financial Results

	Year Ended 30 June					
	2023			2022 (restated)		
(US dollars in thousands)	**Continuing**	**Discontinued**	**Total**	**Continuing**	**Discontinued**	**Total**
Revenue from contracts with customers	15,060	-	15,060	22,448	15,168	37,616
Costs of sales	(13,472)	-	(13,472)	(20,308)	(13,842)	(34,150)
Cost of sales – non-recurring events	(3,850)	-	(3,850)	(1,881)	-	(1,881)
Gross profit	**(2,262)**	**-**	**(2,262)**	**259**	**1,326**	**1,585**
General and administrative expenses	(7,620)	-	(7,620)	(13,811)	(1,485)	(15,296)
Other Gains/(losses)	30	(4,207)	(4,177)	(13)	-	(13)
Other income	119	-	119	662	324	986
Depreciation of property and equipment	(750)	-	(750)	(770)	(445)	(1,215)
Amortisation of intangible assets	(831)	-	(831)	(850)	(322)	(1,172)
Operating loss	**(11,314)**	**(4,207)**	**(15,521)**	**(14,523)**	**(602)**	**(15,125)**
Restructuring and other non-recurring costs	(2,084)	-	(2,084)	(443)	-	(443)
Finance income	1,156	-	1,156	173	2	175
Finance expense	(7,366)	-	(7,366)	(8,604)	(174)	(8,778)
Loss before income tax	**(19,608)**	**(4,207)**	**(23,815)**	**(23,397)**	**(774)**	**(24,171)**
Income tax	(540)	-	(540)	1,968	149	2,117
Loss for the year	**(20,148)**	**(4,207)**	**(24,355)**	**(21,429)**	**(625)**	**(22,054)**
Adjusted EBITDA	(5,735)	(4,207)	(9,942)	(9,122)	166	(8,956)

Management analyzes our business in five reportable segments: Critical Power Services, Electric Vehicles, Sustainable Energy Solutions, Solar Development, and Corporate Office.

During the year ended June 30, 2023, the Group (including discontinued operations) generated total revenue of $15.1 million, gross loss of $2.3 million, operating loss of $15.3 million and a net loss of $22.4 million. Of these amounts, continuing operations of the Group generated revenue of $15.1 million, gross loss of $2.3 million, operating loss of $11.1 million and a net loss of $18.1 million. For the year ended June 30, 2022, the Group (including discontinued operations) generated total revenue of $37.6 million, gross profit of $1.6 million, operating loss of $15.1 million and a net loss of $22.1 million. Of these amounts, continuing operations of the Group generated revenue of $22.4 million, gross profit of $0.3 million, operating loss of $14.5 million and a net loss of $21.4 million, including $0.5 million prior year adjustments relating to timing on the recognition of general and administration expenses from 2023 to 2022.

Adjusted EBITDA (including discontinued operations) for the year ended June 30, 2023 was a loss of $9.9 million, compared to a loss of $9.0 million for the previous year. Adjusted EBITDA for continuing operations was a loss of $5.7 million, compared to a loss of $9.1 million for the previous year, restated for $0.5 million of general and administration expenses from 2023 to 2022. Adjusted EBITDA is a non-IFRS financial measure. We define Adjusted EBITDA as earnings before interest, taxes, depreciation and amortization, impairment of assets, impairment of goodwill, other finance income and expenses, one-off non-recurring costs including restructuring expenses and non-cash equity remuneration.

The results for the year ended June 30, 2023 reflect a reduction in the number of Aevitas Solar projects completed in the year and the impact of severe one-off weather events on the Edenvale project, which incurred a $3.9 million loss.

Revenue in Critical Power Services (excluding discontinued operations) declined by $7.4 million to $13.6 million in the year, impacted by $6 million from a reduction in the number of solar projects undertaken by Aevitas Solar. Kenshaw, which expanded into an additional facility in Newcastle, New South Wales due to increasing demand, saw revenues flat compared to the previous year on a constant AUD to USD exchange rate, with an increase in higher margin sales in generator service and motor sales and overhaul, offset by a reduction in generator sales and installation due to competitive market conditions and constrained supply chain. Electric Vehicles contributed $1.5 million revenue in the year, predominantly from non-EV ruggedization conversions, whilst EV activity is focused entirely on product development. There was no revenue contribution from Solar Development or Sustainable Energy Solutions in the year ended June 30, 2023 (year ended June 30, 2022: nil).

Gross profit (including discontinued operations) decreased by $3.8 million to a loss of $2.3 million, although on a continuing basis excluding J.A. Martin ex-Solar operations, gross profit decreased by $2.5 million to a loss of $2.3 million. In percentage terms, gross margin from continuing operations fell from 1% to (14%), largely driven by one-off extreme weather events impact on Aevitas Solar projects in FY2023, having a more significant impact than COVID-19 lockdowns and impact on supply chain in the prior year. Gross loss in FY2023 includes $3.9 million specific costs of non-recurring extreme weather events on Edenvale project for Aevitas Solar. In the prior year, $1.9 million of non-recurring costs on the Blue Grass project were also incurred in Aevitas Solar, due to state border closures during the project execution phase. Excluding these non-recurring costs, gross margin for continuing operations increased from 9.5% in the prior year, to 10.5% in FY2023, reflecting increased focus on high margin service revenues in Kenshaw. Electric Vehicles contributed nil gross profit (prior year: nil) while Solar Development contributed nil (prior year: nil).

The gain on Solar Development projects from continuing operations was net nil for the year ended June 30, 2023. Included within discontinued operations was a $4.2 million loss on disposal of J.A. Martin ex-solar operations in July 2022. Compared to the book value of assets less liabilities held for sale as at June 30, 2023, the loss results primarily from a reduction in the contingent consideration payable based on the earn out fee calculated as a multiple of the post disposal earnings of J.A. Martin ex-solar in FY2023.

Other gains/(losses) were nil for the year ended June 30, 2023. This compares to a nil gain in the year ended June 30, 2022, comprising a $0.1 million write-off of costs incurred on uneconomic projects in Caret, offset by $0.1 million gain on sale of tangible assets in Critical Power Systems.

The results for the year ended June 30, 2023, also reflect a restated $6.2 million decrease in general and administrative costs related to continuing operations to $7.6 million. The decrease includes a $1.1 million decrease in marketing expenses, a $1.7 million decrease in non-cash equity remuneration, and a $3.6 million decrease in salaries and other overheads from reduction in Tembo and Aevitas executive management and administrative team.

The results of operations for the year ended June 30, 2023, include $2.1 million restructuring and other non-recurring costs primarily due a provision in respect of fiscal refunds on prior receivables, which the Company is defending.

Net finance costs from continuing operations of $6.2 million for the year ended June 30, 2023, include $3.8 million interest on related party loans, $1.6 million net foreign exchange losses and $0.8 million combined costs from dividends from Aevitas Preference Shares, interest on leases and interest on other debt.

As at June 30, 2023, the Group's current assets were $10.3 million (as at June 30, 2022: $21.7 million restated; June 30, 2021: $24.5 million restated), representing a decrease from June 30, 2022, mostly due to the disposal of assets held for sale relating to the J.A. Martin ex-solar segment (as at June 30, 2022: $8.2 million) upon the sale of the business to ARA in July 2022. Current assets were comprised of $0.6 million of cash and cash equivalents (as at June 30, 2022: $1.3 million; June 30, 2021: $8.6 million), $0.6 million of restricted cash (as at June 30, 2022: $1.2 million; June 30, 2021: $1.1 million;), and $7.0 million of trade and other receivables (as at June 30, 2022: $9.1 million; June 30, 2021: $12.8 million), and $2.1m of inventory (as at June 30, 2022: $1.9 million; June 30, 2021: $2.0 million). 30 June 2022 and 30 June 2021 current assets were restated for a $0.5m reclassification from Intangible Assets to Deposits.

Current liabilities were $18.9 million as at June 30, 2023 (as at June 30, 2022, $23.3 million restated; June 30, 2021: $13.4 million). The decrease from prior year reflects negotiation of shareholder loans and accrued interest to non-current terms, and disposal of liabilities held for sale (as at June 30, 2022, $1.5 million) following sale of J.A. Martin ex-solar to ARA in July 2022. 30 June 2022 current liabilities were restated for an accrual of $0.5m expenses relating to 2022 but incurred in 2023.

Current asset-to-liability ratio as at June 30, 2023 was 0.54:1 (as at June 30, 2022 restated: 0.93:1; June 30, 2021 restated: 1.82:1).

As at June 30, 2023, the Company had net assets of $3.7 million (as at June 30, 2022 restated, $21.6 million; June 30, 2021: $40.4 million), including intangible assets of $42.2 million (as at June 30, 2022 restated: $39.6 million; June 30, 2021 restated: $47 million). Property, plant and equipment remained at $3.7 million as at June 30, 2023 (as at June 30, 2022, $3.7 million), mainly reflecting $0.6 million capital expenditure on plant and equipment, an additional leased property in Kenshaw, offset by depreciation charges. 30 June 2022 and 30 June 2021 were restated for a $0.5m reclassification from Intangible Assets to Deposits.

Cash outflow for the year ended June 30, 2023, was $0.7 million, arising from cash outflows from operating activities of $8.6 million and from cash used in investing activities of $1.9 million partially offset by cash inflow from financing activities of $9.8 million. At June 30, 2023, the Company had cash reserves of $0.6 million (June 30, 2022: $1.3 million) and debt of $32.4 million (June 30, 2022: $28.6 million), giving a net debt position of $31.8 million (June 30, 2022: $27.3 million).

Net cash outflows from investing activities of $1.9 million in the current year comprised $1.0 million net purchases of property, plant and equipment and $3.9 million investment in additional intangible assets pertaining to the EUV23 development project in Tembo, offset by the $2.9 million proceeds from the J.A Martin sale.

Cash inflows from financing activities of $9.8 million in the year ended June 30, 2023 comprises $5.1 million net proceeds from the Nasdaq shelf raise in July 2022 and $3.6 million bridging loans from related party AWN, $1.3 million additional debtor financing, less $0.9 million repayments of related party and other borrowings paid.

Year Ended 30 June 2023 Compared to Year Ended 30 June 2022:

Year Ended 30 June 2023 (US dollars in thousands)	Continuing operations						Discontinued operations	
	Critical Power Services	Solar Development	Electric Vehicles	Sustainable Energy Solutions	Corporate Office	Total Continuing	Critical Power Services	Total
Revenue from contracts with customers	13,596	-	1,464	-	-	15,060	-	15,060
Costs of sales – other	(11,900)	-	(1,572)	-	-	(13,472)	-	(13,472)
Cost of sales – non-recurring events	(3,850)	-	-	-	-	(3,850)	-	(3,850)
Gross profit	**(2,154)**	**-**	**(108)**	**-**	**-**	**(2,262)**	**-**	**(2,262)**
General and administrative expenses	(1,390)	(297)	(1,005)	(367)	(4,561)	(7,620)	-	(7,620)
Other gains/(losses)	-	-	-	30	-	30	(4,207)	(4,177)
Other income	50	69	-	-	-	119	-	119
Depreciation and amortization	(895)	-	(673)	(3)	(10)	(1,581)	-	(1,581)
Operating profit/(loss)	**(4,389)**	**(228)**	**(1,786)**	**(340)**	**(4,571)**	**(11,314)**	**(4,207)**	**(15,521)**
Restructuring and other non-recurring costs	(1)	-	(214)	-	(1,869)	(2,084)	-	(2,084)
Finance expense - net	(6,841)	(34)	936	(50)	(221)	(6,210)	-	(6,210)
Profit/(loss) before income tax	**(11,231)**	**(262)**	**(1,064)**	**(390)**	**(6,661)**	**(19,608)**	**(4,207)**	**(23,815)**
Income tax	(619)	-	(40)	119	-	(540)	-	(540)
Loss for the year	**(11,850)**	**(262)**	**(1,104)**	**(271)**	**(6,661)**	**(20,148)**	**(4,207)**	**(24,355)**

VivoPower International PLC for the year ended 30 June 2023

Year Ended 30 June 2022 (restated) (US dollars in thousands)	Continuing operations: Critical Power Services	Solar Development	Electric Vehicles	Sustainable Energy Solutions	Corporate Office	Total Continuing	Discontinued operations: Critical Power Services	Total
Revenue from contracts with customers	20,958	-	1,490	-	-	22,448	15,168	37,616
Costs of sales - other	(18,804)	-	(1,504)	-	-	(20,308)	(13,842)	(34,150)
Cost of sales – COVID-19 disruption	(1,881)	-	-	-	-	(1,881)	-	(1,881)
Gross profit	**273**	**-**	**(14)**	**-**	**-**	**259**	**1,326**	**1,585**
General and administrative expenses	(1,568)	(80)	(2,901)	(1,660)	(7,602)	(13,811)	(1,485)	(15,296)
Other gains/(losses)	103	(139)	-	23	-	(13)	-	(13)
Other income	662	-	-	-	-	662	324	986
Depreciation and amortization	(1,165)	-	(443)	(3)	(9)	(1,620)	(767)	(2,387)
Operating profit/(loss)	**(1,695)**	**(219)**	**(3,358)**	**(1,640)**	**(7,611)**	**(14,523)**	**(602)**	**(15,125)**
Restructuring and other non-recurring costs	45	-	(429)	-	(59)	(443)	-	(443)
Finance expense – net	(7,470)	-	(974)	23	(10)	(8,431)	(172)	(8,603)
Profit/(loss) before income tax	**(9,120)**	**(219)**	**(4,761)**	**(1,617)**	**(7,680)**	**(23,397)**	**(774)**	**(24,171)**
Income tax	1,349	-	575	192	(148)	1,968	149	2,117
Loss for the year	**(7,771)**	**(219)**	**(4,186)**	**(1,425)**	**(7,828)**	**(21,429)**	**(625)**	**(22,054)**

Principal Risks and Uncertainties

VivoPower is exposed to a number of risks and uncertainties which could have a material impact on the Group's long-term performance and could cause actual results to differ materially from historical and expected results.

Ability to secure capital at attractive rates and terms

Our operations and our future plans for expansion are capital intensive requiring significant investment in operational expenditures and capital expenditures to realize the growth potential of our electric vehicle, critical power services, sustainable energy solutions and solar development businesses. In addition, we are subject to substantial and ongoing administrative and related expenses required to operate and grow a public company. Together these items impose substantial requirements on our cash flow and the specific timing of cash inflows and outflows may fluctuate substantially from period to period. As a result, we expect to require some combination of additional financing options in order to execute our strategy and meet the operating cash flow requirements necessary to operate and grow our business. We may need or want to raise additional funds through the issuance of equity, equity-related or debt securities or through obtaining credit from financial institutions to fund, together with our principal sources of liquidity, the costs of developing and manufacturing our current or future products, to pay any significant unplanned or accelerated expenses or for new significant strategic investments, or to refinance our significant consolidated indebtedness, even if not required to do so by the terms of such indebtedness. We may not be able to obtain the additional or requisite funding on favourable terms when required, or at all, in order to execute our strategic development plans or to meet our cash flow needs. Our inability to obtain funding or engage in strategic transactions could have a material adverse effect on our business, our strategic development plan for future growth, our financial condition, and our results of operations.

Ability to maintain sufficient liquidity to sustain our operations and continue as a Going Concern

We experienced a loss of $24.3 million, $22.1 million and $8.0 million for the years ended June 30, 2023, 2022 and 2021, respectively. If we are unable to generate sufficient revenue from the operation of our businesses, grow our electric vehicle sales, and generate sales of SES projects, or if we are unable to reduce our expenses sufficiently, we may continue to experience substantial losses.

The accompanying consolidated financial statements are prepared on a going concern basis and do not include any adjustments that result from uncertainty about our ability to continue as a going concern. However, if losses continue, and if we are unable raise additional financing on sufficiently attractive terms or generate cash through sales of solar projects or other material assets or other means, then we may not have sufficient liquidity to sustain our operations and may not be able to continue as a going concern. Similarly, the report of our independent registered public accounting firm on our consolidated financial statements as of and for the year ended June 30, 2023 includes an explanatory paragraph indicating that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Market demand for our products and services

Our business and revenues depend on the demand for our products and services. The market demand for electric vehicles, critical power services, sustainable energy solutions and solar development projects is heavily influenced by a range of factors that include the governmental economic, fiscal, and political polices at both the national and state levels in the U.S., Australia, Europe, the United Kingdom and the rest of the world, as well as global economic and political factors affecting the cost, availability, and desirability of renewable energy, other energy sources. Other external factors such as the COVID-19 pandemic and geopolitical tension in Ukraine may also affect demand for our products and services.

Competitiveness of our products and services

Our products and services need to be competitive in terms of price and quality with competition in each of our markets. Tembo in particular operates in a market that is relatively new, rapidly evolving, characterized by rapidly changing technologies, new competitors, evolving government regulation and industry standards, frequent new vehicle announcements and changing consumer demands and behaviors. In order to stay competitive and relevant, it needs to continuously innovate and invest in product development and new technologies. Our critical power services businesses face pricing pressure in a competitive market and must continually improve cost efficiencies.

Operational scale up of electric vehicle assembly and delivery capabilities

Tembo faces operational risks as a maker of battery-electric ruggedized and offroad vehicles embarking on an exponential scale up of its assembly and delivery capabilities. Growth is dependent on securing appropriate premises and equipment, achieving design and manufacturing process goals, achieving compliance with safety regulations and standards, recruiting and retaining suitably qualified personnel, overcoming any delays and, resolving any supply chain shortages, to be able to deliver the volume and quality of products required to meet customer commitments.

Delivering electric vehicle products and services to customers requirements and regulatory standards

Following the acquisition of Tembo, we signed distribution agreements with a number of partners globally, to sell Tembo EUV conversion kits. Meeting the technical specifications, quality and safety standards of our customers and partners is a key driver of ensuring Tembo's brand, reputation, revenue and future prospects. Product failures in service could leave us exposed to future warranty claims. Failure to meet the required regulations and standards in the markets we serve could require product recalls and fines and penalties.

Development and scale up of the SES solutions business

Whilst we have experience in developing, financing, building and operating solar power systems and distributed generation solar systems, we have limited experience and track record in combining this experience to then develop and offer a complete SES solution with microgrids, battery recycling and reuse and are still in the process of building the capabilities in the team. Developing and/or acquiring these capabilities is a key factor in expanding our SES solutions business.

Supply chain execution

Materials deliveries from suppliers are at risk of disruption due to external events and factors such as COVID-19, semiconductor shortages and conflict in Ukraine. Overcoming challenging supply chain issues is a key factor in our businesses being able to deliver goods and services to our customers in line with their requirements and meet our revenue growth targets.

Inflation

The economic volatility attributable initially to COVID-19 and then to Russia's invasion of Ukraine is part of and contributing to a larger trend of rising inflation around the globe, which may have a significant adverse effect on economic activity and our business.

Ability to secure capital at attractive rates and terms

Our businesses are capital intensive requiring significant investment in operational expenditure and capital expenditure to realize the growth potential of our electric vehicle, critical power services, sustainable energy solutions and solar development businesses. In addition, we are subject to significant and ongoing administrative and related expenses required to operate and grow a public company. Together these items impose substantial legal and financial compliance costs. As a result, we expect to require some combination of additional financing options in order to execute our strategy and meet the operating cash flow requirements necessary to operate and grow our business.

Currency fluctuations

We conduct business in the U.S., Australia, United Arab Emirates, the Netherlands and the U.K. As a result, we are exposed to risks associated with fluctuations in currency exchange rates, particularly between the U.S. dollar, the British Pound, the Euro and the Australian dollar.

Ability to attract and retain talent

We are looking to rapidly hyperscale our business in the face of fierce competition for talent and short timeframes. To achieve our operational goals, we need to attract high calibre talent quickly.

Employees

People are central to our business and the contribution of talented and motivated employees is vital to the continued success of the Group. The Group has a policy of keeping employees informed of, and engaged in, its business strategy through regular briefings and team meetings. Employee involvement at all levels is encouraged.

It is a policy of the Group to recruit, develop and promote people on merit and to treat everyone equally regardless of their race, ethnic origin or nationality, age, gender, sexual orientation, disability, religion or belief.

The Group gives every consideration to applications for employment from disabled persons where the requirements of the position may be adequately covered by the abilities of the applicant concerned. In the event of members of staff becoming disabled, ways are examined to ensure that their employment with the Group continues and that the appropriate training is arranged. It is the policy of the Group to ensure that the training, career development and promotion of disabled employees should, as far as possible, be the same as that of other employees.

The table shows the number of staff of each gender employed at the Company and their level of seniority.

	Female	Male	Total
Directors	1	4	5
Senior Manager	4	9	13
Employees	11	69	80
Total	16	82	98

Health and Safety

The health and safety of the Group's employees, customers, and visitors is of primary importance. The Group is committed to creating and maintaining a safe and healthy working environment. Health and safety audits and risk assessments, including fire risk assessments, are carried out regularly.

The Environment

The Group recognises the importance of environmental responsibility and believes that its direct activities have a positive impact on the environment as the Company facilitates greater use of renewable energy. In addition, lightly damaged solar panels, that would have otherwise been bound for landfill, are donated to charity.

Communities

VivoPower has maintained an active program of community involvement in the locations we operate, including support for local children's sport teams and engagement with other worthwhile causes supported by our employees. In addition, as noted above, the Company donates lightly damaged solar panels to a charity that provides aid to the impoverished, supports local education initiatives, and assists with charitable renewable energy projects.

B Corporation Certification

VivoPower became certified as a B Corporation in April 2018. VivoPower recertified as a B Corporation in 2022 and was recognized in the Best For The World program as being in the top 5% amongst B Corporations for Governance. Consistent with this certification, the shareholders approved changes to the Articles of Association of the Company at the annual general meeting on August 20, 2018, to include:

(i) the purposes of the Company are to promote the success of the Company for the benefit of its members as a whole and, through its business and operations, to have a material positive impact on society and the environment, taken as a whole;

(ii) in exercising the powers of the Company, a Director shall have regard to, among other matters, stakeholder interests such as:

   a. the likely consequences of any decision in the long term;

   b. the interests of the Company's employees;

   c. the need to foster the Company's business relationships with suppliers, customers and others;

   d. the impact of the Company's operations on the community and the environment;

   e. the desirability of the Company maintaining a reputation for high standards of business conduct; and

   f. the need to act fairly as between members of the Company.

As a B Corporation, the Company is committed to continuously improve its B Corporation score and deliver on the B Corporation triple bottom line of Planet, People and Profit.

The Directors consider the Company's ongoing commitment to B Corporation certification and continual improvement thereunder as the primary means by which the Directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when performing their duty to act in the way most likely to promote the success of the Company for the benefit of its members as a whole.

The Strategic Report comprising pages 7 to 24 was approved by the Board and signed on its behalf by:

Kevin Chin
Executive Chairman
27 November 2023

Directors' Report

The Directors are pleased to present their report and the audited financial statements of VivoPower International PLC ("the Company") and its subsidiary undertakings (together "the Group") for the year ended 30 June 2023. Subsidiary and associated undertakings are listed in Note 15 to the financial statements.

Directors

The following table sets forth the names, ages and positions of our directors and executive officers. Unless otherwise indicated, the business address for all of our directors and executive officers is The Scalpel, 18th Floor, 52 Lime Street, London EC3M 7AF, UK.

Name	Age	Position	Appointed
Directors:			
Kevin Chin (1)	50	Chairman	27 April 2016
Peter Jeavons (1)(2)(3)(4)	58	Non-Executive Director	16 June 2020
William Langdon (1)(2)(3)(4)	62	Non-Executive Director	16 June 2020
Michael Hui	43	Non-Executive Director	22 January 2020
Gemma Godfrey (1)(2)(3)(4)	39	Non-Executive Director	15 December 2020
Executive Officers:			
Kevin Chin (1)(4)	50	Chief Executive Officer	25 March 2020

(1) Member (or in the case of Mr. Chin, non-voting observer) of the Audit and Risk Committee.
(2) Member of the Remuneration Committee.
(3) Member of the Nomination Committee.
(4) Member of the Sustainability Committee

The following sets forth biographical information regarding our directors and executive officers. There are no family relationships between any director or executive officer and any other director or executive officer.

There are no other arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any person referred to above was selected as a director or member of senior management, except that: Kevin Chin, our Chairman, beneficially owns 48.5% of VVPR at June 30, 2023, through his holdings as the Chairman of AWN, which is a beneficial owner of 39.5% of VivoPower as of June 30, 2023 for which Mr. Chin has shared voting power.and individually is the beneficial owner of 9.0% of VivoPower as of June 30, 2023.

Kevin Chin

Kevin Chin is the founder of Arowana, a B Corporation certified investment group with operating companies across the U.K., U.S., Europe, Asia and Australia, as well as owning other unlisted companies and investments. One of those operating companies is AWN, which is listed on the Australian Securities Exchange. AWN is the largest shareholder in VivoPower, as well as owning other unlisted companies and investments.

Over his 25-plus year career, Mr. Chin has accumulated extensive experience in "hands on" strategic and operational management having served as CEO, CFO and COO of various public and private companies across a range of industries, including solar energy, software, traffic management, education, funds management and vocational education. He is the author of the business book, HyperTurnaround! which chronicles the privatization, rapid turnaround and subsequent global scale up of a software company called RuleBurst Haley culminating in a sale to Oracle. Mr. Chin regularly writes for Inc.com on topics such as turnarounds and growing pains challenges. He also has significant international experience in private equity, buyouts of public companies, mergers and acquisitions and capital raisings as well as funds management, accounting, litigation support and valuations with prior roles at LFG, J.P. Morgan, PWC and Deloitte.

Mr. Chin 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. He is also a qualified Chartered Accountant and a Fellow of FINSIA, where he was a curriculum writer and lecturer in the Master of Applied Finance program. Mr. Chin divides his time between the UK, UAE and Australasia.

William Langdon

William Langdon has had a 25-plus year career in the software, technology and enterprise data sectors after starting his career at Disney in finance and marketing. He served as CFO of venture-backed OmniTicket Network and after served in a series of senior management roles at digital mapping leader NAVTEQ (acquired by Nokia). After starting in European Sales, he became General Manager of the global Distribution division and President of NAVTEQ's first acquisition, a digital mapping company based in Seoul, South Korea. Since that time, he has served in a series of senior management roles with venture-backed French technology start-ups including Goldman Sachs backed Nuxeo and Intersec, backed by Highland Europe.

