

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, 2021

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, 2021

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)

The Scalpel, 18th Floor, 52 Lime Street

London EC3M 7AF

United Kingdom

(Address of principal executive offices)

Kevin Chin, Chief Executive Officer

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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 \$0.012 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 common stock as of the close of the period covered by the annual report.

Ordinary shares, nominal value \$0.012 per share	18,506,064
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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. ☐

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 ☒

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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.

On July 22, 2019, the Board of Directors of VivoPower International PLC (the “Company”) adopted a resolution to change the Company’s fiscal year end from March 31 to June 30, commencing June 30, 2019.

References to any specific fiscal year refer to the year ended March 31 2019, and refer to the year ended June 30 for 2020 and future periods. For example, we refer to the fiscal year ended March 31, 2019, as “fiscal 2019” or “FY 2019.” References to the transition period refer to the period from April 1, 2019 to June 30, 2019, as filed in the transition report filed with the Securities and Exchange Commission (the “SEC”) on August 23, 2019.

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;
- 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 demand for solar power by energy users or investor 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 the COVID-19 pandemic affects 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 you that the foregoing 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.

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 below 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, 2021, for the year ended June 30, 2020, and for the three months ended June 30, 2019, and for the years ended March 31, 2019, 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 presented below 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.

Consolidated Statement of Comprehensive Income

(US dollars in thousands, except per share amounts)	Year Ended June 30			Three Months Ended June 30	Year Ended March 31
	2021	2020	2019 (unaudited)	2019	2019
Revenue from contracts with customers	40,411	47,986	43,545	13,617	39,036
Cost of sales	(34,084)	(40,885)	(37,452)	(11,960)	(32,726)
Gross profit	6,327	7,101	6,093	1,657	6,310
General and administrative expenses	(11,133)	(5,479)	(7,195)	(1,291)	(7,685)
Gain/(loss) on solar development	769	1,589	(2,668)	38	(2,615)
Other income	1,511	724	-	-	-
Depreciation of property and equipment	(1,089)	(898)	(411)	(214)	(430)
Amortization of intangible assets	(1,167)	(868)	(1,036)	(223)	(990)
Operating (loss)/profit	(4,782)	2,169	(5,217)	(33)	(5,410)
Restructuring & other non-recurring costs	(2,880)	(3,410)	(2,404)	(525)	(2,017)
Finance income	2,179	33	-	-	4
Finance expense	(2,590)	(3,182)	(3,345)	(796)	(3,243)
Loss before income tax	(8,073)	(4,390)	(10,966)	(1,354)	(10,666)
Income tax	115	(713)	(353)	(92)	(557)
Loss for the period	(7,958)	(5,103)	(11,319)	(1,446)	(11,223)
Loss is attributable to:					
Owners of Plc	(7,571)	(5,103)	(11,319)	(1,446)	(11,223)
Non-controlling interests	(387)	-	-	-	-
	(7,958)	(5,103)	(11,319)	(1,446)	(11,223)

Consolidated Statement of Comprehensive Income (continued)

	Year Ended June 30			Three Months Ended June 30	Year Ended March 31
	2021	2020	2019	2019	2019
(US dollars in thousands, except per share amounts)			(unaudited)		
Other comprehensive income					
Currency translation differences recognized directly in equity	1,601	(1,028)	-	(102)	(2,998)
Total comprehensive loss	(6,357)	(6,131)	(11,319)	(1,548)	(14,221)
Earnings per share (dollars)					
Basic	(0.46)	(0.38)	(0.83)	(0.11)	(0.83)
Diluted	(0.46)	(0.38)	(0.83)	(0.11)	(0.83)
Weighted average number of shares used in computing (loss)/earnings per share	16,306,494	13,557,376	13,557,376	13,557,376	13,557,376

Consolidated Statement of Financial Position Data

	As at June 30			As at March 31
(US dollars in thousands, except ratios)	2021	2020	2019	2019
Cash and cash equivalents	8,604	2,824	7,129	4,522
Current assets	23,993	20,473	36,283	29,770
Current liabilities	(13,431)	(19,679)	(29,133)	(20,807)
Current ratio	1.79	1.04	1.25	1.43
Property, plant and equipment, net	2,575	2,486	2,951	1,205
Total assets	76,512	62,380	73,109	65,395
Debt, current and long-term	23,091	25,954	21,686	19,267
Total shareholders' equity/(deficit)	40,418	17,890	22,516	23,985

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

An 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 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 new Sustainable Energy Solutions (SES) strategy and Tembo acquisition
Our new group SES strategy, incorporating the Tembo acquisition, may not be successful.

Prior to the Tembo acquisition, our core businesses were primarily the provision of critical power solutions to a diverse range of government, commercial and industrial customers throughout Australia and the development, construction, and sale of photovoltaic ("PV") solar projects in Australia and the U.S.

Following the Tembo acquisition, we have pivoted our strategy to focus on delivering end-to-end sustainable energy solutions to corporate customers (incorporating Tembo fleet electrification solutions) to help them accelerate achievement of their net zero carbon goals. These include existing customers of our critical power solutions business, particularly those in hard to decarbonize sectors such as the mining, infrastructure and utilities sectors.

There can be no assurance that this new 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.

We may face challenges with our new SES strategy incorporating Tembo that could disrupt our existing operations and increase costs, decrease profitability and reduce cashflows across the group.

If we are unable to sufficiently and appropriately integrate the Tembo business with our existing operations in a timely and cost-effective manner, the potential benefits of acquiring Tembo, including the estimated revenue and cost synergies we expect to achieve, may not be realized. In particular, if the effort we devote to the integration of our businesses with that of Tembo diverts more management time or other resources from carrying out our operations than we originally planned, our ability to maintain and increase revenues as well as manage our costs that relate to our businesses (excluding Tembo) could be impaired. Furthermore, our capacity to expand other parts of our existing businesses may be impaired. Any of the above could have a material adverse effect on our business, results of operations and financial condition.

If the Tembo business

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.

We may discover contingent or other liabilities within Tembo or other facts of which we are not aware that could expose us to loss.

Although we have received certain representations, warranties and indemnities regarding Tembo under the terms of the Tembo acquisition agreement and we have conducted general due diligence (including engaging experts in the electric vehicle industry) as part of the acquisition, such due diligence was necessarily limited to the availability of information and access granted to us by Tembo's vendors. There can be no assurance that we identified all the liabilities of, and risks associated with Tembo or that we will not be subject to unknown liabilities of, and risks associated with the Tembo acquisition, including liabilities and risks that may become evident only after we have been involved in the ongoing operational management of Tembo. We may incur losses in excess of the maximum amount recoverable under product warranties and indemnities or the matters giving rise to the losses may not be recoverable against the warranties or indemnities or at all.

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 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 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 alternative fuel vehicles, including hydrogen, which may reduce demand for battery electric vehicles;
- the availability of service infrastructure for zero-emission electric vehicles;
- 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;
- perceptions about and the actual cost of alternative zero emission fuels such as hydrogen; 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.

Risks related to our business and operations

Our results of operations are subject to significant variability and are inherently unpredictable.

With our new SES strategy, incorporating Tembo, our potential growth trajectory has significantly changed. In order to facilitate this potential growth, we will need to make significant investments of both an operational expenditure and a capital expenditure nature.

Because we do not know the pace at which our revenue will grow, or if it will grow, and because our expenses will likely grow, we may not be profitable from period to period. Our revenue and operating results are difficult to predict and may vary significantly from period to period. Furthermore, sustained operating losses may cause a material adverse change in our financial condition.

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.

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

Following the acquisition of Tembo in the year ended June 30, 2021, we plan to expand significantly in the commercial electric vehicle market, providing light electric vehicles (“LEV”) with a key focus initially on servicing LEV customers in the mining, infrastructure and utilities sectors. As we look to develop these opportunities and secure orders, we will incur increased operational expenditures and capital expenditures that may impact our profitability and cashflows.

We will be engaged in product innovation with Tembo as we look to introduce new products, including LEV 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 and Europe to sell Tembo LEV conversion kits. In addition, we signed a binding letter of intent to partner with Toyota Motor Corporation Australia (“TMCA”) to provide electrification solutions for the Toyota Landcruiser model, with a focus initially on off road applications in Australia. 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.

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

The Tembo business 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. These risks include:

- industrial accidents or pollution may result in operational disruptions such as work stoppages 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 may have a material adverse effect on the operations, profits and cashflow 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.

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.

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

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 increase production capacity by expanding our current manufacturing facilities and adding future facilities may not be consistent or linear between periods. 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 be focused only on short-term financial results. If any of this occurs, the trading price of our stock could fall substantially, either suddenly or over time.

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, unforeseen development delays, unfavorable project development costs, prohibitive deposit requirements by power offtakers 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.

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 position, results of operations or cash flows.

In the U.S., the Company has a portfolio of 12 utility-scale solar projects under development, representing total electricity generating capacity of approximately 1.3 terawatt-hours per year. In the U.K., the Company has one project that it anticipates developing in the near-term. 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, 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 sufficiently 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.

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 position, results of operations or cash flows and create a risk that we will not be able to continue as a going concern.

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 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 our 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.

We have a limited operating track record in the development and sale of SES solutions under our new business model 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 including two utility scale solar projects to date in the U.S., totaling 91 MW-DC, as well as building 9 utility and large industrial solar projects in Australia totaling 386 MW-DC. We also acquired, operated and sold 84 operating distributed generation solar systems in Australia. However, we have limited experience and track record in combining this experience to then develop and offer a complete SES solution with electric vehicles, renewable microgrids, battery recycling and reuse and we are still in the process of building such capabilities in our team. As of 30 June 2021, we had completed a feasibility study for only one SES project in the United Kingdom.

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

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

Part of our critical power services workforce is currently unionized. The critical power services business in Australia represents the largest proportion of our workforce, which includes 158 operational personnel, or 90% of our total workforce as of June 30, 2021. This part of our business operates in the Hunter Valley region of Australia whose economy is predominately driven by the mining industry and many businesses in the area are unionized. In periods of strong growth and activity in the mining sector, such as has been experienced over the past four years, the labor market usually becomes extremely competitive, which may entice our workforce to seek collective bargaining through union representation. Unionization of our critical power services workforce could result in additional costs for industrial relations, legal and consulting services, higher labor rates, new requirements for additional employment benefits, more restrictive overtime rules, and less flexible work scheduling, all of which could result in a significant increase in the cost of labor and the requirement for additional labor to maintain existing productivity.

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.

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 renewable technology services 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 or critical power services 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 and results of operations.

We are exposed to foreign currency exchange risks because certain of our operations are located in foreign countries.

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 reported financial results.

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;
- 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
- poor quality assets, systems and processes.

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.

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. As a general matter, we do not maintain as much insurance coverage as many other companies do, and in some cases, we do not maintain any at all. 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.

Risks related to raising of capital and financing

If we continue to experience losses and we are not able to raise additional financing on sufficiently attractive terms to provide the 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 \$8.0 million in the year ended June 30, 2021, following a loss of \$5.1 million for the year ended June 30, 2020, a loss of \$1.4 million in the three months ended June 30, 2019 and a loss of \$11.2 million for the year ended March 31, 2019. If we are unable to generate sufficient revenue from the operation of our businesses, grow our electric vehicle sales, and generate sales of SES projects, or if we are unable to reduce our expenses sufficiently, we may continue to experience substantial losses.

The accompanying consolidated financial statements are prepared on a going concern basis and do not include any adjustments that result from uncertainty about our ability to continue as a going concern. However, if losses continue, and if we are unable raise additional financing on sufficiently attractive terms or generate cash through sales of solar projects or other material assets or other means, then we may not have sufficient liquidity to sustain our operations and may not be able to continue as a going concern.

We expect to require additional financing to execute our strategy to operate and grow our business.

Our operations are capital intensive requiring significant investment in operational expenditures and capital expenditures to realize the growth potential of our electric vehicle, critical power services, sustainable energy solutions and solar development businesses. In addition, we are subject to substantial and ongoing administrative and related expenses required to operate and grow a public company. Together these items impose substantial requirements on our cash flow. As a result, we expect to require some combination of additional financing options in order to execute our strategy and meet the operating cash flow requirements necessary to operate and grow our business. We may not be able to obtain the requisite funding in order to execute our strategic development plans or to meet our cash flow needs. Our inability to obtain funding or engage in strategic transactions could have a material adverse effect on our business, our strategic development plan for future growth, our financial condition, and our results of operations.

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.

As of June 30, 2021, we had an aggregate of \$23.0 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 had a forward order book of \$16 million as of June 30, 2021, for our critical power services segment, representing 41% of the \$38.8 million revenue generated by this segment for the year ended June 30, 2021. In addition, we have also secured potential commitments in our electric vehicles segment to deliver nearly 5,000 electric vehicle conversion kits over the next 5 years. 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.

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 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 were 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.

Additional requisite funding may not be available to us when we need or want it.

Our business and our future plans for expansion are capital-intensive, and the specific timing of cash inflows and outflows may fluctuate substantially from period to period. We may need or want to raise additional funds through the issuance of equity, equity-related or debt securities or through obtaining credit from financial institutions to fund, together with our principal sources of liquidity, the costs of developing and manufacturing our current or future products, to pay any significant unplanned or accelerated expenses or for new significant strategic investments, or to refinance our significant consolidated indebtedness, even if not required to do so by the terms of such indebtedness. We cannot be certain that additional funds will be available to us on favorable terms when required, or at all.

If we cannot raise additional funds when we need them, our business, results of operations, financial condition and prospects could be materially and adversely affected.

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 consists 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 became 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.

Risks related to ownership of our common stock

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

The trading price of our common stock 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 common stock has experienced over the last 52 weeks an intra-day trading high of \$24.33 per share and a low of \$1.27 per share.

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 common stock, 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 common stock price, there is a risk that securities class action litigation may be filed against us. While we would defend any such actions vigorously, any judgment against us or any future stockholder litigation could result in substantial costs and a diversion of our management's attention and resources.

We may issue additional securities in the future, which may result in dilution to our shareholders.

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 18, 2020 at an extraordinary general meeting, the shareholders authorized the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal value of \$180,000, such authority to expire on December 18, 2025, and the shareholders waived all and any pre-emption rights in respect of the same. 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.

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. It is the present intention of our board of directors to retain all earnings, if any, for use in our business operations and, accordingly, our board of directors 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 Stock 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. As of August 10, 2021, the trading price of our ordinary shares on Nasdaq was \$6.38 per share. At certain points in the past year, the trading price of our ordinary shares on Nasdaq has fallen below \$1.33 per share. If the trading price of our ordinary shares was to fall below \$1.00 for a sustained period, we may not be able to meet Nasdaq's continued listing standards in the future. 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.

Future sales of our ordinary shares may depress our share price.

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.

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 (collectively with its affiliates and subsidiaries, the “Significant Shareholder”) owned approximately 44.2% of our outstanding ordinary shares as at June 30, 2021. Accordingly, the Significant Shareholder exerts 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 the Significant Shareholder could conflict with or differ from interests of other shareholders. For example, the concentration of ownership held by the Significant Shareholder 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, our Significant Shareholder is our largest creditor, having provided us with a shareholder loan on a secured basis. As of June 30, 2021, the balance of this shareholder loan was \$21.2 million. Our Significant Shareholder 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 loan. 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.

Our business has been materially adversely affected by COVID-19 across the key markets where we have operations, including the U.K., Australia, the Netherlands, and the U.S., and this may continue depending on the policies introduced and enforced by relevant federal, state and local governments. Due to the outbreak of the COVID-19 pandemic in 2020, authorities in our key markets and globally took various emergency measures, including implementing travel bans, closing factories and businesses, and imposing quarantine restrictions and lockdowns. These measures prevented many of our employees from going to work, which has adversely impacted our business operations. If any of our employees is suspected of having contracted any contagious disease, we may, under certain circumstances, be required to quarantine those employees and the affected areas of our operations. As a result, we may have to temporarily suspend part or all of our facilities. Furthermore, authorities may impose additional restrictions on travel and transportation and implement other preventative measures in affected regions to deal with the catastrophe or emergency, which may lead to supply chain and logistics disruption, the temporary closure of our facilities and declining economic activity at large. A prolonged outbreak of any health pandemic or other adverse public health developments could have a material adverse effect on our business operations.

Pandemic-related lockdowns and border closures have also caused supply chain and logistics disruption, including exacerbated port congestion and intermittent supplier shutdowns and delays, resulting in additional expenses to expedite delivery of critical parts. Similarly, increased demand for personal electronics has created a shortfall of microchip supply, and it is yet unknown how we may be impacted in the short and medium term. Further supply chain and logistics disruption due to COVID-19 could have a material adverse effect on our business operations.

COVID-19 has also caused delays in fulfilment of customer orders and contracted projects, which adversely affect our revenues. To the extent that COVID-19 pandemic lockdowns, restrictions and border controls continue, there is significant risk that our revenues, operating results and financial condition will be further compromised.

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.

COVID-19 lockdowns have resulted in supply chain blockages globally which in turn has resulted in 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, cashflows and ultimately our business, results of operations and financial condition.

While market interest rates presently remain low in the countries in which we operate, any future changes in interest policy that signal an 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. 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.

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.

Our operations span multiple markets and jurisdictions, exposing us to numerous legal, political, operational and other risks that could negatively affect our operations and profitability.

With operations in the United States, the United Kingdom, Europe 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. 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 has been adversely affected by the COVID-19 pandemic.

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.

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 could adversely affect our results of operations and make 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.

General global economic conditions may have an adverse impact on our operating performance and results of operations.

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.

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 renewable energy, in particular solar power. If we experience negative macroeconomic and microeconomic conditions, our business, results of operations and financial condition may be materially adversely affected.

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.

If we are unable to secure third party financing on commercially viable terms, this could have a material adverse impact 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;
- joint venture accounting, including the consolidation of joint venture entities and the inclusion or exclusion of their assets and liabilities on our balance sheet;

- long-term vendor agreements; and
- foreign holding company tax treatment.

Security breaches, 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 Item 17. Financial Statements of this Annual Report, we use certain estimates and assumptions, which are more fully described in Notes 2 and 3 of the financial statements filed as part of this Annual Report, starting on page F-1. 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 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.

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 LEV 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, Critical Power and Solar Development.

Our SES, Critical Power 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.

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 may also increase tax uncertainty and adversely affect our 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.

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 Annual Report.

Most of our directors and the experts named in this Annual Report 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.

As an “emerging growth company” under the Jump Start Our Business Startups Act of 2012 (the “JOBS Act”), we are permitted to rely on exemptions from certain disclosure requirements, which could make our ordinary shares less attractive to investors.

We qualify as an “emerging growth company” as defined in the JOBS Act. For as long as we are deemed an emerging growth company, we may be exempt from certain reporting and other regulatory requirements that are applicable to other U.S. public companies. Subject to certain conditions set forth in the JOBS Act, if we choose to rely on such exemptions, we may not be required to, among other things: (i) provide an auditor’s attestation report on our system of internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act; (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act; (iii) comply with any requirement that may be adopted by the Public Company Accounting Oversight Board (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. We may take advantage of these provisions until the last day of our fiscal year following the fifth anniversary of the date of the first sale of our common equity securities pursuant to an effective registration statement under the Securities Act or such earlier time that we cease to be an emerging growth company. We cannot predict if investors will view our ordinary shares as less attractive because we may rely on these exemptions. If some investors find our ordinary shares to be less attractive, there may be a less active trading market for our ordinary shares, which could materially and adversely affect the price and the liquidity of our ordinary shares.

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. 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.

For example, as discussed further in “Item 8. Financial Information – A. Consolidated Statements and Other Financial Information - *Legal Proceedings*,” on February 26, 2018, the Company’s former Chief Executive Officer, Phillip Comberg, filed a legal claim alleging the Company committed a repudiatory breach of his service agreement in connection with the termination of his employment on October 4, 2017. On April 9, 2018, the Company filed a defense and counterclaim, denying that a repudiatory breach was committed by the Company and denying the other claims asserted by Mr. Comberg, claiming that Mr. Comberg was terminated for cause. On November 26, 2018, the Company agreed to a settlement of the counterclaims against Mr. Comberg for an undisclosed amount.

After aborted attempts at settlement, the matter was heard in the U.K. High Court in the first two weeks of March 2020, with judgement ruled in September 2020. The Company was successful in defending the majority of the claims, with a total of £0.62 million (\$0.90 million) of the claims being settled in favor of Mr. Comberg. However final costs and interest of \$1.76 million awarded to him were higher than budgeted.. The \$2.66 million payments resulted in an additional restructuring and non-recurring expense of \$1.5 million during the year ended June 30, 2021, over and above utilization of the \$1.1 million brought forward provision as at June 30, 2020.

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 position, 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.

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 International PLC (“VivoPower”, “We” or the “Company”) was originally an international solar development and critical power services business with operations in the United Kingdom (“U.K.”), Australia, South East Asia and the United States of America (“U.S.”).

Following the acquisition of Tembo e-LV B. V. and its subsidiaries: Tembo 4x4 B.V. and FD 4x4 B.V (“Tembo”) in November 2020, VivoPower formalized a strategic transition to sustainable energy solutions focused on electric solutions for customized and ruggedized fleet applications, solar and critical power technology and services, as well as battery technology. The Company's core purpose is to provide its customers with turnkey decarbonization solutions that enable them to move toward net zero carbon status. VivoPower is a certified B Corporation with operations in Australia, Canada, the Netherlands, the United Kingdom and the United States.

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. At the time, it had subsidiaries in the U.K. and the U.S. and was, itself, a wholly-owned subsidiary of AWN Holdings Limited (“AWN”), an Australian public company traded on the Australian Securities Exchange under the symbol “AWN”.

On August 11, 2016, VivoPower entered into a Contribution Agreement with Arowana Inc., a Cayman Islands exempted company (“ARWA”), and AWN (as amended, the “Contribution Agreement”).

On December 28, 2016, the Company completed the transactions contemplated by the Contribution Agreement (the “Business Combination”), pursuant to which ARWA contributed cash to the Company in exchange for newly issued ordinary shares which shares were then distributed by ARWA to ARWA's shareholders and warrant holders. Upon the closing of the Business Combination, we became a public company whose shares are listed on The Nasdaq Capital Market under the symbol “VVPR”.

Contemporaneously with the Business Combination, the Company completed the acquisitions of VivoPower Pty Ltd (“VivoPower Australia”) and Aevitas O Holdings Pty Ltd., the parent of Aevitas Group Limited (“Aevitas”), for a total cash consideration of \$10.1 million. VivoPower acquired VivoPower Australia for aggregate consideration of \$23.1 million, consisting of \$0.6 million of cash and the remainder in shares of VivoPower International PLC. Aevitas was acquired for a cash consideration of \$9.5 million.

VivoPower received its B Corporation certification in April 2018.

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 B.V. (“Tembo”) for a total consideration of €4.0 million. On February 2, 2021, the Company completed a further acquisition of the remaining 49% of Tembo e-LV for €1.8 million cash consideration and €0.2m 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 and infrastructure 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, LLC (“Caret”), formerly Innovative Solar Ventures I, LLC, from the other joint venture partner, Innovative Solar Systems, LLC, for \$1. The primary business activity of Caret is the development of utility scale solar farms in the U.S.

VivoPower has 22 subsidiaries and associated entities, including VivoPower Australia and Aevitas. See “Item 4.C. Organizational Structure” for a list of each entity and its jurisdiction of incorporation.

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 +44-7941-166-696 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 Annual 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>).

B. Business Overview

VivoPower is a sustainable energy solutions company whose core purpose is to provide its customers with turnkey decarbonization solutions that enable them to achieve net zero carbon status. It does this by delivering an enterprise solution encompassing electric vehicles, critical power services, battery and microgrid technology as well as solar. The Company is focused on harder to decarbonise sectors including mining, infrastructure and utilities, involving customized and ruggedized requirements, including off road electric vehicles. VivoPower is a certified B Corporation with operations in Australia, Canada, the Netherlands, the United Kingdom and the United States.

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 J.A. Martin Electrical Pty Limited (“J.A. Martin”) and Kenshaw Electrical Pty Limited (“Kenshaw”), both of which operate in Australia with a focus on the design, supply, installation and maintenance of critical power, control and distribution systems, including for solar farms. Electric Vehicles is represented by Tembo e-LV B.V. (“Tembo”), a Netherlands-based specialist battery-electric and off-road vehicle company delivering electric vehicles (“EV”) for mining and other rugged industrial customers globally. Sustainable Energy Solutions (“SES”) is the design, evaluation, sale and implementation of renewable energy infrastructure to customers, both on a standalone basis and in support of Tembo EVs. Solar Development is represented by Caret and comprises 12 solar projects in the United States. Corporate Office is the Company’s corporate functions, including costs to maintain the Nasdaq public company listing, comply with applicable SEC reporting requirements, and related investor relations and is located in the U.K. See Note 4.2 to our consolidated financial statements included herein for a breakdown of our financial results by reportable segment.

Critical Power Services

Through a holding entity called Aevitas which was formed in 2013 and acquired by VivoPower in December 2016, VivoPower has two wholly-owned Australian subsidiaries, J.A. Martin and Kenshaw. VivoPower provides critical energy infrastructure generation and distribution solutions including the design, supply, installation and maintenance of power and control systems. The businesses are trusted power advisers to over 750 active government, commercial and industrial customers. Headquartered at Newcastle, in the Hunter Valley region of New South Wales, J.A. Martin and Kenshaw, are well situated to capitalize on a strong operating environment driven by growth in public and private sector investment in infrastructure, renewable energy, mining and healthcare.

With a gross regional product of more than A\$50 billion, the Hunter Valley region is Australia's leading regional economy. It has a multi-faceted economy and a skilled workforce, with traditional strengths in mining and advanced manufacturing complemented by fast-growing service, knowledge, and renewables sectors.

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

J.A. Martin Electrical Pty Limited

J.A. Martin is a specialized industrial electrical engineering and power services company that has been servicing the largest commercial and industrial belt in Australia, the Newcastle and Hunter Valley region in New South Wales, for more than 50 years since its founding in 1968.

Operating from two premises in New South Wales (N.S.W.), J.A. Martin's facility in Newcastle manufactures industrial switchboards and motor control centers, manages turnkey project installations, service and maintenance, and provides design and engineering services. It also has an office and workshop facility in the Hunter Valley for servicing the mining and industrial sectors.

J.A. Martin is ISO9001 (Quality Management) and ISO45001 (Occupational Health and Safety) certified, tangible evidence of its commitment to quality, and health and safety, and positions it to service some of the largest and most respected mining and industrial firms in the world.

J.A. Martin's core competencies include customized industrial switchboard and motor control center design, manufacture and maintenance; industrial electrical engineering; project management for mining, infrastructure and industrial applications; solar farm electrical contracting and engineering, procurement and construction ("EPC"); electrical maintenance and servicing; and industrial, mining and infrastructure CCTV and data cabling.

In the fiscal year ended June 30, 2021, J.A. Martin serviced almost 250 customers across a broad range of industries, including solar farms, grain handling and agriculture, water and gas utilities, cotton gins, commercial buildings, and mining. With 132 employees and a fleet of 76 vehicles, the business has built a strong reputation for high quality engineering and design, delivered on time and budget, supported by a high-level of quality and service.

Notwithstanding a history and core business centered in the industrial, manufacturing and mining sectors, J.A. Martin has over the past 3 years developed a strong reputation and position in the Australian solar EPC market, focusing on small and medium sized solar projects. During the financial year, J.A. Martin completed the provision of electrical installation and services for its seventh solar farm, the 39MWdc Molong Solar Farm near the town of Orange, New South Wales, and has commenced work on two further solar projects, bringing its total of contracted or completed solar project work to 470MW.

As a result of strong growth in the Australian solar generation market, J.A. Martin's revenue base has been transformed from a traditional reliance on the industrial, manufacturing and mining sectors. This growth is expected to continue with the New South Wales Government's Electricity Strategy and Electricity Infrastructure Roadmap setting out a plan to deliver Renewable Energy Zones ("REZs") in five regions across New South Wales, including the Hunter Valley-Central Coast region where J.A. Martin is headquartered. By connecting multiple renewable energy generators and ancillary storage in the same location, REZs capitalize on economies of scale and will play a vital role in delivering affordable, reliable, and clean energy generation to help replace the state's existing power stations as they close over the coming decades.

J.A. Martin's traditional customer base includes companies that operate in or service the mining sector, which is Australia's largest industry as measured by contribution to gross domestic product. Over the past 12 months, the mining sector in Australia has performed strongly and has continued to do so notwithstanding the effects of the global COVID-19 pandemic. Given its experience in the sector, J.A. Martin is well positioned to benefit from future growth in the mining industry in Australia.

Revenue earned within Australia is comprised of the following activities:

(US dollars in thousands)	Year Ended June 30			Three Months Ended June 30	Year Ended March 31
	2021	2020	2019 (unaudited)	2019	2019
Electrical installation projects	11,200	11,420	11,009	774	8,375
Electrical service contracts	5,131	3,494	5,082	2,986	7,361
Electrical switchboard manufacturing	4,093	3,582	4,041	1,813	4,949
Total revenue	20,424	18,496	20,132	5,573	20,685

While there is no material seasonality which impacts J.A. Martin, in FY2021, the business continued to be impacted by operational disruptions caused by lockdowns attributable to the COVID-19 pandemic. This has resulted in delays to the commencement of several projects and restricted access to clients' sites, resulting in slower completion of scheduled works and hence revenue recognition. Through the implementation of workplace health and safety best practices and adherence to public health directives, J.A. Martin has mitigated the impact of the pandemic to some degree, however the additional costs and operational inefficiencies caused have adversely affected profitability margins.

J.A. Martin sources its supplies from a large number of domestic and international suppliers based on competitive pricing, reliable delivery, product performance, and past business relationships over its more than 50-year history. Supplier relationships are core to the realization of its commercial goals and ability to meet the demands of customers in a competitive marketplace. With most electrical equipment manufactured outside of Australia, the business has also had to adapt to longer lead times from suppliers caused by the COVID-19 induced disruption to supply chains.

With almost 250 active customers for the year-ended June 30, 2021, the business is not reliant upon any one customer, nor is the business dependent on any one patent, license, material contract, or process. Further, there are no government regulations which are material to the business, beyond those generally applicable to all businesses within the same statutory regime.

VivoPower continues to believe that J.A. Martin, through its experience, capability, and track record, is well positioned competitively to benefit from the strong growth outlook for Australian solar as well as the cyclical rebound of the mining sector.

Kenshaw Electrical Pty Limited

Kenshaw is a specialized provider of critical electrical power, critical mechanical power and non-destructive testing services that has been headquartered in the Newcastle and Hunter Valley region of New South Wales for almost 40 years since its founding in 1981.

Operating from three premises across New South Wales and the Australian Capital Territory, Kenshaw's head office is in Newcastle, with additional branches in Canberra and most recently, Sydney. The business's success has been built on the capability of its highly skilled personnel to be able to provide a wide range of critical power generation solutions, products and services across the entire life cycle for electric motors, power generators, mechanical equipment and non-destructive testing. In addition, by partnering with several leading uninterruptible power supply ("UPS") providers, the business is able to offer fully integrated UPS design, sales and installation.

With ISO9001 (Quality Management) certification evidence of its commitment to quality, Kenshaw is able to provide regular and responsive service on a contracted and ad-hoc basis to a loyal client base of over 500 local, national and multinational clients ranging from data centers, hospitals, mining and agriculture to aged care, transport and utility services.

Kenshaw's core competencies include: generator design, turn-key sales and installation; generator servicing and emergency breakdown services; customized motor modifications; wheel cartridge motor electric repair and refurbishment; and non-destructive testing services including asset management of critical plant and equipment using diagnostic testing such as motor testing, oil analysis, thermal imaging and vibration analysis; and industrial electrical services.

The growing data center sector also continues to be a key market for Kenshaw. According to TeleGeography, COVID-19 pandemic-led demand for video conferencing, online schooling, entertainment, social networking and platforms to support remote working led to a 47% increase in global internet traffic in 2020, above initial forecasts of 28%. This translated to a spike in requirements for data storage, computing and networking. In its H2 2020 Asia Pacific Data Center Trends report, CBRE Group, Inc., reported that total data center net absorption in the Asia Pacific Tier 1 markets of Tokyo, Sydney, Singapore and Hong Kong SAR, reached 322MW in 2020, double that of 2019 and setting a record high. The report also forecasts that Sydney's data center supply pipeline is set to reach a new high of over 100MW per annum from 2021-2024, well above the past three-year average of 60MW.

