

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

For the fiscal year ended June 30, 2024

Commission file number 1-37974

VIVOPOWER INTERNATIONAL PLC

(Exact name of Registrant as specified in its charter)

England and Wales

(Jurisdiction of incorporation or organization)

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United Kingdom

(Address of principal executive offices)

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Ordinary Shares, nominal value \$0.12 per share	VVPR	The Nasdaq Capital Market

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or Ordinary Shares as of the close of the period covered by the annual report.

Ordinary Shares, nominal value \$0.12 per share

4,439,733

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Note—Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of “large accelerated filer,” “accelerated filer,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued
by the International Accounting Standards Board

Other

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

TABLE OF CONTENTS

Introduction	1
Forward-Looking Statements	1
PART I	2
Item 1. Identity of Directors, Senior Management and Advisors	2
Item 2. Offer Statistics and Expected Timetable	2
Item 3. Key Information	2
A. Selected Financial Data	2
B. Capitalization and Indebtedness	2
C. Reasons for the Offer and Use of Proceeds	2
D. Risk Factors	2
Item 4. Information on the Company	21
A. History and Development of the Company	21
B. Business Overview	22
C. Organizational Structure	25
D. Property, Plant and Equipment	25
Item 4A. Unresolved Staff Comments	26
Item 5. Operating and Financial Review and Prospects	26
A. Operating Results	26
B. Liquidity and Capital Resources	36
C. Research and Development, Patents, Licenses, etc.	41
D. Trend Information	42
E. Critical Accounting Estimates	42
Item 6. Directors, Senior Management and Employees	43
A. Directors and Senior Management	43
B. Board Diversity	46
C. Compensation	46
D. Board Practices	48
E. Employees	51
F. Share Ownership	52
G. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation	53
Item 7. Major Shareholders and Related Party Transactions	53
A. Major Shareholders	53
B. Related Party Transactions	54
C. Interests of Experts and Counsel	56
Item 8. Financial Information	56
A. Consolidated Statements and Other Financial Information	56
B. Significant Changes	57
Item 9. The Offer and Listing	57
A. Offering and Listing Details	57
B. Plan of Distribution	57
C. Markets	57
D. Selling Shareholders	57
E. Dilution	57
F. Expenses of the Issue	57
Item 10. Additional Information	58
A. Share Capital	58
B. Memorandum and Articles of Association	58
C. Material Contracts	58
D. Exchange Controls	58
E. Taxation	58
F. Dividends and Paying Agents	64
G. Statements by Experts	64
H. Documents on Display	65
I. Subsidiary Information	65
Item 11. Quantitative and Qualitative Disclosures about Market Risk	65
Item 12. Description of Securities Other than Equity Securities	66

[Table of Contents](#)**[PART II](#)**

Item 13. Defaults, Dividend Arrearages and Delinquencies	66
Item 14. Material Modifications to the Rights of Securityholders and Use of Proceeds	66
Item 15. Controls and Procedures	65
Item 16. [Reserved]	67
Item 16A. Audit Committee Financial Expert	67
Item 16B. Code of Ethics	67
Item 16C. Principal Accountant Fees and Services	67
Item 16D. Exemption from the Listing Standards for Audit Committees	68
Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers	69
Item 16F. Change in Registrant's Certifying Accountant	69
Item 16G. Corporate Governance	69
Item 16H. Mine Safety Disclosure	69

[PART III](#)

Item 17. Financial Statements	69
Item 18. Financial Statements	69
Item 19. Exhibits	69
Index to Consolidated Financial Statements	F-1

[Table of Contents](#)

Introduction

References in this Annual Report on Form 20-F (the “Annual Report”) to “VivoPower International PLC,” “VivoPower,” “we,” “our,” “us” and the “Company” refer to VivoPower International PLC and its consolidated subsidiaries. Our consolidated financial statements are prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board (“IFRS”), and are expressed in U.S. dollars. References to “dollars” or “\$” are to U.S. dollars. Our fiscal year ends on June 30 of the calendar year.

References to any specific fiscal year refer to the year ended June 30 for 2024 and future periods. For example, we refer to the fiscal year ended June 30, 2024, as “FY24”.

Certain amounts and percentages that appear in this Annual Report have been subject to rounding adjustments. As a result, certain numerical figures shown as totals, including in tables, may not be exact arithmetic aggregations of the figures that precede or follow them.

Forward-Looking Statements

This Annual Report contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this Annual Report include, but are not limited to, statements about:

- our expectations regarding our revenue, expenses and other results of operations;
- our plans to acquire, invest in, develop or sell our investments in energy projects or joint ventures or in the electric vehicle sector;
- our ability to attract and retain customers;
- the growth rates of the markets in which we compete;
- our liquidity and working capital requirements;
- our ability to raise sufficient capital to realize development opportunities and thereby generate revenue;
- our anticipated strategies for growth;
- our ability to anticipate market needs and develop new and enhanced solutions to meet those needs;
- anticipated trends and challenges in our business and in the markets in which we operate;
- our expectations regarding the demand for electric vehicle conversion kits;
- our expectations regarding changes in the cost of materials for electric vehicle conversion kits;
- our expectations regarding the demand for solar power by energy users or investors in projects;
- our expectations regarding changes in the cost of developing and constructing solar projects;
- our ability to compete in our industry and innovation by our competitors;
- our ability to develop competitive electric vehicle products and build scalable assembly processes;
- the extent to which events with a global impact on supply chains, such as pandemics or wars, affect our business, financial condition and results of operations;
- our expectations regarding our ongoing legal proceedings;
- our ability to adequately protect our intellectual property; and
- our plans to pursue strategic acquisitions.

We caution that the Preceding list may not contain all the forward-looking statements made in this Annual Report.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Annual Report primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, operating results and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the “Item 3. Key Information - D. Risk Factors.” Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Annual Report. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this Annual Report relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Annual Report to reflect events or circumstances after the date of this Annual Report or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

[Table of Contents](#)

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

Our historical consolidated financial statements are prepared in accordance with IFRS and are presented in U.S. dollars. The selected historical consolidated financial information set forth elsewhere in this Annual Report has been derived from, and is qualified in its entirety by reference to, our historical consolidated financial statements for the periods presented. Historical information as of and for the year ended June 30, 2024, for the year ended June 30, 2023, and for the year ended June 30, 2022, is derived from, and is qualified in its entirety by reference to, our consolidated financial statements. The financial statements have been audited by PKF Littlejohn LLP, our independent registered public accounting firm. You should read the information in conjunction with those audited consolidated financial statements, the notes thereto, and the discussion under “Item 5. Operating and Financial Review and Prospects” included elsewhere in this Annual Report.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Investment in our shares involves a high degree of risk and our business faces significant risk and uncertainty. You should carefully consider the following information, together with the other information in this Annual Report and in other documents we file with or furnish to the U.S. Securities and Exchange Commission (the “SEC”), before deciding to invest in or maintain an investment in any of our securities. Our business, as well as our financial condition or results of operations could be materially and adversely affected by any of these risks, as well as other risks and uncertainties not currently known to us or not currently considered material. The market price of our shares could decline as a result of any of these risks or uncertainties, and you could lose all or part of your investment.

Risks related to our business and operations

Our operational and financial results may vary significantly from period to period due to fluctuations in our operating costs and other factors.

In order to facilitate the growth of our Sustainable Energy Solutions (“SES”) strategy, we will need to make significant investments of both an operational expenditure and a capital expenditure nature.

We may not be profitable from period to period because we do not know the rate at which our revenue will grow, if it will grow at all, and we do not know the rate at which we will incur expenses. If we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our revenue and operating results are difficult to predict and may vary significantly from period to period. Sustained losses could have a material adverse effect on our business, financial condition or results of operations.

We expect our period-to-period financial results to vary based on our operating costs, which we anticipate will fluctuate as the pace at which we continue to design, develop and manufacture new products and to increase production capacity by expanding our current manufacturing facilities and adding future facilities. Additionally, our revenues from period to period may fluctuate as we introduce existing products to new markets for the first time and as we develop and introduce new products. Moreover, our financial results may

not meet expectations of equity research analysts, ratings agencies or investors, who may focus on short-term financial results. Accordingly, the trading price of our stock could decline substantially, either suddenly or over time.

[Table of Contents](#)

We require additional financing to execute our strategy to operate and grow our business and additional requisite funding may not be available to us when we need or want it.

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, 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 require a 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. As of June 30, 2024, we had a net current liability position of \$39.8 million. To address this, the Company is pursuing a combination of strategic measures, including raising sufficient capital over the next 12 months, further reducing its cash burn rate, negotiating payment plans with key creditors and lenders, and generating sufficient revenues and cash flows from its expanded range of products and solutions. However, we may not be able to obtain the additional or requisite funding on favorable terms when required, or at all, or negotiate favorable payment plans with key creditors and lenders or 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.

If we continue to experience losses and we are not able to raise additional financing 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.

We experienced a loss of \$46.7 million, \$24.4 million and \$22.1 million for the years ended June 30, 2024, 2023 and 2022, 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. As of June 30, 2024, we had a net current liability position of \$39.8 million which indicates that our short-term obligations exceed our available resources, potentially constraining our ability to fund operations and meet financial obligations unless we raise additional capital or secure alternative sources of funding.

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 to raise additional financing on sufficiently attractive terms or renegotiate with our creditors and lenders on favorable terms, or generate cash through sales of EV conversion Kits, EV Pickup trucks and electric Jeeps solar projects or other material assets or other means, then we may not have sufficient liquidity to sustain our operations or meet our financial obligations 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, 2024 includes an explanatory paragraph indicating that a material uncertainty exists which may cast material doubt on the group's ability to continue as a going concern if it is unable to secure sufficient funding. Our consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

If we fail to meet changing customer demands, we may lose customers and our sales could suffer.

The industry in which we operate changes rapidly. Changes in our customers' requirements result in new and more demanding technologies, product specifications and sizes, and manufacturing processes. Our ability to remain competitive will depend upon our ability to develop technologically advanced products and processes. We must continue to meet the increasingly sophisticated requirements of our customers on a cost-effective basis. We cannot be certain that we will be able to successfully introduce, market and cost-effectively source any new products, or that we will be able to develop new or enhanced products and processes that satisfy customer needs or achieve market acceptance. Any resulting loss of customers could have a material adverse effect on our business, financial condition or results of operations

We face competition in the markets, industries and business segments in which we operate, which could adversely affect our business, operating results, financial condition and future prospects.

We face competition in each of the business segments and jurisdictions in which we operate. Some of our competitors (i) have more financial, technological, engineering and manufacturing resources than we do to develop products, services and solutions that may compete favorably against our products; (ii) are developing or are currently producing products, services and solutions based on

new technologies that may ultimately have costs similar to or lower than ours; (iii) have government-backed financial resources or parent companies with greater depths of resources than are available to us; (iv) have access to a lower cost of capital than we do; (v) have stronger distribution partnerships and channels than we do, enabling access to larger customer bases; and (vi) may have longer operating histories, greater name and brand recognition and greater economies of scale than we do.

In addition, new competitors or alliances among existing competitors could emerge and rapidly acquire significant market share, adversely impacting our business in the process.

We expect that our competitors will continuously innovate to improve their ability to deliver products, services and solutions to meet customer demands. Should we fail to compete effectively, this could have a material adverse effect on our business, results of operations and financial condition.

[Table of Contents](#)

Our inability to protect our intellectual property could adversely affect our business. We may also be subject to intellectual property rights claims by third parties, which are extremely costly to defend, could require us to pay significant damages and could limit our ability to use certain technologies.

Any failure to protect our proprietary rights adequately could result in our competitors offering similar sustainable energy solutions more quickly than anticipated, potentially resulting in the loss of some of our competitive advantage and a decrease in our revenue which would adversely affect our business prospects, financial condition and operating results. Our success depends, at least in part, on our ability to protect our core technology and intellectual property. We rely on intellectual property laws, primarily a combination of copyright and trade secret laws in the U.S., U.K., Europe, and Australia, as well as license agreements and other contractual provisions, to protect our proprietary technology and brand. We cannot be certain our agreements and other contractual provisions will not be breached, including a breach involving the use or disclosure of our trade secrets or know-how, or that adequate remedies will be available in the event of any breach. In addition, our trade secrets may otherwise become known or lose trade secret protection.

We cannot be certain our products and our business do not or will not violate the intellectual property rights of a third party. Third parties, including our competitors, may own patents or other intellectual property rights that cover aspects of our technology or business methods. Such parties may claim we have misappropriated, misused, violated or infringed upon third-party intellectual property rights and if we gain greater recognition in the market, we face a higher risk of being the subject of claims we have violated others' intellectual property rights. Any claim we violated a third party's intellectual property rights, whether with or without merit, could be time-consuming, expensive to settle or litigate and could divert our management's attention and other resources, all of which could adversely affect our business, results of operations, financial condition and cash flows. If we do not successfully settle or defend an intellectual property claim, we could be liable for significant monetary damages and could be prohibited from continuing to use certain technology, business methods, content or brands. To avoid a prohibition, we could seek a license from third parties, which could require us to pay significant royalties, increasing our operating expenses. If a license is not available at all or not available on commercially reasonable terms, we may be required to develop or license a non-violating alternative, either of which could adversely affect our business, results of operations, financial condition and cash flows.

Our brand and reputation are key assets of our business, and if our brand or reputation is damaged, our business and results of operations could be materially adversely affected.

If we fail to deliver our renewable products, critical power services and electric vehicle ("EV") conversion kits within planned timelines and contracted obligations, or our products and services do not perform as anticipated, or if we materially damage any of our clients' properties, or cancel projects, our brand name and reputation could be significantly impaired. If customers or potential customers have or develop a less favorable view of our brand or reputation, for the reasons stated above or for any other reason, it could materially adversely affect our business, results of operations and financial condition.

Our future business depends in part on our ability to make strategic acquisitions, investments and divestitures and to establish and maintain strategic relationships, and our failure to do so could have a material and adverse effect on our market penetration and revenue growth.

We frequently look for and evaluate opportunities to acquire other businesses, make strategic investments or establish strategic relationships with third parties to improve our market position or expand our products and services. When market conditions permit and opportunities arise, we may also consider divesting part of our current business to focus management attention and improve our operating efficiency. Investments, strategic acquisitions and relationships with third parties could subject us to a number of risks, including risks associated with integrating their personnel, operations, services, internal controls and financial reporting into our operations as well as the loss of control of operations that are material to our business. If we divest any material part of our business, we may not be able to benefit from our investment and experience associated with that part of the business and may be subject to intensified concentration risks with less flexibility to respond to market fluctuations. Moreover, it could be expensive to make strategic acquisitions, investments, divestitures and establish and maintain relationships, and we may be subject to the risk of non-performance by a counterparty, which may in turn lead to monetary losses that materially and adversely affect our business. We cannot assure you that we will be able to successfully make strategic acquisitions and investments and successfully integrate them into our operations or make strategic divestitures or establish strategic relationships with third parties that will prove to be effective for our business. Our inability to do so could materially and adversely affect our market penetration, our revenue growth and our profitability.

Additionally, any acquisition involves potential risks, including, among other things:

- mistaken assumptions about assets, revenues and costs of the acquired company, including synergies and potential growth;
- an inability to successfully integrate the assets or businesses we acquire;

[Table of Contents](#)

- complexity of coordinating geographically disparate organizations, systems and facilities;
- the assumption of unknown liabilities for which we are not indemnified or for which our indemnity is inadequate;
- mistaken assumptions about the acquired company's suppliers or dealers or other vendors;
- the diversion of management's and employees' attention from other business concerns;
- unforeseen difficulties operating in new geographic areas and business lines;
- customer or key employee losses at the acquired business; and
- acquiring poor quality assets, systems and processes.

Our insurance coverage strategy may not be adequate to protect us from all business risks.

We may be subject, in the ordinary course of business, to losses resulting from products liability, accidents, acts of God and other claims against us, for which we may have no insurance coverage. Additionally, the policies that we do have may include significant deductibles or self-insured retentions, policy limitations and exclusions, and we cannot be certain that our insurance coverage will be sufficient to cover all future losses or claims against us. A loss that is uninsured or which exceeds policy limits may require us to pay substantial amounts, which may harm our business, operating results and financial condition.

Our operations may be adversely affected by failure to maintain or renegotiate distribution, supply, manufacturing or license agreements on favorable terms

We have distribution, supply, manufacturing and license agreements for our businesses. These agreements vary depending on the particular business, but tend to be for a fixed number of years. There can be no assurance that our businesses will be able to renegotiate rights on favorable terms when these agreements expire or that they will not be terminated. Failure to renew these agreements on favorable terms, or any disputes with distributors of our businesses' products or suppliers of materials, could have an adverse impact on our business and financial results.

In particular in the case of Tembo we depend on suppliers for the components of our kit to maintain or improve their prices as volumes ordered increase and to deliver their products to Tembo within agreed timeframes. There can be no assurance that our volumes of orders and our suppliers' pricing and lead times will be aligned with our agreements or forecast, which may have an adverse impact on our business and financial results.

We may incur unexpected warranty and performance guarantee claims that could materially and adversely affect our financial condition or results of operations.

In connection with our products and services, we may provide various system warranties and/or performance guarantees. While we generally are able to pass through manufacturer warranties we receive from our suppliers to our customers, in some circumstances, our warranty period may exceed the manufacturer's warranty period, or the manufacturer warranties may not otherwise fully compensate for losses associated with customer claims pursuant to a warranty or performance guarantee we provided. For example, most manufacturer warranties exclude many losses that may result from a system component's failure or defect, such as the cost of de-installation, re-installation, shipping, lost electricity, lost renewable energy credits or other solar incentives, personal injury, property damage, and other losses. In addition, in the event we seek recourse through manufacturer warranties, we will also be dependent on the creditworthiness and continued existence of these suppliers. These risks are exacerbated in the event such manufacturers cease operations or fail to honor their warranties.

As a result, warranty or other performance guarantee claims against us that exceed reserves could cause us to incur substantial expense to repair or replace defective products. Warranty reserves include management's best estimates of the projected costs to repair or to replace items under warranty, which are based on actual claims incurred to date and an estimate of the nature, frequency and costs of future claims. Such estimates are inherently uncertain and subject to change based on our historical or projected experience. Significant repair and replacement costs could materially and negatively impact our financial condition or results of operations, as well divert employee time to remedying such issues. In addition, quality issues can have various other ramifications, including delays in the recognition of revenue, loss of revenue, loss of future sales opportunities, increased costs associated with repairing or replacing products, and a negative impact on our reputation, any of which could also adversely affect our business or operating results.

[Table of Contents](#)

Our group Sustainable Energy Solutions (SES) strategy, including electric vehicles and electrical services to the solar power industry market, may not be successful, could disrupt our existing operations and increase costs, decrease profitability and reduce cash flows across the group.

Our strategy is to focus on delivering end-to-end sustainable energy solutions to corporate customers (including electric vehicles and electrical services to the solar power industry market) to help them accelerate achievement of their net zero carbon goals.

There can be no assurance that the SES strategy will succeed, especially as it is a new business model. For example, there may not be enough customers who engage us to deliver full end-to-end SES solutions to drive the growth that our management is targeting. We may not be able to perfect solutions that meet the expectations of customers, and we may be surpassed by competitors with better technologies. We may not be able to scale up Tembo appropriately or sufficiently integrate it with our existing business operations.

The new SES strategy may transform our growth trajectory but in doing so it will involve significant investment and place strain on our financial and management resources, as well as our business and compliance systems, people and processes. We may not be able to scale up our systems, hire enough people and upgrade our processes effectively so as to realize this growth. If we fail to achieve the targeted growth upon which our investments are made, this could have a material adverse effect on our business, results of operations and financial condition.

Any of the above could have a material adverse effect on our business, results of operations and financial condition.

Our ability to scale up Tembo, our commercial EV segment, is dependent on securing new business opportunities and orders, meeting the requirements of customers and the timely delivery of orders across different market sectors.

We plan to expand significantly in the commercial electric vehicle market, providing electric utility vehicles (“EUV”) with a key focus initially on servicing EUV customers in the mining, infrastructure, government services, humanitarian, tourism, and utilities sectors. As we look to develop these opportunities, monetise our pipeline and secure firm orders, we will incur increased operational expenditures and capital expenditures that may impact our profitability and cash flows.

We will continue to be engaged in product innovation with Tembo as we look to introduce new products, including EUV conversion kits with a longer range and/or greater payload capacity. To the extent that such innovation does not successfully meet regulatory requirements, quality and safety standards and/or customer expectations more generally, future sales could be impaired.

Following the acquisition of Tembo, we signed distribution agreements with a number of partners in North America, Australia, the Middle East, Africa, Southeast Asia and Europe to sell Tembo EUV conversion kits. If Tembo is not able to meet the technical specifications, quality and safety standards of our customers and partners, this will have a material adverse effect on Tembo’s brand, reputation, revenue and future prospects. Furthermore, if Tembo is unable to fulfill product delivery volumes in accordance with timelines agreed with our customers and partners, this could have a material adverse effect on future sales, operating results and the financial condition of the business.

Following the planned reverse merger of Tembo (deSPAC), Tembo will become a separately listed entity, providing it with direct access to capital markets to fund its growth and operational needs. This structure is expected to enhance its ability to scale independently while allowing VivoPower to focus on strategic oversight as a major shareholder. If the planned reverse merger of Tembo does not occur, VivoPower will need to explore alternative strategies, such as raising additional capital or restructuring operations, to support Tembo’s growth and meet its operational and financial objectives.

The future growth and success of Tembo is dependent upon acceptance of its zero-emission specialist battery-electric off-road vehicle kits amongst key target customers in the mining, infrastructure, government services, humanitarian, tourism and utilities sectors.

Our strategy for Tembo is to focus its vehicle fleet electrification efforts on the ruggedized, customized and off-road segments of the electric vehicle market including for the mining, infrastructure, government services, humanitarian, tourism and utilities sectors. This market is relatively new, rapidly evolving, and characterized by rapidly changing technologies, new competitors, evolving government regulation and industry standards, frequent new vehicle announcements and changing consumer demands and behaviors. If this market does not develop as we expect or develops more slowly than we expect, our business, results of operations, financial condition and prospects will be materially adversely affected.

Factors that may influence the market acceptance of new zero-emission vehicles and the conversion of existing vehicles to zero-emission electric vehicles include:

- perceptions about zero-emission electric vehicle quality, safety design, performance and cost, especially if adverse events or accidents occur that are linked to the quality or safety of any electric vehicle;
- perceptions about the limitations on the range over which zero-emission electric vehicles may be driven on a single battery charge;
- perceptions about vehicle safety in general, in particular safety issues that may be attributed to the use of advanced or new technology;
- the availability of, and perceptions about, alternative fuel vehicles, including hydrogen, as well as the cost of these fuels, which may reduce demand for battery electric vehicles;
- the availability of service infrastructure for zero-emission electric vehicles;

[Table of Contents](#)

- changes in the costs of oil, diesel and gasoline;
- government regulations and economic incentives, including a change in the administrations and legislations of federal and state governments, promoting fuel efficiency and alternate forms of energy;
- access to charging stations, standardization of electric vehicle charging systems and perceptions about convenience and cost to charge an electric vehicle;
- the availability of tax and other governmental incentives and rebates to purchase and operate electric vehicles or future regulation requiring increased use of zero-emission or hybrid electric vehicles, such as the Infrastructure Investment and Jobs Act enacted in November 2021 in the United States; and
- macroeconomic factors.

The influence of any of the factors described above may cause current or potential customers not to purchase Tembo's electric vehicles, which would materially adversely affect our business, results of operations, financial condition and prospects.

Tembo faces certain operational risks as it seeks to scale up its assembly and delivery capabilities and if it fails to execute properly, this will expose us to material losses and compromise our cash flows.

The Tembo business faces operational risks as a maker of battery-electric ruggedized and off-road vehicles embarking on a scale up of its assembly and delivery capabilities. These risks include:

- industrial accidents or pollution which may result in operational disruptions such as work stoppages and which could result in increased production costs as well as financial and regulatory liabilities;
- actual and potential supply chain shortages, in particular with regard to batteries and other vehicle inputs, as well as increases in the prices of such inputs, which may have a material adverse effect on the operations, profits and cash flow of Tembo;
- issues relating to design or manufacturing defects;
- issues relating to safety, including compliance with safety regulations and standards;
- inability to secure appropriate premises and equipment;
- inability to attract and retain appropriately qualified personnel; and
- delays in launching or scaling up production and assembly of new products and features.

Constant innovation and product development is required for Tembo to ensure it remains competitive and relevant.

Tembo operates in a market that is relatively new, rapidly evolving, and 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.

In particular, we are in the process of testing EV conversion kits with new battery platforms. Our ability to execute on the research, development and design of the EV conversion kit within the intended time and budget is key to deliver to our distribution partners and customers in accordance with our existing and upcoming agreements and to grow revenues at Tembo.

If Tembo fails to innovate and evolve to meet customer demands and stay ahead of competing technologies and companies, it may become obsolete or non-competitive. This would have a material adverse effect on our business, results of operations and financial condition.

If the Tembo business does not perform in line with our expectations, we may be required to write-down the carrying value of our investment, including goodwill and intangible assets.

Under IFRS, we are required to test the carrying value of long-term assets or cash-generating units for impairment at least annually and more frequently if we have reason to believe that our expectations for the future cash flows generated by these assets may no longer be valid. If the results of operations and cash flows generated by Tembo are not in line with our expectations, we may be required to write-down the carrying value of the investment. Any write-down could materially affect our business, financial condition and results of operations.

[Table of Contents](#)

The market value of our investment in our SES assets may decrease, which may cause us to take accounting charges or to incur losses if we decide to sell them following a decline in their values.

The fair market value of investments we have made in our U.S. solar projects may decline. The fair market values of the investments we have made or may make in the future may increase or decrease depending on a number of factors, many of which are beyond our control, including the general economic and market conditions affecting the renewable energy industry, wholesale electricity prices, expectations of future market electricity prices, land owners' expectations on terms of their leases, availability of alternative opportunities to land owners, unforeseen development delays, unfavorable project development costs, prohibitive deposit requirements by power off-takers and utilities for interconnection, and long-term interest rates.

Any deterioration in the market values of our investments could cause us to record impairment charges in our financial statements, which could have a material adverse effect on our business, financial condition and results of operations. If we sell any of our investments when prices for such investments have fallen, the sale may be at less than the investments' carrying value on our financial statements, which could result in a loss, which could also have a material adverse effect on our business, financial condition and results of operations.

We have a limited operating track record in the development and sale of SES solutions and, as a result, we may not be successful developing and scaling up this business segment profitably.

The SES business segment aims to deliver solutions that combine electrification of customers' light commercial vehicles; the design, development, construction and electrification of renewable energy powered sites that address customers' critical power requirements (which will typically involve a solar power system, microgrid and charging stations); and the reuse or recycling of batteries from fleets of electric vehicles once the batteries reach the end of their useful life for vehicle applications.

We have experience in developing, financing and building solar power systems. However, we have limited experience and track record in combining this experience to develop and offer a complete SES solution with electric vehicles, renewable microgrids, battery recycling and reuse and we are still in the process of developing such capabilities.

Should we fail to appropriately scale up the SES business segment, we may incur operating losses that reduce our cash flows and have a material adverse effect on our financial condition.

Our Netherlands electric vehicle workforce may become unionized, resulting in higher costs of operations and reduced labor efficiency.

Our Netherlands workforce for our electric vehicles business segment is currently not unionized. However, as we grow that workforce, some of the expanded workforce may be unionized.

Should such increased unionization occur, it could have a material adverse effect on our business, financial condition or results of operation.

Development and sales of our solar projects may be delayed or may not be fully realized, which could have a material adverse effect on our financial condition, results of operations or cash flows.

In the U.S., we have a portfolio of utility-scale solar projects under development. These projects are at varying stages of development and will take many months or even years to complete and sell. The successful development and sale of these projects is subject to a range of risks and uncertainties, including risks and uncertainties relating to economic and market conditions, political and regulatory conditions, and business and other factors beyond our control.

In addition, the attractiveness of these projects to potential purchasers is subject to numerous risks, including: (i) unfavorable changes in forecast construction costs; (ii) engineering or design problems; (iii) problems with obtaining permits, leases, licenses, approvals or property rights necessary or desirable to consummate the projects; (iv) interconnection or transmission related issues; (v) environmental issues; (vi) force majeure events; (vii) access to project financing (including debt, equity or tax credits) on insufficiently attractive terms; and (viii) inability to secure off-takers, including pursuant to power purchase agreements ("PPA"). Failure to secure off-takers on terms favorable to us, or at all, may render projects economically unviable. Even if we are able to secure off-takers, we may experience extended delays in entering into PPAs for some of our solar power projects. Any delay in entering into PPAs may adversely affect our ability to secure the cash flows generated by such projects and impact the economics of those projects. Furthermore, any PPAs may be subject to price adjustments over time. If the price under any of our solar project PPAs is reduced below

a level that makes a project economically viable, our financial conditions, cash flows and results of operations could be materially adversely affected.

[Table of Contents](#)

Accordingly, the actual amount of proceeds from sales realized and the actual periods during which these proceeds are realized may vary substantially from our plans and projections. Our inability to realize some or all of the cash from the sale of solar projects could have a material adverse effect on our financial condition, results of operations or cash flows and create a risk that we will not be able to continue as a going concern.

Risks related to raising of capital and financing

We may not be able to generate sufficient cash flow to service all our indebtedness, any additional debt we may incur and our other ongoing liquidity needs, and we may be forced to take other actions to satisfy our obligations under our indebtedness or any additional debt we may incur, which may not be successful.

For the audited year period ended June 30, 2024, debt obligations amounted to \$29.1 million, compared to June 30, 2023, where we had an aggregate of \$32.4 million in debt obligations. Our ability to make scheduled payments on or to refinance our debt obligations and to fund our ongoing liquidity needs depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. There can be no assurance that we will maintain a level of cash flow from operating activities or that future borrowings will be available to us in an amount or on terms sufficient to permit us to pay the principal and interest on our indebtedness. If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, sell material assets, or to seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

We could also face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations or risk not being able to continue as a going concern. In addition, we may be able to incur additional indebtedness in the future. If new indebtedness is added to our current debt levels, the related risks that we now face could intensify. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations or prospects.

If we fail to adequately manage our planned growth, our overall business, financial condition and results of operations could be materially adversely affected.

We are targeting significant growth across our businesses over the next 5 years, underpinned by strong industry tailwinds including the electrification of fleet vehicles, the adoption and acceleration of net zero carbon goals by corporate customers, and growth of the renewable and infrastructure sectors in our key geographic markets.

We expect that this significant growth in activity will place significant stress on our operations, management, employee base and ability to meet working capital requirements sufficient to support this growth over the next 12 to 36 months. Any failure to address the needs of our growing business successfully could have a material adverse effect on our business, operating results and financial condition.

We may be unable to obtain favorable financing from our vendors and suppliers, which could have a material adverse effect on our business, financial condition or results of operations and prospects.

In addition to obtaining financing from certain financial parties, we have also historically utilized financing from our vendors and suppliers through customary trade payables or account payables. At times, we have increased the number of days' payables outstanding. There can be no assurance that our vendors and suppliers will continue to allow us to maintain existing or planned payables balances, and if we were forced to reduce our payables balances below our planned level without obtaining alternative financing, our inability to fund our operations would materially adversely affect our business, financial condition and results of operations. We could also face substantial liquidity problems and might be required to dispose of material assets or enter into economically unfavorable financing arrangements to meet creditor demands or risk not being able to continue as a going concern.

[Table of Contents](#)

If we are unable to enter into new financing agreements when needed, or upon desirable terms, or if any of our current financing partners discontinue or materially change our financing terms, we may be unable to finance our operations and development projects or our borrowing costs could increase, which would have a material adverse effect on our business, financial condition and results of operations.

We continue to require working capital and credit facilities to fund the growth of our critical power services businesses, and we may require additional working capital and credit facilities to fund the growth of the electric vehicles business and the up-front costs associated with the development and sale of sustainable energy solutions projects. Without access to sufficient and appropriate financing, or if such financing is not available at desirable rates or on terms we deem appropriate, we would be unable to grow our business. Our ability to obtain financing in the future depends on banks' and other financing sources' continued confidence in our business model and the industries in which we operate as a whole. In addition, wholesale regulatory changes within financial services markets within specific jurisdictions in which we operate can affect the availability of financing for our businesses resulting from capital availability in the market and appetite of the market for certain industries, risks, or businesses. Changes to our business, the business of our lenders, or the financing market in a region or as a whole could result in us being unable to obtain new financing or maintain existing credit facilities. Failure to obtain the necessary financing to fund our operations would materially adversely affect our business, financial condition and results of operations. To date, we have obtained financing for our business from a limited number of financial parties. If any of these financial parties decided not to continue financing our business or to materially change the terms under which they are willing to provide financing, we could be required to identify new financial parties and negotiate new financing documentation. The process of identifying new financing partners and agreeing on all relevant business and legal terms could be lengthy and could require us to reduce the rate of growth of our business until such new financing arrangements are in place. In addition, there can be no assurance that the terms of the financing provided by a new financial party would compare favorably with the terms available from our current financing partners. In any such case, our borrowing costs could increase, which could have a material adverse effect on our business, financial condition, and results of operations.

We are a holding company whose material assets consist of our holdings in our subsidiaries, upon whom we are dependent for distributions.

We are a holding company whose material assets consist of our holdings in our subsidiaries. We do not have independent sources of revenue generation. Although we intend to cause our subsidiaries to make distributions to us in an amount necessary to cover our obligations, expenses, taxes and any dividends we may declare, if one or more of our operating subsidiaries become restricted from making distributions under the provisions of any debt or other agreements or applicable laws to which it is subject, or is otherwise unable to make such distributions, it could have a material adverse effect on our financial condition and liquidity.

Tembo is currently engaged in discussions to complete a business combination with Nasdaq-listed Cactus Acquisition Corp. 1 Limited (CCTS). This process involves significant risks and uncertainties that could adversely affect our business, financial condition, results of operations, and prospects. There is no guarantee that we will be able to consummate this transaction.

In April 2024, we signed a heads of agreement to merge Tembo with CCTS at a pre-money equity valuation of US\$838m. In August 2024, Tembo executed a definitive Business Combination Agreement ("BCA") with CCTS. Should this merger be consummated, it will result in Tembo becoming a separate listed company on the Nasdaq Global Market Exchange. Though the transaction is expected to close in the first quarter of calendar 2025, the business combination is subject to regulatory and shareholder approvals, compliance with applicable laws and jurisdictions, and prevailing economic and market conditions, and there is no assurance that the transaction will be completed within the timeframe or at all.

Delays in the completion, or the possibility of termination, of the business combination could adversely affect our financial condition, strategic goals, and Tembo's ability to secure additional financing. Furthermore, factors such as, but not limited to, market sentiment, regulatory developments, and legal exposures related to the business combination can influence our share price, potentially leading to increased volatility and fluctuations prior to or upon the completion of the business combination, among other related risks. As a result, there can be no assurance that the expected benefits of the business combination will be realised, or that Tembo or the Company's business operations or financial conditions will not be adversely affected.

Risks related to ownership of our Ordinary Shares

The trading price of our Ordinary Shares is highly volatile and likely to continue to be so, presenting litigation risks.

The trading price of our Ordinary Shares has been highly volatile and will likely continue to be subject to wide fluctuations in response to various factors, most of which are beyond our control. Our Ordinary Shares have experienced an intra-day trading high of \$9.90 per share and a low of \$1.02 per share during FY24.

The stock market in general, and the market for technology-oriented companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Furthermore, short sellers and activists may seek to sensationalize selected news about companies, including ours, so as to influence supply and demand for the Ordinary Shares, further influencing volatility in its market price. Public perception and other factors outside of our control may additionally impact our stock price.