Mr. Langdon received his MBA from Yale University and is a member of the Board of Directors of Tech2Deal, a private French company, and Singula Institute, a New York City based mental health non-profit organization. He resides in Long Island outside of New York City, United States.

Mr. Langdon serves as Chairman of the Audit and Risk Committee of the Company.

Peter Jeavons

Peter Jeavons has over 30 years' experience working in a number of executive-level international roles predominantly focused on leading technology and enterprise software solutions across many industry sectors. His career has been spent working for small start-ups, medium-sized and large corporate businesses, helping to drive strong growth, turnarounds and with involvement from both sides in successful merger and acquisition activities. He specializes in policy, regulatory and legislative compliance-based solutions and has a strong interest in how technology can help to drive sustainability and save the planet.

Mr. Jeavons was part of the global leadership team of RuleBurst Haley, which was acquired by Oracle and then successfully relaunched their regulatory compliance solution as a native SaaS platform internationally. During his career he has also worked for companies including Infor, who are another large enterprise software company and was responsible for the European business at Nuxeo, a Goldman Sachs backed, open source, enterprise content management software provider. He recently completed an interim CEO role for a next generation events management SaaS business.

He currently works as an advisor to several SaaS businesses and start-ups, specialising in innovative technologies that make the world better, less complex, and more sustainable. Mr. Jeavons completed his Non-Executive Director's diploma with Pearson in 2013. He resides in the Cotswolds, United Kingdom.

Mr. Jeavons is the Senior Independent Director at Vivopower and Chairman of the Remuneration and Sustainability Committees of the Company.

Michael Hui

Michael Hui brings a unique background to the Board given his dual Information Technology and Law degrees and experiences. During his career, he has built significant expertise across a diverse range of sectors in both an investment as well as an operational capacity.

Mr. Hui serves as Managing Director (Australasia) for VivoPower's largest shareholder, AWN, and also the broader Arowana group. In 2011, he joined Arowana as an Investment Director, and since then he has worked across a range of Arowana's operating businesses including education and asset management. Mr. Hui led the formation and structuring of the Arowana Australasian Special Situations Fund (AASSF) and most recently, the building of Arowana's education business, EdventureCo. His primary focus at present is driving corporate development (including mergers and acquisitions and technology-based transformation), working alongside the leadership teams of Aevitas and EdventureCo. Previously, Michael was Co-founder and CEO of an online-payments business, and spent more than 10 years as a lawyer practicing corporate and commercial law. He resides in Brisbane, Australia.

Gemma Godfrey

Gemma Godfrey is a non-executive director and advisor with experience across financial services, technology, media, public policy and sustainable energy. With a 20-year career, her track record of strategic planning, innovation and consumer insight helps ambitious businesses achieve their goals.

Ms. Godfrey is a non-executive director for Saga plc, Oberon Investments, Kingswood Holdings and Eight Capital Partners. She was the Founder and CEO of an FCA-authorized digital investing service, which was acquired by FTSE 250 insurer JLT. She pioneered new technology and went on to launch a digital media business for News U.K., part of News Corp.

A former boardroom adviser to Arnold Schwarzenegger on 'The Apprentice,' Ms. Godfrey is a business expert on ITV and Sky News. She was previously Head of Investment Strategy at FTSE-AIM wealth manager, Brooks Macdonald. She started her career at Goldman Sachs and GAM, with a background in quantum physics. She resides in London, United Kingdom.

Ms. Godfrey serves as Chairman of the Nomination Committee of the Company.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and Accounts for the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for the financial period. Under that law they have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the financial statements for Company under the same methodology.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and,
- prepare the financial on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and parent company and to prevent and detect fraud and other irregularities.

This annual report and financial statements together with the Notice of Annual General Meeting and other information regarding the Group may be viewed on the Company's website at www.vivopower.com.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of the financial statements may differ from the legislation in other jurisdictions in which the Company operates, including the U.S. and Australia.

The Directors consider the Company's ongoing commitment to B Corp certification and continual improvement thereunder, as discussed on page 21 of the Strategic Report, as the primary means by which the Directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when performing their duty to act in the way most likely to promote the success of the Company for the benefit of its members as a whole.

Directors' Insurance and Indemnities

The Directors have the benefit of the indemnity provisions contained in the Company's Articles of Association and the Company has maintained throughout the year directors' and officers' liability insurance for the benefit of the Company, the Directors and its officers.

The Company has entered into qualifying third-party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

Future Developments

A detailed description of the Group's business operations, results for the year ended 30 June 2023, and likely future developments are presented in detail in the Strategic Report.

Financial Instruments

The Group's principal financial instruments are bank balances, cash and medium-term loans. The main purpose of these financial instruments is to manage the Group's funding and liquidity requirements. The Group also has other financial instruments such as trade receivables and trade payables which arise directly from its operations. The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. Policy for managing risks is set by the Chief Executive Officer and is implemented by the Group's finance department. All risks are managed centrally with a tight control of all financial matters. For additional information on the composition of financial instruments, management objectives and policies, risk exposure and mitigation refer to Note 30 of the financial statements.

Going Concern

The financial statements have been prepared on a going concern basis.

As at June 30, 2023, the Company had unrestricted cash totalling $0.6 million, compared to $1.3 million as at June 30, 2022 and $8.6 million as at June 30, 2021. It also has outstanding debt and borrowing totaling $32.4 million, compared to $28.6 million as at June 30, 2022 and $23.1 million as at June 30, 2021. Most of these borrowings do not fall due for repayment until 1 April 2025 and are thus classified under long-term liabilities.

Over the next twelve months, the Company expects significant growth in revenues and continued EBITDA generation in critical power systems, a material increase in revenue and costs in scaling up the Electric Vehicles business as the operation scales series production of its EUV23 conversion kits to match the demand from its signed partnerships. The Company will also be investing in further capitalized development costs in electric vehicles in preparation for Tembo series production. In addition, it expects to fund selective development of the U.S. solar portfolio to maximize future sales proceeds, as well as development of microgrid, EV charging and battery energy storage capabilities, as part of the scaling up of the SES business unit. The Company will also be investing in property, plant and equipment, particularly in Tembo.

This expected growth implies sizeable funding requirements over FY2024, which the Company is planning to finance through significant equity capital raises, asset-backed financing, debtor financing, working capital optimization with suppliers and customers, and tax relief on R&D expenditure, either at Group or subsidiary levels depending on what is best suited to the Company's growth needs and optimizing for cost of capital.

To ensure success of the business, the directors have reviewed additional plans to mitigate any cash flow risk that may arise during the next twelve months. These include:

- Regular re-forecasting process and flexing of opex and capex cost growth according to liquidity needs;
- Phased approach to hiring of personnel to sustain growth of the Tembo business;
- Staging the timing of property, plant and equipment and software capex to match asset-backed financing inflows;
- Obtain Research & Development grants in the U.K., Europe and Australia to help fund investment in electric, solar and battery technologies;
- Careful project planning and commercial structuring of SES projects;
- Possible sale, spin off, or distribution in specie of Caret, LLC ("Caret"), formerly Innovative Solar Ventures I, LLC ("ISV");
- Purchase order financing, debtor financing facilities;
- Staging the timing of equity raises to minimize dilution; and
- Renegotiation of terms on loans and supply chain.

Based on the foregoing expectations of funding needs, and actions prepared and presented by management to the Board of Directors, the Directors consider that these actions can provide sufficient cash to support business operations and meet funding requirements as they become due, despite financial, economic and political uncertainty. If we continue to experience losses and we are not able to raise additional financing to provide the funding to grow the revenue streams of the Company to become profit making, or generate cash through sales of assets, we may not have sufficient liquidity to sustain our operations and to continue as a going concern, accordingly there is a material uncertainty that may cause significant doubt about the going concern nature of the Group. Our consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Legal Proceedings

On February 26, 2018, the Company's former Chief Executive Officer, Phillip Comberg, filed a legal claim alleging the Company committed a repudiatory breach of his service agreement in connection with the termination of his employment on October 4, 2017. On April 9, 2018, the Company filed a defense and counterclaim, denying that a repudiatory breach was committed by the Company and denying the other claims asserted by Mr. Comberg, claiming that Mr. Comberg was terminated for cause. On November 26, 2018, the Company agreed to a settlement of the counterclaims against Mr. Comberg for an undisclosed amount. After aborted attempts at settlement, the matter was heard in the U.K. High Court, with judgement ruled in September 2020. The Company was successful in defending the majority of the claims, with a total of £0.62 million ($0.90 million) of the claims being settled in favor of Mr. Comberg. However final costs and interest awarded to him were $1.76 million. Of the remaining provision as at June 30, 2021 of $0.5 million for unpaid costs, $0.4 million was spent in the year ended June 30, 2022, resulting in a $0.1 million release of the remaining unutilized provision.

Additionally, on May 31, 2022 the William Q. Richards Estate (the "Plaintiff" or the "Estate") filed a complaint against VivoPower USA LLC, Caret, LLC ("Caret"), formerly Innovative Solar Ventures I, LLC ("ISV"), and related entities (the "VivoPower Defendants") alleging the VivoPower Defendants improperly included land owned by the Estate in the reinvestment zone of the tax abatement agreements executed on March 14, 2022 between Cottle County, Texas and the Company's subsidiaries Innovative Solar 144, LLC and Innovative Solar 145, LLC. The complaint sought to nullify and/or declare the tax abatement agreements void. The Estate filed an amended complaint on August 18, 2022, further detailing their claims and requesting unspecified damages. On September 16, 2022, the VivoPower Defendants filed a motion to dismiss Plaintiff's Amended Complaint, which the Court subsequently granted on January 23, 2023, stating that the Plaintiff had failed "to establish that the amount in controversy had been met." On February 20, 2023, the Estate filed a second amended complaint to argue that the amount in controversy was met. Regina, widow of the late William Q. Richards, was added as a plaintiff in the second amended complaint. On March 6, 2023, the VivoPower Defendants filed a new motion to dismiss the Plaintiffs' second amended complaint. On May 5, 2023, the Plaintiffs filed an instant opposition to the VivoPower Defendants' motions to dismiss. On May 19, 2023, the VivoPower Defendants submitted a reply supporting their motion to dismiss requesting the dismissal of the Plaintiffs' claim. The Company does not expect the Plaintiff to be successful in its complaint. Accordingly no provision has been recorded as at June 30, 2023 in relation to this matter.

Donations

During the year ended 30 June 2023, the Group made no political donations nor other political expenditures.

Greenhouse Gas Emissions

The Company has taken exemption from reporting on Greenhouse Gas emissions on the basis it consumed less than 40,000kWh during the period in the UK. For the Group, worldwide data is not reported within this Annual Report for the year ended 30 June 2023 but it is something the group will consider to report going forward.

Share Capital

As at 30 June 2023, there were 25,651,140 Ordinary Shares in issue. No shares were repurchased during the year. Please refer to Note 26 to the consolidated financial statements for a reconciliation of movement during the financial year.

There are no specific restrictions on the transfer of shares in the Company, which is governed by the Articles of Association and prevailing legislation, nor is the Company aware of any agreements between holders of securities that may result in restrictions on the transfer of shares or that may result in restrictions on voting rights.

There are no persons holding securities carrying special rights regarding control of the Company, no special rights attaching to shares under employee share schemes, no restrictions on voting rights, nor any significant agreements that take effect, alter or terminate on change of control of the Company following a takeover, with the exception of the conversion rights attached to the convertible preference shares and convertible loan notes in Aevitas Group Limited as described in Note 26 to the consolidated financial statements.

Substantial Interests

The following table sets forth information with respect to beneficial ownership of our Ordinary Shares as of August 1, 2023 by each person known to us to beneficially own 5% and more of our Ordinary Shares.

The beneficial ownership of VivoPower's Ordinary Shares is determined based on 25,788,260 Ordinary Shares issued and outstanding on August 31, 2023. Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if such person has or shares the power to vote or direct the voting thereof, or to dispose or direct the disposition thereof or has the right to acquire such powers within 60 days.

	Number of Shares	Percentage of Issued Capital
AWN Holdings Limited (1)	10,136,145	39.3%
Armistice Capital Master Fund Ltd(2)	4,230,779	14.1%

(1) According to a Schedule 13D filed January 31, 2017, on behalf of AWN (formerly Arowana International Limited), Arowana Australasian Special Situations Fund 1 Pty Limited ("Arowana Fund Co"), Arowana Australasian VCMP 2, LP ("Arowana Fund GP"), Arowana Australasian Special Situations Partnership 1, LP ("Arowana Fund"), Arowana Energy Holdings Pty Ltd. ("Arowana Energy"), AWN, as the controlling shareholder of each of Arowana Fund Co, Arowana Fund GP, Arowana Fund and Arowana Energy, may be deemed to beneficially own

8,176,804 Ordinary Shares. This amount included 5,718,879 Ordinary Shares held directly by AWN, 488,435 Ordinary Shares directly held by certain entities controlled by AWN, 1,027,203 Ordinary Shares held by Arowana Fund and 942,287 Ordinary Shares held by Arowana Energy. The business address of these entities is c/o AWN Holdings Limited., at Level 11, 153 Walker Street, North Sydney, New South Wales 2060, Australia.

On July 21, 2021, AWN was issued a further 1,959,339 restricted Ordinary Shares, pursuant to the contracted terms of conversion of Aevitas convertible preferred shares and convertible notes. As at June 30, 2022, AWN held a 47.5% equity interest in the Company. As at June 30, 2023, AWN held a 39.5% equity interest in the Company, which was reduced to 39.3% following the vesting of Omnibus Incentive Plan related shares in August 2023.

(2) Consists of 4,230,770 Ordinary Shares issuable upon the exercise of the Series A Warrants subject to certain beneficial ownership limitations held by the selling shareholder. The Ordinary Shares upon exercise would be directly held by Armistice Capital Master Fund Ltd., a Cayman Islands exempted company (the "Master Fund"), and may be deemed to be indirectly beneficially owned by: (i) Armistice Capital, LLC ("Armistice Capital"), as the investment manager of the Master Fund; and (ii) Steven Boyd, as the Managing Member of Armistice Capital. Armistice Capital and Steven Boyd disclaim beneficial ownership of the Ordinary Shares except to the extent of their respective pecuniary interests therein. The address of Armistice Capital Master Fund Ltd. is c/o Armistice Capital, LLC, 510 Madison Avenue, 7th Floor, New York, NY 10022.

Dividends

The Company has never declared or paid any dividends on our Ordinary Shares, and we currently do not plan to declare dividends on our Ordinary Shares in the foreseeable future. Any determination to pay dividends to holders of our Ordinary Shares will be at the discretion of our board of directors and will depend upon many factors, including our financial condition, results of operations, projections, liquidity, earnings, legal requirements, restrictions in our debt arrangements and other factors that our board of directors deem relevant.

Articles of Association

The Company's Articles of Association may only be amended by special resolution at a general meeting of shareholders.

Auditors

PKF Littlejohn LLP has indicated its willingness to continue as auditor. In accordance with s489 of the Companies Act 2006, a resolution to re-appoint them as auditors for the ensuing year will be put to the members at the forthcoming Annual General Meeting.

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Directors' Report comprising pages 27 to 33 was approved by the Board and signed on its behalf by:

Kevin Chin
Chairman
27 November 2023

Corporate Governance

The Company's shares have been listed on NASDAQ since 29 December 2016. The Board is accountable to the Company's shareholders for good governance and this statement describes principles of corporate governance that have been applied by the Company.

The Directors believe that good corporate governance, involving risk appraisal and management, prudent decision-making, open communication and business efficiency, is important for the long-term benefit of the stakeholders in the Group.

Board of Directors

The Board is collectively responsible for providing leadership of the Group within a framework of prudent and effective controls and constructively challenges and helps to develop and communicate the Group's strategic aims.

The Board is comprised of the Chief Executive Officer and Chairman, and four non-executive directors. The Board has determined that Peter Jeavons, Gemma Godfrey and William Langdon are independent in accordance with the listing rules of Nasdaq. All directors are given regular access to the Company's operations and personnel as and when required. Their biographies on pages 23 to 25 illustrate their relevant corporate and industry experience to bring judgement on issues of strategy, performance, resources and standards of conduct which are vital to the success of the Group.

The Board considers the overall strategic direction, development and control of the Group and reviews trading performance, investment opportunities and other matters of significance to the Group. Various decisions require Board approval, including but not limited to the approval of the annual budget, larger capital expenditure proposals, acquisitions and disposals. Board papers, which are distributed to all directors in advance of each meeting, follow a set agenda although further subjects are added for discussion as the need arises.

The Board is scheduled to meet normally no less than six times per year to enable the Board to discharge its duties effectively and to consider those matters which specifically require Board review and decision. In addition, meetings are also convened on an ad hoc basis when there is urgent or delegated business which cannot wait until the next scheduled meeting.

The following table sets out the number of meetings of the Board, excluding ad hoc meetings, and its committees during the year ended 30 June 2023 and the attendance of the members at those meetings (attended/eligible to attend):

	Board	Audit and Risk Committee	Remuneration Committee	Sustainability Committee	Nominations Committee
Kevin Chin	7/ 7	- / -	3/ 3*	-/-	-/-
Michael Hui	7/ 7	-/ -	- / -	-/-	-/-
Peter Jeavons	7/ 7	4/ 4	3/ 3	1/ 1	- / -
William Langdon	7/ 7	4/ 4	3/ 3	1/ 1	-/-
Gemma Godfrey	7/ 7	4/ 4	3/ 3	1/ 1	-/-

* attended as an observer

Audit and Risk Committee

The Audit and Risk Committee is comprised of William Langdon (who is Chair of the Audit and Risk Committee), Gemma Godfrey and Peter Jeavons. All members have been determined by the Board to be independent under the applicable Nasdaq listing standards. Peter Jeavons and William Langdon joined the committee on 16 June 2020. Gemma Godfrey joined the committee on 01 July 2021.

The company was compliant with the Nasdaq's audit committee requirements as set forth in Listing Rule 5605, which requires a minimum of three independent directors on the committee.

An Invitation is also extended to the auditors to attend meetings of the Audit and Risk Committee in order to discuss issues relating to the audit and financial control of the Group. The auditors also have direct access, should they so require, to the Audit and Risk Committee. The Audit and Risk Committee has responsibility within the terms of reference for, among other things, the planning and review of the Group's annual and interim financial statements, the supervision of its auditors in the review of such financial statements and the review and monitoring of their independence.

The Audit and Risk Committee focuses particularly on the Group's compliance with legal requirements and accounting standards, and on ensuring that effective systems for internal financial control are maintained.

Remuneration Committee

The Remuneration Committee is comprised of Peter Jeavons (Chair of the Remuneration Committee), William Langdon and Gemma Godfrey, each of whom the Board has determined is independent under the applicable Nasdaq listing standards. Peter Jeavons and William Langdon joined the committee on 16 June 2020, and Gemma Godfrey joined the committee on 01 July 2021.

Nominations Committee

The Nomination Committee of the board of directors is comprised of Gemma Godfrey (who is Chair of the Nomination Committee), William Langdon, and Peter Jeavons, each of whom the Board has determined is independent under the applicable Nasdaq listing standards. Peter Jeavons and William Langdon joined the committee on 16 June 2020 and Gemma Godfrey joined the committee on 17 March 2022. Matthew Cahir served on the committee from 16 June 2020 until his resignation on 17 March 2022.

Sustainability Committee

The Sustainability Committee was formed on 18 December 2020 and is comprised of Peter Jeavons (Chair of the Sustainability Committee), William Langdon and Gemma Godfrey. The Sustainability Committee's duties include, but are not limited, to overseeing and monitoring of the Company's Safety and Health policies, B Corp certification, environmental policies, community and staff engagement, and corporate social responsibility policies.

Internal Control

The Board oversees management's activities in relation to the systems of internal control. Management has responsibility for maintaining the Group's system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Group's strategic business objectives and can only provide reasonable assurance against material misstatement or loss.

The key elements of the system of internal control are:

Control environment

There is sufficient segregation of duties and authorisation controls on approval of customer and supplier contracts, recruitment of staff, approval of purchases and payment of suppliers.

Financial reporting

The senior management team has regular meetings to discuss all aspects of the business and review financial performance against budget and provides a monthly summary report to the Board. The Group has a sustainable system of financial reporting and forecasting covering profits, assets, liabilities, cash flow and capital expenditure. The systems include regular monitoring of cash, monthly reporting of financial results. Budgets and business plans are prepared annually and reviewed by the Board.

Capital investment

For any significant investment, a detailed proposal is first approved by the Company's Investment Committee, then by the board of directors of VivoPower International Services Limited ("Services Board"). Any major investment is always approved by the Board or the Services Board. The Company's Investment Committee process contains five stages to ensure the Company has an explicit understanding of a portfolio's purpose, objective and a clear definition of success in determining whether the portfolio achieves that purpose and meets that objective. The five stages include:

(i) Completion of a Lead Qualification Form to provide a project overview, indicative returns, capital required, risks, timeline and areas to consider in future diligence;

(ii) First Investment Committee Meeting ('IC1') to provide a comprehensive summary of the project including detailed legal, technical, financial information and risks;

(iii) Second Investment Committee Meeting ('IC2') which includes everything in IC1 plus summary of transaction documentation and update on diligence;

(iv) Board approval to fund the project, and formally recommend that project executes transaction documentation; and

(v) Board approval to execute the transaction documentation.

Communications with Shareholders

The Company encourages two-way communications with shareholders. The Board endeavours to maintain good relationships with its institutional shareholders by holding regular meetings after results are published with further dialogue as requested.

The Company's Annual General Meeting will be held on 28 December 2023. The notice of the meeting is sent to shareholders at least 21 days before the meeting.

This annual report and financial statements together with the Notice of Annual General Meeting and other information regarding the Group may be viewed on the Company's website at www.vivopower.com.

Remuneration Report

This report has been prepared in accordance with the provisions of the UK Companies Act 2006 and Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended in 2013).

Statement by the Chairman of the Remuneration Committee

On behalf of the Remuneration Committee (the "Committee"), I am pleased to present the Remuneration Report for the year ended 30 June 2023.

The Remuneration Committee is comprised of Peter Jeavons (Chair of the Remuneration and Sustainability Committee), William Langdon and Gemma Godfrey, each of whom the Board has determined is independent under the applicable Nasdaq listing standards. Peter Jeavons and William Langdon joined the committee on 16 June 2020. Gemma Godfrey joined the committee on 01 July 2021.

The Committee has a written charter, a form of which is available free of charge on VivoPower's website at www.vivopower.com. The Committee's duties, which are specified in our Remuneration Committee Charter, include, but are not limited to:

- setting the remuneration policy for all executive directors and executive officers, including pension rights and any compensation payments.
- reviewing the appropriateness and relevance of the remuneration policy.
- determining total individual compensation packages.
- reviewing and designing share incentive and share option plans, determining awards thereunder and administering such plans.
- approving design of and targets for performance-related pay schemes.
- determining pension arrangements.
- appointing compensation consultants.
- approving contractual appointment terms for directors and senior executives; and
- related duties.

The Company's objective with respect to remuneration of directors is to attract and retain high-calibre individuals who are able to bring an appropriately senior level of experience and judgement to bear on issues of strategy, performance, resources and standard of conduct.

No changes are proposed to the Directors Remuneration Policy for Executive and Non-Executive Directors as approved by shareholders on 5 September 2017.

The Company's Annual Report on Remuneration, disclosing the compensation paid to directors in respect of the year ended 30 June 2023 is provided below.

Annual Report on Remuneration *(audited)*

Executive Directors

Kevin Chin was appointed as Executive Chairman and Chief Executive Officer of the Company with effect from 25 March 2020. Prior to Mr Chin's appointment, the Company had no Executive Directors since Carl Weatherley-White, former Chief Executive Officer, resigned as a Director on 28 December 2017.

Directors

The amount earned by each Director for the years ended 30 June 2023, 2022 and 2021 is set out in the table below:

Directors	Salary and fees	Bonus and LTIP	Pension and other Benefits	Long Term Incentive	2023 Total	2022 Total	2021 Total
Kevin Chin (Chairman)	£68,000	-	-	-	£68,000	£68,000	£104,885
Peter Jeavons	£60,456	-	-	-	£60,456	£52,127	£82,289
William Langdon	£54,245	-	-	-	£54,245	£46,461	£82,289
Michael Hui	£41,408	-	-	£6,096	£47,504	£44,360	£89,997
Gemma Godfrey	£57,558	-	-	-	£57,558	£43,817	£57,003
Matthew Cahir	-	-	-	-	-	£28,962	£82,289

Mr. Chin is paid a salary of £68,000 ($81,819) per annum as Chairman during the year, payable to Arowana Partners Group Pty Ltd, while he also received remuneration in his capacity as CEO which is further disclosed on page 40.

Mr. Jeavons is paid fees of $50,000 per annum during the year. Mr. Jeavons also received an annual fee of $7,500 as chair of the sustainability committee, $7,500 annual fee as chair of the remuneration committee, $4,000 annual fee as member of the audit and risk committee and $4,000 annual fee as member of the nomination committee. Mr. Jeavons elected to receive 100% of his fees for the year in cash. $12,777 remaining accrued and payable as at June 30, 2023.

Mr. Langdon is paid fees of $50,000 per annum during the year. Mr. Langdon also received an annual fee of $7,500 as chair of the audit and risk committee, $4,000 annual fee as member of the remuneration committee, $4,000 annual fee as member of the nomination committee and $4,000 annual fee as member of the sustainability committee. Mr. Langdon elected to receive 100% of his fees in cash. $16,500 remaining accrued and payable as at June 30, 2023.

Mr. Hui is paid fees of $50,000 per annum during the year. Mr. Hui elected to receive 100% of his fees in cash. $25,000 remaining accrued and payable as at June 30, 2023. Mr. Hui also receives equity-based remuneration in relation to his involvement in management of Critical Power Services segment, and the hyperturnaround and hyperscaling program. Of the 17,500 ($13,125) annual retention Restricted Stock Units ("RSUs") granted on April 1, 2020, vesting annually from June 2021 to June 2026, 3,500 RSUs ($2,625) vested in the current year. Of the 52,500 ($39,375) performance RSUs vesting quarterly from September 2020 to June 2023, dependent on meeting quarterly performance goals, 6,314 RSUs ($4,736) vested in the current year. A further 20,000 annual retention RSUs ($5,200) were granted to Mr. Hui on January 11, 2023, vesting annually from December 2023 to December 2025.