VivoPower believes Kenshaw is benefiting from the growth in the data center market through its long-term relationship with one of Australia's leading data center companies and newly established relationships with other data center providers. In addition, with a growing base of completed installation projects, the business is actively targeting the provision of contracted ongoing management of these power generator assets, through its Generator Service and Non-Destructive Testing divisions. The well-established Canberra branch and new Sydney branch, form an integral part of this offering by allowing for locally stored equipment and personnel with an aim for Kenshaw to become entrenched at its clients' sites for the entire lifecycle of the assets.

In addition to the data center sector, the health and aged care sectors continue to be a key market for Kenshaw. An increase in regulatory requirements and the ageing of the population are driving growth in both sectors, with Australia currently in the middle of a significant demographic transition, as people in the baby boomer generation reach 65. The 2020 Intergenerational Report by the Australian Treasury Department forecasts that the population will continue to age with 23% of the population projected to be over 65 by 2060-61 – a rise of approximately seven percentage points from 2020-21. Australian Government health spending is projected to continue to increase as a share of Gross Domestic Product ("GDP") from 4.1% in 2018-19 to 6.2% in 2060-61, with aged care spending expected to increase from 1.2% of GDP in 2020-21 to 2.1% of GDP in 2060-61.

Kenshaw benefits from these demographic tailwinds through serving longstanding customers such as Health Infrastructure New South Wales, Public Works Advisory, Hunter New England Health, Anglican Care and Ramsay Health, for which it delivers customized critical back up power solutions and services as well as generator maintenance and thermal imaging services. These services utilize Kenshaw's custom developed Generator Service App which results in more accurate reporting of servicing and detailed condition reporting.

As for J.A. Martin, Kenshaw's traditional customer base includes companies that operate in or service the mining sector, which is Australia's largest industry as measured by contribution to gross domestic product. Over the past 12 months, the mining sector in Australia has performed strongly and has continued to do so notwithstanding the effects of the global COVID-19 pandemic. Given its experience in the sector, Kenshaw is well positioned to benefit from future growth in the mining industry in Australia.

Revenue earned within Australia is comprised of the following activities:

(US dollars in thousands)	Year Ended June 30			Three Months	Year
	2021	2020	2019	Ended June 30	Ended March 31
	Audited	Audited	(unaudited)	2019	2019
Generator sales and installation	11,479	23,579	16,373	6,381	11,095
Generator service and non-destructive testing	1,761	4,199	4,384	1,178	1,744
Motor sales and overhaul	5,169	1,565	1,660	377	4,276
Total revenue	18,409	29,343	22,417	7,936	17,115

While there is no material seasonality which impacts Kenshaw, in FY2021, the business continued to be adversely impacted by operational disruptions due to strict lockdowns attributable to the COVID-19 pandemic. This has resulted in delays to the commencement of several projects and restricted access to clients' sites, particularly in the health and aged care sectors, resulting in slower completion of scheduled works and hence revenue recognition. Through the implementation of workplace health and safety best practices and adherence to public health directives, Kenshaw has been able to mitigate the impact of the pandemic to some degree, however the additional costs and operational inefficiencies caused have adversely affected profitability margins. In addition, with most electrical equipment manufactured outside of Australia, the business has also had to adapt to longer lead times from suppliers caused by the COVID-19 induced disruption to supply chains.

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

For the year ended June 30, 2021, 19% (year ended June 30, 2020: 69%; three months ended June 30, 2019: 76%) of Kenshaw's revenue was earned from one customer. While this customer has been less active in FY2021, it is still expected to continue to provide significant revenue in future years. However, with almost 500 active customers for the year ended June 30, 2021, the business is not solely reliant on this customer, nor is the business reliant on any one patent, license, material contract, or process. Further, there are no government regulations which are material to the business, beyond those generally applicable to all businesses within the same statutory regime.

VivoPower continues to believe that Kenshaw, through its experience, capability, and track record, is well positioned competitively to benefit from the strong growth outlook for Australian solar data centers, aged and health care infrastructure as well as the cyclical rebound of the mining sector.

Electric Vehicles

Tembo e-LV B.V. and subsidiaries, Tembo 4x4 B.V. and FD 4x4 B.V. ("Tembo") is a specialist battery-electric and off-road vehicle company that designs and builds ruggedized light electric vehicle solutions for customers across the globe in the mining, infrastructure, utilities, and government services sectors.

VivoPower acquired 51% of Tembo on November 5, 2020 for €4.0 million. On February 2, 2021, the Company completed the acquisition of the remaining 49% of Tembo, for a consideration of \$2.2 million and 15,793 shares in the Company.

Despite the global impact of the COVID-19 pandemic and following the completion of 100% acquisition of Tembo by VivoPower, Tembo was able to generate long-term business opportunities from new and existing customers internationally. A 7 years distribution agreement was executed with GB Auto Group Pty Limited and GB Electric Vehicles Pty Ltd (together "GB Auto"), who as a result will be the exclusive Australia-wide distributor of Tembo's products. As part of the agreement, GB Auto committed to the purchase of a minimum of 2,000 Tembo e-LV kits (Landcruiser and Hilux models) in the first 4 years of the agreement. In June 2021, a definitive agreement was executed with Acces Industriel Mining Inc. (Acces) whereby Acces has exclusive distributorship rights in Canada for Tembo's electric light vehicles in Canada. Under the agreement, Acces intends to purchase 1,675 Tembo e-LV conversion kits by December 2026. In the same month, a non-binding heads of terms were signed with Artic Trucks Limited ("Arctic"), with a potential commitment from Arctic to purchase 800 Tembo e-LV conversion kits over the ensuing 5.5 years for the Nordic market (including Norway, Finland, Sweden and Iceland), with the definitive agreement expected to be signed shortly. In July 2021, a definitive agreement was signed with Tembo's existing Mongolian dealer, Bodiz International Group LLC ("Bodiz"), who intends to purchase 350 Tembo e-LV conversion kits by December 2026.

During the second half of the financial year, Tembo accelerated the development of its 72kWh battery platform for the Landcruiser model in accordance with the highest automotive product development process standards, including but not limited to Advanced Product Quality Planning (APQP) and Product & Design Validation Plans (PVP & DVP) in close cooperation with GB Auto and Toyota Motor Corporation Australia Limited ("Toyota Australia"). In recent months, Tembo's team of engineers have collectively developed an enhanced product, which is undergoing extensive testing and at the same time as the first customer prototype vehicles for this enhanced product are being assembled in Australia.

In parallel to the development activities, a network of preferred suppliers has been set up. These have been selected based on quality, safety and durability, amongst other criteria. Consideration has also been given to cost, delivery, service as well as other requirements that are dictated within the automotive industry, and to align with VivoPower's sustainability goals and principles.

Furthermore, Tembo has been focusing on enhancing its quality standards and credentials, by obtaining, for example, the ISO 9001:2015 Quality Management Systems accreditation. An initiative remains underway to obtain a number of other quality standards, including, but not limited to ISO 14001:2015.

In addition, the VivoPower board and leadership team have worked closely with the Tembo management team to further reinforce a culture of safety as well as to identify and implement industry best practice health and safety standards.

In June 2021, a binding Letter of Intent ("LOI") was signed with Toyota Australia to formalize a collaboration program between VivoPower, Tembo and Toyota Australia for electrification of Toyota Landcruiser vehicles, with an initial focus on the mining sector in Australia. This LOI is a precursor to a potential MSA (Master Services Agreement) which all parties are working towards at present.

Tembo is focused on a number of objectives in the coming year, including securing additional distribution agreements globally, completing the development and commencement of full scale production of the 72kWh Toyota Landcruiser electric conversion kit, expanding its assembly and production capabilities in the Netherlands (including potentially moving to new purpose built facilities) as well as in other markets, and advancing research and development into the next generation of electric conversion kits and batteries.

Tembo is well placed to capitalize on the very strong increase in demand for fleet electrification solutions from customers in harder to decarbonize sectors such as mining, infrastructure and utilities.

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

(US dollars in thousands)	Year Ended June 30			Three Months Ended June 30	Year Ended March 31
	2021	2020	2019	2019	2019
	Audited	Audited	(unaudited)		
Conversion kits	137	-	-	-	-
Vehicle spec conversion	1,219	-	-	-	-
Accessories	37	-	-	-	-
Total revenue	1,394	-	-	-	-

Sustainable Energy Solutions ("SES")

In August 2020, VivoPower announced a strategic pivot to enter the electric vehicle ("EV") sector, due to interest from the Company's existing customer base, with an initial focus on the mining, infrastructure and utilities sectors. At the same time, VivoPower also announced that it would undertake a strategic pivot to an SES strategy, where its core mission is to help corporate customers achieve their decarbonization goals.

The key differentiator of VivoPower's strategy is that the Company intends to focus on delivering a holistic, SES to customers that comprise the following 3 key elements:

- EV and battery leasing;
- critical power "electric-retrofit" of customer's sites (e.g., warehouses and depots) to enable optimized EV battery charging and encompassing renewable power generation (including solar), battery storage and microgrids; and
- EV battery reuse and recycling (including potential second life applications as an element of critical power requirements on a customer's site).

In Australia, the SES business draws on the experience and capabilities of VivoPower's Critical Power Services businesses (J.A. Martin and Kenshaw) to deliver solutions to customers, whilst in other markets, it intends to partner with experienced local critical power services companies.

In June 2021, VivoPower announced that it successfully completed its first full suite SES feasibility study with English Premier League Football Club Tottenham Hotspur F.C. ("THFC") evaluating solar, battery and microgrid solutions for THFC's stadium and training ground in the United Kingdom. VivoPower and THFC are now discussing the potential of moving forward with the implementation of one or more SES projects.

Given that the SES business segment was only newly established during the past financial year, it has generated immaterial revenues and has not incurred any significant costs. VivoPower expects there to be significant growth going forward, which will also necessitate investment in people and technology. VivoPower is actively working to originate new SES projects for both new and existing (through J.A. Martin and Kenshaw) customers of the VivoPower group of companies, with significant projects already proposed to major Australian mining companies.

Solar Development

Historic Solar Development Business

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

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 is to work through the development process from early stage through to advanced stage, and then sell those projects that have completed the advanced stage of development, also known as "shovel-ready" projects, to investors who will finance construction and ultimately own and operate the project.

Successful solar development requires an experienced team that can manage multiple work streams on a parallel path, from initially identifying attractive locations, to land control, permitting, interconnection, power marketing, and project sale to investors. Rather than build a substantial team internally to accomplish all of these activities, our business model has been to joint venture on a non-exclusive basis with existing experienced project development teams so that multiple projects can be advanced simultaneously and allow us to focus on provision of capital, project management, and marketing and sale of projects. In Australia we partnered with ITP Renewables ("ITP"), a global leader in renewable energy engineering, strategy and construction, and energy sector analytics. In the U.S., we entered into a development joint venture with Innovative Solar Systems, LLC ("ISS"). VivoPower assumed management control of this U.S. solar development joint venture in June 2020, having spent the prior 12 months initially focused on monetizing the projects in the portfolio, on an individual, group or whole of portfolio basis. VivoPower and its joint venture partner, ISS, were unable to align on monetization in relation to any of the projects. VivoPower subsequently engaged in a detailed review of the joint venture partner's performance as a developer relative to the contractual agreement and decided to exercise its rights to assume management control of the joint venture. This was announced in June 2020. Subsequently, in June 2021 VivoPower announced that it had secured a settlement resulting in the Company gaining full ownership of the remaining 50% of the equity interest in the portfolio from ISS for nominal consideration of US\$1.

United States Solar Development

VivoPower's portfolio of U.S. solar projects is held by its now wholly owned subsidiary, Caret, LLC ("Caret") (formerly Innovative Solar Ventures I, LLC), previously a joint venture with ISS. VivoPower invested in the joint venture in April 2017 and secured a 50% economic ownership in a diversified portfolio consisting originally of 38 solar projects in 9 states across the U.S. with a combined potential electrical generating capacity of 1.8 GW.

In June 2021, VivoPower announced that it had secured a settlement resulting in the Company gaining full ownership of the remaining 50% of the equity interest in the portfolio from ISS for \$1.

Of the original 38 projects, we decided to discontinue or put on hold 26 projects as we considered them less economically attractive versus other projects at this stage and did not want to invest further capital in them for the time being. The 12 remaining projects are in various stages of development as summarized below and all are being further developed for future sale and/or partnerships, with an expectation of full realization within the next 12 to 24 months, although nearer term opportunities may be pursued if they arise.

While a significant number of projects have been discontinued or put on hold during the year ended June 30, 2021, the overall investment in the portfolio is not considered impaired as the discontinued or on hold projects may still realize value in the future. After securing full economic control on June 30, 2021, a fair value assessment based on discounted future cashflows was performed and confirmed by our auditors. This did not result in any impairment of the capitalized intangible development costs, as compared to the equity accounted and held for sale project balances previously reported. In fact, VivoPower recorded a net gain of \$0.9 million in respect of Caret, LLC ("Caret"), in the year ended June 30, 2021, comprising a loss of \$7.0 million in respect of its 50% share of discontinued solar development projects in the joint venture, offset by a gain of \$7.8 million on acquisition of the remaining 50% of the joint venture on June 30, 2021. The acquisition resulted in a bargain purchase, as the consideration of \$5.4 million comprises no cash outflow, only the fair value of pre-acquisition equity interest held by VivoPower (after adjustment for abandoned projects in the year), which is lower than the fair value of acquired net assets of \$13.2 million.

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

Project	State	Capacity (MW)	Development Stage
Discontinued Solar Projects			
SC 76	SC	21	Discontinued - FY21
FL 78	FL	75	Discontinued - FY20
GA 83	GA	27	Discontinued - FY21
SC 84	SC	30	Discontinued - FY19
GA 86	GA	27	Discontinued - FY21
GA 90	GA	27	Discontinued - FY21
SC 97	SC	28	Discontinued - FY19
GA 111	GA	27	Discontinued - FY21
GA 112	GA	20	Discontinued - FY19
SC 129	SC	28	Discontinued - FY21
SC 132	SC	28	Discontinued - FY21
FL 168	FL	43	Discontinued - FY20
TX 207	TX	83	Discontinued - FY21
WA 211	WA	56	Discontinued - FY21
KS 229	KS	69	Discontinued - FY21
CO 239	CO	55	Discontinued - FY21
KS 244	KS	34	Discontinued - FY21
OK 267	OK	41	Discontinued - FY21
CO 269	CO	55	Discontinued - FY21
KS 291	KS	34	Discontinued - FY21
TX 305	TX	41	Discontinued - FY21
CO 320	CO	41	Discontinued - FY21
FL 330	FL	41	Discontinued - FY20
OK 339	OK	69	Discontinued - FY21
WA 370	WA	74	Discontinued - FY21
CO 371	CO	86	Discontinued - FY21
Subtotal	26 Projects	1,162	
Original Portfolio	38 Projects	1,844	

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

Australia Solar Development

VivoPower has developed, built, acquired and operated a diverse portfolio of operating rooftop solar projects in Australia, totaling just under 23MW across over 80 sites in every Australian state and the Australian Capital Territory. These projects were fully contracted with commercial, municipal and non-profit customers under long-term PPAs. Pursuant to the Company's strategy to recycle development capital, we were able to profitably monetize these projects, having completed the sale of the Amaroo Solar Project (0.6 MW) in February 2018, the Express Power Portfolio of solar projects (0.2 MW) in September 2018, the Juice Capital Portfolio of solar projects (0.3 MW) in November 2018, and the Sun Connect Portfolio of solar projects (1.6 MW) between January and October 2019.

In July 2018, VivoPower entered into a definitive investment agreement with ITP for the development of a portfolio of utility-scale solar projects in New South Wales. ITP is a global leader in renewable energy engineering, strategy, and construction, as well as in energy sector analytics. Under the terms of the investment agreement, VivoPower would fund up to 1.4 cents per watt (AC) of development costs per project in exchange for a 60% equity stake in each project, with an opportunity to achieve a sale and transfer at multiple stages, as early as shovel-ready. The Company commenced development of two solar projects under the ITP investment agreement, the 15 MW Yoogali Solar Farm and the 5 MW Daisy Hill Solar Farm, both located in the Riverina region of New South Wales, with both projects achieving advanced stages of development since that time. In February 2021, VivoPower announced the successful sale of its 60% equity stake in the Daisy Hill Solar Farm project to its development partner, ITP, for total consideration representing a 2.1x multiple of the Company's invested capital in the project. Subsequently, VivoPower also agreed to sell its stake in the Yoogali Solar Farm project to ITP for immaterial consideration.

The sale of its interests in these projects are in line with VivoPower's strategic pivot to refocus efforts only on customer-centric SES projects in the future and it does not intend to develop any standalone solar projects in Australia that are not part of its broader SES strategy.

JOBS Act

In April 2012, the JOBS Act was signed into law. The JOBS Act contains provisions that, among other things, reduce certain reporting requirements for an "emerging growth company." As an "emerging growth company," we have irrevocably elected not to take advantage of the extended transition period afforded by the JOBS Act for the implementation of new or revised accounting standards, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to not take advantage of the extended transition period for complying with new or revised accounting standards is irrevocable. In addition, we are in the process of evaluating the benefits of relying on the other exemptions and reduced reporting requirements provided by the JOBS Act.

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

These exemptions will apply for a period of five years following the completion of the Business Combination or until we no longer meet the requirements of being an "emerging growth company," whichever is earlier.

C. Organizational Structure

VivoPower has 22 subsidiaries and one associate undertaking (collectively with VivoPower, "the Group"). The following list shows the Company's shareholdings in subsidiaries, associate and joint ventures owned directly and indirectly as at June 30, 2021.

Subsidiaries	Incorporated	% Owned	Purpose
VivoPower International Services Limited	Jersey	100%	Operating company
VivoPower USA, LLC	United States	100%	Operating company
VivoPower US-NC-31, LLC	United States	100%	Dormant
VivoPower US-NC-47, LLC	United States	100%	Dormant
VivoPower (USA) Development, LLC	United States	100%	Holding company
Caret, LLC (formerly Innovative Solar Ventures I, LLC)	United States	100%	Operating company
VivoPower Pty Ltd	Australia	100%	Operating company
VivoPower WA Pty Ltd	Australia	100%	Operating company
VVP Project 1 Pty Limited	Australia	100%	Dormant
Amaroo Solar Pty. Ltd.	Australia	100%	Operating company
Aevitas O Holdings Pty Ltd	Australia	100%	Holding company
Aevitas Group Limited	Australia	100%	Holding company
Aevitas Holdings Pty Ltd	Australia	100%	Holding company
Electrical Engineering Group Pty Limited	Australia	100%	Holding company
J.A. Martin Electrical Pty Limited	Australia	100%	Operating company
Kenshaw Electrical Pty Limited	Australia	100%	Operating company
VivoPower Philippines Inc.	Philippines	64%	Dormant
VivoPower RE Solutions Inc.	Philippines	64%	Dormant
Yoogali Solar Farm Pty Ltd	Australia	60%	Operating company
Tembo e-LVB.V.	Netherlands	100%	Holding company
Tembo 4x4 e-LVB.V.	Netherlands	100%	Operating company
FD 4x4 Centre B.V.	Netherlands	100%	Operating company
Associate and Joint Venture Undertakings			
VVPR-ITP TopCo Pty Ltd	Australia	50%	Holding company

Notwithstanding only 40% ownership by the Company, V.V.P. Holdings Inc is under the control of 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.

We lease all our facilities and 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, 2021 is as follows:

Company	Office Location	Purpose
VivoPower Pty Ltd	Sydney, Australia	SES and Solar Development
J.A. Martin Electrical Pty Limited	Tomago, Australia	Head office, manufacturing, service
J.A. Martin Electrical Pty Limited	Gunnedah, Australia	Regional service
J.A. Martin Electrical Pty Limited	Mt Thorley, Australia	Regional service
Kenshaw Electrical Pty Limited	Cardiff, Australia	Head office, workshop, service
Kenshaw Electrical Pty Limited	Canberra, Australia	Regional service
Kenshaw Electrical Pty Limited	Sydney, Australia	Regional service
FD 4x4 Centre B.V.	Bergeijk, Netherlands	Head office, workshop, service
VivoPower International PLC	London, United Kingdom	Corporate office

Effective April 1, 2019, the Company adopted the provisions of IFRS 16 – *Leases* on a modified retrospective basis, adding \$1.3 million to property, plant, and equipment representing right-of-use assets arising from operating leases. All amounts stated with respect to property, plant, and equipment from April 1, 2019, include the impact of this one-time adjustment and are separately identified as right-of-use assets (including motor vehicles held under lease liabilities) and therefore the balance of property, plant, and equipment at June 30, 2019, is not directly comparable to prior periods.

The Company has \$2.6 million invested in property, plant, and equipment at June 30, 2021 (June 30, 2020: \$2.5 million; June 30, 2019: \$3.0 million; March 31, 2019: \$1.2 million). This includes plant and equipment of \$0.7 million (June 30, 2020: \$0.5 million; June 30, 2019: \$0.6 million; March 31, 2019: \$0.4 million), motor vehicles of \$0.6 million (June 30, 2020: \$0.5 million; June 30, 2019: \$0.3 million; March 31, 2019: \$0.5 million), computer equipment, fittings and equipment of \$0.2 million (June 30, 2020: \$0.2 million; June 30, 2019: \$0.3 million; March 31, 2019: \$0.3 million), and right-of-use assets of \$1.0 million (June 30, 2020: \$1.3 million; June 30, 2019: \$1.8 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. Any amounts shown as at and for the year ended June 30, 2019 are unaudited.

Note: we previously announced results for our fiscal year ended March 31, 2019, and comparative years. In 2019, we transitioned to report our results on a June 30 calendar year basis. As such, we are reporting herein audited results for the year ended, June 30, 2021, comparative audited results for the year ended June 30, 2020, comparative unaudited results for the year ended June 30, 2019, derived from our unaudited results, audited results for the transition period three months ended June 30, 2019 and audited results for the year ended March 31, 2019.

A. Operating Results

Overview

(US dollars in thousands)	Year Ended June 30		2019 (unaudited)
	2021	2020	
Revenue from contracts with customers	40,411	47,986	43,545
Cost of sales	(34,084)	(40,885)	(37,452)
Gross profit	6,327	7,101	6,093
General and administrative expenses	(11,133)	(5,479)	(7,195)
Gain/(loss) on Solar Development	769	1,589	(2,668)
Other income	1,511	724	-
Depreciation of property, plant and equipment	(1,089)	(898)	(411)
Amortization of intangible assets	(1,167)	(868)	(1,036)
Operating (loss)/profit	(4,782)	2,169	(5,217)
Restructuring and other non-recurring costs	(2,880)	(3,410)	(2,404)
Finance income	2,179	-	-
Finance expense	(2,590)	(3,149)	(3,345)
Loss before income tax	(8,073)	(4,390)	(10,966)
Income tax	115	(713)	(353)
Loss for the year	(7,958)	(5,103)	(11,319)
Adjusted EBITDA	(1,448)	3,937	(3,770)

Management analyses 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, 2021, the Group generated statutory revenue of \$40.4 million, gross profit of \$6.3 million, operating loss of \$4.8 million and a net loss of \$8.0 million. For the year ended June 30, 2020, the Group generated revenue of \$48.0 million, gross profit of \$7.1 million, operating profit of \$2.2 million, and a net loss of \$5.1 million.

Adjusted EBITDA for the year ended June 30, 2021 was a loss of \$1.4 million, compared to a profit of \$3.9 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 of operations for the year ended June 30, 2021, reflect a period of investment in hyperscaling of the Electric Vehicles business since acquisition, and growth in the corporate functions and management team to be able to sustainably support planned international growth.

Revenue in Critical Power Services declined by \$9.1 million to \$38.8 million in the year, as a result of delays in delivery on orders, contracts and projects due to COVID-19 related lockdowns. Electric Vehicles contributed \$1.4 million revenue in the 8 months since acquisition. Solar Development contributed \$0.2m of revenues but there was no contribution as yet from Sustainable Energy Solutions.

The reduction in revenue in the year caused a \$0.8 million reduction in gross profit to \$6.3 million, although this reduction was mitigated by a \$0.8 million increase in other income (primarily Jobseeker government allowance in Australia during COVID-19 lockdowns). Gross margins improved in percentage terms from 15% to 16% as a result of continued focus on cost control. Electric Vehicles also contributed \$0.1 million in gross profit since acquisition while Solar Development contributed \$0.2 million.

The \$0.7 million gain on Solar Development projects in the year ended June 30, 2021 comprised a \$0.9 million net gain in respect of Caret, in the year ended June 30, 2021, resulting from a loss of \$7.0 million in respect of the Company's 50% share of discontinued solar development projects in the joint venture, offset by a bargain purchase gain of \$7.8 million on acquisition of the remaining 50% of the joint venture on June 30, 2021. This gain was offset by a \$0.2 million loss on solar development projects in VivoPower Pty Ltd in Australia. By comparison, the \$1.5m gain on Solar Development projects in the year ended June 30, 2020 comprised a \$2.3 million gain on sale of VivoRex, LLC in the U.S and a \$0.5 million gain on the sale of Sun Connect portfolio in Australia, partly offset by a \$1.2 million loss on discontinued projects in the ISS portfolio.

The results for the year ended June 30, 2021 also reflect a \$5.6 million increase in general and administrative costs to \$11.1 million. The increase comprises \$1.1 million non-cash equity incentive costs, \$1.8 million increase in salaries and professional fees costs in UK and for the new SES business unit, and \$1.4 million in the Electric Vehicles segment in the 8 months since acquisition.

The results of operations for the year ended June 30, 2021 include \$2.9 million restructuring and other non-recurring costs. A further \$2.0 million costs were incurred in the year related to disputes with a former CEO, Dr. Philip Comberg. Following a court hearing in March 2020 and a final ruling on the Comberg Claims (see "Item 8. Financial Information – A. Consolidated Statements and Other Financial Information - *Legal Proceedings*"), in September 2020, \$1.5 million of the incurred costs were spent and a further \$0.5 million provided for disputed legal success fees. A further \$0.6 million cost was incurred in relation to the acquisition of Tembo. Restructuring and other non-recurring costs are further described in Note 8 to the consolidated financial statements.

In the year ended June 30, 2021, net finance costs of \$0.4 million include \$1.0 million income for waiver of historic accrued interest and dividends on Aevitas convertible preference shares and loan notes following agreement by certain holders to exchange the instruments for non-convertible Aevitas preference shares in August 2020, interest on the AWN related party loan of \$2.0 million and interest on the Aevitas convertible preference share, loan notes and non-convertible preference shares of \$1.2 million, and foreign exchange gains of \$2.1 million.

As at June 30, 2021, the Group's current assets were \$24.0 million (as at June 30, 2020: \$20.5 million, June 30, 2019: \$36.3 million), which was comprised of \$8.6 million (as at June 30, 2020: \$2.8 million; June 30, 2019: \$7.1 million) of cash and cash equivalents, \$1.1 million restricted cash (as at June 30, 2020: \$1.0 million; June 30, 2019: \$0.6 million;), \$12.7 million (as at June 30, 2020: \$12.6 million; June 30, 2019: \$15.0 million) of trade and other receivables, and nil (as at June 30, 2020: \$4.1 million, June 30, 2019: \$13.5 million) of assets held for sale related to the ISS Joint Venture portfolio, following acquisition of the remaining 50% of the joint venture by the Company.

Current liabilities were \$13.4 million as at June 30, 2021 (as at June 30, 2020, \$19.7 million; June 30, 2019: \$29.1 million). The decrease (despite the addition of new trade creditor balances for Tembo on acquisition) reflects payment of outstanding Corporate trade creditors and accrued AWN related party loan interest following the capital raise in October 2020.

Current asset-to-liability ratio as at June 30, 2021 was 1.79:1 (as at June 30, 2020: 1.04:1; June 30, 2019: 1.25:1; March 31, 2019: 1.43:1).

As at June 30, 2021, the Company had net assets of \$40.4 million (as at June 30, 2020 \$17.9 million; June 30, 2019: \$22.5 million), including intangible assets of \$47.4 million (as at June 30, 2020: \$29.8 million; June 30, 2019: \$31.8 million) following the Tembo and ISV joint venture acquisitions. Property, plant and equipment increased to \$2.6 million as at June 30, 2021 from \$2.5 million as at June 30, 2020, reflecting replacement capital expenditure and acquired Tembo assets, less depreciation.

Cash inflow for the year ended June 30, 2021, was \$5.5 million, arising from cash inflow from financing activities of \$23.5 million less cash outflow from operating activities of \$15.4 million and cash used by investing activities of \$2.7 million. At June 30, 2021, the Company had cash reserves of \$8.6 million (June 30, 2020: \$2.8 million) and debt of \$23.1 million (June 30, 2020: \$26.0 million), giving a net debt position of \$14.5 million (June 30, 2020: \$23.1 million).

Net cash outflows from investing activities of \$2.7 million in the current year comprised \$0.4 million proceeds from sale of solar development project assets in Australia, offset by \$0.9 million purchases of property, plant and equipment and a net \$2.1 million cash outflow on acquisition of Tembo e-LV. The outflow on acquisition comprised \$7.1 million consideration, less \$4.9 million cash acquired.

Cash inflows from financing activities of \$23.5 million in the year ended June 30, 2021 comprising primarily \$32.0 million net proceeds from capital raise less \$2.2 million repayment of AWN related party loan principal and \$5.3 million interest on borrowings, primarily AWN loan and Aevitas hybrid interest, including catch up on amounts accrued from prior periods.

Year Ended June 30, 2021, Compared to Year Ended June 30, 2020

Year Ended June 30, 2021 (US dollars in thousands)	Critical Power Services	Solar Developments	Electric Vehicles	Corporate Office	Total
Revenue	38,832	185	1,394	-	40,411
Costs of sales	(32,792)	-	(1,292)	-	(34,084)
Gross profit	6,040	185	102	-	6,327
General and administrative expenses	(3,004)	(1,309)	(1,923)	(4,897)	(11,133)
Gain on sale of assets	36	733	-	-	769
Other income	1,511	-	-	-	1,511
Depreciation and amortization	(1,902)	(4)	(346)	(4)	(2,256)
Operating profit/(loss)	2,681	(395)	(2,167)	(4,901)	(4,782)
Restructuring and other non-recurring costs	(27)	-	(631)	(2,222)	(2,880)
Finance expense - net	1,687	(24)	(1)	(2,073)	(411)
Profit/(loss) before income tax	4,341	(419)	(2,799)	(9,196)	(8,073)
Income tax	(714)	96	733	-	115
Profit/(loss) for the period	3,627	(323)	(2,066)	(9,196)	(7,958)

Year Ended June 30, 2020 (US dollars in thousands)	Critical Power Services	Solar Developments	Electric Vehicles	Corporate Office	Total
Revenue	47,914	69	-	3	47,986
Costs of sales	(40,865)	(20)	-	-	(40,885)
Gross profit	7,049	49	-	3	7,101
General and administrative expenses	(2,745)	(469)	-	(2,265)	(5,479)
Gain/(loss) on sale of assets	41	1,548	-	-	1,589
Other income	724	-	-	-	724
Depreciation and amortization	(1,718)	(45)	-	(3)	(1,766)
Operating profit/(loss)	3,351	1,083	-	(2,265)	2,169
Restructuring & other non-recurring costs	(124)	(1,296)	-	(1,990)	(3,410)
Finance expense - net	(1,436)	(9)	-	(1,704)	(3,149)
Profit/(loss) before income tax	1,791	(222)	-	(5,959)	(4,390)
Income tax	15	(728)	-	-	(713)
Profit/(loss) for the period	1,806	(950)	-	(5,959)	(5,103)

Revenue

Revenue for the year ended June 30, 2021 decreased \$7.6 million to \$40.4 million, from \$48.0 million in the year ended June 30, 2020. Revenue for the year ended June 30, 2020 increased \$5.1 million to \$48.0 million, from \$42.9 million in the year ended June 30, 2019.