Following periods of volatility in the overall market and our share price, there is a risk that securities class action litigation may be filed against us. While we would defend any such actions vigorously, any judgement against us or any future stockholder litigation could result in substantial costs and a diversion of our management's attention and resources.

[Table of Contents](#)***We may issue additional securities in the future, which may result in dilution to our shareholders and may depress our share price.***

We are not restricted from issuing additional Ordinary Shares or securities convertible into or exchangeable for Ordinary Shares. Because we anticipate we will need to raise additional capital to operate and/or expand our business, we expect to conduct equity offerings in the future.

There is no limit on the number of Ordinary Shares we may issue under our articles of association, however the directors' authority to allot Ordinary Shares is limited to the extent authorized by the shareholders of the Company. On December 28, 2023, at the Company's annual general meeting, the directors were generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006, to exercise all powers of the Company to allot shares and grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of US\$3.6 million. This authority will expire on December 27, 2028, unless renewed, varied, or revoked, although the Company may make offers or agreements prior to expiration that would or might require the allotment of shares or granting of rights after the expiry. The directors may act on such offers or agreements as if the authority had not expired. To the extent we conduct additional equity offerings, additional Ordinary Shares will be issued, which may result in dilution to our shareholders. The Ordinary Shares underlying our securities may be eligible for public resale in the future, either pursuant to registration or an exemption from registration. Sales of substantial numbers of shares in the public market could adversely affect the market price of our Ordinary Shares. In addition, issuances of a substantial number of shares will reduce the equity interest of our existing investors and could cause a change in control of our Company.

Future sales of substantial amounts of our Ordinary Shares in the public market, or the perception that these sales could occur, could adversely affect the price of our Ordinary Shares and could impair our ability to raise capital through the sale of additional shares. Furthermore, the market price of our Ordinary Shares could drop significantly if our executive officers, directors, or certain large shareholders sell their shares, or are perceived by the market as intending to sell them.

We do not intend to pay any dividends on our Ordinary Shares at this time.

We have not paid any cash dividends on our Ordinary Shares to date. The payment of cash dividends on our Ordinary Shares in the future will be dependent upon our revenue and earnings, if any, capital requirements, and general financial condition, as well as the limitations on dividends and distributions that exist under the applicable laws and regulations of England and Wales and will be within the discretion of our board of directors (the "Board"). It is the present intention of our Board to retain all earnings, if any, for use in our business operations and, accordingly, our Board does not anticipate declaring any dividends on our Ordinary Shares in the foreseeable future. As a result, any gain you will realize on our Ordinary Shares will result solely from the appreciation of such shares.

We cannot assure you that our Ordinary Shares will always trade in an active and liquid public market. In addition, at times trading in our Ordinary Shares on The Nasdaq Capital Market ("Nasdaq") has been highly volatile with significant fluctuations in price and trading volume, and such volatility and fluctuations may continue to occur in the future. Low liquidity, high volatility, declines in our stock price or a potential delisting of our Ordinary Shares may have a negative effect on our ability to raise capital on attractive terms or at all and may have a material adverse effect on our operations.

The market price of our Ordinary Shares may be influenced by many factors, many of which are beyond our control, including those described above in "Risks related to our business and operations." As a result of these and other factors, investors in our Ordinary Shares may not be able to resell their shares at or above the price they paid for such shares or at all. The market price of our Ordinary Shares has frequently been highly volatile and has fluctuated in a wide range. The liquidity of our Ordinary Shares as reflected in daily trading volume on Nasdaq has usually been low.

At a certain point in FY23, the trading price of our Ordinary Shares on Nasdaq fell to a minimum of \$0.23 per share, and also traded to a maximum of \$1.50 per share. The Company was first notified by Nasdaq that it no longer met the minimum bid price of \$1.00 per share requirement, based on the closing bid price of the Company's Ordinary Shares for the last 30 consecutive business days, on October 28, 2022, and was given an initial 180-day period, until April 26, 2023, to regain compliance. On April 27, 2023, the Company received written notification from Nasdaq granting the Company's request for a 180-day extension to regain compliance with Nasdaq's minimum bid price requirement under Nasdaq Listing Rule 5550(a)(2) (the "Minimum Bid Price Requirement"). The Company was given until October 23, 2023, to meet the Minimum Bid Price Requirement that the bid price of the Company's Ordinary Shares close at, or above, \$1.00 per share for a minimum of ten consecutive business days. On October 4, 2023, the Company announced a one-for-ten (1-10) reverse stock split and par value change of its Ordinary Shares to meet with the Minimum Bid Price Requirement. Ordinary Shares began trading on a post-split basis on October 6, 2023, and as of November 1, 2024, the Ordinary Shares were trading at \$0.82 per share.

There can be no assurance that the Company will be able to maintain compliance with the Minimum Bid Price Requirement or that, if the Company receives a delisting notice and appeals the delisting determination by Nasdaq, such appeal would be successful.

Low liquidity, high volatility, declines in our stock price or potential delisting of our Ordinary Shares may have a material adverse effect on our ability to raise capital on attractive terms or at all and a material adverse effect on our operations.

[Table of Contents](#)***As a foreign private issuer whose shares are listed on Nasdaq, we may follow certain home country corporate governance practices instead of certain Nasdaq requirements.***

As a foreign private issuer whose shares are listed on Nasdaq, we are permitted to follow certain home country corporate governance practices instead of certain requirements of Nasdaq. Among other things, as a foreign private issuer we may follow home country practice with regard to the composition of the Board, director nomination procedure, and quorum at shareholders' meetings. In addition, we may follow our home country law, instead of Nasdaq rules, which require that we obtain shareholder approval for certain dilutive events such as for the establishment or amendment of certain equity based compensation plans, an issuance that will result in a change of control of the company, certain transactions other than a public offering involving issuances of a 20% or more interest in the company, and certain acquisitions of the stock or assets of another company. Accordingly, our shareholders may not be afforded the same protection as provided under Nasdaq's corporate governance requirements. For example, Nasdaq Listing Rule 5615(a)(3) permits a foreign private issuer like us to follow home country practices in lieu of certain requirements of Listing Rule 5600, provided that certain requirements are met. Accordingly, we have elected to follow home country practice in lieu of the requirements under Nasdaq Listing Rule 5635(d), which requires companies to seek shareholder approval for the issuance of securities in connection with certain transactions other than a public offering involving the sale, issuance or potential issuance of our Ordinary Shares at a price less than certain referenced prices, if such shares equal 20% or more of the Company's Ordinary Shares or voting power outstanding before the issuance. Instead, and in accordance with the Nasdaq home country accommodations, we comply with applicable U.K. corporate and securities laws, which do not require shareholder approval for such dilutive events.

The market price of our shares may be significantly and negatively affected by factors that are not in our control.

The market price of our shares may vary significantly and may be significantly and negatively affected by factors that we do not control. Some of these factors include: variance and volatility in global markets for equity and other assets; changes in legal, regulatory or tax-related requirements of governmental authorities, stock exchanges, or other regulatory or quasi-regulatory bodies; the performance of our competitors; and the general availability and terms of corporate and project financing.

Our largest shareholder has substantial influence over us and its interests may conflict with or differ from interests of other shareholders.

Our largest shareholder AWN Holdings Limited (collectively with its affiliates and subsidiaries, "AWN") owned approximately 20.1% of our outstanding Ordinary Shares as at June 30, 2024. Accordingly, AWN can exert substantial influence over the election of our directors, the approval of significant corporate transactions such as mergers, tender offers, and the sale of all or substantially all of our assets, the adoption of equity compensation plans, and all other matters requiring shareholder approval. The interests of AWN could conflict with or differ from interests of other shareholders. For example, the concentration of ownership held by AWN could delay, defer, or prevent a change of control of the Company or impede a merger, takeover, or other business combination, which other shareholders may view favorably.

In addition, AWN is our largest creditor, having provided us with a shareholder loan on a secured basis, and also some short-term loans. The principal balance on the outstanding loans with AWN, the Company's most significant shareholder, was \$29.1 million as of June 30, 2024. AWN has the ability to exert rights that are customary for a secured first ranking loan if we are in breach of covenants or otherwise default on the loans. Any exertion of such rights may adversely affect the value of our share price.

The rights of our shareholders may differ from the rights typically offered to shareholders of a U.S. corporation.

We are incorporated under English law. The rights of holders of our Ordinary Shares are governed by English law, including the provisions of the Companies Act 2006, and by our Articles of Association. These rights differ in certain respects from the rights of shareholders in typical U.S. corporations. Pursuant to the Companies Act 2006, before rights to subscribe for shares are granted, the directors must have in place the relevant shareholder authorities to allot the shares. In addition, shareholders are required to disapply pre-emption rights in respect of shares to be allotted as a result of such rights to subscribe. There is no requirement to seek such authority where awards are made pursuant to an "employees' share scheme" however, where awards are made to non-employees those will not be made pursuant to an employees' share scheme. The Company will however take steps to seek ratification in relation to the allotment. See "Issued Share Capital—Differences in Corporate Law", for a description of the principal differences between the provisions of the Companies Act 2006 applicable to us and, for example, the Delaware General Corporation Law relating to shareholders' rights and protections.

Risks related to climate, economic and geopolitical factors

We face risks related to natural disasters, health epidemics, such as COVID-19, and other catastrophes, which could significantly disrupt our operations or compromise our business continuity.

Our business could be materially and adversely affected by natural disasters or other catastrophes, such as earthquakes, fire, floods, hail, windstorms, severe weather conditions, environmental accidents, power loss, communications failures, explosions, terrorist attacks as well as epidemics and pandemics, including but not limited to outbreaks of avian influenza, severe acute respiratory syndrome, or SARS, Zika virus, Ebola virus, the 2019 novel coronavirus (“COVID-19”) and other similar public health emergencies.

[Table of Contents](#)***General economic conditions, including levels of inflation and official interest rates in different jurisdictions in which we operate, could adversely impact demand for our solutions, products and services.***

Russia's invasion of Ukraine and the escalating military conflict in the region has, among other things, resulted in elevated geopolitical instability and economic volatility. The economic volatility attributable initially to COVID-19 and then 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 VivoPower's business.

Given general cost inflation pressures, to the extent that we are unable to fully pass on any increases in input costs including materials and labor, this will adversely affect our profit margins, cash flows and ultimately our business, results of operations and financial condition.

Market interest rates are rising in the countries in which we operate, and any further increase in interest rates may have a material adverse impact on our businesses. For example, customers and investors would apply a higher discount rate in their decision making and this may compromise our ability to sell SES projects and adversely impact the value of our solar projects and other assets. To the extent we are unable to mitigate these risks, there could be a material adverse effect on our business, results of operations and financial condition.

The demand for our solutions, products and services is influenced by macroeconomic factors such as global economic conditions, demand for electricity, and supply and prices of other energy products, such as oil, coal and natural gas. Economic slowdowns, global, regional or local recessions or depressions could lead to eroded confidence from our customers and decreased spending more generally, which in turn could reduce demand for the Company's products. Unfavorable economic conditions could also negatively impact the Company's customers, distributors, suppliers, and financial counterparties, who may experience cash flow problems, increased credit defaults or other financial issues, in turn affecting our business, results of operations and financial condition.

The demand for our solutions, products and services is also affected by microeconomic factors, such as government regulations and policies concerning the electric vehicle industry, the electric utility industry and the renewable energy industry and more broadly, the environment and carbon emissions.

Our growth and profitability depend on the demand for and the prices of our solutions, products and services, which are underpinned by the relative cost of electricity and solar power as well as EV conversion kit components. If we experience negative macroeconomic and microeconomic conditions, our business, results of operations and financial condition may be materially adversely affected.

Commodity prices (particularly for natural gas and coal) could impact the economic viability of our businesses, in particular SES and Solar Development.

Traditional forms of electricity generation using commodities such as natural gas and coal provide a source of competition for renewable energy, including solar power. Commodity prices are inherently volatile and from time-to-time traditional forms of generation can be cheaper and more competitive than renewable power. Increased competition caused by prolonged low commodity prices for traditional forms of generation could adversely impact the economic viability of our SES and Solar Development business units. This has the potential to negatively impact our ability to achieve our earnings or cash flow targets, which could have a consequential material adverse effect on our business, results of operations and financial condition.

[Table of Contents](#)***Our operations span multiple markets and jurisdictions, exposing us to numerous legal, political, operational, foreign currency exchange and other risks that could negatively affect our operations and profitability.***

With operations in the United States, the United Kingdom, Europe, the Philippines and Australia, we are exposed to various financial, political and economic factors. Our customers and suppliers are also located in various countries across the world. We are subject to regulation in all of the jurisdictions in which we operate. Compliance with a variety of laws may require additional costs for sufficient controlling mechanisms or legal advice. Difficulties with enforcement of agreements and receivables in foreign legal systems may result in loss of revenue, depreciations, and lower cash flows. Changes in regulatory requirements may cause, among other things, expensive production reorganizations. Decision-making processes may become more complex, requiring more management resources. Trade wars, imposition of tariffs and export controls caused by geopolitical developments may impede supply chains and customer deliveries. In addition, the circulation of goods which are vital to our business success due to our international orientation can be adversely affected by pandemics such as COVID-19.

We continue to explore expansion of our international operations in certain markets where we currently operate and in selected new or developing markets. New markets and developing markets can present many risks including the actions and decisions of local and national authorities and regulators, the imposition of limits on foreign ownership of local companies, changes in laws (including tax laws and regulations) as well as their application or interpretation, civil disturbances and political instability, difficulties in protecting intellectual property, fluctuations in the value of the local currency, restrictions that prevent us from transferring funds from these operations out of the countries in which they operate or converting local currencies we hold into U.S. dollars, British Pounds or other currencies, as well as other adverse actions by governmental authorities and regulators, such as the retroactive application of new requirements on our current and prior activities or operations. Additionally, evaluating or entering into a developing market may require considerable time from management, as well as start-up expenses for market development before any significant revenues and earnings are generated. Engaging with foreign representatives and consultants may be vital for the success of our operations in certain countries and hence create a significant dependency on their abilities. Operations in new markets may achieve low margins or may be unprofitable, and expansion in existing markets may be affected by local political, economic and market conditions. As we continue to operate our business internationally, our success will depend, in part, on our ability to anticipate and effectively manage these and other related risks. The impact of any one or more of these or other factors could adversely affect our business, financial condition or results of operations.

We generate revenues and incur costs in a number of currencies. Changes in economic or political conditions in any of the countries in which we operate could result in exchange rate movement, new currency or exchange controls or other restrictions being imposed on our operations or expropriation. Because our financial results are reported in U.S. dollars, if we generate revenue or earnings in other currencies, the translation of those results into U.S. dollars can result in a significant increase or decrease in the amount of those revenues or earnings.

Foreign exchange rates have seen significant fluctuation in recent years, and significant increases in the value of the U.S. dollar relative to foreign currencies could have a material adverse effect on the Group's (as defined below) reported financial results.

Seasonal variations in demand linked to construction cycles and weather conditions may influence our results of operations and severe weather, including extreme weather conditions associated with climate change, may negatively affect our operations.

Our business is subject to seasonal variations in demand linked to weather conditions. The demand for our solutions, products and services from some countries may also be subject to significant seasonality due to adverse weather conditions. Furthermore, extreme weather conditions such as hurricanes, droughts, heat waves, fires, winter storms and other severe weather events associated with climate change could cause these seasonal fluctuations to be more pronounced. Seasonal variations and unseasonal weather could adversely affect our results of operations, including preventing our workforce from progressing projects as planned and making them more volatile and unpredictable.

Destruction caused by severe weather events, such as hurricanes, flooding, tornados, severe thunderstorms, snow and ice storms, can result in lost operating revenues due to outages, property damage including downed transmission and distribution lines, and additional and unexpected expenses to mitigate storm damage, any of which may have a material adverse impact on our business, results of operations and financial condition.

A deterioration or other negative change in economic or financial conditions in the countries in which we operate or in the global financial markets could have a material adverse effect on our business or results of operations.

Our business depends on the availability of third-party financing on attractive terms. If a deterioration, volatility, or other negative changes occurred in economic or financial conditions, either in the countries in which we operate or in the global financial markets in

general, our access to such financing, or the terms on which we are able to access such financing, could be significantly and negatively affected. Financial markets are subject to periods of substantial volatility and such volatility is difficult or impossible to predict in advance.

[Table of Contents](#)

If we are unable to secure third party financing on commercially viable terms, this could have a material adverse impact on our business, prospects, operating results and financial condition.

Risks related to information systems, internal controls, cybersecurity, record keeping and reporting***Our operations depend on proper performance of various information technology systems.***

The majority of our operational steps are covered by complex information technology (“IT”) systems and Enterprise-Resource-Planning (“ERP”) systems such as NetSuite. We rely on integrated IT systems, in particular for purposes of production planning, scheduling, control and quality assurance, recording our order intake, sales volumes and distribution, and maintaining our accounting systems. In addition, new IT systems are implemented continuously across our Group.

Our IT systems may fail for a number of reasons in the future. Rapid growth of our business, fire, lightning, flooding, earthquake or other natural disasters, technological or human error or other events may cause disruptions. In addition, we may be the subject of cyber-attacks in the future, and we cannot ensure entirely that our IT security will successfully prevent such hacks, denial of service attacks, data theft or other cyber-attacks. Our back-up systems may fail to fully protect us against the effects of such events. Consequently, any failure of our IT systems could lead to difficulties meeting customers’ demands, delays in delivery, less effective hedging or accounting or risk management failures. Moreover, confidential or private information, including third-party information, may be leaked, stolen, or manipulated or compromised in other ways. In this event, we may also be subject to contractual penalties or claims for damages, administrative fines or other sanctions under secrecy, confidentiality, or data protection laws and regulations. Our insurance may not adequately cover potential damages which may reduce our customer base and ultimately result in lower revenue.

If we are unable to maintain effective internal controls over financial reporting or effective disclosure controls and procedures, or if material weaknesses in our internal controls over financial reporting or in our disclosure controls and procedures develop, it could negatively affect the reliability or timeliness of our financial reporting and result in a reduction of the price of our Ordinary Shares or have other adverse consequences.

There can be no assurance that our internal controls or our disclosure controls and procedures will provide adequate control over our financial reporting and disclosures and enable us to comply with the requirements of the Sarbanes-Oxley Act. In addition, carrying out our growth plan may require our controls and procedures to become more complex and may exert additional resource requirements in order for such controls and procedures to be effective. Any material weaknesses in our internal controls over financial reporting, or in our disclosure controls and procedures, may negatively affect the reliability or timeliness of our financial reporting and could result in a decrease in the price of our Ordinary Shares, limit our access to capital markets, harm our liquidity or have other adverse consequences.

The accounting treatment for many aspects of our business is complex and any changes to the accounting interpretations or accounting rules governing our business could have a material adverse effect on our reported results of operations and financial results.

The accounting treatment for many aspects of our business is complex, and our future results could be adversely affected by changes in the accounting treatment applicable to our business. In particular, any changes to the accounting rules regarding the following matters may require us to change the manner in which we operate and finance our business:

- revenue recognition and related timing;
- intercompany contracts;
- operation and maintenance contracts;
- long-term vendor agreements; and
- foreign holding company tax treatment.

[Table of Contents](#)

Security breaches, cyber-attacks, loss of data and other disruptions could compromise sensitive information related to our business or prevent us from accessing critical information and expose us to liability, which could adversely affect our business and our reputation.

In the ordinary course of our business, we collect and store sensitive data, intellectual property and proprietary business information owned or controlled by ourselves or our customers. This data encompasses a wide variety of business-critical information including research and development information, commercial information, and business and financial information. We face four primary risks relative to protecting this critical information: loss of access; inappropriate disclosure; inappropriate modification; and inadequate monitoring of our controls over the first three risks.

The secure processing, storage, maintenance, and transmission of this critical information is vital to our operations and business strategy, and we devote significant resources to protecting such information. Although we take measures to protect sensitive information from unauthorized access or disclosure, our information technology and infrastructure may be vulnerable to attacks by hackers or viruses, breaches, interruptions due to employee error, malfeasance, lapses in compliance with privacy and security mandates, or other disruptions. Any such breach or interruption could compromise our networks and the information stored there could be accessed by unauthorized parties, publicly disclosed, lost, or stolen.

Any such security breach or interruption, as well as any action by us or our employees or contractors that might be inconsistent with the rapidly evolving data privacy and security laws and regulations applicable within the United States and elsewhere where we conduct business, could result in enforcement actions by U.S. states, the U.S. federal government or foreign governments, liability or sanctions under data privacy laws that protect personally identifiable information, regulatory penalties, other legal proceedings such as but not limited to private litigation, the incurrence of significant remediation costs, disruptions to our development programs, business operations and collaborations, diversion of management efforts and damage to our reputation, which could harm our business and operations. Because of the rapidly moving nature of technology and the increasing sophistication of cybersecurity threats, our measures to prevent, respond to and minimize such risks may be unsuccessful.

In addition, the European Parliament and the Council of the European Union adopted a comprehensive general data privacy regulation, or GDPR, in 2016 to replace the current European Union Data Protection Directive and related country specific legislation. The GDPR took effect in May 2018 and governs the collection and use of personal data in the European Union. The GDPR, which is wide-ranging in scope, will impose several requirements relating to the consent of the individuals to whom the personal data relates, the information provided to the individuals, the security and confidentiality of the personal data, data breach notification and the use of third-party processors in connection with the processing of the personal data. The GDPR also imposes strict rules on the transfer of personal data out of the European Union to the United States, enhances enforcement authority and imposes large penalties for noncompliance, including the potential for fines of up to €20 million or 4% of the annual global revenues of the infringer, whichever is greater. While we have taken steps to comply with the GDPR, including such as reviewing our security procedures and entering into data processing agreements with relevant contractors, we cannot assure you that our efforts to remain in compliance will be fully successful.

Further, unauthorized access, loss or dissemination of sensitive information could also disrupt our operations, including our ability to conduct research and development activities, process and prepare company financial information, manage various general and administrative aspects of our business and damage our reputation, any of which could adversely affect our reputation and our business. In addition, there can be no assurance that we will promptly detect any such disruption or security breach, if at all. To the extent that any disruption or security breach were to result in a loss of or damage to our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the further development of our products could be delayed.

We make estimates and assumptions in connection with the preparation of our consolidated financial statements, and any changes to those estimates and assumptions could have a material adverse effect on our reported results of operations.

In connection with the preparation of our consolidated financial statements included in this report, we used certain estimates and assumptions, which are more fully described in Notes 2 and 3 of the financial statements. The estimates and assumptions we use in the preparation of our consolidated financial statements affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Changes in accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ significantly from our estimates. While we believe that these estimates and assumptions are reasonable under the circumstances, they are subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or

prove to have been incorrect, it could have a material adverse effect on our financial statement presentation, financial condition, results of operations and cash flows, any of which could cause our stock price to decline.

We currently report our financial results under IFRS, which differs in certain significant respects from U.S. GAAP.

We report our financial statements under IFRS. There have been and there may be in the future certain significant differences between IFRS and U.S. GAAP, including but not limited to differences related to revenue recognition, share-based compensation expense, income tax, impairment of long-lived assets and earnings per share. As a result, our financial information and reported earnings for historical or future periods could be significantly different if they were prepared in accordance with U.S. GAAP. As a result, you may not be able to meaningfully compare our financial statements under IFRS with those companies that prepare financial statements under U.S. GAAP.

[Table of Contents](#)**Risks related to regulations and governance**

Regulations and policies governing the electric utility industry, as well as changes to these regulations and policies, may adversely affect demand for our solutions, projects and services and materially adversely affect our business, results of operations and/or financial condition.

The market for electricity generation is heavily influenced by local country factors including federal, state and local government regulations and policies concerning the electric utility industry, as well as policies promulgated by public utility commissions and electric utilities. These regulations and policies govern, among other matters, electricity pricing and the technical interconnection of distributed electricity generation to the grid. The regulations and policies also regulate net metering in the U.S., which relates to the ability to offset utility-generated electricity consumption by feeding electricity produced by onsite renewable energy sources, such as solar energy, back into the grid. Purchases of renewable energy, including solar power, by customers could be deterred by these regulations and policies, which could result in a significant reduction in the potential demand for our sustainable energy solutions. Changes in consumer electricity tariffs or peak hour pricing policies of utilities, including the introduction of fixed price policies, could also reduce or eliminate the cost savings derived from sustainable energy solutions and, as a result, reduce customer demand for our systems. Any such decrease in customer demand could have a material adverse effect on our business, financial condition or results operations.

Regulations and policies governing electric vehicles may materially adversely affect the adoption of electric vehicles and hence the demand for and/or financial viability of our electric vehicle business.

Electric vehicle sales are subject to foreign, federal, state and local laws, rules, regulations and policies which affect both demand and supply. These include incentives for purchase as well as manufacturing. Should these incentives be removed or reduced, the demand and/or supply of electric vehicles may decline. In addition, each jurisdiction will have their own laws, rules and regulations in relation to on road usage of electric vehicles, including homologation requirements.

Electric vehicles are also subject to industry specific laws, rules and regulations for use in different industries. For example, there are specific mining regulations which define certain technical and safety requirements that must be met in order for electric vehicles to be eligible for use on mine sites. Road use of our electric vehicles will also require adhering to local laws and regulations in order to be operated on public roads.

These laws, rules and regulations may adversely affect the technical and economic viability of our Tembo EUV products and solutions which in turn could have a material adverse effect on our business, results of operations and financial condition.

Regulations and policies governing solar power project development, installation and energy generation may adversely affect demand for solutions, products and services including SES and Solar Development.

Our SES and Solar Development segments each have revenue generating elements that involve solar power project and systems development, installation and/or generation. Hence, each of these business segments are impacted by regulations and policies that affect solar power project development, installation and generation.

Energy and electricity markets are influenced by foreign, federal, state and local laws, rules and regulations. These laws, rules and regulations, which differ across jurisdictions may affect electricity pricing and electricity generation and could have a substantial impact on the relative cost and attractiveness of renewable energy, including solar power compared to other forms of energy generation. Furthermore, there may be rules introduced to curtail the generation and/or supply of renewable power generation so as to reduce the effects of power intermittency, which adversely affects the economic viability of solar power projects and systems.

In addition, the financial viability and attractiveness of projects which comprise of renewable power generation heavily depends on equipment prices which are affected by laws, rules and regulations. For example, trade and local content laws, rules and regulations, such as tariffs on solar panels, can increase the pricing of solar equipment, thereby raising the cost of developing solar projects and reducing the savings and returns achievable by off-takers and investors, and also potentially reducing profit margins on projects. These and any other tariffs or similar taxes or duties may increase the cost of solar power project and systems development, thereby reducing their economic appeal.

Furthermore, the installation of solar power equipment is subject to a broad range of federal, state, local and foreign regulations relating to trade, construction, safety, environmental protection, utility interconnection and metering, and related matters. Any new regulations or policies in this regard may result in significant additional cost of solar power project and systems installation, thereby reducing their economic appeal.

In some cases, the economic viability of a solar project and/or system will depend on securing a power purchase agreement (“PPA”). Such PPAs are typically subject to approval by the relevant regulatory authority in the local market. There can be no assurance that any such approval will be obtained, and in certain markets, the regulatory bodies have recently demonstrated a heightened level of scrutiny on solar PPAs that have been brought for approval. If the required approval is not obtained for any particular solar PPA, the PPA counterparty may exercise its right to terminate such agreement, and we may lose invested development capital, which could have a material adverse effect on our business, results of operations and financial condition.

[Table of Contents](#)***Changes to our tax liabilities or changes to tax requirements in the jurisdictions in which we operate could significantly and negatively affect our profitability.***

We are subject to income taxes and potential tax examinations in various jurisdictions, and taxing authorities may disagree with our interpretations of U.S. and foreign tax laws and may assess additional taxes. The taxes ultimately paid upon resolution of such examinations could be materially different from the amounts previously included in our income tax provision, which could have a material impact on our profitability and cash flow. Moreover, changes to our operating structure, losses of tax holidays, changes in the mix of earnings in countries with tax holidays or differing statutory tax rates, changes in tax laws, and the discovery of new information in the course of our tax return preparation process could each have a negative impact on our tax burden and therefore our financial condition. Changes in tax laws or regulations or interpretations may also increase tax uncertainty and adversely affect our results of operations. Any increase in corporation or other tax rates to which the Company is exposed or adverse changes in the basis of calculation could result in the Company paying higher taxes and could have an adverse impact on the Company's cash flows, financial condition, and results of operations.

Changes in, or any failure to comply with, privacy laws, regulations, and standards may adversely affect our business.

The regulatory framework for privacy and security issues worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Governmental bodies around the world have adopted, and may in the future adopt, laws and regulations affecting data privacy. Industry organizations also regularly adopt and advocate for new standards in this area. In addition to government regulation, privacy advocates and industry groups may propose new and different self-regulatory standards that apply to us. Any changes in such laws, regulations or standards may result in increased costs to our operations, and any failure by us to comply with such laws, regulations and standards may have a significant and negative impact on our business or reputation.

As a foreign private issuer under the rules and regulations of the SEC, we are exempt from a number of rules under U.S. securities laws that apply to U.S.-based issuers and are permitted to file less information with the SEC than such companies.

We are a "foreign private issuer" under the rules and regulations of the SEC. As a result, we are not subject to all of the disclosure requirements applicable to U.S.-based issuers. For example, we are exempt from certain rules under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), that impose disclosure and procedural requirements related to the solicitation of proxies, consents or authorizations applicable to securities registered under the Exchange Act. In addition, we are not required to file periodic reports and consolidated financial statements with the SEC as frequently or as promptly as U.S.-based public companies. As a result, there may be less publicly available information concerning our Company than there is for U.S.-based public companies. Furthermore, our officers and directors are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and related rules.

U.S. holders of our shares could be subject to material adverse tax consequences if we are considered a "passive foreign investment company" for U.S. federal income tax purposes.

We do not believe that we are a passive foreign investment company (a "PFIC") for U.S. federal income tax purposes, and we do not expect to become a PFIC. However, the determination of whether we are a currently, or may become in the future, a PFIC, depends on the particular facts and circumstances (such as the valuation of our assets, including goodwill and other intangible assets) and may also be affected by the application of the PFIC rules, which are subject to differing interpretations. Because that factual determination is made annually after the end of each taxable year, there can be no assurance that we will not be considered a PFIC for the current taxable year or any future taxable years.

If we are a PFIC, U.S. holders of our Ordinary Shares would be subject to adverse U.S. federal income tax consequences, such as ineligibility for any preferred tax rates on capital gains or on actual or deemed dividends, interest charges on certain taxes treated as deferred, and additional reporting requirements under U.S. federal income tax laws and regulations. A U.S. holder of our Ordinary Shares may be able to mitigate some of the adverse U.S. federal income tax consequences described above with respect to owning the Ordinary Shares if we are classified as a PFIC, provided that such U.S. investor is eligible to make, and validly makes, a "mark-to-market" election. In certain circumstances a U.S. Holder can make a "qualified electing fund" election to mitigate some of the adverse tax consequences described with respect to an ownership interest in a PFIC by including in income its share of the PFIC's income on a current basis. However, we do not currently intend to prepare or provide the information that would enable a U.S. Holder to make a qualified electing fund election.

[Table of Contents](#)

Investors should consult their own tax advisors regarding all aspects of the application of the PFIC rules to our Ordinary Shares. For more information related to classification as a PFIC, see *Certain Material U.S. Federal Income Tax Considerations — Passive Foreign Investment Company Considerations*.

We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.

As a foreign private issuer, we are not required to comply with all the periodic disclosure and current reporting requirements of the Exchange Act and related rules and regulations. In the future, we would lose our foreign private issuer status if we failed to meet the requirements set forth in Rule 405 of the Securities Act of 1933, as amended (the “Securities Act”). If we were to lose our status as a foreign private issuer, we would become subject to the regulatory and compliance costs associated with being a U.S. domestic issuer under U.S. securities laws, rules and regulations and stock exchange requirements, which costs may be significantly greater than costs we incur as a foreign private issuer. We would be required under current SEC rules to prepare our consolidated financial statements in accordance with U.S. GAAP and modify certain of our policies to comply with corporate governance practices associated with U.S. domestic issuers. These requirements would be additional to, and not in place of, those under U.K. law to prepare consolidated financial statements under IFRS and comply with applicable U.K. corporate governance laws. If we do not qualify as a foreign private issuer, we will be required to file periodic reports and registration statements on U.S. domestic issuer forms with the SEC, which are more detailed and extensive in certain respects than the forms available to a foreign private issuer. Such conversion and modifications will involve additional costs, both one-off in nature on conversion and ongoing costs to meet reporting in both U.S. GAAP and IFRS, which would reduce our operating profit. In addition, we may lose our ability to rely upon exemptions from certain corporate governance requirements on U.S. stock exchanges that are available to foreign private issuers. Therefore, the additional costs that we would incur if we lost our foreign private issuer status could have a significant and negative impact on our financial condition, operating results or cash flows.

U.S. investors may have difficulty enforcing civil liabilities against our Company, our directors or members of senior management and the experts named in this report

Most of our directors and the experts are non-residents of the United States, and all or a substantial portion of the assets of such persons are located outside the United States. As a result, it may not be possible to serve process on such persons or us in the United States or to enforce judgements obtained in U.S. courts against them or us based on civil liability provisions of the securities laws of the United States. There may be doubt as to whether the courts of England and Wales would accept jurisdiction over and enforce certain civil liabilities under U.S. securities laws in original actions or enforce judgements of U.S. courts based upon these civil liability provisions. In addition, awards of punitive damages in actions brought in the United States or elsewhere are likely to be unenforceable in England and Wales (an award for monetary damages under the U.S. securities laws may be considered punitive if it does not seek to compensate the claimant for loss or damage suffered and appears to be intended to punish the defendant). The enforceability of any judgement in England and Wales will depend on a number of criteria, including public policy, as well as the laws and treaties in effect at the time. The United States and the U.K. do not currently have any treaties providing for recognition and enforcement of judgements (other than arbitration awards) in civil and commercial matters.

Changes in U.S. federal income tax policy, including in relation to investment tax credits, may affect the appetite of investors for renewable project investments that are eligible for such credits and could therefore have a negative impact on the economic viability of our U.S. solar development projects.

Among other factors, the economic viability of our solar development projects in the United States may depend upon U.S. federal income tax rates as well as the investment tax credit regime under Section 48 of the Internal Revenue Code (the “Code”). The federal income tax reform enacted under the Tax Cuts and Jobs Act of 2017 included a substantial reduction to the federal income corporate tax rate which reduced the economic value of federal investment tax credits. However, the Inflation Reduction Act of 2022 lifted ITCs to 30% and extended them for projects beginning construction before January 1, 2025, with solar projects also being able to take the Production Tax Credit in lieu of ITCs. Any future changes in taxation policy, including in relation to investment tax credits may have a negative impact on the economic viability of our U.S. solar development projects, all other things being equal.

From time to time, we may become involved in costly and time-consuming litigation and other regulatory proceedings which require significant attention from our management.

In addition to potential litigation related to defending our intellectual property rights, we may be named as a defendant from time to time in other lawsuits and regulatory actions relating to our business, some of which may claim significant damages.

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 motions 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 suit was settled with a payment of \$50,000 in September 2024 to be followed by 12 equal monthly payments of \$14,583.33 USD. A litigation provision of \$0.2 million has been made in the accounts at the end of FY24.