Mrs. Godfrey is paid fees of $50,000 per annum during the year. Mrs. Godfrey also received an annual fee of $7,500 as chair of the nomination committee, $4,000 annual fee as member of the audit and risk committee, $4,000 as member of the remuneration committee and $4,000 annual fee as member of the sustainability committee. Mrs. Godfrey elected to receive 100% of her fees in cash. $9,217 remaining accrued and payable as at June 30, 2023.

There are no pension benefits available to Directors nor any additional benefit if a Director were to retire early.

No discretion was exercised in the award of Directors' remuneration.

No payments were made to any past Director during the period nor in connection with a Director's loss of office during the period.

There are no agreements with the Company and its Directors or employees for compensation for loss of office or employment that occurs because of a takeover bid.

Directors' Interests

The Directors' beneficial interest in the 25,788,260 issued Ordinary Shares of the Company as at 31 August 2023 are detailed below.

	Number of Shares Beneficially Owned	Unvested scheme interests (not subject to performance measures)	Vested but unexercised scheme interests	Total of all share interests and outstanding scheme interests, at 31 August 2023	
Kevin Chin [(2)]	12,557,349[(3)]	54,880	-	12,612,229	48.7%
Michael Hui	43,489	27,000	-	70,489	<1%
William Langdon	38,936	20,000	-	58,936	<1%
Peter Jeavons	37,926	20,000	-	57,926	<1%
Gemma Godfrey	5,934	20,000	-	25,934	<1%
All directors and executive officers as a group (5 persons)	12,683,634	141,880	-	12,825,514	49.2%

(1) Unless otherwise indicated, the business address of each of the individuals is c/o VivoPower International PLC, The Scalpel, 18th Floor, 52 Lime Street, London EC3M 7AF, U.K.

(2) The business address is c/o AWN Holdings Limited, at Level 11, 110 Mary Street, Brisbane, QLD 4000, Australia.

(3) Represents shares held by Arowana Partners Group Pty Ltd, Borneo Capital Pty Limited, The Panaga Group Trust and KTFC Superannuation Fund, of which Mr. Chin is a beneficiary and one of the directors of the corporate trustee of such fund, and AWN Holdings Limited for which Mr. Chin has shared voting power.

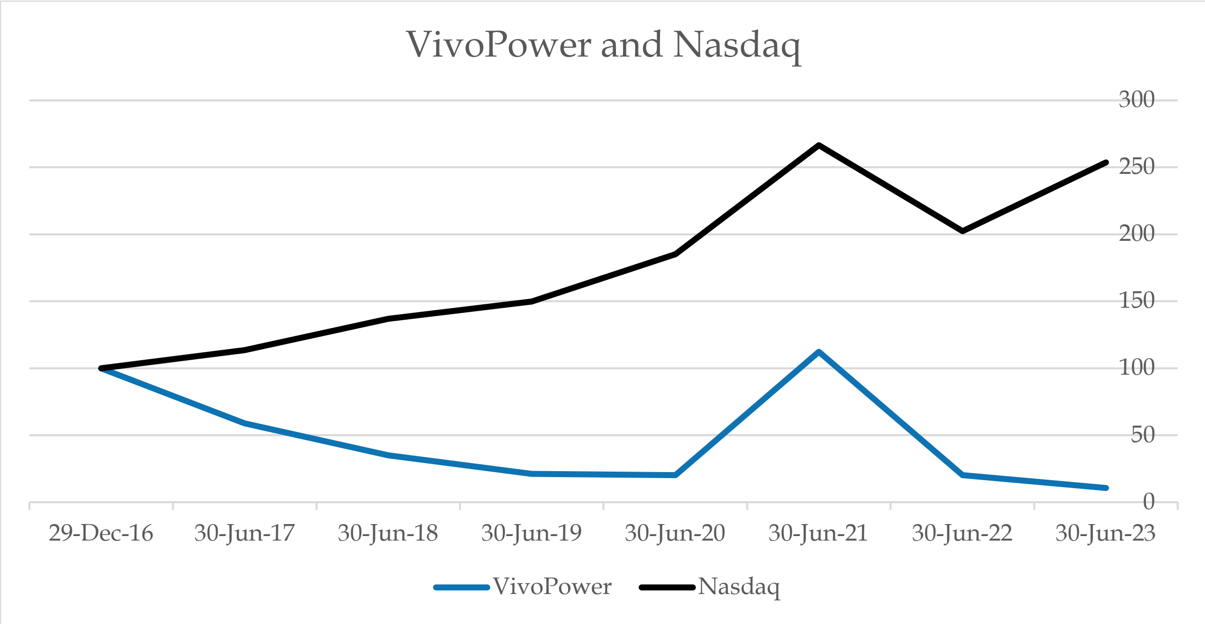
Minimum shareholding requirements

The Company currently does not have any applicable shareholding guidelines. The Remuneration Committee reserves the right to implement shareholding guidelines. If shareholding guidelines are implemented, these will be disclosed in the relevant Annual Report on Remuneration.

Comparison to Company Performance

Performance graph and table and comparison to Chief Executive Officer pay

The following graph shows total shareholder return ("TSR") for the Company for the period from its listing on 29 December 2016 to 30 June 2023, relative to the Nasdaq Composite Index. The Nasdaq Composite Index is considered an appropriate comparator for VivoPower:



The following table shows details of the compensation paid to the individual(s) in the role of Chief Executive Officer:

	Single figure of remuneration			Bonus as % of maximum			LTIP		
	Year ended 30 June			Year ended 30 June			Year ended 30 June		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Kevin Chin	£378,938	£367,428	£365,898	0%	0%	0%	£259,353	£206,273	£84,383

As CEO, Mr. Chin is paid £325,000 base fees and £38,000 annual professional development allowance. Of the base salary £325,000, 4 months were paid in cash, whilst for 8 months, Mr. Chin agreed to receive payment in the form of 541,666 cashless warrants in VivoPower shares, exerciseable in the period 3 June 2024 to 3 June 2029 at an exercise price of $0.60. Shares issued following exercising of warrants will remain restricted for 12 months. Mr. Chin has allocated these warrants to a benevolent cause, the ASEAN foundation.

Mr. Chin receives equity-based remuneration in relation to his involvement in leading the hyper-turnaround and hyperscaling program. Of the 87,200 ($65,400) annual retention RSUs granted on April 1, 2020, vesting annually from June 2021 to June 2026, 17,440 RSUs ($13,080) vested in the current year. Of the 261,600 ($196,200) performance RSUs vesting quarterly from September 2020 to June 2023, dependent on meeting quarterly performance goals, 31,456 RSUs ($23,592) vested in the current year. In December 2021, the Remuneration Committee approved an equity award of RSUs in relation to short term incentives for the year ended June 30, 2022, vesting in June 2023 deferred from June 2022. The award vested 94,291 RSUs ($275,330), based on Mr. Chin's base salary £325,000 x 1.3237 exchange rate x 64% performance measurement / $2.92 VWAP share price. A further 20,000 annual retention RSUs ($5,200) were granted to Mr. Chin on January 11, 2023, vesting annually from December 2023 to December 2025.

Relative importance of pay

The table below shows the total pay for all of the Group's employees compared to other key financial indicators.

(US dollars)	Year Ended 30 June 2023	Year Ended 30 June 2022	Year Ended 30 June 2021
Employee remuneration	6,630,000	18,223,000	17,395,000
Distributions to shareholders	NIL	NIL	NIL

Implementation of Remuneration Policy

Executive Directors

The Company has had no Executive Directors since Carl Weatherley-White, former Chief Executive Officer, resigned as a Director on 28 December 2017, until the appointment of Kevin Chin as Executive Chairman and Chief Executive Officer on 25 March 2020.

Cash and Equity Compensation

Mr. Chin is employed by a related company, Arowana Partners Group Pty Ltd, which charges fees for Mr. Chin's services to VivoPower International Services Limited. Pursuant to a deed of variation dated 29 June 2020, Mr. Chin's original non-executive directorship appointment, dated 1 August 2016, was varied to reflect Mr. Chin assuming the positions of Executive Chairman and Chief Executive Officer of VivoPower International PLC, effective from 25 March 2020. The cost of Mr. Chin's executive service agreement is paid by VivoPower International Services Limited and incorporates the cost of any support resources required by Mr. Chin to fulfil the role.

Following a review by Pearl Meyer of Mr. Chin's compensation plan as Chief Executive Officer, to align to the new strategy and additional responsibilities, the remuneration committee approved an increase to Mr. Chin's remuneration to £325,000 base salary and £38,000 annual professional development allowance, effective 1 July 2020.

Mr. Chin has also been granted 87,200 RSUs and 261,600 PSUs in the Company, issued pursuant to the Company's Omnibus Incentive Plan adopted on 5 September 2017, at an issue price of $0.75 per share, based on the Company share price on 25 March 2020. The RSUs vest annually over 5 years. The PSUs vest quarterly over 3.25 years and are subject to achieving performance goals. This was approved by the Remuneration and Nomination Committee of the Board on 16 June 2020.

In December 2021, the Remuneration Committee approved an equity award of RSUs in relation to short term incentives for the year ended June 30, 2022, vesting in June 2023 deferred from June 2022. The award vested 94,291 RSUs ($275,330), based on Mr. Chin's base salary £325,000 x 1.3237 exchange rate x 64% performance measurement / $2.92 VWAP share price. A further 20,000 annual retention RSUs ($5,200) were granted to Mr. Chin on January 11, 2023, vesting annually from December 2023 to December 2025

Amounts vesting in the year ended 30 June 2023 are detailed above.

Non-Executive Directors

Cash and Equity Compensation

The Company will pay annual retainers to non-executive directors in line with the remuneration policy approved by shareholders on 5 September 2017. The Company intends to keep the value of annual retainers under review and will consider from time to time whether the amount and terms on which retainers are payable are appropriate given the Company's economic position and wider market conditions. Any changes to retainers will be compliant with the remuneration policy and will be disclosed in the Remuneration Report for the relevant financial year.

The fee levels are reviewed on an annual basis and may be increased by the Company, taking into account factors such as the time commitment of the role and market levels in companies of comparable size and complexity. Fees may be amended before any annual review to reflect any changes to the Director's role or Board committee memberships which occur during the period or when making a new appointment.

An independent review and market benchmarking exercise by Pearl Meyer was conducted in the year ended 30 June 2021, following which the Remuneration Committee approved the increases to Board remuneration detailed below. No further changes to Directors remuneration have occurred in the current year.

Directors receive an annual retainer for service on the Board, payable monthly in arrears, with supplementary retainers payable for additional Board responsibilities, including membership of committees, as follows:

Annual retainer for Board membership	$50,000
(increased from $48,000 effective 1 January 2021);	
Annual retainer for the Chairman of the Board	£68,000
(effective 1 July 2020).	

Directors are also entitled to an additional fee for each committee they are a member or chairman of, except for unpaid committee membership for the Nomination and Sustainability Committees, as follows:

Annual retainer for Committee Chairmanship	$7,500
Annual retainer for the Committee membership	$4,000
(Membership fee only applicable from 1 July 2021 onwards);	

Directors can individually elect to receive their retainer remuneration as an RSU, or in cash, or a combination of RSUs and cash.

In addition to the retainer paid monthly noted above, on 14 December 2020, each director was granted 7,788 ($50,000) RSUs ("Restricted Stock Units") vesting in December 2020, to bring compensation in line with market levels as benchmarked by Pearl Meyer. A further 20,000 annual retention RSUs were granted to each director on January 11, 2023, vesting annually from December 2023 to December 2025. The directors were also granted points in a Long Term Incentive Plan (LTIP) at each of Tembo e-LV BV and VivoPower USA LLC. These LTIPs allow participants to benefit from any potential future trade sale, IPO, recapitalization or merger of Tembo e-LV BV and VivoPower USA LLC. In the event of such a corporate event, participants will earn Long Term Incentive ("LTI") points according to an allocation decided by the Remuneration Committee of a profit share of 20% of the net gain made by the Company from the corporate action, less previously invested amounts.

Mr. Hui has also been granted 17,500 RSUs and 52,500 PSUs in the Company, in relation to his involvement in management of Critical Power Services segment, and the hyper-turnaround programme. The Award was issued pursuant to the Company's Omnibus Incentive Plan adopted on 5 September 2017, at an issue price of $0.75 per share, based on the Company share price on 25 March 2020. The RSUs vest annually over 5 years. The PSUs vest quarterly over 3.25 years and are subject to achieving performance goals. Amounts vesting in the year ended 30 June 2022 are detailed above.

Benefits

The Company will provide benefits to Non-Executive directors in line with the remuneration policy approved by shareholders on 5 September 2017. The Company intends to keep the value of benefits under review and will consider whether the amount and terms on which benefits are provided are appropriate given the Company's economic position and wider market conditions. Any changes to benefits will be compliant with the remuneration policy outlined above and will be disclosed in the Remuneration Report for the relevant financial year.

Consideration of Matters Relating to Directors' Remuneration

Remuneration Committee

The members of the Committee during the year ended 30 June 2023 and their attendance at meetings of the Committee, are set out below:

	Attendance
William Langdon	3/ 3
Peter Jeavons	3/ 3
Gemma Godfrey	3/ 3

No Non-Executive Directors are involved in deciding their own remuneration.

The Committee retained Pearl Meyer to advise the Committee on various matters, including the Equity Incentive Plan and changes to remuneration levels for the Board of Directors and Chief Executive. Pearl Meyer is a signatory to the Remuneration Consultants' Code of Conduct. The Committee has reviewed the operating processes in place at Pearl Meyer and is satisfied that the advice it receives is independent and objective.

Shoosmiths LLP and Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. provide the Company with legal advice. Advice from Shoosmiths LLP and Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. is made available to the Remuneration Committee, where it relates to matters within its remit.

Statement of voting at general meeting

The Annual Report on Remuneration for the year ended 30 June 2022 was approved by shareholders at the Annual General Meeting held on 10 November 2022. The resolution to approve the report was approved by 98.38% of voting shareholders.

The Annual Report on Remuneration for the year ended 30 June 2021 was approved by shareholders at the Annual General Meeting held on 26 October 2021. The resolution to approve the report was approved by 99.37% of voting shareholders.

The Remuneration Report was approved by the Board and signed on its behalf by:

P. J

Peter Jeavons
Chair of the Remuneration Committee
27 November 2023

Independent Auditor's Report to the Members of VivoPower International PLC

Opinion

We have audited the financial statements of VivoPower International Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and parent company Statement of Financial Position, the Consolidated and parent company Statement of Cash Flows, the Consolidated and parent company Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2.1 in the financial statements, which indicates that the group has significant outstanding liabilities and needs to raise funds either through debt or equity in order to meet its obligations as they fall due and to support the planned growth of the Group during the going concern period. As stated in note 2.1, these events or conditions, along with the other matters as set forth in note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included obtaining an understanding of the basis of preparation of Board approved budgets and cash flow forecasts, assessing the accuracy of historic forecasts to actual results, testing the key underlying assumptions and performing sensitivity analysis on possible changes which could impact the available headroom. We also reviewed and evaluated the Board approved memorandum on going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the group financial statements as a whole to be $315,000 (2022 - $672,000). This was calculated by applying 3.5% of net assets (2022 – average of 1.5% of revenue and 3% of net assets). We selected net assets as the materiality benchmark as we considered this to be the most significant determinant of the group's performance. The group has a portfolio of solar project assets in Australia and the United States of America and other intangible assets in the Netherlands. There is a change to the materiality benchmark in the current year due primarily to the revenue reduction following the disposal of the JA Martin business and we set materiality based on net assets as this is deemed to be the most relevant benchmark throughout the group.

The parent company materiality was $42,000 (2022 - $100,000) based upon 2% of expenses (2022 - 2% of expenses) in order to ensure adequate coverage of expenditure.

Performance materiality is the application of materiality at the individual account or balance level set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality for the group and parent company was set at 70% of overall materiality to reflect the risk associated with the judgemental and key areas of management estimation in the financial statements.

Overall component materiality for significant and/or material subsidiary undertakings ranged from $16,000 to $210,000 (2022 - $25,000 to $370,000). Performance materiality for all components was set at 70% of overall component materiality.

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences identified during the course of our audit in excess of $15,750 (2022 – $33,600) for the group and $2,100 (2022 - $5,000) for the parent company.

Our approach to the audit

In designing our audit, we determined materiality, as above, and assessed the risk of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias in determining judgements and estimates by the directors that represented a risk of material misstatement due to fraud.

The accounting records of all significant and/or material subsidiary undertakings in Australia were audited by component auditors and in Netherlands by a subcontractor, under the oversight of us as group auditor in accordance with International Standard on Auditing 600, based upon component materiality and the risk to the group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material uncertainty related to going concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our scope addressed this matter
Revenue recognition	
Revenue for the year ended 30 June 2023 amounted to \$15.1 million and details of the related critical judgements and estimates are disclosed in note 3.1. There is a risk of misstatement of revenue from contracts with customers to include: • Identification of performance obligations in customer contracts; • Judging the timing and satisfaction of performance obligations; • Allocation of transaction price; • Measuring the stage of completion for long term contracts; and • Determining the costs incurred to obtain or fulfil contracts with customers.	Our work in this area included: • Updating our understanding of the internal control environment for the significant revenue streams, and checking by walkthrough tests our understanding of the internal control environment for the significant income streams; • Reviewing the work undertaken by component auditors in accordance with the issued component instructions, including regular communication throughout the audit; • Performing controls testing on the key controls applicable to the contract and revenue cycle; • Substantively testing a sample of contracts concluded and in progress at the year-end, including contract assets and liabilities and deferred and accrued income, and testing the stage of completion; • Reviewing post year-end cash receipts and documents to test the completeness, cut-off and accuracy of revenue around the year-end; and • Ensuring the revenue related disclosures in the financial statements are complete and accurate.

Recoverability of intangible assets and tests for impairment.	
As at 30 June 2023 the carrying value of goodwill and intangible assets was $42.5 million. Details of these assets and the related critical judgements and estimates are disclosed in notes 3.2 and 14. The carrying value of goodwill and other intangible assets is significant and at risk of non-recoverability. The estimated recoverable amount of these balances is subjective due to the inherent uncertainty involved in forecasting and discounting cash flows. In particular, the carrying value of goodwill and intangible assets within a subsidiary's cash generating unit has historically had no headroom and the value in use calculations were sensitive to any change in the key assumptions. In addition, the future revenue forecasts are directly linked to the successful completion and commercialisation of the electric vehicle technology within another subsidiary.	Our work in this area included: • Reviewing and challenging management's value in use calculations including the rationale behind the key assumptions and cash flow forecasts; • Checking the mathematical accuracy of the value in use calculations; • Performing sensitivity analysis on reasonably possible changes in key assumptions and the impact on the headroom; • Assessing the accuracy of budgets and forecasts used in prior periods to actual results; • Performing an independent assessment to identify any indicators of impairment; and • Assessing the appropriateness of the group's disclosure in respect of the judgements and estimates, on whether an impairment exists and the sensitivity analysis on the headroom (refer to Note 14).

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company'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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the sectors.

- We determined the principal laws and regulations relevant to the company in this regard to be those arising from federal, state and local government regulations relating to the electric vehicle market, electricity and utility market and health and safety regulations.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes, review of legal and regulatory correspondence, obtaining direct confirmations from legal advisers and review of market announcements.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the estimates, judgement and assumptions applied by management in their assessment of impairment of goodwill and intangible assets gave the greatest potential for management bias. Details of how we addressed that risk are included in the key audit matters section of this report.
- We addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- We communicated the risk of non-compliance with laws and regulations, including fraud, to the component auditors who incorporated this into their testing, which was reviewed by the group audit team.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Daniel Hutson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

27 November 2023

VivoPower International PLC for the year ended 30 June 2023

Consolidated Statement of Comprehensive Income

(US dollars in thousands, except per share amounts)	Note	Year Ended 30 June 2023	2022 (restated)	2021
Revenue from contracts with customers	4	15,060	22,448	23,975
Cost of sales		(13,472)	(20,308)	(19,614)
Cost of sales – non-recurring		(3,850)	(1,881)	-
Gross (loss)/profit		**(2,262)**	**259**	**4,361**
General and administrative expenses		(7,620)	(13,811)	(9,651)
Other gains/(losses)	5	30	(13)	769
Other income	6	119	662	960
Depreciation of property, plant and equipment	13	(750)	(770)	(638)
Amortisation of intangible assets	14	(831)	(850)	(815)
Operating loss	7	**(11,314)**	**(14,523)**	**(5,014)**
Restructuring and other non-recurring costs	8	(2,084)	(443)	(2,877)
Finance income	10	1,156	173	2,176
Finance expense	10	(7,366)	(8,604)	(2,450)
Loss before income tax		**(19,608)**	**(23,397)**	**(8,165)**
Income tax	11	(540)	1,968	138
Loss for the continuing operations		**(20,148)**	**(21,429)**	**(8,027)**
(Loss)/profit from discontinued operations		(4,207)	(625)	69
Loss for the period		**(24,355)**	**(22,054)**	**(7,958)**
Losses attributed to:				
Equity owners of VivoPower International Plc		(24,355)	(22,054)	(7,571)
Non-controlling interests		-	-	(387)
		(24,355)	**(22,054)**	**(7,958)**
Other comprehensive income/(expense)				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences recognised directly in equity		1,236	1,043	1,601
Total comprehensive loss for the period attributable to owners of the company		**(23,119)**	**(21,011)**	**(6,357)**

Earnings per share attributable to the owners of the company (dollars)				
Continuing Operations				
Basic	28	(0.82)	(1.03)	(0.49)
Discontinued Operations				
Basic	28	(0.17)	(0.03)	(0.00)

VivoPower International PLC for the year ended 30 June 2023

Consolidated Statement of Financial Position

(US dollars in thousands)	Note	2023	2022 (restated)	2021 (restated)
		Year Ended 30 June		
ASSETS				
Non-current assets				
Property, plant and equipment	13	3,742	3,743	2,575
Intangible assets	14	42,175	39,577	46,945
Deferred tax assets	11	5,136	4,668	2,495
Investments accounted for using the equity method	16	66	-	-
Total non-current assets		**51,119**	**47,988**	**52,015**
Current assets				
Cash and cash equivalents	17	553	1,285	8,604
Restricted cash	18	608	1,195	1,140
Trade and other receivables	19	7,021	9,088	12,785
Inventory	20	2,115	1,887	1,968
Assets classified as held for sale	21	-	8,214	-
Total current assets		**10,297**	**21,669**	**24,497**
TOTAL ASSETS		**61,416**	**69,657**	**76,512**
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	23	14,597	15,457	8,917
Income tax liability		156	132	708
Provisions	24	1,778	1,104	2,802
Loans and borrowings	25	2,384	5,109	1,004
Liabilities classified as held for sale	22	-	1,497	-
Total current liabilities		**18,915**	**23,299**	**13,431**
Non-current liabilities				
Other payables	23	6,443	-	-
Loans and borrowings	25	30,004	23,452	22,087
Provisions	24	76	57	165
Deferred tax liabilities	11	2,232	1,234	411
Total non-current liabilities		**38,755**	**24,743**	**22,663**
TOTAL LIABILITIES		**57,670**	**48,042**	**36,094**
EQUITY				
Share capital	26	308	256	222
Share premium	26	105,018	99,418	76,229
Cumulative translation reserve		1,203	(139)	(1,465)
Other reserves	27	(6,492)	(5,984)	15,314
Accumulated deficit		(96,291)	(71,936)	(49,882)
Equity and reserves attributable to owners		**3,746**	**21,615**	**40,418**
Non-Controlling interest		-	-	-
TOTAL EQUITY		**3,746**	**21,615**	**40,418**
TOTAL EQUITY AND LIABILITIES		**61,416**	**69,657**	**76,512**

These financial statements were approved by the Board of Directors on 27 November 2023 and were signed on its behalf by:

Kevin Chin, Chairman

Consolidated Statement of Cash Flow

(US dollars in thousands)	Note	Year Ended 30 June 2023	2022 (restated)	2021
Cash flows from operating activities				
Loss from continuing operations		(20,148)	(21,429)	(8,027)
(Loss)/profit from discontinued operations	22	(4,207)	(625)	69
Income tax		561	(1,926)	(115)
Finance income		-	-	(2,397)
Finance expense		4,917	5,334	2,889
Depreciation of property, plant and equipment	13	750	770	1,089
Amortisation of intangible assets	14	831	1,172	1,167
Other gains/(losses)		(30)	13	(769)
Shared based payments		147	2,010	1,078
Decrease/(increase) in trade and other receivables		5,903	3,459	(813)
(Increase)/decrease in inventory		(228)	81	-
Increase/(decrease) in trade and other payables		2,278	6,583	(9,453)
Increase/(decrease) in provisions		674	(572)	(95)
Net cash used in operating activities		**(8,552)**	**(5,130)**	**(15,377)**
Cash flows from investing activities				
Proceeds on sale of property plant and equipment	7	110	57	36
Purchase of property, plant and equipment	13	(1,029)	(1,165)	(937)
Investment in capital projects	14	(3,857)	(4,254)	-
Proceeds on disposal of J.A. Martin ex-solar business	22	2,874	-	-
Proceeds on sale of capital projects	7	47	19	366
Acquisitions–- consideration		(66)	-	(7,089)
Acquisitions–- cash acquired		-	-	4,942
Net cash used in investing activities		**(1,921)**	**(5,343)**	**(2,682)**

VivoPower International PLC for the year ended 30 June 2023

(US dollars in thousands)	Note	Year Ended June 30 2023	2022 (restated)	2021
Cash flows from financing activities				
Other (repayments)/borrowings	25	(108)	(85)	18
Lease repayments	25	(43)	-	(360)
Proceeds from investor		300	-	-
Capital raise proceeds	26	5,500	243	34,866
Equity instruments and capital raise costs	27	(397)	(47)	(2,819)
Debtor finance borrowings/(repayments)	25	1,297	(4)	(518)
Loans from related parties	25	3,572	4,231	-
Repayment of loans from related parties	25	(370)	-	(2,226)
Bank loan (repayments)/borrowings	25	(138)	(166)	(33)
Chattel mortgage (repayments)/borrowings	25	(267)	74	32
Finance expense	10	(129)	(636)	(5,296)
Transfer from/(to) restricted cash	18	587	(55)	(127)
Net cash from financing activities		**9,804**	**3,555**	**23,537**
Net (decrease)/increase in cash and cash equivalents		(669)	(6,918)	5,478
Cash and cash equivalents at the beginning of the period	17	1,285	8,604	2,824
Effect of exchange rate movements on cash held		(63)	(401)	302
Cash and cash equivalents at the end of the period	17	**553**	**1,285**	**8,604**

Non-cash investing and financing transactions during the year-ended 30 June 2023 comprise:

- 102,252 shares issued to Incentive Award participants at nominal value: $0.1 million;
- Right-of-use assets additions and the related lease liability during the year: $0.2 million and $0.2 million (refer to Note 25)

Consolidated Statement of Changes in Equity

(US dollars in thousands)	Share capital	Share premium	Cumulative translation reserve	Other reserves	Accumulated deficit	Non-controlling interest	Total
At 30 June 2020	**163**	**40,215**	**(3,307)**	**21,408**	**(40,773)**	**184**	**17,890**
Loss for the year	-	-	-	-	(7,571)	(387)	(7,958)
Other comprehensive income/(expense)	-	-	1,842	(241)	-	-	1,601
	163	**40,215**	**(1,465)**	**21,167**	**(48,344)**	**(203)**	**11,533**
Transactions with owners in their capacity as owners							
Equity instruments	-	-	-	(3,141)	-	-	(3,141)
Capital raises	49	34,317	-	(2,804)	-	-	31,562
Other share issuances	1	736	-	(15)	-	-	722
Employee share awards	9	961	-	107	-	-	1,077
Non-controlling interest	-	-	-	-	(1,538)	203	(1,335)
	59	**36,014**	**-**	**(5,853)**	**(1,538)**	**203**	**28,885**
At 30 June 2021	**222**	**76,229**	**(1,465)**	**15,314**	**(49,882)**	**-**	**40,418**
Loss for the year	-	-	-	-	(21,569)	-	(21,569)
Prior year adjustments	-	-	-	-	(485)	-	(485)
Other comprehensive income/(expense)	-	-	1,326	(283)	-	-	1,043
	222	**76,229**	**(139)**	**15,031**	**(71,936)**	**-**	**19,407**
Transactions with owners in their capacity as owners							
Capital raises	1	243	-	(122)	-	-	122
Other share issuances	1	217	-	(144)	-	-	74
Employee share awards	8	2,287	-	(283)	-	-	2,012
Conversion of Aevitas equity instruments	24	20,442	-	(20,466)	-	-	-
	34	**23,189**	**-**	**(21,149)**	**-**	**-**	**2,208**
At 30 June 2022	**256**	**99,418**	**(139)**	**(5,984)**	**(71,936)**	**-**	**21,615**
Loss for the year	-	-	-	-	(24,355)	-	(24,355)
Other comprehensive income/(expense)	-	-	1,342	(106)	-	-	1,226
	256	**99,418**	1,203	**(6,090)**	**(96,291)**	**-**	**(1,504)**
Transactions with owners in their capacity as owners							
Capital raises	51	5,449	-	(446)	-	-	5,054
Equity instruments	-	-	-	49	-	-	49
Employee share awards	1	151	-	(5)	-	-	281
	52	**5,600**	**-**	**(402)**	**-**	**-**	**3,746**
At 30 June 2023	**308**	**105,018**	**1,203**	**(6,492)**	**(96,291)**	**-**	**3,746**

For further information on Other Reserves please see Note 27.