Revenue by product and service is as follows:

(US dollars in thousands)	Year Ended June 30		
	2021 <i>(audited)</i>	2020 <i>(audited)</i>	2019 <i>(unaudited)</i>
Electrical products and related services	\$ 38,832	\$ 47,914	\$ 42,852
Electric vehicles and related products and services	1,394	-	-
Other	185	72	693
Total revenue	\$ 40,411	\$ 47,986	\$ 43,545

The sale of electrical products and related services 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 electrical products and related services for the year ended June 30, 2021, of \$38.8 million decreased \$9.1 million compared to the \$47.9 million earned for the year ended June 30, 2020. This is primarily a result of COVID related lockdowns causing delays to completing of scheduled projects and contracts.

Revenue from electric vehicles and related products and services is generated from our Netherlands-based Electric Vehicles businesses: Tembo 4x4 and FD 4x4, and is focused on electric vehicle conversion kits, and vehicle ruggedization products. Revenue generated in these operations is recognized when the products are delivered to customers.

Revenue from electric vehicles and related products and services of \$1.4 million comprises an eight-month contribution since the acquisition of Tembo in November 2020.

Other revenue for the year ended June 30, 2021 comprised \$0.2 million power generation income from Solar projects in Australia (year ended June 30, 2020: \$0.1 million). Other revenue for the year ended June 30, 2019 included \$0.4 million from the sale of SRECs purchased from the NC Projects, \$0.3 million earnings distribution related to the equity investment in the NC Projects carried at cost prior to their disposal in July 2018.

Revenue by geographic location is follows:

(US dollars in thousands)	Year Ended June 30		
	2021 (audited)	2020 (audited)	2019 (unaudited)
Australia	\$ 39,017	\$ 47,986	\$ 42,933
United States	-	-	612
Netherlands	1,394	-	-
Total revenue	\$ 40,411	\$ 47,986	\$ 43,545

Australian revenue of \$39.0 million for the year ended June 30, 2021 comprised of \$38.8 million revenue from Critical Power Services provided by Kenshaw and J.A. Martin, and \$0.2 million of power generation income from Australian solar projects. This compares to \$48.0 million for the year ended June 30, 2020 of which \$47.9 million revenue came from Critical Power Services, and \$0.1 million of power generation income from Australian solar projects. This compares to \$42.9 million in the year ended June 30, 2019, comprising \$42.8 million of revenue from Critical Power Services, and \$0.1 million of power generation income from Australian solar projects.

The reduction in Critical Power Services revenue in the year ended June 30, 2021, compared to the prior year, is primarily driven by the impact of COVID-19 on business operations. The growth in Critical Power Services revenue in the prior year ended June 30, 2020, compared to the year ended June 30 2019, was primarily driven by the significant growth from contracts and projects completed in the Kenshaw business.

U.S. revenue was nil for the years ended June 30, 2021, and June 30, 2020. This compares to U.S. revenue of \$0.6 million for the year ended June 30, 2019, which comprised of other revenue from the sale of SREC's (\$0.3 million) and distribution of earnings from the NC Projects (\$0.3 million).

Netherlands revenue was \$1.4m for the year ended June 30, 2021, representing 8 months contribution from the Electric Vehicle business unit, Tembo following the completion of the acquisition in November 2020.

The Group did not have any customers representing more than 10% of revenue for the year ended June 30, 2021 (year ended June 30, 2020: one).

Cost of Sales

Cost of sales by product or service is as follows:

(US dollars in thousands)	Year Ended June 30		
	2021 (audited)	2020 (audited)	2019 (unaudited)
Electrical products and related services	\$ 32,792	\$ 40,865	\$ 37,110
Electric vehicles and related products and services	1,292	-	-
Other revenue	-	20	342
Total cost of sales	\$ 34,084	\$ 40,885	\$ 37,452

Total cost of sales were \$34.1 million for the year ended June 30, 2021, as compared to \$40.9 million for the year ended June 30, 2020, and \$37.5 million for the year ended June 30, 2019.

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 and was \$32.8 million for the year ended June 30, 2021, as compared to \$40.9 million for the year ended June 30, 2020 and \$37.1 million for the year ended June 30, 2019. The decrease in total cost of sales was primarily driven by the revenue reduction in Critical Power Services as described above.

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 was \$1.3 million for the eight months ended June 30, 2021 since the Tembo acquisition.

Cost of sales related to other revenue was nil for the years ended June 30, 2021 and June 30, 2020, and \$0.3 million for the year ended June 30, 2019 being the cost of SREC purchases from the NC Projects.

Gross Profit

Gross profit 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		
	2021 (audited)	2020 (audited)	2019 (unaudited)
Electrical products and related services	\$ 6,040	\$ 7,052	\$ 5,743
Electric vehicles and related products and services	102	-	-
Other revenue	185	49	350
Total gross profit	\$ 6,327	\$ 7,101	\$ 6,093

The Company's gross profit is equal to revenue less cost of sales and totaled \$6.3 million for the year ended June 30, 2021, and \$7.1 million for the year ended June 30, 2020, and \$6.1 million for the year ended June 30, 2019.

The gross profit from electrical products and related services (the Critical Power Services business) was \$6.0 million, which represents a gross margin of 15.5%. This compares to gross profit of \$7.1 million, which represents a gross margin of 14.5% for the year ended June 30, 2020 and \$5.7 million for the year ended June 30, 2019, which represented a gross margin percentage of 13.4%. The margin improvement is due to effective cost management.

The Electric Vehicle business contributed gross profit of \$0.1m for the year ended June 30 2021, representing 8 months contribution, post completion of the acquisition in November 2020. This represented a gross margin of 7.7% reflecting low volumes during the year as well as incremental costs due to COVID-19 related factors.

The gross profit from other revenue of \$0.2 million for the year ended June 30, 2021 related to power generation income from Australian solar projects. This represented an increase versus the gross profit from other revenue for the year ended June 30, 2020 of \$0.1 million. Gross profit from other revenue of \$0.4 million for the year ended June 30, 2019, related to \$0.3 million distributions from NC-31 and NC-47 projects prior to their sale in July 2018, and \$0.1 million power generation income from Australian solar projects.

General and Administrative Expenses

(US dollars in thousands)	Year Ended June 30	
	2021	2020
Salaries and benefits	\$ 7,723	\$ 3,431
Professional fees	1,396	804
Insurance	651	698
Travel	69	57
IT licensing and support	375	234
Marketing and public relations	570	45
Office and other expenses	349	210
Total general and administrative expenses	\$ 11,133	\$ 5,479

General and administrative expenses increased by \$5.6m million to \$11.1 million for the year ended June 30, 2021, compared to \$5.5 million for the year ended June 30, 2020. 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.

Salaries and benefits were \$7.7 million for the year ended June 30, 2021, (year ended June 30, 2020, \$3.4 million), accounting for 69.4% of total general and administrative expenses, (year ended June 30, 2020, 62.6%). Non-cash equity incentive costs contributed \$1.1 million (year ended June 30, 2020: \$0.1 million) to the salaries and benefits expense. Underlying cash salaries and benefits of \$6.6 million increased by \$3.3 million in the year. This increase comprises \$1.4 million in the new Electric Vehicles segment for the eight months since acquisition of Tembo e-LV, \$1.5 million in the Corporate Office segment, reflecting headcount growth in HR, legal, finance and IT functions to support hyperscaling growth activities, \$0.3 million growth in SES segment from headcount increase in Australia, and \$0.1 million increase in the Critical Power Systems segment.

Key management personnel accounted for \$2.4 million of the total salary and benefits expense for the year ended June 30, 2021 (year ended June 30, 2020: \$1.2 million).

Professional fees of \$1.4 million for the year ended June 30, 2021 or 12.5% of total general and administrative expenses (year ended June 30, 2020, \$0.8 million), were comprised of audit and accounting fees, consulting fees to support business development and legal fees. The \$0.6 million increase in the year comprised \$0.1 million in the new Electric Vehicles segment for the eight months since acquisition of Tembo e-LV, \$0.3 million in Corporate Office segment due to increased activity to support hyperscaling growth activities, including additional investor relations costs, and \$0.2 million in Critical Power Systems.

Insurance expense of \$0.7 million for the year ended June 30, 2021 was marginally lower than the \$0.7 million for the year ended June 30, 2020.

IT licensing and support expenses represent the cost of accounting, operations, email and office, file storage, and security software products and licenses. IT expenses increased by \$0.2 million to \$0.4 million in the year ended June 30, 2021, comprising \$0.1 million increase in the new Electric Vehicles segment for the eight months since acquisition of Tembo e-LV, and a \$0.1 million in the Corporate Office segment due to increased activity to support hyperscaling growth activities.

Marketing expenses include promotional advertisements, trade shows. Marketing costs of \$0.5 million in the year ended June 30, 2021 comprised primarily of costs associated with SES, including the Tottenham Hotspur Football Club battery partnership and 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 \$0.3 million for the year ended June 30, 2021 increased by \$0.1 million in the year, due to the contribution of the new Electric Vehicles segment for the eight months since acquisition of Tembo e-LV.

Gain/(loss) on Solar Development

The Company recorded a net gain of \$0.9 million in respect of Caret, LLC ("Caret"), in the year ended June 30, 2021, comprising a loss of \$7.0 million in respect of its 50% share of discontinued solar development projects in the joint venture, offset by a gain of \$7.8 million on acquisition of the remaining 50% of the joint venture on June 30, 2021. The acquisition results in a bargain purchase, as the consideration of \$5.4 million comprises no cash outflow, only the fair value of pre-acquisition equity interest held by VivoPower (after adjustment for abandoned projects in the year), which is lower than the fair value of acquired net assets of \$13.2 million. Results of operations for the portfolio are reported within the Solar Development segment.

The Company also recorded a \$0.2 million loss on solar development projects in VivoPower Pty Ltd in Australia.

The gain on solar development for the year ended June 30, 2020, arose principally on the sale of VivoRex LLC. On July 02, 2019, the Company sold its 100% interest in VivoRex, LLC, a Solar segment entity, for \$1 and recorded a gain for accounting purposes of \$2.3 million as a result of the disposal of onerous contract obligations of \$2.0 million and other liabilities of \$0.5 million, less cash and other current assets of \$0.2 million. The Company also recorded a gain on sale of \$0.5 million for Solar projects in Australia, related primarily to the sale of its 100% interest in SC OCo Pty Ltd, including the Sun Connect Solar portfolio, in October 2019. The gain on sale of \$0.3 million, comprised proceeds \$1.0 million, less disposal of \$0.8 million net book value of intangible assets and \$0.1 million other net liabilities. The Company also recorded a \$1.2 million loss on discontinued solar development projects in the ISS Joint Venture.

The loss on solar development for the year-ended June 30, 2019, totaling \$2.7 million includes a \$1.9 million provision for onerous contracts related to future obligations for VivoRex LLC to purchase SRECs from the NC U.S. Solar Projects, prior to recognizing a gain on sale of VivoRex LLC in July 2019 as noted above. The loss on sale also includes a \$0.2 million correction to the gain on the sale of Amaroo Australian Solar project reported in the prior year, an \$0.8 million loss on discontinued ISS Joint Venture solar development projects, offset by a \$0.4 million correction to the gain on sale of the NC Projects recorded in the prior year.

Other Income

Other income of \$1.5 million in the year ended June 30, 2021 comprises COVID-19 relief grants in Critical Power Services in Australia, \$0.8 million higher than in the prior year, due to a full year of COVID-19 impact.

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 June 30, 2021, was \$2.6 million (June 30, 2020: \$2.5 million).

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 as part of the Business Combination
- 50% share in the ISS Joint Venture and related \$12.2m of development expenditure and
- \$1.9m of customer relationships and trade names following the acquisition of Tembo.

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. No impairment charge was recorded for the year, following the impairment review as of June 30, 2021.

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 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 are 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 financial year and management projections for the following two years. Cash flows are also projected for subsequent years as management believe that the investment is held for the long term. These budgets and projections reflect management’s view of the expected market conditions and the position of the CGU’s products and services within those markets.

The CGU represented by Aevitas O Holdings Limited (being Critical Power Services) was assessed to have a value in excess of its carrying value and hence no additional adjustments to goodwill were considered necessary. Key assumptions used in the assessment of impairment were discount rate based on the weighted average cost of capital of 10% (June 30, 2020: 10.6%; June 30, 2019: 8.8%; March 31, 2019: 8.8%) and annual growth rate of 3% per annum. No sensitivity analysis is provided as the Company expects no foreseeable changes in the assumptions that would result in impairment of the goodwill.

Following the strategic pivot of the Solar Development business in Australia (represented by VivoPower Pty Ltd) into being part of the broader Sustainable Energy Solutions business unit, management have re-assessed the applicability of which CGU the VivoPower Pty Ltd goodwill and intangibles should be included within, for impairment assessment purposes. Whilst the strategic pivot requires development of new capabilities in the Company related to battery technology and grid connectivity, a significant portion of the existing technology, project execution methodology and management team of VivoPower Pty Ltd continue to provide solar development activity in the sustainable energy solutions segment. Furthermore, revenue streams of sustainable energy solutions include a significant solar component. Therefore, management have concluded that the VivoPower Pty Ltd goodwill and intangible assets can be included within the SES segment. Management have only included the solar element of future revenue streams when assessing impairment of VivoPower Pty Ltd goodwill and intangible assets.

The solar element of the CGU represented by VivoPower Pty Ltd was assessed to have a value in excess of its carrying value and hence no additional adjustments to goodwill were considered necessary.

Key assumptions used in the assessment of impairment were weighted average cost of capital of 10.7% (June 30, 2020: 10.9%; June 30, 2019: 11.0%; March 31, 2019: 11.0%), an average annual growth rate in years 1-5 of 120% during the hyperscaling phase of the business, an average of 53% of revenue derived from supporting infrastructure for electric vehicle sales will relate to solar infrastructure in years 1-5, with an average of 20% of electric light vehicles sold by the Company in years 1-5 will be sold with an additional sustainable energy solution; an average of 69% of standalone renewable power generation, storage and distribution projects revenue will relate to solar development in years 1-5.

If the implementation rate of Sustainable Energy Solutions from supporting infrastructure for electric vehicles is only 5% instead of management’s estimate of 20%, the Company would have had to recognize an impairment of \$0.3 million. If the implementation rate is nil instead of management’s estimate of 20%, the Company would have had to recognize an impairment of \$4.8 million. If the forecast revenue for standalone renewable power generation, storage and distribution projects reduces by 90% compared to management’s estimate, the Company would have had to recognize an impairment of \$3.4 million.

The CGU represented by Tembo e-LV and subsidiaries was assessed to have a value in excess of its carrying value and hence no additional adjustments to goodwill were considered necessary. Key assumptions used in the assessment of impairment were discount rate based on the weighted average cost of capital of 10% and average annual growth rate of 748% per annum in years 1-5. No sensitivity analysis is provided as the Company expects no foreseeable changes in the assumptions that would result in impairment of the goodwill.

Restructuring and Other Non-Recurring Costs

Restructuring costs by nature are one-time incurrences, and therefore, we believe have no bearing on the financial performance of our business. To enable comparability in future periods, the costs are disclosed separately on the face of our Statement of Comprehensive Income.

(US dollars in thousands)	Year Ended June 30		
	2021 (audited)	2020 (audited)	2019 (unaudited)
Corporate restructuring – legal and other fees	\$ 179	\$ 1,031	\$ 2,095
Corporate restructuring – litigation provision	2,042	1,104	-
Corporate restructuring – detailed review, sales campaign and termination costs on solar projects	-	1,112	309
Corporate restructuring – workforce reduction	-	163	-
Relocation costs	27	-	-
Acquisition related costs	633	-	-
Total restructuring and other non-recurring costs	\$ 2,880	\$ 3,410	\$ 2,404

In the year ended June 30, 2021, the Company incurred non-recurring costs for legal fees as well as a litigation provision relating to legal costs and settlement monies pertaining to the Comberg Claims of \$0.2 million and \$2.0 million respectively (see “Item 8. Financial Information – A. Consolidated Statements and Other Financial Information – Legal Proceedings”). For the year ended 30 June 2020, the legal fees and litigation provision for the Comberg Claims were \$1.0 million and \$1.1 million respectively.

It also incurred non-recurring legal, accounting, tax advisory and due diligence costs of \$0.6 million related to the acquisition of Tembo e-LV in November 2020. No acquisition related costs were incurred in the two preceding fiscal years.

Cost of restructuring and terminating projects in the years ended 30 June 2020 and 30 June 2019 included the costs incurred for business development of specific solar development projects in South America and Australia for which the decision was made not to proceed for economic reasons, and cost of detailed review and sales campaign for the ISS Joint Venture portfolio in the U.S..

Finance Income and Expense

Finance income of \$2.1 million comprises foreign exchange gains/losses in the year.

Finance expense consists primarily of interest expense associated with the interest payable on our outstanding related party loan with AWN, and the Aevitas convertible preference share and loan notes reflected as equity instruments in our financial statements.

In the year ended June 30, 2021, the Company incurred finance costs on the parent company loan of \$2.0 million, interest on the Aevitas convertible preference share, loan notes and non-convertible preference shares of \$1.2 million, interest and fees on debtor invoice financing in Critical Power Services of \$0.1 million, and interest on lease liabilities of \$0.1 million.

In the year ended June 30, 2020, the Company incurred finance costs on the parent company loan of \$1.7 million, interest on the Aevitas convertible preference share and loan notes of \$1.2 million, interest and fees on debtor invoice financing in Critical Power Services of \$0.2 million, and interest on lease liabilities of \$0.1 million.

The components of net finance expense are as follows:

(US dollars in thousands)	Year Ended June 30		
	2021 (audited)	2020 (audited)	2019 (unaudited)
Shareholder loan	\$ 1,986	\$ 1,653	\$ 1,573
Convertible preference shares and loan notes	1,228	1,185	1,185
SolarTide loan	-	-	42
Debtor invoice financing	96	174	317
Interest on leases	91	95	158
Provision on discount unwinding	-	-	42
Other finance costs	90	73	30
Foreign exchange (gain)/loss	(2,085)	(33)	181
Waived dividends and interest on convertible preference shares and loan notes	(995)	-	-
Total net finance expenses	\$ 411	\$ 3,147	\$ 3,528

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. The non-current shareholder loan of \$21.2 million is denominated in USD, upon which there is no foreign currency risk.

Income Tax

We are subject to income tax for the year ended June 30, 2021 at rates of 19%, 21%, 26% to 30% and 15% to 25% 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 12, 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.

Three Months Ended June 30, 2019 Compared to Three Months Ended June 30, 2018

(US dollars in thousands)	Three Months Ended June 30	
	2019	2018 (unaudited)
Revenue from contracts with customers	\$ 13,617	\$ 9,111
Costs of sales	(11,960)	(7,446)
Gross profit	1,657	1,666
General and administrative expenses	(1,291)	(2,079)
Gain on solar development	38	(4)
Depreciation and amortization	(437)	(411)
Operating profit/(loss)	(33)	(829)
Restructuring and other non-recurring costs	(525)	(40)
Finance expense – net	(796)	(842)
Loss before income tax	(1,354)	(1,711)
Income tax	(92)	12
Loss for the period	\$ (1,446)	\$ (1,699)

The following are the results of operations for the three months ended June 30 by reportable segment:

Three Months Ended June 30, 2019 (US dollars in thousands)	Critical Power Services	Solar Development	Electric Vehicles	Corporate Office	Total
Revenue from contracts with customers	\$ 13,484	\$ 133	-	-	\$ 13,617
Costs of sales	\$ (11,864)	\$ (96)	-	-	\$ (11,960)
Gross profit	\$ 1,620	\$ 37	-	-	\$ 1,657
General and administrative expenses	\$ (567)	\$ (206)	-	\$ (518)	\$ (1,291)
Gain/(loss) on Solar Development	\$ 5	\$ 41	-	\$ (8)	\$ 38
Depreciation and amortization	\$ (422)	\$ (14)	-	\$ (1)	\$ (437)
Operating profit/(loss)	\$ 636	\$ (142)	-	\$ (527)	\$ (33)
Restructuring and other non-recurring costs	\$ (15)	\$ (39)	-	\$ (471)	\$ (525)
Finance expense – net	\$ (358)	\$ (49)	-	\$ (389)	\$ (796)
Profit/(loss) before income tax	\$ 263	\$ (230)	-	\$ (1,387)	\$ (1,354)
Income tax	\$ (92)	-	-	-	\$ (92)
Profit/(loss) for the period	\$ 171	\$ (230)	-	\$ (1,387)	\$ (1,446)

Three Months Ended June 30, 2018 (US dollars in thousands)	Critical Power Services	Solar Development	Corporate Office	Total
Revenue	\$ 8,416	\$ 695	\$ -	\$ 9,111
Costs of sales	(7,294)	(152)	-	(7,446)
Gross profit	1,122	543	-	1,665
General and administrative expenses	(662)	(721)	(696)	(2,079)
Loss on solar development	(4)	-	-	(4)
Depreciation and amortization	(375)	(34)	(2)	(411)
Operating profit/(loss)	82	(212)	(698)	(828)
Restructuring and other non-recurring costs	-	-	(40)	(40)
Finance expense – net	(256)	(164)	(422)	(842)
Loss before income tax	(174)	(377)	(1,160)	(1,711)
Income tax	8	4	-	12
Loss for the period	\$ (166)	\$ (373)	\$ (1,160)	\$ (1,699)

Revenue

Revenue for the three months ended June 30, 2019, increased \$4.5 million to \$13.6 million, from \$9.1 million in the three months ended June 30, 2018.

Revenue by product and service is follows:

(US dollars in thousands)	Three Months Ended June 30	
	2019	2018 (unaudited)
Electrical products and related services	\$ 13,484	\$ 8,416
Other revenue	133	695
Total revenue	\$ 13,617	\$ 9,111

Revenue from electrical products and related services for the three months ended June 30, 2019, of \$13.5 million increased \$5.1 million compared to the \$8.4 million earned for the three months ended June 30, 2018. This is primarily a result of new contracts for Kenshaw with data center and hospital sector customers.

Other revenue for the three months ended June 30, 2019 comprised \$0.1 million from the sale of SRECs purchased from the NC Projects. Other revenue for the period ended June 30, 2018 included \$0.1 million from the sale of SRECs purchased from the NC Projects, \$0.5 million earnings distribution related to the equity investment in the NC Projects carried at cost and \$0.1 million power generation income from Australian solar projects.

Revenue by geographic location is follows:

(US dollars in thousands)	Three Months Ended June 30	
	2019	2018 (unaudited)
Australia	\$ 13,507	\$ 8,466
United States	110	645
Total revenue	\$ 13,617	\$ 9,111

Australian revenue of \$13.5 million for the three months ended June 30, 2019, is comprised of revenue from critical power services provided by Kenshaw and J.A. Martin. This compares to \$8.5 million in the three months ended June 30, 2018, comprising \$8.4 million of revenue from Critical Power Services, and \$0.1 million of power generation income from Australian solar projects.

The growth in Critical Power Services revenue in the three months ended June 30, 2019, compared to the same period in 2018, is primarily driven by the significant growth in larger scale projects such as data centers.

U.S. revenue of \$0.1 million for the three months ended June 30, 2019, was composed of other revenue and related to the sale of SREC's. This compares to U.S. revenue of \$0.6 million for the three months ended June 30, 2018, which comprises other revenue from the sale of SREC's (\$0.1 million) and distribution of earnings from the NC Projects (\$0.5 million).

The Group had one customer representing more than 10% of revenue for the three months ended June 30, 2019. Revenue recognized for this customer amounted to \$6.0 million in the Critical Power Services segment.

Cost of Sales

Cost of sales by product or service is as follows:

(US dollars in thousands)	Three Months Ended June 30	
	2019	2018 (unaudited)
Electrical products and related services	\$ 11,864	\$ 7,294
Other revenue	96	152
Total cost of sales	\$ 11,960	\$ 7,446

Total cost of sales totaled \$12.0 million for the three months ended June 30, 2019, as compared to \$7.4 million for the three months ended June 30, 2018.

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 and was \$11.9 million for the three months ended June 30, 2019 as compared to \$7.3 million for the three months ended June 30, 2018. The increase in total cost of sales was primarily driven by the revenue growth in Critical Power Services as described above.

The cost of sales related to other revenue of \$0.1 million for the three months ended June 30, 2019, and \$0.2 million, for the three months ended June 30, 2018, is comprised of the cost of SREC purchases from the NC Projects.

Gross Profit

Gross profit by product and service is as follows:

	Three Months Ended June 30	
	2019	2018 (unaudited)
(US dollars in thousands)		
Electrical products and related services	\$ 1,620	\$ 1,122
Other revenue	37	543
Total gross profit	\$ 1,657	\$ 1,665

The Company's gross profit is equal to revenue less cost of sales and totaled \$1.7 million for the three months June 30, 2019, and for the three months ended June 30, 2018.

The gross profit from electrical products and related services (the Critical Power Services business) was \$1.6 million, which represents a gross margin of 12.0%. This compares to gross profit of \$1.1 million for the three months ended June 30, 2018, which represented a gross margin percentage of 13.1%. The margin decrease is due to a change in the mix of revenue towards lower margin materials from higher margin labor due to the higher volume of generator sales in the current period compared to the prior period.

The gross profit from other revenue for the three months ended June 30, 2019 relates to power generation income from Australian solar projects. Sale of SRECs generated nil gross profit as cash losses on purchase and sale of SREC's in the period were offset by release of associated amounts previously provided under the onerous contract provision recorded at March 31, 2019.

Gross profit from other revenue of \$0.5 million for the three months ended June 30, 2018, was related to earnings distribution from the equity investment in the NC Projects.

General and Administrative Expenses

	Three Months Ended June 30	
	2019	2018 (unaudited)
(US dollars in thousands)		
Salaries and benefits	\$ 923	\$ 1,333
Professional fees	181	340
Insurance	150	101
Travel	36	44
IT licensing and support	61	104
Office and other expenses	77	157
Change in accounting policy	(137)	-
Total general and administrative expenses	\$ 1,291	\$ 2,079

General and administrative expenses decreased by \$0.8 million to \$1.3 million for the three months ended June 30, 2019, compared to \$2.1 million for the three months ended June 30, 2018. These expenses consist primarily of operational expenses, such as those related to employee salaries and benefits, professional fees, insurance, travel, IT, office and other expenses.

The reduction in these expenses primarily resulted from cost cutting measures undertaken in the Solar Development and Corporate business segments which generated \$0.5 million savings in salaries and benefits and professional fees.

Salaries and benefits are \$0.9 million for the three months ended June 30, 2019, (three months ended June 30, 2018: \$1.3 million), or 71.5% (three months ended June 30, 2018: 66.7%) of general and administrative expenses. The reduction of \$0.4 million is in the Solar segment, due to reduction in headcount in the U.S. and U.K., partly offset by a marginal increase in the Critical Power Services segment, where headcount has increased to support the growing operations. Key management personnel account for \$0.5 million of the total salary and benefits expense for the three months ended June 30, 2019.

Professional fees of \$0.2 million for the three months ended June 30, 2019, (three months ended June 30, 2018: \$0.3 million), or 14.0% (three months ended June 30, 2018: 16.4%) of general and administrative expenses, are comprised of audit and accounting fees, consulting fees to support business development and legal fees. Professional fees reduced due to cost saving measures implemented.

Insurance expense of \$0.2 million for the three months ended June 30, 2019, (three months ended June 30, 2018: \$0.1 million) increased in the Critical Power Services business, as a result of growth in the business.

IT licensing and support expenses represent the cost of accounting, operations, email and office, file storage, and security software products and licenses. Office and other expenses include office and meeting space rental, communication and marketing, bank fees and general office administrative costs. Travel, IT, office and other expenses reduced from \$0.3 million in the three months ended June 30, 2018, to \$0.2 million in three months ended June 30, 2019, due to cost savings in the Solar Development segment.

A \$0.1 million credit adjustment was recorded in the three months ended June 30, 2019, resulting from reversal of operating lease charges arising on the change of accounting policy. It was not possible to ascertain the element of the adjustment that relates to cost of sales, accordingly the adjustment is shown in general and administration expenses.

Gain(loss) on Solar development

The gain on solar development for the three months ended June 30, 2019, arose principally on the sale of Australian solar assets comprising the Sun Connect portfolio.

Depreciation and amortization

Depreciation is charged on property plant and equipment on a straight-line basis and is charged in the month of addition. The net book value of assets held as of June 30, 2019, was \$3.0 million.

Under IFRS, intangible assets and goodwill are subject to an annual impairment review. No impairment charge was recorded for the three months ended June 30, 2019, following the impairment review as of June 30, 2019.

Restructuring Costs

Restructuring costs by nature are one-time incurrences, and therefore, we believe have no bearing on the financial performance of our business. To enable comparability in future periods, the costs are disclosed separately on the face of our Statement of Comprehensive Income.

	Three Months Ended June 30	
	2019	2018
(US dollars in thousands)		<i>(unaudited)</i>
Corporate restructuring – professional fees	\$ 518	\$ 40
Corporate restructuring – terminated projects	7	-
Total restructuring costs	\$ 525	\$ 40

During the three months ended June 30, 2019, the Company incurred further costs related to the restructuring measures commenced in the year ended March 31, 2018.

During the year ended March 31, 2018, the Company undertook a strategic restructuring of our business to align operations, personnel, and business development activities to focus on a fewer number of areas of activity that we believe have the most potential for to generate profitability and return. Associated with this restructuring was the departure of a number of employees and contractors from our business. Professional fees represent legal fees incurred to resolve certain disputes related to some of these separations, including the Comberg Claims (see “Item 8. Financial Information – A. Consolidated Statements and Other Financial Information - *Legal Proceedings*”). Terminated projects represented the costs incurred for business development of specific solar development projects in South America and Australia for which the decision was made not to proceed for economic reasons.

Finance Expense

Finance expense consisted primarily of interest expense associated with the interest payable on our outstanding loan with AWN and the Aevitas convertible preference share and loan notes reflected as equity instruments in our accounts. During the year ended March 31, 2019, the Company established debtor finance facilities in the Critical Power Services segment, incurring \$0.1 million interest charges in the three months ended June 30, 2019. During the three months ended June 30, 2018, the Company repaid the \$2.0 million loan from SolarTide, LLC, after incurring \$0.2 million interest charges. SolarTide, LLC is an affiliate of DEPCOM Power, an engineering, procurement, and construction firm who delivered engineering, procurement, and related services for the NC Projects.

The Company also incurred interest charges on leases in the three months ended June 30, 2019, following the change in accounting policy related to operating leases. The Company incurred provision discount unwinding costs in the three months ended June 30, 2019, following the recognition on March 31, 2019, of a \$1.9 million onerous contract provision related to future obligations to purchase SRECs from the NC Projects.

The components of finance expense are as follows:

(US dollars in thousands)	Three Months Ended June 30	
	2019	2018 (unaudited)
Shareholder loan	\$ 387	\$ 402
Convertible preference shares and loan notes	307	256
SolarTide loan	-	164
Debtor invoice financing	51	-
Interest on leases	22	-
Provision discount unwinding	42	-
Other finance costs	6	20
Foreign exchange	(19)	12
Total net finance expenses	\$ 796	\$ 842

Income Tax Expense

We were subject to income tax for the three months ended June 30, 2019 at rates of 19%, 22.6%, and 30% in the U.K., the U.S., and Australia, respectively, and we use estimates in determining our provision for income taxes. We account for income taxes in accordance with IFRS 12, 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 bases, and for net operating loss and tax credit carry forwards.

We recognized the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such position were then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. At June 30, 2019, we did not have any uncertain tax positions that would impact our net tax provision.