[Table of Contents](#)

In addition to the foregoing litigation, we may be subject in the future to, or may file ourselves, claims, lawsuits or arbitration proceedings related to matters in tort or under contracts, employment matters, securities class action lawsuits, whistleblower matters, tax authority examinations or other lawsuits, regulatory actions or government inquiries and investigations. Due to the inherent uncertainties of litigation and regulatory proceedings, we cannot accurately predict the ultimate outcome of any such proceedings. An unfavorable outcome could have a material adverse impact on our business and financial condition, results of operations or cash flows or limit our ability to engage in certain of our business activities. In addition, regardless of the outcome of any litigation or regulatory proceedings, such proceedings are often expensive, lengthy, disruptive to normal business operations and require significant attention from our management.

We are subject to the U.K. Bribery Act, the U.S. Foreign Corrupt Practices Act (“FCPA”) and other anti-corruption laws, as well as export control laws, import and customs laws, trade and economic sanctions laws and other laws governing our operations.

Our operations are subject to anti-corruption laws, including the U.K. Bribery Act 2010, or the Bribery Act, the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. §201, the U.S. Travel Act, and other anti-corruption laws that apply in countries where we do business. The Bribery Act, the FCPA and these other laws generally prohibit us and our employees and intermediaries from authorizing, promising, offering, or providing, directly or indirectly, improper or prohibited payments, or anything else of value, to government officials or other persons to obtain or retain business or gain some other business advantage.

Under the Bribery Act, we may also be liable for failing to prevent a person associated with us from committing a bribery offense. We, and those acting on our behalf, operate in a number of jurisdictions that pose a high risk of potential Bribery Act or FCPA violations, and we participate in collaborations and relationships with third parties whose corrupt or illegal activities could potentially subject us to liability under the Bribery Act, FCPA or local anticorruption laws, even if we do not explicitly authorize or have actual knowledge of such activities. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our international operations might be subject or the manner in which existing laws might be administered or interpreted. Furthermore, compliance with the Bribery Act, the FCPA and these other laws is expensive and difficult, particularly in countries in which corruption is a recognized problem.

We are also subject to other laws and regulations governing our international operations, including regulations administered by the governments of the United States and the U.K., and authorities in the European Union, including applicable export control regulations, economic sanctions and embargoes on certain countries and persons, anti-money laundering laws, import and customs requirements and currency exchange regulations, collectively referred to as Trade Control laws.

There is no assurance that we will be completely effective in ensuring our compliance with all applicable anti-corruption laws, including the Bribery Act, the FCPA or other legal requirements, including Trade Control laws. If we are not in compliance with the Bribery Act, the FCPA and other anti-corruption laws or Trade Control laws, we may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses, which could have an adverse impact on our business, financial condition, results of operations and liquidity. Likewise, any investigation of any potential violations of the Bribery Act, the FCPA, other anti-corruption laws or Trade Control laws by United States, U.K. or other authorities could also have an adverse impact on our reputation, our business, results of operations and financial condition. Further, the failure to comply with laws governing international business practices may result in substantial civil and criminal penalties and suspension or debarment from government contracting.

Any such violation, even if prohibited by our policies, could subject us and such persons to criminal and/or civil penalties or other sanctions, which could have a material adverse effect on our reputation and results of operations.

[Table of Contents](#)**Risks related to attracting and retaining talent*****Our future success depends on our ability to retain our chief executive officer and other key executives.***

We are highly dependent on Kevin Chin, our Chairman and Chief Executive Officer, and other principal members of our management team. Although we have formal employment agreements with each of our executive officers, these agreements do not prevent our executives from terminating their employment with us. We do not maintain “key person” insurance on any of our executive officers. The unplanned loss of the services of any of these persons could materially impact our business and results of operations.

The success of our Company is heavily dependent on the continuing services of key personnel as well as the recruitment and retention of additional personnel.

Our industry is characterized by intense competition for personnel, particularly technically skilled personnel. The success of our Company is highly dependent on the contributions of executives and other key personnel, and if we were to lose the contributions of any such personnel, it could have a negative impact on our business and results of operations.

Moreover, our growth plan will require us to hire additional personnel in the future. If we are not able to attract and retain such personnel, our ability to realize our growth objectives will be compromised. For Tembo in particular, given its potential growth trajectory, there is a need to hire a significant number of additional personnel including embedded engineers, software engineers, mechanical engineers and electrical engineers. Tembo’s current location in the Netherlands may not have a sufficiently deep pool of talent in this regard and/or Tembo may face competition for talent from other companies in the region. There can be no assurance that we will be able to successfully recruit the employees we need to achieve our business objectives.

In addition, talented employees may choose to leave the Company because of competing companies offering better remuneration packages. When talented employees leave, we may have difficulty replacing them and our business may suffer. While we strive to maintain our competitiveness in the marketplace, there can be no assurance that we will be able to successfully retain the employees that we need to achieve our business objectives.

The loss of one or more of our key management or operating personnel, or the failure to attract and retain additional key personnel, could have a material adverse impact on our business, results of operations, financial condition and prospects.

ITEM 4. INFORMATION ON THE COMPANY**A. History and Development of the Company**

VivoPower was incorporated on February 1, 2016, under the laws of England and Wales, with company number 09978410, as a public company limited by shares. It listed on NASDAQ in December 2016.

VivoPower became a B Corporation in 2018. It 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.

On November 5, 2020, the Company completed the acquisition of 51% of Tembo e-LV B. V. and its subsidiaries: Tembo 4x4 B.V. and FD 4x4 Centre B.V. (“Tembo”) for a total consideration of €4.0 million. On February 2, 2021, the Company acquired the remaining 49% of Tembo e-LV for €1.8 million cash consideration and €0.2 million of Ordinary Shares. The primary business activity of Tembo is assembly of ruggedized electric vehicles and related products, suitable for use in off-road and ruggedized environments, including mining, infrastructure, utilities, government services, humanitarian, tourism and agriculture sectors. Tembo’s capabilities are a key element of VivoPower’s sustainable energy solutions strategy and offering.

On June 30, 2021, the Company acquired the remaining 50% interest in its joint venture, Caret, from the other joint venture partner, Innovative Solar Systems, LLC (“ISS”), for \$1. The primary business activity of Caret is the development of utility scale solar farms in the U.S.

On July 1, 2022 the Company disposed of the business and assets of J.A. Martin except its solar division and the business and assets of Non-Destructive Testing Services in a sale to ARA Electrical Engineering Services Pty Limited (ARA).

On July 2, 2024, the Company disposed of Kenshaw Electrical, its critical power services business in Australia for a consideration of AU\$1.2 million,

Corporate and Other Information

Our registered office is located at The Scalpel, 18th Floor, 52 Lime Street, London EC3M 7AF, United Kingdom. Our telephone number is +44-203-667-5158 and our internet address is <https://www.vivopower.com>. Our website and the information contained on or accessible through our website are not part of this report. Our agent for service of process in the U.S. is CSC Global / The Law Debenture Trust. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC (<http://www.sec.gov>).

[Table of Contents](#)**B. Business Overview**

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, and the Philippines.

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-subsiary Aevitas. In turn, Aevitas wholly owned 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. J.A. Martin and NDT Services were sold in July 2022 and Kenshaw Electrical was sold in July 2024. 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 three 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.

Electric Vehicles

Tembo e-LV B.V. ("Tembo") is the electric vehicle business unit and brand of VivoPower. It has operating subsidiaries in the Netherlands, Australia, and Asia. Founded in the Netherlands in 1969, Tembo's genesis was as a specialist off-road vehicle ruggedisation and modification company. This led to the design and development of electric battery conversion kits to replace internal combustion engines ("ICE") in light utility vehicle fleets, particularly for the mining sector. VivoPower first acquired a shareholding in Tembo in October 2020 before securing full control in February 2021. Since then, the Tembo business has been transformed into a global business and brand with partners and customers globally.

Today, Tembo has three product lines being the Electric Utility Vehicle ("EUV") conversion kits for mining and other off-road and ruggedised or customised on-road applications, the Public Utility Vehicle ("PUV") electric powertrain conversion kits for the jeepneys in the Philippines and the recently established full Tembo OEM light utility pick up truck range called the Tembo Tuskers.

Tembo's customers and partners are located across the globe and span a broad spectrum of sectors including mining, infrastructure, construction, government services, humanitarian aid, tourism and agriculture.

Tembo's EUV conversion architecture is designed to allow a 'plug and play' approach that allows our global partner community to install and maintain thousands of kits, whether in left-hand drive or right-hand drive, 2 door or 4 door vehicles in the harshest of environments. Tembo's "plug and play" architecture allows us to replace components as technologies change therefore ensuring that the maximum benefit can be obtained from the customers investment.

In September 2023, Tembo signed a definitive joint venture agreement with Francisco Motors, the pioneering manufacturer of jeepneys in the Philippines, which marked the launch of its PUV jeepney division. 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. There is a US\$10bn+ addressable market for the replacement of the old jeepneys.

In January 2024, VivoPower announced that its subsidiary, Tembo, has met the necessary milestones to obtain a further follow-on strategic direct equity investment of US\$5 million from a UAE-based private investment office backed by a member of the Al Maktoum family, for an aggregate total investment of US\$7.5 million. The company expects to receive the payment in the first half of 2025.

In April 2024, VivoPower signed a heads of agreement for a business combination between Tembo and Nasdaq-listed Cactus Acquisition Corp. 1 Limited ("CCTS") at a pre-money equity value of US\$838 million (such transaction, the "Tembo Business

Combination”). Should the Tembo Business Combination be consummated, it would result in Tembo becoming a separate listed company on Nasdaq. However, it is expected that VivoPower will continue to be the major shareholder in the post-Tembo Business Combination company and, on that basis, Tembo would continue to be a controlled subsidiary of VivoPower and consolidated in its financial statements. The business combination is targeted to be completed by the first quarter of calendar year 2025.

[Table of Contents](#)

In April 2024, VivoPower announced that its subsidiary Tembo met all milestones to secure the final \$2.5 million of a \$10 million investment from a UAE-based private investment office backed by a member of the Al Maktoum family. This brings the total investment to \$10 million at a pre-money valuation of \$120 million. VivoPower will retain its majority stake in Tembo. The company expects to receive the payment in the first half of the calendar year 2025.

In May 2024, VivoPower announced that its subsidiary, Tembo, has launched a fully electric OEM pickup utility vehicle. This strategic development allows Tembo to bypass the capex-intensive assembly process and accelerate revenue generation. The new vehicle features a range from 330 km on a single charge, 1-tonne payload capacity, and unbraked towing capacity of 750 kg. Initial orders have been secured, with full homologation expected by late 2024. This initiative significantly expands Tembo's B2B market and complements its existing EUV conversion kit program, while reducing direct costs for both EUV and jeepney programs.

In June 2024, VivoPower announced the Australian launch of Tembo's range of 100% electric utes, the Tembo Tusker, marking a significant milestone Tembo's mission to electrify off-road vehicles is showcased by the Tusker's sector-leading price, reflecting its advanced design and global partnerships. The Tembo Tusker, a fully electric single and dual cab ute, combines innovation with a sector-leading price from \$74,000 + GST and ORC. With 65Kwh and 77Kwh options, it offers ranges of 330km to 400km on a single charge.

In June 2024, VivoPower announced that its subsidiary, Tembo, has secured a minimum of 200 committed orders for its fully electric pick-up utility vehicle, Tembo Tusker, for delivery to customers and partners in Australia and New Zealand by February 2026. The Tembo Tusker range will augment the Tembo conversion programs, increasing choices for Tembo's B2B customer base and target market.

On July 2 and 29, 2024, VivoPower announced that Tembo and CCTS agreed to a one-month extension of their exclusive heads of agreement to July 31, 2024 and August 31, 2024, respectively. These extensions provide additional time to finalize the definitive business combination agreement and the independent fairness opinion related to the proposed transaction.

On August 29, 2024, VivoPower announced that Tembo executed a definitive Business Combination Agreement at a combined enterprise value of US\$904m. with CCTS. An independent third-party fairness opinion was satisfactorily completed, and the BCA was signed after a four-month period of due diligence.

Revenue earned within the Electric Vehicles segment is comprised of the following activities:

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Vehicle spec conversion	-	-	789
Conversion kits	16	1,394	301
Accessories	-	70	400
Total revenues	16	1,464	1,490

During the fiscal year, we focused on executing two major strategic pivots in relation to the Tembo business: (a) we expanded the range of product and solutions beyond EUV conversion kits, to encompass PUV conversions as well as the introduction of a new range of full electric utility vehicles, the Tembo Tuskers and (b) transitioning our strategic supply chain to Asia, in order to de-risk and reduce bill of material costs across our range of products and solutions. As a consequence, we had minimal revenues during the fiscal year, given our transition away from more expensive legacy products and solutions.

Over the next twelve months, Tembo anticipates an increase in both revenue and costs associated with scaling the Electric Vehicle business, as operations move forward with production of EUV conversion kits, alongside the anticipated sale of Tembo Tusker Electric Utility trucks and electric Jeepneys in response to demand from existing partnerships. The company's transition to a capital-light business model, leveraging a strategic supply chain network across Asia, has removed the need to invest in assembly and manufacturing facilities.

Critical Power Services

VivoPower's Critical Power Services business was known as Aevitas. Aevitas was a key player in the manufacture, distribution, installation and servicing of critical 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. Under Aevitas, there were three operating companies, J.A. Martin Electrical, NDT Services and Kenshaw Electrical. J.A. Martin and NDT Services were sold in July

2022 and Kenshaw Electrical was sold in July 2024. VivoPower is completing a restructure of Aevitas given it is now a discontinued operation.

[Table of Contents](#)

Sustainable Energy Solutions

VivoPower's Sustainable Energy Solutions ("SES") segment designs, evaluates, sells, and implements renewable energy infrastructure. This segment complements our electric vehicle offerings, enabling clients to adopt comprehensive decarbonization measures through on-site renewable generation, batteries and microgrids, EV charging stations, emergency backup power solutions and digital twin technology.

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;
- Digital twin technology;
- EV and battery leasing;
- EV battery reuse and recycling; and
- Change management and training services

Since its establishment in FY21, 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 off-highway 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.

In October, 2023, VivoPower signed a definitive joint venture agreement with Geminum, a digital twin technology company. This partnership aims to design, test, and implement digital twins for Tembo electric utility vehicles and VivoPower's sustainable energy solutions. The joint venture will enhance VivoPower's capabilities in fleet electrification and decarbonization solutions, providing clients with near real-time analytics and carbon abatement data. This technology will be relevant for the mining sector in particular, to assist in optimizing the total cost of ownership and operational efficiency.

Solar Development

VivoPower's portfolio of U.S. solar projects is held in its wholly owned subsidiary, Caret, LLC ("Caret").

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 FY21.

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.

In July 2021, VivoPower announced the formation of Caret.

In October 2023, VivoPower announced that its board approved a plan to spin off the majority of its Caret business unit’s portfolio, initially comprising up to ten solar projects totaling 586 MW-DC. This plan excluded two projects that were committed to a potential collaboration under a term sheet. VivoPower shareholders had approved this spin-off during the November 2022 Annual General Meeting (AGM), marking a pivotal step in realigning the company’s renewable energy strategy.

During FY24, Caret strategically optimized its portfolio to focus on two high-priority projects—TX75 and TX341—totaling 89.6 MW-DC of renewable energy capacity. This led to the impairment of the remaining sites, which had previously been considered part of the portfolio. The decision to impair these sites reflects a targeted approach to resource allocation, ensuring maximum value creation from the most strategically aligned and operationally feasible projects. Caret will continue to reassess its portfolio in the coming year, with the potential to reactivate certain impaired sites or add new sites based on market conditions and strategic priorities.

Interest in the Caret portfolio continues to be strong despite the challenges posed by the current geopolitical and economic landscape, which have made potential partners and investors more cautious, extending the timeline for finalizing agreements. However, as global demand for renewable power grows, the inherent value of the portfolio is expected to increase, positioning VivoPower and Caret to capitalize on these favorable market dynamics.

[Table of Contents](#)**JOBS Act**

In previous reporting periods, the Company met the requirements under the JOBS Act as an “emerging growth company” to not (i) provide an auditor’s attestation report on its system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act (“SOX”), (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. Although the Company no longer qualifies as an “emerging growth company,” it still qualifies as a non-accelerated filer and, therefore, is exempt from the requirement to provide an auditor’s attestation report on its system of internal controls over financial reporting pursuant to Section 404(b) of SOX.

C. Organizational Structure

VivoPower has 21 subsidiaries (collectively with VivoPower, “the Group”). The following list shows the Company’s shareholdings in subsidiaries owned directly and indirectly as at June 30, 2024.

No.	Subsidiaries	Incorporated	% Owned	Purpose
1	VivoPower International Services Limited	Jersey	100%	Operating company
2	VivoPower USA, LLC	United States	100%	Holding company
3	VivoPower US-NC-31, LLC	United States	100%	Dormant
4	VivoPower US-NC-47, LLC	United States	100%	Dormant
5	VivoPower (USA) Development, LLC	United States	100%	Holding company
6	Caret, LLC (formerly Innovative Solar Ventures I, LLC)	United States	100%	Operating company
7	Caret Decimal, LLC	United States	100%	Operating company
8	VIWR AU Pty Ltd (formerly VivoPower Pty Ltd)	Australia	100%	Holding company
9	Aevitas O Holdings Pty Ltd	Australia	100%	Holding company
10	Aevitas Group Limited	Australia	100%	Holding company
11	Aevitas Holdings Pty Ltd	Australia	100%	Holding company
12	Electrical Engineering Group Pty Limited	Australia	100%	Holding company
13	Kenshaw Solar Pty Ltd (formerly J.A. Martin Electrical Pty Limited)*	Australia	100%	Operating company
14	KESW EL Pty Ltd (formerly Kenshaw Electrical Pty Ltd)	Australia	100%	Operating company
15	Tembo Technologies Pty Ltd (formerly Tembo EV Australia Pty Ltd)	Australia	100%	Operating company
16	TemboDrive Pty Ltd	Australia	100%	Operating company
17	VivoPower Philippines Inc.	Philippines	64%	Dormant
18	VivoPower RE Solutions Inc.	Philippines	64%	Dormant
19	V.V.P. Holdings Inc	Philippines	40%	Dormant
20	Tembo e-LV B.V.	Netherlands	100%	Holding company
21	Tembo EV Pty Ltd	Australia	100%	Operating company
22	Tembo 4x4 e-LV B.V.	Netherlands	100%	Operating company
23	FD 4x4 Centre B.V.	Netherlands	100%	Operating company

**These entities were subsidiaries of the Company as of June 30, 2024 but were subsequently sold and are no longer subsidiaries of the Company as of the date of this report*

Notwithstanding a 40% ownership by the Company, V.V.P. Holdings Inc is under the control of VIWR AU Pty Ltd (formerly VivoPower Pty Ltd), and therefore is consolidated into the group financial statements of VivoPower International PLC.

D. Property, Plant and Equipment

Our corporate headquarters is located in London, United Kingdom.

All our facilities are leased and we do not own any real property. We believe that our facilities are adequate for our current needs and that suitable additional or substitute space will be available as needed to accommodate planned expansion of our operations. Leased real property as at June 30, 2024 is as follows:

Company	Office Location	Purpose
VIWR AU Pty Ltd (formerly VivoPower Pty Ltd)	Sydney, Australia	SES and Solar Development
Tembo 4x4 e-LV B.V.*	Eindhoven, Netherlands	Head office, workshop, service
VivoPower International PLC	London, United Kingdom	Corporate office
*this was vacated in July 2024		

[Table of Contents](#)

The Company has \$0.4 million invested in property, plant, and equipment at June 30, 2024 (June 30, 2023: \$3.7 million; June 30, 2022: \$3.7 million). This includes plant and equipment of \$0.1 million (June 30, 2023: \$1 million; June 30, 2022: \$0.7 million), motor vehicles of \$0.3 million (June 30, 2024: \$0.2 million; June 30, 2022: \$0.2 million), computer equipment, fittings and equipment of \$0.0 million (June 30, 2023: \$0.3 million; June 30, 2022: \$0.3 million), and right-of-use assets of nil (June 30, 2023: \$2.3 million; June 30, 2022: \$2.5 million), representing leases for property and motor vehicles.

In addition, as part of our business model, we invest in solar development projects that include long-term leases, easements or other real property rights relating to the property on which such projects are developed. The costs of these leases are capitalized as part of project development costs and accounted for as investments.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion and analysis of our financial condition and results of our operations should be read in conjunction with our audited consolidated financial statements and the related notes included elsewhere in this Annual Report. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of numerous factors, including, but not limited to, the risks discussed in this Annual Report in “Item 3. Key Information - D. Risk Factors” or in other parts of this Annual Report. Our audited consolidated financial statements included elsewhere in this Annual Report are prepared in accordance with IFRS, as issued by the International Accounting Standards Board and are presented in U.S. dollars.

Note, results reported in years ended June 30, 2022 and 2021 have been adjusted to exclude the results of the ex-solar operations of Aevitas Solar and shown as a single line item in the income statement after profit after tax. Details of results for discontinued operations are included in Note 22 to the financial statements.

A. Operating Results**Overview**

(US dollars in thousands)	Year Ended June 30								
	2024			2023			2022		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total	Continuing	Discontinued	Total
Revenue from contracts with customers	16	11,811	11,827	4,055	11,005	15,060	10,160	27,456	37,616
Cost of sales	27	(10,268)	(10,241)	(4,294)	(9,178)	(13,472)	(9,489)	(24,661)	(34,150)
Cost of sales - non-recurring events	-	-	-	(3,850)	-	(3,850)	(1,881)	-	(1,881)
Gross profit	43	1,543	1,586	(4,089)	1,827	(2,262)	(1,210)	2,795	1,585
General and administrative expenses	(7,521)	(1,228)	(8,749)	(6,425)	(1,195)	(7,620)	(12,397)	(2,899)	(15,296)
Other gains/(losses)	89	4	93	31	(4,208)	(4,177)	(54)	41	(13)
Other income	-	99	99	82	37	119	78	908	986
Depreciation of property and equipment	(307)	(439)	(746)	(508)	(242)	(750)	(471)	(744)	(1,215)
Amortization of intangible assets	(823)	-	(823)	(831)	-	(831)	(850)	(322)	(1,172)
Operating (loss)/profit	(8,519)	(21)	(8,540)	(11,740)	(3,781)	(15,521)	(14,904)	(221)	(15,125)

Restructuring and other non-recurring costs	(1,392)	2	(1,390)	(1,662)	(1)	(1,663)	(448)	5	(443)
Impairment losses	(29,686)	(552)	(30,238)	(421)	-	(421)	-	-	-
Finance income	1,396	17	1,413	1,156	-	1,156	173	2	175
Finance expense	(6,015)	(327)	(6,342)	(6,839)	(527)	(7,366)	(8,481)	(297)	(8,778)
Loss before income tax	(44,216)	(881)	(45,097)	(19,506)	(4,309)	(23,815)	(23,660)	(511)	(24,171)
Income tax	(1,603)	-	(1,603)	(559)	19	(540)	1,142	975	2,117
Loss for the period	(45,819)	(881)	(46,700)	(20,065)	(4,290)	(24,355)	(22,518)	464	(22,054)
Adjusted EBITDA	(7,389)	418	(6,971)	(6,403)	(3,539)	(9,942)	(9,122)	166	(8,956)

[Table of Contents](#)

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, 2024, the Group (including discontinued operations) generated total revenue of \$11.8 million, gross profit of \$1.6 million, operating loss of \$8.5 million and a net loss of \$46.7 million. Of these amounts, continuing operations of the Group generated revenue of \$0.02 million, gross profit of \$0.04 million, operating loss of \$8.5 million and a net loss of \$45.8 million. For 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 \$15.5 million and a net loss of \$24.4 million. Of these amounts, continuing operations of the Group generated revenue of \$4.1 million, gross loss of \$4.1 million, operating loss of \$11.7 million and a net loss of \$20.1 million.

Adjusted EBITDA (including discontinued operations) for the year ended June 30, 2024 was a loss of \$7.0 million, compared to a loss of \$9.9 million for the previous year. Adjusted EBITDA for continuing operations was a loss of \$7.4 million, compared to a loss of \$6.4 million for the previous year. 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, 2024, including discontinued operations, reflect a strategic shift towards prioritizing profitable revenue streams, particularly within the Critical Power Services business unit, as well as the impact of adverse foreign exchange movements involving the Australian dollar relative to the USD, and increased efforts to scale up the Electric Vehicle business unit as the company remains focused on research and development and the launch of new products.

Revenue in Critical Power Services (including discontinued operations) declined by \$3.2 million to \$11.8 million in the year, reflecting a strategic shift towards prioritizing more profitable revenue streams and phasing out less profitable ones within the Critical Power Services business unit, and adverse foreign exchange movements related to the Australian dollar relative to the USD. In July 2024, we completed the sale of Kenshaw Electrical (part of Critical Power Services), to ARA Group Limited for a consideration of approximately AU\$1.2 million, Kenshaw is now classified as a discontinued operation. This divestment aligns with VivoPower's strategy to reinvest in its high-growth businesses, particularly its Electric Vehicle business unit. On a continuing operations basis, revenue in Critical Power Services declined \$2.6 million to nil. Electric Vehicles contributed \$16 thousand revenue in the year, (year ended June 30, 2023: \$1.5 million) 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, 2024 (year ended June 30, 2023: nil).

Gross profit (including discontinued operations) increased by \$3.8 million to a gross profit of \$1.6 million, although on a continuing basis excluding Kenshaw Electrical operations, gross profit increased by \$4.1 million to a gross profit of \$0.04 million. In percentage terms, gross margin from continuing operations rose from -5.9% to 264% (13.4% including discontinued operations). The higher gross profit (including discontinued operations) during FY24 reflects a focus on higher margin revenue streams and operational efficiencies, as well as cessation of any weather related losses from solar projects in Australia that impacted the company in the last financial year.

The results for the year ended June 30, 2024 also reflect a \$1.1 million increase in general and administrative costs related to continuing operations bringing the total to \$7.5 million. The increase includes a \$0.1 million decrease in marketing expenses, a \$0.2 million decrease in other overheads, \$0.6 million increase IT licensing and support expenses, and a \$0.8 million increase in salaries and benefits.

The results of continuing operations for the year ended June 30, 2024 include \$31.1 million restructuring and other non-recurring costs primarily due to impairment of goodwill and write offs of assets.

Net finance costs from continuing operations of \$4.6 million for the year ended June 30, 2024 include \$4.6 million interest on related party loans, \$0.9 million net foreign exchange gains and \$0.9 million combined from dividends from Aevitas Preference Shares, interest on leases and interest on other debt.

[Table of Contents](#)

As at June 30, 2024, the Group's current assets were \$17.7 million (as at June 30, 2023: \$10.3 million; June 30, 2022: \$21.7 million) representing an increase from June 30, 2023, mostly due to Kenshaw's assets held for sale amounting to \$5.5 million (as at June 30, 2023: nil) and an increase in Trade and Other Receivables. Current assets also comprised of \$0.2 million of cash and cash equivalents (as at June 30, 2023: \$0.6 million; June 30, 2022: \$1.3 million), \$0.3 million of restricted cash (as at June 30, 2023: \$0.6 million; June 30, 2022: \$1.2 million), \$10.0 million of trade and other receivables (as at June 30, 2023: \$7.0 million; June 30, 2022: \$9.5 million), and \$1.6 million of inventory (as at June 30, 2023: \$1.5m of inventory; June 30, 2022: \$1.4 million). 30 June 2022 current assets were restated for a \$0.5 million reclassification from Intangible Assets to Deposits.

Current liabilities were \$54.1 million as of June 30, 2024 (as at June 30, 2023: \$18.9 million; June 30, 2022, \$23.3 million restated). The increase from prior year reflects an increase in both Trade and other Payables and Loans and Borrowing. At June 30, 2024, current liabilities included, Kenshaw's Liabilities held for sale worth \$5.5 million (as at June 30, 2023, nil), Loans and Borrowing amounting to \$8.2 million (as at June 30, 2023, \$2.4 million) and Trade and Other Payables of \$37.9 million (as at June 30, 2023, \$14.6 million). 30 June 2022 current liabilities were restated for an accrual of \$0.5 million expenses relating to 2022 but incurred in 2023.

Current asset-to-liability ratio as at June 30, 2024 was 0.33:1 (as at June 30, 2024: 0.54:1; June 30, 2022 restated: 0.93:1)

As at June 30, 2024, the Company had net liabilities of \$40.5 million (as at June 30, 2023: \$3.7 million; June 30, 2022, \$21.6 million), including intangible assets of \$15.2 million (as at June 30, 2023: \$42.3 million June 30, 2022: \$39.6 million). Property, plant and equipment decreased to \$0.4 million as at June 30, 2024 (as at June 30, 2023, \$3.7 million).

Cash outflow for the year ended June 30, 2024, was \$0.4 million, arising from cash generated from operating activities of \$1.5 million, cash outflow from investing activities of \$4.6 million and cash inflow from financing activities of \$2.7 million. On June 30, 2024, the Company had cash reserves of \$0.2 million (June 30, 2023: \$0.6 million) and debt of \$29.1 million (June 30, 2023: \$32.4 million), giving a net debt position of \$28.9 million (June 30, 2023: \$31.8 million).

Net cash outflow from investing activities of \$4.6 million in the year ended June 30, 2024 comprised of \$0.6 million cash outflow from the purchase of property, plant and equipment, a \$4.0 million net cash outflow attributable to additional investment in capital projects in Tembo.

Cash generated from financing activities for the year ended June 30, 2024, was \$2.7 million. This comprised \$0.8 million inflow from AWN loans, \$1.0 million proceeds from investors, \$2.5 million capital raises net of capital raise costs, and \$0.3 million transfer from restricted cash. This is partly offset by \$1.6 million repayments of other financings and borrowing, and \$0.2 million lease repayments.

Year Ended June 30, 2024, Compared to Years Ended June 30, 2023 and June 30, 2022

Year Ended June 30, 2024 (US dollars in thousands)	Continuing operations						Discontinued operations	Total
	Critical Power	Solar	Electric	Sustainable Energy	Corporate	Total	Critical Power	
	Services	Development	Vehicles	Solutions	Office	Continuing	Services	
Revenue from contracts with customers	-	-	16	-	-	16	11,811	11,827
Costs of sales - other	(52)	-	102	(23)	-	27	(10,268)	(10,241)
Cost of sales - non-recurring events	-	-	-	-	-	-	-	-
Gross profit	(52)	-	118	(23)	-	43	1,543	1,586
General and administrative expenses	(53)	(344)	(1,794)	(324)	(5,006)	(7,521)	(1,228)	(8,749)
Other gains/(losses)	47	-	10	32	-	89	4	93
Other income	-	-	-	-	-	-	99	99
Depreciation and amortization	(448)	-	(671)	(3)	(8)	(1,130)	(439)	(1,569)
Operating loss	(506)	(344)	(2,337)	(318)	(5,014)	(8,519)	(21)	(8,540)
Restructuring and other non-recurring costs	-	-	-	-	(1,392)	(1,392)	2	(1,390)

Impairment losses	48,315	(11,187)	(366)	10,877	(77,325)	(29,686)	(552)	(30,238)
Finance expense - net	<u>(3,741)</u>	<u>(2)</u>	<u>(2,726)</u>	<u>(68)</u>	<u>1,918</u>	<u>(4,619)</u>	<u>(310)</u>	<u>(4,929)</u>
Profit/(loss) before income tax	44,068	(11,533)	(5,429)	10,491	(81,813)	(44,216)	(881)	(45,097)
Income tax	<u>(797)</u>	<u>-</u>	<u>277</u>	<u>(1,083)</u>	<u>-</u>	<u>(1,603)</u>	<u>-</u>	<u>(1,603)</u>
Loss for the year	<u>43,271</u>	<u>(11,533)</u>	<u>(5,152)</u>	<u>9,408</u>	<u>(81,813)</u>	<u>(45,819)</u>	<u>(881)</u>	<u>(46,700)</u>

[Table of Contents](#)

Year Ended June 30, 2023 (US dollars in thousands)	Continuing operations						Discontinued operations	Total
	Critical Power	Solar	Electric	Sustainable Energy	Corporate	Total	Critical Power	
	Services	Development	Vehicles	Solutions	Office	Continuing	Services	
Revenue from contracts with customers	2,591	(0)	1,464	-	-	4,055	11,005	15,060
Costs of sales - other	(2,722)	-	(1,572)	-	-	(4,294)	(9,178)	(13,472)
Cost of sales - non-recurring events	(3,850)	-	-	-	-	(3,850)	-	(3,850)
Gross profit	(3,981)	(0)	(108)	-	-	(4,089)	1,827	(2,262)
General and administrative expenses	(195)	(297)	(1,005)	(367)	(4,561)	(6,425)	(1,195)	(7,620)
Gain/(loss) on solar development	1	-	-	30	-	31	(4,208)	(4,177)
Other income	13	69	-	-	-	82	37	119
Depreciation and amortization	(653)	-	(673)	(3)	(10)	(1,339)	(242)	(1,581)
Operating loss	(4,815)	(228)	(1,786)	(340)	(4,571)	(11,740)	(3,781)	(15,521)
Restructuring and other non-recurring costs	-	-	200	-	(1,862)	(1,662)	(1)	(1,663)
Impairment losses	-	-	414	-	7	421	-	421
Finance expense - net	(6,314)	(34)	936	(50)	(221)	(5,683)	(527)	(6,210)
Profit/(loss) before income tax	(11,129)	(262)	(1,064)	(390)	(6,661)	(19,506)	(4,309)	(23,815)
Income tax	(638)	-	(40)	119	-	(559)	19	(540)
Loss for the year	(11,767)	(262)	(1,104)	(271)	(6,661)	(20,065)	(4,290)	(24,355)

Year Ended June 30, 2022 (US dollars in thousands)	Continuing operations						Discontinued operations	Total
	Critical Power	Solar	Electric	Sustainable Energy	Corporate	Total	Critical Power	
	Services	Development	Vehicles	Solutions	Office	Continuing	Services	
Revenue	8,670	-	1,490	-	-	10,160	27,456	37,616
Costs of sales - other	(7,985)	-	(1,504)	-	-	(9,489)	(24,661)	(34,150)
Cost of sales - non-recurring events	(1,881)	-	-	-	-	(1,881)	-	(1,881)
Gross profit	(1,196)	-	(14)	-	-	(1,210)	2,795	1,585
General and administrative expenses	(154)	(80)	(2,901)	(1,660)	(7,602)	(12,397)	(2,899)	(15,296)
Other gains/(losses)	62	(139)	-	23	-	(54)	41	(13)
Other income	78	-	-	-	-	78	908	986
Depreciation and amortization	(866)	-	(443)	(3)	(9)	(1,321)	(1,066)	(2,387)
Operating profit/(loss)	(2,076)	(219)	(3,358)	(1,640)	(7,611)	(14,904)	(221)	(15,125)
Restructuring and other non-recurring costs	40	-	(429)	-	(59)	(448)	5	(443)
Finance expense - net	(7,347)	-	(974)	23	(10)	(8,308)	(295)	(8,603)
Profit/(loss) before income tax	(9,383)	(219)	(4,761)	(1,617)	(7,680)	(23,660)	(511)	(24,171)
Income tax	523	-	575	192	(148)	1,142	975	2,117
Loss for the year	(8,860)	(219)	(4,186)	(1,425)	(7,828)	(22,518)	464	(22,054)

[Table of Contents](#)**Income Statement from continuing operations****Revenue**

Revenue from continuing operations for the year ended June 30, 2024 decreased \$4.0 million or -100% to \$0.02 million, from \$4.1 million in the year ended June 30, 2023. Revenue from continuing operations for the year ended June 30, 2023 decreased \$6.1 million or 70% to \$4.1 million, from \$10.2 million in the year ended June 30, 2022.