1. Reporting entity

VivoPower International PLC ("VivoPower" or the "Company") is a public company limited by shares and incorporated under the laws of England and Wales and domiciled in the United Kingdom. The address of the Company's registered office is The Scalpel, 18th Floor, 52 Lime Street, London EC3M 7AF, United Kingdom.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities'). Since June 30, 2021, the Company no longer has an ultimate controlling party, as AWN Holdings Limited holds less than 50% equity interest in the Company, being 39.5% as at June 30, 2023. In prior periods, the ultimate controlling party and the results into which these financials were consolidated was AWN Holdings Limited, a company registered in Australia.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1. Basis of preparation

VivoPower International PLC consolidated financial statements were prepared in accordance with UK adopted International Accounting Standards (UK IAS),IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, except when accounting for acquisitions, whereby fair values have been applied.

The preparation of financial statements with adopted UK IAS requires the use of critical accounting estimates. It also requires the management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where the assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

The financial statements have been prepared on a going concern basis.

As at June 30, 2023, the Company had unrestricted cash totalling $0.6 million, compared to $1.3 million as at June 30, 2022 and $8.6 million as at June 30, 2021. It also has outstanding debt and borrowing totaling $32.4 million, compared to $28.6 million as at June 30, 2022 and $23.1 million as at June 30, 2021. Most of these borrowings do not fall due for repayment until 1 April 2025 and are thus classified under long-term liabilities.

Over the next twelve months, the Company expects significant growth in revenues and continued EBITDA generation in critical power systems, a material increase in revenue and costs in scaling up the Electric Vehicles business as the operation scales series production of its EUV23 conversion kits to match the demand from its signed partnerships. The Company will also be investing in further capitalized development costs in electric vehicles in preparation for Tembo series production. In addition, it expects to fund selective development of the U.S. solar portfolio to maximize future sales proceeds, as well as development of microgrid, EV charging and battery energy storage capabilities, as part of the scaling up of the SES business unit. The Company will also be investing in property, plant and equipment, particularly in Tembo.

This expected growth implies sizeable funding requirements over FY2024, which the Company is planning to finance through significant equity capital raises, asset-backed financing, debtor financing, working capital optimization with suppliers and customers, and tax relief on R&D expenditure, either at Group or subsidiary levels depending on what is best suited to the Company's growth needs and optimizing for cost of capital.

To ensure success of the business, the directors have reviewed additional plans to mitigate any cash flow risk that may arise during the next twelve months. These include:

- Regular re-forecasting process and flexing of opex and capex cost growth according to liquidity needs;
- Phased approach to hiring of personnel to sustain growth of the Tembo business;
- Staging the timing of property, plant and equipment and software capex to match asset-backed financing inflows;
- Obtain Research & Development grants in the U.K., Europe and Australia to help fund investment in electric, solar and battery technologies;
- Careful project planning and commercial structuring of SES projects;
- Possible sale, spin off, or distribution in specie of Caret, LLC ("Caret"), formerly Innovative Solar Ventures I, LLC ("ISV");
- Purchase order financing, debtor financing facilities;
- Staging the timing of equity raises to minimize dilution; and
- Renegotiation of terms on loans and supply chain.

Based on the foregoing expectations of funding needs, and actions prepared and presented by management to the Board of Directors, the Directors consider that these actions can provide sufficient cash to support business operations and meet funding requirements as they become due, despite financial, economic and political uncertainty. If we continue to experience losses and we are not able to raise additional financing to provide the funding to grow the revenue streams of the Company to become profit making, or generate cash through sales of assets, we may not have sufficient liquidity to sustain our operations and to continue as a going concern, accordingly there is a material uncertainty that may cause significant doubt about the going concern nature of the Group. Our consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

All financial information presented in US dollars has been rounded to the nearest thousand.

2.2. Basis of consolidation

The consolidated financial statements include those of VivoPower International PLC and all of its subsidiary undertakings.

Subsidiary undertakings are those entities controlled directly or indirectly by the Company. The Company controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The results of the subsidiaries acquired are included in the Consolidated Statement of Comprehensive Income from the date of acquisition using the same accounting policies of those of the Group. All business combinations are accounted for using the purchase method. The consideration transferred in a business combination is the fair value at the acquisition date of the assets transferred and the liabilities incurred by the Group and includes the fair value of any contingent consideration arrangement. Acquisition-related costs are recognized in the income statement as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group balances and transactions, including any unrealized income and expense arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2.3. Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired businesses
- equity interests issued by the Company
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expenses as incurred.

The excess of the:

- consideration transferred
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

2.4. Intangible assets

All intangible assets, except goodwill, are stated at fair value less accumulated amortization and any accumulated impairment losses. Goodwill is not amortized and is stated at cost less any accumulated impairment losses. Any gain on a bargain purchase is recognized in profit or loss immediately.

Goodwill

Goodwill arose on the effective acquisition of VivoPower Pty Ltd, Aevitas O Holdings Limited ("Aevitas") and Tembo e-LV B.V. Goodwill is reviewed annually to test for impairment.

Negative goodwill arose on the acquisition of the remaining 50% share in the ISS Joint Venture, constituting a bargain purchase. The gain was immediately recognized in the profit and loss during the year ended June 30, 2021.

Other intangible assets

Intangible assets acquired through a business combination are initially measured at fair value and then amortized over their useful economic lives. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

Development expenditure includes the product development project for ruggedized electric vehicles in Tembo, pre-series-production expenditure on developing vehicle specifications and production processes. Capitalized costs include primarily internal payroll costs, external consultants and computer software.

Development expenditure on U.S. solar projects includes securing land rights, completing feasibility studies, negotiating power purchase agreements, and other costs incurred to prepare project sales for Notice to Proceed with construction and hence sale to a partner as a shovel ready project.

For both electric vehicles product development project, and U.S. solar development projects, it is the Company's intention to complete the projects. It expects to obtain adequate technical, financial and other resources to complete the projects, and management consider that it is probable for the future economic benefits attributable to the development expenditure to flow to the entity; and that the cost of the asset can be measured reliably. Accordingly, the development expenditure is recognized under IAS 38 – Intangible Assets as an intangible asset.

All other expenditure, including expenditure on internally generated goodwill and brands, and research costs, are recognized in profit or loss as incurred.

Amortization is calculated on a straight-line basis to write down the assets over their useful economic lives at the following rates:

- Development expenditure – 5 to 10 years
- Customer relationships – 5 to 10 years
- Trade names – 15 to 25 years
- Favourable supply contracts – 15 years
- Other – 5 years

2.5. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and the costs directly attributable to bringing the asset into use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted as separate items (major components) of property, plant and equipment.

Depreciation is calculated on a straight-line basis so as to write down the assets to their estimated residual value over their useful economic lives at the following rates:

- Computer equipment– 3 years
- Fixtures and fittings– 3 to 20 years
- Motor vehicles– 5 years
- Plant and equipment – 3.5 to 10 years
- Right-of-use assets – remaining term of lease

2.6. Assets classified as held for sale and discontinued operations

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying value and fair value less costs to sell. An impairment loss is recognised for any subsequent write-down of the asset to fair value less costs to sell.

A discontinued operation is a component of the Company that has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operations. The results of discontinued operations are presented separately in the statement of profit or loss.

2.7. Inventory

Inventories are stated at the lower of cost and net realizable value, in accordance with IAS 2 – Inventories. The cost includes all direct and indirect variable production expenses, plus fixed expenses based on the normal capacity of each production facility. The net realizable value of inventories intended to be sold corresponds to their selling price, as estimated based on market conditions and any relevant external information sources, less the estimated costs necessary to complete the sale.

2.8. Leases

The Group leases offices, workshops, motor vehicles, and equipment for fixed periods of 2 months to 8 years but may have extension options. Extension options are not recognized by the Group in the determination of lease liabilities unless renewals are reasonably certain.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis, with lease payments discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used. The Group presents lease liabilities in loans and borrowings in the Statement of Financial Position.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are presented in property, plant and equipment and depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

2.9. Impairment of non-financial assets

Goodwill is allocated to cash-generating units for the purposes of impairment testing. The recoverable amount of the cash-generating unit ('CGU') to which the goodwill relates is tested annually for impairment or when events or changes to circumstances indicate that it might be impaired.

The carrying values of property, plant and equipment, investments and intangible assets other than goodwill are reviewed for impairment only when events indicate the carrying value may be impaired.

In an impairment test the recoverable amount of the cash-generating unit or asset is estimated in order to determine the existence or extent of any impairment loss. The recoverable amount is the higher of fair value less costs to sell and the value in use to the Group. An impairment loss is recognized to the extent that the carrying value exceeds the recoverable amount. In determining a cash-generating unit's or asset's value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time-value of money and risks specific to the cash-generating unit or asset that have not already been included in the estimate of future cash flows. All impairment losses are recognized in the Statement of Comprehensive Income.

An impairment loss in respect of goodwill is not reversed. In the case of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. These impairment losses are reversed if there has been any change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent so that the asset's carrying amount does not exceed the carrying value that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

2.10. Financial Instruments

Financial assets and liabilities are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contracted provision of the instrument. The following policies for financial instruments have been applied in the preparation of the consolidated financial statements.

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and,
- those to be measured at amortised cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are classified as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect contractual cash flows; and,
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or,
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1–- quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2–- valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3–- valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Cash and cash equivalents

For the purpose of preparation of the Statement of Cash Flow, cash and cash equivalents includes cash at bank and in hand.

Restricted cash

Restricted cash are cash and cash equivalents whose availability for use within the Group is subject to certain restrictions by third parties.

Bank borrowings

Interest-bearing bank loans are recorded at the proceeds received. Direct issue costs paid on the establishment of loan facilities are recognised over the term of the loan on a straight-line basis. The initial payment is taken to the Statement of Financial Position and then amortised over the full-length of the facility.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for the expected future issue of credit notes and for non-recoverability due to credit risk. The Group applies the IFRS 9 – Financial Instruments simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure expected credit losses, trade receivables and contract assets have been grouped based on shared risk characteristics.

Trade and other payables

Trade and other payables are non-interest bearing and are stated at amortised cost using the effective interest method.

Share capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of Ordinary Shares are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased as equity by the Company the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity, and excluded from the number of shares in issue when calculating earnings per share.

2.11. Taxation

Income tax expense comprises current and deferred tax.

Current tax is recognized based on the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided on temporary timing differences that arise between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding tax values. Liabilities are recorded on all temporary differences except in respect of initial recognition of goodwill and in respect of investments in subsidiaries where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that it will not reverse in the foreseeable future. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the asset can be offset. Deferred tax is measured on an undiscounted basis using the tax rates and laws that have been enacted or substantively enacted by the end of the accounting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, they relate to income taxes levied by the same tax authority and the Group intends to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Current and deferred tax are recognized in the Statement of Comprehensive Income, except when the tax relates to items charged or credited directly to equity, in which case it is dealt with directly in equity.

2.12. Provisions

Provisions are recognized when the Group has a present obligation because of a past event, it is probable that the Group will be required to settle that obligation, and it can be measured reliably.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the date of Statement of Financial Position.

Where the time value of money is material, provisions are measured at the present value of expenditures expected to be paid in settlement.

2.13. Earnings per share

The Group presents basic ("EPS") data for Ordinary Shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of Ordinary Shares, excluding the shares held as treasury shares.

2.14. Foreign currencies

The Company's functional and presentational currency is the US dollar. Items included in the separate financial statements of each Group entity are measured in the functional currency of that entity. Transactions denominated in foreign currencies are translated into the functional currency of the entity at the rates of exchange prevailing at the dates of the individual transactions. Foreign currency monetary assets and liabilities are translated at the rates of exchange prevailing at the end of the reporting period.

Exchange gains and losses arising are charged to the Statement of Comprehensive Income within finance income or expenses. The Statement of Comprehensive Income and Statement of Financial Position of foreign entities are translated into US dollars on consolidation at the average rates for the period and the rates prevailing at the end of the reporting period respectively. Exchange gains and losses arising on the translation of the Group's net investment foreign entities are recognized as a separate component of shareholders' equity.

Foreign currency denominated share capital and related share premium and reserve accounts are recorded at the historical exchange rate at the time the shares were issued, or the equity created.

2.15. Revenue from contracts with customers

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of discounts, value-added tax, other sales related taxes, and after the elimination of sales within the Group.

Revenue comprises development revenues, electrical installations, electrical servicing and maintenance, generator sales, vehicle spec conversion and conversion kits. Revenue is recognized upon satisfaction of contractual performance obligations.

The Group has a number of different revenue streams and the key components in determining the correct recognition are as follows:

Development revenue, which is revenue generated from development services relating to the building and construction of solar projects, is recognized on a percentage completion basis as the value is accrued by the end user over the life of the contract. The periodic recognition is calculated through weekly project progress reports.

On longer-term power services projects such as large-scale equipment provision and installation, the performance obligation of completing the installation is satisfied over time, and revenue is recognized on a percentage completion basis using an input method. Revenue for stand-alone equipment sales is recognized at the point of passing control of the asset to the customer. Other revenue for small jobs and those completed in a limited timeframe are recognized when the job is complete and accepted by the customer.

Revenue for sale of electric vehicles, kits for electric vehicles and related products is recognized upon delivery to the customer. Where distribution agreements are agreed with external parties to participate in the assembly of vehicles, revenue recognition will be assessed under IFRS 15 - Revenue from Contracts with Customers, to establish the principal and agent in the relationship between the parties and with the end customer.

Warranties are of short duration and only cover defective workmanship and defective materials. No additional services are committed to which generate a performance obligation.

No adjustment is made for the effects of financing, as the Company expects, at contract inception, that the period between when the goods and services are transferred to the customer and when the customer pays, will be one year or less.

If the revenue recognized for goods and services rendered by the Company exceeds amounts that the Company is entitled to bill the customer, a contract asset is recognized. If amounts billed exceed the revenue recognized for goods and services rendered, a contract liability is recognized.

Incremental costs of obtaining a contract are expensed as incurred.

2.16. Other income

Other income in relation to government grants, is recognized in the period that the related costs, for which the grants are intended to compensate, are expensed.

2.17. Employee Benefits

Pension

The employer pension contributions are associated with defined contribution schemes. The costs are therefore recognised in the month in which the contribution is incurred, which is consistent with recognition of payroll expenses.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be reliably measured.

Short-term compensated absences

A liability for short-term compensated absences, such as holidays, is recognised for the amount the Group may be required to pay because of the unused entitlement that has accumulated at the end of the reporting period.

Share-based payments

Shares issued to employees and other participants under the Omnibus Incentive Plan 2017 are recognised over the expected vesting period, using the grant date share price, in accordance with IFRS 2 Share-based Payments.

2.18. Restructuring and other non-recurring costs

Restructuring and other non-recurring costs are by nature one-time incurrences and do not represent the normal trading activities of the business and accordingly are disclosed separately on the Consolidated Statement of Comprehensive Income in accordance with IAS 1 – Presentation of Financial Statements in order to draw them to the attention of the reader of the financial statements. Restructuring costs are defined in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets as being related to sale or termination of a line of business, closure of business locations, changes in management structure, or fundamental reorganizations.

Other non-recurring costs include litigation expenses for former employees, including fees for legal services and provisions under IAS 37 for legal fee dispute resolutions that are probable to result in a quantifiable financial outflow by the Company.

Other non-recurring costs also include legal and professional costs for project review and investigation detailed review and sales campaign for solar projects managed by the ISS joint venture partner.

Other non-recurring costs also include one-off costs resulting from acquisition of Tembo e-LV and subsidiaries and impairment and write-off of nonrecoverable items.

Other non-recurring costs also include provisions in respect of fiscal refunds on prior receivables, which the Company is defending.

2.19. New standards, amendments and interpretations

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

International Accounting Standards (amendments)	Effective date*
IAS 1 - Amendments regarding the classification of liabilities	1 January 2023
IAS 1, IFRS Practice Statement 2 - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
IAS 1 - Amendments regarding non-current liabilities with covenants	1 January 2024
IAS 8 (amendments) - Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
IFRS 16 - Amendments regarding lease liability in a sale and leaseback	1 January 2024

* Years beginning on or after

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group or Company in future periods.

3. Significant accounting judgements and estimates

In preparing the consolidated financial statements, the directors are required to make judgements in applying the Group's accounting policies and in making estimates and making assumptions about the future. These estimates could have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the future financial periods. The critical judgements that have been made in arriving at the amounts recognised in the consolidated financial statements are discussed below.

3.1. Revenue from contracts with customers – determining the timing of satisfaction of services

As disclosed in Note 2.15 to the Financial Statements the Group concluded that Solar Development revenue and revenue from other long-term projects is recognized over time as the customer simultaneously receives and consumes the benefits provided. The Group determined that the percentage completion basis is the best method in measuring progress because there is a direct relationship between the Group's effort and the transfer of services to the customer. The judgement used in applying the percentage completion basis affects the amount and timing of revenue from contracts.

3.2. Impairment of non-financial assets

The carrying values of property, plant and equipment, investments and intangible assets other than goodwill are reviewed for impairment only when events indicate the carrying value may be impaired. Goodwill is tested annually for impairment or when events or changes to circumstances indicate that it might be impaired.

Impairment assessments require the use of estimates and assumptions. To assess impairment, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time-value of money and risks specific to the related cash-generating unit. Judgement was applied in making estimates and assumptions about the future cash flows, including the appropriateness of discounts rates applied, as further disclosed in Note 14. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

3.3. Operating profit/(loss)

In preparing the consolidated financial statements of the Group, judgement was applied with respect to those items which are presented in the Consolidated Statement of Comprehensive Income as included within operating profit/(loss). Those revenues and expenses which are determined to be specifically related to the on-going operating activities of the business are included within operating profit/(loss). Expenses or charges to earnings which are not related to operating activities, are one-time costs determined to be not representative of the normal trading activities of the business, or that arise from revaluation of assets, are reported below operating profit/(loss).

3.4. Litigation provision

No litigation provision was recorded at June 30, 2023. The provision of $0.5 million for disputed legal success fees related to the Mr. Comberg litigation recorded at June 30, 2021 was estimated by management, making a judgement in conjunction with advice from legal counsel, on the likely outcome of the claim. $0.4 million of this provision was utilized in the year ended June 30, 2022, and the remainder released.

3.5. Capitalization of product development costs

The Group capitalizes costs for product development projects in the EV segment. The capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed, and all other recognition criteria within IAS 38 can be demonstrated. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation, discount rates to be applied and the expected period of benefits. As of June 30, 2023, the carrying amount of capitalized development costs were $ 7.8 million (2022: $3.8 million).

3.6. Contingent consideration on disposals

Included within the assessment of recoverable value for impairment purposes of assets held for sale related to the sale of the J.A. Martin ex-solar business, as at June 30, 2022, were estimates of the contingent consideration included within the sale agreement. The contingent consideration receivable 12 months following sale, is based on a multiple of earnings before interest, tax, depreciation and amortization of the business. The fair value of contingent consideration of $4.5 million applied a contracted 4.5x multiple to year 1 forecast EBITDA of AUD$2.7 million, less purchase price paid, discounted at 10% to net present value, less purchase price paid. Final settlement of the contingent consideration was paid in August 2023, and the receivable amount and loss on disposal adjusted accordingly.

3.7. Income taxes

In recognizing income tax assets and liabilities, management makes estimates of the likely outcome of decisions by tax authorities on transactions and events whose treatment for tax purposes is uncertain. Where the outcome of such matters is different, or expected to be different, from previous assessments made by management, a change to the carrying value of the income tax assets and liabilities will be recorded in the period in which such determination is made. The carrying values of income tax assets and liabilities are disclosed separately in the Consolidated Statement of Financial Position.

3.8. Deferred tax assets

Deferred tax assets for unused tax losses amounting to $4.3 million at June 30, 2023 (June 30, 2022: $4.1 million; June 30, 2021: $1.9 million) are recognized to the extent that it is probable that sufficient taxable profit will be available against which the losses can be utilized. Management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the deferred tax assets recorded at the reporting date could be impacted.

3.9. Exchangeable preference shares and exchangeable notes

As part of the IPO listing process VivoPower acquired Aevitas. The instruments previously issued by Aevitas were restructured to become exchangeable into VivoPower shares. The Company considered IAS 32 paragraph 16 in determining the accounting treatment. The Company has determined the instruments to be treated as equity under the “fixed-for-fixed” rule meaning that both the amount of consideration received/receivable and the number of equity instruments to be issued must be fixed for the instrument to be classified as equity. Both elements are satisfied within the instruments.

Whilst the majority of the Aevitas exchangeable preference shares and exchangeable notes were converted into Ordinary Shares in VivoPower in July 2021 a minority of investors in the instruments elected to accept new Aevitas Preference Shares. The Company considered IAS 32 paragraph 16 in determining the accounting treatment, and has determined the new Aevitas Preference Shares instruments should be treated as equity.

3.10. Fair value measurement

The fair values of financial assets and liabilities recorded in the statement of financial position are measured using valuation techniques including discounted cash flow (DCF) models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Changes in assumptions about these factors could affect the reported fair value. When the fair values of non-financial assets/CGUs need to be determined, for example in business combinations and for impairment testing purposes, they are measured using valuation techniques including the DCF model.

4. Revenue and segmental information

The Group determines and presents operating segments based on the information that is provided internally to the board of directors of the Company (the "Board"), which is the Group’s chief operating decision maker.

Management analyzes our business in five reportable segments: Critical Power Services, Electric Vehicles, Sustainable Energy Solutions, Solar Development and Corporate Office. Critical Power Services is represented by VivoPower’s wholly owned subsidiary Aevitas. In turn, Aevitas wholly owns Kenshaw Solar Pty Ltd (previously J.A. Martin) (“Aevitas Solar”) and Kenshaw Electrical Pty Limited (“Kenshaw”), both of which operate in Australia with a focus on the design, supply, installation and maintenance of critical power, control and distribution systems, including for solar farms. Electric Vehicles is represented by Tembo e-LV B.V. (“Tembo”), a Netherlands-based specialist battery-electric and off-road vehicle company delivering electric vehicles (“EV”) for mining and other rugged industrial customers globally. Sustainable Energy Solutions (“SES”) is the design, evaluation, sale and implementation of renewable energy infrastructure to customers, both on a standalone basis and in support of Tembo EVs. Solar Development is represented by Caret and comprises 12 solar projects in the United States. Corporate Office is the Company’s corporate functions, including costs to maintain the Nasdaq public company listing, comply with applicable SEC reporting requirements, and related investor relations and is located in the U.K.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including any revenues and expenses that relate to the transactions with any of the Group's other components. Operating segments results are reviewed regularly by the Board to assess its performance and make decisions about resources to be allocated to the segment, and for which discrete financial information is available.

Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated to a segment on a reasonable basis.