Year Ended March 31, 2019 Compared to Year Ended March 31, 2018

Year Ended March 31, 2019 (US dollars in thousands)	Critical Power Services	Solar Development	Corporate Office	Total
Revenue	\$ 37,800	\$ 1,236	\$ -	\$ 39,036
Costs of sales	(32,317)	(409)	-	(32,726)
Gross profit	5,483	827	-	6,310
General and administrative expenses	(2,823)	(2,148)	(2,714)	(7,685)
Loss on solar development	(30)	(2,585)	-	(2,615)
Depreciation and amortization	(1,272)	(140)	(8)	(1,420)
Operating profit/(loss)	1,358	(4,046)	(2,722)	(5,410)
Restructuring and other non-recurring costs	(8)	7	(2,016)	(2,017)
Impairment of assets	-	-	-	-
Impairment of goodwill	-	-	-	-
Transaction costs	-	-	-	-
Finance expense – net	(1,354)	(221)	(1,664)	(3,239)
Loss before income tax	(4)	(4,260)	(6,402)	(10,666)
Income tax	(572)	15	-	(557)
Loss for the year	\$ (576)	\$ (4,245)	\$ (6,402)	\$ (11,223)

Year Ended March 31, 2018 (US dollars in thousands)	Critical Power Services	Solar Development	Corporate Office	Total
Revenue	\$ 31,807	\$ 1,840	\$ -	\$ 33,647
Costs of sales	(27,482)	(1,042)	-	(28,524)
Gross profit	4,325	798	-	5,123
General and administrative expenses	(2,173)	(6,468)	(4,173)	(12,814)
Gain on solar development	213	1,143	-	1,356
Depreciation and amortization	(1,233)	(19)	(8)	(1,260)
Operating profit/(loss)	1,132	(4,546)	(4,181)	(7,595)
Restructuring and other non-recurring costs	(335)	(964)	(574)	(1,873)
Impairment of assets	-	(10,191)	-	(10,191)
Impairment of goodwill	-	(11,092)	-	(11,092)
Transaction costs	-	-	-	-
Finance expense – net	(1,283)	(400)	(1,703)	(3,386)
Loss before income tax	(486)	(27,193)	(6,458)	(34,137)
Income tax	(85)	6,291	52	6,258
Loss for the year	\$ (571)	\$ (20,902)	\$ (6,406)	\$ (27,879)

Revenue

Revenue for the year ended March 31, 2019, increased \$5.4 million to \$39.0 million, from \$33.6 million in the prior year.

Revenue by product and service is as follows:

(US dollars in thousands)	For the Year Ended March 31,	
	2019	2018
Electrical products and related services	\$ 37,800	\$ 31,631
Development fees	-	828
Other revenue	1,236	1,188
Total revenue	\$ 39,036	\$ 33,647

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

Development fee revenue for the year ended March 31, 2018 of \$0.8 million was earned on the final stage of completion of the second of the two NC Projects. No development fee revenue was earned in the year ended March 31, 2019, as the ISS project portfolio were still being marketed for sale and none of the portfolio was sold in that year.

Other revenue for the year ended March 31, 2019 includes \$0.3 million from the sale of SRECs purchased from the NC Projects, \$0.8 million earnings distribution related to the equity investment in the NC Projects carried at cost, prior to their sale in July 2018, and \$0.1 million income from Australian solar projects.

The Company had a ten-year contract with the NC Projects to purchase all of the SRECs produced by the projects over that time period. SRECs are a form of renewable energy certificate or “green tag” existing in the U.S. SRECs exist in states, like North Carolina, that have Renewable Portfolio Standard (“RPS”) legislation with specific requirements for electricity suppliers to secure a portion of their power from solar generators. Under the SREC program, one SREC is created for every megawatt-hour of solar power generated and is sold separately from the power and represents the “solar” aspect of the electricity that was produced. All of the SRECs purchased by the Company from the NC-47 project are sold to one commercial customer under a five-year contract, which generated \$0.3 million of the revenue reported, and the SRECs purchased from NC-31 project are sold at a lower price through the wholesale market to businesses looking to meet their solar RPS requirement or otherwise meet energy sustainability targets, which generated \$0.1 million of the revenue reported.

Other revenue for the year ended March 31, 2018 included \$0.4 million from the sale of SRECs purchased from the NC Projects, \$0.3 million earnings distribution related to the equity investment in the NC Projects carried at cost, asset management fees of \$0.2 million earned from provision of management services to the NC projects, \$0.1 million power generation income from Australian solar projects and \$0.2 million of miscellaneous other revenue in Aevitas.

Revenue by geographic location is as follows:

(US dollars in thousands)	For the Year Ended March 31,			
	2019		2018	
Australia	\$	37,889	\$	31,985
United States		1,147		1,662
United Kingdom		-		-
Total revenue	\$	39,036	\$	33,647

Australian revenue of \$37.9 million for the year ended March 31, 2019, is comprised of \$37.8 million revenue from Critical Power Services delivered by Kenshaw and J.A. Martin and \$0.1 million of power generation income from Australian solar projects. This compares to \$32.0 million in the prior year, comprising \$31.7 million of revenue from Critical Power Services, \$0.2 million of miscellaneous other revenue earned by Critical Power Services, and \$0.1 million of power generation income from Australian solar projects. The growth in Critical Power Services revenue for the year was driven by the significant growth in larger scale projects such as data centers.

U.S. revenue of \$1.1 million for the year ended March 31, 2019, was all composed of other revenue, and included \$0.8 million distribution of earnings from the NC Projects and \$0.3 million from the sale of SREC's. This compares to U.S. revenue of \$1.7 million for the year ended March 31, 2018, which included \$0.8 million of solar development fees and \$0.9 million of other revenue from the sale of SREC's (\$0.4 million), distribution of earnings from the NC Projects (\$0.3 million), and provision of management services to the NC Projects (\$0.2 million).

In the year ended March 31, 2019, 32% of revenue was earned from one Critical Power Services customer in Australia. No more than 10% of revenue was earned from any one customer in the year ended March 31, 2018.

Cost of Sales

Cost of sales totaled \$32.7 million for the year ended March 31, 2019, and by product or service were as follows:

(US dollars in thousands)	For the Year Ended March 31,			
	2019		2018	
Electrical products and related services	\$	32,317	\$	27,482
Development fees		-		-
Other revenue		409		1,042
Total cost of sales	\$	32,726	\$	28,524

Cost of sales related to electrical products and related services of \$32.3 million, comprising material purchases and direct labor costs, motor vehicle expenses and other directly related costs attributable to manufacturing, service, or other cost of sales.

The cost of sales related to other revenue of \$0.4 million for the year ended March 31, 2019, and \$1.0 million, for the year ended March 31, 2018, was comprised of the cost of SREC purchases from the NC Projects.

As noted above, the Company had a ten-year commitment to purchase SRECs from the NC Projects. The cost of sale for the year ended March 31, 2018 for SREC purchases was comprised of two components: (i) \$0.6 million related to SRECs purchased from NC Projects for the year ended March 31, 2018, \$0.4 million from NC-47 and \$0.2 million from NC-31; and, (ii) \$0.4m one-time onerous contract provision, which recognized a contract to sell the SRECs on NC-47 at a loss until April 21, 2022. The \$0.4 million cost of sale for the year ended March 31, 2019 related only to SRECs purchased from NC Projects in that year. An additional onerous contract provision for \$1.9 million was recorded during the year, which recognized commitments to buy both NC-31 and NC-47 project SRECs until 30 January and 22 April 2027 respectively at prices above current estimated SREC market prices. This provision has been recorded against the gain on sale of NC Projects in the subsequent year, not against cost of sales.

There are no costs of sales associated with the development fees earned in the year ended March 31, 2018. These development services were provided by salaried management and employees of the Company, whose costs for the year were fully expensed in general and administrative expenses and not specifically in cost of sales. As the role and function of these employees are multi-faceted and included responsibilities across a number of projects, business development activities, general management, and administrative functions, we did not distinguish between those costs which specifically relate to the performance obligations under the solar development contract and those related to other general and administrative costs.

Gross Profit

The Company's gross profit is equal to revenue less cost of sales and totaled \$6.3 million (2018: \$5.1 million) for the year ended March 31, 2019. Gross profit by product and service was as follows:

(US dollars in thousands)	For the Year Ended March 31,	
	2019	2018
Electrical products and related services	\$ 5,483	\$ 4,149
Development fees	-	828
Other revenue	827	146
Total gross profit	\$ 6,310	\$ 5,123

As noted above, there were no costs of sales associated with the development fees and therefore the gross margin is equal to the revenue from these activities.

The gross profit from electrical products and related services (the Critical Power Services business) was \$5.5 million, which represents a gross margin of 14.5%. This compares to gross profit of \$4.1 million for the year ended March 31, 2018, which represented a gross margin percentage of 13.1%. The margin improvement is due to effective cost management and increasing market demand allowing for selective price increases.

The gross profit from other revenue for the year ended March 31, 2019 was comprised of \$0.8 million earnings distribution related to the equity investment in the NC Projects prior to sale in July 2018, \$0.1 million power generation income from Australian solar projects, offset by a loss on the sale of SRECs of \$0.1 million.

The SRECs purchased from NC-31 were being sold in the wholesale market and incurred a loss on sale of \$0.1 million during the year ended March 31, 2019. In addition, a \$1.9 million onerous contract provision was recorded as a gain/loss on solar development, as described below. The SRECs purchased from NC-47 that were sold to a commercial customer under a five-year contract were sold at a cash loss of \$0.1 million per year. An onerous contract provision for the remaining four years of the contract, totaling \$0.4 million, was recognized in the prior year. Unwinding of the provision in the year ended March 31, 2019 offset cash losses on released sales of NC-47 SREC's, resulting in nil impact on gross profit.

Gross profit from other revenue of \$0.7 million for the year ended March 31, 2018, was related to \$0.3 million earnings distribution related to the equity investment in the NC Projects, asset management fees of \$0.2 million earned from provision of management services to the NC Projects, and \$0.2 million of miscellaneous other revenue in Critical Power Services.

General and Administrative Expenses

(US dollars in thousands)	For the Year Ended March 31,	
	2019	2018
Salaries and benefits	\$ 5,008	\$ 6,422
Professional fees	1,068	4,155
Insurance	557	831
Travel	217	503
IT licensing and support	303	356
Office and other expenses	532	547
Total general and administrative expenses	\$ 7,685	\$ 12,814

Our general and administrative expenses decreased by \$5.2 million to \$7.7 million for the year ended March 31, 2019. This compared to \$12.8 million for the year ended March 31, 2018. These expenses consisted primarily of operational expenses, such as those related to employee salaries and benefits, professional fees, insurance, travel, IT, office and other expenses.

The reduction in these expenses primarily resulted from cost cutting measures undertaken in the Solar Development and Corporate business segments which generated \$3.2 million savings in salaries and benefits and professional fees. Also, the Company made a \$1.6 million saving from non-recurrence of one-off of third-party consulting fees recharged to the Company by AWN in the prior year, related to our Solar Development business.

Salaries and benefits were \$5.0 million (2018: \$6.4 million), or 65.2% (2018: 50.1%) of general and administrative expenses. Key management personnel accounted for \$2.7 million (2018: \$2.6 million) of the total salary and benefits expense. The reduction of \$1.4 million comprises a \$1.7 million reduction in the Solar Development segment, due to reduction in headcount in the U.S. and U.K., partly offset by a \$0.3 million increase in the Critical Power Services segment, where headcount increased to support the growing operations.

Professional fees of \$1.1 million (2018: \$4.2 million), or 13.9% (2018: 32.4%) of general and administrative expenses, are comprised of audit and accounting fees, consulting fees to support business development and legal fees. Professional fees in the Solar segment reduced by \$1.4 million, due to cost saving measures implemented. Professional fees also declined due to the non-recurrence of \$1.6 million of third-party consulting fees recharged to the Company by AWN related to our solar development business in the year ended March 31, 2018. These services included international solar procurement consulting, project evaluations, engineering review and technical validation related to the EPC contract for NC-31, a solar project in North Carolina which was substantially completed on March 27, 2017. These costs by their nature were one-time and are not expected to recur in the future.

Insurance expense of \$0.6 million (2018: \$0.8 million) million reduced due to renegotiation of insurance policies and limit reductions of directors and officer's liability insurance on renewal.

Travel expenses reduced to \$0.2 million (2018: \$0.5 million), or 2.8% (2018: 6.2%) of general and administrative expenses, following implementation of a more stringent travel policy and reduction in Solar headcount.

IT licensing and support expenses represented the cost of accounting, operations, email and office, file storage, and security software products and licenses. Office and other expenses include office and meeting space rental, communication and marketing, bank fees and general office administrative costs. IT, office and other expenses reduced from \$0.9 million in the year ended March 31, 2018, to \$0.8 million in the year ended March 31, 2019, due to cost savings in the Solar Development segment.

(Loss)/Gain on Solar Development

The loss on solar development for the year-ended March 31, 2019, totaling \$2.6 million was comprised of a \$1.9 million provision for onerous contracts related to future obligations to purchase SRECs from the NC Projects, discontinued solar development projects in the ISS Joint Venture (\$0.8 million), and a correction to the gain on the sale of Amaroo solar project reported in the prior year (\$0.3 million), offset by a gain on sale of the NC Projects (\$0.4 million).

On May 25, 2018, the Company sold its 14.5% and 10.0% equity interests in the NC-31 and NC-47 projects, respectively, to the majority investor at the fair market value of these projects. The proceeds of sale, net of transaction costs, were \$11.4 million. A gain on sale of \$0.4 million was realized after the impairment recognized in the prior year, however this was offset by recognition of a \$1.9 million provision for onerous contracts related to the future obligation to purchase SRECs from these two projects at a price in excess of current market value.

As a result of the sale of VivoRex, LLC, on July 2, 2019, total onerous contract provisions of \$2.3 million, including the \$1.9 million referenced above, were reversed and taken into income as a gain on solar development subsequent to year-end.

During the year ended March 31, 2019, three projects within the ISS joint venture were abandoned as they became uneconomic to develop further.

The total gain on solar development for the year ended March 31, 2018 of \$1.3 million arose in the Solar Development segment of the business from the sale of the Amaroo solar project in Australia (\$1.1 million gain) and the disposal of property and equipment assets by the Aevitas business (\$0.2 million gain).

The Amaroo solar project in Australia was sold to ReNu Energy on February 9, 2018, under the terms of the Alliance Agreement. Pursuant to the Alliance Agreement, ReNu Energy has a right of first offer to acquire any solar projects originated by VivoPower in Australia below 5 MW in size. The purchase price for the Amaroo assets was \$1.9 million, which were recorded as plant and equipment with a net book value at the time of sale of \$0.9 million. In addition, ReNu Energy paid a \$0.1 million establishment fee, which was a one-time fee payable to VivoPower on the first transaction completed under the Alliance Agreement. The proceeds from the sale (which totaled \$2.0 million) were applied to repay a corresponding bank loan of VivoPower's from ANZ Bank that had an outstanding balance of principal and interest on the transaction date of \$1.0 million.

The gain of \$0.2 million reflected in the Critical Power Services segment of the business, relates to a gain on solar development within the Critical Power Services business comprised of numerous small sales of surplus vehicles as part of on-going fleet upgrade and renewal and sale of scrap materials.

Depreciation

Depreciation is charged on property plant and equipment on a straight-line basis and is charged in the month of addition. The net book value of assets held as of March 31, 2019, was \$1.2 million (2018: \$1.9 million).

Under IFRS, intangible assets and goodwill are subject to an annual impairment review. No impairment charge was recorded for the year ended March 31, 2019, following the impairment review as of March 31, 2019. Following the impairment review as of March 31, 2018, a goodwill impairment charge of \$11.1 million was recorded for the year ended March 31, 2018, as further discussed below in this section under "*Impairment of Goodwill*."

Restructuring and Other Non-recurring Costs

Restructuring and other non-recurring costs by nature are one-time incurrences, and therefore, we believe have no bearing on the financial performance of our business. To enable comparability in future periods, the costs are disclosed separately on the face of our Statement of Comprehensive Income.

(US dollars in thousands)	For the Year Ended March 31,			
	2019		2018	
Corporate restructuring – workforce reduction	\$	102	\$	734
Corporate restructuring – professional fees		1,776		566
Corporate restructuring – terminated projects		139		573
Total restructuring costs	\$	2,017	\$	1,873

During the year ended March 31, 2019, the Company incurred further costs related to the restructuring measures commenced in the prior year, as outlined below.

During the year ended March 31, 2018, the Company undertook a strategic restructuring of our business to align operations, personnel, and business development activities to focus on a fewer number of areas of activity that we believe have the most potential for to generate profitability and return. Associated with this restructuring was the departure of a number of employees and contractors from our business. The workforce reduction cost represents the total salary, benefit, severance, and contract costs paid in the year or accruing to these individuals in the future for which no services will be rendered to the Company. Professional fees represent legal fees incurred to resolve certain disputes related to some of these separations, including the Comberg Claims (see “Item 8. Financial Information – A. Consolidated Statements and Other Financial Information - *Legal Proceedings*”). Terminated projects are the costs incurred for business development of specific solar development projects in South America and Australia for which the decision was made not to proceed for economic reasons.

Impairment of Assets

No asset impairments were recorded in the current year. Subsequent to March 31, 2018 year-end, the Company entered into an agreement to sell its 14.5% and 10.0% equity interests in the NC-31 and NC-47 projects, respectively, to the majority investor at the fair market value of these projects. The proceeds of sale, net of transaction costs, were \$11.4 million. At March 31, 2018, the Company’s investment in the NC Projects totaled \$21.6 million and accordingly, an impairment of \$10.2 million was recorded in the year ended March 31, 2018, and the remaining net realizable value of \$11.4 million reclassified to current assets as an asset held for sale.

Impairment of Goodwill

No impairments of goodwill were recorded in the year ended March 31, 2019. An impairment charge of \$10.5 million was recorded in the year ended March 31, 2018, against the goodwill that arose on the acquisition of VivoPower Australia in the previous year. In addition, an impairment charge of \$0.6 million was recorded in the year ended March 31, 2018 on the first-time consolidation of three Philippine-based controlled entities.

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. 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.

VivoPower Australia is a separate CGU for which goodwill was tested for impairment as at March 31, 2019 and 2018. The recoverable amount at March 31, 2018 was determined based on the present value of estimated future cash flows discounted at 12.1% for cash flows budgeted for the year ended March 31, 2019 and 15.1% for forecast cash flows thereafter. The Company’s strategic shift in Australia to the development of medium-to-large scale behind-the-meter and utility-scale solar PV projects, away from our previous strategy of acquiring small developed roof-mounted solar projects from third-party developers to sell to long term owners, while expected to be more profitable in the longer-term, presents a higher degree of execution risk in the short-term as suitable opportunities need to be identified, secured and developed. In addition, the Company’s cost of capital and expected return from such projects has increased as limited capital is prioritized to the best opportunities.

VivoPower Singapore Pte Ltd, a wholly-owned subsidiary, has control over three Philippines-based subsidiaries, V.V.P. Holdings Inc., VivoPower Philippines Inc., and VivoPower RE Solutions Inc. These entities have not been previously consolidated on the basis of materiality. As the activity within these entities has continued to increase, it was deemed appropriate to consolidate them with effect from April 1, 2018. Upon initial consolidation, the Group recognized negative net assets of \$0.6 million which resulted in a corresponding amount of goodwill on acquisition. This goodwill was immediately deemed impaired and the impact of the provision is included in the Consolidated Statement of Comprehensive Income for the year ended March 31, 2018

Finance Expense

Finance expense consisted primarily of interest expense associated with the interest payable on our outstanding loan with AWN and the Aevitas convertible preference share and loan notes reflected as equity instruments in our accounts. During the year, the Company established debtor finance facilities in the Critical Power Services segment, incurring \$0.2 million interest charges. During the year ended March 31, 2018, the Company also borrowed \$2.0 million (the “DEPCOM Loan”) from SolarTide, LLC, an affiliate of DEPCOM Power, an engineering, procurement, and construction firm who delivered engineering, procurement, and related services for the NC Projects. The components of finance expense are as follows:

(US dollars in thousands)	For the Year Ended March 31,			
		2019		2018
AWN loan	\$	1,588	\$	1,636
Convertible preference shares and loan notes		1,284		1,220
DEPCOM loan		206		217
Debtor invoice financing cost payable		164		-
Motor vehicle lease liabilities		1		55
Bank loan on Amaroo solar project sold during the year		-		17
Other finance costs		-		156
Foreign exchange		-		94
Total finance expenses	\$	3,243	\$	3,395

Income Tax Expense

We were subject to income tax for the year ended March 31, 2019 at rates of 19%, 22.6%, and 30% in the U.K., the U.S., and Australia, respectively, and we use estimates in determining our provision for income taxes. We accounted for income taxes in accordance with IFRS 12, 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 credit carry forwards.

We recognized the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such position are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. At March 31, 2019 and 2018, we did not have any uncertain tax positions that would impact our net tax provision.

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 both 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 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 EV conversion kits. In addition, we signed a binding letter of intent with Toyota Australia to provide electrification solutions for the Toyota Landcruiser model, with a focus initially on off road applications in Australia, and which is subject to further negotiation of a master service agreement. Meeting the technical specifications, quality and safety standards of our customers and partners is a key driver of ensuring Tembo's brand, reputation, revenue and future prospects. Product failures in service could leave us exposed to future warranty claims. Failure to meet the required regulations and standards in the markets we serve could require product recalls and fines and penalties.

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

Supply chain execution. Materials deliveries from suppliers are at risk of disruption due to external events and factors such as COVID-19 and semiconductor shortages. 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.

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 requirements on our cash flow. 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 year ended June 30, 2021 were \$32.0 million net proceeds from capital raises and \$0.4 million proceeds from sale of solar projects. Our principal uses of cash have been \$5.0 million outflow from operating activities, including net inflows in Critical Power Services offset by growth operating costs in the Electric Vehicles, Solar Development, Sustainable Energy Solutions and Corporate segments, a \$10.4 million increase in working capital primarily comprising of a reduction in trade and other payables, \$2.1 million net cash outflow on the acquisition of Tembo e-LV, comprising \$7.1 million consideration less \$4.9 million acquired cash, \$2.2 million repayment of AWN related party loan principal, \$5.3 million payment of interest on the AWN loan, Aevitas hybrids and other borrowings, including catch up of related party arrears, \$0.9 million purchase of property, plant and equipment and \$0.5 million net repayment of variable short term debtor finance facilities for J.A. Martin and Kenshaw.

Our principal sources of liquidity in the year ended June 30, 2020, were cash generated by our operating activities in the Critical Power Services segment, \$1.0 million proceeds from the sale of the Sun Connect Solar projects in Australia, a \$1.3 million short-term shareholder loan, \$0.3 million in bank loans and \$0.3 million chattel mortgages for motor vehicle purchases. Our principal uses of cash were financing costs of \$0.5 million, \$0.1 million repayment of leases, loans from related parties and reduction in debtor finance facilities, capital expenditure of \$0.9 million in the Critical Power Services segment and \$0.3 million in the Solar segment and working capital and general corporate purposes.

Our principal sources of liquidity in the three months ended June 30, 2019, were cash generated by our operating activities in the Critical Power Services segment, an \$0.8 million additional short-term shareholder loan, and \$0.1 million increase in debtor finance borrowings. Our principal uses of cash have been financing costs of \$0.8 million, capital expenditure in the Critical Power Services segment of \$0.4 million and working capital and general corporate purposes.

Our principal sources of liquidity in the year ended March 31, 2019, were cash generated by our operating activities in the Critical Power Services segment and \$11.8 million proceeds from the sale of NC-31 and NC-47 projects. Our principal uses of cash were repayment of the \$2.0 million DEPCOM loan, financing costs of \$3.2 million, \$1.5 million repayment of shareholder loans, working capital and general corporate purposes.

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, 2021 and 2020, the three months ended June 30, 2019 and the year ended March 31, 2019:

	Year Ended June 30	Year Ended June 30	Three Months Ended June 30	Year Ended March 31
(US dollars in thousands)	2021	2020	2019	2019
Net cash provided by (used in) operating activities	(15,377)	(4,573)	2,188	(1,565)
Net cash used in investing activities	(2,682)	294	(316)	11,856
Net cash provided by (used in) financing activities	23,537	22	744	(7,635)
Total cash flow	5,478	(4,257)	2,616	2,656

Operating Activities

Our net cash outflow from operating activities in the year ended June 30, 2021, was \$15.4 million. This was attributable to a net outflow from working capital movements of \$10.4 million and a net cash outflow after tax from operations of \$6.1 million. The working capital movements of \$10.3 million comprise a decrease in trade and other payables of \$9.5 million, an increase in inventory of \$0.8 million and a decrease in provisions of \$0.1 million. The \$6.1 million outflow after tax from operations consists of the \$8.0 million loss, other non-cash and non-operating components of earnings including \$1.1 million share-based payments, \$0.4 million of net finance expense, \$0.8 million gain on solar development and \$2.3 million depreciation and amortization.

Our net cash outflow from operating activities in the year ended June 30, 2020, was \$4.6 million. This was attributable to a net outflow from working capital movements of \$3.1 million and a net cash outflow after tax from operations of \$1.5 million. The working capital movements of \$3.1 million comprise a decrease in trade and other payables of \$6.9 million, offset by a decrease of trade and other receivables of \$2.4 million and an increase in provisions of \$1.3 million. The \$1.5 million outflow after tax from operations consists of the \$5.1 million loss, other non-cash and non-operating components of earnings including \$3.1 million of finance expense, \$1.6 million gain on solar development, \$1.8 million depreciation and amortization, and \$0.1 million increase in equity instruments, and tax payments of \$0.5 million.

Our net cash inflow from operating activities in the three months ended June 30, 2019, was \$2.2 million. This was attributable to a net inflow from working capital movements of \$2.0 million and a net cash inflow from operations of \$0.2 million. The working capital movements of \$2.0 million comprised an increase in trade and other payables of \$6.7 million, offset by an increase of trade and other receivables of \$4.6 million and reduction in provisions of \$0.1 million. The \$0.2 million inflow from operations consists of the \$1.4 million loss and other non-cash and non-operating components of earnings including \$0.8 million of finance expense, \$0.4 million depreciation and amortization, and \$0.4 million increase in equity instruments.

Our net cash outflow from operating activities in the year ended March 31, 2019, was \$1.6 million. This was attributable to a net inflow of \$0.5 million from working capital movements, offset by the net cash used by operations of \$2.1 million. The working capital movements of \$0.5 million comprised an increase in trade and other payables of \$3.8 million, offset by an increase of trade and other receivables of \$2.5 million and reduction in provisions of \$0.7 million. The \$2.1 million used by operations consists of the \$11.2 million loss, reduced by \$0.9 million non-cash income tax expense, \$2.6 million loss on solar development, and other non-cash and non-operating components of earnings including \$3.2 million of finance expense, \$1.4 million depreciation and amortization, and \$0.8 million increase in equity instruments.

Investing Activities

Net cash outflows from investing activities of \$2.7 million in the year ended June 30, 2021 comprised \$0.4 million proceeds from sale of solar project assets in Australia, offset by \$0.9 million investment in property, plant and equipment, and a net \$2.1 million cash outflow attributable to the acquisition of Tembo e-LV. The net acquisition outflow comprised \$7.1 million cash consideration, less \$4.9 million cash acquired.

In the year ended June 30, 2021, we consummated two acquisitions. These acquisitions comprised Tembo e-LV B.V. and subsidiaries, for cash consideration of \$7.1 million, or \$2.2 million net of cash acquired, and Caret, LLC (formerly Innovative Solar Ventures I, LLC), for cash consideration of \$1, also \$1 net of cash acquired. There was no acquisition activity in the years ended June 30, 2020 and March 31, 2019, or three month period ended June 2019.

The companies acquired in the year ended June 30, 2021, and added to the Group were as follows:

	Incorporated	% Owned	Purpose
Tembo e-LV B.V.	Netherlands	100%	Holding company
Tembo 4x4 B.V.	Netherlands	100%	Operating company
FD 4x4 B.V.	Netherlands	100%	Operating company
Caret, LLC (formerly Innovative Solar Ventures I, LLC)	United States of America	100%	Operating company

In the year ended June 30, 2020, net cash generated by investing activities of \$0.3 million comprised capital expenditure on property, plant and equipment of \$0.9 million in the Critical Power Services segment and Solar Development project capital expenditure \$0.3 million in Australia, offset by \$1.0 million proceeds on sale of the Sun Connect Solar portfolio in Australia and \$0.4 million proceeds on sale of property, plant and equipment in the Critical Power Services segment.

In the three months ended June 30, 2019, net cash used in investing activities of \$0.3 million comprised \$0.4 million capital expenditure in the Critical Power Services businesses, offset by \$0.1 million proceeds on sale of solar projects in the Sun Connect portfolio in Australia.

Net cash generated by investing activities in the year ended March 31, 2019 of \$11.9 million consisted of \$12.0 million proceeds on sale of the NC Projects, a \$0.2 million investment in the ISS Joint Venture, purchase of \$0.2 million of operating assets in the Critical Power Services businesses, \$0.1 million investment in solar projects in Australia, offset by \$0.5 million proceeds on solar development, principally the sale of the Juice Capital solar project assets in Australia.

Financing Activities

Cash generated from financing activities for the year ended June 30, 2021, was \$23.5 million. This comprised \$32.6 million capital raise proceeds, less \$0.5 million capital raise costs, finance expenses, \$0.4 million lease repayments in Critical Power Services businesses, \$2.2 million repayment of AWN related party loan principal, \$0.5 million net repayments against the debtor finance facility in Critical Power Services businesses and \$5.3 million AWN loan and Aevitas hybrid interest, including catch up on amounts accrued from prior periods.

Cash generated from financing activities for the year ended June 30, 2020, was nil. This comprised \$0.5 million finance expenses, \$0.4 million lease repayments in Critical Power Services businesses, \$0.3 million repayment of related party loans, \$0.3 million net repayments against the debtor finance facility in Critical Power Services businesses and \$0.4 million funding of restricted cash, primarily project bank guarantees in Critical Power Services, as discussed in Note 17 to the consolidated financial statements. The cash outflows were partly offset by a \$1.3 million short-term bridging shareholder loan, \$0.3 million bank loans provided to Critical Power Services businesses and \$0.3 million chattel mortgages for vehicles.

Cash generated from financing activities for the three months ended June 30, 2019, was \$0.7 million. This cash inflow comprised an \$0.8 million short-term shareholder loan from AWN, \$0.2 million additional borrowings against the debtor finance facility in Critical Power Services businesses, and \$0.7 million release of restricted cash, primarily \$0.5 million released from escrow and paid to SolarTide, LLC, as discussed in Note 17 to the consolidated financial statements. The cash inflows were partly offset by \$0.1 million lease repayments in Critical Power Services businesses and \$0.8 million finance expenses.

Cash used by financing activities for the year ended March 31, 2019, was \$7.6 million. This cash outflow for the current year was primarily due to financing expense of \$3.2 million, a \$1.5 million repayment of shareholder loans from AWN, \$2.0 million repayment of the DEPCOM Loan, \$1.3 million funding transfers to restricted cash accounts, and a net \$0.3 million of additional lease liabilities for motor vehicles within the Critical Power Services businesses. Financing activities for the year also included advance of \$4.0 million from the purchaser of the NC Projects in the form of a loan pending satisfaction of conditions precedent to the final sale of the projects, at which time the \$4.0 million previously advanced was repaid by deduction from the final proceeds.

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

(US dollars in thousands)	As at June 30			As at March 31
	2021	2020	2019	2019
Current liabilities:				
Debtor financing	-	508	901	751
Lease liabilities	669	641	660	136
Project financing agreement	59	-	-	-
Shareholder loan	-	-	766	-
Bank loan	152	66	-	-
Chattel mortgage	88	51	-	-
Other borrowings	36	46	-	-
	1,004	1,312	2,327	887
Non-current liabilities:				
Shareholder loan	21,175	23,401	18,242	18,242
Lease liabilities	326	714	1,117	138
Project financing agreement	183	-	-	-
Bank loan	159	278	-	-
Chattel mortgage	244	249	-	-
	22,087	24,642	19,359	18,380
Total borrowing	23,091	25,954	21,686	19,267

Tembo, J.A. Martin and Kenshaw have lease arrangements in place to finance business properties and motor vehicle fleets. During the year ended June 30, 2021, \$0.1 million of new leases were added and \$0.5 million of payments were made. 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 March 31		As at June 30		As at March 31	
	2021	2020	2019	2019	2021	2020	2019	2019
Amounts payable under finance leases:								
Less than one year	683	695	692	147	669	641	660	136
Later than one year but not more than five	379	759	1,299	143	326	714	1,117	138
	1,062	1,454	1,991	290	995	1,355	1,777	274
Future finance charges	(67)	(98)	(214)	(16)	-	-	-	-
Total obligations under finance lease	995	1,356	1,777	274	995	1,355	1,777	274

In the prior fiscal year, on June 30, 2020 the Company refinanced its \$23.4 million shareholder loan due to Awn Holdings Limited ("AWN"), its largest shareholder. The shareholder loan bore interest at 10.0% per annum plus a line fee of 2.0% per annum, payable monthly in advance. No interest or line fee settlements were required until after a corporate liquidity event had occurred. Principal was repayable in 9 equal monthly installments from July 2021 until March 2022. Security granted to Awn comprised a Specific Security Deed over the assets of Aevitas O Holdings Pty Ltd and general security over the assets of VivoPower International PLC.