Revenue from continuing operations by product and service is follows:

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Electrical products and related services	\$ -	\$ 2,591	\$ 8,670
Electric vehicles & related products & services	16	1,464	1,490
Total revenue	\$ 16	\$ 4,055	\$ 10,160

The sale of electrical products, related services and solutions is generated from our Australian-based Critical Power Services businesses and is focused on the design, supply, installation and maintenance of power and control systems. Revenue generated in these operations is recognized in two ways. On smaller projects, revenue is recognized when the project is completed and is invoiced at that time. On larger projects, revenue is recognized on the achievement of specific milestones defined in each individual project. When the milestones and performance obligations are reached, the customer is invoiced, and the revenue is then recognized.

Revenue from continuing operations from electrical products, related services and solutions for the year ended June 30, 2024, of nil compared to the \$2.6 million earned for the year ended June 30, 2023. This is due to the subsequent sale of Kenshaw, which has now been classified as a discontinued operation.

Revenue from electric vehicles, related products, services and solutions is generated from our Electric Vehicles businesses, Tembo eLV B.V. in the Netherlands focused on electric vehicle conversion kits, and vehicle ruggedization products; Tembo EV PTY Ltd. in Australia which recently launched the Tembo Tusker; and Tembo Technologies PTY Ltd which is developing the all electric Jeepney for the Philippines transport market. Revenue generated in these operations is recognized when the products are delivered to customers. Revenue from electric vehicles and related products and services amounted to \$0.02 million for the year ended June 30, 2024 compared to \$1.5 million for the year ended June 30, 2023. No revenue was recognized on EUV conversion kit development whilst the EUV23 and EUV24 development project advanced towards production. Revenue from vehicle conversions focused on ruggedization of non-EV vehicles totaled \$0.02 million for the year ended June 30, 2024, compared to \$1.4 million for the year ended June 30, 2023. In FY23, the company benefitted from a substantial ruggedization contract involving 15 vehicles with the Boliden mine in Ireland.

Revenue from continuing operations by geographic location is follows:

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Australia	\$ -	\$ 2,591	\$ 8,670
Netherlands	16	1,464	1,490
Total revenue	\$ 16	\$ 4,055	\$ 10,160

Australian revenue from continuing operations of nil for the year ended June 30, 2024 compares to \$4.1 million in the year ended June 30, 2023 and \$10.2 million for the year ended June 30, 2022. The decrease is due to the sale of our Australian entity, Kenshaw Electric which has now been classified as a discontinued operation.

[Table of Contents](#)

Netherlands revenue was \$0.02 million for the year ended June 30, 2024 and \$1.5 million for the year ended June 30, 2023, representing contribution from the Electric Vehicle business unit, FY23's revenue was driven by Boliden ruggedization contracts during the year. The business remains primarily focused on development of its core EUV23 and EUV24 conversion kit solution for which it has already received orders.

The Group had one customer representing more than 10% of revenue for the year ended June 30, 2024 (year ended June 30, 2023: one).

Cost of Sales

Cost of sales from continuing operations by product or service is as follows:

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Electrical products and related services - other	\$ 52	\$ 2,722	\$ 7,985
Electrical products and related services - extreme weather and COVID 19 disruption	-	3,850	1,881
Electric vehicles & related products & services	(102)	1,572	1,504
Other revenue	23	-	-
Total cost of sales	\$ (27)	\$ 8,144	\$ 11,370

Total cost of sales from continuing operations were \$-0.03 million for the year ended June 30, 2024, as compared to \$8.1 million for the year ended June 30, 2023, and \$11.4 million for the year ended June 30, 2022.

Cost of sales related to electrical products and related services consists of material purchases and direct labor costs, motor vehicle expenses and any directly related costs attributable to manufacturing, service, or other cost of sales.

Cost of sales for electrical products and related services for the prior year ended June 30, 2023 included \$3.9 million of non-recurring costs resulting from increased costs and delays on Aevitas Solar's Edenvale project due to unprecedented high levels of rainfall (both in terms of frequency and amount versus historical averages) across Western Australia in FY23. The rainfall damaged many of the trenches dug across the 6km interconnection works, which led to significant delays in completion of the project and required additional labour and material costs to fix and then complete the project within the project deadline. FY22 included \$1.9 million of non-recurring costs during the execution phase of the Aevitas Solar's Blue Grass project, due to Australian state border closures during the COVID-19 pandemic which resulted in the leadership and project management teams not being able to travel to and manage the project for three months. During those three months, the Company was not able to find a suitable local project management team which led to the project not being managed to the Company's satisfaction. As a result, the Company had to incur significant additional costs for labour and materials to correct the existing work and recover the delays in completion of the project once the borders were reopened. Neither of the foregoing events are expected to repeat due to their unprecedented nature and so the Company has categorized such related costs as non-recurring.

Other cost of sales related to electrical products and related services was \$0.05 million for the year ended June 30, 2024, as compared to \$2.7 million for the year ended June 30, 2022 and \$8.0 million for the year ended June 30, 2022.

Cost of sales related to electric vehicles and related products consists of material purchases and direct labor costs and any other costs directly attributable to assembly. Cost of sales related to electric vehicles and related products were \$-0.1million for the year ended June 30, 2024 and \$1.6 million for the year ended June 30, 2023. The cost of sales was a credit amount on account of provision reversals on inventory.

Cost of sales on other revenue totaled \$0.03 million for the year ended June 30, 2024.

Gross Profit

Gross profit from continuing operations by product and service is as follows:

Gross profit/(loss) by product or service is as follows:

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022

Electrical products and related services	\$ (52)	\$ (3,981)	\$ (1,196)
Electric vehicles & related products & services	118	(108)	(14)
Other revenue	(23)	-	-
Total gross (loss)/profit	<u>\$ 43</u>	<u>\$ (4,089)</u>	<u>\$ (1,210)</u>

[Table of Contents](#)

For the year ended June 30, 2024, gross (loss)/ profit from continuing operations is equal to revenue less cost of sales and totaled a profit of \$0.04 million in comparison to the loss of \$4.1 million for the year ended June 30, 2023, and a loss of \$1.2 million for the year ended June 30, 2022. In percentage terms, gross margins from continuing operations increased from -100% in the prior year, to 269% in FY24.

The gross (loss) / profit from electrical products and related services (the Critical Power Services business) was a loss of \$0.05 million for the year ended June 30, 2024, compared to the loss of \$4.0 million in the prior year. In percentage terms, gross margins decreased from -154% in the prior year, to n/a in FY24.

The Electric Vehicle business generated a gross profit of \$0.1 million in the year ended June 30, 2024, (June 30, 2023, loss of \$0.1 million), reflecting negative cost of sales due to reversals of provisions.

General and Administrative Expenses

(US dollars in thousands)	Year Ended June 30	
	2024	2023
Salaries and benefits	\$ 3,200	\$ 2,416
Professional fees	2,240	2,317
Insurance	405	526
Travel	169	145
IT licensing and support	1,201	633
Marketing and public relations	66	162
Office and other expenses	240	226
Total general and administrative expenses	\$ 7,521	\$ 6,425

General and administrative expenses from continuing operations increased by \$1.1 million to \$7.5 million for the year ended June 30, 2024, compared to \$6.4 million for the year ended June 30, 2023. These expenses consist primarily of operational expenses, such as those related to employee salaries and benefits, professional fees, insurance, travel, IT, marketing, office and other expenses, as well as vesting at grant date share price of non-cash equity incentive costs of share awards previously granted under the Company's Omnibus Incentive Plan, in accordance with IFRS 2 Share-based Payments.

Salaries and benefits were \$3.2 million for the year ended June 30, 2024, (year ended June 30, 2023, \$2.4 million), accounting for 43% of total general and administrative expenses, (year ended June 30, 2023, 38%). Non-cash equity incentive costs contributed nil (year ended June 30, 2023: \$0.1 million) to the salaries and benefits expense. Underlying cash salaries and benefits increased to \$3.2 million in FY24 in comparison to the \$2.3 million prior year.

Professional fees of \$2.2 million for the year ended June 30, 2024 or 30% of total general and administrative expenses (year ended June 30, 2023, \$2.3 million), were comprised of audit and accounting fees, consulting fees to support business development and legal fees.

Insurance expense of \$0.4 million for the year ended June 30, 2024 was marginally lower than the \$0.6 million for the year ended June 30, 2023.

IT licensing and support expenses represent the costs of accounting, operations, email and office, file storage, and security software products and licenses. IT expenses increased by \$0.6 million to \$1.2 million for the year ended June 30, 2024, due to increased activity to support growth activities and automate processes with scalable software.

Marketing expenses include promotional advertisements and trade shows. Marketing costs of \$0.07 million for the year ended June 30, 2024 reduced significantly compared to the prior year expense \$0.2 million, relying more efficiently on sales team-driven partnerships and customer presentations, than paid marketing arrangements.

Office and other expenses include office and meeting space rental, communication, bank fees and general office administrative costs. Office and other expenses of \$0.2 million for the year ended June 30, 2024 increased marginally in the year.

[Table of Contents](#)**Discontinued operations**

On July 2, 2024, Kenshaw Electrical was sold for \$0.8 million (AU\$1.2 million) consideration.

Other Income

There was nil of other income from continuing operations in the year ended June 30, 2024 which compares to \$0.1 million for the year ended June 30, 2023. Other Income in FY23 mainly related to COVID-19 grants and subsidies in Critical Power Services in Australia.

Depreciation and amortization

Depreciation is charged on property, plant and equipment on a straight-line basis and is charged in the month of addition. We depreciate the following class of assets at differing rates dependent on their estimated useful lives. The net book value of assets held as of the period ended June 30, 2024 was \$0.4 million (June 30, 2023: \$3.8 million).

Depreciation and amortization charges from continuing operations were \$0.3 million and \$0.8 million, respectively, in the fiscal year ended June 30, 2024, compared to \$0.5 million and \$0.8 million in the prior fiscal year. Amortization costs relate to the amortization of intangible assets generated on the acquisition of VivoPower Australia and Aevitas in 2016 and of Tembo in November 2020.

Tangible asset	Estimated useful life (in years)
Computer equipment	3
Fixtures and fittings	3 to 20
Motor vehicles	5
Plant and equipment	3.5 to 10
Right-of-use assets	Remaining useful life

Amortization costs relate to the amortization of intangible assets generated on the acquisition of:

- VivoPower Australia and Aevitas - customer relationships and trade names
- Caret - solar project development expenditure
- Tembo - customer relationships and trade names

The intangible assets identified above, and their estimated useful life is provided in the table below:

Identifiable intangible asset	Estimated useful life (in years)
Development expenditure	5 to 10
Customer relationships	10
Trade names	15 to 25
Favorable supply contracts	15
Other	5

Under IFRS, intangible assets and goodwill are subject to an annual impairment review. Impairment of goodwill and intangibles amounted to \$29.7 million during the year. This impairment includes Kenshaw intangibles and goodwill which was impaired due to the subsequent sale on July 2, 2024. VivoPower Pty Ltd has also gone into voluntary administration after the year and as such we have also impaired the goodwill related to it. For Caret LLC we have fully impaired all solar projects that were abandoned, reflecting the company's decision to discontinue these sites and focus on higher-priority projects. However, the active projects—TX75 and TX341—have been retained at their carrying value, as these sites are considered strategically critical and have demonstrated a valuation exceeding their carrying value. The company used a valuation matrix of \$80,000 per MW-DC, derived from the term sheet received from a potential joint venture partner in September 2023, to assess the value of these active sites.

An impairment review tests the recoverable amount of the cash-generating unit which gave rise to the intangible asset or goodwill 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.

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.

Following the sale of Kenshaw Electric on July 2, 2024, the CGU represented by Aevitas (being Critical Power Services) was written off as no longer being capable of being recovered from ongoing operations.

With the sale of Kenshaw and the writing off of all goodwill and intangibles, it was then required to affect a similar write off of the goodwill and intangibles held by VIWR AU Pty Ltd, formerly VivoPower Pty Ltd (PTY) as also no longer being capable of being recovered. On July 5th following a detailed internal review of PTY it was decided to place it into Voluntary Administration, hence requiring the final write off of all PTY's goodwill and intangibles held in other subsidiaries. This review considered PTY's ability to generate sufficient revenues, which traditionally have been from Management Fees charges to the businesses of Kenshaw electric and J. A. Martin. With both of these entities now disposed of the income from their Management Fees is no longer available.

[Table of Contents](#)

The intangibles represented by Tembo e-LV and its 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 13.7% (June 30, 2023: 12%, June 30, 2022: 12%) and an EBITDA compound average annual growth rate (CAGR) of 283% over the next 5 years. We have conducted a discounted cashflow for the impairment testing model; we have not included the terminal value in our analysis. Growth rates reflect the 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 Access Industriel, Bodiz Automotive LLC., GHH Mining Machines, Fource Maline, Cheetah EV etc.

We conducted a sensitivity analysis to assess the impact of changes in key assumptions on the impairment testing outcome for Tembo. In this analysis, we considered a 5% increase in the discount rate (WACC) and a 50% reduction in the compound annual growth rate (CAGR). The results indicate that, even with these adjusted assumptions, no impairment would need to be recognised. The analysis further revealed that an impairment would only be triggered if the CAGR falls below 71% at a WACC of 18.2%.

In reviewing past performance and lack of Revenues we have analyzed the following;

- Supply Chain issues relating to limited cash flows to procure components
- Staffing issues relating to the changing nature of our R&D activities
- Moving from Design to Test and potential rework
- Customer appetite to place orders and commit

Customer acceptance of our revised Terms of Trade. Now aligned with what other EV Conversion Kits suppliers are requiring

- Supplier's capability to deliver the volumes we believe we can sell
- Tembo's ability to train and support the early adopters of our kits

The CGU represented by Caret's active solar projects (TX75 and TX341) was assessed to have a value in excess of its carrying value and, therefore, no further adjustments to the capitalized development costs were considered necessary. This assessment was based on a valuation matrix of \$80,000 per MW-DC, derived from the term sheet received from a potential joint venture partner in September 2023. While this valuation was not based on a formal discounted cash flow (DCF) model or realizable value, it reflects market-based inputs that reasonably indicate the potential recoverable value of these assets.

For the solar projects that were discontinued during the year, their carrying values were fully impaired in line with accounting standards, as their expected recoverable amounts were determined to be nil. The impairment was recognized to reflect the abandonment of these sites and the absence of a viable pathway for development or monetization in their current state.

Restructuring and Other Non-Recurring Costs

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.

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Corporate restructuring - legal and other fees	\$ -	\$ 200	\$ 194
Corporate restructuring - litigation provision	-	-	(128)
Fiscal refunds provision	1,389	1,768	-
Remediation costs	-	(361)	382
Acquisition related costs	3	55	
Total restructuring costs	\$ 1,392	\$ 1,662	\$ 448

For the year ended June 30, 2024, the Company incurred non-recurring costs primarily related to \$1.4 million worth of fiscal refunds provision which includes VAT Liability in the UK to HMRC. For the year ended June 30, 2023, restructuring costs include restructuring activities of \$0.2 million, \$1.8 million worth of fiscal refunds provision offset by a \$0.4 million release of remediation provision. For 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.

Finance Income and Expense

Finance income reported was \$1.5 million, \$1.2 million, and \$0.2 million for the years ended June 30, 2024 and 2023 and 2022.

In the year ended June 30, 2024, the Company incurred net finance costs of \$4.6 million, consisting of \$4.6 million interest on related party loans, \$0.9 million net foreign exchange gains offset by \$0.9 million combined expense from interest on leases, preference shares and interest on other debt. Finance expense of \$5.7 million for the year ended June 30, 2023 consists primarily of interest expense associated with the interest payable on outstanding related party loans with AWN of \$3.8 million and foreign exchange losses of \$1.4 million.

[Table of Contents](#)

The components of net finance expense from continuing operations are as follows:

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Shareholder loan	\$ 4,637	\$ 3,801	\$ 3,351
Convertible preference shares and loan notes	267	204	217
Interest on leases	13	15	4
Other finance costs	630	273	149
Foreign exchange	(928)	1,391	4,588
Total net finance expenses	\$ 4,619	\$ 5,684	\$ 8,308

Foreign exchange gain/losses consists primarily of foreign exchange fluctuations related to short-term intercompany accounts and foreign currency exchange gains and losses related to transactions denominated in currencies other than the functional currency for each of our subsidiaries. We expect our foreign currency exchange gains and losses to continue to fluctuate in the future as foreign currency exchange rates change. 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. AWN loans of \$29.1 million are mostly denominated in USD, upon which there is minimal foreign currency risk.

Income Tax

We are subject to income tax for the year ended June 30, 2024 at rates of 19% to 25%, 21%, 26% to 30%, and 15% to 25.8% in the U.K., the U.S., Australia, and the Netherlands respectively. We use estimates in determining our provision for income taxes. We account for income taxes in accordance with IFRS Standard IAS 12 Income Taxes, using an asset and liability approach that requires recognition of deferred tax assets and liabilities for the expected future tax consequences attributable to differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax basis, and for net operating loss and tax credits.

Key Factors Affecting Our Performance

We believe that the growth of our business and our future success are dependent upon a number of key factors, including the following:

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 policies 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 off-road 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.

[Table of Contents](#)

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 pandemics, 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, 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 caliber talent quickly.

B. Liquidity and Capital Resources

Our principal sources of liquidity in the fiscal year ended June 30, 2024 were from AWN loans (with a principal outstanding balance of \$29.1 million, increasing from \$28.6 million at June 30, 2023), Arowana United Enterprises Pte Ltd loan amounting to \$48,000, Arowana Partners Group cost recharges amounting to \$0.7 million, Arowana Internation UK Limited representing cost recharges amounting to \$1.2 million and \$2.5 million net proceeds from capital raises. The principal uses of cash have been to support operating activities, including development of intangibles.

In the year ended June 30, 2023, the Company's principal sources of liquidity were \$3.6 million from AWN loans, \$5.1 million net proceeds from capital raises, \$2.9m of proceeds on sale of J.A. Martin and \$1.3 million from debtor financing. Our principal uses of cash have been \$8.6 million outflow from operating activities, including \$17.2 million growth focused operating costs in the Electric Vehicles, Solar Development, Sustainable Energy Solutions and Corporate segments less a \$8.6 million decrease in working capital comprising movements in trade and other receivables and payables, \$1.0 million purchase of property, plant and equipment including capitalized lease facilities in Tembo and Kenshaw, \$3.9 million development capital expenditure in Tembo and Caret.

The following table shows net cash provided by (used in) operating activities, net cash used in investing activities, and net cash provided by (used in) financing activities for the year ended June 30, 2024, 2023 and 2022:

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Net cash used in operating activities	1,493	(5,442)	(5,130)
Net cash used in investing activities	(4,566)	(1,921)	(5,343)
Net cash provided by financing activities	2,719	6,694	3,555
Total cash flow	(354)	(669)	(6,918)

Operating Activities

Our net cash inflow from operating activities in the year ended June 30, 2024, was \$1.5 million. This was attributable to a net inflow from working capital movements of \$9.3 million and a net cash outflow after tax from operations of \$7.8 million. The working capital movements of \$9.3 million comprise of increase in trade and other payables of \$7.7 million, decrease in trade and other receivables of \$1.3 million, \$0.2 million increase in inventory and increase in provisions of \$0.5 million. The \$7.8 million outflow after tax from operations consists of the \$45.8 million loss, other non-cash and non-operating components of earnings including \$4.6 million of net finance expense, \$1.6 million depreciation and amortization, \$0.5 million loss on disposal of property, plant and equipment, \$29.8 million impairment of goodwill and intangibles, \$0.8 million share-based payments and \$1.8 million tax.

[Table of Contents](#)

Our net cash outflow from operating activities in the year ended June 30, 2023, was \$5.4 million. This was attributable to a net inflow from working capital movements of \$11.7 million and a net cash outflow after tax from operations of \$17.2 million. The working capital movements of \$11.7 million comprise of increase in trade and other payables of \$5.3 million, decrease in trade and other receivables of \$6.4 million, an increase in inventory of \$0.7 million and increase in provisions of \$0.7 million. The \$17.1 million outflow after tax from operations consists of the \$24.4 million loss, other non-cash and non-operating components of earnings including \$5.0 million of net finance expense, \$1.6 million depreciation and amortization, \$0.1 million share-based payments, and \$0.6 million tax.

Investing Activities

Net cash outflow from investing activities of \$4.6 million in the year ended June 30, 2024 comprised of \$0.6 million purchase of property, plant and equipment, a \$4.0 million net cash outflow attributable to additional investment in capital projects in Tembo.

Net cash outflow from investing activities of \$1.9 million in the year ended June 30, 2023 comprised of \$1.0 million investment in property, plant and equipment in particular new leased properties for Tembo and Kenshaw, and a net \$3.9 million net cash outflow attributable to additional investment in capital projects in Tembo and Caret. This is offset by \$2.9 million proceeds from the sale of J.A Martin operations.

No companies were acquired by the Group in the years ended June 30, 2024, June 30, 2023 and June 30, 2022.

Financing Activities

Cash generated from financing activities for the year ended June 30, 2024, was \$2.7 million. This comprised \$0.8 million inflow from AWN loans, \$1.0 million proceeds from investors, \$2.5 million capital raises net of capital raise costs, and \$0.3 million transfer from restricted cash. This is partly offset by \$1.6 million repayments of other financings and borrowing, and \$0.2 million lease repayments.

Cash generated from financing activities for the year ended June 30, 2023, was \$6.7 million. This comprised \$3.6 million AWN loans, \$1.3 million debtor financing and \$5.5 million capital raises net of capital raise costs, partly offset by \$0.9 million repayment of other financing costs and \$3.2 million of finance cost.

Cash generated from financing activities for the year ended June 30, 2022, was \$3.6 million. This comprised \$4.2 million AWN short term loans and \$0.2 million capital raises net of capital raise costs. This is partly offset by \$0.6 million interest paid to AWN on shareholder loans, and other financing costs.

Borrowing obligations outstanding at the end of the period were as follows:

(US dollars in thousands)	As at June 30		
	2024	2023	2022
Current liabilities:			
Debtor financing	67	1,329	-
Lease liabilities	-	462	505
Short-term shareholder loan	8,104	497	4,285
Bank loan	-	7	145
Chattel mortgage	-	89	142
Other borrowings	-	-	32
	8,171	2,384	5,109
Non-current liabilities:			
Shareholder loan – payments due beyond 12 months	20,915	28,111	21,121
Lease liabilities	-	1,843	1,959
Financing agreement	-	-	108
Chattel mortgage	-	50	264
	20,915	30,004	23,452
Total borrowings	29,086	32,388	28,561

[Table of Contents](#)

Tembo, Aevitas Solar and Kenshaw have lease arrangements in place to finance business properties and motor vehicle fleets. Lease liabilities have decreased from \$2.3 million at June 30, 2023 to nil at June 30, 2024 as they were reclassified to liabilities held for sale as part of the sale of Kenshaw Electrical. The obligation for future minimum lease payments under the facilities are as follows:

(US dollars in thousands)	Minimum lease payments			Present value of minimum lease payments		
	As at June 30			As at June 30		
	2024	2023	2022	2024	2023	2022
Amounts payable under finance leases:						
Less than one year	-	576	546	-	462	444
Later than one year but not more than five	-	2,223	2,545	-	1,843	2,020
	-	2,799	3,091	-	2,305	2,464
Future finance charges	-	(494)	(627)	-	-	-
Total obligations under finance lease	-	2,305	2,464	-	2,305	2,464

On June 30, 2021, the Company agreed a refinancing of its existing \$21.1 million shareholder loan with 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 were 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 of a specific security deed over the assets of Aevitas (the "Specific Security Deed") and a general security over the assets of the Company (the "General Security").

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.

[Table of Contents](#)

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.
- (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 \$6.7 per share.

On June 30, 2024, VivoPower amended its shareholder loan financing agreement with AWN. The loan includes a facility limit of \$34 million, of which a drawdown of \$8.1 million principal is due to be repaid in the current period, and \$20.9 million principal is non-current. In addition there is \$12 million in interest and fees on the AWN loan due to be repaid in the current period. The agreement consolidated all shareholder loans into a single tranche. AWN also received an option to acquire 1,150,000 Tembo shares post-business combination with Cactus Acquisition Corp 1 Limited at \$1.35 per share.

In December 2021, a short-term loan of \$1.1 million (AU\$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 (AU\$40,000) and \$43,500 (AU\$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.

[Table of Contents](#)

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 3.60% 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 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 AU\$0.5 million and AU\$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 AU\$7,500 were deducted upon loan drawdowns, and further 3% exit fees of total AU\$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 AU\$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 (AU\$2.0 million), due to timing of operating activities (June 30, 2022: nil). As of June 30, 2024, this facility amounting to AU\$1.8 million is reclassified to “Assets held for sale” as a result of Kenshaw Electrical Pty Ltd sale.

Cash Reserves and Liquidity

Cash reserves at June 30, 2024, of \$0.2 million are unrestricted and are domiciled as follows:

(in thousands)	<u>Local currency</u>	<u>Amount in USD</u>
AUD	301	188
EUR	-	-
USD	11	11
GBP	-	-
Total cash reserve		<u><u>199</u></u>

Our treasury policy aims to maintain cash reserves in the necessary currencies for near-term working capital, helping to manage currency fluctuation risk. Cash reserves are monitored daily to enhance capital efficiency, and senior management conducts weekly reviews to ensure optimal alignment with business needs. While certain operational challenges, such as limited access to specific accounts during the year, influenced cash flow management, the company continues to take measures to support liquidity and financial planning effectively.

The SES business is reliant for liquidity on the completion of and, or sale of specific projects that are designed to support the EV business with the development of Charging stations, Change Management Education along with driver and Maintenance team training. As these projects are dependent on negotiations with external parties, delays in the sale process could adversely affect our liquidity.

The Electric Vehicles business is reliant for liquidity on financing from asset and working capital financing, equity capital raises, and a growing revenue stream as the business scales.

We review our forecasted cash flows on an on-going basis to ensure that we will have sufficient capital from a combination of internally generated cash flows and proceeds from financing activities, if required, in order to fund our working capital and capital expenditure requirements and to meet our short-term debt obligations and other liabilities and commitments as they become due.

Management has, in the preparation of the audited financial statements of the Group for the year ended June 2024, fully considered and evaluated going concern. Following a comprehensive assessment of the Group’s financial position and projections over the going concern assessment period of 12 months from the expected date of signing the audited financial statements, the assessment of management is that the Group remains a going concern.

Accordingly, management recommends to the Board of Directors that, based on the above assessment, consider the Group remains a going concern as at the date of this report.

The going concern assessment has been considered with reference to:

- a. the scenario that the Tembo spin off reverse merger IPO is consummated (current expectation is by the end of the first quarter of calendar 2025). Following the completion of this Tembo spin off reverse merger the following probable outcomes arise for VivoPower:
- VivoPower will continue to retain approximately 55% of the separately listed Tembo Group and consolidate Tembo in its accounts;
 - VivoPower's cash burn rate will reduce to budgeted \$154 thousand per month;
 - Subject to the funds raised by Tembo as part of its reverse merger IPO, VivoPower will be paid back up to the full amount of what is owed to it by Tembo within 6 months of Tembo becoming a separate listed company
 - VivoPower's share price is likely to be re-rated following completion of the separate listing of Tembo, to reflect a valuation closer to the trading price of Tembo
 - VivoPower, subject to fulfilling terms and conditions of the proposed reverse merger with hydrogen technology company, F.A.S.T, will itself be subject to a reverse merger at a significant valuation uplift to current share price; and
 - VivoPower will itself be able to raise additional capital via the equity capital markets, as it has done over the past 12 months despite very challenging market conditions and a number of unexpected obstacles. Since November 2023, VivoPower has been able to raise approximately \$10 million of capital despite volatile market conditions
- b. the scenario where the Tembo spin off reverse merger IPO does not materialise. In this probable scenario, the following outcomes would arise for VivoPower:
- VivoPower would continue to retain 100% ownership of the Tembo Group;
 - The combined cash burn rate of VivoPower, including Tembo's operations, would be expected be approximately \$357 thousand per month;
 - Despite the increased cash burn rate, the combined entity (VivoPower and Tembo) is projected to generate net cash inflows from operating activities by June 2025. This positive cash generation is expected to provide significant support for the Group's liquidity and overall financial health: and
 - VivoPower would have the ability to raise additional capital to support Tembo's growth, enabling further investment in scaling Tembo's operations and capturing new opportunities.

[Table of Contents](#)

As part of the going concern assessment, we also reviewed the net current liabilities outstanding (payable in the next 12 months) as of 30 September 2024, which amounted to \$9.3 million. After accounting for adjustments such as excluding payables to related and friendly parties, liabilities settled post-30 September, and reclassifying accrued interest to non-current liabilities (AWN has provided confirmation to defer the interest accrued to them by more than 12 months), the adjusted net current liabilities has been reduced to approximately \$5.4 million. Additionally, our analysis indicates that the budgeted combined average monthly cash burn (not accounting for sales, deposits and other cash inflows) for VivoPower and Tembo over the next 12 months is approximately \$357 thousand per month, or equivalent to \$4.3 million per annum. Considering both the adjusted net liabilities and cash burn, the projected cash outlay for the next 12 months is estimated to be approximately \$9.7 million. As of the date of this report the company has finalized a \$12 million facility.

As at June 30, 2024, the Company had unrestricted cash totaling \$0.2 million compared to \$0.6 million as at June 30, 2023 and \$1.3 million as at June 30, 2022. However, post balance date, the Company raised \$7 million from the issuance of ordinary shares pursuant to an F3 registration statement and an F1 registration statement.

As at 30 June 2024, the Company has outstanding debt and borrowing totaling \$29.1 million, compared to \$32.4 million as at June 30, 2023 and \$28.6 million as at June 30, 2022. The outstanding debt and borrowings are to related parties who are also the major shareholders. Most of these borrowings do not fall due for repayment in the next 12 months and are thus classified under long-term liabilities.

Management believes that it will be able to (a) raise sufficient capital over the next 12 months and/or (b) further reduce its cash burn rate and/or (c) negotiate payment plans with its key creditors and lenders and/or (d) generate sufficient revenues and cashflows from its expanded range of products and solutions to ensure that the Company has the requisite liquidity to fund its net current assets/liabilities and cash burn.

Over the next twelve months, with the strategic rationalization of the Company's business units and the expansion of the Electric Vehicles and ancillary SES products and solutions range, together with the strategic pivot to a cost effective Asian supply chain, the Company expects to grow revenues in a profitable manner. Furthermore, with the Asian supply chain in place, the Company no longer needs to invest in assembly and production facilities, reducing capital expenditure requirements.

To ensure the going concern status of the business, the directors have prepared and reviewed additional plans to mitigate any liquidity risk that may arise during the next twelve months. These include:

- Delaying any capital expenditures;
- Reduce or delay operational expenditure scaleup plans;
- Reduce research and development expenditure;
- Considered management of supplier and lender payments;
- Continuous improvement in efficiency and cost management through the use of artificial intelligence tools; and
- Ensuring the Company is always able to raise debt or equity capital.

Based on the foregoing, the Directors believe these actions provide sufficient cash to support business operations and meet funding requirements as they become due through the next 12 months. The Directors therefore have a reasonable expectation that the Company has access to adequate resources to continue in operational existence for the foreseeable future. Thus, they have continued to adopt the going concern basis in preparing the financial statements. However, 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 sale 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.

Significant effort has been undertaken to review and rationalize our expenses and creditors, resulting in an expected spend of approximately \$9.7 million over the next 12 months.

With access to the \$12 million facility, in addition to the \$8.7 million owed to us by TAG, we believe there are, and will continue to be, sufficient resources to support operations for at least the next 12 months. This assessment excludes any potential additional funds from Tembo's de-SPAC process, anticipated sales revenues, or the joint venture related to our Caret operations.

C. Research and Development, Patents and Licenses, etc.

Research and development expenditure includes the product development project for Tembo's ruggedized electric vehicles, comprising pre-series-production expenditure on developing vehicle specifications and production processes that are fit for purpose for rugged off-road environments including mining sites. Capitalized costs include primarily internal payroll costs, external expert consultants, equipment and technology hardware and software. In addition, there is additional research and development being conducted into other elements of vehicle electrification for off-road and rugged environments, including specialized batteries, charging devices, electric wire harnesses, telemetry, data capture and analytics and software tools.

[Table of Contents](#)

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.

The Company 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.

D. Trend Information

Other than as disclosed elsewhere in this Annual Report, we are not aware of any trends, uncertainties, demands, commitments, or events that are reasonably likely to have a material adverse effect on our net revenues, income, profitability, liquidity or capital resources.

E. Critical Accounting 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 recognized in the consolidated financial statements are discussed below.

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.

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 and operating performance (which includes production and sales volumes), as further disclosed in Note 13. 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.

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).

Litigation provision

A litigation provision of \$0.2 million has been made in the accounts as settlement of the lawsuit with the Estate of the Late W.Q. Richards over Caret leases TX144 and TX145.

The suit was settled with a payment of \$50k USD made in October 2024 to be followed by 12 equal monthly payments of \$14,583.33 USD. As part of the settlement agreement VivoPower approved the permanent abandonment of the two leases in dispute, namely TX144 and TX145.

[Table of Contents](#)

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, 2024, the carrying amount of capitalized development costs were \$11.6 million (June 30, 2023: \$7.8 million).

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.

Deferred tax assets

Deferred tax assets for unused tax losses amounting to \$4.1 million on June 30, 2024 (June 30, 2023: \$5.1 million; June 30, 2022: \$4.7 million), due to recognition of development phase recoverable tax losses in Electric Vehicles, and are recognized to the extent that it is probable that sufficient taxable profit will be available against which the losses can be utilized. Management judgment 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.

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.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

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

Name	Age	Position	Appointed
Directors:			
Kevin Chin (1)(4)	51	Chairman	<i>April 27, 2016</i>
Peter Jeavons (1)(2)(3)(4)	59	Non-Executive Director	<i>June 16, 2020</i>
William Langdon (1)(2)(3)	63	Non-Executive Director	<i>June 16, 2020</i>
Michael Hui	44	Non-Executive Director	<i>January 22, 2020</i>
Executive Officers:			
Kevin Chin (1)(4)	51	Chief Executive Officer	<i>March 25, 2020</i>
Gary Challinor	70	Chief Financial Officer	<i>November 04, 2020</i>
Jacqui Johnson	58	Global HR Director	<i>July 01, 2021</i>
Chris Mallios	53	Chief Commercial Officer	<i>January 29, 2024</i>

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

[Table of Contents](#)

- (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 26.0% of VVPR at June 30, 2024, through his holdings as the Chairman of AWN, which is a beneficial owner of 20.1% of VivoPower as of June 30, 2024 for which Mr. Chin has shared voting power and individually is the beneficial owner of 5.9% of VivoPower as of June 30, 2024.

Recent Changes to the Board of Directors and Senior Management

On June 4, 2024, Ms. Gemma Godfrey, Independent Director of VivoPower International PLC, announced her resignation as a member of the Board of Directors of VivoPower, effective June 13, 2024. Ms. Godfrey remains involved in the Company as a member of VivoPower's Advisory Council, where she continues to provide her input to the Company's leadership team.

Chris Mallios, previously a member of the VivoPower Advisory Board, was recently appointed as Chief Commercial Officer in January 2024. Reference is made to his biography below.

Executive Officers

Kevin Chin

Kevin Chin has served as our Chief Executive Officer since March 2020. Reference is made to his biography below.

Gary Challinor

Gary is currently VivoPower's Chief Financial Officer and has been with the Company since November 2020. Gary has over 30 years of experience across a range of senior executive roles in the technology industry, both in Australia and around the world. He has worked with Fortune 1000, FTSE and ASX companies and various government organisations across finance, human resources, customer experience, manufacturing, distribution, digital workspace, cloud solutions and more, and been a part of a number of successful start-ups and hyper-turnarounds.