4.1. Revenue

Revenue from continuing operations by geographic location is as follows:

(US dollars in thousands)	Year ended 30 June		
	2023	2022	2021
Australia	13,596	20,958	22,582
Netherlands	1,464	1,490	1,393
United Kingdom	-	-	-
United States	-	-	-
Total revenue	**15,060**	**22,448**	**23,975**

Revenue from continuing operations by product and service is as follows:

(US dollars in thousands)	Year ended 30 June		
	2023	2022	2021
Electrical products and related services	13,596	20,958	22,396
Development fees	-	-	185
Vehicle spec conversion	-	789	137
Conversion kits	1,394	301	1,219
Accessories	70	400	38
Total revenue	**15,060**	**22,448**	**23,975**

The Group had one customer representing more than 10% of revenue for the year ended 30 June 2023 (year ended 30 June 2022: none; year ended 30 June 2021: none).

4.2. Operating segments

a) Segment results of operations

Results of operations by reportable segment are as follows:

	Continuing operations						Discontinued operations	
Year Ended 30 June 2023 (US dollars in thousands)	**Critical Power Services**	**Solar Development**	**Electric Vehicles**	**Sustainable Energy Solutions**	**Corporate Office**	**Total Continuing**	**Critical Power Services**	**Total**
Revenue from contracts with customers	13,596	-	1,464	-	-	15,060	-	15,060
Costs of sales - other	(11,900)	-	(1,572)	-	-	(13,472)	-	(13,472)
Cost of sales – non-recurring events	(3,850)	-	-	-	-	(3,850)	-	(3,850)
Gross loss	**(2,154)**	**-**	**(108)**	**-**	**-**	**(2,262)**	**-**	**(2,262)**
General and administrative expenses	(1,390)	(297)	(1,005)	(367)	(4,561)	(7,620)	-	(7,620)
Other gains/(losses)	-	-	-	30	-	30	(4,207)	(4,177)
Other income	50	69	-	-	-	119	-	119
Depreciation and amortization	(895)	-	(673)	(3)	(10)	(1,581)	-	(1,581)
Operating loss	**(4,389)**	**(228)**	**(1,786)**	**(340)**	**(4,571)**	**(11,314)**	**(4,207)**	**(15,521)**
Restructuring and other non-recurring costs	(1)	-	(214)	-	(1,869)	(2,084)	-	(2,084)
Finance expense - net	(6,841)	(34)	936	(50)	(221)	(6,210)	-	(6,210)
Loss before income tax	**(11,231)**	**(262)**	**(1,064)**	**(390)**	**(6,661)**	**(19,608)**	**(4,207)**	**(23,815)**
Income tax	(619)	-	(40)	119	-	(540)	-	(540)
Loss for the year	**(11,850)**	**(262)**	**(1,104)**	**(271)**	**(6,661)**	**(20,148)**	**(4,207)**	**(24,355)**

Year Ended 30 June 2022 (restated) (US dollars in thousands)	Continuing operations						Discontinued operations	
	Critical Power Services	Solar Development	Electric Vehicles	Sustainable Energy Solutions	Corporate Office	Total Continuing	Critical Power Services	Total
Revenue from contracts with customers	20,958	-	1,490	-	-	22,448	15,168	37,616
Costs of sales - other	(18,804)	-	(1,504)	-	-	(20,308)	(13,842)	(34,150)
Cost of sales – COVID-19 disruption	(1,881)	-	-	-	-	(1,881)	-	(1,881)
Gross profit/(loss)	**273**	**-**	**(14)**	**-**	**-**	**259**	**1,326**	**1,585**
General and administrative expenses	(1,568)	(80)	(2,901)	(1,660)	(7,602)	(13,811)	(1,485)	(15,296)
Other gains/(losses)	103	(139)	-	23	-	(13)	-	(13)
Other income	662	-	-	-	-	662	324	986
Depreciation and amortization	(1,165)	-	(443)	(3)	(9)	(1,620)	(767)	(2,387)
Operating loss	**(1,695)**	**(219)**	**(3,358)**	**(1,640)**	**(7,611)**	**(14,523)**	**(602)**	**(15,125)**
Restructuring and other non-recurring costs	45	-	(429)	-	(59)	(443)	-	(443)
Finance expense - net	(7,470)	-	(974)	23	(10)	(8,431)	(172)	(8,603)
Loss before income tax	**(9,120)**	**(219)**	**(4,761)**	**(1,617)**	**(7,680)**	**(23,397)**	**(774)**	**(24,171)**
Income tax	1,349	-	575	192	(148)	1,968	149	2,117
Loss for the year	**(7,771)**	**(219)**	**(4,186)**	**(1,425)**	**(7,828)**	**(21,429)**	**(625)**	**(22,054)**

Year Ended 30 June 2021 (US dollars in thousands)	Continuing operations						Discontinued operations	
	Critical Power Services	Solar Development	Electric Vehicles	Sustainable Energy Solutions	Corporate Office	Total Continuing	Critical Power Services	Total
Revenue from contracts with customers	22,396	185	1,394	-	-	23,975	16,436	40,411
Costs of sales - other	(18,322)	-	(1,292)	-	-	(19,614)	(14,470)	(34,084)
Cost of sales – COVID-19 disruption	-	-	-	-	-	-	-	-
Gross profit	**4,074**	**185**	**102**	**-**	**-**	**4,361**	**1,966**	**6,327**
General and administrative expenses	(1,522)	(1,309)	(1,923)	-	(4,897)	(9,651)	(1,482)	(11,133)
Other gains/(losses)	36	733	-	-	-	769	-	769
Other income	960	-	-	-	-	960	552	1,512
Depreciation and amortization	(1,099)	(4)	(346)	-	(4)	(1,453)	(803)	(2,256)
Operating profit/(loss)	**2,449**	**(395)**	**(2,167)**	**-**	**(4,901)**	**(5,014)**	**233**	**(4,781)**
Restructuring & other non-recurring costs	(24)	-	(631)	-	(2,222)	(2,877)	(3)	(2,880)
Finance expense - net	1,824	(24)	(1)	-	(2,073)	(274)	(137)	(411)
Profit/(loss) before income tax	**4,249**	**(419)**	**(2,799)**	**-**	**(9,196)**	**(8,165)**	**93**	**(8,072)**
Income tax	(691)	96	733	-	-	138	(24)	114
Profit/(loss) for the year	**3,558**	**(323)**	**(2,066)**	**-**	**(9,196)**	**(8,027)**	**69**	**(7,958)**

b) Segment net assets

Net assets by reportable segment are as follows:

As at 30 June 2023 (US dollars in thousands)	Critical Power Services	Solar Development	Electric Vehicles	Sustainable Energy Solutions	Corporate Office	Total
Assets	18,034	12,726	17,483	10,343	2,819	61,416
Liabilities	(15,539)	-	(7,564)	(645)	(33,921)	(57,670)
Net assets/(liabilities)	**2,495**	**12,726**	**9,929**	**9,698**	**(31,102)**	**3,746**

As at 30 June 2022 (US dollars in thousands)	Critical Power Services	Solar Development	Electric Vehicles	Sustainable Energy Solutions	Corporate Office	Total
Assets	30,878	22,505	14,202	1,170	903	69,657
Liabilities	(13,452)	(377)	(4,528)	(485)	(29,200)	(48,042)
Net assets/(liabilities)	**17,426**	**22,128**	**9,673**	**685**	**(28,297)**	**21,615**

As at 30 June 2021 (US dollars in thousands)	Critical Power Services	Solar Development	Electric Vehicles	Sustainable Energy Solutions	Corporate Office	Total
Assets	35,604	24,693	9,027	-	7,188	76,512
Liabilities	(9,442)	(767)	(2,093)	-	(23,792)	(36,094)
Net assets/(liabilities)	**26,162**	**23,926**	**6,934**	-	**(16,604)**	**40,418**

5. Other gains/(losses)

	Year Ended 30 June		
(US dollars in thousands)	**2023**	**2022**	**2021**
Australia solar projects	30	23	(165)
ISS Joint Venture - 50% share of discontinued projects	-	-	(6,950)
Gain on acquisition of remaining 50% ISV from ISS	-	-	7,848
Other (losses)/gains	-	(36)	36
Total other gains/(losses)	**30**	**(13)**	**769**

The Company recorded a net loss for solar projects in Australia, related primarily to the sale of its 50% interest in the Yoogali Solar Farm on June 1, 2021. The loss on sale of $0.2 million comprised disposal of $0.2 million net book value of intangible assets. Additionally, the Company recognized $0.1 million gain on the disposal of Daisy Hill.

The Company recorded a loss of $7.0 million in respect of its share of discontinued Solar Development projects in the joint venture, Caret, prior to acquisition of the remaining 50% interest by the Company on June 30, 2021.

On June 30, 2021, the Company completed its acquisition of the remaining 50% share in Caret. As detailed in Note 12.b, the difference between consideration of $5.4 million, being the fair value of pre-acquisition equity interest held by VivoPower, and fair value of acquired net assets of $13.2 million, resulted in a gain of $7.8 million. Results of operations for the portfolio are reported within the Solar Development segment.

6. Other income

The Australian government's Jobkeeper allowance helped keep Australian citizens in jobs and supported businesses affected by the significant economic impact of the COVID-19 pandemic. The allowance is included in other income and recognized in the period that the related costs, for which it is intended to compensate, are expensed. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance. This also includes a previous year deposit which was refunded in March 2023.

7. Operating profit/(loss)

Operating profit/(loss) from continuing operations is stated after charging/(crediting):

(US dollars in thousands)	Year Ended June 30		
	2023	2022	2021
Amortisation of intangible assets	831	850	815
Depreciation of property, plant and equipment	750	770	638
Auditors' remuneration – audit fees	218	177	163
Auditors' remuneration – tax services	8	12	12
Directors' emoluments	719	693	676
Other (gains)/losses	(30)	13	(769)

8. Restructuring and other non-recurring costs

	Year Ended June 30		
(US dollars in thousands)	**2023**	**2022**	**2021**
Corporate restructuring – professional fees	200	189	179
Corporate restructuring – litigation provision	-	(128)	2,039
Fiscal refunds provision	1,768	-	-
Impairment and write-off	422	-	-
Relocation	-	-	27
Remediation	(361)	382	-
Acquisition related costs	55	-	632
Total	**2,084**	443	2,877

In the year ended June 30, 2023, the Company incurred non-recurring costs related to a provision in respect of fiscal refunds on prior receivables, which the Company is defending of $1.8 million, restructuring activities of $0.2 million and provision for inventory obsolescence and write-off of bad debts of $0.4 million, offset by $0.4 million release of remediation provision.

In the year ended June 30, 2022, the Company incurred non-recurring costs related to restructuring activities of $0.2 million and one-off remediation expenses of $0.4 million, offset by $0.1 million release of unutilized provision related to the Comberg Claims.

In the year ended June 30, 2021, the Company also incurred non-recurring costs for legal, accounting, tax advisory and due diligence costs of $0.6 million related to the acquisition of Tembo e-LV in November 2020.

Restructuring and other non-recurring costs by nature are one-time incurrences, and therefore, do not represent normal trading activities of the business. These costs are disclosed separately in order to draw them to the attention of the reader of the financial information and enable comparability in future periods.

In FY 2021, the Board undertook a strategic restructuring of the business to align operations, personnel, and business development activities to focus on a fewer number of areas of activity. Associated with this restructuring was the departure of a number of employees and contractors from the business. The workforce reduction cost represents the total salary, benefit, severance, and contract costs paid in the year or accruing to these individuals in the future for which no services will be rendered to the Company. Professional fees represent legal fees incurred to resolve certain disputes related to some of these separations in both the current and prior year.

9. Staff numbers and costs

The average number of employees (including directors) during the period was:

	Year Ended June 30		
	2023	**2022**	**2021**
Sales and Business Development	11	13	13
Central Services and Management	18	29	35
Production	64	212	164
Total	**93**	**254**	**212**

Their aggregate remuneration costs comprised:

	Year Ended 30 June		
(US dollars in thousands)	2023	2022 (restated)	2021
Salaries, wages and incentives	5,465	15,372	14,550
Social security costs	430	730	795
Pension contributions	369	844	850
Short-term compensated absences	366	1,277	1,200
Total	**6,630**	**18,233**	**17,395**

Directors' emoluments for the year ended 30 June 2023 were $347,179 (year ended 30 June, 2022: $376,043; year ended 30 June, 2021: $675,807) of which the highest paid director received $81,819 (year ended 30 June, 2022: $91,029; year ended 30 June, 2021: $92,119). Director emoluments include employer social security costs.

Key Management Personnel:

	Year Ended 30 June		
(US dollars in thousands)	2023	2022	2021
Salaries, wages and incentives	1,120	1,578	1,949
Social security costs	38	151	101
Pension contributions	60	114	64
Equity incentives	-	392	244
Short-term compensated absences	-	-	2
Total	**1,218**	**2,235**	**2,361**

Key management personnel are those below the Board level that have a significant impact on the operations of the business. The number of key management personnel, including directors for the year ended 30 June 2023 was 10 (year ended 30 June 2022: 10; year ended 30 June 2021: 10).

10. Finance income and expense

	Year Ended 30 June		
(US dollars in thousands)	2023	2022	2021
Finance income			
Foreign exchange gain	1,150	173	2,176
Interest income	6	-	-
Total finance income	**1,156**	**173**	**2,176**

	Year Ended 30 June		
(US dollars in thousands)	**2023**	**2022**	**2021**
Finance expense			
Related party loan interest payable	3,801	3,351	1,986
Convertible loan notes and preference shares interest payable	254	217	1,228
Waived dividends and interest on convertible preference shares and loan notes	-	-	(995)
Financing agreement finance cost payable	-	-	-
Debtor invoice finance cost payable	100	24	7
Lease liabilities interest payable	171	133	42
Bank interest payable	47	3	-
Foreign exchange losses	2,704	4,709	92
Other finance costs	289	167	90
Total finance expense	**7,366**	**8,604**	**2,450**

11. Taxation

a) Tax (charge)/credit

(US dollars in thousands)	Year Ended 30 June 2023			Year Ended 30 June 2022			Year Ended 30 June 2021		
	Continuing	**Dis-continued**	**Total**	**Continuing**	**Dis-continued**	**Total**	**Continuing**	**Dis-continued**	**Total**
Current tax									
UK tax	-	-	-	(52)	-	(52)	-		-
Foreign tax	(924)	-	(924)	818	-	818	(825)	(23)	(848)
Total current tax	**(924)**	**-**	**(924)**	**766**	**-**	**766**	**(825)**	**(23)**	**(848)**
Deferred tax									
Current year									
UK tax	-	-	-	(96)	-	(96)	(51)	-	(51)
Foreign tax	382	-	382	1,297	149	1,446	1,014	-	1,014
Total deferred tax	**382**	**-**	**382**	**1,201**	**149**	**1,350**	**963**	**-**	**963**
Total income tax	**(541)**	**-**	**(541)**	**1,968**	**149**	**2,117**	**138**	**(23)**	**115**

The difference between the total tax charge and the amount calculated by applying the weighted average corporation tax rates applicable to each of the tax jurisdictions in which the Group operates to the profit before tax is shown below.

	Year Ended 30 June		
(US dollars in thousands)	**2023**	**2022**	**2021**
Loss before income tax	(17,604)	(23,397)	(8,165)
Group weighted average corporation tax rate	29.1%	26.6%	22.2%
Tax at standard rate	5,118	6,224	1,813
Effects of:			
Expenses that are not deductible for tax purposes	-	-	(833)
Adjustment to prior year tax provisions	-	-	137
Deferred tax assets not recognised on tax losses	(5,660)	(4,256)	(979)
Total income tax for the period Recognised in the Consolidated Statement of Comprehensive Income/(Loss)	(541)	1,968	138

b) Deferred tax

	As at 30 June		
(US dollars in thousands)	**2023**	**2022**	**2021**
Deferred tax assets	5,136	4,668	2,495
Deferred tax liabilities	(2,232)	(1,234)	(411)
Net deferred tax asset	2,904	3,434	2,084

These assets and liabilities are analysed as follows:

Deferred tax assets	**Tax losses**	**Other timing differences**	**Total**
30 June 2020	814	533	1,347
Credit to comprehensive income	776	109	885
Acquisitions	263	-	263
30 June 2021	1,853	642	2,495
Credit/(charged) to comprehensive income	2,227	(54)	2,173
30 June 2022	4,080	588	4,668
Credit to comprehensive income	196	272	468
30 June 2023	4,276	860	5,136

Deferred tax liabilities	Accelerated allowances	Other timing differences	Total
30 June 2020	-	-	-
Credit to comprehensive income	-	78	78
Acquisition of subsidiary (Note 12)	-	(489)	(489)
30 June 2021	-	(411)	(411)
Charged to comprehensive income	-	(823)	(823)
30 June 2022	-	(1,234)	(1,234)
Charged to comprehensive income	-	(998)	(998)
30 June 2023	-	(2,232)	(2,232)

Deferred tax has been recognised in the current period using the tax rates applicable to each of the tax jurisdictions in which the Group operates. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

12. Business Combination

(a) Tembo e-LV

On 5 November 2020, VivoPower International PLC acquired 51% of the ordinary issued share capital of Tembo e-LV B.V. a specialist battery-electric and off-road vehicle company located in The Netherlands. The non-controlling interest representing 49% of the ordinary issued share capital was acquired on 2 February 2021.

Purchase consideration

(Amounts in thousands)	EUR	USD
Cash consideration for 51% acquisition	4,000	4,916

The assets and liabilities recognised as a result of the acquisition are as follows:

(Amounts in thousands)	EUR	USD
Cash and cash equivalents	4,021	4,942
Trade and other receivables	100	123
Inventory	594	730
Property, plant and equipment (Note 13)	167	206
Deferred tax asset (Note 11)	214	263
Trade and other payables	(541)	(665)
Related party payable	(1,024)	(1,259)
Other non-current liabilities	(181)	(222)
Deferred income	(578)	(711)
Deferred tax liability (Note 11)	(398)	(489)
Remediation provision	(282)	(336)
Fair value of identifiable net assets acquired	**2,092**	**2,582**
Non-controlling interests (49%)	(1,025)	(1,260)
Net assets acquired	**1,067**	**1,322**
Cash consideration for 51% acquisition	4,000	4,916
Surplus on acquisition	**2,933**	**3,594**
Allocation of surplus:		
Goodwill (Note 14a)	1,340	1,698
Other intangible assets (Note 14b)	1,593	1,896
	2,933	**3,594**

	EUR	USD
Acquisition of Non-controlling interest:		
Cash paid	1,800	2,173
Ordinary Shares issued	197	237
Total consideration for non-controlling interest	1,997	2,410
Non-controlling interest acquired:		
At acquisition	(1,025)	(1,259)
Loss attributable to non-controlling interest	319	387
At date of acquisition of non-controlling interest	(706)	(873)
Surplus on acquisition of non-controlling interest	1,291	1,538

Purchase consideration - cash outflow

(Amounts in thousands)	**EUR**	**USD**
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration - 51%	4,000	4,916
Cash consideration - 49%	1,800	2,173
Less: Balances acquired		
Cash	4,021	4,942
Net outflow of cash - investing activities	1,779	2,147

Acquisition- related costs of $0.6 million that were not directly attributable to the issue of shares are included within restructuring and other non-recurring costs in the income statement, and in operating activities in the cash flow statement.

Goodwill represents the value of gaining immediate access to an established business in the Electric Vehicles market, including the skilled workforce, which are not separately recognized and do not meet the criteria for recognition as an intangible asset under IAS 38. None of the goodwill recognized is expected to be deductible for income tax purposes. Separately recognized intangible assets acquired comprise $1.5 million of customers contracts and $0.4 million of trade names, based on a purchase price allocation performed by management.

Customer contracts are valued in years 1-5 include revenue from acquired customer relationships representing 25% of total revenue, average attrition rate 25% per annum, average EBIT 3.7%, weighted average cost of capital 13.0%. Trade names are valued using a relief from royalty method of the income valuation approach over a 6-year life based on a 5% industry average royalty rate.

The Company recognizes non-controlling interests in an acquired entity at the non-controlling interests' proportionate share of the acquired entity's identifiable net assets.

The non-controlling interest representing 49% of the ordinary issued share capital, comprising $1.3 million at acquisition, less $0.4 million loss recorded in the profit and loss account between November 5, 2020 and February 2, 2021, total $0.9 million, was acquired by the Company on February 2, 2021, for $2.2 million cash and 15,793 shares in the Company ($0.2 million). The $1.5 million difference between consideration and acquired non-controlling interest was debited directly to equity.

The remediation provision recognized was a present obligation of Tembo e-LV immediately prior to the business combination. The execution of the remediation was not conditional upon it being acquired by the Company.

From the date of acquisition, Tembo contributed $1.4 million of revenue and $2.8 million of loss before tax from continuing operations in the year ended 30 June 2021. If the acquisition had taken place at the beginning of the year ended 30 June 2021, Group revenue from continuing operations would have been $41.1 million and loss before tax from continuing operations for the Group would have been $8.3 million.

(b) ISS Joint Venture

On June 30, 2021, the Company purchased the remaining 50% share of ISV from ISS for a consideration of $1, as part of the litigation settlement with the other 50% joint venture owners, plus the $5.4 million fair value of pre-acquisition equity interest held by the Company.

Fair value of net assets acquired included capitalised project expenses and were recorded at fair value.

The acquisition resulted in a bargain purchase worth $7.8 million as a result of the litigation settlement and is recognized in the Statement of Comprehensive Income within gain/loss on Solar Development as set out Note 5.

Purchase consideration (US dollars in thousands)		
Cash		-
Fair value of pre-acquisition equity interest		5,393
Total consideration		5,393
Less: Fair value of acquired net assets:		
Cash	2	
Deposits	991	
Capitalised project development expenses (Note 14b)	12,248	
		13,241
Gain on bargain purchase		7,848

No revenue or profit or loss has been recognized since the acquisition date.

The net cash flow resulting from the acquisition was $ nil.

13. Property, plant and equipment

(US dollars in thousands)	Computer Equipment	Motor Vehicles	Plant and Equipment	Fittings and Equipment	Right-of-Use Assets	Total
Cost						
At 30 June 2020	**476**	**1,363**	**1,232**	**195**	**2,283**	**5,549**
Foreign exchange	41	145	26	18	196	426
Additions	125	230	395	6	182	938
Acquisitions	-	4	114	-	88	206
Disposals	(80)	(174)	(156)	(97)	(58)	(565)
At 30 June 2021	**562**	**1,568**	**1,611**	**122**	**2,691**	**6,554**
Foreign exchange	(41)	(154)	(146)	(10)	(214)	(565)
Acquisitions	28	184	343	209	2,470	3,234
Disposals	0	(150)	(48)	-	(53)	(251)
Reclass to assets held for sale	(231)	(1,015)	(320)	(74)	(1,295)	(2,935)
At 30 June 2022	**318**	**433**	**1,440**	**247**	**3,599**	**6,037**
Reclassifications/corrections	-	-	-	-	(707)	(707)
Foreign exchange	(10)	(23)	(32)	(9)	(43)	(117)
Acquisitions	36	92	558	10	239	935
Disposals	(37)	(39)	(250)	-	(54)	(380)
At 30 June 2023	**307**	**463**	**1,716**	**248**	**3,034**	**5,768**

(US dollars in thousands)	Computer Equipment	Motor Vehicles	Plant and Equipment	Fittings and Equipment	Right-of-Use Assets	Total
Depreciation						
At 30 June 2020	**373**	**836**	**747**	**86**	**1,021**	**3,063**
Foreign exchange	31	85	70	8	77	271
Charge for the period	66	206	167	8	642	1,089
Disposals	(71)	(157)	(112)	(46)	(58)	(444)
At 30 June 2021	**399**	**970**	**872**	**56**	**1,682**	**3,979**
Foreign exchange	(33)	(95)	(93)	(6)	(167)	(394)
Charge for the period (including discontinued operations)	69	186	179	22	752	1,208
Disposals	-	(131)	(9)	-	(53)	(193)
Reclass to assets held for sale	(197)	(719)	(232)	(43)	(1,115)	(2,306)
At 30 June 2022	**238**	**211**	**717**	**29**	**1,099**	**2,294**
Reclassifications/corrections	-	-	-	-	(685)	(685)
Foreign exchange	(5)	(10)	(18)	(1)	(29)	(63)
Charge for the period	48	90	179	22	411	750
Disposals	(26)	(28)	(171)	-	(45)	(270)
At 30 June 2023	**255**	**263**	**707**	**50**	**751**	**2,026**

(US dollars in thousands)	Computer Equipment	Motor Vehicles	Plant & Equipment	Fittings & Equipment	Right-of-Use Assets	Total
Net book value						
At 30 June 2021	163	598	739	66	1,009	2,575
At 30 June 2022	80	222	723	218	2,500	3,743
At 30 June 2023	52	200	1,009	198	2,283	3,742

The non-solar segment of Kenshaw Solar Pty Ltd was sold on July 1, 2022 and was reported in the prior period as a discontinued operation. Revenues relating to the discontinued operation in the year ended June 30, 2022 amounted to $15.2 million (June 30, 2021: $15.2 million). The total expenses in the year ended June 30, 2022 amounted to $14.4 million (June 30, 2021: $17.6 million).

14. Intangible assets

	As at 30 June		
(US dollars in thousands)	2023	2022 (restated)	2021 (restated)
Goodwill	17,697	18,269	25,794
Other intangible assets	24,478	21,308	21,151
Total	42,175	39,577	46,945

a) Goodwill

	As at 30 June		
(US dollars in thousands)	2023	2022	2021
As at 1 July	18,269	25,794	21,919
Reclass held for sale assets	-	(5,289)	-
Goodwill on acquisition of Tembo	-	-	1,698
Foreign exchange	(572)	(2,236)	2,177
Carrying value	17,697	18,269	25,794

The carrying amounts of goodwill by Cash Generating Unit (“CGU”) are as follows:

	As at 30 June		
(US dollars in thousands)	2023	2022	2021
Aevitas O Holdings Pty Ltd (allocated to the Critical Power Services segment)	6,946	7,222	13,658
VivoPower Pty Ltd (allocated to the Solar Development segment)	9,091	9,451	10,319
Tembo (allocated to the Electric Vehicle segment)	1,660	1,595	1,817
Total	17,697	18,269	25,794

The Group conducts impairment tests on the carrying value of goodwill and intangibles annually, or more frequently if there are any indications that goodwill might be impaired. The recoverable amount of the Cash Generating Unit ("CGU") to which goodwill has been allocated is determined from value in use calculations. The key assumptions in the calculations are the discount rates applied, expected operating margin levels and long-term growth rates. Management estimates discount rates that reflect the current market assessments while margins and growth rates are based upon approved budgets and related projections.