In December 2020, following the successful capital raise in October 2020, the Company and Awn agreed some further amendments to the terms of the loan, reducing the interest rate from 10.0% to 8.0% per annum, and reduction in line fee from 2.0% to 0.8% per annum, payable monthly in advance. Principal is repayable in 60 equal monthly installments of \$0.35 million from July 2021 to June 2026, as well as an immediate stand-alone repayment of \$2.2 million principal, paid in April 2021.

On June 30, 2021, the Company agreed a further refinancing of its shareholder loan with Awn, to align the repayment schedule with the timing of the investment and revenue growth plan in Electric Vehicles. Under the amended terms, the repayment of principal has been deferred to January 1, 2023, with monthly installments of \$0.35 million over the following sixty months, resulting in loan maturity extending from June 30, 2026, to December 31, 2027. In addition, the Company will cash settle a refinancing fee of approximately \$0.34 million in two tranches on June 30, 2022 and December 31, 2022. The interest rate and line fee remain unchanged at 8% and 0.8% respectively and other terms remain unchanged.

In November 2020, upon acquisition of Tembo, the Company acquired two loans for total value \$0.4 million, entered into for the purpose of funding development expenditure.

In May and June 2020, the Company obtained \$0.3m government backed loans in Australia to provide additional liquidity during the COVID-19 pandemic.

In addition to lease liabilities, in the year ended June 30, 2020, J.A. Martin Electrical and Kenshaw Electrical also took out vehicle financing in the form of chattel mortgages, totaling \$0.3 million.

In August 2018, the Company secured a \$3.6 million (AU\$5 million) debtor finance facility to support the working capital requirements of its Critical Power Services businesses. In August 2020, the Kenshaw Electrical facility was closed, leaving the J.A. Martin Electrical facility of \$2.3 million (AU\$3 million). The facility is secured by a fixed charge over the debtors' book and floating charge over all other assets of J.A. Martin Electrical. Net drawdowns on the facility at June 30, 2021 totaled nil (2020: \$0.5 million).

Cash Reserves and Liquidity

Cash reserves at June 30, 2021, of \$8.6 million are unrestricted and are domiciled as follows:

	Local currency	Amount in USD
AUD	3.0 million	2.3 million
EUR	0.8 million	0.9 million
USD	5.3 million	5.3 million
GBP	0.1 million	0.1 million
Total cash reserve		8.6 million

Our treasury policy is to maintain sufficient cash reserves denominated in the currencies required for near term working capital to minimize the risk of currency fluctuation. Cash reserves are monitored on a daily basis to maximize capital efficiency. Our cash position is reviewed weekly by senior management to ensure the allocation best meets the coming needs of the business.

The SES business is reliant for liquidity on the completion of and, or sale of specific projects. As the 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.

We believe that our current cash and cash equivalents, anticipated cash flows from operations, and planned financing from future capital raises, asset financing and working capital financing facilities, will be sufficient to meet our cash requirements for at least the next 12 months. We may, however, require additional cash or cash equivalents due to changing financial, economic or business conditions, changes in our product development activities in electric vehicles, changes in timing of SES project execution, or other factors.

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. 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.

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. Off-Balance Sheet Arrangements

Up to and including the most recent fiscal year, we have not had any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As a result, we are not exposed to related financing, liquidity, market or credit risks that could arise if we had engaged in those types of arrangements.

F. Contractual Obligations and Commitments

The following table represents our contractual obligations, aggregated by type:

Year Ended June 30, 2021 (US dollars in thousands)	Payments Due by Period				
	Total	Less than			More than 5 years
		1 year	1 - 3 years	3 - 5 years	
Debt obligations, principal	\$ 22,096	\$ 411	\$ 11,424	\$ 10,261	\$ -
Lease obligations	995	669	326	-	-
Total contractual obligations	\$ 23,091	\$ 1,080	\$ 11,750	\$ 10,261	\$ -

As at June 30, 2020 (US dollars in thousands)	Payments Due by Period				
	Total	Less than			More than 5 years
		1 year	1 - 3 years	3 - 5 years	
Debt obligations, principal	\$ 19,909	\$ 1,667	\$ 18,242	\$ -	\$ -
Debt obligations, interest	3,487	2,192	1,295	-	-
Lease obligations	1,991	692	1,077	222	-
Total contractual obligations	\$ 25,387	\$ 4,551	\$ 20,614	\$ 222	\$ -

As at March 31, 2019 (US dollars in thousands)	Payments Due by Period				
	Total	Less than			More than 5 years
		1 year	1 - 3 years	3 - 5 years	
Debt obligations, principal	\$ 18,993	\$ 751	\$ 18,242	\$ -	\$ -
Debt obligations, interest	3,487	1,805	1,682	-	-
Lease liabilities	290	147	143	-	-
Operating lease obligations	1,383	600	530	253	-
Total contractual obligations	\$ 24,153	\$ 3,303	\$ 20,597	\$ 253	\$ -

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	Resigned
<i>Directors:</i>				
Kevin Chin (1) (4)	48	Chairman	April 27, 2016	
Matthew Cahir (3)	56	Non-Executive Director	June 16, 2020	
Peter Jeavons (1) (2) (3) (4)	56	Non-Executive Director	June 16, 2020	
William Langdon (1) (2) (3)	60	Non-Executive Director	June 16, 2020	
Michael Hui	41	Non-Executive Director	January 22, 2020	
Gemma Godfrey (1)(2)(4)	37	Non-Executive Director	December 15, 2020	
<i>Executive Officers:</i>				
Kevin Chin (1) (4)	48	Chief Executive Officer	March 25, 2020	

- (1) Member (or in the case of Mr. Chin, non-voting observer) of the Audit and Risk Committee.
- (2) Member of the Remuneration Committee.
- (3) Member of the Nomination Committee.
- (4) Member of the Sustainability Committee, established December 18, 2020

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 is the Chairman of AWN, which is a beneficial owner of 44.2% of VivoPower as at June 30, 2021 (49.1% as at August 18, 2021) and is the beneficial owner of 10.4% of VivoPower as at June 30, 2021 (9.3% as at August 18, 2021), primarily through The Panaga Group Trust (5.6%) and Arowana Partners Group Pty Ltd (4.3%).

Executive Officers

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 Holdings Limited (“AWN”), which is listed on the Australian Securities Exchange. AWN is the largest shareholder in VivoPower, as well as owning other unlisted companies and investments.

Over his 25-plus year career, Mr. Chin has accumulated extensive experience in “hands on” strategic and operational management having served as CEO, CFO and COO of various public and private companies across a range of industries, including solar energy, software, traffic management, education, funds management and vocational education. He is the author of the business book, *HyperTumaround!* 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.

Matthew Cahir

Matthew Cahir has had a 35-plus year career focused on the enterprise software, technology and telecommunications sectors. In the last 15 years, he has held a number of global executive leadership roles, including as CEO, President and COO. His key expertise has been working for private equity and venture capital backed firms focused on turning around distressed or underperforming portfolio companies.

Mr. Cahir has worked for the Goldman Sachs backed Nuxeo, Exeter Group, the Francisco Partners backed Mincom and RuleBurst Haley (acquired by Oracle) among others. He is a global expert and teacher in sales strategy and execution and has worked with the world’s leading teams at firms that include Vista Equity Partners, Accenture, Oracle, SAP and CA. He resides in Virginia, just outside of Washington, D.C.

Mr. Cahir is Chairman of the Nominations Committee of the Company.

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 Singula Institute Board of Directors. He resides in New York City, United States.

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

Peter Jeavons

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

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

He currently leads the EMEA business for First Insight, the market leader in machine-led, artificial intelligence and predictive analytics for retailers. Mr. Jeavons completed his Non-Executive Director's diploma with Pearson in 2013 and is also supporting other software start-ups to scale their operations internationally. He resides in London, United Kingdom.

Mr. Jeavons is Chairman of the Remuneration and Sustainability Committees of the Company.

Michael Hui

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

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

Gemma Godfrey

Gemma Godfrey is a non-executive director and advisor with global board experience across financial services, technology, media, public policy and sustainable energy. With an 18-year career, her track record of strategic planning, innovation and consumer insight helps ambitious businesses achieve their goals.

Mrs. Godfrey is Chair of the Investment Management Group of national IFA network, IWP. She is also a Non-Executive Director of advanced technologies company, Creativemass, and a business expert on ITV's Good Morning Britain. She was the Founder and CEO of an FCA-authorized digital investing service, which was acquired by FTSE 250 insurer JLT. She pioneered new technology and went on to launch a digital media business for News U.K., part of News Corp.

A former boardroom adviser to Arnold Schwarzenegger on 'The Apprentice,' Mrs. Godfrey was an advisor to the U.K. Government on its 10-year strategy to improve the nation's financial wellbeing. She was previously Head of Investment Strategy at FTSE-AIM wealth manager, Brooks Macdonald, and Chair of the Investment Committee of Credo Group. Mrs. Godfrey started her career at Goldman Sachs and GAM, with a background in quantum physics. She resides in London, United Kingdom.

B. 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, 2021, year ended June 30, 2020, three months ended June 30, 2019 and year ended March 31, 2019.

Year Ended June 30, 2021	Salary & Fees	Benefits	Pension	Long Term Incentives	Severance	Total
Directors:						
Kevin Chin (Chair) ¹	\$ 142,119	\$ -	\$ -	\$ -	\$ -	\$ 142,119
Matthew Cahir ²	\$ 111,501	\$ -	\$ -	\$ -	\$ -	\$ 111,501
Peter Jeavons ³	\$ 111,501	\$ -	\$ -	\$ -	\$ -	\$ 111,501
William Langdon ⁴	\$ 111,501	\$ -	\$ -	\$ -	\$ -	\$ 111,501
Michael Hui ⁵	\$ 99,000	\$ -	\$ -	\$ 22,946	\$ -	\$ 121,946
Gemma Godfrey ⁶	\$ 77,239	\$ -	\$ -	\$ -	\$ -	\$ 77,239
Executive Officers:						
Kevin Chin (CEO) ⁷	\$ 443,816	\$ 51,976	\$ -	\$ 114,339	\$ -	\$ 610,132

- Mr. Chin was paid a salary of £68,000 (\$92,119) per annum as Chairman during the year, payable to Arowana Partners Group Pty Ltd. In addition to his monthly salary, along with other directors of the Company, on December 14, 2020, Mr. Chin was granted 7,788 (\$50,000) RSUs ("Restricted Stock Units") vesting in the year, to bring compensation in line with market levels as benchmarked by Pearl Meyer.
- Mr. Cahir was paid a salary of \$48,000 per annum from July 1, 2020, to December 31, 2020, which was increased to \$50,000 per annum from January 1, 2021. The total \$49,000 fees for the year were elected to be received as 41,533 RSUs. On December 14, 2020, Mr. Cahir was also granted 7,788 (\$50,000) RSUs vesting in the year, to bring compensation in line with market levels as benchmarked by Pearl Meyer. Mr. Cahir also received an additional cash sum of \$5,000 for electing to receive his salary as RSUs, and \$7,500 as chair of the remuneration committee.
Mr. Cahir is also paid a consulting fee as President of VivoPower USA and sales director for electric vehicles, via Middleburg Juice Company, LLC. The Remuneration Committee (with Mr. Cahir recused) approved an extension to Mr. Cahir's consulting agreement effective July 1, 2021, with cash remuneration of \$32,000 per month and healthcare allowance of \$5,000 per month. In addition, Mr. Cahir is entitled to a \$27,000 per month sales incentive payable in shares in the Company after two years, based on the Company share price at June 02, 2021, subject to Company performance and existing and future sales agreements being realized in-line with the Company's revenue goals and expectations.
- Mr. Jeavons was paid a salary of \$48,000 per annum from July 1, 2020, to December 31, 2020, which was increased to \$50,000 per annum from January 1, 2021. The total \$49,000 fees for the year were elected to be received as 41,533 RSUs. On December 14, 2020, Mr. Jeavons was also granted 7,788 (\$50,000) RSUs vesting in the year, to bring compensation in line with market levels as benchmarked by Pearl Meyer. Mr. Jeavons also received an additional cash sum of \$5,000 for electing to receive his salary as RSUs, and \$7,500 as chair of the nomination committee. The remuneration committee also approved non-chair members of the audit and risk committee and remuneration committees to receive an annual fee of \$4,000 per annum from July 1, 2021. Accordingly Mr. Jeavons is entitled to receive \$4,000 per annum as member of the audit and risk committee.
- Mr. Langdon was paid a salary of \$48,000 per annum from July 1, 2020, to December 31, 2020, which was increased to \$50,000 per annum from January 1, 2021. The total \$49,000 fees for the year were elected to be received as 41,533 RSUs. On December 14, 2020, Mr. Langdon was also granted 7,788 (\$50,000) RSUs vesting in the year, to bring compensation in line with market levels as benchmarked by Pearl Meyer. Mr. Langdon also received an additional cash sum of \$5,000 for electing to receive his salary as RSUs, and \$7,500 as chair of the audit and risk committee. From July 01, 2021, Mr. Langdon is entitled to receive \$4,000 per annum as member of the remuneration committee.
- Mr. Hui was paid a salary of \$48,000 per annum from July 1, 2020, to December 31, 2020, which was increased to \$50,000 per annum from January 1, 2021. Mr. Hui also receives equity-based remuneration in relation to his involvement in management of Critical Power Services segment, and the hyper-turaround 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, 27,095 RSUs (\$20,321) vested in the current year. On December 14, 2020, Mr. Hui was also granted 7,788 (\$50,000) RSUs vesting in the year, to bring compensation in line with market levels as benchmarked by Pearl Meyer.
- Reflects shorter period of employment from December 15, 2020, to June 30, 2021. Mrs. Godfrey is paid a salary of \$50,000 per annum and received all of her salary for the current year as cash. On December 15, 2020, Mrs. Godfrey was also granted 7,788 (\$50,000) RSUs vesting in the year, to bring compensation in line with market levels as benchmarked by Pearl Meyer. Mrs. Godfrey is entitled to receive \$8,000 per annum as member of the audit and risk and remuneration committees.
- Comprises £325,000 base salary, £38,000 annual professional development allowance. Mr. Chin also receives equity-based remuneration in relation to his involvement in leading the hyper-turaround 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, 27,095 RSUs (\$20,321) vested in the current year.

Year Ended June 30, 2020	Salary & Fees	Benefits	Pension	Long Term Incentives	Severance	Total
Directors:						
Kevin Chin 1	\$ 196,923	\$ -	\$ -	\$ -	\$ -	\$ 196,923
Matthew Cahir 2 3	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ 2,000
Peter Jeavons 3	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ 2,000
William Langdon 3	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ 2,000
Michael Hui 4	\$ 11,131	\$ -	\$ -	\$ -	\$ -	\$ 11,131
Shimi Shah 5	\$ 72,617	\$ -	\$ -	\$ -	\$ -	\$ 72,617
Peter Sermol 5	\$ 72,617	\$ -	\$ -	\$ -	\$ -	\$ 72,617
Ashwin Roy 6	\$ 38,558	\$ -	\$ -	\$ -	\$ -	\$ 38,558
Executive Officers:						
Kevin Chin 7	\$ 73,710	\$ -	\$ -	\$ 15,696	\$ -	\$ 89,406
Art Russell 8	\$ 221,690	\$ -	\$ 22,169	\$ -	\$ -	\$ 243,858

- 1 Of the fees recorded, \$83,265 (£65,000) of outstanding and past due fees were settled as equity under a Bonus Stock Award in lieu of cash, for which Mr. Chin was awarded 111,020 immediately vesting shares, granted on March 31, 2020 at a price of \$0.75 per share (subject to all necessary approvals). A total £85,161 comprising Chairman and Chief Executive fees from March 01, 2020, to June 30, 2020, remain outstanding as at the date of this report to Mr. Chin. He has also agreed to a 50% reduction in his fees as Chairman and Chief Executive for the period from July 01, 2020, to September 30, 2020, to assist the Company during the COVID-19 lockdown period. In the period April 01, 2020, to June 30, 2020, Mr. Chin accrued an estimated 20,928 (\$15,595) Performance Share Units ("PSU's") towards a maximum total 52,320 PSU's in the vesting period April 01, 2020 to September 30, 2020. Actual numbers of PSU's vesting at the end of the vesting period are dependent on meeting quarterly performance goals.
- 2 Reflects shorter period of employment as a director from June 16, 2020, to June 30, 2020. In addition to his services as a director, Mr. Cahir provides consulting services to the Company in relation to the ISS Joint Venture, for which he receives a monthly fee of \$32,000. In the year ended June 30, 2020, Mr. Cahir charged a total of \$421,800 for the services, of which \$229,721 of outstanding and past due fees were settled as equity under a Bonus Stock Award in lieu of cash, for which Mr. Cahir was awarded 306,295 immediately vesting shares, granted on March 31, 2020, at a price of \$0.75 per share.
- 3 Reflects shorter period of employment from June 16, 2020, to June 30, 2020. Fees settled as 1,724 RSU's (\$2,000) each.
- 4 Reflects shorter period of employment from January 22, 2020, to June 30, 2020. In addition to his services as a director, Mr. Hui also receives equity-based remuneration in relation to his involvement in management of Critical Power Services segment, and the hyper-tumaround program. In the period April 01, 2020, to June 30, 2020, Mr. Hui accrued an estimated 4,200 (\$3,150) PSU's towards a maximum total 5,250 PSU's in the vesting period April 01, 2020, to September 30, 2020. Actual numbers of PSU's vesting at the end of the vesting period are dependent on meeting quarterly performance goals.
- 5 Reflects shorter period of employment from to July 1, 2019, to June 16, 2020.
- 6 Reflects shorter period of employment from to September 20, 2019, to June 16, 2020.
- 7 Reflects shorter period of employment from March 25, 2020, to June 30, 2020, in capacity as Executive Chairman and Chief Executive Officer.
- 8 Reflects shorter period of employment from July 1, 2019, to March 17, 2020.

Three Months Ended June 30, 2019	Salary & Fees	Benefits	Pension	Long Term Incentives	Severance	Total
Directors:						
Kevin Chin	\$ 62,136	\$ -	\$ -	\$ -	\$ -	62,136
Shimi Shah	\$ 19,122	\$ -	\$ -	\$ -	\$ -	19,122
Peter Sermol	\$ 19,122	\$ -	\$ -	\$ -	\$ -	19,122
Executive Officers:						
Art Russell	\$ 74,903	\$ 1,873	\$ 7,490	\$ 1,100	\$ -	85,366

Year Ended March 31, 2019	Salary & Fees	Benefits	Pension	Long Term Incentives	Severance	Total
Directors:						
Kevin Chin	\$ 254,084	\$ -	\$ -	\$ -	\$ -	254,084
Shimi Shah	\$ 104,658	\$ -	\$ -	\$ -	\$ -	104,658
Peter Sermol	\$ 80,094	\$ -	\$ -	\$ -	\$ -	80,094
Gary Hui *	\$ 97,395	\$ 5,156	\$ -	\$ -	\$ -	102,551
Edward Hyams **	\$ 43,361	\$ -	\$ -	\$ -	\$ -	43,361
Executive Officers:						
Art Russell	\$ 234,843	\$ 5,871	\$ 23,484	\$ 12,800	\$ -	276,998
Carl Weatherley-White ***	\$ 330,778	\$ 31,087	\$ -	\$ 58,162	\$ 111,650	531,676

* Reflects shorter period of employment from April 1, 2018, to October 26, 2018. In addition to director fees, Gary Hui was also paid a salary of \$200,769 for the period, of which \$145,000 was recharged to AWN; the amount presented in the table above only includes the amount that was not recharged to AWN. The retained cost is paid in compensation for additional work undertaken for the benefit of the Company, including his role on the investment committee.

** Reflects shorter period of appointment, from April 1, 2018, to November 16, 2018.

*** Reflects shorter period of employment, from April 1, 2018, to February 12, 2019.

Employment Agreements

Executive Agreements

Following a review by the Remuneration Committee of Mr. Chin's compensation plan as Chief Executive Officer, to align to the new strategy and additional responsibilities, including market benchmarking by Pearl Meyer, the Committee approved an increase to Mr. Chin's remuneration to £325,000 per annum as Chief Executive, as from July 01, 2020, payable monthly in arrears. 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.

In the year ended June 30, 2020, Mr. Chin was granted 87,200 Restricted Stock Units ("RSU's") and 261,600 Performance Stock Units ("PSU's") in the Company, issued pursuant to the Company's Omnibus Incentive Plan adopted on September 5, 2017, at an issue price of \$0.75 per share, based on the Company share price on March 25, 2020. The RSU's vest annually over 5 years. The PSU's vest quarterly over 3.25 years and are subject to achieving performance goals. This was approved by the Remuneration and Nomination Committee of the Board on June 16, 2020.

During the year ended June 30, 2021, of the awards previously granted, a total of 17,440 RSUs (\$13,080) vested. A total of 135,012 (\$101,259) PSUs also vested in the year, following achievement of quarterly performance goals.

Mr. Chin is also paid an annual Chairman's fee of £68,000 (\$92,119) and has received 7,788 (\$50,000) RSUs as Chairman of the Board, payable by the Company to Arowana Partners Group Pty Ltd. The fee was increased as from July 01, 2021, following a review by the Remuneration Committee of Mr. Chin's compensation, including market benchmarking by Pearl Meyer.

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 or 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 in control.

C. Board Practices

Board Composition and Classification of Directors

We have six directors on our board of directors. All of the current directors are members pursuant to the board composition provisions of our articles of association.

Staggered Board

In accordance with the terms of our articles of association, our board of directors 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 2023 for Class A directors, 2024 for Class B directors and 2022 for Class C directors:

- our Class A directors are William Langdon, Matthew Cahir, Peter Jeavons and Michael Hui.
- our Class B directors are Gemma Godfrey
- our Class C directors are 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 of directors.

The division of our board of directors 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 of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Our board of directors has determined that Gemma Godfrey, Peter Jeavons and William Langdon are "independent directors" under the 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 standards, subject to certain exceptions and except to the extent that such exemptions would be contrary to U.S. federal securities laws. We currently do not intend to take advantage of any such exemptions.

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 recently established 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), Gemma Godfrey and Peter Jeavons. All members have been determined by the Board to be independent under the applicable Nasdaq listing standards. Peter Jeavons, William Langdon and Matt Cahir joined the committee on June 16, 2020. Matt Cahir resigned from the committee on June 30, 2021. Gemma Godfrey joined the committee on July 01, 2021, Ashwin Roy served on the committee from his appointment on September 20, 2019, until his resignation on June 16, 2020. Shimi Shah and Peter Sermol also served on the committee until their resignations 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 of directors 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 Nasdaq's listing standards. Nasdaq's 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 of directors determined that from December 28, 2017, to September 20, 2019, none of the members of the Audit and Risk Committee satisfied Nasdaq's definition of financial sophistication or qualifies as an "audit committee financial expert" as defined under rules and regulations of the SEC. Accordingly, on July 18, 2018, the board of directors appointed Kevin Chin as a non-voting observer member of the Audit and Risk Committee. The board of directors determined that Kevin Chin satisfied Nasdaq's definition of financial sophistication and also qualified as an "audit committee financial expert" as defined under rules and regulations of the SEC. On September 20, 2019, Ashwin Roy was appointed to the board of directors and was also appointed to the Audit and Risk Committee. The board of directors had determined that Ashwin Roy satisfied Nasdaq's definition of financial sophistication and also qualified as an "audit committee financial expert" as defined under rules and regulations of the SEC. Accordingly, Kevin Chin resigned as a non-voting observer from the Audit and Risk Committee on September 20, 2019. Ashwin Roy resigned from the board of directors and Audit and Risk Committee on June 16, 2020. On the same date, William Langdon was appointed to the board of directors and the Audit and Risk Committee. The board of directors 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 of directors is comprised of Matthew Cahir (who is Chair of the Nomination Committee), William Langdon, and Peter Jeavons, all of whom joined the committee on June 16, 2020, and each of whom the Board has determined is independent under the applicable Nasdaq listing standards. Ashwin Roy served on the committee from his appointment on September 20, 2019, until his resignation on June 16, 2020. Shimi Shah and Peter Sermol served on the committee until their resignation on June 16, 2020. Edward Hyams also served on the committee until his resignation on November 16, 2018. Shimi Shah joined the Nomination Committee on December 28, 2017.

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

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

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 of directors, 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 of directors. 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 and Nomination Committee), William Langdon and Gemma Godfrey, each of whom the Board has determined is independent under the applicable Nasdaq listing standards. Peter Jeavons and William Langdon joined the committee on June 16, 2020, and Matthew Cahir served on the committee from his appointment on June 16, 2020, until his resignation on June 30, 2021. Gemma Godfrey joined the committee on July 01, 2021. Shimi Shah, Ashwin Roy and Peter Sermol served on the committee until their resignations 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 and Gemma Godfrey.

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
- 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.

D. Employees

As of June 30, 2021, we had 255 (June 30, 2020: 204; June 30, 2019: 181; March 31, 2019: 179) employees and subcontractors, as follows:

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
As at June 30, 2020	Australia	US	U.K.	Netherlands	Total
Sales and Business Development	10	-	-	-	10
Central Services and Management	23	1	3	-	27
Engineering and Critical Power Services	167	-	-	-	167
Total employees	200	1	3	-	204
As at June 30, 2019	Australia	US	U.K.	Netherlands	Total
Sales and Business Development	7	2	-	-	9
Central Services and Management	28	-	3	-	31
Engineering and Critical Power Services	141	-	-	-	141
Total employees	176	2	3	-	181
As at March 31, 2019	Australia	US	U.K.	Netherlands	Total
Sales and Business Development	7	2	-	-	9
Central Services and Management	28	-	4	-	32
Engineering and Critical Power Services	138	-	-	-	138
Total employees	173	2	4	-	179

Both J.A. Martin and Kenshaw have in place enterprise agreements jointly developed by the businesses and their employees with the purpose of developing and implementing workplace reform strategies so as to produce continuously improved environments aimed directly at improving the competitiveness of the businesses within their marketplaces and delivering job satisfaction and security for their employees.

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

E Share Ownership

The following table sets forth information regarding the beneficial ownership of VivoPower ordinary shares as of August 18, 2021, 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 20,641,995 ordinary shares issued and outstanding on August 18, 2021. 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)	1,915,910 (3)(4)	9.3%
Matthew Cahir	295,000	1.4%
Peter Jeavons	32,599	0.2%
William Langdon	37,341	0.2%
Michael Hui	25,928	0.1%
Gemma Godfrey	4,773	0.0%
All directors and executive officers as a group (6 persons)	2,311,551	11.2%

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

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

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

(4) Does not include shares held by AWN Holdings Limited, of which Mr. Chin is a director.

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 of directors 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 of Directors 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.

During the years ended June 30, 2020 and June 30, 2021, the following awards under the Incentive Plan have been granted, and have vested or forfeit:

	Number of RSUs, PSUs and BSAs	\$ Weighted average grant date fair value
Outstanding at June 30, 2019	-	\$ -
Granted	1,229,424	975,086
Vested	(417,315)	(312,986)
Forfeit	-	-
Outstanding at June 30, 2020	812,109	\$ 662,100
Granted	184,321	1,621,167
Vested	(534,863)	(1,095,307)
Forfeit	(1,996)	(1,497)
Outstanding at June 30, 2021	459,571	\$ 1,186,463

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 August 18, 2021 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 20,641,995 ordinary shares issued and outstanding on August 18, 2021. 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
The Panaga Group Trust(1)	1,039,201	5.0%
AWN Holdings Limited (2)	10,136,125	49.1%

(1) According to a Schedule 13D filed on January 9, 2017, on behalf of Kevin Chin, The Panaga Group Trust (the "Trust"), Panaga Group Pty Ltd. (the "Trustee"), Mr. Chin, the Trust and the Trustee share sole voting and dispositive control over the shares reported. The business address of these entities is Level 11, 110 Mary Street, Brisbane, QLD 4000, Australia.

(2) According to a Schedule 13D filed January 31, 2017, on behalf of AWN Holdings Limited (formerly Arowana International Limited) ("AWN"), Arowana Australasian Special Situations Fund 1 Pty Limited ("Arowana Fund Co"), Arowana Australasian VCMP 2, LP ("Arowana Fund GP"), Arowana Australasian Special Situations Partnership 1, LP ("Arowana Fund"), Arowana Energy Holdings Pty Ltd. ("Arowana Energy"), AWN, as the controlling shareholder of each of Arowana Fund Co, Arowana Fund GP, Arowana Fund and Arowana Energy, may be deemed to beneficially own 8,176,804 ordinary shares. This amount includes 5,718,879 ordinary shares held directly by AWN, 488,435 ordinary shares directly held by certain entities controlled by AWN, 1,027,203 ordinary shares held by Arowana Fund and 942,287 ordinary shares held by Arowana Energy. The business address of these entities is c/o AWN Holdings Limited., at Level 11, 153 Walker Street, North Sydney, NSW 2060, Australia.

On July 21, 2021, AWN Holdings Limited was issued a further 1,959,339 restricted ordinary shares in VivoPower International PLC, pursuant to the contracted terms of conversion of Aevitas convertible preferred shares and convertible notes. The beneficial ownership in VivoPower International PLC held by AWN Holdings Limited of 49.1% includes these shares.

B. Related Party Transactions

Transactions and Balances with Related Persons

Following dilution due to issuance of ordinary share capital to third parties in the year, AWN is no longer the ultimate controlling party of VivoPower, but retains a significant influence.

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

In the prior fiscal year, on June 30, 2020, the Company refinanced its \$23.4 million shareholder loan due to AWN Holdings Limited ("AWN"), its largest shareholder. The shareholder loan bore interest at 10.0% per annum plus a line fee of 2.0% per annum, payable monthly in advance. No interest or line fee settlements were required until after a corporate liquidity event had occurred. Principal was repayable in 9 equal monthly installments from July 2021 until March 2022. Security granted to AWN comprised a Specific Security Deed over the assets of Aevitas O Holdings Pty Ltd and general security over the assets of VivoPower International PLC.

In December 2020, following the successful capital raise in October 2020, the Company and AWN agreed some further amendments to the terms of the loan, reducing the interest rate from 10.0% to 8.0% per annum, and reduction in line fee from 2.0% to 0.8% per annum, payable monthly in advance. Principal is repayable in 60 equal monthly installments of \$0.35 million from July 2021 to June 2026, as well as an immediate stand-alone repayment of \$2.2 million principal, paid in April 2021.

On June 30, 2021, the Company agreed a further refinancing of its shareholder loan with AWN, to align the repayment schedule with the timing of the investment and revenue growth plan in Electric Vehicles. Under the amended terms, the repayment of principal has been deferred to January 1, 2023, with monthly installments of \$0.35 million over the following sixty months, resulting in loan maturity extending from June 30, 2026, to December 31, 2027. In addition, the Company will cash settle a refinancing fee of approximately \$0.34 million in two tranches on June 30, 2022, and December 31, 2022. The interest rate and line fee remain unchanged at 8% and 0.8% respectively and other terms remain unchanged.

Michael Hui, non-executive director of VivoPower International PLC, is also an employee and director of AWN. During the year ended June 30, 2021, Mr. Hui invoiced the Company \$48,000 for director fees. At June 30, 2021, the Company had an account payable of \$nil in respect of these services and an amount accrued of \$1,000. Furthermore annual 3,500 RSUs (\$2,625) 27,095 quarterly PSUs (\$20,321) and 7,788 (\$50,000) one-off RSUs vested to Michael Hui in the current year.

From time to time, costs incurred by AWN on behalf of VivoPower are recharged to the Company. During the year ended June 30, 2021, \$1,028,096 was recharged to the Company. At June 30, 2021, the Company has a payable to AWN in respect of recharges of \$4,345 (June 30, 2020: \$202,024; June 30, 2019: \$1,268,670; March 31, 2019: \$1,268,670).