Jacqui Johnson

Jacqui is VivoPower's Global HR Director. Jacqui is a qualified member of the Chartered Institute of Personnel and Development (CIPD), with over 20 years' experience in Human Resources and Change Management, in a variety of industries, most recently, EV Automotive, Engineering and Construction with experience in both unionised and non-unionised environments.

Jacqui has held many leadership roles, and her area of expertise is in Human Resources, Employment Law, Recruitment, Organisational Planning, Employee Engagement, Strategic Staffing Plan, developing company culture and Wellbeing.

Chris Mallios

Chris is a seasoned executive with nearly 30 years of experience in the automotive, technology, resources, utilities and infrastructure industries, and is the current Chief Commercial Officer. He has held several leadership positions at Nissan Motor Corporation, including as director of global business operations for Infiniti, managing director of Infiniti's Asia and Oceania regions and director of business development in China. In the latter role, he oversaw the joint venture of Nissan and the Dongfeng Motor Corporation to produce Infiniti vehicles for the world's biggest automotive market.

His background also includes nearly 5 years as the CEO of CFC Group – an investment and development group that provides distribution, logistics and transport services – and nearly a decade as Asia Pacific CFO for TE Connectivity, a global technology company whose solutions power, among other things, electric vehicles.

Directors

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.

[Table of Contents](#)

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 topic 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 resides primarily in London, United Kingdom.

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 and the Nomination 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.

[Table of Contents](#)**B. Board Diversity**

The table below provides certain information regarding the diversity of our Board as of the date of this Annual Report

Board Diversity Matrix

Country of Principal Executive Offices:	United Kingdom
Foreign Private Issuer	Yes
Disclosure Prohibited under Home Country Law	No
Total Number of Directors	4

	Female	Male	Non-Binary	Did Not Disclose Gender
Part I: Gender Identity				
Directors	0	4	0	0
Part II: Demographic Background				
Underrepresented Individual in Home Country Jurisdiction			2	
LGBTQ+			0	
Did Not Disclose Demographic Background			0	

C. Compensation***Directors and Executive Management Compensation***

The tables below set out the compensation paid to our directors and executive officers for the year ended June 30, 2024 and year ended June 30, 2023 (in US Dollars).

Year Ended June 30, 2024	Salary & Fees	Benefits	Pension	Long Term Incentives	Severance	Total
Directors:						
Kevin Chin (Chair) 1	\$ 85,571	\$ -	\$ -	\$ -	\$ -	\$ 85,571
Peter Jeavons 2	\$ 73,000	\$ -	\$ -	\$ -	\$ -	\$ 73,000
William Langdon 3	\$ 65,500	\$ -	\$ -	\$ -	\$ -	\$ 65,500
Michael Hui 4	\$ 57,361	\$ -	\$ -	\$ 7,361	\$ -	\$ 64,721
Gemma Godfrey 5	\$ 69,500	\$ -	\$ -	\$ -	\$ -	\$ 69,500
Executive Officers:						
Kevin Chin 6	\$409,108	\$ -	\$ -	\$ 74,860	\$ -	\$483,968

- 1 Mr. Chin is paid a salary of £68,000 (\$85,571) per annum as Chairman during the year, payable to Arowana Global Impact Pty Ltd (formerly Arowana Partners Group Pty Ltd).
- 2 Mr. Jeavons was 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.
- 3 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 a member of the remuneration committee and \$4,000 annual fee as member of the nomination committee. Mr. Langdon elected to receive 100% of his fees in cash.

[Table of Contents](#)

- 4 Mr. Hui was paid fees of \$57,361 per annum during the year. Mr. Hui elected to receive 100% of his fees in cash. Mr. Hui also received equity-based remuneration in relation to his involvement in his project management of the divestment of the Critical Power Services segment. He also received remuneration in the form of LTIP shares worth \$7,361.
- 5 Ms. Godfrey was paid fees of \$69,500 per annum before she resigned from the Board in June 2024. Ms. Godfrey also received \$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 nomination committee. Ms. Godfrey elected to receive 100% of her fees in cash.
- 6 Comprises £325,000 base fees per annum, £38,000 annual professional development allowance per annum.

Year Ended June 30, 2023	<u>Salary & Fees</u>	<u>Benefits</u>	<u>Pension</u>	<u>Long Term Incentives</u>	<u>Severance</u>	<u>Total</u>
Directors:						
Kevin Chin (Chair) 1	\$ 81,819	\$ -	\$ -	\$ -	\$ -	\$ 81,819
Peter Jeavons 2	\$ 73,000	\$ -	\$ -	\$ -	\$ -	\$ 73,000
William Langdon 3	\$ 65,500	\$ -	\$ -	\$ -	\$ -	\$ 65,500
Michael Hui 4	\$ 50,000	\$ -	\$ -	\$ 7,361	\$ -	\$ 57,361
Gemma Godfrey 5	\$ 69,500	\$ -	\$ -	\$ -	\$ -	\$ 69,500
Executive Officers:						
Kevin Chin 6	\$455,863	\$ 45,991	\$ -	\$ 312,002	\$ -	\$813,856

- 1 Mr. Chin was paid a fee of £68,000 (\$81,819) per annum as Chairman during the year, payable to Arowana Partners Group Pty Ltd.
- 2 Mr. Jeavons was 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.
- 3 Mr. Langdon was 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 and \$4,000 annual fee as member of the nomination committee. Mr. Langdon elected to receive 100% of his fees in cash.
- 4 Mr. Hui was paid a salary of \$50,000 per annum during the year. 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, 8,124 RSUs (\$6,093) vested in the year ended June 30, 2022.
- 5 Ms. Godfrey was paid fees of \$50,000 per annum before she resigned from the Board in June 2024. Ms. Godfrey also received \$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 nomination committee. Ms. Godfrey elected to receive 100% of her fees in cash.
- 6 Comprises £325,000 base fees per annum, £38,000 annual professional development allowance per annum. For the year ended 30 June 2023, 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, exercisable in the period 3 June 2024 to 3 June 2029 at an exercise price of \$6.0. Shares issued following exercising of warrants will remain restricted for 12 months. Mr. Chin has gifted these warrants to a benevolent foundation.

Employment Agreements

Executive Agreements

Mr. Chin's remuneration as Chief Executive Officer has remained at £325,000 per annum as Chief Executive since July 1, 2020, payable monthly in arrears. This remuneration plan was decided upon by the Remuneration Committee following a market

benchmarking by Pearl Meyer, to align to the new strategy and additional responsibilities. The remuneration includes the cost of any support resources required by Mr. Chin to fulfil the roles. The Committee also approved an additional annual £38,000 fee payable as a professional development allowance to Mr. Chin as Chief Executive Officer. This payment will be made on 1 January each year.

[Table of Contents](#)

Mr. Chin is also paid an annual Chairman's fee of £68,000 as Chairman of the Board, payable by the Company to Arowana Global Impact Pty Ltd (formerly Arowana Partners Group Pty Ltd). The fee was increased as from July 1, 2021, following a review by the Remuneration Committee of Mr. Chin's compensation, including market benchmarking by Pearl Meyer but has been held at this level since then.

Potential Payments Upon Termination or Change in Control

Kevin Chin, Executive Chairman and Chief Executive Officer, may be terminated upon twelve months' notice at any time, for any reason, with or without cause. Other than the twelve-month notice period, there are no other special payments upon termination or change of control.

The appointment letters of the non-executive directors of the Company are generally terminable upon one month's written notice and do not contain provisions providing for special payments upon termination or change of control.

D. Board Practices***Board Composition and Classification of Directors***

In accordance with the terms of our articles of association, our Board is divided into three staggered classes of directors of the same or nearly the same number and each will be assigned to one of the three classes. At each annual general meeting of the shareholders, a class of directors will be elected for a three-year term to succeed the directors of the same class whose terms are then expiring. The terms of the directors will expire upon the election and qualification of successor directors at the annual general meeting of stockholders to be held during the years 2024 for Class B directors, 2025 for Class C and 2026 for Class A directors:

- our Class A directors are Peter Jeavons and Michael Hui.
- our Class B director is William Langdon.
- our Class C directors is Kevin Chin.

Our articles of association provide that the number of our directors shall not be subject to any maximum but shall not be less than two, unless otherwise determined by a majority of our Board.

The division of our Board into three classes with staggered three-year terms may delay or prevent stockholder efforts to effect a change of our management or a change in control.

Director Independence

Rule 5605 of the Nasdaq Listing Rules requires a majority of a listed company's board of directors to be comprised of independent directors within one year of listing. Under Rule 5605(a)(2), a director will only qualify as an "independent director" if, in the opinion of our Board, that person does not have a relationship that would interfere with the exercise of independent judgement in carrying out the responsibilities of a director.

Our Board has determined that Peter Jeavons and William Langdon (and, prior to her resignation, Ms. Godfrey) are "independent directors" under Rule 5605 of the Nasdaq Listing Rules.

Corporate Governance

The Sarbanes-Oxley Act of 2002, as well as related rules subsequently implemented by the SEC, requires foreign private issuers, including our company, to comply with various corporate governance practices. In addition, Nasdaq rules provide that foreign private issuers may follow home country practice in lieu of the Nasdaq corporate governance requirements, subject to certain exceptions and except to the extent that such exemptions would be contrary to U.S. federal securities laws.

Nasdaq Listing Rule 5615(a)(3) permits a foreign private issuer like us to follow home country practices in lieu of certain requirements of Listing Rule 5600, provided that certain requirements are met. Accordingly, we have elected to follow home country practice in lieu of the requirements under Nasdaq Listing Rule 5635(d), which requires companies to seek shareholder approval for the issuance of securities in connection with certain transactions other than a public offering involving the sale, issuance or potential issuance of our Ordinary Shares at a price less than certain referenced prices, if such shares equal 20% or more of the Company's

Ordinary Shares or voting power outstanding before the issuance. Instead, and in accordance with the Nasdaq home country accommodations, we comply with applicable U.K. corporate and securities laws, which do not require shareholder approval for such dilutive events.

[Table of Contents](#)

We intend to take all actions necessary for us to maintain compliance as a foreign private issuer under the applicable requirements of the rules adopted by the SEC.

Because we are a foreign private issuer, our directors and senior management are not subject to short-swing profit and insider trading reporting obligations under Section 16 of the Exchange Act. They will, however, be subject to the obligations to report changes in share ownership under Section 13 of the Exchange Act and related SEC rules.

Committees of the Board

We have an Audit and Risk Committee, a Remuneration Committee, a Nomination Committee and a Sustainability Committee and have a charter for each of these committees.

Audit and Risk Committee

The Audit and Risk Committee is comprised of William Langdon (who is Chair of the Audit and Risk Committee), and Peter Jeavons, each of whom the Board has determined to be independent under the applicable Nasdaq listing standards. Peter Jeavons and William Langdon joined the committee on June 16, 2020.

The Audit and Risk Committee has a written charter, a form of which is available on VivoPower's website at www.vivopower.com.

The purpose of the Audit and Risk Committee, as specified in the Audit and Risk Committee charter, includes, but is not limited to, assisting the Board in overseeing and monitoring:

- the Company's accounting and financial reporting processes and internal control over financial reporting;
- the audit and integrity of the Company's financial statements;
- the qualifications, independence, and performance of the Company's registered public accounting firm;
- the Company's compliance with accounting, regulatory and related legal requirements;
- risk assessment and risk management; and
- such other duties and responsibilities as are enumerated in or consistent with the terms of reference.

The Audit and Risk Committee is required to be composed exclusively of "independent directors," as defined under the Nasdaq listing standards and the rules and regulations of the SEC, and each of whom must be, among other requirements, "financially literate," as defined under the Nasdaq listing standards. The Nasdaq listing standards define "financially literate" as being able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement. In addition, VivoPower is required to certify to Nasdaq that the committee has at least one member who has past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background that results in the individual's financial sophistication.

The Board has determined that William Langdon satisfies Nasdaq's definition of financial sophistication and also qualified as an "audit committee financial expert" as defined under rules and regulations of the SEC.

Nomination Committee

The Nomination Committee of the Board is comprised of William Langdon (who is Chair of the Nomination Committee), and Peter Jeavons, each of whom the Board has determined to be independent under the applicable Nasdaq listing standards. William Langdon and Peter Jeavons joined the committee on June 16, 2020.

The Nomination Committee has a written charter, a form of which is available on VivoPower's website at www.vivopower.com.

[Table of Contents](#)

The Nomination Committee is responsible for overseeing the selection of persons to be nominated to serve on VivoPower's Board.

The Nomination Committee considers persons identified by its members, management, shareholders, investment bankers and others. Pursuant to its charter, the Nomination Committee, before any appointment is made by the Board, evaluates the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation, prepares a description of the role and capabilities required for a particular appointment, and consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, taking care that appointees have enough time available to devote to the position.

The Nomination Committee considers a number of qualifications relating to management and leadership experience, background and integrity and professionalism in evaluating a person's candidacy for membership on the Board. The Nomination Committee may require certain skills or attributes, such as financial or accounting experience, to meet specific Board needs that arise from time to time and will also consider the overall experience and makeup of its members to obtain a broad and diverse mix of Board members. The Nomination Committee will not distinguish among nominees recommended by shareholders and other persons.

Remuneration Committee

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

The Remuneration Committee has a written charter, a form of which is available on VivoPower's website at www.vivopower.com.

The Remuneration 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.

Sustainability Committee

The Sustainability Committee is comprised of Peter Jeavons (chair of the Sustainability Committee), Kevin Chin

The Sustainability Committee has a written charter, a form of which is available on VivoPower's website at www.vivopower.com.

The Sustainability Committee's duties, which are specified in our Sustainability Committee Charter include, but are not limited to:

- oversee and monitor VivoPower's Safety and Health policies, procedures and programs and track any safety and health scorecards against benchmarks;
- review VivoPower's B Corp certification and governance policies and initiatives with a view to continuously improving VivoPower's B score;
- maintain, update and review the effectiveness of VivoPower's environmental policies and initiatives designed to ensure environmental sustainability and the minimization of the Company's environmental footprint;
- determining total individual compensation packages;
- review the effectiveness of VivoPower's policies and initiatives with regards to community and staff engagement as well as broader corporate social responsibility; and

[Table of Contents](#)

- oversee and monitor the reputational impacts of VivoPower’s business strategies and practices, including policies and to ensure appropriate safeguards are in place for dealing fairly and ethically with customers, suppliers, competitors and other stakeholders.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics applicable to all of our directors, executive officers and employees, including our chief executive officer, chief financial officer, controller, or other persons performing similar functions, which is a “code of ethics” as defined in Item 16B of Form 20-F promulgated by the SEC. The full text of the Code of Business Conduct and Ethics is posted on the investor relations section of our website at www.vivopower.com.

If we make any amendment to the Code of Business Conduct and Ethics or grant any waivers, including any implicit waiver, from a provision of the Code of Business Conduct and Ethics, we will disclose the nature of such amendment or waiver on our website to the extent required by the rules and regulations of the SEC. Under Item 16B of Form 20-F, if a waiver or amendment of the Code of Business Conduct and Ethics applies to our principal executive officer, principal financial officer, or controller and relates to standards promoting any of the values described in Item 16B(b) of Form 20-F, we are required to disclose such waiver or amendment on our website in accordance with the requirements of Instruction 4 to such Item 16B.

E. Employees

As of June 30, 2024, we had 92 (June 30, 2023: 108; June 30, 2022: 242; June 30, 2021: 255) employees and subcontractors, as follows:

As at June 30, 2024	Australia	US	U.K.	Netherlands	Total
Sales and Business Development	3	1	-	1	5
Central Services and Management	9	1	-	12	21
Engineering and Critical Power Services	46	-	-	21	67
Total employees	58	2	-	34	93
As at June 30, 2023	Australia	US	U.K.	Netherlands	Total
Sales and Business Development	3	1	-	9	13
Central Services and Management	10	1	3	4	18
Engineering and Critical Power Services	53	-	-	24	77
Total employees	66	2	3	37	108
As at June 30, 2022	Australia	US	U.K.	Netherlands	Total
Sales and Business Development	9	1	-	2	12
Central Services and Management	23	1	3	2	30
Engineering and Critical Power Services	187	-	-	14	201
Total employees	219	2	3	18	243
As at June 30, 2021	Australia	US	U.K.	Netherlands	Total
Sales and Business Development	10	1	-	2	13
Central Services and Management	22	1	4	8	35
Engineering and Critical Power Services	201	-	-	6	207
Total employees	233	2	4	16	255

J.A. Martin’s ex-solar operations contributed employees classified under the Engineering and Critical Power Services segment in prior years. However, since the financial year ended 30 June 2023, its employee numbers have been excluded given it was disposed in July 2022.

Kenshaw contributed employees classified under the Engineering and Critical Power Services segment in all financial years up to 30 June 2024. Kenshaw was divested in July 2024, and adjusting for this sale the number of employees for the financial year ended 30 June 2024 would be 27.

We have never experienced labor-related work stoppages or strikes and believe that we have good relations with our employees.

[Table of Contents](#)

F. Share Ownership

The following table sets forth information regarding the beneficial ownership of VivoPower Ordinary Shares as of November 1, 2024, by:

- each of our executive officers and directors; and
- all of our executive officers and directors as a group.

The beneficial ownership of VivoPower's Ordinary Shares is based on 4,439,733 Ordinary Shares issued and outstanding on June 30, 2024. 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.

Unless otherwise indicated, we believe that all persons named in the table below have sole voting and investment power with respect to all Ordinary Shares beneficially owned by them.

Name and Address of Beneficial Owner (1)	Number of Shares Beneficially Owned	Percentage of Outstanding Shares
Kevin Chin (2)	1,153,263(3)	26.0%
Michael Hui	11,282	<1%
William Langdon	7,020	<1%
Peter Jeavons	6,426	<1%
All Directors and Executive officers as a group (4 persons)	1,177,991	26.5%

- (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, United Kingdom.
- (2) The business address is at Level 11, 110 Mary Street, Brisbane, QLD 4000, Australia.
- (3) Represents shares held by Arowana Global Impact Pty Ltd (previously Arowana Partners Group Ltd), The Panaga Group Trust, KTFC Superannuation Fund and Chin Family Super Fund, of which Mr. Chin is a beneficiary and /or one of the directors of the corporate trustee of such fund, and AWN Holdings Limited for which Mr. Chin has shared voting power. However, it excludes shares held in charitable foundations, which Mr. Chin has gifted or donated shares in the Company too and where he has no beneficial interests or voting and investment power.

None of the above shareholders have different voting rights from other shareholders as of the date of this Annual Report.

Equity Incentive Plan

On July 3, 2017, the Board approved adoption of the Company's 2017 Omnibus Incentive Plan (the "Incentive Plan"), which was subsequently approved by shareholders. The purpose of the Incentive Plan is to provide a means through which the Company and its subsidiaries may attract and retain key personnel and to provide a means whereby personnel of the Company and its subsidiaries can acquire and maintain equity interests in the Company and align their interests with those of the Company's stockholders. Types of awards that may be granted under the Incentive Plan include options, stock appreciation rights, restricted stock and restricted stock units, stock bonus awards and performance compensation awards. The Remuneration Committee of the Board administers the Incentive Plan and determines the terms and conditions of the awards. Awards are evidenced by an award agreement containing the terms and conditions of each award. Under the Incentive Plan (or a Sub-Plan for Non-Employees that was also approved with the Incentive Plan), the Company may grant awards to employees, executives, officers, consultants, or advisors of the Company or its subsidiaries.

On July 6, 2023, the shareholders approved an amendment to the Incentive Plan allowing the number of Ordinary Shares reserved under the Incentive Plan to automatically increase each July 1, beginning on July 1, 2023, and ended on July 2, 2032, by 5.0% of the outstanding number of Ordinary Shares on the immediately preceding June 30, or such lesser amount as determined by the Company's Remuneration Committee.

On October 4, 2023, the Company announced a one-for-ten (1-10) reverse stock split and par value change of its Ordinary Shares which began trading on a post-split basis on October 6, 2023.

[Table of Contents](#)

During the financial years ended 30 June 2024, 2023, 2022 and 2021, the following awards, including Restricted Stock Units (RSUs), Performance Stock Units (PSUs) and Stock Subscription Warrants (BSAs), under the Incentive Plan have been granted, and have vested or forfeit:

	Number of RSUs, PSUs and BSAs (thousands)	Weighted average grant date fair value \$000
Outstanding at June 30, 2022	279	\$ 471
Granted	912	303
Vested	(356)	(123)
Forfeit	(178)	(320)
Outstanding at June 30, 2023	<u>657</u>	<u>\$ 331</u>
Granted	128	234
Vested/Settled	(150)	(248)
Reverse stock split impact	(591)	(298)
Forfeit	(11)	(3)
Outstanding at June 30, 2024	<u>33</u>	<u>\$ 16</u>

Tembo Long Term Incentive Plan

During FY23, Tembo e-LV BV established a performance incentive plan for participants to benefit from any potential future trade sale, IPO, recapitalization or merger of Tembo e-LV and subsidiaries within the EV business unit. In the event of such an action, 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.

G. Disclosure of a Registrant’s Action to Recover Erroneously Awarded Compensation

There was no erroneously awarded compensation attributable to accounting restatements during or after the fiscal years ended 30 June, 2024 and 30 June, 2023.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS**A. Major Shareholders**

The following table sets forth information with respect to beneficial ownership of our Ordinary Shares as of June 30, 2024 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 4,439,733 Ordinary Shares issued and outstanding on June 30, 2024. 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.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Approximate Percentage of Beneficial Ownership
AWN Holdings Limited (1)	891,618	20.1%
Kevin Chin (2)	261,645	5.9%

- (1) Represents shares held by AWN and its subsidiaries including 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 entity is deemed to beneficially own 891,618 Ordinary Shares. 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.
- (2) As of 30 June 2024, Kevin Chin, through various entities, held a total of 261,645 shares of VVPR. The holdings are distributed as follows: The Panaga Group Trust holds 103,921 shares, Arowana Global Impact Pty Ltd holds 126,881

shares, the Chin Family Super Fund holds 28,275 shares, and the KTFC Super Fund holds 2,568 shares. This excludes VVPR shares held by charitable foundations which Mr. Chin has no beneficial ownership in but gifted or transferred VVPR shares to.

[Table of Contents](#)

None of the above shareholders have different voting rights from other shareholders as of the date of this Annual Report.

92% of our outstanding Ordinary Shares were held in the United States by 1 holder of record (the United States record holders include Cede & Co., the nominee of the Depository Trust Company).

B. Related Party Transactions

Transactions and Balances with Related Persons

Kevin Chin, Chairman and Chief Executive Officer of VivoPower, is also Chairman and Chief Executive Officer of AWN. As of June 30, 2024, AWN held a 20.1% equity interest in the Company.

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 June 30, 2021, the Company agreed to refinance 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 are required until after a corporate liquidity event has 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 of the Specific Security Deed and the General Security.

On January 11, 2023, 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.

(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 \$6.7 per share.

[Table of Contents](#)

On June 30, 2024, VivoPower amended its shareholder loan financing agreement with AWN. The loan includes a facility limit of \$34 million, of which a drawdown of \$8.1 million principal is due to be repaid in the current period, and \$20.9 million principal is non-current. In addition there is \$12 million in interest and fees on the AWN loan due to be repaid in the current period. The agreement consolidated all shareholder loans into a single tranche. AWN also received an option to acquire 1,150,000 Tembo shares post-business combination with Cactus Acquisition Corp 1 Limited at \$1.35 per share. Post balance date, AWN agreed to a 9 month grace period for the repayment of \$11 million accrued interest, and a deferral of \$8.9 million of principal for repayment from April 1, 2025 to January 1, 2026. This renders all but \$1 million of interest non-current in nature, and all of the loan principal non-current.

In December 2021, a short term loan of \$1.1 million (AU\$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 (AU\$40,000) and \$43,500 (AU\$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 3.60% 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 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 AU\$0.5 million and AU\$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 AU\$7,500 were deducted upon loan drawdowns, and further 3% exit fees of total AU\$22,500 are payable on expiry. On June 30, 2023, the expiry of the loans was amended to August 31, 2023.

Michael Hui, non-executive director of VivoPower International PLC, is also an employee and director of AWN. Mr. Hui is paid fees of \$50,000 per annum during the year. Mr. Hui elected to receive 100% of his fees in cash. \$50,000 remaining accrued and payable as at June 30, 2024. 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 1,750 (\$13,125) annual retention RSUs granted on April 1, 2020, vesting annually from June 2021 to June 2026, 350 RSUs (\$2,625) vested in 2023. Of the 5,250 (\$39,375) performance RSUs vesting quarterly from September 2020 to June 2023, dependent on meeting quarterly performance goals, 631 RSUs (\$4,736) vested in 2023. A further 2,000 annual retention RSUs (\$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, 2024, \$617,334 was recharged to the Company (year ended June 30, 2022: \$1,138,346; year ended June 30, 2022: \$343,806). At June 30, 2024, the Company has a payable to AWN in respect of recharges of \$886,676 (June 30, 2023: \$1,392,303, June 30, 2022: \$313,688).

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 AU\$46,970. The Panaga Group Trust earned AU\$3,303 (\$2,189) 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 (\$85,570) were charged to the Company by Arowana Partners Group Pty Ltd ("APG") in the current year. A further \$0.4 million (as of June 30, 2023: \$0.1 million) incurred by APG on behalf of the Company were recharged to the Company in the year. At June 30, 2024, the Company had an account payable of \$0.7 million (as of June 30, 2023: \$0.2 million) respect of these services. Mr. Chin is a shareholder and director of Arowana Partners Group Pty Ltd during the year ended June 30, 2024.

As CEO, Mr. Chin is paid £325,000 base fees, £38,000 annual professional development allowance. A further \$0.5 million incurred by Arowana International UK Limited on behalf of the company was recharged to the Company in the year. Of the base salary in FY23 £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, exercisable in the period 3 June 2024 to 3 June 2029 at an exercise price of \$6.0. Shares issued following the exercising of warrants will remain restricted for 12 months. Mr. Chin has gifted these warrants to a benevolent foundation. At June 30, 2024, the Company had an account payable of \$1.2 million due to Arowana International UK Limited in respect of these services and recharges.

Mr. Chin receives equity-based remuneration in relation to his involvement in leading the hyper-turnaround and hyperscaling program. Of the 8,720 (\$65,400) annual retention RSUs granted on *April 1, 2020*, vesting annually from *June 2021 to June 2026*, 1,744 RSUs (\$13,080) vested in 2023. Of the 26,160 (\$196,200) performance RSUs vesting quarterly from *September 2020 to June 2023*, dependent on meeting quarterly performance goals, 3,146 RSUs (\$23,592) vested in 2023. 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 9,429 RSUs (\$275,330), based on Mr. Chin's base salary £325,000 \times 1.3237 exchange rate \times 64% performance measurement / \$2.92 VWAP (Volume weighted average price). A further 2,000 annual retention RSUs (\$5,200) were granted to Mr. Chin on *January 11, 2023*, vesting annually from *December 2023 to December 2025*.

[Table of Contents](#)

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.

In August 2023, the Company received a short-term funding from Arowana International UK Limited amounting to £25,000 for working capital purposes which was repaid in September 2023. In addition, the Company also received an interest only basis loan amounting \$48,000 from Arowana United Enterprises Pte Ltd in October 6, 2023 stipulating a nominal rate of 8% per annum.

VivoPower Policy on Conflicts of Interest

VivoPower's Code of Business Conduct and Ethics requires that situations that could be reasonably expected to give rise to a conflict of interest be fully disclosed to the Company's Compliance Officer, and provides that conflicts of interest may only be waived by the Board or an appropriate committee of the Board. Under the Code of Business Conduct and Ethics, a conflict of interest is deemed to occur when an employee's private interest interferes, or appears to interfere, with the interests of the Company as a whole, and in general the Code of Business Conduct and Ethics provides that, subject to certain exceptions in the Code, the following should be considered conflicts of interest: (i) no employee may be employed or engaged by a business that competes with the Company or deprives it of any business; (ii) no employee should use corporate property, information or his or her position with the Company to secure a business opportunity that would otherwise be available to the Company; (iii) no employee may obtain loans or guarantees of personal obligations from, or enter into any other personal financial transaction with, any company that is a material customer, supplier, financing partner or competitor of the Company. This guideline does not prohibit arms-length transactions with recognized banks or other financial institutions; (iv) no employee may have any financial interest (ownership or otherwise), either directly or indirectly through a spouse or other family member, in any other business or entity if such interest adversely affects the employee's performance of duties or responsibilities to the Company, or requires the employee to devote time to it during such employee's working hours at the Company except that with the prior approval of the Board, an employee may hold up to 5% ownership interest in a publicly traded company that is in competition with the Company; provided that if the employee's ownership interest in such publicly traded company increases to more than 5%, the employee must immediately report such ownership to the Compliance Officer; no employee may hold any ownership interest in a privately held company that is in competition with the Company except with the prior approval of the board; and no employee may hold any ownership interest in a company that has a business relationship with the Company if such employee's duties at the Company include managing or supervising the Company's business relations with that company.

The Company's Audit and Risk Committee, pursuant to its written charter, is responsible for maintaining oversight of conflict of interest transactions to help to ensure that they are appropriately disclosed and make recommendations to the Board regarding authorization. The Audit and Risk Committee considers all relevant factors when determining whether to approve a conflict of interest transaction, including whether the conflict of interest transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related party's interest in the transaction. The Company requires each of its directors and executive officers to complete an annual directors' and officers' questionnaire that elicits information about conflict of interest transactions.

These procedures are intended to determine whether any such conflict of interest impairs the independence of a director or presents a conflict of interest on the part of a director, employee or officer.

The Company also complies with English law provisions in relation to directors' conflicts contained in the Companies Act 2006 and specific provisions contained in the Company's articles of association. The Companies Act 2006 permits directors of U.K. public limited companies to have conflicts of interests provided that their articles of association permit directors to authorize a conflict and the directors do authorize any such conflict in accordance with such provision.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION**A. Consolidated Statements and Other Financial Information**

See "Item 18—Financial Statements" and the financial statements referred to therein.

[Table of Contents](#)**Legal Proceedings**

On May 31, 2022 the Estate of the Late William Q. Richards (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 motions 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 and therefore the Company does not expect the Plaintiff to be successful in its complaint.

The suit was settled without prejudice for \$225k, with a payment of \$50,000 in October 2024 to be followed by 12 equal monthly payments of \$14,583.33. A litigation provision of \$0.2 million has been made in the accounts at the end of FY24.

Dividend Policy

We have 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 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 deem relevant.

B. Significant Changes

Except as disclosed elsewhere in this Annual Report, there have been no significant changes since June 30, 2024.

ITEM 9. THE OFFER AND LISTING**A. Offering and Listing Details**

The principal host market for the Ordinary Shares of VivoPower is The Nasdaq Capital Market and the shares are traded under the symbol “VVPR.”

B. Plan of Distribution

Not applicable.

C. Markets

Since December 29, 2016, our Ordinary Shares have been listed on The Nasdaq Capital Market under the symbol “VVPR.”

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

[Table of Contents](#)**ITEM 10. ADDITIONAL INFORMATION****A. Share Capital**

Not applicable.

B. Memorandum and Articles of Association

We incorporate by reference into this Annual Report the description of our memorandum and articles of association set forth under “Description of VivoPower Securities – Key Provisions of our Articles of Association” in our registration statement on Form F-4 (File No. 333-213297) filed with the SEC on November 21, 2016.

C. Material Contracts

See “Item 4.B. Business Overview,” “Item 5.B. Liquidity and Capital Resources,” “Item 6. Directors, Senior Management and Employees” and “Item 7.B. Related Party Transactions.”

The following material contracts, which were outside of the ordinary course of business, were entered into during the year ended June 30, 2024 (including the exhibits thereto).

- In April 2024, the company entered into a binding heads of agreement to merge Tembo with NASDAQ listed Cactus Acquisition Corp. 1 Limited (CCTS) at an indicative US\$838m equity value.
- On April 5, 2024, the Company entered into an equity distribution agreement with Chardan Capital Markets LLC for the sale of our Ordinary Shares, nominal value \$0.12 per share, with an aggregate offering price of up to \$3,475,000, with Chardan as the exclusive sales agent
- On December 12, 2023, the Company entered into an ordinary share purchase agreement with Abri Advisors, pursuant to which the Company issued and sold 220,000 Ordinary Shares at a price per share of \$1.15, to Abri Advisors
- On October 6, 2023, the Company entered into a purchase agreement with White Lion Capital LLC for up to \$2,300,000 of our Ordinary Shares, subject to the Company’s request, until December 23, 2023. By June 30, 2024, White Lion had purchased 50,000 shares for \$85,000.
- On November 13, 2023, the Company entered into an ordinary share purchase agreement with Abri Advisors, pursuant to which the Company issued and sold 260,000 Ordinary Shares at a price per share of \$1.25, to Abri Advisors

D. Exchange Controls

Other than applicable taxation, anti-money laundering and counter-terrorist financing law and regulation and certain economic sanctions which may be in force from time to time, there are no English laws or regulation, or any provision of our articles of association, which would prevent the import or export of capital or the remittance of dividends, interest or other payments by us to holders of our Ordinary Shares who are not residents of the U.K. on a general basis.

E. Taxation**U.K. Tax Considerations**

The following statements are a general guide to certain aspects of current U.K. tax law and the current published practice of HM Revenue and Customs, both of which are subject to change, possibly with retrospective effect.

The following statements are intended to apply to holders of Ordinary Shares who are only resident for tax purposes in the U.K., who hold the Ordinary Shares as investments and who are the beneficial owners of the Ordinary Shares. The statements may not apply to certain classes of holders of Ordinary Shares, such as dealers in securities and persons acquiring Ordinary Shares in connection with their employment. Prospective investors in Ordinary Shares who are in any doubt as to their tax position regarding the acquisition, ownership and disposition of the Ordinary Shares should consult their own tax advisers.

Dividends*Withholding tax*

We will not be required to deduct or withhold U.K. tax at source from dividend payments we make.

[Table of Contents](#)*Individuals*

U.K. resident and domiciled holders do not have to pay tax on the first £500 of dividend income received in the 2024/2025 U.K. tax year (the “dividend allowance”). However, tax will be levied on any dividends received over the dividend allowance at 8.75% on dividend income within the basic rate band, 33.75% on dividend income within the higher rate band and 39.35% on dividend income within the additional rate band.

Corporate shareholders within the charge to U.K. corporation tax

Holders of Ordinary Shares within the charge to U.K. corporation tax which are “small companies” for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 (for the purposes of U.K. taxation of dividends) will not be subject to U.K. corporation tax on any dividend received from us provided certain conditions are met (including an anti-avoidance condition).

Other holders within the charge to U.K. corporation tax will not normally be subject to tax on dividends from us, provided that one of a number of possible exemptions applies.

If the conditions for exemption are not met or cease to be satisfied, or such a holder elects for an otherwise exempt dividend to be taxable, the holder will be subject to U.K. corporation tax on dividends received from us, at the applicable rate of U.K. corporation tax 25% for companies with profits in excess of £250,000, 19% for companies with profits below £50,000, and marginal relief for companies with profits between £50,000 and £250,000).

Capital gains*Individuals*

For individual holders who are resident in the U.K. and individual holders who are temporarily non-resident and subsequently resume residence in the U.K. within a certain time, the principal factors that will determine the U.K. capital gains tax position on a disposal or deemed disposal of Ordinary Shares are the extent to which the holder realizes any other capital gains in the U.K. tax year in which the disposal is made, the extent to which the holder has incurred unrelieved capital losses in that or earlier U.K. tax years, and the level of the annual allowance of tax-free gains in that U.K. tax year (the “annual exemption”). The current annual exemption for the 2024/2025 tax year is £3,000 for individuals and personal representatives, and £1,500 for most trustees.