The Group prepares cash flow forecasts using the approved budgets for the coming fiscal year and management projections for the following two years. Cash flows are also projected for subsequent years as management believe that the investment is held for the long term. These budgets and projections reflect management's view of the expected market conditions and the position of the CGU's products and services within those markets.

The CGU represented by Aevitas (being Critical Power Services) was assessed to have a value in excess of its carrying value and hence no additional adjustments to goodwill were considered necessary. Key assumptions used in the assessment of impairment were discount rate based on the weighted average cost of capital of 12% (June 30, 2022: 11%; June 30, 2021: 10%) and annual growth rate of 3% per annum.

The solar element of the CGU represented by VivoPower Pty Ltd goodwill was assessed to have a value in excess of its carrying value and hence no additional adjustments to goodwill were considered necessary. Key assumptions used in the assessment of impairment were weighted average cost of capital of 11.3% (June 30, 2022: 11.3%, June 30, 2021: 10.7%), an average annual growth rate in years 2-5 of 60% during the rapid growth phase of the business, with the assumption that an average of 50% of electric light vehicles sold by the Company in fleet sizes over 50 vehicles will be sold with an additional sustainable energy solution.

The CGU represented by Tembo e-LV and subsidiaries was assessed to have a value in excess of its carrying value. Key assumptions used in the assessment of impairment were discount rate based on the weighted average cost of capital of 12% (June 30, 2022: 11%) and average annual growth rate of 33% per annum in years 2-5 (June 30, 2022: 280% per annum in years 1-5). Growth rates reflect commencement of planned series production at volume during the 5 year period, as the product development project is completed for the current variant, to meet customer demand per sales agreements of over 15,000 units with major international distribution partners, including Acces, Bodiz and GHH. No sensitivity analysis is provided as the Company expects no foreseeable changes in the assumptions that would result in impairment of the goodwill.

The CGU represented by Caret solar projects was assessed to have a value in excess of its carrying value and hence no adjustments to capitalized development costs were considered necessary. Key assumptions used in the assessment of impairment were weighted average cost of capital of 12.9% (June 30, 2022: 11.2%), $4 million free cash flow from project sales in years 1-4 (June 30, 2022: $2.3 million), $14.4 million development fees from power-to-x partnerships.

b) Other intangible assets

(US dollars in thousands)	Customer Relationships	Trade Names	Favourable Supply Contracts	Solar Projects	Product development	Other Intangible Assets	Total Intangible Assets
Cost							
At 30 June 2020	**4,382**	**2,399**	**4,099**	**-**	**-**	**156**	**11,036**
Foreign exchange	411	225	385	-	-	13	1,034
Additions	46	-	-	-	513	-	559
Acquisitions	1,492	404	-	12,248	-	-	14,144
Disposals	(550)	-	-	-	-	-	(550)
Prior year restatement	-	-	-	(504)	-	-	(504)
At 30 June 2021 restated	**5,781**	**3,028**	**4,484**	**11,744**	**513**	**169**	**25,719**
Foreign exchange	(542)	(271)	(376)	-	(63)	(13)	(1,265)
Additions	-	-	-	878	3,355	19	4,252
Disposals	-	(9)	-	-	-	-	(9)
Reclass to Assets held for sale	(2,687)	(1,385)	-	-	-	-	(4,072)
At 30 June 2022 restated	**2,552**	**1,363**	**4,108**	**12,622**	**3,805**	**175**	**24,625**
Foreign exchange	4	(25)	(157)	-	302	(1)	123
Additions	-	-	-	103	3,715	29	3,857
Disposals	-	-	-	(47)	-	-	(47)
At 30 June 2023	**2,556**	**1,338**	3,951	12,678	7,832	203	28,558

(US dollars in thousands)	Customer Relationships	Trade Names	Favourable Supply Contracts	Solar Projects	Product development	Other Intangible Assets	Total Intangible Assets
Amortisation							
At 30 June 2020	**1,405**	**572**	**978**	**-**	**-**	**151**	**3,106**
Foreign exchange	131	54	92	-	-	18	295
Amortisation	622	229	298	-	18	-	1,167
At 30 June 2021	**2,158**	**855**	**1,368**	**-**	**18**	**169**	**4,568**
Foreign exchange	(208)	(79)	(115)	-	(2)	(13)	(417)
Amortisation	405	181	274	-	-	-	860
Disposals	-	-	-	-	-	-	-
Reclass to Assets held for sale	(1,232)	(462)	-	-	-	-	(1,694)
At 30 June 2022	**1,123**	**495**	**1,527**	**-**	**16**	**156**	**3,317**
Foreign exchange	(1)	(8)	(61)	-	2	-	(68)
Amortisation	385	137	266	-	43	-	831
Disposals	-	-	-	-	-	-	-
At 30 June 2023	**1,507**	624	1,732	**-**	61	156	4,080

VivoPower International PLC for the year ended 30 June 2023

(US dollars in thousands)	Customer Relationships	Trade Names	Favourable Supply Contracts	Solar Projects	Product development	Other Intangible Assets	Total Intangible Assets
Net book value							
At 30 June 2021 (restated)	3,623	2,173	3,116	11,744	495	-	21,151
At 30 June 2022 (restated)	1,429	868	2,581	12,622	3,789	19	21,308
At 30 June 2023	1,049	714	2,219	12,678	7,771	47	24,478

Customer relationships, trade names and favorable supply contracts have an average remaining period of amortization of 7 years, 10 years and 10 years respectively. Solar projects and electric vehicle product development costs are incomplete and not generating revenue and therefore are not amortized in FY2023.

Additions for the year comprise $3.7 million electric vehicle product development costs in Tembo and $0.4 million of solar project development costs in Caret. $2.1 million net book value of customer relationship and trade name intangible assets of Aevitas Solar ex-solar business sold to ARA in July 2022, was reclassified out of intangible assets into assets held for sale as at June 30, 2022. The prior year restatement in the year 30 June 2021 relates to the reclassification of deposits originally reported within intangible assets.

15. Investment in subsidiaries

The principal operating undertakings in which the Group's interest at 30 June 2023 is 20% or more are as follows:

Subsidiary undertakings	Percentage of Ordinary Shares held	Registered address
VivoPower International Services Limited	100%	28 Esplanade, St Helier, Jersey, JE2 3QA
VivoPower USA LLC	100%	251 Little Falls Drive, Wilmington, DE, USA 19808
VivoPower US-NC-31, LLC	100%	
VivoPower US-NC-47, LLC	100%	
VivoPower (USA) Development, LLC	100%	
Caret, LLC	100%	
Caret Decimal, LLC	100%	
VivoPower Pty Ltd	100%	153 Walker St, North Sydney NSW, Australia 2060
Aevitas O Holdings Pty Ltd	100%	
Aevitas Group Limited	100%	
Aevitas Holdings Pty Ltd	100%	
Electrical Engineering Group Pty Limited	100%	
Tembo EV Australia Pty Ltd.*	100%	
Kenshaw Solar Pty Ltd (formerly J.A. Martin Electrical Pty Limited)	100%	
Kenshaw Electrical Pty Limited	100%	
VivoPower International IMEA DMCC	100%	Unit No: 4522, DMCC Business Centre, Level No 1, Jewellery & Gemplex 3, Dubai, United Arab Emirates
VivoPower Philippines Inc.	64%	Unit 10A, Net Lima Building, 5th Avenue cor. 26th Street, E-Square Zone, Crescent Park West, Bonifacio Global City, Taguig, Metro Manila
VivoPower RE Solutions Inc.	64%	
V.V.P. Holdings Inc. **	40%	

Subsidiary undertakings	Percentage of Ordinary Shares held	Registered address
Tembo e-LV B.V.	100%	Marinus van Meelweg 20, 5657 EN, Eindhoven, Netherlands
Tembo 4x4 e-LV B.V.	100%	
FD 4x4 Centre B.V.	100%	

* Name changed to Tembo Technologies Pty Ltd on August 2023.

** V.V.P. Holdings Inc. is controlled of VivoPower Pty Ltd notwithstanding only owning 40% of the ordinary share capital.

16. Investments accounted for using the equity method

In April 2017, the Company entered into a 50% joint venture with an early-stage solar development company, ISS, to develop a diversified portfolio of 38 utility-scale solar projects in 9 different states, representing a total electricity generating capacity of approximately 1.8 gigawatts, through an investment entity called Caret, LLC (the "ISS Joint Venture").

Under the terms of the ISS Joint Venture, the Company committed to invest $14.1 million in the ISS Joint Venture for its 50% equity interest, after reducing the commitment by $0.8 million in potential brokerage commissions that have not been required and which have been credited towards the Company's commitment. The $14.1 million commitment was allocated to each of the projects based on monthly capital contributions determined with reference to completion of specific project development milestones under an approved development budget for the ISS Joint Venture. To June 29, 2021, the Company contributed $13.1 million of the $14.1 million commitment to the ISS Joint Venture, leaving a remaining capital commitment at June 30, 2021, of $1.1 million, which was recorded in trade and other payables. 20 projects within the portfolio were discontinued in the year ended June 30, 2021, resulting in a write off of capitalized costs of $7.0 million related to those projects.

The joint venture was accounted for as an investment under the equity method at March 31, 2018. During the year ended March 31, 2019, the Company made the decision to sell its portfolio of solar projects held within the ISS Joint Venture, and the Joint Venture assets were reclassified as assets held for sale. In the year ended June 30, 2020, sale of the entire portfolio was not successful, and the Company commenced a process to take control of the portfolio from the Joint Venture partner, which was expected to result in a slower project realization timeframe. Accordingly, the portion of the investment that was expected to be realized in near term sales within 12 months remained in assets held for sale, whereas the remainder of the portfolio was reclassified back to investments accounted for under the equity method.

On June 30, 2021, the Company acquired the remaining 50% of Caret from ISS, for a consideration of $1. Accordingly, the book value of $8.1 million of the investments accounted for using the equity method have been derecognized upon acquisition, and the fair value of 100% of the consolidated capitalized project development costs recorded as an intangible asset upon acquisition, as detailed in Note 12b.

Reconciliation of the ISS Joint Venture investment is as follows:

	As at 30 June		
(US dollars in thousands)	**2023**	**2022**	**2021**
Capital commitment	-	-	-
Commission credit	-	-	-
Discontinued projects	-	-	-
Acquisition costs	-	-	-
Total	-	-	-

Allocation of the net book value of the equity accounted investment in the ISS Joint Venture, between current assets held for sale, and non-current investments (as disclosed in Note 16), until acquisition and consolidation on 30 June 2021, was as follows:

	As at 30 June		
(US dollars in thousands)	**2023**	**2022**	**2021**
Assets classified as held for sale	-	-	-
Investments accounted for using the equity method	-	-	-
Total	-	-	-

The table below provides summarized financial information for the ISS Joint Venture. The information disclosed reflects the amounts presented in the financial statements of ISS Joint Venture, amended to reflect adjustments made by the Company when using the equity method, including fair value adjustments and modifications for differences in accounting policy. The summarized financial information for the ISS Joint Venture does not represent the Company's share of those amounts.

	As at 30 June		
(US dollars in thousands)	**2023**	**2022**	**2021**
Current assets	-	-	-
Non-current assets	-	-	-
Total	-	-	-

Reconciliation to carrying amounts of the ISS Joint Venture:

	As at 30 June		
(US dollars in thousands)	**2023**	**2022**	**2021**
Opening net assets	-	-	24,390
Commission credit	-	-	-
Commission credit on abandonments	-	-	-
Sundry income	-	-	-
Project swaps	-	-	-
Abandoned projects	-	-	(13,900)
Acquisition of controlling interest	-	-	(10,490)
Net assets	-	-	-
VivoPower share in %	N/A	N/A	50%
VivoPower share in $ (excluding funding obligation)	-	-	-
Commission credit	-	-	-
Acquisition costs	-	-	-
Net Assets	-	-	-

17. Cash and cash equivalents

	As at 30 June		
(US dollars in thousands)	2023	2022	2021
Cash at bank and in hand	**553**	**1,285**	**8,604**

The credit ratings of the counterparties with which cash was held are detailed in the table below.

	As at 30 June		
(US dollars in thousands)	2023	2022	2021
A+	(12)	171	5,423
A	-	-	-
A-	2	2	2
AA-	563	1,112	3,179
Total	**553**	**1,285**	**8,604**

18. Restricted cash

	As at 30 June		
(US dollars in thousands)	2023	2022	2021
Bank guarantee security deposit	608	1,195	1,140
Total	**608**	**1,195**	**1,140**

At 30 June 2023, there is a total of $0.6 million (30 June 2022, $1.2 million; 30 June 2021, $1.1 million) of cash which is subject to restriction as security for bank guarantees provided to customers in support of performance obligations under power services contracts.

19. Trade and other receivables

	As at June 30		
(US dollars in thousands)	2023	2022 (restated)	2021 (restated)
Current receivables			
Trade receivables	1,649	3,866	4,959
Contract assets	893	694	2,723
Prepayments	277	787	2,837
Other receivables	4,027	3,055	1,580
Deposits	-	504	504
Current tax receivable	175	182	182
Total	**7,021**	**9,088**	**12,785**

The prior year restatements in the years ending 30 June 2021 and 2022 relate to $0.5 million of deposits that were originally reported within intangible assets and have been reclassified to current assets and $0.4 million of inventory that was originally reported within other receivables.

In accordance with IFRS 15, contract assets are presented as a separate line item. The Company has not recognised any loss allowance for contract assets.

Analysis of trade receivables:

(US dollars in thousands)	As at June 30 2023	2022	2021
Trade and other receivables	1,649	3,866	4,959
Less: credit note provision	-	-	-
Total	**1,649**	**3,866**	**4,959**

The maximum exposure to credit risk for trade receivables by geographic region was:

(US dollars in thousands)	As at June 30 2023	2022	2021
Australia	1,451	2,684	4,349
Netherlands	198	1,181	610
Total	**1,649**	**3,866**	**4,959**

The aging of the trade receivables, net of provisions is:

(US dollars in thousands)	As at June 30 2023	2022	2021
0-90 days	1,410	3,306	4,918
Greater than 90 days	239	560	41
Total	**1,649**	**3,866**	**4,959**

20. Inventory

(US dollars in thousands)	As at June 30 2023	2022 (restated)	2021 (restated)
Raw materials	2,115	1,887	1,968
Total	**2,115**	**1,887**	**1,968**

The prior year restatements in the years ending 30 June 2021 and 2022 relate to $0.4 million of inventory that was originally reported within other receivables.

21. Assets classified as held for sale

(US dollars in thousands)	% Owned	As at 30 June 2023	2022	2021
Kenshaw Solar Pty Ltd (formerly J.A. Martin Electrical Pty Limited)	100%	-	8,214	-
Total		**-**	**8,214**	**-**

The ex-solar operations of Kenshaw Solar Pty Ltd were sold to ARA on July 1, 2022. As disclosed in note 22, the assets and liabilities of the disposed operation met the definition of discontinued operation under IFRS 5 at June 30, 2022. Accordingly, assets and liabilities of the discontinued operation were reclassified to assets and liabilities held for sale as at June 30, 2022. As detailed in note 22, assets held for sale of $8.2 million as at June 30, 2022 comprised goodwill $5.3 million, intangible assets $2.1 million, property, plant and equipment $0.6 million and trade and other receivables $0.2 million. Following sale completion, the assets held for sale were disposed of, as detailed in note 22.

22. Discontinued operations

On July 1, 2022, the ex-solar operations of Kenshaw Solar Pty Ltd were sold to ARA. As the intention to sell and process to locate a buyer for the business was initiated prior to June 30, 2022, but the sale only became definitive on July 1, 2022, the results of the non-solar segment business of Aevitas Solar and adjustments to anticipated net realisable value of disposal assets and liabilities held for sale, were reported in discontinued operations in the year ended June 30, 2022. The associated assets and liabilities of the discontinued operation were presented as held for sale within current assets (see Note 21) and current liabilities as at June 30, 2022. Loss on disposal, including finalisation of sale price, including working capital adjustments on completion, and finalisation of the deferred consideration, are recorded in discontinued operations in the year ended June 30, 2023.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below:

Financial performance and cash flow information

The financial performance and cash flow information presented are for the years ended 30 June 2023, 2022 and 2021:

	As at 30 June		
(US dollars in thousands)	**2023**	**2022**	**2021**
Revenues	-	15,168	16,436
Other income	-	324	552
Loss on disposal of business	(4,207)	-	-
Expenses	-	(16,266)	(16,895)
(Loss)/profit before income tax	(4,207)	(774)	92
Income tax expense	-	149	(23)
(Loss)/profit from discontinued operations	(4,207)	(625)	69
Net cash (outflow)/inflow from operating activities	(4,207)	(625)	69
Net cash inflow/(outflow) from investing activities	-	-	-
Net cash inflow/(outflow) from financing activities	-	-	-
Net (reduction)/increase in cash generated by subsidiary	(4,207)	(625)	69

Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operations as at June 30, 2022 and subsequently disposed of in the year ended June 30, 2023:

(US dollars in thousands)	2023	2022
Assets classified as held for sale		
Trade and other receivables	-	239
Property, plant and equipment	-	629
Goodwill	-	5,289
Intangible assets	-	2,056
Total assets of disposal group classified as held for sale	-	8,214
Liabilities directly associated with assets classified as held for sale		
Trade and other payables	-	91
Provisions - current	-	1,126
Lease liabilities - current	-	157
Provisions - non-current	-	74
Lease liabilities - non-current	-	49
Total liabilities of disposal group classified as held for sale	-	1,497

	USD 000	AUD 000
Consideration received or receivable		
Cash	2,874	4,336
Fair value of contingent consideration	624	941
Less costs to sell	(362)	(525)
Total disposal consideration	3,136	4,752
Estimated carrying amount of net assets sold	6,989	10,143
Loss on sale	(3,854)	(5,391)

Disposal consideration comprised cash purchase price including completion working capital adjustments of $2.9 million (A$4.3 million). Initial estimate of fair value of deferred contingent consideration of $4.5 million, as recorded in July 2022, payable 12 months after completion, applied a contracted 4.5x multiple to year 1 forecast EBITDA of $2.7 million, discounted at 10% to net present value, less purchase price paid. The final deferred consideration of $0.6 million (A$ 0.9 million) was received in August 2023. Costs to sell comprised advisory fees of $0.4 million (A$0.5 million). Net book value of net assets sold was $7.0 million (A$10.1 million), resulting in a loss on disposal of $3.9 million (A$5.4 million).

	USD 000	AUD 000
Reconciliation of adjusted loss on sale		
Gain on sale – as estimated at June 30, 2022	34	50
Cash consideration adjustment	378	529
Fair value of contingent consideration adjustment	(3,965)	(5,548)
Cost to sell adjustment	(18)	(25)
Carrying amount of net assets sold adjustment	(283)	(397)
Loss on sale	(3,854)	(5,391)

23. Trade and other payables

	As at 30 June		
(US dollars in thousands)	2023	2022 (restated)	2021
Trade payables	7,725	5,692	4,324
Shares to be issued	2,500	-	-
Accruals	1,321	4,322	648
Related party payable	-	477	-
Payroll liabilities	2,077	2,210	1,413
Sales tax payable	116	949	624
Deferred income	318	974	1,129
Other creditors	540	833	778
Total	14,597	15,457	8,917

	As at 30 June		
Non-current other payables	2023	2022	2021
Non-current accrued interest	6,129	-	-
Non-current accrued loan and other fees	314	-	-
Total	6,443	-	-

In accordance with IFRS 15 – Revenue from Contracts with Customers, deferred income is presented as a separate line item. Deferred income relates to the Company's obligation to transfer goods or services to customers for which the Company has received consideration (or the amount is due) from customers. Deferred income is recorded as revenue when the Company fulfils its performance obligations under the contract.

Of the $1.0 million deferred income balance at June 30, 2022, $0.9 million was recognized as revenue in the year ended June 30, 2023. $0.9 million of the $1.1 million deferred income balance at June 30, 2021 was recognized as revenue in the year ended June 30, 2022. It is expected that the total $0.3 million deferred income balance will be included in revenue in the year ending June 30, 2024.

Non-current accrued interest relates to interest on AWN related party loans, where pursuant to amendments to loan terms agreed on June 30, 2023, obligations to pay accrued interest on all loans except bridging loans issued after December 31, 2022 are deferred until April 30, 2025.

The restatement in the year ended 30 June 2022 relates to $0.4m of expenses reclassified from the year ended 30 June 2023 that had not been accrued for in the year ended 30 June 2022.

24. Provisions

	As at 30 June		
(US dollars in thousands)	**2023**	**2022**	**2021**
Current provisions			
Employee entitlements	502	635	1,802
Fiscal	1,174	-	-
Litigation	-	-	485
Warranty	102	116	209
Remediation	-	353	306
Total current provisions	1,778	1,104	2,802
Non-current provisions			
Employee entitlements	76	57	165
Total non-current provision	76	57	165
Total provisions	1,854	1,161	2,967

The entitlements include long term leave and vacation provisions. $1.13 million provisions and $0.07 million long-term provisions relating to discontinued ex-solar J.A. Martin operations were reclassified to liabilities held for sale in current liabilities, as at June 30, 2022.

The fiscal provision comprises a provision in respect of fiscal refunds on prior receivables, which the Company is defending.

The remediation provision comprised additional work required on electric vehicles, comprising a combination of remediation, testing or conversion of drivetrains to 72kwH. No further remediation work is anticipated that is separately identifiable from ongoing capitalized development activities, accordingly the provision has been released in FY2023.

Of the $0.5 million provision for disputed legal success fees recorded at June 30, 2021 in relation to litigation of the Company's former Chief Executive Officer, Mr. Comberg, for alleged breach of contract, $0.4 million was utilized in the year ended June 30, 2022, whilst $0.1 million remained unused and was reversed in the year ended June 30, 2022.

Warranty provisions in Australia relate to the servicing of generators and is based on a percentage of revenue generated.

(US dollars in thousands)	Employee Entitlements	Fiscal	Remediation	Onerous Contracts	Litigation	Warranty	Total
At 30 June 2020	**1,730**	**-**	**-**	**-**	**1,104**	**232**	**3,066**
Foreign exchange	170	-	-	-	-	14	184
Additional provisions	1,306	-	306	-	2,042	122	3,776
Reverse unused provisions	(67)	-	-	-		(112)	(179)
Provisions utilised	(1,172)	-	-	-	(2,661)	(47)	(3,880)
At 30 June 2021	**1,967**	**-**	**306**	**-**	**485**	**209**	**2,967**
Foreign exchange	(165)	-	(37)	-	-	(18)	(221)
Additional provisions	1,312	-	84	-		103	1,500
Reverse unused provisions	(35)	-	-	-	(100)	(142)	(277)
Disposals and transfers to AHFS	(1,200)	-	-	-	-	-	(1,200)
Unwinding of discount	6	-	-	-	-	-	6
Provisions utilised	(1,192)	-	-	-	(385)	(37)	(1,614)
At 30 June 2022	**692**	**-**	**353**	**-**	**-**	**116**	**1,161**
Foreign exchange	(27)	-	8	-	-	(4)	(23)
Charged to profit or loss	-	1,174					1,174
Reverse unused provisions	(1)	-	(361)	-	-	(10)	(372)
Provisions utilised	(86)	-	-	-	-	-	(86)
At 30 June 2023	**578**	**1,174**	**-**	**-**	**-**	**102**	**1,854**

25. Loans and borrowings

	As at 30 June		
(US dollars in thousands)	2023	2022	2021
Current liabilities			
Debtor invoice financing	1,329	32	36
Lease liabilities	462	505	669
Shareholder loans	497	4,285	-
Chattel mortgage	89	142	88
Project financing agreement	-	-	59
Bank loan	7	145	152
Total current liabilities	**2,384**	**5,109**	**1,004**
Non-current liabilities			
Lease liabilities	1,843	1,959	326
Shareholder loan	28,111	21,121	21,175
Chattel mortgage	50	264	244
Project financing agreement	-	108	183
Bank loan	-	-	159
Total non-current liabilities	**30,004**	**23,452**	**22,087**
Total liabilities	**32,388**	**28,561**	**23,091**

On June 30, 2021, the Company agreed a refinancing of its existing $21.1 million shareholder loan with AWN Holdings Limited (“AWN"), with repayment of principal from January 1, 2023 in sixty monthly instalments of $0.35 million to loan maturity on December 31, 2027. The interest rate and line fee was agreed at 8% and 0.8% respectively, but no interest or line fee settlements were required until after a corporate liquidity event had occurred. In addition, the Company agreed to a refinancing fee of $0.34 million in two tranches on June 30, 2022 and December 31, 2022. Security granted to AWN comprised a Specific Security Deed over the assets of Aevitas O Holdings Pty Ltd and general security over the assets of VivoPower International PLC.

On June 30, 2022 further amendments to the loan were agreed with AWN:

(i) to defer repayment of principal to commence on October 1, 2023, with repayments over 60 months to September 30, 2028,

(ii) to defer interest payments from October 1, 2021, becoming due and payable on the earlier of a) completion by VivoPower of a debt or equity raise of at least $25 million, and b) October 1, 2023.

(iii) to increase the interest rate and line fee to 10.00% and 2.00% per annum respectively during the period from October 1, 2021 to the earlier of a) September 30, 2023 or b) the date a minimum prepayment of $1,000,000 is made.

(iv) the initial refinancing fee of $0.34 million is to be amended to accrue incrementally at 1.6% per annum from July 1, 2021 and become payable at the earlier of a) $1.0 million prepayment being made or b) October 1, 2023.

(v) a new fixed facility extension fee of $0.355 million is payable in return for this amendment, to accrue immediately but becoming payable on October 1, 2023.

On January 11, 2023, further amendments to the loan were agreed with AWN:

(i) to defer repayment of principal to commence on April 1, 2025, with repayments over 60 months to March 31, 2030.

(ii) to defer interest payments from October 1, 2023, becoming due and payable on the earlier of a) completion by VivoPower of a debt or equity raise of at least $25 million, and b) October 1, 2024.