Aevitas was indebted to the following subsidiaries of AWN via their holdings in Aevitas convertible loan notes and convertible preference shares, which converted into rights to VivoPower shares on June 30, 2021, subsequently issued on July 21, 2021. These convertible instruments were accounted for as equity instruments within other reserves, as more fully described in Note 26 to the consolidated financial statements.

Subsidiaries of AWN earned \$737,220 of interest on convertible loan notes and \$315,951 of dividends on convertible preferred shares during the year ended June 30, 2021. This interest and the dividends, plus amounts outstanding from prior periods, a total of \$2,397,488, were paid to AWN subsidiaries during the year ended June 30, 2021. Upon redemption at June 30, 2021, the face value plus interest and dividends outstanding to June 30, 2021, were reinvested into rights to shares in VivoPower International PLC, at a subscription price of \$10.20 per share, as follows:

- Arowana Australasian Special Situations 1A Pty Ltd: 666,666 Aevitas convertible loan notes with a Redemption Sum of \$4,617,719, and 388,889 Aevitas convertible preferred shares with a Redemption Sum of \$1,192,352;
- Arowana Australasian Special Situations 1B Pty Ltd: 666,667 Aevitas convertible loan notes with a Redemption Sum of \$4,617,727, and 388,889 Aevitas convertible preferred shares with a Redemption Sum of \$1,192,352;
- Arowana Australasian Special Situations 1C Pty Ltd: 666,667 Aevitas convertible loan notes with a Redemption Sum of \$4,617,727; and 388,889 Aevitas convertible preferred shares with a Redemption Sum of \$1,192,352; and
- Arowana Australasian Special Situations Fund 1 Pty Limited: 833,333 Aevitas convertible preferred shares with a Redemption Sum of \$2,555,038

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, who exchanged 4,697 convertible loan notes and 4,697 convertible preference shares for 4,697 Aevitas Preference Shares, of face value A\$46,970. The Panaga Group Trust earned \$294 interest on the convertible loan notes and \$126 on the convertible preference shares prior to exchange, which was paid during the year ended June 30, 2021.

Chief Executive fees for Kevin Chin in the amounts of \$443,816 and training annual allowance of \$51,976 were charged to the Company by AWN during the year ended June 30, 2021. Furthermore annual 17,740 RSUs (\$13,080) and 135,012 quarterly PSUs (\$101,259) vested to APG for Mr. Chin as Chief Executive in the current year.

Chairman's fees for Kevin Chin in the amounts of \$92,119 were charged to the Company by Arowana Partners Group Pty Ltd ("APG"), and 7,788 (\$50,000) one-off RSUs vested to APG as Chairman in the current year. Mr. Chin is a shareholder and director of Arowana Partners Group Pty Ltd during the year ended June 30, 2021.

On July 01, 2020, Arowana International UK Limited ("AWE"), previously a subsidiary of AWN, ceased to be a subsidiary of AWN, and ownership of this entity is not under common control. Accordingly, AWE is no longer a related party to the Company in the year ended June 30, 2021.

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 of directors or an appropriate committee of the board of directors. 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 of directors of the Company, 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.

VivoPower'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 of directors 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. VivoPower 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.

VivoPower 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.

Legal Proceedings

On February 26, 2018, the Company’s former Chief Executive Officer, Phillip Comberg, filed a legal claim alleging the Company committed a repudiatory breach of his service agreement in connection with the termination of his employment on October 4, 2017. Mr. Comberg claimed damages of £0.62 million related to the notice period in his service agreement, £0.54 million related to shares in the Company he alleges were due to him, and other unquantified amounts related to bonuses and past services fees alleged to be due. On April 9, 2018, the Company filed a defense and counterclaim, denying that a repudiatory breach was committed by the Company and denying the other claims asserted by Mr. Comberg, claiming that Mr. Comberg was terminated for cause. On November 26, 2018, the Company agreed to a settlement of the counterclaims against Mr. Comberg for an undisclosed amount.

After aborted attempts at settlement, the matter was heard in the U.K. High Court in the first two weeks of March 2020, with judgement ruled in September 2020. The Company was successful in defending the majority of the claims, with a total of £0.62 million (\$0.90 million) of the claims being settled in favor of Mr. Comberg. However final costs and interest of \$1.76 million awarded to him were higher than budgeted.. The \$2.66 million payments resulted in an additional restructuring and non-recurring expense of \$1.5 million during the year ended June 30, 2021, over and above utilization of the \$1.1 million brought forward provision as at June 30, 2020.

A further provision of \$0.48 million for disputed legal success fees related to the Mr. Comberg litigation has also been recorded at June 30, 2021.

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 of directors and will depend upon many factors, including our financial condition, results of operations, projections, liquidity, earnings, legal requirements, restrictions in our debt arrangements and other factors that our board of directors deem relevant.

B. Significant Changes

Except as disclosed elsewhere in this Annual Report, there have been no significant changes since June 30, 2021.

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.

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.”

No new material contracts were entered into during the year ended June 30, 2021, and except as otherwise disclosed in this Annual Report (including the exhibits thereto), we are not currently, and have not been in the last two years, party to any material contract, other than contracts entered into in the ordinary course of our business.

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.

Individuals

U.K. resident and domiciled holders do not have to pay tax on the first £2,000 of dividend income received in the 2021/2022 U.K. tax year (the “dividend allowance”). However, tax will be levied on any dividends received over the dividend allowance at 7.5% on dividend income within the basic rate band, 32.5% on dividend income within the higher rate band and 38.1% 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 rate of corporation tax applicable to that holder.

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 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 annual exemption for the 2021/2022 U.K. tax year is £12,570.

Subject to any annual exemption or relief, an individual holder will be subject to gains above the annual exemption amount at a rate of 10% or 20% depending on the total amount of the individual’s taxable income.

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 available exemptions or reliefs. Corporation tax is charged on chargeable gains at the rate applicable to that company. 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 is calculated only on movements in inflation up 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;
- 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.

Depositary Receipt Systems and Clearance Services

U.K. domestic law provides that where our ordinary shares are issued or transferred to a depositary 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 depositary 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 depositary 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 depositary 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 depositary receipt system, or in respect of a transfer within such a service, which does arise will strictly be accountable by the clearance service or depositary 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 depositary 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;
- 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.

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.”

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 2020 taxable year and do not expect to be a PFIC during our 2021 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.

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 Asset Reporting. Certain U.S. holders who are individuals and certain entities controlled by individuals may be required to report information relating to an interest in our ordinary shares, subject to certain exceptions (including an exception for shares held in accounts maintained by U.S. financial institutions) by filing IRS Form 8938 (Statement of Specified Foreign Financial Assets) with their U.S. federal income tax return. An asset with respect to which an IRS Form 8621 has been filed does not have to be reported on IRS Form 8938, however, U.S. holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their acquisition, ownership and disposition of 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.

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: James Tindal-Robertson
The Scalpel, 18th Floor, 52 Lime Street
London EC3M 7AF
United Kingdom

Email: shareholders@vivopower.com

Telephone: +44-7941-166-696

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, 2021:

- Cash and cash equivalents \$2.3 million denominated in AUD and \$0.9 million denominated in EUR and \$0.1 million denominated in GBP.
- Restricted cash \$1.1 million denominated in AUD.
- Trade and other receivables \$8.4 million denominated in AUD, \$1.0 million denominated in EUR and \$0.2 million denominated in GBP.
- Trade and other payables \$10.6 million denominated in AUD, \$1.5 million denominated in EUR and \$0.9 million in GBP.
- Borrowings \$3.8 million denominated in AUD and \$0.3 million denominated in EUR
- Provisions \$2.2 million denominated in AUD, \$0.3 million denominated in EUR and \$0.5 million in GBP.

The non-current shareholder loan of \$21.2 million is denominated in USD, upon which there is no foreign currency risk.

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

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

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.

ITEM 15. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures.

Our Chief Executive Officer and Group Finance Director, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) as of June 30, 2020, 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 Group Finance Director, 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 Group Finance Director, 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 Group Finance Director, 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. Based on that assessment, our management has concluded that as of June 30, 2020, our internal control over financial reporting was effective.

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), Gemma Godfrey and Peter Jeavons. All members have been determined by the Board to be independent under the applicable Nasdaq listing standards. Peter Jeavons, William Langdon and Matt Cahir joined the committee on June 16, 2020. Matt Cahir resigned from the committee on June 30, 2021. Gemma Godfrey joined the committee on July 01, 2021, Ashwin Roy served on the committee from his appointment on September 20, 2019, until his resignation on June 16, 2020. Shimi Shah and Peter Semol also served on the committee until their resignations on June 16, 2020.

The board of directors 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 of directors 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.

VivoPower became certified as a B Corporation in April 2018. 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, 2020, 2021, three months ended June 30, 2019 and the year ended March 31, 2019.

	Year Ended June 30	Year Ended June 30	Three Months Ended June 30	Year Ended March 31
(US dollars in thousands)	2021	2020	2019	2019
Audit fees	170	\$ 161	\$ 97	\$ 253
Audit-related fees	-	-	-	26
Tax fees	-	11	-	28
Total	170	\$ 172	\$ 97	\$ 307

Audit Fees

PKF Littlejohn LLP were re-appointed auditors for the year ended June 30, 2021. The audit fees of \$170,000 represent the fees of PKF Littlejohn LLP and related firms for audit of June 30, 2021 financial statements.

The audit fees of \$161,000, \$97,000 and \$253,260 represent the fees of PKF Littlejohn LLP and related firms for audit of June 30, 2020, June 30, 2019, and March 31, 2019 financial statements, respectively.

Audit-Related Fees

The audit related fees for the year ended March 31, 2019 were for audit of local statutory accounts for some Australian subsidiaries.

Tax Fees

For the year ended June 30, 2021, no tax fees were incurred.

For the year ended June 30, 2020, associate firms of PKF Littlejohn LLP charged \$ 10,900 (2019: \$27,932) for preparation of corporate tax returns for some Australian subsidiaries.

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.

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 listing standards. However, the Nasdaq Capital Market's 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.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III**ITEM 17. FINANCIAL STATEMENTS**

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

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 Company's 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 (incorporated by reference to Appendix A to the Notice of Annual General Meeting 2017 filed as Exhibit 99.1 on Form 6-K (File No. 001-37974), filed with the SEC on July 31, 2017).
8	List of Subsidiaries.
11	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).
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.

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.
15.1	Consent of Independent Registered Public Accounting Firm
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.

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 PLC

By: /s/ Kevin Chin
Name: Kevin Chin
Title: Chief Executive Officer

Date: September 14, 2021

VIVOPOWER INTERNATIONAL PLC
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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 Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of VivoPower International plc and its subsidiaries (the "Company") as of June 30, 2021, 2020, 2019 and March 31, 2019, and the related consolidated statements of comprehensive income, consolidated statements of cash flow and consolidated statements of changes in equity for each of the year ended June 30, 2021, 2020, three months ended June 30, 2019 and year ended March 31, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2021, 2020 and 2019 and March 31, 2019, and the results of its operations and its cash flows for the year ended June 30, 2021, 2020, three months ended June 30, 2019 and year ended March 31, 2019, 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to those charged with governance and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved especially challenging, subjective, or complex judgments. The communication of critical audit matters do 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 a separate opinion on the critical audit matters or on the accounts or disclosures to which they relate.

Critical Audit Matter

Revenue recognition

Revenue for the year ended 30 June 2021 amounted to \$40.4 million and details of the related critical judgements and estimates are disclosed in note 3.1. There is an inherent risk around the accuracy and completeness of revenue.

There is a risk of material misstatement of revenue from contracts with customers arising from the following areas which makes this a key focus for our audit:

- identification of performance obligations in customer contracts;
- judging the timing of satisfaction of performance obligations;
- allocation of transaction price;
- measuring the stage of completion for long term contracts (outputs versus inputs method) and
- determining the costs incurred to obtain or fulfil contracts with customers.

Recoverability of intangible assets

As at 30 June 2021 the carrying value of goodwill and intangible assets was \$47.4 million. Details of these assets and the related critical judgements and estimates are disclosed in notes 3.2 and 13.

Each year management is required to assess whether goodwill is impaired and consider whether the carrying value exceeds the recoverable amount using discounted cash flows. Intangible assets subject to amortization are assessed for indicators of impairment. Impairment assessments require the use of estimates, judgements and assumptions.

The calculation of the recoverable amount is dependent on various significant judgements and estimates, including forecasts (which includes production and sales volumes) and discount rates. The subjectivity of the judgements and estimates and the significant carrying value of the assets makes this a key area of focus for our audit.

How we addressed the matter in our audit

In responding to the identified critical audit matter we completed the following audit procedures:

- Updating our understanding of the internal control environment in operation for the significant revenue streams and obtaining an understanding of whether the key controls within these systems have been operating in the period under audit;
- Reviewing the work undertaken by component auditors in accordance with the issued component instructions, including regular communication throughout the audit;
- Controls testing on the key controls applicable to the contract and revenue cycle;
- Substantively testing a sample of contracts concluded and in progress at the year-end, including contract assets and liabilities and deferred and accrued income, and testing the stage of completion;
- Reviewing post year-end cash receipts and documents to test the completeness, cut-off and accuracy of revenue around the year-end; and
- Ensuring the revenue related disclosures in the financial statements are complete and accurate.

In responding to the identified critical audit matter we completed the following audit procedures:

- Reviewing and challenging management's value in use calculations including the rationale behind the key assumptions and cash flow forecasts, and expectations on the amount and timing of future cash flows;
- Checking the mathematical accuracy of the value in use calculations;
- Evaluating management's identification of cash-generating units and allocation of goodwill thereto;
- 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 disclosures in respect of the judgements and estimates on whether an impairment exists including the sensitivity analysis on the headroom (refer to Note 12).

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

/s/ PKF Littlejohn LLP

PKF Littlejohn LLP

September 14, 2021

15 Westferry Circus
Canary Wharf
London E14 4HD

Consolidated Statement of Comprehensive Income
for the Year Ended June 30, 2021

		Year Ended June 30		Three Months Ended June 30	Year Ended March 31
(US dollars in thousands, except per share amounts)	Note	2021	2020	2,019	2019
Revenue from contracts with customers	4	40,411	47,986	13,617	39,036
Cost of sales		(34,084)	(40,885)	(11,960)	(32,726)
Gross profit		6,327	7,101	1,657	6,310
General and administrative expenses		(11,133)	(5,479)	(1,291)	(7,685)
Gain on solar development – net	5	769	1,589	38	(2,615)
Other income	6	1,511	724	-	-
Depreciation of property, plant and equipment	13	(1,089)	(898)	(214)	(430)
Amortization of intangible assets	14	(1,167)	(868)	(223)	(990)
Operating profit/(loss)	7	(4,782)	2,169	(33)	(5,410)
Restructuring and other non-recurring costs	8	(2,880)	(3,410)	(525)	(2,017)
Finance income	10	2,179	33	-	4
Finance expense	10	(2,590)	(3,182)	(796)	(3,243)
Loss before income tax		(8,073)	(4,390)	(1,354)	(10,666)
Income tax	11	115	(713)	(92)	(557)
Loss for the period		(7,958)	(5,103)	(1,446)	(11,223)
Losses attributable to:					
Equity owners of VivoPower International Plc		(7,571)	(5,103)	(1,446)	(11,223)
Non-controlling interests		(387)	-	-	-
		(7,958)	(5,103)	(1,446)	(11,223)
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Currency translation differences recognized directly in equity		1,601	(1,028)	(102)	(2,998)
Total comprehensive loss for the period attributable to owners of the company		(6,357)	(6,131)	(1,548)	(14,221)
Earnings per share attributable to owners of the company (dollars)					
Basic	26	(0.46)	(0.38)	(0.11)	(0.83)
Diluted	26	(0.46)	(0.38)	(0.11)	(0.83)

All results are generated from continuing operations.

See notes to financial statements

Consolidated Statement of Financial Position
As at June 30, 2021

		Year Ended June 30			Year Ended March 31
(US dollars in thousands)	Note	2021	2020	2019	2019
ASSETS					
Non-current assets					
Property, plant and equipment	13	2,575	2,486	2,951	1,205
Intangible assets	14	47,449	29,849	31,762	32,366
Deferred tax assets	11	2,495	1,347	2,113	2,054
Investments accounted for using the equity method	16	-	8,225	-	
Total non-current assets		52,519	41,907	36,826	35,625
Current assets					
Cash and cash equivalents	17	8,604	2,824	7,129	4,522
Restricted cash	18	1,140	1,013	632	1,319
Trade and other receivables	19	12,712	12,556	14,992	10,399
Inventory	20	1,537	-		
Assets classified as held for sale	21	-	4,080	13,530	13,530
Total current assets		23,993	20,473	36,283	29,770
TOTAL ASSETS		76,512	62,380	73,109	65,395
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	22	8,917	15,395	24,639	17,923
Income tax liability		708	75	449	287
Provisions	23	2,802	2,897	1,718	1,710
Loans and borrowings	24	1,004	1,312	2,327	887
Total current liabilities		13,431	19,679	29,133	20,807
Non-current liabilities					
Loans and borrowings	24	22,087	24,642	19,359	18,380
Provisions	23	165	169	2,100	2,222
Deferred tax liabilities	11	411	-	1	1
Total non-current liabilities		22,663	24,811	21,460	20,603
Total liabilities		36,094	44,490	50,593	41,410
Equity					
Share capital	25	222	163	163	163
Share premium	25	76,229	40,215	40,215	40,215
Cumulative translation reserve		220	(3,307)	(2,279)	(2,177)
Other reserves	26	15,314	21,408	20,076	19,846
(Accumulated deficit)/retained earnings		(51,567)	(40,773)	(35,659)	(34,062)
Equity and reserves attributable to owners		40,418	17,706	22,516	23,985
Non-controlling interest		-	184	-	-
Total equity		40,418	17,890	22,516	23,985
TOTAL EQUITY AND LIABILITIES		76,512	62,380	73,109	65,395

These financial statements were approved by the Board of Directors on September 14, 2021, and were signed on its behalf by

Kevin Chin.

See notes to financial statements

Consolidated Statement of Cash Flow
for the Year Ended June 30, 2021

		Year Ended June 30		Three Months Ended June 30	Year Ended March 31
(US dollars in thousands)	Note	2021	2020	2019	2019
Cash flows from operating activities					
Loss for the period		(7,958)	(5,103)	(1,446)	(11,223)
Income tax		(115)	713	-	913
Finance income		(2,397)	(33)	-	(4)
Finance expense		2,889	3,182	796	3,243
Depreciation of property, plant and equipment		1,089	898	214	430
Amortization of intangible assets		1,167	868	223	990
Gain/(loss) on solar development		(769)	(1,589)	(38)	2,615
Disposal of treasury shares	26	-	-	62	86
Increase in equity instruments	26	-	113	368	815
Share based payments		1,078	-	-	-
(Increase)/decrease in trade and other receivables		(813)	2,411	(4,593)	(2,543)
(Decrease)/Increase in trade and other payables		(9,453)	(6,851)	6,716	3,841
(Decrease)/increase in provisions		(95)	1,295	(114)	(728)
Corporation tax payments		-	(477)	-	-
Net cash from/(used in) operating activities		(15,377)	(4,573)	2,188	(1,565)
Cash flows from investing activities					
Interest received	10	-	-	-	4
Proceeds on sale of property plant and equipment		36	432	-	464
Purchase of property, plant and equipment	13	(937)	(884)	(400)	(348)
Investment in capital projects	13	-	(277)	-	(245)
Proceeds on sale of capital projects	5	366	1,023	84	11,981
Acquisitions - consideration	12	(7,089)	-	-	-
Acquisitions - cash acquired	12	4,942	-	-	-
Net cash from/(used in) investing activities		(2,682)	294	(316)	11,856

		Year Ended June 30		Three Months Ended June 30	Year Ended March 31
(US dollars in thousands)	Note	2021	2020	2019	2019
Cash flows from financing activities					
Other borrowings	24	18	-	-	-
Lease repayments	24	(360)	(422)	(63)	(304)
Financing agreements proceeds	24	-	-	-	4,000
Financing agreements repayments	24	-	-	-	(6,000)
Proceeds from issuance of ordinary shares	26	34,866	-	-	-
Costs associated with issuance of shares	26	(2,819)	-	-	-
Debtor finance borrowings/(repayments)	24	(518)	(347)	150	751
Loans from related parties	24	-	1,300	766	-
Repayment of loans from related parties	24	(2,226)	(257)	-	(1,520)
Bank loan borrowings	24	(33)	344	-	-
Chattel mortgage borrowings	24	32	300	-	-
Finance expense	10	(5,296)	(515)	(796)	(3,243)
Transfer from/(to) restricted cash	18	(127)	(381)	687	(1,319)
Net cash from/(used in) financing activities		23,537	22	744	(7,635)
Net (decrease)/increase in cash and cash equivalents		5,478	(4,257)	2,616	2,656
Cash and cash equivalents at the beginning of the period	17	2,824	7,129	4,522	1,939
Effect of exchange rate movements on cash held		302	(48)	(9)	(73)
Cash and cash equivalents at the end of the period	17	8,604	2,824	7,129	4,522

Non-cash investing and financing transactions during the year-ended June 30, 2021 comprise:

- 792,126 shares issued to Incentive Award participants at nominal value: \$1.1 million;
- 15,793 shares issued as non-cash consideration for the acquisition of the non-controlling interest in Tembo: \$0.2 million.
- Exchange of Aevitas convertible preference shares and convertible loan notes to Aevitas preference shares: \$3.0 million.
- Conversion of Aevitas convertible preference shares and convertible loan notes to ordinary share capital in the Company : \$20.5 million.

See notes to financial statements

Consolidated Statement of Changes in Equity
for the Year Ended June 30, 2021

(US dollars in thousands)	Share capital	Share premium	Cumulative translation reserve	Other reserves	(Accumulated deficit)/retained earnings	Non- controlling interest	Total
At March 31, 2019	163	40,215	(2,177)	19,846	(34,062)	-	23,985
Change in accounting policy (see Note 2.18)	-	-	-	-	20	-	20
Restated at April 1, 2019	163	40,215	(2,177)	19,846	(34,042)	-	24,005
Total comprehensive loss for the year	-	-	(102)	-	(1,446)	-	(1,548)
Equity instruments	-	-	-	(3)	-	-	(3)
Disposal of treasury shares	-	-	-	233	(171)	-	62
	-	-	(102)	230	(1,617)	-	(1,489)
At June 30, 2019	163	40,215	(2,279)	20,076	(35,659)	-	22,516
Total comprehensive loss for the year	-	-	(1,028)	-	(5,103)	-	(6,131)
Equity instruments	-	-	-	971	-	-	971
Other reserves	-	-	-	17	(11)	-	6
Employee share scheme	-	-	-	344	-	-	344
Non-controlling interest	-	-	-	-	-	184	184
	-	-	(1,028)	1,332	(5,114)	184	(4,626)
At June 30, 2020	163	40,215	(3,307)	21,408	(40,773)	184	17,890
Loss for the year	-	-	-	-	(7,571)	(387)	(7,958)
Other comprehensive income/(expense)	-	-	1,842	(241)	-	-	1,601
	163	40,215	(1,465)	21,167	(48,344)	(203)	11,533
Transactions with owners in their capacity as owners							
Equity instruments	-	-	-	(3,141)	-	-	(3,141)
Capital raises	49	34,317	-	(2,804)	-	-	31,562
Other share issuances	1	736	-	(15)	-	-	722
Employee share awards	9	961	-	107	-	-	1,077
Non-controlling interest	-	-	-	-	(1,538)	203	(1,335)
	59	36,014	-	(5,853)	(1,538)	203	28,885
At June 30, 2021	222	76,229	(1,465)	15,314	(49,882)	-	40,418

For further information on “Other Reserves” please see Note 26.

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.

In July 2019, the Board of Directors of the Company adopted a resolution to change the Company’s fiscal year end from March 31 to June 30, commencing June 30, 2019. Comparative information in these consolidated financial statements refer to the three months ended June 30, 2019 and the year ended March 31, 2019. Any amounts shown for the year ended June 30, 2019 are unaudited.

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’). As at June 30, 2021, the Company no longer has an ultimate controlling party, as AWN Holdings Limited holds a 44% equity interest in the Company as at June 30, 2021, and 49% following the issuance of restricted shares on July 21, 2021 following conversion of Aevitas convertible preferred shares and convertible notes that redeemed on June 30, 2021.

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

2. Significant accounting policies

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

2.1 Basis of preparation

VivoPower International PLC consolidated financial statements were prepared in accordance with 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.

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.

As at June 30, 2021, the Company had unrestricted cash totaling \$8.6 million, compared to \$2.8 million as at June 30, 2020, \$7.1 million as at June 30, 2019 and \$4.5 million as at March 31, 2019. The improved cash position in the year follows the successful capital raise and ATM share issuances performed in the year ended 30 June 2021.

Over the next twelve months, the Company expects a rebound in revenues and continued EBITDA generation in critical power systems, growing overheads in electric vehicles as the operation prepares for series production, and revenue and costs in SES related to Tottenham Hotspur projects and scaling up the business more generally. Furthermore, the Company will be investing in capitalized development costs in electric vehicles in preparation for Tembo series production, and capitalized development costs in SES, to fund development of the U.S. solar portfolio towards future sales, and development of microgrid, EV charging and battery energy storage capabilities. The Company will also be investing in property, plant and equipment, particularly in Tembo.

The Company estimates that the net additional funding requirement in the year ended June 30, 2022 is a minimum of \$15 million. The Company is planning to finance this funding requirement through asset backed financing for investment in property, plant and equipment and software, debtor and inventory financing solutions and if required hybrid equity or ordinary equity, depending on what is best suited to the Company’s growth needs.

The Directors believe these actions will provide sufficient cash to support business operations and meet obligations as they become due through September 2021.

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

- Regular re-forecasting process and flexing of opex and capex cost growth according to liquidity needs;
- Phased approach to hiring of personnel to sustain growth of the Tembo business;
- Obtaining COVID relief where available, e.g. Jobsaver COVID payroll subsidy in Australia;
- Staging the timing of property plant and equipment and software capex to match asset backed financing inflows;
- Obtain R&D grants in the U.K and Europe to help fund investment in electric, solar and battery technologies;
- Careful project planning and commercial structuring of SES projects;
- Possible sale, spin off, or distribution in specie of Caret, LLC;
- Staging the timing of equity raises to minimize dilution; and
- Renegotiation of terms on loans and supply chain.

Based on the foregoing, the directors believe that the Company is well placed to manage its business risk successfully, despite some current economic and political uncertainty. 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.

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

2.2 Basis of consolidation

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

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

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

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

2.3 Business combination

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

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

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

The excess of the:

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

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

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

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

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

2.4 Intangible assets

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

Goodwill

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

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

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 and external consultants.

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 -10 years
- Trade names – 15 to 25 years
- Favorable supply contracts – 15 years
- Other – 5 years

2.5 Property, plant and equipment

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

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

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

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

2.6 Assets classified as held for sale

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.

2.7 Inventory

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

2.8 Leases

The Group leases offices, workshops, motor vehicles, and equipment for fixed periods of 2 months to 6 years but may have extension options. Extension options are not recognized by the Group in the determination of lease liabilities unless renewals are reasonably certain.

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

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

Until March 31, 2019, leases of property, plant and equipment were classified as either finance leases or operating leases, as further described below. From April 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. The Group has applied IFRS 16 – Leases using the modified retrospective approach.

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

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

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

Prior to April 1, 2019, leases were classified as finance leases whenever the terms of the lease transferred substantially all the risks and rewards of ownership to the lessee. All other leases were classified as operating leases. Assets held under finance leases were initially recognized as property, plant and equipment at an amount equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments at the inception of the lease, and then depreciated over their useful economic lives. Lease payments were apportioned between the repayment of capital and interest. The capital element of future lease payments was included in the Statement of Financial Position as a liability. Interest was charged to the Statement of Comprehensive Income so as to achieve a constant rate of interest on the remaining balance of the liability. Rentals payable under operating leases were charged to the Statement of Comprehensive Income on a straight-line basis over the lease term. Operating lease incentives were recognized as a reduction in the rental expense over the lease term.

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.

From April 1, 2018, 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.

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 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.

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 Company adopted IFRS 15 - Revenue from Contracts with Customers with effect from the date of incorporation.

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

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

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

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

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

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

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

Incremental costs of obtaining a contract are expensed as incurred.

2.16 Other income

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

2.17 Employee benefits

Pension

The employer pension contributions are associated with defined contribution schemes. The costs are therefore 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.

2.18 Restructuring and other non-recurring costs

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

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

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

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

2.19 New standards, amendments and interpretations

The following accounting standards and their amendments were adopted during the financial year.

International Accounting Standards

IAS 1 and 8 - Definition of Material (amendments).

Various amendments to references to conceptual framework.

Effective date

1 January 2020

1 January 2020

International Financial Reporting Standards

IFRS 3 - Business Combinations (amendment).

Effective date

1 January 2020

The adoption of these policies has had no material impact on the Group or the Company.

The following accounting standards and their amendments were in issue at the year-end but will not be in effect until after this financial year.

<i>International Accounting Standards (amendments)</i>	<i>Effective date*</i>
IAS 1 (amendments) - Presentation of Financial Statements regarding classification of liabilities	1 January 2023
IAS 1 (amendments) - Presentation of Financial Statements regarding the amendments of disclosure of accounting policies	1 January 2023
IAS 8 (amendments) - Accounting Policies, Changes in Accounting Estimates and Errors to	1 January 2023
IAS 37 (amendments) - Provisions, Contingent Liabilities and Contingent Assets outlines the accounting for provisions, with contingent assets and contingent liabilities	1 January 2022
IAS 16 (amendments) – Property, Plant and Equipment	1 January 2022
IFRS 3 (amendments) – Business Combinations reference to Conceptual Framework	1 January 2022
IFRS 2018-20 Annual Improvements to IFRS Standards 2018 -2020	1 January 2022

*Years beginning on or after

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

3. Significant accounting judgements and estimates

In preparing the consolidated financial statements, the directors are required to make judgements in applying the Group's accounting policies and in making estimates and making assumptions about the future. These estimates could have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the future financial periods. The critical judgements that have been made in arriving at the amounts 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 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 14. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

3.3 Operating profit/(loss)

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

3.4 Litigation provision

The provision of \$0.48 million for disputed legal success fees related to the Mr. Comberg litigation recorded at June 30, 2021 is estimated by management, making a judgement in conjunction with advice from legal counsel, on the likely outcome of the claim.

3.5 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.

3.6 Deferred tax assets

Deferred tax assets for unused tax losses amounting to \$1.9 million at June 30, 2021 (June 30, 2020: - \$0.8 million; June 30, 2019: \$1.005 million; March 31, 2019: \$1.005 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.

3.7 Share option reserve

As part of the Initial Public Offering Listing, VivoPower issued an amended and restated unit purchase option (UPO) replacing the options issued by Arowana Inc. The options are viewed as a share-based award granted to Early Bird Capital. The cost of the award is recognized directly in equity and is applied against capital raising costs. As the option holder has the right to receive shares in the Company, the share-based payment transaction would be equity settled. The fair value of the options was determined at the grant date, using the Black Scholes Model, and not remeasured subsequently. As the options have no vesting conditions the related expense was recognized immediately. The options lapsed during the year ended June 30, 2020.

3.8 Exchangeable preference shares and exchangeable notes

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

3.9 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. Further information about the significant judgements, estimates and assumptions impacting the fair value measurements in business combinations is contained in Note 12.

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, 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 J.A. Martin Electrical Pty Limited ("J.A. Martin") and Kenshaw Electrical Pty Limited ("Kenshaw"), both of which operate in Australia with a focus on the design, supply, installation and maintenance of critical power, control and distribution systems, including for solar farms. Electric Vehicles is represented by Tembo e-LV B.V. ("Tembo"), a Netherlands-based specialist battery-electric and off-road vehicle company delivering electric vehicles ("EV") for mining and other rugged industrial customers globally. Sustainable Energy Solutions ("SES") is the design, evaluation, sale and implementation of renewable energy infrastructure to customers, both on a standalone basis and in support of Tembo EVs. Solar Development is represented by Caret and comprises 12 solar projects in the United States. Corporate Office is the Company's corporate functions, including costs to maintain the Nasdaq public company listing, comply with applicable SEC reporting requirements, and related investor relations and is located in the U.K. No segmental information is presented for SES as amounts related to SES in the current period are immaterial.