Subject to any reliefs that may be available, an individual holder will be subject to capital gains tax on any gain above the annual exemption amount at a rate of 10 % or 20% depending on the total amount of the individual’s taxable income in the same tax year as the disposal takes place.

Companies

A disposal or deemed disposal of Ordinary Shares by a holder within the charge to U.K. corporation tax may give rise to a chargeable gain or allowable loss for the purposes of U.K. corporation tax, depending on the circumstances and subject to any exemptions or reliefs that apply or may be available. UK corporation tax is charged on chargeable gains at the current main rate of 25% for companies with profits exceeding £250,000, and a lower rate of 19% for companies with profits up to £50,000. Marginal relief applies to companies with profits between these amounts, providing a gradual increase in the corporation tax rate from 19% to 25%. Holders within the charge to U.K. corporation tax will, for the purposes of computing chargeable gains, be allowed to claim an indexation allowance which applies to reduce capital gains (but not to create or increase an allowable loss) to the extent that such gains arise due to inflation although the allowance has now been frozen and now only applies to assets acquired prior to 31 December 2017.

Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

The statements in this section entitled “Stamp Duty and Stamp Duty Reserve Tax (“SDRT”) are intended as a general guide to the current United Kingdom stamp duty and SDRT position. The discussion below relates to holders wherever resident, but investors should note that certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations 1986.

General

Except in relation to depositary receipt systems and clearance services (to which the special rules outlined below apply):

- No stamp duty or SDRT will arise on the issue of our shares;

[Table of Contents](#)

- An agreement to transfer our shares will normally give rise to a charge to SDRT at the rate of 0.5% of the amount or value of the consideration payable for the transfer. SDRT is, in general, payable by the purchaser;
- Instruments transferring our shares will generally be subject to stamp duty at the rate of 0.5% of the consideration given for the transfer (rounded up to the next £5). The purchaser normally pays the stamp duty; and,
- If a duly stamped transfer completing an agreement to transfer is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional), any SDRT already paid is generally repayable, normally with interest, and any SDRT charge yet to be paid is cancelled.

Depository Receipt Systems and Clearance Services

U.K. domestic law provides that where our Ordinary Shares are issued or transferred to a depository receipt system or clearance service (or their nominees or agents) SDRT (in the case of an issue of shares) and stamp duty or SDRT (in the case of a transfer of shares) may be payable, broadly at the higher rate of 1.5% of the amount or value of the consideration given (or, in certain circumstances, the value of the shares) (rounded up to the nearest £5 in the case of stamp duty). Generally, transfers within such depository receipt system or clearance service are thereafter not subject to stamp duty or SDRT, provided that (in the case of a clearance service) no election under section 97A of the Finance Act 1986 has been made (as to which, see further below).

However, following the European Court of Justice decision in C-569/07 HSBC Holdings PLC, Vidacos Nominees Limited v. The Commissioners of Her Majesty's Revenue & Customs and the First-tier Tax Tribunal decision in HSBC Holdings Plc and The Bank of New York Mellon Corporation v. The Commissioners of Her Majesty's Revenue & Customs ("HMRC"), HMRC has confirmed that a charge to 1.5% SDRT is no longer payable when new shares are issued to a depository receipt system or clearance service (such as, in our understanding, The Depository Trust Company ("DTC")).

HMRC remains of the view that where our shares are transferred (a) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or an agent for, a person whose business is or includes issuing depository receipts, stamp duty or SDRT will generally be payable at the higher rate of 1.5% of the amount or value of the consideration given or, in certain circumstances, the value of our shares.

There is an exception from the 1.5% charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an election under section 97A(1) of the Finance Act 1986 which has been approved by HMRC. In these circumstances, SDRT at the rate of 0.5% of the amount or value of the consideration payable for the transfer will arise on any transfer of our shares into such a clearance service and on subsequent agreements to transfer such shares within such clearance service. It is our understanding that DTC has not made an election under section 97A(1) of the Finance Act of 1986, and that therefore transfers or agreements to transfer shares held in book entry (i.e., electronic) form within the facilities of DTC should not be subject to U.K. stamp duty or SDRT.

Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depository receipt system, or in respect of a transfer within such a service, which does arise will strictly be accountable by the clearance service or depository receipt system operator or their nominee, as the case may be, but will, in practice, be payable by the participants in the clearance service or depository receipt system.

Certain Material U.S. Federal Income Tax Considerations

The following is a summary of certain material U.S. federal income tax considerations relating to the acquisition, ownership, and disposition of our Ordinary Shares by a U.S. holder (as defined below). This summary addresses only the U.S. federal income tax considerations for U.S. holders that hold such Ordinary Shares as capital assets. This summary does not address all U.S. federal income tax matters that may be relevant to a particular U.S. holder. This summary does not address tax considerations applicable to a holder of Ordinary Shares that may be subject to special tax rules including, without limitation, the following:

- banks, financial institutions or insurance companies;
- brokers, dealers or traders in securities, currencies, commodities, or notional principal contracts;
- tax-exempt entities or organizations, including an "individual retirement account" or "Roth IRA" as defined in Section 408 or 408A of the Code (as defined below), respectively;

- real estate investment trusts, regulated investment companies or grantor trusts;

[Table of Contents](#)

- persons that hold the Ordinary Shares as part of a “hedging,” “integrated” or “conversion” transaction or as a position in a “straddle” for U.S. federal income tax purposes;
- partnerships (including entities classified as partnerships for U.S. federal income tax purposes) or other pass-through entities, or persons that will hold our shares through such an entity;
- S corporations;
- certain former citizens or long-term residents of the United States;
- persons that received our shares as compensation for the performance of services;
- holders that own directly, indirectly, or through attribution 10% or more of the voting power or value of our shares; and
- holders that have a “functional currency” other than the U.S. dollar.

Further, this summary does not address the U.S. federal estate, gift, or alternative minimum tax considerations, or any U.S. state, local, or non-U.S. tax considerations of the acquisition, ownership, and disposition of our Ordinary Shares.

This description is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, existing, proposed and temporary U.S. Treasury Regulations promulgated thereunder and administrative and judicial interpretations thereof; and the income tax treaty between the U.S. and the U.K., in each case as in effect and available on the date hereof. All the foregoing is subject to change, which change could apply retroactively, and to differing interpretations, all of which could affect the tax considerations described below. There can be no assurances that the U.S. Internal Revenue Service, or the IRS, will not take a contrary or different position concerning the tax consequences of the acquisition, ownership, and disposition of our Ordinary Shares or that such a position would not be sustained.

For the purposes of this summary, a “U.S. holder” is a beneficial owner of Ordinary Shares that is (or is treated as), for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity that is treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or,
- a trust, if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of the substantial decisions of such trust or has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Ordinary Shares, the U.S. federal income tax consequences relating to an investment in our Ordinary Shares will depend in part upon the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax advisor regarding the U.S. federal income tax considerations of acquiring, owning and disposing of our Ordinary Shares in its particular circumstances.

As indicated below, this discussion is subject to U.S. federal income tax rules applicable to a “passive foreign investment company,” or a PFIC.

The following summary is of a general nature only and is not a substitute for careful tax planning and advice. Persons considering an investment in our Ordinary Shares should consult their own tax advisors as to the particular tax consequences applicable to them relating to the acquisition, ownership and disposition of our Ordinary Shares, including the applicability of U.S. federal, state and local tax laws and non-U.S. tax laws.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP, AND DISPOSITION OF OUR ORDINARY SHARES ARISING UNDER THE U.S. FEDERAL

**ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL, OR NON-U.S. TAXING JURISDICTION
OR UNDER ANY APPLICABLE INCOME TAX TREATY.**

[Table of Contents](#)***Distributions***

Subject to the discussion under “*Passive Foreign Investment Company Considerations*,” below, the gross amount of any distribution actually or constructively received by a U.S. holder with respect to Ordinary Shares will be taxable to the U.S. holder as a dividend to the extent of the U.S. holder’s pro rata share of our current and accumulated earnings and profits as determined under U.S. federal income tax principles. Distributions in excess of earnings and profits will be non-taxable to the U.S. holder to the extent of, and will be applied against and reduce, the U.S. holder’s adjusted tax basis in the Ordinary Shares. Distributions in excess of earnings and profits and such adjusted tax basis will generally be taxable to the U.S. holder as either long-term or short-term capital gain depending upon whether the U.S. holder has held our Ordinary Shares for more than one year as of the time such distribution is received. However, since we do not calculate our earnings and profits under U.S. federal income tax principles, it is expected that any distribution will be reported as a dividend, even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. With respect to non-corporate U.S. holders, dividends generally will be taxed at the lower applicable long-term capital gains rate if our Ordinary Shares are readily tradable on an established securities market in the U.S. or we are eligible for benefits of the income tax treaty between the U.S. and the U.K. and certain other requirements are met. In addition, if we are classified as a PFIC in a taxable year in which a dividend is paid or the prior year, this lower tax rate will not be available. U.S. holders should consult their tax advisors regarding the availability of such lower rate for any dividends paid with respect to our Ordinary Shares.

In general, the amount of a distribution paid to a U.S. holder in a foreign currency will be the dollar value of the foreign currency calculated by reference to the spot exchange rate on the day the U.S. holder receives the distribution, regardless of whether the foreign currency is converted into U.S. dollars at that time. Any foreign currency gain or loss a U.S. holder realizes on a subsequent conversion of foreign currency into U.S. dollars will be U.S. source ordinary income or loss. If dividends received in a foreign currency are converted into U.S. dollars on the day they are received, a U.S. holder should not be required to recognize foreign currency gain or loss in respect of the dividend.

Sale, Exchange or Other Taxable Disposition of Our Ordinary Shares

Subject to the discussion below under “*Passive Foreign Investment Company Considerations*,” a U.S. holder will generally recognize gain or loss for U.S. federal income tax purposes upon the sale, exchange or other taxable disposition of Ordinary Shares in an amount equal to the difference between the U.S. dollar value of the amount realized from such sale or exchange and the U.S. holder’s tax basis for those Ordinary Shares. Subject to the discussion under “*Passive Foreign Investment Company Considerations*” below, this gain or loss will generally be a capital gain or loss and will generally be treated as from sources within the United States. The adjusted tax basis in an ordinary share generally will be equal to the cost of such ordinary share. Capital gain from the sale, exchange or other taxable disposition of Ordinary Shares of a non-corporate U.S. holder is generally eligible for a preferential rate of taxation applicable to capital gains, if the non-corporate U.S. holder’s holding period determined at the time of such sale, exchange or other taxable disposition for such Ordinary Shares exceeds one year (i.e., such gain is long-term taxable gain). The deductibility of capital losses for U.S. federal income tax purposes is subject to limitations under the Code. Any such gain or loss that a U.S. holder recognizes generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes.

Medicare Tax. Certain U.S. holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their “net investment income,” which may include all or a portion of their dividend income and net gains from the disposition of Ordinary Shares. Each U.S. holder that is an individual, estate or trust is urged to consult its tax advisors regarding the applicability of the Medicare tax to its income and gains in respect of its investment in our Ordinary Shares.

Passive Foreign Investment Company Considerations

If we are classified as a passive foreign investment company, or PFIC, in any taxable year, a U.S. holder would be subject to special rules generally intended to reduce or eliminate any benefits from the deferral of U.S. federal income tax that a U.S. holder could derive from investing in a non-U.S. company that does not distribute all of its earnings on a current basis.

A corporation organized outside the United States generally will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying certain look-through rules with respect to the income and assets of its subsidiaries, either: (i) at least 75% of its gross income is “passive income” or (ii) at least 50% of the average quarterly value of its total gross assets (which, assuming we are not a Controlled Foreign Company (“CFC”) for the year being tested, would be measured by fair market value of the assets, and for which purpose the total value of our assets may be determined in part by the market value of our Ordinary Shares, which is subject to change) is attributable to assets that produce “passive income” or are held for the production of “passive income.”

[Table of Contents](#)

Passive income for this purpose generally includes dividends, interest, royalties, rents, gains from commodities and securities transactions and the excess of gains over losses from the disposition of assets which produce passive income, and also includes amounts derived by reason of the temporary investment of funds raised in offerings of our Ordinary Shares. If a non-U.S. corporation owns directly or indirectly at least 25% by value of the stock of another corporation, the non-U.S. corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation and as receiving directly its proportionate share of the other corporation's income for the purposes of the PFIC tests. If we are classified as a PFIC in any year with respect to which a U.S. holder owns our Ordinary Shares, we will continue to be treated as a PFIC with respect to such U.S. holder in all succeeding years during which the U.S. holder owns our Ordinary Shares, regardless of whether we continue to meet the tests described above, unless (i) we cease to be a PFIC and (ii) the U.S. holder makes a "deemed sale" election under PFIC rules.

We believe that we were not a PFIC during our 2024 taxable year and do not expect to be a PFIC during our 2025 taxable year. Our status for any taxable year will depend on the composition of our income and the projected composition and estimated fair market values of our assets and activities in each year, and because this is a factual determination made annually after the end of each taxable year, there can be no assurance that we will not be considered a PFIC for the current taxable year or any future taxable year. The market value of our assets may be determined in large part by reference to the market price of our Ordinary Shares, which is likely to fluctuate. Further, even if we determine that we are not a PFIC after the close of our taxable year, there can be no assurances that the IRS will agree with our conclusion.

If we are a PFIC, for any taxable year, then unless a U.S. holder makes one of the elections described below, a special tax regime will apply to both (a) any "excess distribution" by us to such U.S. holder (generally, the U.S. holder's ratable portion of distributions in any year which are greater than 125% of the average annual distribution received by the U.S. holder in the shorter of the three preceding years or the U.S. holder's holding period for our Ordinary Shares) and (b) any gain realized on the sale or other disposition of the Ordinary Shares. Under this regime, any excess distribution and realized gain will be treated as ordinary income and will be subject to tax as if (a) the excess distribution or gain had been realized ratably over the U.S. holder's holding period, (b) the amount deemed realized in each year had been subject to tax in each year of that holding period at the highest marginal rate for such year (other than income allocated to the current period or any taxable period before we became a PFIC, which would be subject to tax at the U.S. holder's regular ordinary income rate for the current year and would not be subject to the interest charge discussed below), and (c) the interest charge generally applicable to underpayments of tax had been imposed on the taxes deemed to have been payable in those years. In addition, dividend distributions made to the U.S. holder will not qualify for the lower rates of taxation applicable to long-term capital gains discussed above under "Distributions."

Certain elections exist that may alleviate some of the adverse consequences of PFIC status and would result in an alternative treatment (such as mark-to-market treatment) of our Ordinary Shares. If a U.S. holder makes the mark-to-market election, the U.S. holder generally will recognize as ordinary income any excess of the fair market value of the Ordinary Shares at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the Ordinary Shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. holder makes the election, the U.S. holder's tax basis in the Ordinary Shares will be adjusted to reflect these income or loss amounts. Any gain recognized on the sale or other disposition of Ordinary Shares in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). The mark-to-market election is available only if we are a PFIC and our Ordinary Shares are "regularly traded" on a "qualified exchange." Our Ordinary Shares will be treated as "regularly traded" in any calendar year in which more than a de minimis quantity of the Ordinary Shares are traded on a qualified exchange on at least 15 days during each calendar quarter (subject to the rule that trades that have as one of their principal purposes the meeting of the trading requirement are disregarded). The Nasdaq Capital Market is a qualified exchange for this purpose and, consequently, if the Ordinary Shares are regularly traded, the mark-to-market election will be available to a U.S. holder.

If we are a PFIC for any year during which a U.S. holder holds our Ordinary Shares, we must generally continue to be treated as a PFIC by that U.S. holder for all succeeding years during which the U.S. holder holds our Ordinary Shares, unless we cease to meet the requirements for PFIC status and the U.S. holder makes a "deemed sale" election with respect to our Ordinary Shares. If such election is made, the U.S. holder will be deemed to have sold our Ordinary Shares it holds at their fair market value on the last day of the last taxable year in which we qualified as a PFIC, and any gain from such deemed sale would be subject to the consequences applicable to sales of PFIC shares described above. After the deemed sale election, the U.S. holder's Ordinary Shares with respect to which the deemed sale election was made will not be treated as shares in a PFIC unless we subsequently become a PFIC.

The tax consequences that would apply if we were a PFIC would also be different from those described above if a U.S. holder were able to make a valid "qualified electing fund," or QEF, election. However, we do not currently intend to provide the information necessary for U.S. holders to make a QEF election if we were treated as a PFIC for any taxable year and prospective investors should

assume that a QEF election will not be available. U.S. holders should consult their tax advisors to determine whether any of these elections would be available and if so, what the consequences of the alternative treatments would be in their particular circumstances.

If we are determined to be a PFIC, the general tax treatment for U.S. holders described in this section would apply to indirect distributions and gains deemed to be realized by U.S. holders in respect of any of our subsidiaries that also may be determined to be PFICs.

[Table of Contents](#)

If a U.S. holder owns Ordinary Shares during any taxable year in which we are a PFIC and the U.S. holder recognizes gain on a disposition of our Ordinary Shares, receives distributions with respect to our Ordinary Shares, or has made a mark-to-market election with respect to our Ordinary Shares the U.S. holder generally will be required to file an IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) with respect to the company, generally with the U.S. holder's federal income tax return for that year. In addition, in general, a U.S. person who is shareholder of a PFIC is required to file an IRS Form 8621 annually to report information regarding such person's PFIC shares if on the last day of the shareholder's taxable year the aggregate value of all stock owned directly or indirectly by the shareholder exceeds \$25,000 (\$50,000 for joint filers), or for stock owned indirectly through another PFIC exceeds \$5,000. If a U.S. person holds an interest in a domestic partnership (or a domestic entity or arrangement treated as a partnership for U.S. federal income tax purposes) or an S corporation that owns interest in a PFIC, as long as the partnership or S corporation itself has filed the form and has made a qualified electing fund or mark-to-market election, the members of the partnership aren't required to file the IRS Form 8621. If our company were a PFIC for a given taxable year, then U.S. holders should consult their tax advisor concerning their annual filing requirements.

The U.S. federal income tax rules relating to PFICs are complex. Prospective U.S. holders are urged to consult their own tax advisers with respect to the acquisition, ownership and disposition of our Ordinary Shares, the consequences to them of an investment in a PFIC, any elections available with respect to our Ordinary Shares and the IRS information reporting obligations with respect to the acquisition, ownership and disposition of our ordinary share.

Backup Withholding and Information Reporting

U.S. holders generally will be subject to information reporting requirements with respect to dividends on Ordinary Shares and on the proceeds from the sale, exchange or disposition of Ordinary Shares that are paid within the United States or through U.S.-related financial intermediaries, unless the U.S. holder is an "exempt recipient." In addition, U.S. holders may be subject to backup withholding on such payments, unless the U.S. holder provides a correct taxpayer identification number and a duly executed IRS Form W-9 or otherwise establishes an exemption. Backup withholding is not an additional tax, and the amount of any backup withholding will be allowed as a credit against a U.S. holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS.

Certain Reporting Requirements with Respect to Payments of Offer Price

U.S. holders paying more than \$100,000 for our Ordinary Shares generally may be required to file IRS Form 926 reporting the payment of the offer price for our Ordinary Shares to us. Substantial penalties may be imposed upon a U.S. holder that fails to comply. Each U.S. holder should consult its own tax advisor as to the possible obligation to file IRS Form 926.

Foreign Financial Asset Reporting

Certain U.S. holders may be required to file IRS Form 926 reporting the payment of the offer price for our Ordinary Shares to us. Substantial penalties may be imposed upon a U.S. holder that fails to comply. Each U.S. holder should consult its own tax advisor as to the possible obligation to file IRS Form 926 with this reporting requirement, and the period of limitations on assessment and collection of United States federal income taxes will be extended in the event of a failure to comply.

Furthermore, certain U.S. holders who are individuals and certain entities will be required to report information with respect to such U.S. holder's investment in "specified foreign financial assets" on IRS Form 8938, subject to certain exceptions. Specified foreign financial assets generally include any financial account maintained with a non-U.S. financial institution and should also include our Ordinary Shares if they are not held in an account maintained with a U.S. financial institution. Persons who are required to report specified foreign financial assets and fail to do so may be subject to substantial penalties, and the period of limitations on assessment and collection of U.S. federal income taxes may be extended in the event of a failure to comply. U.S. holders are urged to consult their own tax advisors regarding the foreign financial asset and other reporting obligations and their application to an investment in our Ordinary Shares.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PROSPECTIVE INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN ORDINARY SHARES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

F. Dividends and Paying Agents

Not applicable.

G. Statements by Experts

Not applicable.

[Table of Contents](#)**H. Documents on Display**

Any statement in this Annual Report about any of our contracts or other documents is not necessarily complete. If the contract or document is filed as an exhibit to the Annual Report, the contract or document is deemed to modify the description contained in this Annual Report. You must review the exhibits themselves for a complete description of the contract or document.

We are subject to the reporting requirements of foreign private issuers under the Exchange Act. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the form and content of proxy statements and our officers, directors and principal shareholders are exempt from the reporting and short swing profit recovery provisions contained in Section 16 of the Exchange Act. Pursuant to the Exchange Act, we file reports with the SEC, including this Annual Report. We also submit reports to the SEC, including Form 6-K Reports of Foreign Private Issuers. You may read and copy such reports at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may call the SEC at 1-800-SEC-0330 for further information about the Public Reference Room. Such reports are also available to the public on the SEC's website at www.sec.gov. Some of this information may also be found on our website at www.vivopower.com.

You may request copies of our reports, at no cost, by writing, emailing, or telephoning us as follows:

VivoPower International PLC
Attention: Gary Challinor
The Scalpel, 18th Floor, 52 Lime Street
London EC3M 7AF
United Kingdom

Email: shareholders@vivopower.com

Telephone: +44-203-667-5158

I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in foreign currency rates, although we also have some exposure due to potential changes in inflation or interest rates. We do not hold financial instruments for trading purposes.

Foreign Exchange 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 June 30, 2024:

- Cash and cash equivalents \$0.2 million denominated in AUD.
- Restricted cash \$0.3 million denominated in AUD.
- Trade and other receivables \$0.4 million denominated in AUD, \$2.1 million in GBP and \$0.8 million in EUR.
- Trade and other payables \$6.2 million denominated in AUD, \$2.2 million in EUR and \$5.5 million in GBP.

Of the total shareholder loan of \$29.1 million, \$27.1 million is denominated in USD and \$1.9 million is denominated in AUD.

[Table of Contents](#)

We have not entered into any hedging transactions to reduce the foreign exchange rate fluctuation risks but may do so in the future when we deem it appropriate in light of the significance of such risks. However, if we decide to hedge our foreign exchange exposure in the future, we cannot assure you that we will be able to reduce our foreign currency risk exposure in an effective manner, at reasonable costs, or at all. See “Item 3. Key Information—D. Risk Factors—Risks related to our business and operations — We are exposed to foreign currency exchange risks because certain of our operations are located in foreign countries”.

Our financial statements are expressed in U.S. dollars, while some of our subsidiaries use different functional currencies, such as the Australian dollar, British pound sterling and Euro. The value of your investment in our common shares will be affected by the foreign exchange rate between the U.S. dollar and other currencies used by our subsidiaries. To the extent we hold assets denominated in currencies other than U.S. dollars, any appreciation of such currencies against the U.S. dollar will likely result in an exchange gain while any depreciation will likely result in an exchange loss when we convert the value of these assets into U.S. dollar equivalent amounts. On the other hand, to the extent we have liabilities denominated in currencies other than U.S. dollars, any appreciation of such currencies against the U.S. dollar will likely result in an exchange loss while any depreciation will likely result in an exchange gain when we convert the value of these liabilities into U.S. dollar equivalent amounts. These and other effects on our financial condition resulting from the unfavorable changes in foreign currency exchange rates could have a material adverse effect on the market price of our common shares, the dividends we may pay in the future, and your investment.

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.

Credit Risk

Our credit risk primarily relates to our trade and other receivables, restricted cash, bank balances and amounts due from related parties. We generally grant credit only to clients and related parties with good credit ratings and also closely monitor overdue debts. In this regard, we consider that the credit risk arising from our balances with counterparties is significantly reduced.

In order to minimize credit risk, we have a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, we review the recoverable amount of each individual debtor at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. We will negotiate with the counterparties of the debts for settlement plans or changes in credit terms, should the need arise. In this regard, we consider that our credit risk is significantly reduced.

Liquidity Risk

Our liquidity risk management framework is intended to ensure that we maintain sufficient funds to meet our obligations as they become due, and as part of our framework we continuously monitor our liquidity and cash resources and seek to maintain sufficient cash using cash flows generated by our business activities, debt arrangements and other resources. We continuously review forecasted cash flows to ensure our businesses have sufficient cash resources and liquidity to meet their obligations.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II**ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES**

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

[Table of Contents](#)**ITEM 15. CONTROLS AND PROCEDURES**

(a) Disclosure Controls and Procedures.

Our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15 of the Exchange Act) as of June 30, 2024, has concluded that, as of such date, our disclosure controls and procedures were effective and ensured that information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms.

(b) Management's annual report on internal control over financial reporting.

The Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, are responsible for establishing and maintaining adequate internal control over the Company's financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS as issued by the IASB. The Company's internal control over financial reporting includes policies and procedures that: pertain to the maintenance of records that, in reasonable detail accurately and fairly reflect the transactions and disposition of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated financial statements in accordance with IFRS and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and, provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the consolidated financial statements.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an assessment of the effectiveness of our internal control over financial reporting based on the framework and criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission as of the end of the period covered by this Annual Report on Form 20-F.

As part of our review of internal controls over financial reporting, we identified some weaknesses in our processes and systems, including inconsistencies in the implementation of controls over certain account reconciliations and the review processes related to financial reporting. While these issues did not result in material misstatements in the financial statements, they highlight areas where improvements are needed to enhance the overall reliability and efficiency of our internal control framework. We are actively addressing these matters by implementing additional procedures and strengthening our review processes to mitigate any potential risks.

Because of their inherent limitations, internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

(c) Attestation report of the registered public accounting firm.

Not applicable.

(d) Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting that occurred during the period covered by this Annual Report that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [Reserved]**ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT**

See "Item 6. Directors, Senior Management and Employees – C. Board Practices - *Audit and Risk Committee.*" The Audit and Risk Committee is comprised of William Langdon (who is Chair of the Audit and Risk Committee) 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 June 16, 2020.

The Board has determined that William Langdon satisfies Nasdaq's definition of financial sophistication and also qualified as an "audit committee financial expert" as defined under rules and regulations of the SEC.

ITEM 16B. CODE OF ETHICS

We have adopted a Code of Business Conduct and Ethics that is applicable to all of our employees, executive officers and directors. The Code of Business Conduct and Ethics is available on our website at www.vivopower.com. Our Board is responsible for overseeing the Code of Business Conduct and Ethics and approving any waivers of the Code of Business Conduct and Ethics for employees, executive officers and directors. We expect that any amendments to the Code of Business Conduct and Ethics, or any waivers of its requirements, will be disclosed on our website.

[Table of Contents](#)

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 Corp, 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.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the fees billed or incurred by PKF Littlejohn LLP for audit, audit-related, tax and all other services rendered for the years ended June 30, 2024, June 30, 2023 and June 30, 2022.

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Audit fees	\$ 267	\$ 218	\$ 193
Audit-related fees	-	28	18
Tax fees	-	8	14
Total	\$ 267	\$ 254	\$ 225

Audit Fees

PKF Littlejohn LLP were re-appointed auditors for the year ended June 30, 2024. The audit fees of \$267,000 represent the fees of PKF Littlejohn LLP and related firms for audit of June 30, 2024 financial statements.

The audit fees of \$218,000 represent the fees of PKF Littlejohn LLP and related firms for audit of the June 30, 2023 financial statements.

Audit-Related Fees

The audit related fees were for audit of local statutory accounts for some Australian subsidiaries.

Tax and Capital Raise – Related Fees

For the year ended June 30, 2024, PKF Newcastle Pty Limited were not engaged for preparation of corporate tax returns for some Australian subsidiaries; in the previous year the company paid \$8,000 for these services.

Pre-Approval Policies for Non-Audit Services

The Audit and Risk Committee has adopted policies and procedures relating to the approval of all audit and non-audit services that are to be performed by our independent registered public accounting firm. These policies generally provide that we will not engage our independent registered public accounting firm to render audit or non-audit services unless the service is specifically approved in advance by the Audit and Risk Committee or the engagement is entered into pursuant to the pre-approval procedure described below. All of the services related to our company provided by our independent registered public accounting firm during the last two fiscal years have been approved by the Audit and Risk Committee.

The Audit and Risk committee pre-approves all auditing services and the terms of non-audit services, but only to the extent that the non-audit services are not prohibited under applicable law and the committee determines that the non-audit services do not impair the independence of the independent registered public accounting firm. In situations where it is impractical to wait until the next regularly scheduled quarterly meeting, the chairman of the Audit and Risk Committee has been delegated authority to approve audit and non-audit services. The Chairman is required to report any approvals to the full committee at its next scheduled meeting.

[Table of Contents](#)

From time to time, the Audit and Risk Committee may pre-approve specified types of services that are expected to be provided to us by our independent registered public accounting firm during the next 12 months. Any such pre-approval is detailed as to the particular service or type of services to be provided and is also generally subject to a maximum dollar amount. Any proposed services exceeding pre-approved amounts will also require separate pre-approval by the Audit and Risk Committee.

ITEM 16D. EXEMPTION FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

As a U.K. incorporated company, we are subject to applicable laws of England and Wales including the Companies Act 2006. In addition, as a foreign private issuer listed on The Nasdaq Capital Market, we are subject to the Nasdaq corporate governance requirements. However, the Nasdaq listing standards provide that foreign private issuers are permitted to follow home country corporate governance practices in lieu of the Nasdaq rules, with certain exceptions. We currently do not intend to take advantage of any such exemptions.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III**ITEM 17. FINANCIAL STATEMENTS**

See Item 18.

ITEM 18. FINANCIAL STATEMENTS

Financial statements are filed as part of this Annual Report, starting on page F-1.

ITEM 19. EXHIBITS

Exhibit Number	Description
1.1	Articles of Association (incorporated by reference to Exhibit 3.1 to the Registration Statement on Form F-4 (File No. 333-213297), filed with the SEC on August 24, 2016).
4.1	Omnibus Incentive Plan, adopted September 5, 2017 and amended July 28, 2023 (incorporated by reference to Exhibit 99.1 to the registration Statement on Form S-8 (File No. 333-273520), filed with the SEC on July 28, 2023).
4.2	Equity Distribution Agreement, dated November 12, 2021, between VivoPower International PLC and A.G.P./Alliance Global Partners (incorporated by reference to Exhibit 10.1 to the Current Report on Form 6-K (File No. 001-37974), filed with the SEC on November 21, 2021).
4.3	Amendment No. 1 to Equity Distribution Agreement, dated July 29, 2022, between VivoPower International PLC and A.G.P./Alliance Global Partners (incorporated by reference to Exhibit 10.1 to the Current Report Form 6-K (File No. 001-37974), filed with the SEC on July 29, 2022).
4.4	Strategic Direct Investment in Tembo dated June 28, 2023 (incorporated by reference to Exhibit 99.1 on Form 6-K - Report of foreign issuer [Rules 31a-16 and 15d-16], filed with the SEC on June 28, 2023).
4.5	Placement Agency Agreement, dated July 29, 2022, between VivoPower International PLC and A.G.P./Alliance Global Partners (incorporated by reference to Exhibit 1.1 to the Current Report on Form 6-K (File No. 001-37974), filed with the SEC on August 2, 2022).

- 4.6 [Form of Series A Warrant \(incorporated by reference to Exhibit 4.1 to the Current Report on Form 6-K \(File No. 001-37974\), filed with the SEC on August 2, 2022\).](#)
- 4.7 [Form of Pre-Funded Warrant \(incorporated by reference to Exhibit 4.2 to the Current Report on Form 6-K \(File No. 001-37974\), filed with the SEC on August 2, 2022\).](#)
- 4.8 [Form of Securities Purchase Agreement, dated July 29, 2022, between VivoPower International PLC and the purchaser identified therein \(incorporated by reference to Exhibit 10.1 to the Current Report on Form 6-K \(File No. 001-37974\), filed with the SEC on August 2, 2022\).](#)
- 8 [List of Subsidiaries.](#)
- 11.1 [Code of Business Conduct and Ethics \(incorporated by reference to Exhibit 11 to the Annual Report on Form 20-F \(File No. 001-37974\), filed with the SEC on August 1, 2017.](#)
- 11.2 [Insert Insider Trading policy.](#)
- 12.1 [Certification of Chief Executive Officer Pursuant to Rules 13a-14\(a\) and 15d-14\(a\) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)

[Table of Contents](#)**ITEM 19. EXHIBITS CONTINUED**

Exhibit Number	Description
12.2	Certification of Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
13.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1	Insert Clawback Policy
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Confidential treatment has been requested or granted for certain portions omitted from this Exhibit pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

[Table of Contents](#)**SIGNATURE**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

VIVOPOWER INTERNATIONAL PLCBy: /s/ Kevin Chin

Name: Kevin Chin

Title: Chief Executive Officer

Date: December 19, 2024

[Table of Contents](#)

VIVOPOWER INTERNATIONAL PLC
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
Report of Independent Registered Public Accounting Firm (PCAOB ID 2814)	F-2
Consolidated Statement of Comprehensive Income for the Year Ended June 30, 2024, June 30, 2023 and June 30, 2022	F-4
Consolidated Statement of Financial Position as at June 30, 2024, June 30, 2023 and June 30, 2022	F-5
Consolidated Statement of Cash Flows for the Year Ended June 30, 2024, June 30, 2023 and June 30, 2022	F-6
Consolidated Statement of Changes in Equity (Deficit) for the Year Ended June 30, 2024, June 30, 2023 and June 30, 2022	F-7
Notes to Consolidated Financial Statements	F-8

[Table of Contents](#)

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF VIVOPOWER INTERNATIONAL PLC****Opinion on the Financial Statements**

We have audited the accompanying consolidated statements of financial position of VivoPower International PLC and its subsidiaries (the Company) as of 30 June 2024, 2023, and 2022, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended 30 June 2024, 2023, and 2022 and the related notes and schedules (collectively referred to as the consolidated financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 30 June 2024, 2023, and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended 30 June 2022, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Substantial doubt about the Company's ability to continue as a Going Concern

We draw attention to note 2.1 in the financial statements, which indicates that the group and company are reliant on raising finance and capital within the 12 months, further reduce its cash burn rate, negotiate payment plans with its key creditors and lenders and generate sufficient revenues and cashflows from its expanded range of products and solutions, following the date of approval of these financial statements in order to meet its working capital requirements and continue to fund operations over this period. As stated in note 2.1, these events or conditions, indicate that substantial doubt exists about the group'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 group's ability to continue to adopt the going concern basis of accounting included a review of the group and budgets and cash flow forecasts for the period of at least twelve months from the date of approval of the financial statements, including checking the mathematical accuracy of the budgets and discussion of significant assumptions used by the management.

We reviewed the net current liabilities outstanding and payable in the next 12 months as of 30 September 2024 and reviewed the plans of the group regarding settling these liabilities post 30 September, including payment plans with certain creditors and lenders. We have also reviewed the latest available bank statements, regulatory announcements and board minutes and assessed subsequent events impacting going concern.

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

Critical audit matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

[Table of Contents](#)**Critical Audit Matter****How we addressed the matter in our audit****Going concern basis of preparation**

The financial statements have been prepared on a going concern basis which assumes that the Company and Group will be able to discharge its liabilities as they fall due, despite the net current liability position of \$36 million as at June 30, 2024.