(iii) to extend the increased interest rate and line fee of 10.00% and 2.00% per annum respectively commenced on October 1, 2021 to the earlier of a) March 31, 2025 or b) the date a minimum Prepayment of $1,000,000 is made.

(iv) to extend the initial refinancing fee accruing incrementally at 1.6% per annum from July 1, 2021 and become payable at the earlier of a) $1.0 million prepayment being made or b) April 1, 2025.

(v) to defer the repayment date of the previous fixed facility extension fee of $0.355 million, becoming payable on April 1, 2025.

(vi) In addition to previously agreed refinancing fees, an additional $0.855 million fixed refinancing fee will accrue immediately and become payable on April 1, 2025.

On June 30, 2023, further amendments to the loan were agreed with AWN:

(i) to defer interest payments from October 1, 2024 to April 1, 2025, and to replace the conditional requirement to repay accrued interest upon completion by VivoPower of a debt or equity raise of at least $25 million, with the conditional requirement to make repayments of interest and/or principal to meet the mandatory repayment schedule described in sections (ii) and (iii) below following a qualifying liquidity event.

(ii) upon completion by VivoPower International PLC of a qualifying liquidity event of at least $5.0 million, Aevitas O Holdings Pty Limited are required to make mandatory prepayment of principal and interest to AWN in accordance with the following schedule:

a) proceeds $5 million to $7.5 million - pay 25% of amounts raised;

b) proceeds $7.5 million to $12.5 million - pay $1.875 million plus 45% of amounts raised;

c) proceeds $12.5 million and above - pay $4.125 million plus 50% of amounts raised.

(iii) for the purposes of the mandatory prepayment requirement, a 'qualifying liquidity event' excludes direct investments into VivoPower's subsidiary, Tembo, and debt raised in respect of working capital finance facilities, but includes:

a) equity or debt raise;

b) trade sale of underlying subsidiary or business unit (including, for example, Aevitas and Caret); and

c) loan repayment from Tembo to VivoPower. "Note 32 - Subsequent Events" refers to the loan between VivoPower International PLC and Tembo, repayable in 2026.

(iv) as consideration for the concessions agreed with AWN, VivoPower International PLC committed to issue AWN with 500,000 warrants, with a duration of 12 months, at an exercise price of $0.67 per share.

In December 2021, a short term loan of $1.1 million (A$1.5 million) was provided from AWN to Aevitas O Holdings Pty Limited at an interest rate of 10.0%, increasing to 12.5% from January 1, 2022. The loan is set to expire on April 1, 2025 (initially set as April 30, 2022, then extended on June 30, 2022, to October 1, 2023, then extended on January 11, 2023 to April 1, 2025). The requirement for the loan to expire upon completion by VivoPower International PLC of a debt or equity raise of at least $25 million was dropped on June 30, 2023. Facility extension fees of $29,000 (A$40,000) and $43,500 (A$60,000) are payable upon maturity, relating to the two extensions respectively.

On February 22, 2022, a short term $3.0 million loan was provided from AWN to Aevitas O Holdings Pty Limited, with interest rate of 10.00% per annum payable on the principal sum upon maturity. The loan is set to expire on April 1, 2025 (initially set as May 13, 2022, then extended on June 30, 2022, to October 1, 2023, then extended on January 11, 2023 to April 1, 2025). The requirement for the loan to expire upon completion by VivoPower of a debt or equity raise of at least $25 million was dropped on June 30, 2023. Facility extension fees of $85,000 and $110,000 are payable upon maturity, relating to the two extensions respectively.

On December 22, 2022, a short term $3.0 million loan was provided from AWN to Aevitas O Holdings Pty Limited, with interest rate of BBSY bid floating rate (on average 3.6% for the period from inception to June 30, 2023) plus fixed margin of 15.0% per annum payable on the principal sum upon maturity. A 1% facility establishment fee of $30,000 was deducted upon initial loan drawdown, and a further 3% exit fee of $90,000 is payable on expiry. The loan is set to expire on April 1, 2025 (initially set as October 1, 2023, then extended on January 11, 2023 to April 1, 2025). The requirement for the loan to expire upon completion by VivoPower of a debt or equity raise of at least $25 million was agreed on January 11, 2023, then dropped on June 30, 2023. A facility extension fee of $115,000 is payable upon maturity.

In February and March 2023, further short term loans of A$0.5 million and A$0.25 million were established between AWN and Aevitas O Holdings Pty Limited, drawn down between February and May 2023. The loans have interest rate of BBSY bid floating rate plus fixed margin of 15.0% per annum payable on the principal sum upon maturity, with expiry dates of June 30, 2023. 1% facility establishment fees of total A$7,500 were deducted upon loan drawdowns, and further 3% exit fees of total A$22,500 are payable on expiry. On June 30, 2023, the expiry of the loans was amended to August 31, 2023.

Following the sale of ex-solar J.A. Martin operations on July 1, 2022, the J.A. Martin debtor finance facility was cancelled, but a new facility with a limit of A$2.5 million and variable interest rate (initial rate 7.75%) was opened by Kenshaw, as well as a trade finance facility of $0.5 million. The debtor finance facility was partially drawn down at June 30, 2023, with an outstanding balance of $1.3 million (A$2.0 million), due to timing of operating activities (nil: June 30, 2022).

Lease liabilities have decreased by $0.2 million in the year to $2.3 million, following $0.2 million capitalization of a new right-of-use asset in June 2023 in Kenshaw Electrical Pty Ltd, on entry into a new lease of an additional workshop facility in Newcastle, New South Wales, offset by $0.4 million lease payments in the year. Depreciation expense on right-of-use assets and interest expense on associated lease liabilities for the year ended June 30, 2023 amounting to $0.8 million and $0.1 million respectively, are recognized in the Consolidated Statement of Comprehensive Income. Total lease payments for the year ended June 30, 2023 amounted to $0.4 million (June 30, 2022: $0.4 million).

The obligations under lease liabilities are as follows:

	Minimum lease Payments As at 30 June			Present value of minimum lease payments As at 30 June		
	2023	2022	2021	2023	2022	2021
Amounts payable under lease liabilities:						
Less than one year	576	546	683	462	444	669
Later than one year but not more than five	2,223	2,546	379	1,843	2,020	326
	2,799	3,091	1,062	2,305	2,464	995
Future finance charges	(494)	(627)	(67)	-	-	-
Total lease obligations	2,305	2,464	995	2,305	2,464	995

26. Called up share capital

	As at 30 June		
(US dollars in thousands)	**2023**	**2022**	**2021**
Allotted, called up and fully paid			
Ordinary Shares of $0.012 each	$307,815	$255,819	$222,074
Number allotted	25,651,140	21,318,118	18,506,064
Ordinary Shares of $0.012 each	$307,815	$255,819	$222,074

At the Company's last Annual General Meeting on November 10, 2022, the Directors were given a new authority to allot shares up to an aggregate nominal amount of $180,000.00.

Movements in Ordinary Shares:

	Shares No.	Par value USD 000	Share premium USD 000	Total USD 000
At 30 June 2020	**13,557,376**	**163**	**40,215**	**40,378**
Capital raises[1]	4,091,019	49	34,317	34,366
THFC investment[2]	49,750	1	499	500
Employee share scheme issues[3]	792,126	9	961	970
Acquisition of non-controlling interest in subsidiary[4]	15,793	-	237	237
At 30 June 2021	**18,506,064**	**222**	**76,229**	**76,451**
Conversion of equity instruments[3]	2,005,190	24	20,442	20,466
Capital raises[1]	82,644	1	243	244
Other share issuances[6]	42,000	1	217	218
Employee share scheme issues[2]	682,220	8	2,287	2,295
At 30 June 2022	**21,318,118**	**256**	**99,418**	**99,674**
Capital raises[1]	4,230,770	51	5,449	5,500
Employee share scheme issues[2]	102,252	1	151	152
At 30 June 2023	**25,651,140**	**308**	**105,018**	**105,326**

1. On July 29, 2022, the Company entered into a Securities Purchase Agreement to issue and sell, in a registered direct offering directly to an investor, (i) an aggregate of 2,300,000 Ordinary Shares (the "Shares"), nominal value $0.012 per share, at an offering price of $1.30 per share and (ii) an aggregate of 1,930,770 pre-funded warrants exercisable for Ordinary Shares at an offering price of $1.2999 per pre-funded warrant, for gross proceeds of approximately $5.5 million before deducting the placement agent fee and related offering expenses. The pre-funded warrants were sold to the Investor whose purchase of Ordinary Shares in the Registered Offering would otherwise result in the Investor, together with its affiliates and certain related parties, beneficially owning more than 4.99% of the Company's outstanding Ordinary Shares immediately following the consummation of the Registered Offering, in lieu of Ordinary Shares. Each pre-funded warrant represents the right to purchase one ordinary share at an exercise price of $0.0001 per share. The pre-funded warrants were exercised on November 22, 2022.
   In a concurrent private placement, the Company agreed to issue to the investor, Series A Warrants exercisable for an aggregate of 4,230,770 Ordinary Shares at an exercise price of $1.30 per share. Each Series A Warrant will be exercisable on February 2, 2023 and will expire on February 2, 2028. The Series A Warrants and the Ordinary Shares issuable upon the exercise of the Series A Warrants were offered pursuant to the exemption provided in Section 4(a)(2) under the Securities Act of 1933, as amended (the "Securities Act"), and Rule 506(b) promulgated thereunder.
   During the year ended June 30, 2021, the Company completed a series of capital raises on Nasdaq. A total of 4,091,019 Ordinary Shares were issued, comprising 3,382,350 Ordinary Shares issued on October 19, 2020 as an underwritten public offering pursuant to an F-1 registration statement filed with the SEC on October 14, 2020, and 708,669 Ordinary Shares issued during June 2021, at the market price (an ATM offering), pursuant to an F-3 registration statement filed with the SEC on December 21, 2020. In the year ended June 30, 2022, a further 82,644 Ordinary Shares were issued under the same registration statement.
2. In February 2021, 49,750 ordinary shares were issued to Tottenham Hotspurs Football Club ("THFC") as part of the exclusive global battery partnership agreement.
3. During the year ended June 30, 2023, 102,252 shares (year ended June 30, 2022: 682,220; year ended June 30, 2021: 792,126) were issued to employees and directors of the Company and consultants to the Company under the Omnibus Incentive agreement.
4. In February 2021, 15,793 restricted ordinary shares were issued as part consideration for the purchase of the non-controlling interest in Tembo e-LV B.V.
5. On June 30, 2021, holders of convertible preference shares and convertible loan notes in Aevitas Group Limited, exercised their right to convert the debt instruments into Ordinary Shares in VivoPower International PLC. A total of 2,005,190 restricted Ordinary Shares were issued at a contracted price of $10.20 on July 21, 2021. Of the 2,005,190 Ordinary Shares issued, 1,959,339 were issued to entities owned by AWN Holdings Limited, the Company's largest individual shareholder
6. During the year ended June 30, 2022, 21,000 restricted shares were issued to Corporate Profile LLC and 21,000 restricted shares were issued to FON Consulting Ltd in exchange for investor relations services.

Each share has the same right to receive dividends and repayment of capital and represents one vote at shareholders' meetings. Proceeds received in addition to the nominal value of the shares issued during the year have been included in share premium. The costs associated with the issuance of new shares are included within other reserves (see note 27). Share premium has also been recorded in respect of the share capital related to employee share awards.

27. Other reserves

(US dollars in thousands)	Equity instruments[1]	Preference shares[1]	Shares pending issue[2]	Capital raising costs[3]	Equity incentive costs[4]	Share awards issuance[4]	Foreign exchange	Total
At 30 June 2020	**27,057**	**-**	**-**	**(6,009)**	**344**	**-**	**16**	**21,408**
Conversion to Aevitas preference shares	(2,998)	2,998	-	-	-	-	-	-
Interest on equity instruments	114	185	-	-	-	-	-	299
Equity instruments payments	(3,317)	(123)	-	-	-	-	-	(3,440)
Conversion to ordinary shares pending issue in VivoPower International PLC	(20,466)	-	20,466	-	-	-	-	-
Capital raising costs	-	-	-	(2,804)	-	-	-	(2,804)
Share issuance costs	-	-	-	(15)	-	-	-	(15)
Equity incentives cost less shares issued	-	-	-	-	1,078	(971)	-	107
Other movements	(390)	210	-	-	-	-	(61)	(241)
At 30 June 2021	**-**	**3,270**	**20,466**	**(8,828)**	**1,422**	**(971)**	**(45)**	**15,314**
Issuance of shares	-	-	(20,466)	-	-	-	-	(20,466)
Share issuance costs	-	-	-	-	-	(1,879)	-	(1,879)
Capital raising costs	-	-	-	(122)		-	-	(122)
Equity incentives cost less shares issued	-	-	-	-	1,452	-	-	1,452
Other movements	-	-	-	-	-	-	(283)	(283)
At 30 June 2022	**-**	**3,270**	**-**	**(8,950)**	**2,874**	**(2,850)**	**(328)**	**(5,984)**
Interest on equity instruments	-	198	-	-	-	-	-	198
Equity instruments payments	-	(149)	-	-	-	-	-	(149)
Capital raising costs	-	-	-	(436)		-	-	(446)
Equity incentives cost less shares issued	-	-	-	-	147	(154)	-	(7)
Other movements	-	-	-	-	-	-	(104)	(104)
At 30 June 2023	**-**	**3,319**	**-**	**(9,386)**	**3,021**	**(3,004)**	**(432)**	**(6,492)**

1. Equity instruments held at 30 June 2020 were convertible preference shares and convertible loan notes in Aevitas Group Limited ("Aevitas Group") which must convert to shares of VivoPower at $10.20 per share no later than 30 June 2021. The Company classified these instruments as equity under the "fixed-for-fixed" rule meaning that both the amount of consideration received/receivable and the number of equity instruments to be issued is fixed.

   There were 2,473,367 convertible preference shares outstanding with a face value of AU$3.00 per share and a value held in reserves of AU$11,059,348 at 30 June 2020, representing their face value plus dividends accrued. Convertible preference shares were subordinated to all creditors of Aevitas Group, ranked equally amongst themselves, and ranked in priority to Ordinary Shares of Aevitas Group.

   There were 2,473,367 convertible loan notes outstanding with a face value of AU$7.00 per share and a value held in reserves of AU$25,075,203, representing their face value plus the dividends accrued. The convertible loan notes ranked equally with the unsecured creditors of Aevitas Group.

   Dividends or interest were payable quarterly in arrears at a rate of 7% on the capitalised value to December 29, 2016, the date at which they became convertible to VivoPower shares. At maturity, or if a trigger event such as a change of control of Aevitas Group or VivoPower, a listing event, or a disposal of substantially all of the assets of Aevitas Group had occurred, the convertible preference shares and convertible loan notes in Aevitas Group convert to VivoPower Ordinary Shares at a price of US$10.20 per share

   On August 7, 2020, the Company offered one new Aevitas Preference Share, with an issue price of $10, in exchange for each combined convertible note and convertible preference share, with an issue price of $7 and $3 respectively. Dividends are payable quarterly, in arrears, at a rate of 7%. Of the 2,473,367 holders of combined convertible note and convertible preference shares, 426,528 holders accepted the terms of the new Aevitas Preference Shares and received 426,528 Aevitas Preference Shares (A$4,265,280) on 31 August 2020, in exchange for the combined convertible notes and convertible preference shares previously held. The new Aevitas Preference Shares are subordinated to all creditors of Aevitas Group, rank equally amongst themselves, and rank in priority to Aevitas Group Limited Ordinary Shares for the payment of dividends.

   The 426,528 holders which exchanged on 31 August 2020, had earned $26,708 interest on the convertible loan note in the year ended 20 June 2021, up until exchange, and this was paid in full along with $11,447 dividends that accrued over the same pre-exchange period on the convertible preference shares. Post-exchange, $185,480 dividends of the Aevitas Preference Shares have been earned, with $121,905 of those paid by 30 June 2021. And the 426,528 Aevitas Preference Shares have a face value of $3,208,922 (A$10 per share), recognised together with the dividends payable.

   On 30 June 2021, the remaining 2,005,190 holders of convertible preference shares and convertible loan notes in Aevitas Group Limited ("Aevitas Group"), exercised their right to convert the instruments into Ordinary Shares in VivoPower International PLC. The cumulative balance of face value and accrued unpaid interest and dividends outstanding of the convertible preference shares and convertible loan notes at 30 June 2021 of $20.5 million, was redeemed on that date, and VivoPower International PLC recognised the requirement to issue 2,005,190 restricted Ordinary Shares, based on a contracted conversion price of $10.20 per share.
2. During the year ended 30 June 2021, $20.5 million was recognized in equity of the 2,005,190 restricted Ordinary Shares pending issuance at a contracted conversion price of $10.20 per share. The 2,005,190 restricted Ordinary Shares were issued on 21 July 2021.
3. The $0.4 million of transaction costs incurred in the year ended June 30, 2023 (year ended June 30, 2022: $0.1 million; year ended June 30, 2021: $2.8 million) relate primarily to capital raises on Nasdaq.
4. During the year ended June 30, 2023, $0.1 million was expensed towards share incentive awards to employees, directors, and consultants of the Company under the 2017 Omnibus Incentive Plan (year ended June 30, 2022: $1.9 million). Amounts are expensed at the award grant price over the vesting period, adjusted for actual quantities upon vesting. Of the expenses recorded, $0.1 million of shares were delivered to participants (year ended June 30, 2022: $1.9 million).

During the years ended 30 June 2022 and 30 June 2023, the following awards under the Incentive Plan have been granted, and have vested or forfeit:

	Number of RSUs, PSUs and BSAs (thousands)	$'000 Weighted average grant date fair value
Outstanding at 30 June 2021	**460**	**$1,186**
Granted	706	1,838
Vested	(755)	(1,877)
Forfeit	(132)	(676)
Outstanding at 30 June 2022	**279**	**471**
Granted	912	303
Vested	(356)	(123)
Forfeit	(178)	(320)
Outstanding at 30 June 2023	**657**	**331**

28. Loss per share

The loss and weighted average numbers of Ordinary Shares used in the calculation of loss per share are as follows:

	As at 30 June		
(US dollars in thousands)	**2023**	**2022**	**2021**
Loss for the year/period attributable to equity owners	(24,355)	(22,054)	(7,571)
Weighted average number of shares in issue ('000s)	24,672	20,722	16,306
Basic loss per share (dollars)	(0.99)	(1.06)	(0.49)
Diluted loss per share (dollars)	(0.99)	(1.06)	(0.49)

29. Pensions

The Company's principal pension plan comprises the compulsory superannuation scheme in Australia, where the Company contributed 10.5% during the year, and for FY2024, the Company will contribute 11%. A pension scheme is also in place for U.K. employees, where the Company contributes 7% (year ended June 30, 2022: 7%; year ended June 30, 2021: 7%). A pension scheme is also in place for Netherlands employees where the Company contributes 10.3%. The pension charge for the year represents contributions payable by the Group which amounted to $0.4 million (year ended June 30, 2022: $0.9 million; year ended June 30, 2021: $0.8 million).

30. Financial instruments

	As at 30 June		
(US dollars in thousands)	**2023**	**2022**	**2021**
Financial assets at amortised cost			
Trade and other receivables	6,506	6,921	6,539
Cash and cash equivalents	553	1,285	8,604
Restricted cash	608	1,195	1,140
Total	7,667	9,401	16,283
Financial liabilities at amortised cost			
Loans and borrowings	32,388	28,561	23,091
Trade and other payables	16,029	11,324	5,750
Total	48,417	39,885	28,841

The amounts disclosed in the above table for trade and other receivables and payables do not agree to the amount reported in the Consolidated Statement of Financial Position as they exclude prepaid expenses, payroll and sales tax payable, current tax receivables and contract assets and liabilities which do not meet the definition of financial assets or liabilities.

(a) Financial risk management

The Group's principal financial instruments are bank balances, cash and medium-term loans. The main purpose of these financial instruments is to manage the Group's funding and liquidity requirements. The Group also has other financial instruments such as trade receivables and trade payables which arise directly from its operations.

The Group is exposed through its operations to the following financial risks:

- Liquidity risk
- Credit risk
- Interest rate risk
- Foreign currency risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Policy for managing risks is set by the Chief Executive Officer and is implemented by the Group's finance department. All risks are managed centrally with a tight control of all financial matters.

(b) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, while protecting and strengthening the Group balance sheet through the appropriate balance of debt and equity funding.

The Group manages its capital structure (net debt plus equity) and makes adjustments to it in light of changes to economic conditions and the strategic objectives of the Group either through the issuance of new shares, capital raisings or borrowing facilities to meet the requirements of each local business.

Refer to Note 26 for the Group statement of changes in equity for the value of the Group's equity.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group considers that liquidity risk is effectively managed and mitigated. The Group held unrestricted cash resources of $0.6 million at June 30, 2023 (June 30, 2022: $1.3m; June 30, 2021: $8.6m). The ratio of current assets to current liabilities at June 30, 2023 is 0.54 (June 30, 2022: 0.93; June 30, 2021: 1.82).

Following sale of ex-solar J.A. Martin operations on July 1, 2022, the A$2.1 million J.A. Martin debtor finance facility (drawn down at June 30, 2022: nil; June 30, 2021: nil) was cancelled and a new facility with a limit of A$2.5 million and variable interest rate that is currently 7.75% was established by Kenshaw, as well as a trade finance facility of $0.5 million.

The Group maintains near-term cash flow forecasts that enable it to identify its borrowings requirement so that remedial action can be taken if necessary.

Contractual maturities of financial liabilities, including interest payments, are as follows:

Year ended 30 June 2023 (US dollars in thousands)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual maturity of financial liabilities					
Trade and other payables (financial liabilities)	16,029	16,029	-	-	-
Borrowings	30,083	1,922	12,323	8,447	7,391
Lease liabilities	2,305	462	1,375	415	53
Total	**48,417**	**18,413**	**13,698**	**8,862**	**7,444**

Year ended 30 June 2022 (US dollars in thousands)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual maturity of financial liabilities					
Trade and other payables (financial liabilities)	10,973	10,973	-	-	-
Borrowings	26,097	4,604	11,283	10,211	-
Lease liabilities	2,464	506	846	1,112	-
Total	**39,534**	**16,083**	**12,129**	**11,323**	**-**

Year ended 30 June 2021 (US dollars in thousands)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual maturity of financial liabilities					
Trade and other payables (financial liabilities)	5,751	5,751	-	-	-
Borrowings	22,096	411	11,424	10,261	-
Lease liabilities	995	669	326	-	-
Total	**28,842**	**6,831**	**11,750**	**10,261**	**-**

(d) Credit risk

The primary risk arises from the Group's receivables from customers and contract assets. The majority of the Group's customers are long standing and have been a customer of the Group for many years. Losses have occurred infrequently. The Group is mainly exposed to credit risks from credit sales, but the Group has no significant concentrations of credit risk and keeps the credit status of customers under review. Credit risks of customers of new customers are reviewed before entering into contracts. The debtor exposure is monitored by Group finance and the local entities review and report their exposure on a monthly basis.

The Group does not consider the exposure to the above risks to be significant and has therefore not presented a sensitivity analysis on the identified risks.

The credit quality of debtors neither past due nor impaired is good. Refer to Note 19 for further analysis on trade receivables.

(e) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk on sales and purchases that are denominated in currencies other than the respective functional currencies of the Group entities to which they relate, primarily between USD, AUD, EUR and GBP.

The Group's investments in overseas subsidiaries are not hedged as those currency positions are either USD denominated and/or considered to be long-term in nature.

The Group is exposed to foreign exchange risk on the following balances at 30 June 2023:

- Cash and cash equivalents $0.54 million denominated in AUD, $0.02 million denominated in EUR and ($0.03) million denominated in GBP.
- Restricted cash $0.6 million denominated in AUD.
- Trade and other receivables $3.4 million denominated in AUD, $1.0 million denominated in EUR and $2.6 million denominated in GBP.
- Trade and other payables $5.0 million denominated in AUD, $2.0 million in EUR and $2.7 million in GBP.

- Borrowings $2.9 million denominated in AUD and $0.9 million in EUR.
- Provisions $0.7 million denominated in AUD and $1.2 million in GBP.

Of the total shareholder loan of $28.6 million, $27.1 million is denominated in USD and $1.5 million is denominated in AUD.

(f) Interest rate risk

As a result of the related party loan agreement the Group is exposed to interest rate volatility. However, the interest rate is fixed for the medium term, therefore, the risk is largely mitigated for the near future. The Group will continue to monitor the movements in the wider global economy.

31. Related party transactions

AWN is not the ultimate controlling party of VivoPower, but retains a significant influence. As at June 30, 2023, AWN held a 39.5% equity interest in the Company.

Kevin Chin, Chairman and Chief Executive Officer of VivoPower, is also Chief Executive of AWN. During the period, a number of services were provided to the Company from AWN and its subsidiaries; the extent of the transactions between the two groups is listed below.

On January 11, 2023, amendments to the related party loan were agreed with AWN:

(i) to defer repayment of principal to commence on April 1, 2025, with repayments over 60 months to March 31, 2030.

(ii) to defer interest payments from October 1, 2023, becoming due and payable on the earlier of a) completion by VivoPower of a debt or equity raise of at least US$25 million, and b) October 1, 2024.

(iii) to extend the increased interest rate and line fee of 10.00% and 2.00% per annum respectively commenced on October 1, 2021 to the earlier of a) March 31, 2025 or b) the date a minimum Prepayment of US$1,000,000 is made.

(iv) to extend the initial refinancing fee accruing incrementally at 1.6% per annum from July 1, 2021 and become payable at the earlier of a) US$1.0 million prepayment being made or b) April 1, 2025.

(v) to defer the repayment date of the previous fixed facility extension fee of $0.355 million, becoming payable on April 1, 2025.

(vi) In addition to previously agreed refinancing fees, an additional $0.855 million fixed refinancing fee will accrue immediately and become payable on April 1, 2025.

On June 30, 2023, further amendments to the loan were agreed with AWN:

(i) to defer interest payments from October 1, 2024 to April 1, 2025, and to replace the conditional requirement to repay accrued interest upon completion by VivoPower of a debt or equity raise of at least US$25 million, with the conditional requirement to make repayments of interest and/or principal to meet the mandatory repayment schedule described in sections (ii) and (iii) below following a qualifying liquidity event.