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 of Directors 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 of Directors 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 by geographic location is as follows:

(US dollars in thousands)	Year Ended June 30		Three Months Ended June 30	Year Ended March 31
	2021	2020	2019	2019
Australia	39,018	47,983	13,507	37,889
United States	-	-	110	1,147
Netherlands	1,393	-	-	-
United Kingdom	-	3	-	-
Total revenue	40,411	47,986	13,617	39,036

Revenue by product and service is as follows:

(US dollars in thousands)	Year Ended June 30		Three Months Ended June 30	Year Ended March 31
	2021	2020	2019	2019
Electrical products and related services	38,832	47,917	13,484	37,799
Development fees	185	69	-	90
Conversion kits	137	-	-	-
Vehicle spec conversion	1,219	-	-	-
Accessories	38	-	-	-
Other revenue	-	-	133	1,147
Total revenue	40,411	47,986	13,617	39,036

The Group did not have any customers representing more than 10% of revenue for the year ended June 30, 2021 (year ended June 30, 2020: one; three months ended June 30, 2019: one; year ended March 31, 2019: one;).

4.2 Operating segments

a) Segment results of operations

Results of operations by reportable segment are as follows:

Year Ended June 30, 2021	Critical Power Services	Solar Development	Electric Vehicles	Corporate Office	Total
(US dollars in thousands)					
Revenue from contracts with customers	38,832	185	1,394	-	40,411
Costs of sales	(32,792)	-	(1,292)	-	(34,084)
Gross profit	6,040	185	102	-	6,327
General and administrative expenses	(3,004)	(1,309)	(1,923)	(4,897)	(11,133)
Gain on solar development - net	36	733	-	-	769
Other income	1,511	-	-	-	1,511
Depreciation and amortization	(1,902)	(4)	(346)	(4)	(2,256)
Operating profit/(loss)	2,681	(395)	(2,167)	(4,901)	(4,782)
Restructuring and other non-recurring costs	(27)	-	(631)	(2,222)	(2,880)
Finance income	2,163	-	10	6	2,179
Finance expense	(476)	(24)	(11)	(2,079)	(2,590)
Profit/(loss) before income tax	4,341	(419)	(2,799)	(9,196)	(8,073)
Income tax	(714)	96	733	-	115
Profit/(loss) for the period	3,627	(323)	(2,066)	(9,196)	(7,958)

Year Ended June 30, 2020	Critical Power Services	Solar Development	Electric Vehicles	Corporate Office	Total
(US dollars in thousands)					
Revenue from contracts with customers	47,914	69	-	3	47,986
Costs of sales	(40,865)	(20)	-	-	(40,885)
Gross profit	7,049	49	-	3	7,101
General and administrative expenses	(2,745)	(469)	-	(2,265)	(5,479)
Gain on solar development - net	41	1,548	-	-	1,589
Other income	724	-	-	-	724
Depreciation and amortization	(1,718)	(45)	-	(3)	(1,766)
Operating profit/(loss)	3,351	1,083	-	(2,265)	2,169
Restructuring and other non-recurring costs	(124)	(1,296)	-	(1,990)	(3,410)
Finance expense - net	(1,436)	(9)	-	(1,704)	(3,149)
Profit/(loss) before income tax	1,791	(222)	-	(5,959)	(4,390)
Income tax	15	(728)	-	-	(713)
Profit/(loss) for the period	1,806	(950)	-	(5,959)	(5,103)

Three Months Ended June 30, 2019	Critical Power Services	Solar Development	Electric Vehicles	Corporate Office	Total
(US dollars in thousands)					
Revenue from contracts with customers	13,484	133	-	-	13,617
Costs of sales	(11,864)	(96)	-	-	(11,960)
Gross profit	1,620	37	-	-	1,657
General and administrative expenses	(567)	(206)	-	(518)	(1,291)
Gain/(loss) on solar development - net	5	41	-	(8)	38
Depreciation and amortization	(422)	(14)	-	(1)	(437)
Operating profit/(loss)	636	(142)	-	(527)	(33)
Restructuring and other non-recurring costs	(15)	(39)	-	(471)	(525)
Finance expense – net	(358)	(49)	-	(389)	(796)
Profit/(loss) before income tax	263	(230)	-	(1,387)	(1,354)
Income tax	(92)	-	-	-	(92)
Profit/(loss) for the period	171	(230)	-	(1,387)	(1,446)

Year Ended March 31, 2019	Critical Power Services	Solar Development	Electric Vehicles	Corporate Office	Total
(US dollars in thousands)					
Revenue from contracts with customers	37,800	1,236	-	-	39,036
Costs of sales	(32,317)	(409)	-	-	(32,726)
Gross profit	5,483	827	-	-	6,310
General and administrative expenses	(2,823)	(2,148)	-	(2,714)	(7,685)
Gain/(loss) on Solar Development	(30)	(2,585)	-	-	(2,615)
Depreciation and amortization	(1,272)	(140)	-	(8)	(1,420)
Operating profit/(loss)	1,358	(4,043)	-	(2,722)	(5,410)
Restructuring and other non-recurring costs	(8)	7	-	(2,016)	(2,017)
Finance expense – net	(1,354)	(221)	-	(1,664)	(3,239)
Profit/(loss) before income tax	(4)	(4,260)	-	(6,402)	(10,666)
Income tax	(572)	15	-	-	(557)
Profit/(loss) for the period	(576)	(4,245)	-	(6,402)	(11,223)

b) Segment net assets

Net assets by reportable segment are as follows:

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

As at June 30, 2020	Critical Power				Total
(US dollars in thousands)	Services	Solar Development	Electric Vehicles	Corporate Office	
Assets	38,519	22,965	-	896	62,380
Liabilities	(14,481)	(1,697)	-	(28,312)	(44,490)
Net assets/(liabilities)	24,038	21,268	-	(27,416)	17,890

As at June 30, 2019	Critical Power				Total
(US dollars in thousands)	Services	Solar Development	Electric Vehicles	Corporate Office	
Assets	45,881	26,534	-	694	73,109
Liabilities	(21,171)	(5,766)	-	(23,656)	(50,593)
Net assets/(liabilities)	24,710	20,768	-	(22,962)	22,516

As at March 31, 2019	Critical Power				Total
(US dollars in thousands)	Services	Solar Development	Electric Vehicles	Corporate Office	
Assets	35,472	29,538	-	385	65,395
Liabilities	(13,603)	(6,085)	-	(21,722)	(41,410)
Net assets/(liabilities)	21,869	23,453	-	(21,337)	23,985

5. Gain/(loss) on Solar Development

(US dollars in thousands)	Year Ended June 30		Three Months ended June 30	Year Ended March 31
	2021	2020	2019	2019
VivoRex contract obligations	-	2,768	-	(1,902)
Australia solar projects	(165)	496	-	(247)
ISS Joint Venture - 50% share of discontinued projects	(6,950)	(1,675)	-	(868)
NC Projects sale	-	-	-	402
Gain on acquisition of remaining 50% ISV from ISS	7,848	-	-	-
Other gains	36	-	38	-
Total gain/(loss) on Solar Development	769	1,589	38	(2,615)

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

The Company recorded a loss of \$7.0 million in respect of its share of discontinued Solar Development projects in the joint venture, Caret, LLC (formerly Innovative Solar Ventures I, LLC) ("ISS Joint Venture"), prior to acquisition of the remaining 50% interest by the Company on June 30, 2021.

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

On July 2, 2019, the Company sold its 100% interest in VivoRex, LLC, for \$1 and recorded a gain for accounting purposes of \$2.8 million as a result of the disposal of onerous contract obligations of \$2.5 million and other liabilities of \$0.5 million, less cash and other current assets of \$0.2 million. Results of operations for VivoRex, LLC, are reported within the SES (formerly Solar Development) operating segment, as disclosed in Note 4.2, and for the year ended June 30, 2020 accounted for \$nil (three months ended June 30, 2019: \$0.1 million; year ended March 31, 2019: \$1.959 million; 2018: \$0.645 million) of the operating loss reported for this segment.

The Company also recorded a gain on sale of \$0.5 million for Solar projects in Australia, related primarily to the sale of its 100% interest in the Sun Connect portfolio, in October 2019. The gain on sale of \$0.3 million, comprised proceeds \$1.0 million, less disposal of \$0.8 million net book value of intangible assets and \$0.1 million other net liabilities. Results of operations for the Sun Connect portfolio are reported within the Solar Development operating segment, as disclosed in Note 4.2.

The Company also recorded a \$1.7 million loss on discontinued Solar Development projects in the ISS Joint Venture.

The loss on Solar Development for the year-ended March 31, 2019, totaling \$2.6 million, is comprised of a \$1.9 million provision for onerous contracts related to future obligations to purchase Solar Renewable Energy Certificates ("SRECs") from the NC Projects, discontinued Solar Development projects in the ISS Joint Venture (\$0.9 million), and a correction to the gain on the sale of Amaroo solar project reported in the prior year (\$0.3 million), offset by a gain on sale of the NC Projects (\$0.4 million).

On May 25, 2018, the Company sold its 14.5% and 10.0% equity interests in the NC-31 and NC-47 projects, respectively, to the majority investor at the fair market value of these projects. The proceeds of sale, net of transaction costs, were \$11.4 million. A gain on sale of \$0.4 million was realized after the impairment recognized in the prior year.

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. The Company has reclassified the 2020 comparative in the Consolidated Statement of Comprehensive Income for amounts receivable under the Jobkeeper allowance. This is now included in other income, whereas previously in the year ended 30 June 2020 this was included in revenue. All comparative figures in the associated notes to the financial statements have been amended accordingly. The amount re-classified is \$0.7 million.

7. Operating profit/(loss)

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

(US dollars in thousands)	Year Ended June 30		Three Months Ended June 30	Year Ended March 31
	2021	2020	2019	2019
Amortization of intangible assets	1,167	868	223	990
Depreciation of property, plant and equipment	1,089	898	214	430
Operating lease costs – land and buildings	-	-	-	548
Operating lease costs – motor vehicles	-	-	-	65
Operating lease costs – other equipment	-	-	-	33
Gain on foreign exchange	2,179	33	-	-
Auditors' remuneration – audit fees	163	161	97	253
Auditors' remuneration – audit related services	-	-	-	26
Auditors' remuneration – tax services	12	11	-	28
Directors' emoluments	676	398	104	611
Loss/(gain) on disposal of solar development	(769)	(1,589)	(38)	2,615

8. Restructuring and other non-recurring costs

(US dollars in thousands)	Year Ended June 30		Three Months Ended June 30	Year Ended March 31
	2021	2020	2019	2019
Corporate restructuring – workforce reduction	-	163	-	102
Corporate restructuring – litigation	2,042	1,104	-	-
Corporate restructuring – professional fees	179	1,031	518	1,776
Project review and investigation costs	-	1,112	7	139
Relocation costs	27	-	-	-
Acquisition of subsidiaries - related costs	632	-	-	-
Total	2,880	3,410	525	2,017

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.

During a prior fiscal period, the Board undertook a strategic restructuring of the business to align operations, personnel, and business development activities to focus on a fewer number of areas of activity. Associated with this restructuring was the departure of a number of employees and contractors from the business. The workforce reduction cost represents the total salary, benefit, severance, and contract costs paid in the year or accruing to these individuals in the future for which no services will be rendered to the Company. Professional fees represent legal fees incurred to resolve certain disputes related to some of these separations in both the current and prior year. Project review and investigation costs are the costs incurred related to solar business development activities in Asia for which the decision was made not to proceed for economic reasons, and costs of detailed review and investigation for the ISS Joint Venture portfolio in the U.S.

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

9. Staff numbers and costs

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

	Year Ended June 30		Three Months Ended June 30	Year Ended March 31
	2021	2020	2019	2019
Sales and Business Development	13	11	9	9
Central Services and Management	35	27	31	32
Production	164	171	139	138
Total	212	209	179	179

Their aggregate remuneration costs comprised:

	Year Ended June 30		Three Months Ended June 30	Year Ended March 31
(US dollars in thousands)	2021	2020	2019	2019
Salaries, wages and incentives	14,550	13,565	3,310	14,327
Social security costs	795	803	213	1,044
Pension contributions	850	792	185	788
Short-term compensated absences	1,200	1,296	406	1,254
Total	17,395	16,456	4,114	17,413

Directors' emoluments for the year ended June 30, 2021 were \$675,806 (year ended June 30, 2020: \$536,979; three months ended June 30, 2019: \$103,925; (year ended March 31, 2019: \$611,450) of which the highest paid director received \$92,119 (year ended June 30, 2020: \$205,673; three months ended June 30, 2019: \$62,136; year ended March 31, 2019: \$254,084). Director emoluments include employer social security costs.

Key Management Personnel:

	Year ended June 30		Three Months Ended June 30	Year Ended March 31
(US dollars in thousands)	2021	2020	2019	2019
Salaries, wages and incentives	1,949	1,009	388	2,354
Social security costs	101	79	28	176
Pension contributions	64	36	13	45
Equity incentives	244	111	27	130
Short-term compensated absences	2	-	-	-
Total	2,361	1,235	456	2,705

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, 2021 was 10 (year ended June 30, 2020: 7; three months ended June 30, 2019: 10; year ended March 31, 2019: 10;).

10. Finance income and expense

	Year Ended June 30		Three Months Ended June 30	Year Ended March 31
(US dollars in thousands)	2021	2020	2019	2019
Finance income				
Foreign exchange gains	2,179	33	-	-
Interest received	-	-	-	4
Total finance income	2,179	33	-	4
	Year Ended June 30		Three Months Ended June 30	Year Ended March 31
(US dollars in thousands)	2021	2020	2019	2019
Finance expense				
Related party loan interest payable	1,986	1,653	387	1,588
Convertible loan notes and preference shares interest payable	1,228	1,185	307	1,284
Waived dividends and interest on convertible preference shares and loan notes	(995)	-	-	-
Financing agreement finance cost payable	-	-	-	206
Debtor invoice finance cost payable	97	174	51	164
Lease liabilities interest payable	92	95	22	1
Bank interest payable	-	-	6	-
Provisions – unwinding of discount	-	-	42	-
Foreign exchange losses	92	-	(19)	-
Other finance costs	90	75	-	-
Total finance expense	2,590	3,182	796	3,243

Interest paid in the year of \$5.3 million includes \$2.2 million of accrued interest on Aevitas convertible preference shares and convertible loan notes from prior periods.

11. Taxation

(a) Tax (charge)/credit

	Year Ended June 30		Three Months Ended June 30	Year Ended March 31
(US dollars in thousands)	2021	2020	2019	2019
Current tax				
U.K. corporation tax	-	-	-	29
Foreign tax	(848)	53	(162)	(217)
Total current tax	(848)	53	(162)	(188)
Deferred tax				
Current year				
U.K. tax	(51)	(202)	-	267
Foreign tax	1,014	(564)	70	(636)
Total deferred tax	963	(766)	70	(369)
Total income tax	115	(713)	(92)	(557)

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		Three Months Ended June 30	Year Ended March 31
	2021	2020	2019	2019
Loss before income tax	(8,073)	(4,390)	(1,354)	(10,666)
Group weighted average corporation tax rate	22.2%	24.6%	22.0%	21.8%
Tax at standard rate	1,789	1,080	297	2,325
Effects of:				
Expenses that are not deductible for tax purposes	(833)	(106)	(49)	41
Adjustment to prior year tax provisions, assets	137	-	-	(64)
Deferred tax assets not recognized on tax losses	(978)	(1,687)	(340)	(2,859)
Total income tax for the period				
Recognized in the Consolidated Statement of Comprehensive Income	115	(713)	(92)	(557)

(b) Deferred tax

(US dollars in thousands)	As at June 30			As at March 31
	2021	2020	2019	2019
Deferred tax assets	2,495	1,347	2,113	2,054
Deferred tax liabilities	(411)	-	(1)	(1)
Net deferred tax asset	2,084	1,347	2,112	2,053

The deferred tax assets are analyzed as follows:

Deferred tax assets	Tax losses	Other timing differences	Total
March 31, 2019	1,005	1,049	2,054
Credit to comprehensive income	-	59	59
June 30, 2019	1,005	1,108	2,113
Charged to comprehensive income	(191)	(575)	(766)
June 30, 2020	814	533	1,347
Credit to comprehensive income	776	109	885
Acquisitions	263	-	263
June 30, 2021	1,853	642	2,495

The deferred tax assets are analyzed as follows:

Deferred tax liabilities	Accelerated allowances	Other timing differences	Total
June 30, 2019	(1)	-	(1)
Credit to comprehensive income	1	-	1
June 30, 2020	-	-	-
Credit to comprehensive income	-	78	78
Acquisitions of subsidiary (Note 12)	-	(489)	(489)
June 30, 2021	-	(411)	(411)

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. Business Combination

(a) Tembo e-LV

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

Purchase consideration

(Amounts in thousands)

	EUR	USD
Cash consideration for 51% acquisition	4,000	4,916

The fair value of the identifiable assets and liabilities recognized, as a result of the acquisition, are as follows:

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

Acquisition of Non-controlling interest:	EUR	USD
Cash paid	1,800	2,173
Ordinary shares issued	197	237
Total consideration for non-controlling interest	1,997	2,410
Non-controlling interest acquired:		
At acquisition	(1,025)	(1,259)
Loss attributable to non-controlling interest	319	387
At date of acquisition of non-controlling interest	(706)	(873)
Surplus on acquisition of non-controlling interests	1,291	1,538
Purchase consideration - cash outflow		
(Amounts in thousands)	EUR	USD
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration - 51%	4,000	4,916
Cash consideration - 49%	1,800	2,173
<i>Less: Balances acquired</i>		
Cash	4,021	4,942
Net outflow of cash - investing activities	1,779	2,147

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

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

Intangible assets acquired comprise \$1.5 million customer contracts and \$0.4 million of trade names, based on a purchase price allocation performed by management. Customer contracts are valued in years 1-5 include revenue from acquired customer relationships representing 25% of total revenue, average attrition rate 25% per annum, average EBIT 3.7%, weighted average cost of capital 13.0%. Trade names are valued using a relief from royalty method of the income valuation approach over a 6-year life based on a 5% industry average royalty rate.

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

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

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

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

(b) ISS Joint Venture

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

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

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

(US dollars in thousands)

Purchase consideration

Cash	-
Fair value of pre-acquisition equity interest	5,393
Total consideration	5,393

Less: Fair value of acquired net assets:

Cash	2
Deposits	990
Capitalized project development expenses (Note 14b)	12,249
	13,241

Gain on bargain purchase - included in gain/(loss) on SES development (Note 5)	7,848
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No revenue or profit or loss has been recognized since the acquisition date.

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

13. Property, plant and equipment

(US dollars in thousands)	Computer Equipment	Motor Vehicles	Plant and Equipment	Fixtures and Fittings	Right-of- Use Assets	Total
Cost						
At March 31, 2019	543	1,629	1,029	176	-	3,377
Change in accounting policy (Note 2.18)	-	(371)	-	-	2,152	1,781
Restated at April 1, 2019	543	1,258	1,029	176	2,152	5,158
Foreign exchange	(5)	(13)	(11)	(2)	(20)	(51)
Additions	7	45	222	16	110	400
Disposals	-	(8)	-	-	-	(8)
At June 30, 2019	545	1,282	1,240	190	2,242	5,499
Foreign exchange	(11)	(26)	(26)	(4)	(46)	(113)
Additions	36	359	189	9	570	1,163
Disposals	(94)	(252)	(171)	-	(483)	(1,000)
At June 30, 2020	476	1,363	1,232	195	2,283	5,549
Foreign exchange	41	145	26	18	196	426
Additions	125	230	395	6	182	938
Acquisitions from business combinations	-	4	114	-	88	206
Disposals	(80)	(174)	(156)	(97)	(58)	(565)
At June 30, 2021	562	1,568	1,611	122	2,691	6,554

Depreciation	Computer Equipment	Motor Vehicles	Plant and Equipment	Fixtures and Fittings	Right-of- use Assets	Total
At March 31, 2019	380	1,079	645	68	-	2,172
Change in accounting policy (Note 2.18)	-	(123)	-	-	318	195
Restated at April 1, 2019	380	956	645	68	318	2,367
Foreign exchange	(3)	(12)	(7)	-	(3)	(25)
Charge for the period	27	1	17	6	163	214
Disposals	-	(8)	-	-	-	(8)
At June 30, 2019	404	937	655	74	478	2,548
Foreign exchange	(7)	(15)	(11)	(1)	(3)	(37)
Charge for the period	55	171	107	13	552	898
Disposals	(79)	(257)	(4)	-	(16)	(346)
At June 30, 2020	373	836	747	86	1,021	3,063
Foreign exchange	31	85	70	8	77	271
Charge for the period	66	206	167	8	642	1,089
Disposals	(71)	(157)	(112)	(46)	(58)	(444)
At June 30, 2021	399	970	872	56	1,682	3,979

Net book value	Computer Equipment	Motor Vehicles	Plant and Equipment	Fixtures and Fittings	Right-of- use Assets	Total
At March 31, 2019	163	550	383	108	-	1,205
At June 30, 2019	141	344	585	116	1,764	2,951
At June 30, 2020	103	527	485	109	1,262	2,486
At June 30, 2021	163	598	739	66	1,009	2,575

14. Intangible assets

(US dollars in thousands)	As at June 30			Year ended March 31
	2021	2020	2019	2019
Goodwill	25,794	21,919	22,387	22,622
Other intangible assets	21,655	7,930	9,375	9,744
Total	47,449	29,849	31,762	32,366

a) Goodwill

Goodwill (US dollars in thousands)	As at June 30			Year ended March 31
	2021	2020	2019	2019
As at July 1 / April 1	21,919	22,387	22,622	24,482
Goodwill on acquisition of Tembo	1,698	-	-	-
Foreign exchange	2,177	(468)	(235)	(1,860)
Carrying value	25,794	21,919	22,387	22,622

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

(US dollars in thousands)	As at June 30			Year ended March 31
	2021	2020	2019	2019
Aevitas O Holdings Limited (allocated to the Critical Power Services segment)	13,658	12,483	12,751	12,884
VivoPower Pty Ltd (allocated to the Solar Development segment)	10,319	9,436	9,636	9,738
Tembo (allocated to the Electric Vehicle segment)	1,817	-	-	-
Total	25,794	21,919	22,387	22,622

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 are 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 financial year and management projections for the following two years. Cash flows are also projected for subsequent years as management believes that the investment is held for the long term. These budgets and projections reflect management's view of the expected market conditions and the position of the CGU's products and services within those markets.

The CGU represented by Aevitas O Holdings Limited was assessed to have a value in excess of its carrying value and hence no additional adjustments to goodwill were considered necessary. Key assumptions used in the assessment of impairment were discount rate based on the weighted average cost of capital of 10% (June 30, 2020: 10.6%; June 30, 2019: 8.8%; March 31, 2019: 8.8%) and annual growth rate of 3% per annum. No sensitivity analysis is provided as the Company expects no foreseeable changes in the assumptions that would result in impairment of the goodwill.

Following the strategic pivot of the solar development business into sustainable energy solutions, management have re-assessed the applicability of the CGU which the VivoPower Pty Ltd goodwill and intangibles should be included within, for impairment assessment purposes. Whilst the strategic pivot requires development of new capabilities in the Company related to battery technology and grid connectivity, a significant portion of the existing technology, project execution methodology and management team of VivoPower Pty Ltd continue to provide solar development activity in the sustainable energy solutions segment. Furthermore, revenue streams of sustainable energy solutions include a significant solar component. Therefore, management have concluded that the VivoPower Pty Ltd goodwill and intangible assets can be included within the SES segment. Management have only included the solar element of future revenue streams when assessing impairment of VivoPower Pty Ltd goodwill and intangible assets.

The solar element of the CGU represented by VivoPower Pty Ltd was assessed to have a value in excess of its carrying value and hence no additional adjustments to goodwill were considered necessary.

Key assumptions used in the assessment of impairment were weighted average cost of capital of 10.7% (June 30, 2020: 10.9%; June 30, 2019: 11.0%; March 31, 2019: 11.0%), an average annual growth rate in years 1-5 of 120% during the hyperscaling phase of the business, an average of 53% of revenue derived from supporting infrastructure for electric vehicle sales will relate to solar infrastructure in years 1-5, with an average of 20% of electric light vehicles sold by the Company in years 1-5 will be sold with an additional sustainable energy solution; an average of 69% of standalone renewable power generation, storage and distribution projects revenue will relate to solar development in years 1-5.

If the conversion rate of sustainable energy solutions from supporting infrastructure for electric vehicles is only 5% instead of management's estimate of 20%, the Company would have had to recognize an impairment of \$0.3 million. If the implementation rate is nil instead of management's estimate of 20%, the Company would have had to recognize an impairment of \$4.8 million. If the forecast revenue for standalone renewable power generation, storage and distribution projects reduces by 90% compared to management's estimate, the Company would have had to recognize an impairment of \$3.4 million.

The CGU represented by Tembo e-LV B.V. and subsidiaries was assessed to have a value in excess of its carrying value and hence no additional adjustments to goodwill were considered necessary. Key assumptions used in the assessment of impairment were discount rate based on the weighted average cost of capital of 10% and average annual growth rate of 748% per annum in years 1-5. No sensitivity analysis is provided as the Company expects no foreseeable changes in the assumptions that would result in impairment of the goodwill.

(b) Other intangible assets

(US dollars in thousands)	Customer Relationships	Trade Names	Favorable Supply Contracts	Solar Projects	Product Development	Other Intangible Assets	Total Intangible Assets
Cost							
At March 31, 2019	5,097	2,476	4,229	-	-	158	11,960
Foreign exchange	(55)	(26)	(44)	-	-	(1)	(126)
Additions	-	-	-	-	-	12	12
Disposals	(50)	-	-	-	-	-	(50)
At June 30, 2019	4,992	2,450	4,185	-	-	169	11,796
Foreign exchange	(103)	(51)	(86)	-	-	(4)	(244)
Additions	461	-	-	-	-	-	461
Disposals	(968)	-	-	-	-	(9)	(977)
At June 30, 2020	4,382	2,399	4,099	-	-	156	11,036
Foreign exchange	411	225	385	-	-	13	1,034
Additions	46	-	-	-	513	-	559
Acquisitions from business combinations	1,492	404	-	12,248	-	-	14,144
Disposals	(550)	-	-	-	-	-	(550)
At June 30, 2021	5,781	3,028	4,484	12,248	513	169	26,223
Amortization							
Cost							
At March 31, 2019	1,064	384	657	-	-	111	2,216
Foreign exchange	(6)	(4)	(7)	-	-	(1)	(18)
Amortization	100	41	70	-	-	12	223
At June 30, 2019	1,158	421	720	-	-	122	2,421
Foreign exchange	(24)	(9)	(15)	-	-	(2)	(50)
Amortization	404	160	273	-	-	31	868
Disposals	(133)	-	-	-	-	-	(133)
At June 30, 2020	1,405	572	978	-	-	151	3,106
Foreign exchange	131	54	92	-	-	18	295
Amortization	622	229	298	-	18	-	1,167
At June 30, 2021	2,158	855	1,368	-	18	169	4,568
Net book value							
Cost							
At March 31, 2019	4,033	2,092	3,572	-	-	47	9,744
At June 30, 2019	3,834	2,029	2,465	-	-	47	9,375
At June 30, 2020	2,977	1,827	3,121	-	-	5	7,930
At June 30, 2021	3,623	2,173	3,116	12,248	495	-	21,655

Customer relationships, trade names and favorable supply contracts have an average remaining period of amortization of 9 years, 12 years and 12 years respectively.

Additions in the year comprise \$0.5 million of post-acquisition electric vehicle product development costs in Tembo and \$0.1 million of project development costs relating to the Yoogali Solar project in VivoPower Pty Ltd.

Intangible assets were acquired as part of business combinations during the year. They are recognized at their fair value at the date of acquisition and, where applicable, are subsequently amortized on a straight-line basis over their estimated useful economics lives:

- (i) **Development expenditure**
\$12.2 million of development expenditure as part of the acquisition of the remaining 50% interest in Caret, LLC (formerly Innovative Solar Ventures I, LLC) as described in Note 12b. No amortization has been charged as the acquisition took place on June 30, 2021.
- (ii) **Customer relationships and trade names**
\$1.5 million and \$0.4 million of customer relationships and trade names, respectively, as part of the acquisition of Tembo as described in Note 12b. Tembo has customer relationships with a number of mining and industrial companies. The contracts can be expected to last at least 5 years. The trade name of Tembo 4x4 is capitalized and amortized over 6 years.

Intangible assets disposed of in the year relate to the Yoogali and Daisy Hill Solar projects in Australia as described in Note 5. Both intangible assets were categorized in customer relationships.

15. Investment in subsidiaries

The principal operating undertakings in which the Group's interest at June 30, 2021 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%	251 Little Falls Drive, Wilmington, DE, USA 19808
VivoPower US-NC-31, LLC	100%	
VivoPower US-NC-47, LLC	100%	
VivoPower (USA) Development, LLC	100%	
Caret, LLC (formerly Innovative Solar Ventures I, LLC)	100%	
VivoPower Pty Ltd	100%	153 Walker St, North Sydney NSW, Australia 2060
VivoPower WA Pty Ltd	100%	
VVP Project 1 Pty Limited	100%	
Amaroo Solar Pty. Ltd	100%	
Aevitas O Holdings Pty Ltd	100.0%	
Aevitas Group Limited	100%	
Aevitas Holdings Pty Ltd	100%	
Electrical Engineering Group Pty Limited	100%	
J.A. Martin Electrical Pty Limited	100%	
Kenshaw Electrical Pty Limited	100%	

Subsidiary Undertakings	Percentage of shares held	Registered address
VivoPower Philippines Inc.	64%	Unit 10A, Net Lima Building, 5th Avenue cor. 26th Street, E-Square Zone, Crescent Park West, Bonifacio Global City, Taguig, Metro Manila
VivoPower RE Solutions Inc.	64%	
V.V.P. Holdings Inc. *	40%	
Tembo e-LVB.V.	100%	Hoek 54A, 5571GK, Bergeijk
Tembo 4x4 e-LVB.V.	100%	
FD 4x4 Centre B.V.	100%	

Associate and Joint Venture Undertakings	Percentage of shares held	Registered address
VVPR-ITP TopCo Pty Limited	50%	153 Walker St, North Sydney NSW, Australia 2060

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

16. Investments accounted for using the equity method

(US dollars in thousands)	% Owned	As at June 30			As at March 31
		2021	2020	2019	2019
Caret, LLC (formerly Innovative Solar Ventures I, LLC)	50%	-	8,225	-	-
Total		-	8,225	-	-

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

Under the terms of the ISS Joint Venture, the Company committed to invest \$14.1 million in the ISS Joint Venture for its 50% equity interest, after reducing the commitment by \$0.8 million in potential brokerage commissions that have not been required and which have been credited towards the Company's commitment. The \$14.1 million commitment was allocated to each of the projects based on monthly capital contributions determined with reference to completion of specific project development milestones under an approved development budget for the ISS Joint Venture. To June 29, 2021, the Company contributed \$13.1 million of the \$14.1 million commitment to the ISS Joint Venture, leaving a remaining capital commitment at June 30, 2021, of \$1.1 million, which was recorded in trade and other payables. 20 projects within the portfolio were discontinued in the year ended June 30, 2021, resulting in a write off of capitalized costs of \$7.0 million related to those projects, as shown in Note 5.

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

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

17. Cash and cash equivalents

(US dollars in thousands)	As at June 30			As at March 31
	2021	2020	2019	2019
Cash at bank and in hand	8,604	2,824	7,129	4,522

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

(US dollars in thousands)	As at June 30			As at March 31
	2021	2020	2019	2019
A+	5,423	-	252	17
A	-	-	233	14
A-	2	554	-	-
AA-	3,179	2,270	6,644	4,491
Total	8,604	2,824	7,129	4,522

18. Restricted cash

(US dollars in thousands)	As at June 30			As at March 31
	2021	2020	2019	2019
Bank guarantee security deposit	1,140	1,013	632	816
Preferred supplier agreement escrow	-	-	-	503
Total	1,140	1,013	632	1,319

At June 30, 2021, there is a total of \$1.1 million (June 30, 2020, \$1.0 million; June 30, 2019, \$0.6 million; March 31, 2019: \$0.8 million) of cash which is subject to restriction as security for bank guarantees provided to customers in support of performance obligations under power services contracts.