Our work in this area included:

- Obtaining the Groups cash flow forecast for a period of twelve months from the date of the financial statements;
- Obtaining the latest current net liability position, evidence of certain third party and related party's agreement to defer current liabilities over a period of one year;
- Verifying, the post year end receipt of cash in respect of share issues subsequent to the year end and the proceeds on the disposal of Vivo PTY Limited, along with the settlement of liabilities post year end;
- Obtaining the signed loan facility providing for the future draw down of \$12m, which the Directors consider to be satisfactory to enable them to meet the net liability position and to provide further working capital for the business;
- Assessing the appropriateness of the disclosure of the going concern basis of preparation, including the substantial doubt about the Company's ability to continue as a going concern.

Recoverability of intangible assets and testing for impairment

As at June 30, 2024 the carrying value of goodwill and intangible assets was \$2 million. Details of these assets and the related critical judgements and estimates are disclosed in notes 3.2 and 14.

Our work in this area included:

- Reviewing and challenging management's value in use calculations and/or their fair value less costs to sell 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, the sensitivity analysis on the headroom and the disclosure of the impairment charges amounting to \$29.5m (refer to Note 13).

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.

Capitalisation of development costs in accordance with IAS 38

As at June 30, 2024 the carrying value of capitalised intangible assets was \$11.6 million. There is a risk that the capitalised costs are ineligible in accordance with the requirements of IAS 38. Details of these assets and the related critical judgements and estimates are disclosed in notes 3.5 and 13.

Our work in this area included:

- Testing an appropriate sample of additions during the year to supporting documentation;
- Testing and evaluating that all the eligibility criteria for capitalisation within IAS 38 have been met;
- Considering whether there are indicators of impairment, in conjunction with revenues achieved and contracted; and
- Checking the presentation and disclosure requirements are appropriate.

Given the significance of the development costs on the Group's statement of financial position and the significant management judgement involved in the determination and the

**assessment of the carrying values of these assets, there is a risk
these costs are not fully recoverable and should be impaired.**

We have served as the Company's auditors since 2017.

/s/ PKF Littlejohn LLP

PKF Littlejohn LLP

December 19, 2024

15 Westferry Circus
Canary Wharf
London E14 4HD

F-3

[Table of Contents](#)Consolidated Statement of Comprehensive Income
for the Year Ended June 30, 2024

		Year Ended June 30			
(US dollars in thousands, except per share amounts)		Note	2024	2023	2022
Revenue from contracts with customers	4	16	4,055	10,160	
Cost of sales	4	27	(4,294)	(9,489)	
Cost of sales - non-recurring events	4	-	(3,850)	(1,881)	
Gross profit/(loss)		43	(4,089)	(1,210)	
General and administrative expenses	9	(7,521)	(6,425)	(12,397)	
Other gains/(losses)	5	89	31	(54)	
Other income	6	-	82	78	
Depreciation of property, plant and equipment	12	(746)	(508)	(471)	
Amortization of intangible assets	13	(384)	(831)	(850)	
Operating loss	7	(8,519)	(11,740)	(14,904)	
Restructuring and other non-recurring costs	8	(1,392)	(1,662)	(448)	
Impairment losses	13	(29,686)	(421)	-	
Finance income	10	1,396	1,156	173	
Finance expense	10	(6,015)	(6,839)	(8,481)	
Loss before income tax	7	(44,216)	(19,506)	(23,660)	
Income tax	11	(1,603)	(559)	1,142	
Loss from continuing operations	7	(45,819)	(20,065)	(22,518)	
(Loss)/profit from discontinued operations	20	(881)	(4,290)	464	
Loss for the period		(46,700)	(24,355)	(22,054)	
Losses attributable to:					
Equity owners of VivoPower International PLC		(46,700)	(24,355)	(22,054)	
		(46,700)	(24,355)	(22,054)	
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Currency translation differences recognized directly in equity		(1,194)	1,236	1,043	
Total comprehensive loss for the period attributable to owners of the company		(47,894)	(23,119)	(21,011)	
Earnings per share attributable to owners of the company (dollars)					
Continuing Operations					
Basic	26	(14.88)	(8.13)	(10.86)	
Diluted	26	(14.88)	(8.13)	(10.86)	
Discontinued Operations					
Basic	26	(0.29)	(1.74)	0.22	
Diluted	26	(0.29)	(1.74)	0.22	

See notes to financial statements

[Table of Contents](#)

Consolidated Statement of Financial Position
As at June 30, 2024

(US dollars in thousands)	Note	Year Ended June 30		
		2024	2023	2022
ASSETS				
Non-current assets				
Property, plant and equipment	12	439	3,742	3,743
Intangible assets	13	15,235	42,175	39,577
Deferred tax assets	11	4,099	5,136	4,668
Total non-current assets		19,773	51,053	47,988
Current assets				
Cash and cash equivalents	15	199	553	1,285
Restricted cash	16	292	608	1,195
Trade and other receivables	17	10,044	7,087	9,088
Inventory	18	1,646	2,115	1,887
Assets classified as held for sale	19/20	5,479	-	8,214
Total current assets		17,660	10,363	21,669
TOTAL ASSETS		37,433	61,416	69,657
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	21	37,929	14,597	15,457
Income tax liability	11	280	156	132
Provisions	22	2,230	1,778	1,104
Loans and borrowings	23	8,171	2,384	5,109
Liabilities classified as held for sale	20	5,515	-	1,497
Total current liabilities		54,125	18,915	23,299
Non-current liabilities				
Other payables	21	-	6,443	-
Provisions	22	57	76	57
Loans and borrowings	23	20,915	30,004	23,452
Deferred tax liabilities	11	2,873	2,232	1,234
Total non-current liabilities		23,845	38,755	24,743
Total liabilities		77,970	57,670	48,042
Equity				
Share capital	24	533	308	256
Share premium	24	108,220	105,018	99,418
Cumulative translation reserve		2	1,203	(139)
Other reserves	25	(6,301)	(6,492)	(5,984)
Accumulated deficit		(142,991)	(96,291)	(71,936)
Equity and reserves attributable to owners		(40,537)	3,746	21,615
Total equity		(40,537)	3,746	21,615
TOTAL EQUITY AND LIABILITIES		37,433	61,416	69,657

These financial statements were approved by the Board of Directors on December 19, 2024, and were signed on its behalf by Kevin Chin.

See notes to financial statements

[Table of Contents](#)Consolidated Statement of Cash Flow
for the Year Ended June 30, 2024

(US dollars in thousands)	Note	Year Ended June 30		
		2024	2023	2022
Cash flows from operating activities				
Loss from continuing operations		(45,819)	(20,065)	(22,518)
(Loss)/profit from discontinued operations	20	(881)	(4,290)	464
Income tax	11	1,771	561	(1,926)
Finance expense	10	6,015	4,973	5,334
Finance income	10	(1,396)	-	-
Depreciation of property, plant and equipment	12	749	750	770
Amortization of intangible assets	13	823	831	1,172
Loss on disposal of property, plant and equipment		471	-	-
Other gains/(losses)	6	(89)	(30)	13
Impairment of goodwill and intangible assets	13	29,844	-	-
Share-based payments		750	147	2,010
Decrease in trade and other receivables	17	1,340	6,355	3,438
(Increase)/decrease in inventory	18	(188)	(680)	102
Increase in trade and other payables	21	7,651	5,332	6,583
Increase/(decrease) in provisions	22	452	674	(572)
Net cash from/(used in) operating activities		1,493	(5,442)	(5,130)
Cash flows from investing activities				
Proceeds on sale of property, plant and equipment	12	22	110	57
Purchase of property, plant and equipment	12	(609)	(1,029)	(1,165)
Investment in capital projects	13	(3,979)	(3,857)	(4,254)
Proceeds on disposal of J.A Martin ex-solar business	20	-	2,874	-
Proceeds on sale of capital projects	13	-	47	19
Acquisitions - consideration		-	(66)	-
Net cash used in investing activities		(4,566)	(1,921)	(5,343)
Cash flows from financing activities				
Other borrowings	23	-	(108)	(85)
Lease repayments	23	(201)	(43)	-
Proceeds from investor	21	1,000	300	-
Capital raise proceeds	24	2,524	5,500	243
Equity instruments and capital raise costs	25	-	(397)	(47)
Debtor finance borrowings/(repayments)	23	(1,262)	1,297	(4)
Loans from related parties	23	781	3,572	4,231
Repayment of loans from related parties	23	(370)	(370)	-
Bank loan borrowings	23	(7)	(138)	(166)
Chattel mortgage borrowings	23	(62)	(267)	74
Finance expense	10	-	(3,239)	(636)
Transfer from/(to) restricted cash	16	316	587	(55)
Net cash from financing activities		2,719	6,694	3,555
Net (decrease) in cash and cash equivalents		(354)	(669)	(6,918)
Cash and cash equivalents at the beginning of the period	15	553	1,285	8,604
Effect of exchange rate movements on cash held		-	(63)	(401)
Cash and cash equivalents at the end of the period	15	199	553	1,285

See notes to financial statements

[Table of Contents](#)Consolidated Statement of Changes in Equity
for the Year Ended June 30, 2024

<u>(US dollars in thousands)</u>	<u>Share capital</u>	<u>Share premium</u>	<u>Cumulative translation reserve</u>	<u>Other reserves</u>	<u>Accumulated deficit</u>	<u>Non- controlling interest</u>	<u>Total</u>
At June 30, 2021	222	76,229	(1,465)	15,314	(49,882)	-	40,418
Loss for the year	-	-	-	-	(22,054)	-	(22,054)
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	-	(21,015)	-	-	2,208
At June 30, 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)	-	-	1,236
	256	99,418	1,203	(6,090)	(96,291)	-	(1,504)
Transactions with owners in their capacity as owners							
Equity instruments	-	-	-	49	-	-	49
Capital raises	51	5,449	-	(446)	-	-	5,054
Employee share awards	1	151	-	(5)	-	-	147
	52	5,600	-	(402)	-	-	5,250
At June 30, 2023	308	105,018	1,203	(6,492)	(96,291)	-	3,746
Loss for the year	-	-	-	-	(46,700)	-	(46,700)
Other comprehensive income/(expense)	-	-	(1,201)	7	-	-	(1,194)
	308	105,018	2	(6,485)	(142,991)	-	(44,148)
Transactions with owners in their capacity as owners							
Equity instruments	-	-	-	150	-	-	150
Capital raises	206	2,862	-	(207)	-	-	2,861
Employee share awards	19	340	-	241	-	-	600
	225	3,202	-	184	-	-	3,611
At June 30, 2024	533	108,220	2	(6,301)	(142,991)	-	(40,537)

For further information on "Other Reserves" please see Note 25.

[Table of Contents](#)Notes to Consolidated Financial Statements
for the Year Ended June 30, 2024**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 (collectively with its affiliates and subsidiaries, “AWN”) holds less than 50% equity interest in the Company, being 20.1% as at June 30, 2024. In prior periods, the ultimate controlling party and the results into which these financials were consolidated was AWN, 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. In October 2024, the company implemented a 10-to-1 reverse stock split, this was applied retrospectively to shares.

2.1 Basis of preparation

VivoPower International PLC consolidated financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board, 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 IFRS 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.

Management has, in the preparation of the audited financial statements of the Group for the year ended June 2024, fully considered and evaluated going concern. Following a comprehensive assessment of the Group’s financial position and projections over the going concern assessment period of 12 months from the expected date of signing the audited financial statements, the assessment of management is that the Group remains a going concern.

Accordingly, management recommends to the Board of Directors that, based on the above assessment, consider the Group remains a going concern as at the date of this report.

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

The going concern assessment has been considered with reference to:

(a) the scenario that the Tembo spin off reverse merger IPO is consummated (current expectation is by the end of the first quarter of calendar 2025). Following the completion of this Tembo spin off reverse merger the following probable outcomes arise for VivoPower:

- VivoPower will continue to retain approximately 55% of the separately listed Tembo Group and consolidate Tembo in its accounts;
- VivoPower’s cash burn rate will reduce to to a budgeted \$154K per month;
- Subject to the funds raised by Tembo as part of its reverse merger IPO, VivoPower will be paid back up to the full amount of what is owed to it by Tembo within 6 months of Tembo becoming a separate listed company

- VivoPower's share price is likely to be re-rated following completion of the separate listing of Tembo, to reflect a valuation closer to the trading price of Tembo
 - VivoPower, subject to fulfilling terms and conditions of the proposed reverse merger with hydrogen technology company, F.A.S.T, will itself be subject to a reverse merger at a significant valuation uplift to current share price; and
 - VivoPower will itself be able to raise additional capital via the equity capital markets, as it has done over the past 12 months despite very challenging market conditions and a number of unexpected obstacles. Since November 2023, VivoPower has been able to raise approximately \$10 million of capital despite volatile market conditions
- (b) the scenario where the Tembo spin off reverse merger IPO does not materialize. In this probable scenario, the following outcomes would arise for VivoPower:
- VivoPower would continue to retain 100% ownership of the Tembo Group;
 - The combined cash burn rate of VivoPower, including Tembo's operations, would be expected be approximately \$357K per month;
 - Despite the increased cash burn rate, the combined entity (VivoPower and Tembo) is projected to generate net cash inflows from operating activities by June 2025. This positive cash generation is expected to provide significant support for the Group's liquidity and overall financial health: and
 - VivoPower would have the ability to raise additional capital to support Tembo's growth, enabling further investment in scaling Tembo's operations and capturing new opportunities.

[Table of Contents](#)

As part of the going concern assessment, we also reviewed the net current liabilities outstanding (payable in the next 12 months) as of 30 September 2024, which amounted to \$9.3 million. After accounting for adjustments such as excluding payables to related and friendly parties, liabilities settled post-30 September, and reclassifying accrued interest to non-current liabilities, the adjusted net current liabilities has been reduced to \$5.4 million.

Additionally, our analysis indicates that the budgeted combined average monthly cash burn (not accounting for sales, deposits and other cash inflows) for VivoPower and Tembo over the next 12 months is approximately \$357 thousand per month, or equivalent to \$4.3 million per annum.

Considering both the adjusted net liabilities and cash burn, the projected cash outlay for the next 12 months is estimated to be \$9.7 million.

As at June 30, 2024, the Company had unrestricted cash totaling \$0.2 million compared to \$0.6 million as at June 30, 2023 and \$1.3 million as at June 30, 2022. However, post balance date, the Company raised \$7m from the issuance of ordinary shares pursuant to an F3 registration statement and an F1 registration statement.

As at 30 June 2024, the Company had outstanding debt and borrowing totaling \$29.1 million, compared to \$32.4 million as at June 30, 2023 and \$28.6 million as at June 30, 2022. The outstanding debt and borrowings are to related parties who are also the major shareholders. Most of these borrowings do not fall due for repayment in the next 12 months and are thus classified under long-term liabilities.

Management believes that it will be able to (a) raise sufficient capital over the next 12 months and/or (b) further reduce its cash burn rate and/or (c) negotiate payment plans with its key creditors and lenders and/or (d) generate sufficient revenues and cashflows from its expanded range of products and solutions to ensure that the Company has the requisite liquidity to fund its net current assets/liabilities and cash burn.

Over the next twelve months, with the strategic rationalization of the Company's business units and the expansion of the Electric Vehicles and ancillary SES products and solutions range, together with the strategic pivot to a cost effective Asian supply chain, the Company expects to grow revenues in a profitable manner. Furthermore, with the Asian supply chain in place, the Company no longer needs to invest in assembly and production facilities, reducing capital expenditure requirements.

To ensure the going concern status of the business, the directors have prepared and reviewed additional plans to mitigate any liquidity risk that may arise during the next twelve months. These include:

- Delaying any capital expenditures;
- Reduce or delay operational expenditure scaleup plans;
- Reduce research and development expenditure;
- Considered management of supplier and lender payments;
- Continuous improvement in efficiency and cost management through the use of artificial intelligence tools; and
- Ensuring the Company is always able to raise debt or equity capital.

Based on the foregoing, the Directors believe these actions provide sufficient cash to support business operations and meet funding requirements as they become due through the next 12 months. The Directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they have continued to adopt the going concern basis in preparing the financial statements. However, 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 sale 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. Significant effort has been undertaken to review and rationalize our expenses and creditors, resulting in an expected spend of approximately \$9.7 million over the next 12 months.

With access to the \$12 million facility, in addition to the \$8.7 million owed to us by TAG, we believe there are, and will continue to be, sufficient resources to support operations for at least the next 12 months. This assessment excludes any potential additional funds from Tembo's de-SPAC process, anticipated sales revenues, or the joint venture related to our Caret operations.

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

[Table of Contents](#)

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 of ISV from Innovative Solar Systems, LC ("ISS"), 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
- Favorable supply contracts – 15 years
- Other – 5 years

F-10

[Table of Contents](#)

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 recognized 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 Comprehensive Income

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

Contracts could contain both lease and non-lease components. The Group allocated 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 elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms were 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 were not be used as security for borrowing purposes.

Leases were 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 were 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 were 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.

[Table of Contents](#)

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 recognized.

2.10 Financial instruments

Financial assets and liabilities are recognized 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 amortized 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 amortized 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 categorized 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.

F-12

[Table of Contents](#)*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 recognized over the term of the loan on a straight-line basis. The initial payment is taken to the Statement of Financial Position and then amortized over the full-length of the facility.

Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized 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 amortized cost using the effective interest method.

Share capital

Ordinary Shares, nominal value \$0.12 per share (the “Ordinary Shares”) are classified as equity. Incremental costs directly attributable to the issue of Ordinary Shares are recognized as a deduction from equity, net of any tax effects.

Repurchase of share capital (treasury shares)

When share capital recognized 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 recognized 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.

[Table of Contents](#)**2.13 Earnings per share**

The Group presents basic and diluted earnings per share (“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. Currently there are no diluting effects on EPS for Ordinary Shares, therefore, diluted EPS is the same as basic EPS.

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.

F-14

[Table of Contents](#)**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 recognized 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 recognized 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 recognized 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 recognized 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 provisions created for the recoverability of UK input taxes claimed in prior years.

2.19 New standards, amendments and interpretations

At the date of authorization 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:

<i>International Accounting Standards (amendments)</i>	<i>Effective date*</i>
Amendment to IAS 1 - Non-current liabilities with covenants	1 January 2024
IFRS 16 - Amendments regarding lease liability in a sale and leaseback	1 January 2024
Amendment to IAS 7 and IFRS 7 - Supplier finance	1 January 2024
Amendments to IAS 21 - Lack of Exchangeability	1 January 2025
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2024

IFRS S1, 'General requirements for disclosure of sustainability-related financial information

1 January 2024

IFRS S2, 'Climate-related disclosures'

*Years beginning on or after

[Table of Contents](#)

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 recognized 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 and operating performance (which includes production and sales volumes), as further disclosed in Note 13. 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.

Intangibles impaired during the year were for Caret leases abandoned or not renewed. Additionally, following the sales of Kenshaw electric Pty Ltd, effective July 1st, 2024, Goodwill and Intangible assets held by other Australian entities in Kenshaw were impaired as part of our discontinued operations review.

During the year, a total of \$29.8 million of intangibles and goodwill were assessed to be impaired.

These include Caret intangibles amounting to \$11.2 million for the impairment of all solar projects with the exception of TX75 and TX341.

Following the sale of Kenshaw Electric Pty Ltd, the company recorded an additional write-off of goodwill and intangibles totaling \$9.5 million. Additionally, the related goodwill amounting to \$9.1 million for PTY was written off as it entered voluntary administration in FY24.

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).

[Table of Contents](#)**3.4 Litigation provision**

A litigation provision of \$0.2 million has been made in the accounts as settlement of the lawsuit with the Estate of the Late W.Q. Richards over Caret leases TX144 and TX145. The suit was settled with a payment of \$0.05 million made in September 2024 to be followed by 12 equal monthly payments of \$14,583.33.

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, 2024, the carrying amount of capitalized development costs were \$ 11.6 million (2023: \$7.8 million).

3.6 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.

3.7 Deferred tax assets

Deferred tax assets for unused tax losses amounting to \$4.1 million at June 30, 2024 (June 30, 2023: \$4.3 million; June 30, 2022: \$4.7 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.

3.8 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; Tembo also includes Tembo EV Pty Ltd based in Australia that recently launched the Tembo Tusker electric pickup truck in Australia and New Zealand and Tembo Technologies Pty Ltd. That is developing an all-electric Jeepney for the Philippines transport market. For FY24, there was no revenue recognised from either Tembo EV Pty Ltd or Tembo Technologies Pty Ltd.

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.

[Table of Contents](#)

Solar Development is represented by Caret 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 June 30		
	2024	2023	2022
Australia	-	2,591	8,670
Netherlands	16	1,464	1,490
Total revenues	16	4,055	10,160

Revenue by product and service is as follows:

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Electrical products and related services	-	2,591	8,670
Vehicle spec conversion	-	-	789
Conversion kits	16	1,394	301
Accessories	-	70	400
Total revenues	16	4,055	10,160

The Group had one customer representing more than 10% of revenue for the year ended June 30, 2024 (year ended June 30, 2023: 1; year ended June 30, 2022: none).

[Table of Contents](#)**4.2 Operating segments****a) Segment results of operations**

Results of operations by reportable segment are as follows:

Year Ended June 30, 2024 (US dollars in thousands)	Continuing operations						Discontinued operations	Total
	Critical Power Services	Solar Development	Electric Vehicles	Sustainable Energy Solutions	Corporate Office	Total Continuing	Critical Power Services	
Revenue from contracts with customers	-	-	16	-	-	16	11,811	11,827
Costs of sales - other	(52)	-	102	(23)	-	27	(10,268)	(10,241)
Cost of sales - non-recurring events	-	-	-	-	-	-	-	-
Gross profit	(52)	-	118	(23)	-	43	1,543	1,586
General and administrative expenses	(53)	(344)	(1,794)	(324)	(5,006)	(7,521)	(1,228)	(8,749)
Other gains/(losses)	47	-	10	32	-	89	4	93
Other income	-	-	-	-	-	-	99	99
Depreciation and amortization	(448)	-	(671)	(3)	(8)	(1,130)	(439)	(1,569)
Operating loss	(506)	(344)	(2,337)	(318)	(5,014)	(8,519)	(21)	(8,540)
Restructuring and other non-recurring costs	-	-	-	-	(1,392)	(1,392)	2	(1,390)
Impairment losses	(48,315)	(11,187)	(366)	10,787	(77,325)	(29,686)	(552)	(30,238)
Finance expense - net	(3,741)	(2)	(2,726)	(68)	1,918	(4,619)	(310)	(4,929)
Profit/(loss) before income tax	44,068	(11,533)	(5,429)	10,491	(81,813)	(44,216)	(881)	(45,097)
Income tax	(797)	-	277	(1,083)	-	(1,603)	-	(1,603)
Loss for the year	43,271	(11,533)	(5,152)	9,408	(81,813)	(45,819)	(881)	(46,700)

Year Ended June 30, 2023 (US dollars in thousands)	Continuing operations						Discontinued operations	Total
	Critical Power Services	Solar Development	Electric Vehicles	Sustainable Energy Solutions	Corporate Office	Total Continuing	Critical Power Services	
Revenue from contracts with customers	2,591	-	1,464	-	-	4,055	11,005	15,060
Costs of sales - other	(2,722)	-	(1,572)	-	-	(4,294)	(9,178)	(13,472)
Cost of sales - non-recurring events	(3,850)	-	-	-	-	(3,850)	-	(3,850)
Gross profit	(3,981)	-	(108)	-	-	(4,089)	1,827	(2,262)
General and administrative expenses	(195)	(297)	(1,005)	(367)	(4,561)	(6,425)	(1,195)	(7,620)
Gain/(loss) on solar development	1	-	-	30	-	31	(4,208)	(4,177)
Other income	13	69	-	-	-	82	37	119
Depreciation and amortization	(653)	-	(673)	(3)	(10)	(1,339)	(242)	(1,581)

Operating loss	<u>(4,815)</u>	<u>(228)</u>	<u>(1,786)</u>	<u>(340)</u>	<u>(4,571)</u>	<u>(11,740)</u>	<u>(3,781)</u>	<u>(15,521)</u>
Restructuring and other non-recurring costs	-	-	200	-	(1,862)	(1,662)	(1)	(1,663)
Impairment loss			(414)		(7)	(421)	-	(421)
Finance expense - net	<u>(6,314)</u>	<u>(34)</u>	<u>936</u>	<u>(50)</u>	<u>(221)</u>	<u>(5,683)</u>	<u>(527)</u>	<u>(6,210)</u>
Profit/(loss) before income tax	(11,129)	(262)	(1,064)	(390)	(6,661)	(19,506)	(4,309)	(23,815)
Income tax	(638)	-	(40)	119	-	(559)	19	(540)
Loss for the year	<u>(11,767)</u>	<u>(262)</u>	<u>(1,104)</u>	<u>(271)</u>	<u>(6,661)</u>	<u>(20,065)</u>	<u>(4,290)</u>	<u>(24,355)</u>

F-19

[Table of Contents](#)

Year Ended June 30, 2022 (US dollars in thousands)	Continuing operations						Discontinued operations	Total
	Critical Power Services	Solar Development	Electric Vehicles	Sustainable Energy Solutions	Corporate Office	Total Continuing	Critical Power Services	
Revenue	8,670	-	1,490	-	-	10,160	27,456	37,616
Costs of sales - other	(7,985)	-	(1,504)	-	-	(9,489)	(24,661)	(34,150)
Cost of sales - non-recurring events	(1,881)	-	-	-	-	(1,881)	-	(1,881)
Gross profit	(1,196)	-	(14)	-	-	(1,210)	2,795	1,585
General and administrative expenses	(154)	(80)	(2,901)	(1,660)	(7,602)	(12,397)	(2,899)	(15,296)
Other gains/(losses)	62	(139)	-	23	-	(54)	41	(13)
Other income	78	-	-	-	-	78	908	986
Depreciation and amortization	(866)	-	(443)	(3)	(9)	(1,321)	(1,066)	(2,387)
Operating profit/(loss)	(2,076)	(219)	(3,358)	(1,640)	(7,611)	(14,904)	(221)	(15,125)
Restructuring and other non-recurring costs	40	-	(429)	-	(59)	(448)	5	(443)
Finance expense - net	(7,347)	-	(974)	23	(10)	(8,308)	(295)	(8,603)
Profit/(loss) before income tax	(9,383)	(219)	(4,761)	(1,617)	(7,680)	(23,660)	(511)	(24,171)
Income tax	523	-	575	192	(148)	1,142	975	2,117
Loss for the year	(8,860)	(219)	(4,186)	(1,425)	(7,828)	(22,518)	464	(22,054)

b) Segment net assets

Net assets by reportable segment are as follows:

As at June 30, 2024 (US dollars in thousands)	Critical Power Services	Solar Development	Electric Vehicles	Sustainable Energy Solutions	Corporate Office	Total
Assets	5,958	1,549	20,674	72	9,180	37,433
Liabilities	(8,596)	(284)	(17,550)	(1,026)	(50,514)	(77,970)
Net assets/(liabilities)	(2,638)	1,265	3,124	(954)	(41,334)	(40,537)
As at June 30, 2023 (US dollars in thousands)	Critical Power Services	Solar Development	Electric Vehicles	Sustainable Energy Solutions	Corporate Office	Total
Assets	18,034	12,726	17,493	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 June 30, 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

[Table of Contents](#)**5. Other gains/(losses)**

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Australian solar projects	32	31	23
Other gains/(losses)	57	-	(77)
Total gain/(loss) on Solar Development	89	31	(54)

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. There is no other income recognized in the year ended June 30, 2024.

7. Operating profit/(loss)

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

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Amortization of intangible assets	384	831	850
Depreciation of property, plant and equipment	746	750	770
Auditors' remuneration - audit fees	267	193	177
Auditors' remuneration - tax services	-	8	12
Directors' emoluments	742	719	693
(Gain)/loss on disposal of assets	(89)	(30)	13

8. Restructuring and other non-recurring costs

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Corporate restructuring - professional fees	-	200	194
Corporate restructuring - litigation provision	-	-	(128)
Fiscal refunds provision	1,389	1,768	-
Remediation	-	(361)	382
Acquisition related and other costs	3	55	-
Total	1,392	1,662	448

In the year ended June 30, 2024, the Company also incurred non-recurring costs of \$1.4 million (June 30, 2023: \$1.8 million) relating to the provision for VAT liability that is assessed by HMRC.

In our FY23 accounts, a provision of \$1 million was made for the potential failure to convince HMRC that the VAT claims made by VivoPower International PLC (PLC) were correct and should be refunded to the company. During FY24, HMRC cancelled the VAT Registration for PLC on the basis that the claim had no merit. Post year-end, PLC has lodged a formal appeal with HMRC and is currently considering further options, which may include seeking a Tribunal hearing if necessary.

Also, in FY24 HMRC cancelled the VAT registration of VivoPower International Services Ltd (VISL) due to outstanding payments. Post year end VISL has lodged a formal appeal with HMRC. Should this appeal fail we then plan to insist on a Tribunal hearing.

Additionally, post year end both PLC and VISL have engaged a UK based legal firm specializing in solving VAT issues with HMRC.

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.

[Table of Contents](#)**9. Staff numbers and costs**

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

	Year Ended June 30		
	2024	2023	2022
Sales and Business Development	4	11	13
Central Services and Management	10	18	29
Production	46	64	212
Total	60	93	254

Their aggregate remuneration costs comprised:

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Salaries, wages and incentives	2,045	5,465	15,237
Social security costs	362	430	730
Pension contributions	175	369	844
Short-term compensated absences	39	366	1,277
Total	2,621	6,630	18,088

Directors' emoluments for the year ended June 30, 2024 were \$358,292 (year ended June 30, 2023: \$347,179; year ended June 30, 2022: \$376,043) of which the highest paid director received \$85,571 (year ended June 30, 2023: \$81,819; year ended June 30, 2022: \$91,029). Our Executive Chairman, Kevin Chin, also received an additional \$325,000 for his role as the CEO during the year ended June 30, 2024 (year ended June 30, 2023: \$325,000). Director emoluments include employer social security costs.

Key Management Personnel:

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Salaries, wages and incentives	957	1,120	1,578
Social security costs	6	38	151
Pension contributions	35	60	114
Equity incentives	-	-	392
Total	998	1,218	2,236

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 June 30, 2024 was 8 (year ended June 30, 2023: 10; year ended June 30, 2022: 10).

10. Finance income and expense

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Finance income			
Foreign exchange gain	1,380	1,150	173
Interest income	16	6	-
Total finance income	1,396	1,156	173

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Finance expense			
Related party loan interest payable	4,637	3,801	3,351
Convertible loan notes and preference shares interest payable	267	204	217
Lease liability interest payable	13	15	4
Bank interest payable	49	41	(4)

Foreign exchange losses	452	2,540	4,757
Other finance costs	597	238	156
Total finance expense	6,015	6,839	8,481

F-22

[Table of Contents](#)**11. Taxation****(a) Tax (charge)/credit**

(US dollars in thousands)	Year Ended June 30								
	2024			2023			2022		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total	Continuing	Discontinued	Total
Current tax									
UK corporation tax	-	-	-	-	-	-	(52)	-	(52)
Foreign tax	-	-	-	(924)	-	(924)	818	-	818
Total current tax	-	-	-	(924)	-	(924)	766	-	766
Deferred tax									
Current year									
UK tax	-	-	-	-	-	-	(96)	-	(96)
Foreign tax	(1,603)	-	(1,603)	365	19	384	471	975	1,446
Total deferred tax	(1,603)	-	(1,603)	365	19	384	375	975	1,350
Total income tax	(1,603)	-	(1,603)	(559)	19	(540)	1,141	975	2,116

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.

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Loss before income tax before continuing operations	(44,216)	(19,506)	(23,660)
Group weighted average corporation tax rate	18.36%	26.60%	22.20%
Tax at standard rate	8,121	5,189	5,253
Effects of:			
Expenses that are not deductible for tax purposes	-	-	(833)
Adjustment to prior year tax provisions	-	-	137
Deferred tax assets not recognized on tax losses	(9,724)	(5,748)	(3,415)
Total income tax from continuing operation for the period recognized in the Consolidated Statement of Comprehensive Income	(1,603)	(559)	1,142

(b) Deferred tax

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Deferred tax assets	4,099	5,136	4,668
Deferred tax liabilities	(2,873)	(2,232)	(1,234)
Net deferred tax asset	1,226	2,904	3,434

[Table of Contents](#)

The deferred tax assets are analyzed as follows:

Deferred tax assets	Tax losses	Other timing differences	Total
June 30, 2021	1,853	642	2,495
Credit/(charged) to comprehensive income	2,227	(54)	2,173
June 30, 2022	4,080	588	4,668
Credit to comprehensive income	196	272	468
June 30, 2023	4,276	860	5,136
Charge to comprehensive income	(177)	(860)	(1,037)
June 30, 2024	4,099	-	4,099

The deferred tax liabilities are analyzed as follows:

Deferred tax liabilities	Accelerated allowances	Other timing differences	Total
June 30, 2021	-	(411)	(411)
Charged to comprehensive income	-	(823)	(823)
June 30, 2022	-	(1,234)	(1,234)
Charged to comprehensive income	-	(998)	(998)
June 30, 2023	-	(2,232)	(2,232)
Charged to comprehensive income	-	(641)	(641)
June 30, 2024	-	(2,873)	(2,873)

Deferred tax has been recognized 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. Property, plant and equipment

(US dollars in thousands)	Computer Equipment	Motor Vehicles	Plant & Equipment	Fixtures & Fittings	Right-of-Use Assets	Total
Cost						
At June 30, 2021	562	1,568	1,611	122	2,691	6,554
Foreign exchange	(41)	(154)	(146)	(10)	(214)	(565)
Additions	28	184	343	209	2,470	3,234
Disposals	-	(150)	(48)	-	(53)	(251)
Reclass to assets held for sale	(231)	(1,015)	(320)	(74)	(1,295)	(2,935)
At June 30, 2022	318	433	1,440	247	3,599	6,037
Reclassifications/corrections	-	-	-	-	(707)	(707)
Foreign exchange	(10)	(23)	(32)	(9)	(43)	(117)
Additions	36	92	558	10	239	935
Disposals	(37)	(39)	(250)	-	(54)	(380)
At June 30, 2023	307	463	1,716	248	3,034	5,768
Reclass to assets held for sale ¹	(235)	(400)	(867)	(249)	(2,049)	(3,800)
Foreign exchange	1	2	-	-	(5)	(2)
Additions	18	307	57	1	226	609
Disposals	(3)	(63)	(495)	-	(1,131)	(1,692)
At June 30, 2024	88	309	411	-	75	883

[Table of Contents](#)

(US dollars in thousands)	Computer Equipment	Motor Vehicles	Plant & Equipment	Fixtures & Fittings	Right- of-Use Assets	Total
Depreciation						
At June 30, 2021	399	970	872	56	1,682	3,979
Foreign exchange	(33)	(95)	(93)	(6)	(167)	(394)
Charge for the year (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 June 30, 2022	238	211	717	29	1,099	2,294
Reclassifications/corrections	-	-	-	-	(685)	(685)
Foreign exchange	(5)	(10)	(18)	(1)	(29)	(63)
Charge for the year	48	90	179	22	411	750
Disposals	(26)	(28)	(171)	0	-45	(270)
At June 30, 2023	255	263	707	50	751	2,026
Reclass to assets held for sale ¹	(201)	(287)	(543)	(71)	(616)	(1,759)
Foreign exchange	(1)	3	1	-	(23)	(28)
Charge for the year	31	87	136	21	474	749
Disposals	(4)	(40)	(30)	-	(470)	(544)
At June 30, 2024	80	20	269	1	75	444
Net book value						
At June 30, 2022	80	222	723	218	2,500	3,743
At June 30, 2023	52	200	1,009	198	2,283	3,742
At June 30, 2024	8	289	142	-	-	439

1. Reclassification to Held for Sale at June 30, 2024 on account of the sale of Kenshaw Electrical, refer to Note 20 Discontinued Operations

13. Intangible assets

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Goodwill	1,635	17,697	18,269
Other intangible assets	13,600	24,478	21,308
Total	15,235	42,175	39,577

a) Goodwill

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
As at July 1	17,697	18,269	25,794
Reclassification to held for sale assets	-	-	(5,289)
Impairment losses	(16,124)	-	-
Foreign exchange	62	(572)	(2,236)
Carrying value	1,635	17,697	18,269

[Table of Contents](#)

b)

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

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Aevitas O Holdings Limited (allocated to the Critical Power Services segment)	-	6,946	7,222
VivoPower Pty Ltd (allocated to the Solar Development segment)	-	9,091	9,451
Tembo (allocated to the Electric Vehicle segment)	1,635	1,660	1,595
Total	1,635	17,697	18,269

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.