(ii) upon completion by VivoPower International PLC of a qualifying liquidity event of at least $5.0 million, Aevitas O Holdings Pty Limited is required to make mandatory prepayment of principal and interest to AWN Holdings in accordance with

the following schedule:

a) proceeds $5 million to $7.5 million - pay 25% of amounts raised;

b) proceeds $7.5 million to $12.5 million - pay $1.875 million plus 45% of amounts raised;

c) proceeds $12.5 million and above - pay $4.125 million plus 25% of amounts raised.

(iii) for the purposes of the mandatory prepayment requirement, a 'qualifying liquidity event' excludes direct investments into VivoPower's subsidiary, Tembo, and debt raised in respect of working capital finance facilities, but includes:

a) equity or debt raise;

b) trade sale of underlying subsidiary or business unit (including, for example, Aevitas and Caret); and

c) loan repayment from Tembo to VivoPower. Note 32 - Subsequent Events refers to the loan between VivoPower International PLC and Tembo, repayable in 2026.

(iv) as consideration for the concessions agreed with AWN, VivoPower International PLC committed to issue AWN with 500,000 warrants, with a duration of 12 months, at an exercise price of $0.67 per share.

In December 2021, a short-term loan of $1.1 million (A$1.5 million) was provided from AWN to Aevitas O Holdings Pty Limited at an interest rate of 10.0%, increasing to 12.5% from January 1, 2022. The loan is set to expire on April 1, 2025 (initially set as April 30, 2022, then extended to the earlier of October 01, 2023, then extended on January 11, 2023 to April 1, 2025). The requirement for the loan to expire upon completion by VivoPower International PLC of a debt or equity raise of at least S$25 million was dropped on June 30, 2023. Facility extension fees of A$29,000 (A$40,000) and $43,500 (A$60,000) are payable upon maturity, relating to the two extensions respectively.

On February 22, 2022, a short-term $3.0 million loan was provided from AWN Holdings to Aevitas O Holdings Pty Limited, with an interest rate of 10.00% per annum payable on the principal sum upon maturity. The loan is set to expire on April 1, 2025 (initially set as May 13, 2022, then extended to the earlier of October 1, 2023, then extended on January 11, 2023 to April 1, 2025). The requirement for the loan to expire upon completion by VivoPower International PLC of a debt or equity raise of at least S$25 million was dropped on June 30, 2023. Facility extension fees of $85,000 and $110,000 are payable upon maturity, relating to the two extensions respectively.

On December 22, 2022, a short-term $3.0 million loan was provided from AWN to Aevitas, with an interest rate of BBSY bid floating rate (on average 3.60% for the period from inception to June 30, 2023) plus fixed margin of 15.0% per annum payable on the principal sum upon maturity. A 1% facility establishment fee of $30,000 was deducted upon initial loan drawdown, and a further 3% exit fee of $90,000 is payable on expiry. The loan is set to expire on April 1, 2025 (initially set as October 1, 2023, then extended on January 11, 2023 to April 1, 2025). The requirement for the loan to expire upon completion by VivoPower International PLC of a debt or equity raise of at least S$25 million was agreed on January 11, 2023, then dropped on June 30, 2023. A facility extension fee of $115,000 is payable upon maturity.

In February and March 2023, further short term loans of A$0.5 million and A$0.25 million were established between AWN Holdings and Aevitas O Holdings Pty Limited, drawn down between February and May 2023. The loans have an interest rate of BBSY bid floating rate plus fixed margin of 15.0% per annum payable on the principal sum upon maturity, with expiry dates of June 30, 2023. 1% facility establishment fees of total A$7,500 were deducted upon loan drawdowns, and further 3% exit fees of total A$22,500 are payable on expiry. On June 30, 2023, the expiry or the loans was amended to August 31, 2023.

Mr. Hui is paid fees of $50,000 per annum during the year. Mr. Hui elected to receive 100% of his fees in cash. $25,000 remaining accrued and payable as at June 30, 2023. Mr. Hui also receives equity-based remuneration in relation to his involvement in management of Critical Power Services segment, and the hyper-turnaround and hyperscaling program. Of the 17,500 ($13,125) annual retention RSUs granted on April 1, 2020, vesting annually from June 2021 to June 2026, 3,500 RSUs ($2,625) vested in the current year. Of the 52,500 ($39,375) performance RSUs vesting quarterly from September 2020 to June 2023, dependent on meeting quarterly performance goals, 6,314 RSUs ($4,736) vested in the current year. A further 20,000 annual retention RSU's

($5,200) were granted to Mr. Hui on January 11, 2023, vesting annually from December 2023 to December 2025.

From time to time, costs incurred by AWN on behalf of VivoPower are recharged to the Company. During the year ended June 30, 2023, $1,138,346 was recharged to the Company (year ended June 30, 2022: $343,806, year ended June 30, 2021: $1,028,096). At June 30, 2023, the Company has a payable to AWN in respect of recharges of $1,392,203 (June 30, 2022: $313,688, June 30, 2021: $4,345).

Aevitas is indebted to The Panaga Group Trust, of which Mr. Kevin Chin is a beneficiary and one of the directors of the corporate trustee of such trust, with 4,697 Aevitas Preference Shares, of face value A$46,970. The Panaga Group Trust earned A$3,302 ($2,188) dividends on the Aevitas Preference Shares during the year ended June 30, 2023.

Chairman's fees for Kevin Chin in the amount of £68,000 ($81,819) were charged to the Company by Arowana Partners Group Pty Ltd ("APG") in the current year. A further $130,863 costs incurred by APG on behalf of the Company were recharged to the Company in the year. At June 30, 2023, the Company had an account payable of $157,036 in respect of these services. Mr. Chin is a shareholder and director of Arowana Partners Group Pty Ltd during the year ended June 30, 2023.

As CEO, Mr Chin is paid £325,000 base fees, £38,000 annual professional development allowance. Of the base salary, 4 months were paid in cash, whilst for 8 months, Mr Chin agreed to receive payment in the form of 541,666 cashless warrants in VivoPower shares, exerciseable in the period June 3, 2024 to June 3, 2029 at an exercise price of $0.60. Shares issued following exercising of warrants will remain restricted for 12 months. Mr Chin has allocated these warrants to a benevolent cause, the ASEAN Foundation.

Mr. Chin receives equity-based remuneration in relation to his involvement in leading the hyper-turnaround and hyperscaling program. Of the 87,200 ($65,400) annual retention RSUs granted on April 1, 2020, vesting annually from June 2021 to June 2026, 17,440 RSUs ($13,080) vested in the current year. Of the 261,600 ($196,200) performance RSUs vesting quarterly from September 2020 to June 2023, dependent on meeting quarterly performance goals, 31,456 RSUs ($23,592) vested in the current year. In December 2021, the Remuneration Committee approved an equity award of RSUs in relation to short-term incentives for the year ended June 30, 2022, vesting in June 2023 deferred from June 2022. The award vested 94,291 RSU's ($275,330), based on Mr Chin's base salary £325,000 x 1.3237 exchange rate x 64% performance measurement / $2.92 VWAP share price. A further 20,000 annual retention RSU's ($5,200) were granted to Mr. Chin on January 11, 2023, vesting annually from December 2023 to December 2025.

On November 26, 2021, APG provided a loan of $0.37 million to Caret to provide working capital assistance. The loan incurred interest during the year of $22,895 at 8% plus a 2% facility fee, plus a one-off establishment fee of $7,400. The loan plus interest were repaid in August 2022.

32. Subsequent events

An extraordinary general meeting of shareholders was held on July 6, 2023, which included a consideration and approval, in accordance with section 618 of the Companies Act 2006, that the Company (acting by its Board) be and is hereby authorised to consolidate, or consolidate and divide, all or such number of its existing Ordinary Shares of $0.012 each into such reduced number of Ordinary Shares of such increased nominal value as the Company's Board may at any time prior to 23 October 2023 determine is appropriate in order to ensure that the Company remains compliant with the applicable rules of Nasdaq concerning the minimum trading price of the Company's shares. The Ordinary Shares existing after any exercise of this power by the Company shall have the same rights and be subject to the same restrictions (save as to nominal value) as the existing Ordinary Shares of $0.012 each in the capital of the Company as set out in the Company's articles of association for the time being. This resolution was approved by The Company's shareholders by no less than 96% of votes cast.

Tembo signed a landmark joint venture agreement with Francisco Motors, the pioneering manufacturer of jeepneys in the Philippines. Under the agreement, Tembo will develop and supply EUV electrification kits for a new generation of electric jeepneys. One of the country's cultural icons, jeepneys are the most common utility vehicle in the Philippines and the main mode of public transportation, accounting for just over 40% of public transportation in the country. There are more than 200,000 jeepneys on the road in the Philippines, of which more than 90% are at least 15 years old and running on second-hand diesel engines. Under the Public Utility Vehicle Modernization Program, the Philippine Government requires that all jeepneys and other public utility vehicles with at least 15 years of service be replaced with Euro 4-compliant or electric-powered vehicles. This creates a US$10bn+ addressable market for the replacement of the old jeepneys. Francisco Motors and Tembo have already secured their first orders and have commenced work to deliver on those orders. The agreement will also give Tembo access to low-cost assembly in the Philippines.

33. Key management personnel compensation

Key management personnel, which are those roles that have a Group management aspect to them are included in Note 9 to the consolidated financial statements.

34. Ultimate controlling party

As at June 30, 2023, AWN held a 39.5% equity interest in the Company. Since June 30, 2021, the Company no longer has an ultimate controlling party.

In prior periods, the ultimate controlling party and the results into which these financials were consolidated was AWN, a company registered in Australia.

Key management personnel, which are those roles that have a Group management aspect to them, are included in Note 9 to the consolidated financial statements.

35. Prior year adjustments

For the year ended 30 June, 2022, $0.5 million of expenses were erroneously not booked until 2023 that related to services provided in the year end 30 June 2022 for which no accruals had been created. These expenses included $0.4 million professional services but also included $0.1 million equity incentives. The impact was a reduction in the profit and loss of $0.5 million, a $0.4 million increase current liabilities and $0.1 million increase in equity accounts.

For the year ended 30 June 2021, $0.5 million of deposits had been incorrectly classified as intangible assets for which these deposits were refunded in the year ended 30 June 2023. The reclassification resulted in current assets increasing by $0.5 million and an opposite reduction in long term assets with no impact on profit and loss or gross assets.

For the years ended 30 June, 2022 and 30 June, 2021, it was noted that $0.4 million of inventory had incorrectly been classified within other receivables. This has now been corrected with an increase in inventory in both years of $0.4 million and a reduction in other receivables.

VivoPower International PLC for the year ended 30 June 2023

Company Statement of Financial Position

(US dollars in thousands)	Note	30 June 2023	30 June 2022 (restated)	30 June 2021 (restated)
ASSETS				
Non-current assets				
Deferred tax assets		-	-	-
Investments	38	14,542	14,513	14,513
Intercompany loan receivable		-	-	-
Total non-current assets		**14,542**	**14,513**	**14,513**
Current assets				
Cash and cash equivalents		(24)	9	5,256
Other receivables	39	59,049	54,573	51,508
Total current assets		**59,025**	**54,582**	**56,764**
TOTAL ASSETS		**73,567**	**69,095**	**71,277**
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	40	2,105	2,235	1,786
Provisions	41	1,175	-	485
Total current liabilities		**3,280**	**2,350**	**2,271**
Equity				
Share capital	42	308	256	222
Share premium	42	105,018	99,418	76,229
Other reserves	43	(9,379)	(8,927)	12,087
Retained deficit		(25,660)	(23,887)	(19,532)
Total Equity		**70,287**	**66,860**	**69,006**
TOTAL EQUITY AND LIABILITIES		**73,567**	**69,095**	**71,277**

Registered number 09978410

As allowed by S408 Companies Act 2006, no profit and loss account is presented in respect of the parent company. The loss for parent company after taxation for the year ended 30 June 2023 was $1,773,000) (year ended 30 June 2022 was $4,355,000 (restated); year ended 30 June 2021 was $4,192,000 (restated)).

These financials were approved by the Board of Directors on 27 November 2023 and signed on its behalf by:

Kevin Chin
Chairman

Company Statement of Cash Flow

(US dollars in thousands, except per share amounts)	Note	Year ended 30 June 2023	2022 (restated)	2021 (restated)
Cash flows from operating activities				
Loss for the period		(1,773)	(4,355)	(4,192)
Income tax		-	-	-
Foreign exchange loss		49	30	87
Finance income		-	-	-
Finance expense		17	13	2
Increase/(decrease) in provisions		1,175	(485)	(620)
(Increase)/decrease in trade and other receivables		(1,374)	815	1,291
(Decrease)/increase in trade and other payables		(130)	449	(1,203)
Net cash used in operating activities		**(2,036)**	**(3,533)**	**(4,636)**
Cash flows from investing activities				
Acquisition of subsidiary		(29)	-	(7,125)
Intercompany loan repayments		(3,152)	(3,909)	(14,859)
Net cash used in investing activities		**(3,181)**	**(3,909)**	**(21,984)**
Cash flows from financing activities				
Capital movements - net		5,200	2,208	31,570
Finance expense		(17)	(13)	-
Net cash from financing activities		**5,183**	**2,195**	**31,570**
Net increase/(decrease) in cash and cash equivalents		(34)	(5,247)	4,950
Cash and cash equivalents at the beginning of the period		9	5,256	306
Cash and cash equivalents at the end of the period		**(24)**	**9**	**5,256**

Company Statement of Changes in Equity

(US dollars in thousands)	Share Capital	Share Premium	Other Reserves	Retained Deficit	Total
At 30 June 2020	163	40,215	19,185	(15,339)	44,224
Total comprehensive loss for the period	-	-	-	(4,344)	(4,344)
Prior year adjustments	-	-	-	151	151
Restated loss for the year	-	-	-	(4,193)	(4,193)
Capital raises	49	34,317	(2,821)	-	31,545
Equity instruments	-	-	(4,383)	-	(4,383)
Other share issuances	1	736	-	-	737
Employee share awards	9	961	107	-	1,077
	59	36,014	(7,098)	(4,193)	24,782
At 30 June 2021	222	76,229	12,087	(19,532)	69,006
Total comprehensive loss for the period	-	-	-	(4,116)	(4,116)
Prior year adjustments	-	-	-	(239)	(239)
Restated loss for the year	-	-	-	(4,355)	(4,355)
Capital raises	1	243	(121)	-	123
Equity instruments	24	20,442	(20,466)	-	-
Other share issuances	1	217	(10)	-	208
Employee share awards	8	2,287	(417)	-	1,878
	34	23,189	(21,148)	(4,355)	(2,280)
At 30 June 2022	256	99,418	(8,927)	(23,887)	66,860
Total comprehensive income for the period	-	-	-	(1,773)	(1,773)
Capital raises	51	5,449	(445)	-	5,055
Other share issuances	-	-	(134)	-	(134)
Employee share awards	1	151	127	-	279
	52	5,600	(318)	(1,773)	3,561
At 30 June 2023	308	105,018	(9,379)	(25,660)	70,287

For further information on “Other Reserves” please see Note 43 within the consolidated financial statements.

Notes to the Company Financial Statements

36. Reporting entity

VivoPower International PLC company financial statements were prepared in accordance with with UK adopted International Accounting Standards (UK IAS), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

As allowed by S408 Companies Act 2006, no profit and loss account is presented in respect of the parent company.

37. Basis of preparation

(a) Foreign exchange - The Company's functional and presentational currency is the US dollar. Transactions denominated in foreign currencies are translated into the functional currency of the entity at the rates prevailing at the dates of the individual transactions. Foreign currency monetary assets and liabilities are translated at the rates prevailing at the balance sheet date. Exchange gains and losses arising are charged or credited to the profit and loss account.

(b) Taxation - Deferred taxation is provided in full for material timing differences except where recoverability of a deferred tax is considered to be remote in the foreseeable future. Deferred tax balances are not discounted unless the effects are considered to be material the Company's results.

(c) Investments - Investments held as non-current assets are shown at cost less provision for impairment.

(d) Related party transactions - Details of the related party transactions can be found in Note 31 within the consolidated financial statements.

38. Investment

	As at 30 June		
(US dollars in thousands)	**2023**	**2022**	**2021**
Shares in group undertakings			
Investment in Tembo e-LV	7,125	7,125	7,125
Investment in VivoPower International Services Limited	7,388	7,388	7,388
Investment in Vivopower International IMEA DMCC	29	-	-
Total	**14,542**	**14,513**	**14,513**

On 5 November 2020, the Company acquired 51% of the ordinary issued share capital of Tembo e-LV B.V. for $4.9 million. Tembo e-LV B.V. is a specialist battery-electric and off-road vehicle company located in The Netherlands. The non-controlling interest representing 49% of the ordinary issued share capital was acquired on 2 February 2021 for $2.2 million and 15,793 shares in the Company ($0.2 million).

The details of the principal undertakings in which the Group's interest at the period-end was more than 20%, all of which are referred to in Note 15 in the consolidated financial statements.

39. Other receivables

(US dollars in thousands)	As at 30 June 2023	2022 (restated)	2021 (restated)
Amounts owed by group undertakings	56,616	53,514	49,635
Other receivables	2,265	862	660
Prepaid expenses	168	197	1,213
Total	**59,049**	**54,573**	**51,508**

For the year ended 30 June 2022, $220,000 of inter-co management recharges had not been charged in the year they relate. The impact was an increase in the loss for the year of $220,000 and an opposite reduction of $220,000 in inter-co receivables.

For the year ended 30 June 2021, $151,000 of inter-co management recharges had not been charged in the year they relate. The impact was a reduction in the loss for the year of $151,000 and an opposite increase of $151,000 in inter-co receivables.

40. Trade and other payables

(US dollars in thousands)	As at 30 June 2023	2022 (restated)	2021
Trade payables	1,514	1,319	1,334
Accrued expenses	536	856	401
Payroll tax liabilities	55	28	15
Other borrowings	-	32	36
Total	**2,105**	**2,235**	**1,786**

For the year ended 30 June 2022, $19,000 of professional services had not been charged in the year they relate. The impact was an increase in the loss for the year of $19,000 and an opposite reduction of $19,000 in accrued expenses while $134,000 of accrued expenses were settled through equity incentives.

41. Provisions

(US dollars in thousands)	Fiscal	Litigation	Total
At 30 June 2021	**-**	**485**	**485**
Charged/(credited) to profit or loss:	-		
Additional provisions	-	(100)	(100)
Provisions utilised	-	(385)	(385)
At 30 June 2022	**-**	**-**	**-**
Charged/(credited) to profit or loss:	1,175	-	1,175
Additional provisions	-	-	-
Provisions utilised	-	-	-
At 30 June 2023	**1,175**	**-**	**1,175**

42. Share capital

	As at 30 June		
(US dollars in thousands)	2023	2022	2021
Allotted, called up and fully paid:			
Ordinary Shares of $0.012 each	$307,815	$255,819	$ 222,074
Number allotted:			
Ordinary Shares of $0.012 each	25,651,140	21,318,118	18,506,064

	Shares No.	Par value USD 000	Share premium USD 000	Total USD 000
At 30 June 2020	13,557,376	163	40,215	40,378
Capital raises[1]	4,091,019	49	34,317	34,366
THFC investment[2]	49,750	1	499	500
Employee share scheme issues[3]	792,126	9	961	970
Acquisition of non-controlling interest in subsidiary[4]	15,793	-	237	237
At 30 June 2021	**18,506,064**	**222**	**76,229**	**76,451**
Conversion of equity instruments[5]	2,005,190	24	20,442	20,466
Capital raises[1]	82,644	1	243	244
Other issuances[6]	42,000	1	217	218
Employee share scheme issues[3]	682,220	8	2,287	2,295
At 30 June 2022	**21,318,118**	**256**	**99,418**	**99,674**
Capital raises[1]	4,230,770	51	5,449	5,500
Employee share scheme issues[3]	102,252	1	151	152
At 30 June 2023	**25,651,140**	**308**	**105,018**	**105,326**

1 In the year ended 30 June, 2021, the Company completed a series of capital raises on Nasdaq. A total of 4,091,019 Ordinary Shares were issued, comprising 3,382,350 Ordinary Shares issued on 19 October 2020 as an underwritten public offering pursuant to an F-1 registration statement filed with the SEC on 14 October 2020, and 708,669 Ordinary Shares issued during June 2021, as at the market price, pursuant to an F-3 registration statement filed with the SEC on December 21, 2020.
In the year ended 30 June 2022, a further 82,644 Ordinary Shares were issued under the same registration statement.
On July 29, 2022, the Company entered into a Securities Purchase Agreement to issue and sell, in a registered direct offering directly to an investor, (i) an aggregate of 2,300,000 Ordinary Shares (the "Shares"), nominal value $0.012 per share, at an offering price of $1.30 per share and (ii) an aggregate of 1,930,770 pre-funded warrants exercisable for Ordinary Shares at an offering price of $1.2999 per pre-funded warrant, for gross proceeds of approximately $5.5 million before deducting the placement agent fee and related offering expenses. The pre-funded warrants were sold to the Investor whose purchase of Ordinary Shares in the Registered Offering would otherwise result in the Investor, together with its affiliates and certain related parties, beneficially owning more than 4.99% of the Company's outstanding Ordinary Shares immediately following the consummation of the Registered Offering, in lieu of Ordinary Shares. Each pre-funded warrant represents the right to purchase one Ordinary Share at an exercise price of $0.0001 per share. The pre-funded warrants were exercised on November 22, 2022.

2 In February 2021, 49,750 Ordinary Shares were issued to Tottenham Hotspurs Football Club ("THFC") as part of the exclusive global battery partnership agreement.

3 During the year ended 30 June 2023, 102,252 shares (year ended 30 June 2022: 682,220; year ended 30 June 2021: 792,126) were issued to employees and directors of the Company and consultants to the Company under the Omnibus Incentive Plan.

4 In February 2021, 15,793 restricted Ordinary Shares were issued as part consideration for the purchase of the non-controlling interest in Tembo e-LV B.V.

5 On 30 June 2021, holders of convertible preference shares and convertible loan notes in Aevitas Group Limited, exercised their right to convert the debt instruments into Ordinary Shares in VivoPower International PLC. A total of 2,005,190 restricted Ordinary Shares were issued at a contracted price of $10.20 on 21 July 2021. Of the 2,005,190 Ordinary Shares issued, 1,959,339 were issued to entities owned by AWN Holdings Limited, the Company's largest individual shareholder.

6 During the year ended 30 June 2022, 21,000 restricted shares were issued to Corporate Profile LLC and 21,000 restricted shares were issued to FON Consulting Ltd in exchange for investor relations services.

Each share has the same right to receive dividends and repayment of capital and represents one vote at shareholders' meetings. Proceeds received in addition to the nominal value of the shares issued during the year have been included in share premium. The costs associated with the issuance of new shares are included within other reserves (see note 43). Share premium has also been recorded in respect of the share capital related to employee share awards.

43. Other reserves

(US dollars in thousands)	Equity instruments	Shares pending issue	Capital raising costs	Equity incentive costs	Share awards issuance	Foreign exchange	Total
At 30 June 2020	**27,079**	**-**	**(6,009)**	**350**	**-**	**(2,235)**	**19,185**
Capital raises	-	-	(2,821)	-	-	-	(2,821)
Equity instruments - conversion	(20,466)	20,466	-	-	-	-	-
Equity instruments - other	(4,384)	-	-	-	-	-	(4,384)
Equity incentives	-	-	-	1,078	(971)	-	107
Other movements	(2,229)	-	-	-	-	2,229	-
	(27,079)	**20,466**	**(2,821)**	**1,078**	**(971)**	**2,229**	**(7,098)**
At 30 June 2021	**-**	**20,466**	**(8,830)**	**1,428**	**(971)**	**(6)**	**12,087**
Equity instruments - conversion	-	(20,466)	-	-	-	-	(20,466)
Share issuance costs	-	-	-	-	(1,879)	-	(1,879)
Capital raising costs	-	-	(121)	-	-	-	(121)
Equity incentives (restated)	-	-	-	1,452	-	-	1,452
Other movements	-	-	-	(6)	-	6	-
	-	**(20,466)**	**(121)**	**1,446**	**(1,879)**	**6**	**(21,014)**
At 30 June 2022	**-**	**-**	**(8,951)**	**2,874**	**(2,850)**	**-**	**(8,927)**
Capital raising costs	-	-	(445)	-	-	-	(445)
Equity incentives	-	-	-	147	(154)	-	(7)
	-	-	**(445)**	**147**	**(154)**	-	**(452)**
At 30 June 2023	**-**	**-**	**(9,396)**	**3,021**	**(3,004)**	**-**	**(9,379)**

44. Employee and directors

The company did not employ any members of staff during the course of the year. Contractual agreements are in place for five directors to serve on the board of VivoPower International PLC.

See the Directors' Report in the consolidated financial statements for full details of the directors.

45. Prior year adjustments

For the year ended 30 June, 2022, $239,000 of expenses were erroneously not booked until 2023 that related to services provided in the year end 30 June 2022 for which no accruals had been created. These expenses included $220,000 related to inter-company management fees and $19,000 related to professional services. The impact was a reduction in the profit and loss of $239,000, a $220,000 reduction in inter-co receivables and $19,000 increase in trade and other payables.

For the year ended 30 June 2022, $134,000 of accrued expenses were settled through equity incentives.

For the year ended 30 June 2021, $151,000 of inter-co management recharges had not been charged in the year they relate. The impact was a reduction in the loss for the year of $151,000 and an opposite increase of $151,000 in inter-co receivables.

Company Information

Advisors

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Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
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Principal Bankers
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Company Secretary
JTC (UK) Limited
The Scalpel, 18th Floor
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London, UK EC3M 7AF

Shareholder Information

Country of Incorporation and Main Number of Securities in Issue

Countries of Operation

VivoPower International PLC is incorporated in England & Wales. The Company operates in the United Kingdom, United States, Australia, Canada, and Netherlands.

Main Number of Securities in Issue

As of 31 August 2023, the Company's issued share capital consists of 25,788,260 Ordinary Shares with a nominal value of $0.012 each.

Company Registration

Registered office:
The Scalpel, 18th Floor
52 Lime Street
London, EC3M 7AF, UK

Registered in England & Wales
Company number: 09978410

Financial Calendar

Annual General Meeting ("AGM")

The Company's AGM will be held on 28 December 2023. The notice of the meeting will be sent to shareholders at least 21 days before the meeting.