19. Trade and other receivables

(US dollars in thousands)	As at June 30			As at March 31
	2021	2020	2019	2019
Current receivables				
Trade receivables	4,959	3,112	6,193	5,899
Contract assets	2,723	3,382	3,929	1,800
Prepayments	2,837	432	2,919	628
Other receivables	2,011	5,475	1,951	2,072
Current tax receivable	182	155	-	-
Total	12,712	12,556	14,992	10,399

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)	As at June 30			As at March 31
	2021	2020	2019	2019
Trade and other receivables	4,959	3,119	6,195	5,929
Less: credit note provision	-	(7)	(2)	(30)
Total	4,959	3,112	6,193	5,899

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

(US dollars in thousands)	As at June 30 2021			As at March 31
	2021	2020	2019	2019
USA	-	-	108	78
United Kingdom	-	-	-	-
Australia	4,349	3,112	6,085	5,821
Netherlands	610	-	-	-
Total	4,959	3,112	6,193	5,899

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

(US dollars in thousands)	As at June 30			As at March 31
	2021	2020	2019	2019
0-90 days	4,918	3,055	6,093	5,765
Greater than 90 days	41	57	100	134
Total	4,959	3,112	6,193	5,899

20. Inventory

(US dollars in thousands)	As at June 30			As at March 31
	2021	2020	2019	2019
Raw materials	1,537	-	-	-
Total	1,537	-	-	-

21. Assets classified as held for sale

(US dollars in thousands)	% Owned	As at June 30			As at March 31
		2021	2020	2019	2019
Caret, LLC (formerly Innovative Solar Ventures I, LLC)	50%	-	4,080	13,530	13,530
Total		-	4,080	13,530	13,530

The Company's portfolio of U.S. solar projects was held through 50% ownership in the ISS Joint Venture until June 29, 2021. On June 30, 2021, the Company acquired the remaining 50% of the ISS Joint Venture from Innovative Solar Systems, LLC, and accordingly the existing book value of joint venture assets held for sale have been derecognized and included in the acquisition accounting consideration, leaving nil balance in assets held for sale on June 30, 2021.

During the year ended March 31, 2019, the Company made the decision to sell its portfolio of U.S. solar projects and accordingly, the investment had been reclassified to current assets as assets held for sale. Assets classified as held for sale are included within the Solar Development segment in Note 4.2.

Reconciliation of the ISS Joint Venture investment is as follows:

(US dollars in thousands)	As at June 30			As at March 31
	2021	2020	2019	2019
Capital commitment	-	15,044	15,044	15,044
Commission credit	-	(770)	(770)	(770)
Discontinued projects	-	(2,079)	(847)	(847)
Acquisition costs	-	110	103	103
Net assets	-	12,305	13,530	13,530

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

(US dollars in thousands)	As at June 30			As at March 31
	2021	2020	2019	2019
Assets classified as held for sale	-	4,080	13,530	13,530
Investments accounted for using the equity method	-	8,225	-	-
Net assets	-	12,305	13,530	13,530

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

(US dollars in thousands)	As at June 30			As at March 31
	2021	2020	2019	2019
Current assets	-	2	1,187	1,187
Non-current assets	-	23,277	27,107	27,107
Net assets	-	23,279	28,294	28,294

Reconciliation to carrying amounts of the ISS Joint Venture (including amounts disclosed within Investments, see Note 16):

(US dollars in thousands)	As at June 30			As at March 31
	2021	2020	2019	2019
Opening net assets	24,390	28,294	28,294	28,294
Commission credit	-	(1,546)	-	1,514
Commission credit on abandonments	-	144	-	-
Sundry income	-	90	-	-
Project swaps	-	-	-	281
Abandoned projects	(13,900)	(2,592)	-	(1,795)
Acquisition of controlling interest	(10,490)	-	-	-
Net assets	-	24,390	28,294	28,294
VivoPower share in %	N/A	50%	50%	50%
VivoPower share in \$ (excluding funding obligation)	-	12,195	14,148	14,148
Commission credit	-	-	(721)	(721)
Acquisition costs	-	110	103	103
Net Assets	-	12,305	13,530	13,530

22. Trade and other payables

(US dollars in thousands)	As at June 30			As at March 31
	2021	2020	2019	2019
Trade payables	4,325	4,807	5,554	5,675
Accruals	648	370	2,247	1,952
Related party payable	-	504	1,527	1,378
Payroll liabilities	1,413	1,383	1,209	1,165
Sales tax payable	624	496	1,054	764
Contract liabilities	1,129	6,013	10,095	4,978
Other creditors	778	1,822	2,953	2,011
Total	8,917	15,395	24,639	17,923

In accordance with IFRS 15 – Revenue from Contracts with Customers, contract liabilities are presented as a separate line item. Contract liabilities relate 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. Contract liabilities are recorded as revenue when the Company fulfils its performance obligations under the contract.

Of the \$10.1 million and \$5.0 million contract liabilities balance at June 30, 2019 and March 31, 2019, respectively, \$2.4 million was not recognized as revenue in the year ended June 30, 2020 due to contract postponement. The revenue was recognized in the first half of the year ended June 30, 2021. The \$6.0 million of the contract liabilities balances at June 30, 2020, was fully recognized as revenue in the year ended June 30, 2021.

23. Provisions

(US dollars in thousands)	As at June 30			As at March 31
	2021	2020	2019	2019
Current provisions				
Employee entitlements	1,802	1,561	1,510	1,459
Litigation	485	1,104	-	-
Warranty	209	232	-	-
Remediation	306	-	-	-
Employee terminations	-	-	112	157
Onerous contracts	-	-	96	94
Total current provisions	2,802	2,897	1,718	1,710
Non-current provisions				
Employee entitlements	165	169	148	227
Onerous contracts	-	-	1,952	1,995
Total non-current provision	165	169	2,100	2,222
Total provisions	2,967	3,066	3,818	3,932

Employee entitlements include long term leave and vacation provisions.

On February 26, 2018, the Company's former Chief Executive Officer, Phillip Comberg, filed a legal claim alleging the Company committed a repudiatory breach of his service agreement in connection with the termination of his employment on October 4, 2017. Mr. Comberg claimed damages of £0.62 million related to the notice period in his service agreement, £0.54 million related to shares in the Company he alleges were due to him, and other unquantified amounts related to bonuses and past service fees alleged to be due. On April 9, 2018, the Company filed a defense and counterclaim, denying that a repudiatory breach was committed by the Company and denying the other claims asserted by Mr. Comberg, claiming that Mr. Comberg was terminated for cause. On November 26, 2018, the Company agreed to a settlement of the counterclaims against Mr. Comberg for an undisclosed amount.

After aborted attempts at settlement, the matter was heard in the U.K. High Court in the first two weeks of March 2020, with judgement ruled in September 2020. The Company was successful in defending the majority of the claims, with a total of £0.62 million (\$0.90 million) of the claims being settled in favor of Mr. Comberg. However final costs and interest of \$1.76 million awarded to him were higher than budgeted. The \$2.66 million payments resulted in an additional restructuring and non-recurring expense of \$1.5 million during the year ended June 30, 2021, over and above utilization of the \$1.1 million brought forward provision as at June 30, 2020.

A further provision of \$0.48 million for disputed legal success fees related to the Mr. Comberg litigation has also been recorded at June 30, 2021.

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

The remediation provision comprises additional work required on electric vehicles, comprising a combination of remediation, testing or conversion of drivetrains to 72kW.

(US dollars in thousands)	Employee Entitlements	Employee Terminations	Remediation	Onerous Contracts	Litigation	Warranty	Total
At March 31, 2019	1,686	158	-	2,088	-	-	3,932
Foreign exchange	(18)	-	-	-	-	-	(18)
Additional provisions	146	-	-	-	-	-	146
Reverse unused provisions	(41)	-	-	-	-	-	(41)
Unwinding of discount	-	-	-	42	-	-	42
Provisions utilized	(116)	(45)	-	(82)	-	-	(243)
At June 30, 2019	1,657	113	-	2,048	-	-	3,818
Foreign exchange	(41)	-	-	-	-	-	(41)
Additional provisions	1,659	176	-	-	1,104	232	3,171
Reverse unused provisions	(72)	(28)	-	-	-	-	(100)
Disposals	-	-	-	(2,048)	-	-	(2,048)
Provisions utilized	(1,473)	(261)	-	-	-	-	(1,734)
At June 30, 2020	1,730	-	-	-	1,104	232	3,066
Foreign exchange	170	-	-	-	-	14	184
Additional provisions	1,306	-	306	-	2,042	122	3,776
Reverse unused provisions	(67)	-	-	-	-	(112)	(179)
Provisions utilized	(1,172)	-	-	-	(2,661)	(47)	(3,880)
At June 30, 2021	1,967	-	306	-	485	209	2,967

24. Loans and borrowings

(US dollars in thousands)	As at June 30			As at March 31
	2021	2020	2019	2019
Current liabilities				
Debtor invoice financing	-	508	901	751
Lease liabilities	669	641	660	136
Shareholder loans	-	-	766	-
Chattel mortgage	88	51	-	-
Project financing agreement	59	-	-	-
Bank loan	152	66	-	-
Other borrowings	36	46	-	-
Total current liabilities	1,004	1,312	2,327	887
Non-current liabilities				
Lease liabilities	326	714	1,117	138
Shareholder loans	21,175	23,401	18,242	18,242
Chattel mortgage	244	249	-	-
Project financing agreement	183	-	-	-
Bank loan	159	278	-	-
Total non-current liabilities	22,087	24,642	19,359	18,380
Total liabilities	23,091	25,954	21,686	19,267

In the prior fiscal year, on June 30, 2020 the Company refinanced its \$23.4 million shareholder loan due to AWN Holdings Limited (“AWN”), its largest shareholder. The shareholder loan bore interest at 10.0% per annum plus a line fee of 2.0% per annum, payable monthly in advance. No interest or line fee settlements were required until after a corporate liquidity event had occurred. Principal was repayable in 9 equal monthly installments from July 2021 until March 2022. Security granted to AWN comprised a Specific Security Deed over the assets of Aevitas O Holdings Pty Ltd and general security over the assets of VivoPower International PLC.

In December 2020, following the successful capital raise in October 2020, the Company and AWN agreed some further amendments to the terms of the loan, reducing the interest rate from 10.0% to 8.0% per annum, and reduction in line fee from 2.0% to 0.8% per annum, payable monthly in advance. Principal is repayable in 60 equal monthly installments of \$0.35 million from July 2021 to June 2026, as well as an immediate stand-alone repayment of \$2.2 million principal, paid in April 2021.

On June 30, 2021, the Company agreed a further refinancing of its shareholder loan with AWN, to align the repayment schedule with the timing of the investment and revenue growth plan in Electric Vehicles. Under the amended terms, the repayment of principal has been deferred to January 1, 2023, with monthly installments of \$0.35 million over the following sixty months, resulting in loan maturity extending from June 30, 2026, to December 31, 2027. In addition, the Company will cash settle a refinancing fee of approximately \$0.34 million in two tranches on June 30, 2022 and December 31, 2022. The interest rate and line fee remain unchanged at 8% and 0.8% respectively and other terms remain unchanged.

In May and June 2020, the Company obtained \$0.3m government backed loans in Australia to provide additional liquidity during the COVID-19 pandemic.

In addition to lease liabilities, in the year ended June 30, 2021, J.A. Martin Electrical Pty Limited and Kenshaw Electrical Pty Limited have also taken out vehicle financing in the form of chattel mortgages, totaling \$0.3 million.

During the year ended June 30, 2021, two project financing agreements and a property lease were acquired as part of the acquisition of Tembo. The project financing arrangements have a balance of \$0.2 million as at June 30, 2021 and are repayable quarterly over 6 and 8 months, respectively.

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 March 31	As at June 30			As at March 31
	2021	2020	2019	2019	2021	2020	2019	2019
<i>Amounts payable under lease liabilities:</i>								
Less than one year	683	695	692	147	669	641	660	136
Later than one year but not more than five	379	759	1,299	143	326	714	1,117	138
	1,062	1,454	1,991	290	995	1,355	1,777	274
Future finance charges	(67)	(99)	(214)	(16)	-	-	-	-
Total lease obligations	995	1,355	1,777	274	995	1,355	1,777	274

25. Called up share capital

	As at June 30			As at March 31	
	2021	2020	2019	2019	2019
<i>Allotted, called up and fully paid</i>					
Ordinary shares of \$0.012 each	\$ 222,074	\$ 162,689	\$ 162,689	\$ 162,689	\$ 162,689
Number allotted	18,506,064	13,557,376	13,557,376	13,557,376	13,557,376
Ordinary shares of \$0.012 each	\$ 222,074	\$ 162,689	\$ 162,689	\$ 162,689	\$ 162,689

At the Company's Annual General Meeting in 2017, the Directors were given authority to allot shares up to an aggregate nominal amount of \$1,560.00. At the Company's Annual General Meeting on 6 October 2020, the Directors were given authority to allot shares up to an aggregate nominal amount of \$180,000.00. Following the issuance of ordinary share capital in the equity capital raise in October 2020, utilizing over \$40,000 nominal amount of authorized shares allotment, at the Company's Exceptional General Meeting on 18 December 2020, Directors were given a new authority to allot shares up to an aggregate nominal amount of \$180,000.00.

Movements in ordinary shares:

	Shares No.	Par value USD 000	Share premium USD 000	Total USD 000
At March 31, 2019	13,557,376	163	40,215	40,378
At June 30, 2019	13,557,376	163	40,215	40,378
At June 30, 2020	13,557,376	163	40,215	40,378
Capital raises ¹	4,091,019	49	34,317	34,366
THFC investment ²	49,750	1	499	500
Employee share scheme issues ³	792,126	9	961	970
Acquisition of non-controlling interest in subsidiary ⁴	15,793	-	237	237
At June 30, 2021	18,506,064	222	76,229	76,451

1 During the year, the Company completed a series of capital raises on NASDAQ. A total of 4,091,019 ordinary shares were issued, comprising 3,382,350 ordinary shares issued on October 19, 2020 as an underwritten public offering pursuant to an F-1 registration statement filed with the SEC on October 14, 2020, and 708,669 ordinary shares issued during June 2021, as at the market price (an ATM offering), pursuant to an F-3 registration statement filed with the SEC on December 21, 2020.

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

3 792,126 shares were issued to employees and directors of the Company and consultants to the Company under the Omnibus Incentive Plan during the year.

4 In February 2021, 15,793 restricted ordinary shares were issued as part consideration for the purchase of the non-controlling interest in Tembo e-LVB.V.

On June 30, 2021, holders of convertible preference shares and convertible loan notes in Aevitas Group Limited, exercised their right to convert the debt instruments into ordinary shares in VivoPower International PLC. As disclosed in note 31, a total of 2,005,190 restricted ordinary shares were issued at a contracted price of \$10.20 on July 21, 2021. Of the 2,005,190 ordinary shares issued, 1,959,339 were issued to funds owned by AWN, the Company's largest individual shareholder.

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 26). Share premium has also been recorded in respect of the share capital related to employee share awards.

26. Other reserves

Other reserve movements

(US dollars in thousands)	Equity instruments 1	Preference shares 1	Shares pending issue 2	Capital raising costs 3	Equity incentive costs 4	Share awards issuance 4	Treasury shares 5	Share option reserve 6	Foreign exchange	Total
At March 31, 2019	26,090	-	-	(9,722)	-	-	(246)	3,713	11	19,846
Equity instruments	(3)	-	-	-	-	-	-	-	-	(3)
Disposal of treasury shares	-	-	-	-	-	-	233	-	-	233
At June 30, 2019	26,087	-	-	(9,722)	-	-	(13)	3,713	11	20,076
Equity instruments	970	-	-	-	1	-	-	-	-	971
Other reserves	-	-	-	3,713	17	-	-	(3,713)	-	17
Employee share scheme	-	-	-	-	326	-	13	-	5	344
At June 30, 2020	27,057	-	-	(6,009)	344	-	-	-	16	21,408
Conversion to Aevitas preference shares	(2,998)	2,998	-	-	-	-	-	-	-	-
Interest on equity instruments	114	185	-	-	-	-	-	-	-	299
Equity instruments payments	(3,317)	(123)	-	-	-	-	-	-	-	(3,440)
Conversion to ordinary shares pending issue in VivoPower International PLC	(20,466)	-	20,466	-	-	-	-	-	-	-
Capital raising costs	-	-	-	(2,804)	-	-	-	-	-	(2,804)
Share issuance costs	-	-	-	(15)	-	-	-	-	-	(15)
Equity incentives cost less shares issued	-	-	-	-	1,078	(971)	-	-	-	107
Other movements	(390)	210	-	-	-	-	-	-	(61)	(241)
At June 30, 2021	-	3,270	20,466	(8,828)	1,422	(971)	-	-	(45)	15,314

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

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

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

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

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

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

On June 30, 2021, the remaining 2,005,190 holders of convertible preference shares and convertible loan notes in Aevitas Group Limited ("Aevitas Group"), exercised their right to convert the instruments into ordinary shares in VivoPower International PLC. The cumulative balance of face value and accrued unpaid interest and dividends outstanding of the convertible preference shares and convertible loan notes at June 30, 2021 of \$20.5 million, was redeemed on that date, and VivoPower International PLC recognized the requirement to issue 2,005,190 restricted ordinary shares, based on a contracted conversion price of \$10.20 per share.

2 \$20.5 million recognition in equity of the 2,005,190 restricted ordinary shares pending issuance at a contracted conversion price of \$10.20 per share. The 2,005,190 restricted ordinary shares were issued on July 21, 2021.

3 During the year the Company incurred \$2.8m of transaction costs associated with a series of capital raises on NASDAQ and an issue of shares to Tottenham Hotspur Football Club.

4 During the year \$1,422,000 was expensed towards share incentive awards to employees, directors, and consultants of the Company under the Omnibus Incentive Plan. Amounts are expensed at the award grant price over the vesting period, adjusted for actual quantities upon vesting. Of the expenses recorded, \$971,000 of shares were delivered to participants in the year. During the year ended June 30, 2020, share incentives were granted to employees and directors of the Company, under the Company's 2017 Omnibus Incentive Plan. Of the share awards granted, \$344,000 of shares fully vested or had a vesting period commencing in the year ended June 30, 2020.

5 On March 30, 2017, the Company repurchased 129,805 shares at a price of \$4.50 for a total sum of \$591,911, including commission, and held them as treasury shares. During the year ended March 31, 2019, 75,805 of these shares were awarded to employees under the Company's 2017 Omnibus Incentive Plan. Based on the closing market value of these shares on the day of award, \$85,660 was expensed as employee compensation and remaining cost of \$260,011 was charged against retained earnings.

6 The share option reserve represents 828,000 share options granted to Early Bird Capital as part of the initial public share offering. The options entitled the holder to buy VivoPower ordinary shares at US\$8.70 at any time before April 30, 2020. The options were originally accounted for as a share-based award and accordingly, the cost of the award was recognized directly in equity and was applied against capital raising costs. The fair value of the options was determined at the grant date, using the Black Scholes Model, and not remeasured subsequently. The options lapsed in April 2020, accordingly the reserve has been released and credited against capital raising costs

27. Earnings per share

The earnings and weighted average numbers of ordinary shares used in the calculation of earnings per share are as follows:

(US dollars in thousands)	Year Ended June 30		Three Months Ended June 30	Year Ended March 31
	2021	2020	2019	2019
Loss for the year / period attributable to equity owners	(7,571)	(5,103)	(1,446)	(11,223)
Weighted average number of shares in issue ('000s)	16,307	13,557	13,557	13,557
Basic earnings/(loss) per share (dollars)	(0.46)	(0.38)	(0.11)	(0.83)
Diluted earnings/(loss) per share (dollars)	(0.46)	(0.38)	(0.11)	(0.83)

28. Pensions

The Company's principal pension plan comprises the compulsory superannuation scheme in Australia, where the Company contributes 9.5%. A pension scheme is also in place for U.K. employees, where the Company contributes 7% (year ended June 30, 2020: 4%). A pension scheme is also in place for Netherlands employees where the Company contributes 10.3%. The pension charge for the year represents contributions payable by the Group which amounted to \$0.8 million (year ended June 30, 2020: \$0.79 million; 3 months ended June 20, 2019: \$0.27 million; year ended March 31, 2019: \$0.76 million).

29. Financial instruments

(US dollars in thousands)	As at June 30			As at March 31
	2021	2020	2019	2019
Financial assets at amortized cost				
Trade and other receivables	6,970	8,587	8,144	7,971
Cash and cash equivalents	8,604	2,824	7,129	4,522
Restricted cash	1,140	1,013	632	1,319
Total	16,714	12,424	15,905	13,812
Financial liabilities at amortized cost				
Loans and borrowings	23,091	25,954	21,686	19,267
Trade and other payables	5,751	7,504	12,281	11,016
Total	28,842	33,458	33,967	30,283

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

(a) Financial risk management

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

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

- Liquidity risk
- Credit risk
- Interest rate risk

- Foreign currency risk

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

(b) 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 it has no significant liquidity risk. The Group held unrestricted cash resources of \$8.6 million at June 30, 2021 (June 30, 2020: \$2.8m; June 30, 2019: \$7.1 million; March 31, 2019: \$4.5 million). The ratio of current assets to current liabilities at June 30, 2021 is 1.79 (June 30, 2020: 1.04; June 30, 2019: 1.25; March 31, 2019: 1.43). During the year ended March 31, 2019, the Group established a \$3.6 million debtor finance facility to support its working capital requirements, of which nil was drawn at June 30, 2021 (June 30, 2020: \$0.5 million; June 30, 2019: \$0.9 million; March 31, 2019: \$0.8 million). In addition, the Group maintains near-term cash flow forecasts that enable it to identify its borrowings requirement so that remedial action can be taken if necessary.

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

Year Ended June 30, 2021

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

Year Ended June 30, 2020

(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)	7,504	7,504	-	-	-
Borrowings	24,598	688	23,873	37	-
Lease liabilities	1,356	649	654	53	-
Total	33,458	8,841	24,527	90	-

Year Ended June 30, 2019

(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)	12,281	12,281	-	-	-
Borrowings	23,397	3,859	19,538	-	-
Lease liabilities	1,991	692	1,077	222	-
Total	37,669	16,832	20,615	222	-

Year Ended March 31, 2019

(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)	11,016	11,016	-	-	-
Borrowings	22,480	2,556	19,924	-	-
Lease liabilities	290	147	143	-	-
Total	33,786	13,719	20,067	-	-

(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.

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

(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, 2021:

- Cash and cash equivalents \$2.3 million denominated in AUD, \$0.9 million denominated in EUR and \$0.1 million denominated in GBP.
- Restricted cash \$1.1 million denominated in AUD.
- Trade and other receivables \$8.4 million denominated in AUD, \$1.0 million denominated in EUR and \$0.2 million denominated in GBP.
- Trade and other payables \$10.6 million denominated in AUD, \$1.0 million in EUR and \$0.9 million in GBP.
- Borrowings \$3.8 million denominated in AUD and \$0.3 in EUR.
- Provisions \$2.2 million denominated in AUD, \$0.3 million in EUR and \$0.5 million in GBP.

The non-current shareholder loan of \$21.2 million is denominated in USD, upon which there is no foreign currency risk.

(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.

30. Related party transactions

Following dilution due to issuance of ordinary share capital to third parties in the year, AWN is no longer the ultimate controlling party of VivoPower, but retains a significant influence.

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

In the prior fiscal year, on June 30, 2020, the Company refinanced its \$23.4 million shareholder loan due to AWN Holdings Limited (“AWN”), its largest shareholder. The shareholder loan bore interest at 10.0% per annum plus a line fee of 2.0% per annum, payable monthly in advance. No interest or line fee settlements were required until after a corporate liquidity event had occurred. Principal was repayable in 9 equal monthly installments from July 2021 until March 2022. Security granted to AWN comprised a Specific Security Deed over the assets of Aevitas O Holdings Pty Ltd and general security over the assets of VivoPower International PLC.

In December 2020, following the successful capital raise in October 2020, the Company and AWN agreed some further amendments to the terms of the loan, reducing the interest rate from 10.0% to 8.0% per annum, and reduction in line fee from 2.0% to 0.8% per annum, payable monthly in advance. Principal is repayable in 60 equal monthly installments of \$0.35 million from July 2021 to June 2026, as well as an immediate stand-alone repayment of \$2.2 million principal, paid in April 2021.

On June 30, 2021, the Company agreed a further refinancing of its shareholder loan with AWN, to align the repayment schedule with the timing of the investment and revenue growth plan in Electric Vehicles. Under the amended terms, the repayment of principal has been deferred to January 1, 2023, with monthly installments of \$0.35 million over the following sixty months, resulting in loan maturity extending from June 30, 2026, to December 31, 2027. In addition, the Company will cash settle a refinancing fee of approximately \$0.34 million in two tranches on June 30, 2022, and December 31, 2022. The interest rate and line fee remain unchanged at 8% and 0.8% respectively and other terms remain unchanged.

Michael Hui, non-executive director of VivoPower International PLC, is also an employee and director of AWN. During the year ended June 30, 2021, Mr. Hui invoiced the Company \$48,000 for director fees. At June 30, 2021, the Company had an account payable of \$nil in respect of these services and an amount accrued of \$1,000. Furthermore annual 3,500 RSUs (\$2,625) 27,095 quarterly PSUs (\$20,321) and 7,788 (\$50,000) one-off RSUs vested to Michael Hui in the current year.

From time to time, costs incurred by AWN on behalf of VivoPower are recharged to the Company. During the year ended June 30, 2021, \$1,028,096 was recharged to the Company. At June 30, 2021, the Company has a payable to AWN in respect of recharges of \$4,345 (June 30, 2020: \$202,024; June 30, 2019: \$1,268,670; March 31, 2019: \$1,268,670).

Aevitas was indebted to the following subsidiaries of AWN via their holdings in Aevitas convertible loan notes and convertible preference shares, which converted into rights to VivoPower shares on June 30, 2021, subsequently issued on July 21, 2021. These convertible instruments were accounted for as equity instruments within other reserves, as more fully described in Note 26 to the consolidated financial statements.

Subsidiaries of AWN earned \$737,220 of interest on convertible loan notes and \$315,951 of dividends on convertible preferred shares during the year ended June 30, 2021. This interest and the dividends, plus amounts outstanding from prior periods, a total of \$2,397,488, were paid to AWN subsidiaries during the year ended June 30, 2021. Upon redemption at June 30, 2021, the face value plus interest and dividends outstanding to June 30, 2021, were reinvested into rights to shares in VivoPower International PLC, at a subscription price of \$10.20 per share, as follows:

- Arowana Australasian Special Situations 1A Pty Ltd: 666,666 Aevitas convertible loan notes with a Redemption Sum of \$4,617,719, and 388,889 Aevitas convertible preferred shares with a Redemption Sum of \$1,192,352;
- Arowana Australasian Special Situations 1B Pty Ltd: 666,667 Aevitas convertible loan notes with a Redemption Sum of \$4,617,727, and 388,889 Aevitas convertible preferred shares with a Redemption Sum of \$1,192,352;
- Arowana Australasian Special Situations 1C Pty Ltd: 666,667 Aevitas convertible loan notes with a Redemption Sum of \$4,617,727; and 388,889 Aevitas convertible preferred shares with a Redemption Sum of \$1,192,352; and
- Arowana Australasian Special Situations Fund 1 Pty Limited: 833,333 Aevitas convertible preferred shares with a Redemption Sum of \$2,555,038.

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, who exchanged 4,697 convertible loan notes and 4,697 convertible preference shares for 4,697 Aevitas Preference Shares, of face value A\$46,970. The Panaga Group Trust earned \$294 interest on the convertible loan notes and \$126 on the convertible preference shares prior to exchange, which was paid during the year ended June 30, 2021.

Chief Executive fees for Kevin Chin in the amounts of \$443,816 and training annual allowance of \$51,976 were charged to the Company by AWN during the year ended June 30, 2021. Furthermore annual 17,740 RSUs (\$13,080) and 135,012 quarterly PSUs (\$101,259) vested to APG for Mr. Chin as Chief Executive in the current year.

Chairman's fees for Kevin Chin in the amounts of \$92,119 were charged to the Company by Arowana Partners Group Pty Ltd ("APG"), and 7,788 (\$50,000) one-off RSUs vested to APG as Chairman in the current year. Mr. Chin is a shareholder and director of Arowana Partners Group Pty Ltd during the year ended June 30, 2021.

On July 01, 2020, Arowana International UK Limited ("AWE"), previously a subsidiary of AWN, ceased to be a subsidiary of AWN, and ownership of this entity is not under common control. Accordingly, AWE is no longer a related party to the Company in the year ended June 30, 2021.

31. Subsequent event

On July 21, 2021, the Company issued 2,005,190 restricted ordinary shares in VivoPower International PLC, pursuant to the contracted terms of conversion of Aevitas convertible preference shares and convertible notes that redeemed on June 30, 2021. Of the new ordinary shares issued, 1,959,339 were issued to AWN Holdings Limited. Following this issuance, the beneficial ownership in VivoPower International PLC held by AWN Holdings Limited increased to 49.1%.

32. 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.

33. Ultimate controlling party

As at June 30, 2021, the Company no longer has an ultimate controlling party, as AWN Holdings Limited only holds a 44% equity interest in the Company as at June 30, 2021, and 49% following the issuance of restricted shares on July 21, 2021 following conversion of Aevitas convertible preferred shares and convertible notes that redeemed on June 30, 2021.

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

SUBSIDIARIES OF THE REGISTRANT

Name	Jurisdiction
VivoPower International Services Limited	Jersey
VivoPower USA, LLC	United States
VivoPower US-NC-31, LLC	United States
VivoPower US-NC-47, LLC	United States
VivoPower (USA) Development, LLC	United States
Caret, LLC (formerly Innovative Solar Ventures I, LLC)	United States
VivoPower Pty Ltd	Australia
VivoPower WA Pty Ltd	Australia
VVP Project 1 Pty Limited	Australia
Amaroo Solar Pty Ltd.	Australia
Aevitas O Holdings Pty Ltd	Australia
Aevitas Group Limited	Australia
Aevitas Holdings Pty Ltd	Australia
Electrical Engineering Group Pty Limited	Australia
J.A. Martin Electrical Pty Limited	Australia
Kenshaw Electrical Pty Limited	Australia
VivoPower Philippines Inc.	Philippines
VivoPower RE Solutions Inc.	Philippines
V.V.P. Holdings Inc	Philippines
Tembo e-LV B.V.	Netherlands
Tembo 4x4 e-LV B.V.	Netherlands
FD 4x4 Centre B.V.	Netherlands

CERTIFICATION

I, Kevin Chin, certify that:

1. I have reviewed this Annual Report on Form 20-F of VivoPower International PLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the Annual Report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: September 14, 2021

By: /s/ Kevin Chin
 Kevin Chin
 Chief Executive Officer
 (Principal Executive Officer)

CERTIFICATION

I, James Tindal-Robertson, certify that:

1. I have reviewed this Annual Report on Form 20-F of VivoPower International PLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the Annual Report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: September 14, 2021

By: /s/ James Tindal-Robertson
 James Tindal-Robertson
 Group Finance Director
 (Principal Financial and Accounting Officer)

SECTION 1350 CERTIFICATION (CEO)
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 20-F of VivoPower International PLC (the "Company") for the year ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin Chin, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 14, 2021

By: /s/ Kevin Chin
Kevin Chin
Chief Executive Officer
(Principal Executive Officer)

SECTION 1350 CERTIFICATION (CFO)
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 20-F of VivoPower International PLC (the "Company") for the year ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James Tindal-Robertson, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 14, 2021

By: /s/ James Tindal-Robertson
James Tindal-Robertson
Group Finance Director
(Principal Financial and Accounting Officer)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (File No. 333-227810) pertaining to the VivoPower International PLC 2017 Omnibus Equity Incentive Plan of our report dated September 14, 2021, with respect to the consolidated financial statements of VivoPower International PLC which appears in this Form 20-F.

/s/ PKF Littlejohn LLP

PKF Littlejohn LLP

September 14, 2021

15 Westferry Circus
Canary Wharf
London E14 4HD