Following the sale of Kenshaw Electric on July 2nd 2024, the CGU represented by Aevitas (being Critical Power Services) was written off as no longer being capable of being recovered from ongoing operations.

With the sale of Kenshaw and the writing off of all goodwill and intangibles, it was then required to affect a similar write-off of the goodwill and intangibles held by VivoPower Pty Ltd (PTY) as also no longer capable of being recovered. On July 5, 2024 following a detailed internal review of PTY it was decided to place it into Voluntary Administration, hence requiring the final write off of all PTY’s goodwill and intangibles held in other subsidiaries.

The intangibles represented by Tembo e-LV and its 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 13.7% (June 30, 2023: 12%, June 30, 2022: 12%) and an EBITDA compound average annual growth rate (CAGR) of 283% over the next 5 years. We have conducted a discounted cashflow for the impairment testing model; we have not included the terminal value in our analysis. Growth rates reflect the 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 Access Industriel, Bodiz Automotive LLC., GHH Mining Machines, Fource Maline, Cheetah EV etc.

We conducted a sensitivity analysis to assess the impact of changes in key assumptions on the impairment testing outcome for Tembo. In this analysis, we considered a 5% increase in the discount rate (WACC) and a 50% reduction in the compound annual growth rate (CAGR). The results indicate that, even with these adjusted assumptions, no impairment would need to be recognised. The analysis further revealed that an impairment would only be triggered if the CAGR falls below 71% at a WACC of 18.2%.

In reviewing past performance and lack of Revenues we have analyzed the following;

- Supply Chain issues relating to limited cash flows to procure components
- Staffing issues relating to the changing nature of our R&D activities
- Moving from Design to Test and potential rework
- Customer appetite to place orders and commit
- Customer acceptance of our revised Terms of Trade
- Now aligned with what other EV Conversion Kits suppliers are requiring
- Supplier’s capability to deliver the volumes we believe we can sell
- Tembo’s ability to train and support the early adopters of our kits

The CGU represented by Caret active solar projects (TX75 and TX341) was assessed to have a value in excess of its carrying value and hence no further adjustments to capitalized development costs were considered necessary. Other sites were discontinued during the year and their carrying value is impaired.

[Table of Contents](#)**(b) Other intangible assets**

<u>(US dollars in thousands)</u>	<u>Customer Relationships</u>	<u>Trade Names</u>	<u>Favorable Supply Contracts</u>	<u>Solar Projects</u>	<u>Product Development</u>	<u>Other Intangible Assets</u>	<u>Total Intangible Assets</u>
Cost							
At June 30, 2021	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 June 30, 2022	2,552	1,363	4,108	12,622	3,805	175	24,625
Foreign exchange	4	(25)	(157)	-	302	(1)	123
Additions	-	-	-	103	3,725	29	3,857
Disposals	-	-	-	(47)	-	-	(47)
At June 30, 2023	2,556	1,338	3,951	12,678	7,832	203	28,558
Foreign exchange	(9)	1	25	-	(112)	-	(95)
Additions	-	-	-	13	3,966	-	3,979
At June 30, 2024	2,547	1,339	3,976	12,691	11,686	203	32,442

<u>Amortization and Impairment</u>	<u>Customer Relationships</u>	<u>Trade Names</u>	<u>Favorable Supply Contracts</u>	<u>Solar Projects</u>	<u>Product Development</u>	<u>Other</u>	<u>Total</u>
At June 30, 2021	2,158	855	1,368	-	18	169	4,568
Foreign exchange	(208)	(79)	(115)	-	(2)	(13)	(417)
Amortization	405	181	274	-	-	-	860
Disposals	-	-	-	-	-	-	-
Reclass to Assets held for sale	(1,232)	(462)	-	-	-	-	(1,694)
At June 30, 2022	1,123	495	1,527	-	16	156	3,317
Foreign exchange	(1)	(8)	(61)	-	2	-	(68)
Amortization	385	137	266	-	43	-	831
Disposals	-	-	-	-	-	-	-
At June 30, 2023	1,507	624	1,732	-	61	156	4,080
Foreign exchange	(6)	(1)	19	-	(3)	-	9
Amortization and impairment	680	626	2,225	11,188	34	-	14,753
At June 30, 2024	2,181	1,249	3,976	11,188	92	156	18,842

<u>Net book value</u>	<u>Customer Relationships</u>	<u>Trade Names</u>	<u>Favorable Supply Contracts</u>	<u>Solar Projects</u>	<u>Product Development</u>	<u>Other</u>	<u>Total</u>
At June 30, 2022	1,429	868	2,581	12,622	3,789	19	21,308
At June 30, 2023	1,049	714	2,219	12,678	7,771	47	24,478
At June 30, 2024	366	90	-	1,503	11,594	47	13,600

Customer relationships and trade names have an average remaining period of amortization of 3 years and 3 years respectively. Solar projects and electric vehicle product development costs are incomplete and not generating revenue and therefore are not amortized in FY24.

Additions for the year comprise \$4.0 million electric vehicle product development costs in Tembo and \$0.01 million of solar project development costs in Caret.

[Table of Contents](#)**14. Investment in subsidiaries**

The principal operating undertakings in which the Group's interest at June 30, 2024 is 20% or more are as follows:

Subsidiary Undertakings	Percentage of shares held	Registered address
VivoPower International Services Limited	100%	28 Esplanade, St Helier, Jersey, JE2 3QA
VivoPower USA, LLC	100%	
VivoPower US-NC-31, LLC	100%	
VivoPower US-NC-47, LLC	100%	251 Little Falls Drive, Wilmington, DE,
VivoPower (USA) Development, LLC	100%	USA 19808
Caret, LLC (formerly Innovative Solar Ventures I, LLC)	100%	
Caret Decimal, LLC	100%	
VIWR AU Pty Ltd (formerly VivoPower Pty Ltd)	100%	
Aevitas O Holdings Pty Ltd	100%	
Aevitas Group Limited	100%	
Aevitas Holdings Pty Ltd	100%	153 Walker St, North Sydney NSW, Australia 2060
Electrical Engineering Group Pty Limited	100%	
Kenshaw Solar Pty Ltd (formerly J.A. Martin Electrical Pty Limited)	100%	
KESW EL Pty Ltd (formerly Kenshaw Electrical Pty Limited)*	100%	
Tembo Technologies Pty Ltd (formerly Tembo EV Australia Pty Ltd)	100%	
Tembo EV Pty Ltd	100%	Level 11, 153 Walker Street, North Sydney NSW, 2060 Australia
TemboDrive Pty Ltd	100%	
VivoPower Philippines Inc.	64%	Unit 10A, Net Lima Building, 5th Avenue cor. 26th Street,
VivoPower RE Solutions Inc.	64%	E-Square Zone, Crescent Park West, Bonifacio Global City,
V.V.P. Holdings Inc.**	40%	Taguig, Metro Manila
Tembo e-LV B.V.	100%	
Tembo 4x4 e-LV B.V.	100%	Marinus van Meelweg 20, 5657 EN, Eindhoven, NL
FD 4x4 Centre B.V.	100%	

* These entities were subsidiaries of the Company as of June 30, 2024 but were subsequently sold and are no longer subsidiaries of the Company as of the date of this report

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

15. Cash and cash equivalents

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Cash at bank and in hand	199	553	1,285

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

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
A+	11	(8)	171
A	-	-	-
A-	-	2	2
AA-	188	559	1,112

Total

199

553

1,285

F-28

[Table of Contents](#)**16. Restricted cash**

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Bank guarantee security deposit	292	608	1,195

At June 30, 2024, there is a total of \$0.3 million (June 30, 2023, \$0.6 million; June 30, 2022, \$1.2 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.

17. Trade and other receivables

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Current receivables			
Trade receivables	-	1,649	3,866
Contract assets	254	893	694
Other current assets	67	66	-
Prepayments	79	277	787
Other receivables	9,644	4,027	3,055
Deposits	-	-	504
Current tax receivable	-	175	182
Total	10,044	7,087	9,088

Other receivables at June 30, 2024 includes receivable from investor amounting to \$10.0 million representing their subscription investment into Tembo, of which \$8.7 million was not yet paid. The corresponding shares related to this have not yet been issued and as such classified in "Shares to be issued" under Trade and other payables in the Consolidated Statement of Financial Position. Other receivables also include a receivable from our transfer agent Chardan Capital Markets for ATM issuance proceeds which were only credited to the Group's account on July 1, 2024.

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

Analysis of trade receivables:

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Trade receivables	-	1,649	3,866
Less: credit note provision	-	-	-
Total	-	1,649	3,866

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

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Australia	-	1,451	2,684
Netherlands	-	198	1,182
Total	-	1,649	3,866

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

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
0-90 days	-	1,410	3,306
Greater than 90 days	-	239	560
Total	-	1,649	3,866

[Table of Contents](#)**18. Inventory**

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Raw materials	1,646	2,115	1,887
Total	1,646	2,115	1,887

19. Assets classified as held for sale

(US dollars in thousands)	% Owned	Year Ended June 30		
		2024	2023	2022
Kenshaw Solar Pty Ltd (formerly J.A. Martin Electrical Pty Limited) - ex solar	100%	-	-	8,214
KESW EL Pty Ltd (formerly Kenshaw Electrical Pty Ltd)		5,479	-	-
Total		5,479	-	8,214

The ex power and critical supply operations of Kenshaw Electrical Pty Ltd were sold on July 2, 2024. As disclosed in note 20, the assets and liabilities of the disposed operation met the definition of discontinued operation under IFRS 5 at June 30, 2024. Accordingly, assets and liabilities of the discontinued operation were reclassified to assets and liabilities held for sale as at June 30, 2024. As detailed in note 20, assets held for sale of \$5.5 million as at June 30, 2024 comprised goodwill of \$0.2 million, inventories of \$0.7 million, property, plant and equipment of \$2.1 million and trade and other receivables of \$2.4 million.

20. Discontinued operations

On July 2, 2024, Kenshaw Electrical Pty Ltd was sold for a consideration of \$0.8 million (AU\$1.2 million).

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 June 30, 2024, 2023 and 2022:

Schedule of financial performance and cash flow information

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Revenues	11,909	11,005	27,456
Cost of sales	(10,268)	(9,178)	(24,661)
Expenses	(2,522)	(6,136)	(3,306)
Loss before income tax	(881)	(4,309)	(511)
Income tax expense	-	19	975
Gain/(loss) from discontinued operations	(881)	(4,290)	464
Net cash inflow/(outflow) from operating activities	(881)	(4,290)	464
Net cash inflow/(outflow) from investing activities	-	-	-
Net cash inflow/(outflow) from financing activities	-	-	-
Net increase in cash generated by subsidiary	(881)	(4,290)	464

[Table of Contents](#)**Assets and liabilities of disposal group 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, 2024 and 2022; the assets and liabilities held for sale as of June 30, 2022 were subsequently disposed of in the year ended June 30, 2023:

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Assets classified as held for sale			
Trade and other receivables	2,366	-	239
Inventories	657		
Property, plant and equipment	2,040	-	629
Goodwill	210	-	5,289
Intangible assets	-	-	2,057
Deferred tax assets	206		
Total assets of disposal group classified as held for sale	5,479	-	8,214
Liabilities directly associated with assets classified as held for sale			
Trade and other payables	2,722	-	91
Current debt	1,267	-	1,126
Non-current debt	77	-	74
Lease liabilities - current	263	-	157
Lease liabilities - non-current	1,186	-	49
Total liabilities of disposal group classified as held for sale	5,515	-	1,497
Net assets/(liabilities) identified as held for sale	(36)	-	6,717

Estimated gain on sale - Kenshaw Electrical Pty Ltd	USD 000	AUD 000
Consideration received or receivable		
Cash		
Purchase price	2,668	4,000
Working capital adjustment	(1,860)	(2,789)
Cash	808	1,211
Fair value of contingent consideration	-	-
Less costs to sell	-	-
Total disposal consideration	808	1,211
Estimated carrying amount of net assets/(liabilities) sold	(36)	(54)
Estimated gain on sale as at June 30, 2024	844	1,265

Disposal consideration for the sale of Kenshaw Electrical Pty Ltd on July 2, 2024 comprised of cash purchase price including completion working capital adjustments of \$2.7 million (AU\$4.0 million). Net book value of net liabilities sold was \$0.03 million (AU\$0.1 million), resulting in a gain on disposal of \$0.8 million (AU\$1.3 million).

Disposal consideration for the sale of Kenshaw Solar Pty Ltd on July 1, 2022, comprised cash purchase price including completion working capital adjustments of \$2.9 million (AU\$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 AU\$2.7 million, discounted at 10% to net present value, less purchase price paid. The final deferred consideration of \$0.6 million (AU\$ 0.9 million) was received in August 2023. Costs to sell comprised advisory fees of \$0.4 million (AU\$0.5 million). Net book value of net assets sold was \$7.0 million (AU\$10.1 million), resulting in a loss on disposal of \$3.9 million (AU\$5.4 million).

Reconciliation of adjusted loss on sale – Kenshaw Solar Pty Ltd

	USD 000	AUD 000
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 reported in year ended June 30, 2023	(3,854)	(5,391)

F-31

[Table of Contents](#)**21. Trade and other payables**

(US dollars in thousands)	Year Ended June 30		
	2024	2023	2022
Current trade and other payables			
Trade payables	10,973	7,725	5,692
Shares to be issued	10,000	2,500	-
Accruals	13,188	1,321	4,322
Related party payable	-	-	477
Payroll liabilities	3,574	2,077	2,210
Sales tax payable	-	116	949
Deferred income	10	318	974
Other creditors	184	540	833
Total current trade and other payables	37,929	14,597	15,457
Non-current other payables			
Non-current accrued interest	-	6,129	-
Non-current accrued loan and other fees	-	314	-
Total non-current other payables	-	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.

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 liabilities are then classified as current in “Accruals” line item under Current trade and other payables given that they are due within a year from FY24

22. Provisions

(US dollars in thousands)	As at June 30		
	2024	2023	2022
Current provisions			
Employee entitlements	11	502	635
Fiscal	2,038	1,174	-
Litigation	181	-	-
Warranty	-	102	116
Remediation	-	-	353
Total current provisions	2,230	1,778	1,104
Non-current provisions			
Employee entitlements	13	76	57
Litigation	44	-	-
Total non-current provisions	57	76	57
Total provisions	2,287	1,854	1,162

[Table of Contents](#)

In the year ended June 30, 2024, the Company also incurred non-recurring costs of \$1.4 million (June 30, 2023: \$1.8 million) relating to the provision for VAT liability that is assessed by HMRC.

In our FY23 accounts, a provision of \$1 million was made for the potential failure to convince HMRC that the VAT claims made by VivoPower International PLC (PLC) were correct and should be refunded to the company. During FY24, HMRC cancelled the VAT Registration for PLC on the basis that the claim had no merit. Post year-end, PLC has lodged a formal appeal with HMRC and is currently considering further options, which may include seeking a Tribunal hearing if necessary.

Also, in FY24 HMRC cancelled the VAT registration of VivoPower International Services Ltd (VISL) due to outstanding payments. Post year end VISL has lodged a formal appeal with HMRC. Should this appeal fail we then plan to insist on a Tribunal hearing.

Additionally, post year end both PLC and VISL have engaged a UK based legal firm specializing in solving VAT issues with HMRC.

Warranty provisions in Australia relate to the servicing of generators and is based on a percentage of revenue generated. For FY24, this provision is no longer required as the acquirer of Kenshaw has taken responsibility for this.

Employee entitlements in Australia is attributable to Kenshaw Electrical Pty Ltd which forms part of the liabilities held for sale for FY24.

A litigation provision of \$0.2 million has been made in the accounts as settlement of the lawsuit with the Estate of the Late W.Q. Richards over Caret leases TX144 and TX145. The suit was subsequently settled with a payment of \$50k made in October 2024 to be followed by 12 equal monthly payments of \$14,583.33.

(US dollars in thousands)	Employee					
	Entitlements	Remediation	Fiscal	Litigation	Warranty	Total
At June 30, 2022	692	353	-	-	116	1,161
Foreign exchange	(27)	8	-	-	(4)	(23)
Additional provisions	-	-	1,174	-	-	1,174
Reverse unused provisions	(1)	(361)	-	-	(10)	(372)
Provisions utilized	(86)	-	-	-	-	(86)
At June 30, 2023	578	-	1,174	-	102	1,854
Foreign exchange	4	-	-	-	1	5
Additional provisions	63	-	864	225	-	1,152
Disposals and transfers to AHFS	(621)	-	-	-	(103)	(724)
At June 30, 2024	24	-	2,038	225	-	2,287

[Table of Contents](#)**23. Loans and borrowings**

(US dollars in thousands)	As at June 30		
	2024	2023	2022
Current liabilities			
Debtor invoice financing	67	1,329	-
Lease liabilities	-	462	505
Shareholder loans	8,104	497	4,285
Chattel mortgage	-	89	142
Financing agreement	-	-	-
Bank loan	-	7	145
Other borrowings	-	-	32
Total	8,171	2,384	5,109
Non-current liabilities			
Lease liabilities	-	1,843	1,959
Shareholder loan	20,915	28,111	21,121
Chattel mortgage	-	50	264
Financing agreement	-	-	108
Bank loan	-	-	-
Total	20,915	30,004	23,452
Total	29,086	32,388	28,561

Debtor invoice financing

In FY23, a new facility with a limit of AU\$2.5 million was established by Kenshaw. As of June 30, 2024, this facility amounting to AU\$1.8 million is reclassified to “Assets held for sale” as a result of Kenshaw Electrical Pty Ltd sale.

Shareholder loans

On June 30, 2021, the Company agreed a refinancing of its existing \$21.1 million shareholder loan with 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 of the Specific Security Deed and the General Security.

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.

[Table of Contents](#)

(ii) upon completion by VivoPower International PLC of a qualifying liquidity event of at least \$5.0 million, Aevitas is 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..

(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.

On June 30, 2024, VivoPower amended its shareholder loan financing agreement with AWN. The loan includes a facility limit of \$34 million, of which a drawdown of \$8.1 million principal is due to be repaid in the current period, and \$20.9 million principal is non-current. The agreement consolidated all shareholder loans into a single tranche. AWN also received an option to acquire 1,150,000 Tembo shares post-business combination with Cactus Acquisition Corp 1 Limited at \$1.35 per share.

We also conducted an assessment in accordance with IFRS 9 to evaluate the novation of the loan. We concluded that there was no substantial modification in the net present value of the loan.

Short-term loans

In December 2021, a short term loan of \$1.1 million (AU\$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 (AU\$40,000) and \$43,500 (AU\$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, 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, with 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 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.

[Table of Contents](#)

In February and March 2023, further short-term loans of AU\$0.5 million and AU\$0.25 million were established between AWN and VivoPower, drawn down between February and May 2023. On June 30, 2023, the expiry of the loans was amended to August 31, 2023.

On June 30, 2024, VivoPower amended its shareholder loan financing agreement with AWN. The loan includes a facility limit of \$34 million, of which a drawdown of \$8.1 million principal is due to be repaid in the current period, and \$20.9 million principal is non-current. The agreement consolidated all shareholder loans into a single tranche. AWN also received an option to acquire 1,150,000 Tembo shares post-business combination with Cactus Acquisition Corp 1 Limited at \$1.35 per share.

Lease liabilities

Lease liabilities have decreased during the year by \$2.3 million to nil due to sale of Kenshaw. Depreciation expense on right-of-use assets and interest expense on associated lease liabilities for the year ended June 30, 2024 amounting to \$0.5 million and \$0.2 million respectively, are recognized in the Consolidated Statement of Comprehensive Income. Total lease payments for the year ended June 30, 2024 amounted to \$0.2 million (June 30, 2023: \$0.04 million).

The obligations under lease liabilities are as follows:

(US dollars in thousands)	Minimum Lease Payments			Present Value of Minimum Lease Payments		
	As at June 30			As at June 30		
	2024	2023	2022	2024	2023	2022
<i>Amounts payable under lease liabilities:</i>						
Less than one year	-	576	546	-	462	444
Later than one year but not more than five	-	2,223	2,545	-	1,843	2,020
	-	2,799	3,091	-	2,305	2,464
Future finance charges	-	(494)	(627)	-	-	-
Total lease obligations	-	2,305	2,464	-	2,305	2,464

24. Called up share capital

	As at June 30		
	2024	2023	2022
<i>Allotted, called up and fully paid</i>			
Ordinary shares of \$0.12 each	\$ 533,298	\$ 307,815	\$ 255,819
Number allotted	4,439,733	25,651,140	21,318,118
Ordinary shares of \$0.12 each	\$ 533,298	\$ 307,815	\$ 255,819

At the Company's last Annual General Meeting on December 28, 2023, the Directors were given a new authority to allot shares up to an aggregate nominal amount of \$3,600,000.

Movements in Ordinary Shares:

	Shares No.	Par value USD 000	Share premium USD 000	Total USD 000
At June 30, 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 June 30, 2023	25,651,140	308	105,018	105,326
Capital raises ¹	1,715,191	206	2,862	3,068
Employee share scheme issues ²	282,836	19	340	359
Reverse stock split ³	(23,209,434)	-	-	-
At June 30, 2024	4,439,733	533	108,220	108,753

1 During the year ended June 30, 2024, the company issued 1,715,191 million shares to capital market investors through At the Market issuances and registered direct offerings, raising \$3.1 million in gross proceeds.

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.

[Table of Contents](#)

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.

25. Other reserves

(US dollars in thousands)	Preference shares 1	Shares pending issue	Capital raising costs 2	Equity incentive costs 3	Share awards issuance 3	Foreign exchange	Total
At June 30, 2021	3,270	20,466	(8,828)	1,422	(971)	(45)	15,314
Issuance of shares	-	(20,466)	-	-	-	-	(20,466)
Share issuance costs	-	-	(122)	1,452	(1,879)	-	(549)
Other movements	-	-	-	-	-	(283)	(283)
At June 30, 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	-	-	(446)	-	-	-	(446)
Equity incentives cost less shares issued	-	-	-	147	(154)	-	(7)
Other movements	-	-	-	-	-	(104)	(104)
At June 30, 2023	3,319	-	(9,396)	3,021	(3,004)	(432)	(6,492)
Interest on equity instruments	150	-	-	-	-	-	150
Capital raising costs	-	-	(207)	-	-	-	(207)
Equity incentives cost less shares issued	-	-	-	333	(92)	-	241
Other movements	-	-	-	-	-	7	7
At June 30, 2024	3,469	-	(9,603)	3,354	(3,096)	(425)	(6,301)

¹During the year, the Company accrued \$0.15 million dividends on Aevitas preference shares.

[Table of Contents](#)

2The \$0.2 million of transaction costs incurred in the year ended June 30, 2024 (year ended June 30, 2023: \$0.4 million; year ended June 30, 2022: \$0.1 million) relate primarily to capital raises on Nasdaq.

3During the year ended June 30, 2024, \$0.3 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, 2023: \$0.1 million). Amounts are expensed at the award grant price over the vesting period, adjusted for actual quantities upon vesting. Of the expenses recorded, \$0.3 million of shares were delivered to participants (year ended June 30, 2023: \$0.1 million). During the years ended June 30, 2024 and June 30, 2023, the following awards under the Incentive Plan have been granted, and have vested or been forfeit:

	Number of RSUs, PSUs and BSAs (thousands)	Weighted average grant date fair value \$000
Outstanding at June 30, 2022	279	\$ 471
Granted	912	303
Vested	(356)	(123)
Forfeit	(178)	(320)
Outstanding at June 30, 2023	657	\$ 331
Granted	128	234
Vested/Settled	(150)	(248)
Reverse stock split impact	(591)	(298)
Forfeit	(11)	(3)
Outstanding at June 30, 2024	33	\$ 16

In October 2024, the company implemented a 10-to-1 reverse stock split, which impacted the outstanding number of RSUs, PSUs, and BSAs. The reverse stock split proportionally reduced the number of outstanding awards, including their weighted average grant date fair value. As a result, employees holding these grants experienced a corresponding adjustment in the value of their awards to align with the revised share structure. This adjustment ensures that the economic value and equity proportion represented by the awards remain consistent post-split.

26. Earnings / (Loss) per share

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

(US dollars in thousands)	As at June 30		
	2024	2023	2022
Loss for the year / period attributable to equity owners	(46,700)	(24,355)	(22,054)
Weighted average number of shares in issue ('000s)	3,079	2,467	2,074
Basic earnings/(loss) per share (dollars)	(15.17)	(9.87)	(10.64)
Diluted earnings/(loss) per share (dollars)	(15.17)	(9.87)	(10.64)

On October 4, 2023, the Company announced a one-for-ten (1-10) reverse stock split and par value change of its Ordinary Shares which began trading on a post-split basis on October 6, 2023. The reverse stock split has been applied retrospectively to the prior years' share figures for the purpose of calculating EPS.

27. Pensions

The Company's principal pension plan comprises the compulsory superannuation scheme in Australia, where the Company contributed 11% during the year, and for FY25, the Company is required to contribute 11.5%. A pension scheme is also in place for U.K. employees, where the Company contributes 7% (year ended June 30, 2024: 7%; year ended June 30, 2023: 7%). A pension scheme is also in place for Netherlands employees where the Company is required to contribute 10.3%. The pension charge for the year represents contributions payable by the Group which amounted to \$0.1 million (year ended June 30, 2023: \$0.4 million; year ended June 30, 2022: \$0.9 million).

(US dollars in thousands)	As at June 30		
	2024	2023	2022

PLC	-	-	12
VISL	11	20	33
KSH	95	294	293
KSO	1	33	552
PTY	19	21	43
Total Pension recognized in P&L	126	369	933

F-38

[Table of Contents](#)**28. Financial instruments**

(US dollars in thousands)	As at June 30		
	2024	2023	2022
Financial assets at amortized cost			
Trade and other receivables	9,644	5,676	6,921
Cash and cash equivalents	199	553	1,285
Restricted cash	292	608	1,195
Total	10,135	6,837	9,401
Financial liabilities at amortized cost			
Loans and borrowings	29,086	32,388	28,561
Trade and other payables	24,345	9,586	10,847
Total	53,431	41,974	39,408

The amounts disclosed in the above table for trade and other receivables and trade and other payables do not agree to the amount reported in the Company's Consolidated Statement of Financial Position as they exclude prepaid expenses, payroll liabilities 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
- Foreign currency risk
- Interest rate risk

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 tight control of all financial matters.

(b) 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 \$0.2 million at June 30, 2024 (June 30, 2023: \$0.6m; June 30, 2022: \$1.3m). The ratio of current assets to current liabilities at June 30, 2024 is 0.33 (June 30, 2023: 0.54; June 30, 2022: 0.93).

Following sale of ex-solar J.A. Martin operations on July 1, 2022, the AU\$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 AU\$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. As of June 30, 2024, this facility amounting to AU\$1.8 million is reclassified to "Assets held for sale" as a result of Kenshaw Electrical Pty Ltd sale.

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.

As part of the going concern assessment (explained earlier), we also reviewed the net current liabilities outstanding (payable in the next 12 months) as of 30 September 2024, which amounted to \$9.3 million. After accounting for adjustments such as excluding payables to related and friendly parties, liabilities settled post-30 September, and reclassifying accrued interest to non-current liabilities

(AWN has provided confirmation to defer the interest accrued to them by more than 12 months), the adjusted net current liabilities has been reduced to approximately \$5.4 million. Additionally, our analysis indicates that the budgeted combined average monthly cash burn (not accounting for sales, deposits and other cash inflows) for VivoPower and Tembo over the next 12 months is approximately \$357 thousand per month, or equivalent to approximately \$4.3 million per annum. Considering both the adjusted net liabilities and cash burn, the projected cash outlay for the next 12 months is estimated to be approximately \$9.7 million. As of the date of this report the company has finalized a \$12 million facility.

With the upcoming cash requirements the Company recently also embarked on a ‘Sum of the Parts’ exercise to identify undervalued assets and determine ways to monetize them separately. These efforts include, but are not limited to:

- Spinning Tembo off independently via a SPAC which has been valued at \$838 million USD
- A reverse merger with FAST at a potential valuation of \$522 million USD
- Bringing forward the sale of the Caret portfolio with a potential value of \$7.2 million USD
- Further approaches to the market for the sale of VivoPower shares.

[Table of Contents](#)

- Working with potential investors, currently under NDA's, to invest in both Tembo and VivoPower directly to take advantage of our current stock price.

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

Year Ended June 30, 2024 (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)	24,345	24,345	-	-	-
Borrowings	29,086	8,171	853	20,062	-
Lease liabilities	-	-	-	-	-
Total	53,431	32,516	853	20,062	-
Year Ended June 30, 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)	9,586	9,586	-	-	-
Borrowings	30,083	1,922	12,323	8,447	7,391
Lease liabilities	2,305	462	1,375	415	53
Total	41,974	11,970	13,698	8,862	7,444
Year Ended June 30, 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)	10,847	10,847	-	-	-
Borrowings	26,097	4,604	11,283	10,210	-
Lease liabilities	2,464	506	846	1,112	-
Total	39,408	15,957	12,129	11,322	-

(c) 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.

(d) 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 June 30, 2024:

- Cash and cash equivalents \$0.2 million denominated in AUD.
- Restricted cash \$0.3 million denominated in AUD.
- Trade and other receivables \$0.4 million denominated in AUD, \$2.1 million in GBP and \$0.8 million in EUR.
- Trade and other payables \$6.2 million denominated in AUD, \$2.2 million in EUR and \$5.5 million in GBP.

Of the total shareholder loan of \$29.1 million, \$27.1 million is denominated in USD and \$1.9 million is denominated in AUD.

F-40

[Table of Contents](#)**(e) 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.

29. Related party transactions

Arowana Group Holdings Pty Ltd (AWN) is no longer the ultimate controlling party of VivoPower however it does retain significant influence. As at June 30, 2024, AWN holds a 20.1% equity interest in the Company. The Board of Directors of VivoPower operates at arms-length from that of AWN. To the extent there are matters between the two companies of a confidential or commercial nature Mr. Chin recuses himself from these matters. AWN does not participate in the day to day operations of VivoPower.

Kevin Chin, Chairman and Chief Executive Officer of VivoPower, is also Chief Executive Officer 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. Mr. Chin recused himself from these activities to ensure there was no conflict of interest.

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 \$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 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.

(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.

On June 30, 2024, VivoPower amended its shareholder loan financing agreement with AWN. The loan includes a facility limit of \$34 million, of which a drawdown of \$8.1 million principal is due to be repaid in the current period, and \$20.9 million principal is non-current. In addition there is \$12 million in interest and fees on the AWN loan due to be repaid in the current period. The agreement consolidated all shareholder loans into a single tranche. AWN also received an option to acquire 1,150,000 Tembo shares post-business combination with Cactus Acquisition Corp 1 Limited at \$1.35 per share. Post balance date, AWN agreed to a 9 month grace period for the repayment of \$11 million accrued interest, and a deferral of \$8.9 million of principal for repayment from April 1, 2025 to January 1, 2026. This renders all but \$1 million of interest non-current in nature, and all of the loan principal non-current.

[Table of Contents](#)

In December 2021, a short-term loan of \$1.1 million (AU\$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 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 AU\$29,000 (AU\$40,000) and \$43,500 (AU\$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, 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 AU\$0.5 million and AU\$0.25 million were established between AWN and VivoPower, drawn down between February and May 2023. On June 30, 2023, the expiry of the loans was amended to August 31, 2023.

On June 30, 2024, VivoPower amended its shareholder loan financing agreement with AWN. The loan includes a facility limit of \$34 million, of which a drawdown of \$8.1 million principal is due to be repaid in the current period, and \$20.9 million principal is non-current. In addition there is \$12 million in interest and fees on the AWN loan due to be repaid in the current period. The agreement consolidated all shareholder loans into a single tranche.

Mr. Hui is paid fees of \$50,000 per annum during the year. Mr. Hui elected to receive 100% of his fees in cash. \$50,000 remaining accrued and payable as at June 30, 2024. 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 RSUs (\$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, 2024, \$617,334 was recharged to the Company (year ended June 30, 2022: \$1,138,346; year ended June 30, 2022: \$343,806). At June 30, 2024, the Company has a payable to AWN in respect of recharges of \$886,676 (June 30, 2023: \$1,392,303, June 30, 2022: \$313,688).

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 AU\$46,970. The Panaga Group Trust earned AU\$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 (\$85,570) were charged to the Company by Arowana Partners Group Pty Ltd ("APG") in the current year. A further \$0.4 million (as of June 30, 2023: \$0.1 million) incurred by APG on behalf of the Company were recharged to the Company in the year. At June 30, 2024, the Company had an account payable of \$0.7 million (as of June 30, 2023: \$0.2 million) in respect of these services. Mr. Chin is a shareholder and director of Arowana Partners Group Pty Ltd during the year ended June 30, 2024.

[Table of Contents](#)

As CEO, Mr. Chin is paid £325,000 base fees, £38,000 annual professional development allowance. A further \$0.5 million incurred by Arowana International UK Limited were recharged to the Company in the year. Of the base salary in FY23, 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, exercisable 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. At June 30, 2024, the Company had an account payable of \$1.2 million in respect of these services and recharges.

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 (Volume weighted average 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.

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.

In August 2023, the Company received a short-term funding from Arowana International UK Limited amounting to £25,000 for working capital purposes which was repaid in September 2023. In addition, the Company also received an interest only basis loan amounting \$48,000 from Arowana United Enterprises Pte Ltd in October 6, 2023 stipulating a nominal rate of 8% per annum.

30. Subsequent events

Post the balance sheet date Tembo executed a definitive Business Combination Agreement with CCTS on August 29, 2024; the business combination is expected to be completed by the first quarter of the calendar year 2025, with Tembo being listed as a separate entity on the Nasdaq.

On July 2, 2024, as part of the Company's previously announced strategic focus on its fast-growing business units being Electric Vehicles and Sustainable Energy Solutions, the Company announced the sale of its non-core business unit, Kenshaw Electrical, for gross consideration of approximately AU\$1.2 million. By divesting non-core assets, VivoPower believes it can concentrate on advancing its core sustainable energy solutions and electric vehicle businesses.

On September 17, 2024, the Company entered into a placement agency agreement with Chardan Capital Markets LLC for an offering of up to 10,000,000 Ordinary Shares at \$1.25 per share, under the Company's Registration Statement on Form F-1 (No. 333-281065), effective August 29, 2024. The offering closed early on September 27, 2024, resulting in the issuance of 3,200,000 Ordinary Shares to institutional investors, generating approximately \$4 million in gross proceeds.

On November 23, 2024, AWN agreed to a 9 month grace period for the repayment of \$11 million accrued interest, and a deferral of \$8.9 million of principal for repayment from April 1, 2025 to January 1, 2026. This renders all but \$1 million of interest non-current in nature, and all of the loan principal non-current.

31. 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.

32. Ultimate controlling party

As at June 30, 2024, AWN held a 20.1% 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.

